

THE CITY OF DAYTON

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**2019-2020**

**Including Auditor's Report for the  
fiscal year ended September 2020**



*ANNUAL COMPREHENSIVE  
FINANCIAL REPORT*

of the  
**CITY OF DAYTON, TEXAS**

**For the Year Ended  
September 30, 2020**

**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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April 30, 2021

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 Annual Comprehensive Financial Report (ACFR) of the City of Dayton for the fiscal year ending September 30, 2020.

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, 2020 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, 2020 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 strives for a wholesome and enriching community for all. The hallmarks of our City are a thriving economy, innovation, and well-planned quality of life.

**Mission.** The City of Dayton provides our residents with the highest quality of life possible. We are committed to making Dayton a wholesome, business-friendly, and dynamic community.

We succeed in this mission by taking pride in our **SHINE** principles:

### **Service**

We act in service to our constituents and each other. We build and lift up. We do not tear down.

### **Humility**

We have been given great responsibilities for the citizens of Dayton and strive for efficient and effective service to them.

### **Integrity**

Transparency, honesty, open lines of communication, and a willingness to accept fault, all help to build trust with our community members and with team members.

### **Nobility**

Public Service is a Badge of Honor. We are held to a higher standard because we have been granted the public's trust.

### **Excellence**

We get the job done right. We take pride in being results-driven and customer-oriented. Our central goal is to take care of and raise the quality of life every day.

To accomplish our financial responsibilities, we will commit to the following guidelines:

- **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, 2020, the City had a land area of 32 square miles and an estimated population of approximately 9,400. 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

COVID-19 – While our local economy fared better than other municipalities, we were not immune to the pandemic as our unemployment rate ended 6.4% over last year. The city budget for the fiscal year 2020 was impacted as well. Revenue expected from community center events, planning fees, and even court fines, all recorded significant shortfalls. Though we received modest gains in Federal Emergency Management Agency grant and sales tax revenue to compensate, the City had cut expenses and implement a hiring freeze on open positions to keep our budget from experiencing even greater losses.

<b>Unemployment Rate</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
United States	7.9%	3.6%	3.7%
Texas	8.3%	3.5%	3.5%
Dayton-Liberty	11.9%	5.5%	5.8%

## Long-Term Financial Planning

More today than before, capital improvement projects are funded less with general governmental revenues and more from proceeds of general obligation and certificates of obligation (CO) debt issuances. The City annually adopts a Five-Year Capital Improvement Plan and, in the coming year, we will unveil our water-wastewater master plan which includes five-ten- and 20-year capital improvement projects. These plans, once approved by City Council, will be funded by a combination of grants, revenue bonds, and annual budget allocations. Moreover, as general tax revenue increases, the City will reduce

the use of COs and tax notes to acquire capital equipment and use the increased capacity on large construction projects. This returning trend of Maintenance and Operations revenue increases year over year and record low interest rates have afforded the City in achieving some of its lowest interest rates ever for borrowing.

The City had expected sales tax to suffer as virus infection rates increased, however, by the end of the fiscal year, we unexpectedly saw a 7% increase over the prior year. Oil prices stabilized by the end of the year, as well, which has given us guarded optimism for the current year and revenue generated from impacted sales taxpayers.

### **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 Interchange Industrial). 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. The ebbs and flows of the oil and gas industry is less volatile on this end of the spectrum. Prospects have lined up to visit Dayton throughout the COVID-19 pandemic, while other parts of the nation and world struggled to keep businesses open. Interchange Industrial Park has begun construction of their 2,400-railcar storage facility. At full buildout, the 300-acre park will have 2.2 million square feet of vertical warehouse development. The first 214,000 square-foot facility will begin construction in June of this year. This industrial park tenancy will carry with it very large inventory (business personal property) tax opportunities for Dayton.

Dayton has become the site for two motels that will provide over 100 rooms. Quick service restaurants are making inquiries on high traffic byways in town. The value of property is skyrocketing in Dayton, providing a strong increase in taxable value for City operations. Healthcare facilities are currently in talks, as well. Dayton is not only building on its massive potential in the industrial sector but diversifying its portfolio.

### **Acknowledgements**

The preparation of the ACFR 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



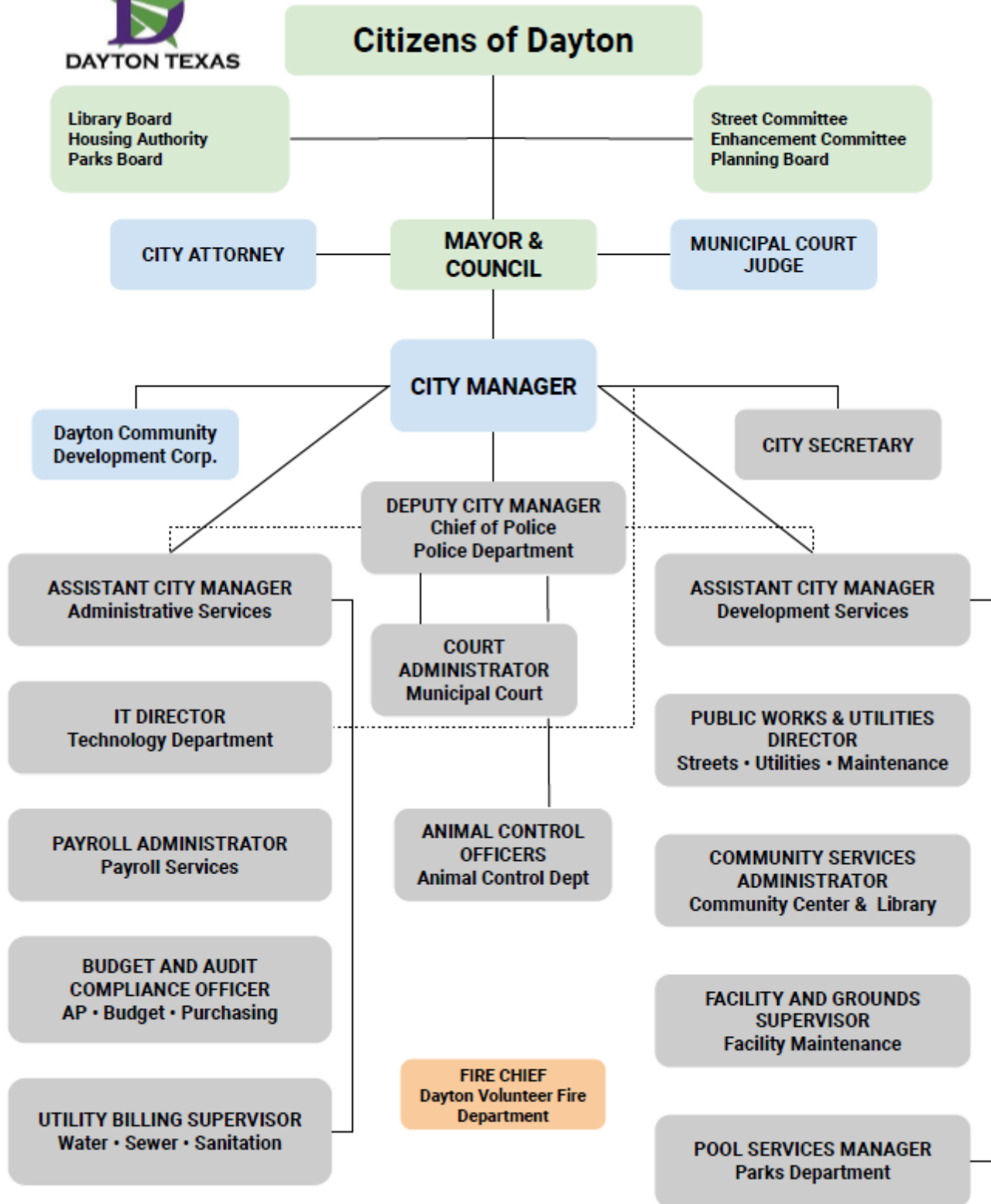
Rudy Zepeda  
Assistant City Manager /  
Administrative Services Dir.

# CITY OF DAYTON, TEXAS

## ORGANIZATIONAL CHART

September 30, 2020

### 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, 2019

*Christopher P. Morill*

Executive Director/CEO

**CITY OF DAYTON, TEXAS**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
September 30, 2020

<b>Elected Officials</b>	<b>Position</b>
Caroline Wadzeck	Mayor
Wendell Null	City Councilmember
Troy Barton	City Councilmember
Andy Conner	City Councilmember
Alvin Burress	City Councilmember
Sherial Lawson	City Councilmember
<b>Appointed Officials</b>	<b>Position</b>
Theogene Melancon	City Manager
Charles Carden	Park Board Trustee
Alaine Coleman	Park Board Trustee
Howie Howeth	Park Board Trustee
Gala Robinson	Park Board Trustee
Sharon Shumaker	Park Board Trustee
Betty Tankersley	Planning Commission
Danny Jones	Planning Commission
Russel Thompson	Planning Commission
Eliza Mae Guidry	Planning Commission
James "Wesley" Pratkanis	Planning Commission
Bubba Graves	Planning Commission
Felix Skarpa	Planning Commission
Jerene Buckles	Library Trustee
Deborah C. Griffin	Library Trustee
Carey Lege	Library Trustee
Dani Nations	Library Trustee
Roxie Asbill	Library Trustee
Lois Redmon	Library Trustee
Shirley Sisk	Library Trustee
Margaret Cantrell	Housing Authority
Monica Ewing	Housing Authority
Ronnie Mahffey	Housing Authority
Pam Edwards	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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2020, 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  
April 30, 2021

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

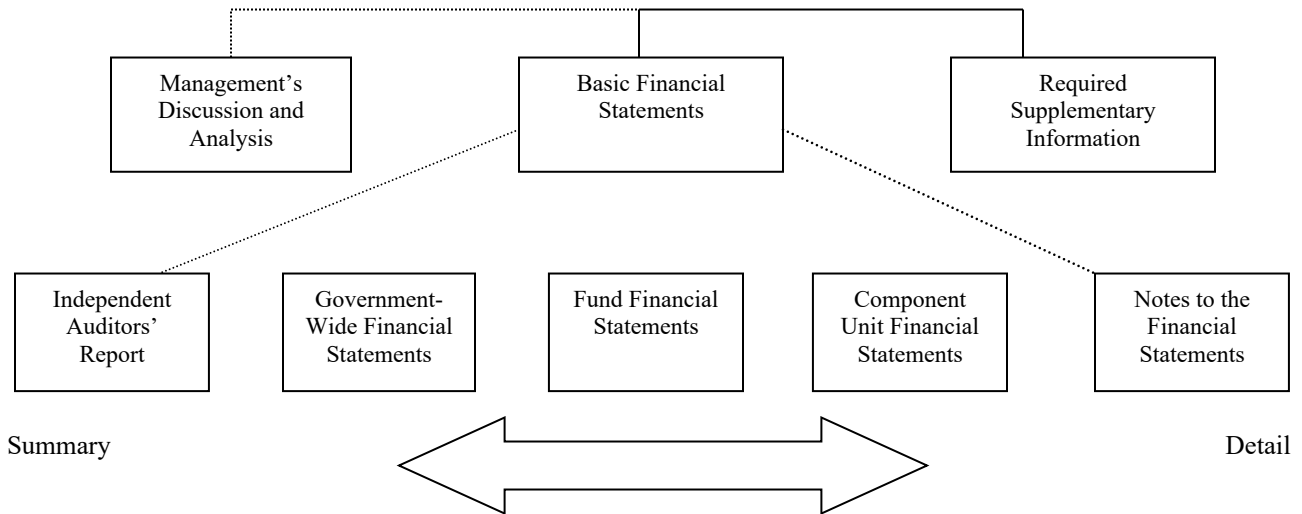
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**CITY OF DAYTON, TEXAS**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2020**

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, 2020. 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, 2020**

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 emergency medical services), 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, refuse services, and fiber optic cable internet 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 11 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, 2020**

The City adopts an annual appropriated budget for its general fund, debt service fund, and select special revenue funds. 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, refuse services, and fiber optic cable internet services. The proprietary fund financial statements provide separate information for the water and sewer fund, refuse fund, and fiber optic cable 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 employee benefits 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 \$22,972,400, as of September 30, 2020 for the primary government.

A portion of the City's net position, \$15,314,313, 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, 2020**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 11,055,846	\$ 17,939,667	\$ 28,995,513	\$ 10,988,181	\$ 5,762,199	\$ 16,750,380
Capital assets, net	31,156,078	16,698,604	47,854,682	28,505,339	14,434,947	42,940,286
<b>Total Assets</b>	<b>42,211,924</b>	<b>34,638,271</b>	<b>76,850,195</b>	<b>39,493,520</b>	<b>20,197,146</b>	<b>59,690,666</b>
Deferred charge on refunding	149,663	-	149,663	168,371	-	168,371
Deferred outflows - pensions	265,656	56,235	321,891	542,323	142,666	684,989
Deferred outflows - OPEB	45,956	-	45,956	12,429	-	12,429
<b>Total Deferred Outflows of Resources</b>	<b>461,275</b>	<b>56,235</b>	<b>517,510</b>	<b>723,123</b>	<b>142,666</b>	<b>865,789</b>
Current liabilities	3,479,777	1,017,114	4,496,891	1,751,394	454,027	2,205,421
Long-term liabilities	27,207,653	22,192,684	49,400,337	25,913,746	6,447,620	32,361,366
<b>Total Liabilities</b>	<b>30,687,430</b>	<b>23,209,798</b>	<b>53,897,228</b>	<b>27,665,140</b>	<b>6,901,647</b>	<b>34,566,787</b>
Deferred inflows - pensions	395,500	82,279	477,779	152,873	38,136	9,454
Deferred inflows - OPEB	20,298	-	20,298	25,528	-	-
<b>Total Deferred Inflows of Resources</b>	<b>415,798</b>	<b>82,279</b>	<b>498,077</b>	<b>178,401</b>	<b>38,136</b>	<b>9,454</b>
<b>Net Position:</b>						
Net investment in capital assets	6,932,976	8,381,337	15,314,313	7,571,936	8,245,345	15,817,281
Restricted	2,942,343	-	2,942,343	2,826,394	-	2,826,394
Unrestricted	1,694,652	3,021,092	4,715,744	1,974,772	5,154,684	7,129,456
<b>Total Net Position</b>	<b>\$ 11,569,971</b>	<b>\$ 11,402,429</b>	<b>\$ 22,972,400</b>	<b>\$ 12,373,102</b>	<b>\$ 13,400,029</b>	<b>\$ 25,773,131</b>

A portion of the City's net position, \$2,942,343 or 12.8 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$4,715,744, may be used to meet the City's ongoing obligation to citizens and creditors. The City's total net position decreased by \$2,800,731 as compared to the prior year.

Compared to the prior year, current assets increased by \$12,245,133 and noncurrent assets also increased by \$4,914,396. The increase in current assets was mainly attributed to increased cash holdings due to bond proceeds related to the issuance of debt. Current liabilities increased \$2,291,470 compared to the prior year due to increases in accounts payable and other short-term payable items due to the accrual of City improvement invoices received after year end. Long-term liabilities increased \$17,038,971 primarily due to the issuance of debt.

**CITY OF DAYTON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2020**

**Statement of Activities**

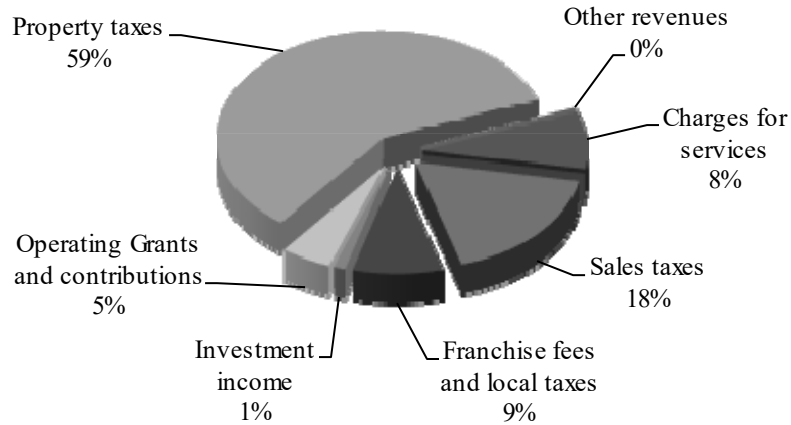
The following table provides a summary of the City's changes in net position:

	2020			2019		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 835,603	\$ 5,025,211	\$ 5,860,814	\$ 942,762	\$ 5,113,657	\$ 6,056,419
Operating Grants and contributions	493,443	-	493,443	217,457	-	217,457
General revenues:						
Property taxes	5,850,732	-	5,850,732	5,399,604	-	5,399,604
Sales taxes	1,755,169	-	1,755,169	1,638,096	-	1,638,096
Franchise fees and local taxes	871,920	-	871,920	914,205	-	914,205
Investment income	115,436	64,138	179,574	180,597	60,599	241,196
Other revenues	10,281	56,685	66,966	101,609	97,741	199,350
<b>Total Revenues</b>	<b>9,932,584</b>	<b>5,146,034</b>	<b>15,078,618</b>	<b>9,394,330</b>	<b>5,271,997</b>	<b>14,666,327</b>
<b>Expenses</b>						
General government	3,266,516	-	3,266,516	2,696,118	-	2,696,118
Public safety	3,223,331	-	3,223,331	4,344,552	-	4,344,552
Public works	2,543,613	-	2,543,613	1,359,432	-	1,359,432
Culture and recreation	579,022	-	579,022	535,907	-	535,907
Community enhancement	1,165,072	-	1,165,072	926,551	-	926,551
Interest and fees on debt	734,643	-	734,643	744,569	-	744,569
Water and sewer	-	4,766,288	4,766,288	-	3,889,503	3,889,503
Refuse	-	1,004,761	1,004,761	-	1,049,004	1,049,004
Fiber	-	596,103	596,103	-	-	-
<b>Total Expenses</b>	<b>11,512,197</b>	<b>6,367,152</b>	<b>17,879,349</b>	<b>10,607,129</b>	<b>4,938,507</b>	<b>15,545,636</b>
<b>Change in Net Position Before Transfers</b>						
	(1,579,613)	(1,221,118)	(2,800,731)	(1,212,799)	333,490	(879,309)
Transfers	776,482	(776,482)	-	(63,301)	63,301	-
<b>Total Transfers</b>	<b>776,482</b>	<b>(776,482)</b>	<b>-</b>	<b>(63,301)</b>	<b>63,301</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(803,131)</b>	<b>(1,997,600)</b>	<b>(2,800,731)</b>	<b>(1,276,100)</b>	<b>396,791</b>	<b>(879,309)</b>
Beginning net position	12,373,102	13,400,029	25,773,131	13,649,202	13,003,238	26,652,440
<b>Ending Net Position</b>	<b>\$ 11,569,971</b>	<b>\$ 11,402,429</b>	<b>\$ 22,972,400</b>	<b>\$ 12,373,102</b>	<b>\$ 13,400,029</b>	<b>\$ 25,773,131</b>

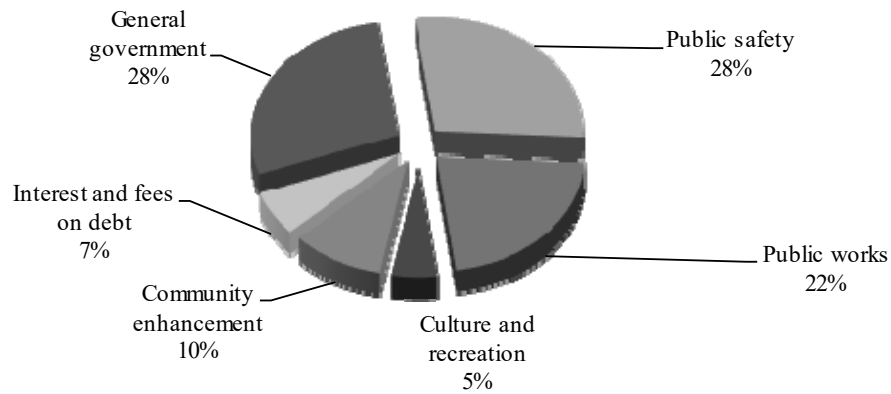
**CITY OF DAYTON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2020**

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

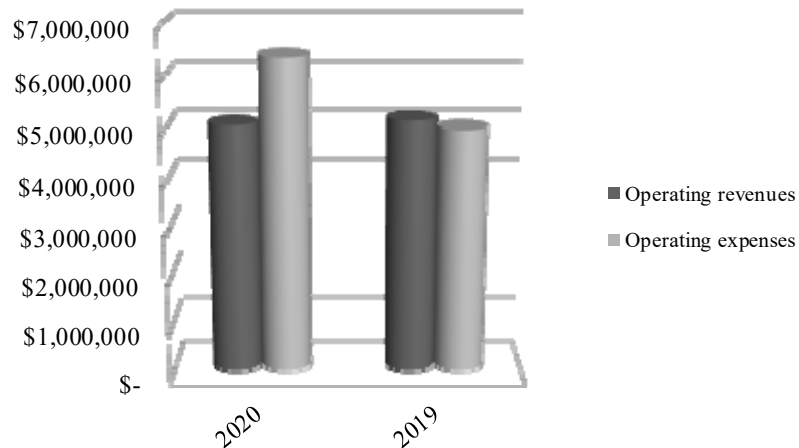
**Governmental Activities - Revenues**



**Governmental Activities - Expenses**



**Business-Type Activities - Revenues and Expenses**



**CITY OF DAYTON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2020**

For the year ended September 30, 2020, revenues from governmental activities totaled \$9,932,584. Compared to the prior year, governmental revenues increased by \$538,254. This increase was largely from the Coronavirus Relief Fund (CRF) grant revenue received to help with COVID-19 related costs, and the increase in property tax collections related to an increase in property valuations.

For the year ended September 30, 2020, expenses from governmental activities totaled \$11,512,197, which was an increase of \$905,068 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 an increase in street and drainage repairs within the City.

For the year ended September 30, 2020, charges for services related to business-type activities totaled \$5,025,211. This is a decrease of \$88,446 from the previous year due to a decrease in overall usage and customers. Business-type expenses totaled \$6,367,152, which is an increase of \$1,428,645 from the prior year. This increase is largely due to bond issuance expense from the issuance of debt and an increase in professional services related to the water and wastewater capital improvement plan and an impact fee study.

**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 \$6,810,823. Of this, \$12,252 is nonspendable for prepaid items and inventory, and \$4,857,761 is restricted for various purposes. Unassigned fund balance totaled \$1,940,810 as of year end. There was a combined decrease in governmental fund balances of \$1,774,114 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 \$1,940,810, while total fund balance reached \$2,047,130. 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 22 percent and 24 percent, respectively, of total general fund expenditures.

Compared to the prior year, general fund revenues increased \$944,879. This increase is primarily due to an increase in property tax revenue based on higher property valuations. The City also had increases in revenues from sales taxes and franchise fees. Expenditures increased \$1,114,302 compared to the prior year. This increase is primarily due to an increase in professional services for project reviews, legal services, personnel costs for new hires and pay raises in general government expenditures. The City also had an increase in community enhancement expenditures due to the reallocation of utilities and a new mowing contract.

The debt service fund has a total fund balance of \$2,550,982, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year was \$143,335. 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 \$1,915,418, all of which is restricted for capital projects. The net decrease in fund balance during the fiscal year was \$1,563,703 due to repairs and various capital projects.

**CITY OF DAYTON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2020**

**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 \$49,618 in the general fund. The net change in the general fund balance was a decrease of \$338,294. Amended budgeted revenues were more than the actual general fund revenues by \$139,118 during 2020 due primarily to less revenue received in licenses and permits, fines and forfeitures, and payments in lieu of taxes revenues. Actual expenditures were more than total budgeted amounts by \$105,496 due primarily to more expenditures than anticipated in the administration department and the community enhancement department.

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 \$47,854,682 in a variety of capital assets and infrastructure, net of accumulated depreciation. This represents a net decrease of \$4,914,396.

Major capital asset events during the year include the following:

- Fiber optics cable project \$403,814
- Refuse truck street restoration \$278,093
- Daniel park concession stand remodel \$213,687
- Grand parkway utility crossing project \$319,449
- Sanitary sewer rehabilitation project \$286,623
- Water meter improvements and installation \$1,930,717
- City improvements (lighting fixtures, score board, electrical) \$2,700,059
- 2020 Freightliner pump truck \$353,931
- State Highway 321 and Highway 90 sidewalk project \$381,337

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 \$45,946,250. Of this amount, \$12,970,000 was general obligation debt, certificates of obligation accounted for \$32,700,000, \$235,000 for tax anticipation notes, and capital leases totaled \$41,250.

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

For fiscal year 2021, the City approved a \$18,872,864 revenue budget and a \$29,954,994 expense/expenditure budget. General fund revenues were budgeted at \$8,460,085 while expenditures were budgeted at \$7,901,723. The water and sewer fund revenues were budgeted at \$5,360,269 while the expenses were budgeted at

**CITY OF DAYTON, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2020**

\$5,100,196. The property tax rate will increase to \$0.7060. Property tax revenues were budgeted at \$5,827,853 for fiscal year 2021.

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.

**COVID-19**

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay at-home orders going into effect. The City navigated through this time by alternating the schedules of its employees due to the various City functions needing to continue to run through this time. The City followed the directions of the State in relations to Municipal Court. The Municipal Court was closed until the City came up with an acceptable plan to monitor social distancing, require masks, and provide hand sanitizers. Subsequent to the second wave of the COVID outbreak, the State is now requiring Municipal Court to be held via Zoom meetings. While the initial event occurred prior to year end, the City was, subsequent to year end, continuing to modify its operations to prevent the spread to customer, staff, and the community as a whole, while balancing the needs of the community. The City has made numerous changes to its operations, including provisions for customer and staff to wear masks, more frequent cleanings, and numerous other changes. While such changes caused a significant hardship and have increased expenses, such increases are nominal in comparison to the overall budget. The City is continuing to monitor exposure levels with customer, staff, and the community as a whole, but to date the overall exposure threat level has been sufficiently low to continue with open doors; however, the City is ready to modify its plans if necessary.

**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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	DCDC
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 9,867,471	\$ 1,643,034	\$ 11,510,505	\$ 800,623
Investments	1,001,774	-	1,001,774	-
Restricted:				
Cash and cash equivalents	15,066	7,561,915	7,576,981	-
Investments	-	6,482,046	6,482,046	-
Receivables, net	1,624,095	743,163	2,367,258	143,857
Due from primary government	-	-	-	937,333
Internal balances	(1,468,119)	1,468,119	-	-
Due from component unit	3,307	-	3,307	-
Inventories	10,234	41,390	51,624	-
Prepaid items	2,018	-	2,018	-
Capital assets:				
Nondepreciable	4,475,406	2,441,939	6,917,345	906,686
Net depreciable capital assets	26,680,672	14,256,665	40,937,337	-
<b>Total Assets</b>	<b>42,211,924</b>	<b>34,638,271</b>	<b>76,850,195</b>	<b>2,788,499</b>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred charge on refunding	149,663	-	149,663	-
Deferred outflows - pensions (TMRS)	242,982	56,235	299,217	16,156
Deferred outflows - pensions (TESRS)	22,674	-	22,674	-
Deferred outflows - OPEB	45,956	-	45,956	-
<b>Total Deferred Outflows of Resources</b>	<b>461,275</b>	<b>56,235</b>	<b>517,510</b>	<b>16,156</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	2,411,575	605,048	3,016,623	26,601
Due to primary government	-	-	-	3,307
Due to component unit	937,333	-	937,333	-
Customer deposits	-	123,825	123,825	-
Accrued interest payable	130,869	288,133	419,002	-
Unearned revenue - other	-	108	108	-
Noncurrent liabilities:				
Due within one year	2,120,853	659,679	2,780,532	-
Due in more than one year	25,086,800	21,533,005	46,619,805	13,111
<b>Total Liabilities</b>	<b>30,687,430</b>	<b>23,209,798</b>	<b>53,897,228</b>	<b>43,019</b>
<b><u>Deferred Inflows of Resources</u></b>				
Deferred inflows - pensions (TMRS)	395,409	82,279	477,688	23,376
Deferred inflows - pensions (TESRS)	91	-	91	-
Deferred inflows - OPEB	20,298	-	20,298	-
<b>Total Deferred Inflows of Resources</b>	<b>415,798</b>	<b>82,279</b>	<b>498,077</b>	<b>23,376</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	6,932,976	8,381,337	15,314,313	906,686
Restricted for:				
Debt service	2,550,982	-	2,550,982	-
PEG fees	94,467	-	94,467	-
Enabling legislation	296,894	-	296,894	-
Economic development	-	-	-	1,831,574
Unrestricted	1,694,652	3,021,092	4,715,744	-
<b>Total Net Position</b>	<b>\$ 11,569,971</b>	<b>\$ 11,402,429</b>	<b>\$ 22,972,400</b>	<b>\$ 2,738,260</b>

See Notes to Financial Statements.

# CITY OF DAYTON, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government</b>			
<b>Governmental Activities</b>			
General government	\$ 3,266,516	\$ -	\$ -
Public safety	3,223,331	586,875	3,549
Public works	2,543,613	248,728	489,894
Culture and recreation	579,022	-	-
Community enhancement	1,165,072	-	-
Interest and fees on debt	734,643	-	-
<b>Total Governmental Activities</b>	<b>11,512,197</b>	<b>835,603</b>	<b>493,443</b>
<b>Business-Type Activities</b>			
Water and sewer	4,766,288	3,975,491	-
Refuse	1,004,761	1,049,720	-
Fiber	596,103	-	-
<b>Total Business-Type Activities</b>	<b>6,367,152</b>	<b>5,025,211</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 17,879,349</b>	<b>\$ 5,860,814</b>	<b>\$ 493,443</b>
<b>Component Unit</b>			
Dayton Community Development Corporation	\$ 555,430	\$ -	\$ -

**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**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>DCDC</b>
\$ (3,266,516)	\$ -	\$ (3,266,516)	\$ -
(2,632,907)	-	(2,632,907)	-
(1,804,991)	-	(1,804,991)	-
(579,022)	-	(579,022)	-
(1,165,072)	-	(1,165,072)	-
(734,643)	-	(734,643)	-
<u>(10,183,151)</u>	<u>-</u>	<u>(10,183,151)</u>	<u>-</u>
-	(790,797)	(790,797)	-
-	44,959	44,959	-
-	(596,103)	(596,103)	-
-	(1,341,941)	(1,341,941)	-
<u>(10,183,151)</u>	<u>(1,341,941)</u>	<u>(11,525,092)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (555,430)</u>
\$ 5,850,732	\$ -	\$ 5,850,732	\$ -
1,755,169	-	1,755,169	877,584
871,920	-	871,920	-
115,436	64,138	179,574	8,678
10,281	56,685	66,966	3,333
776,482	(776,482)	-	-
<u>9,380,020</u>	<u>(655,659)</u>	<u>8,724,361</u>	<u>889,595</u>
(803,131)	(1,997,600)	(2,800,731)	334,165
12,373,102	13,400,029	25,773,131	2,404,095
<u>\$ 11,569,971</u>	<u>\$ 11,402,429</u>	<u>\$ 22,972,400</u>	<u>\$ 2,738,260</u>

# CITY OF DAYTON, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2020

	General	Debt Service	Capital Projects	Nonmajor Funds
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 2,310,377	\$ 2,544,196	\$ 4,601,434	\$ 307,097
Investments	1,001,774	-	-	-
Restricted cash and cash equivalents	15,066	-	-	-
Receivables, net	1,339,362	271,891	-	11,854
Due from component unit	3,307	-	-	-
Due from other funds	155,513	25,983	-	-
Prepaid items	1,619	-	-	399
Inventory	10,234	-	-	-
<b>Total Assets</b>	<b>\$ 4,837,252</b>	<b>\$ 2,842,070</b>	<b>\$ 4,601,434</b>	<b>\$ 319,350</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 545,347	\$ 19,197	\$ 1,826,052	\$ 20,979
Due to component unit	937,333	-	-	-
Due to other funds	788,573	-	859,964	1,078
<b>Total Liabilities</b>	<b>2,271,253</b>	<b>19,197</b>	<b>2,686,016</b>	<b>22,057</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	518,869	271,891	-	-
<b><u>Fund Balances</u></b>				
Nonspendable:				
Prepaid items	1,619	-	-	399
Inventory	10,234	-	-	-
Restricted:				
Debt service	-	2,550,982	-	-
Capital projects	-	-	1,915,418	-
PEG fees	94,467	-	-	-
Enabling legislation	-	-	-	296,894
Unassigned	1,940,810	-	-	-
<b>Total Fund Balances</b>	<b>2,047,130</b>	<b>2,550,982</b>	<b>1,915,418</b>	<b>297,293</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,837,252</b>	<b>\$ 2,842,070</b>	<b>\$ 4,601,434</b>	<b>\$ 319,350</b>

**Total  
Governmental  
Funds**

\$ 9,763,104  
1,001,774  
  
15,066  
1,623,107  
3,307  
181,496  
2,018  
10,234  
\$ 12,600,106

\$ 2,411,575  
937,333  
1,649,615  
4,998,523

790,760

2,018  
10,234  
  
2,550,982  
1,915,418  
94,467  
296,894  
1,940,810  
6,810,823  
  
\$ 12,600,106

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**CITY OF DAYTON, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**September 30, 2020**

Total fund balances – total governmental funds \$ 6,810,823

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	4,475,406	
Capital assets - net depreciable	26,680,672	
		31,156,078

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	790,760
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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.	105,355
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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	(130,869)	
Noncurrent liabilities due in one year	(2,120,853)	
Noncurrent liabilities due in more than one year	(25,086,800)	
Deferred outflows - pensions	265,656	
Deferred outflows - OPEB	45,956	
Deferred inflows - pensions	(395,500)	
Deferred inflows -OPEB	(20,298)	
Deferred charge on refunding	149,663	
		(27,293,045)

<b>Net Position of Governmental Activities</b>	<b>\$ 11,569,971</b>
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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, 2020

	General	Debt Service	Capital Projects	Nonmajor Funds
<b>Revenues</b>				
Property tax	\$ 3,681,592	\$ 2,135,058	\$ -	\$ -
Sales tax	1,755,169	-	-	-
Franchise fees and local taxes	537,137	-	-	126,516
Licenses and permits	248,728	-	-	-
Intergovernmental	458,619	-	-	31,275
Fines and forfeitures	430,266	-	-	-
Charges for services	156,609	-	-	-
Investment income	59,206	23,364	31,048	1,580
Payments in lieu of taxes	208,267	-	-	-
Other revenue	36,748	-	-	1,050
<b>Total Revenues</b>	<b>7,572,341</b>	<b>2,158,422</b>	<b>31,048</b>	<b>160,421</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	3,363,845	-	-	-
Public safety	3,081,215	-	-	29,797
Public works	902,595	-	-	-
Culture and recreation	281,732	-	-	-
Community enhancement	640,816	-	-	17,081
Community center	317,271	-	-	-
Tourism promotion	-	-	-	125,284
<b>Capital outlay</b>	-	-	5,032,450	3,711
<b>Debt service:</b>				
Principal	39,333	1,680,000	-	-
Interest and fiscal charges	3,925	664,600	-	-
Debt issuance costs	-	1,900	66,843	-
<b>Total Expenditures</b>	<b>8,630,732</b>	<b>2,346,500</b>	<b>5,099,293</b>	<b>175,873</b>
<b>(Deficiency) of Revenues</b>				
<b>(Under) Expenditures</b>	<b>(1,058,391)</b>	<b>(188,078)</b>	<b>(5,068,245)</b>	<b>(15,452)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	720,297	331,413	32,668	-
Transfers (out)	(200)	-	-	-
Premium on bonds issued	-	-	456,874	-
Debt issued	-	-	3,015,000	-
<b>Total Other Financing Sources</b>	<b>720,097</b>	<b>331,413</b>	<b>3,504,542</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(338,294)</b>	<b>143,335</b>	<b>(1,563,703)</b>	<b>(15,452)</b>
Beginning fund balances	2,385,424	2,407,647	3,479,121	312,745
<b>Ending Fund Balances</b>	<b>\$ 2,047,130</b>	<b>\$ 2,550,982</b>	<b>\$ 1,915,418</b>	<b>\$ 297,293</b>

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

\$ 5,816,650  
1,755,169  
663,653  
248,728  
489,894  
430,266  
156,609  
115,198  
208,267  
37,798  
9,922,232

3,363,845  
3,111,012  
902,595  
281,732  
657,897  
317,271  
125,284  
5,036,161

1,719,333  
668,525  
68,743  
16,252,398

(6,330,166)

1,084,378  
(200)  
456,874  
3,015,000

4,556,052

(1,774,114)

8,584,937  
\$ 6,810,823

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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, 2020**

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

Net changes in fund balances - total governmental funds	\$ (1,774,114)
<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	4,146,145
Depreciation expense	(1,467,889)
Net effect of capital disposals	(27,517)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	34,082
<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>	
	103,234
<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	(23,920)
Debt issued	(3,015,000)
Premium on bonds issued, net of amortization	(411,621)
Principal expenditures	1,719,333
Deferred charges	(18,708)
Net pension liability	557,155
Total OPEB liability	(62,930)
Deferred outflows - pensions	145
Deferred outflows - OPEB	32,348
Deferred inflows - pensions	(518,260)
Deferred inflows - OPEB	5,230
Compensated absences	(80,844)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (803,131)</b>

See Notes to Financial Statements.

# CITY OF DAYTON, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

September 30, 2020

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Fiber</u>	<u>Total Proprietary Funds</u>
<b><u>Assets</u></b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 221,069	\$ 1,368,452	\$ 53,513	\$ 1,643,034
Restricted:				
Cash and cash equivalents	288,077	-	7,273,838	7,561,915
Investments	-	-	6,482,046	6,482,046
Receivables, net	619,414	98,529	25,220	743,163
Due from other funds	1,550,811	-	-	1,550,811
Inventories	41,390	-	-	41,390
<b>Total Current Assets</b>	<u>2,720,761</u>	<u>1,466,981</u>	<u>13,834,617</u>	<u>18,022,359</u>
<b>Noncurrent Assets</b>				
Capital assets:				
Nondepreciable	2,011,940	26,185	403,814	2,441,939
Net depreciable capital assets	13,693,633	563,032	-	14,256,665
<b>Total Noncurrent Assets</b>	<u>15,705,573</u>	<u>589,217</u>	<u>403,814</u>	<u>16,698,604</u>
<b>Total Assets</b>	<u>18,426,334</u>	<u>2,056,198</u>	<u>14,238,431</u>	<u>34,720,963</u>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred outflows - pensions	54,289	1,946	-	56,235
<b><u>Liabilities</u></b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	311,185	63,271	230,592	605,048
Due to other funds	81,916	776	-	82,692
Customer deposits	123,825	-	-	123,825
Accrued interest payable	57,819	-	230,314	288,133
Unearned revenue	108	-	-	108
Current portion of compensated absences	19,679	-	-	19,679
Current portion of bonds payable, net	640,000	-	-	640,000
<b>Total Current Liabilities</b>	<u>1,234,532</u>	<u>64,047</u>	<u>460,906</u>	<u>1,759,485</u>
<b>Noncurrent Liabilities</b>				
Compensated absences	2,187	-	-	2,187
Bonds payable, net	7,050,688	-	14,369,497	21,420,185
Net pension liability	95,801	14,832	-	110,633
<b>Total Noncurrent Liabilities</b>	<u>7,148,676</u>	<u>14,832</u>	<u>14,369,497</u>	<u>21,533,005</u>
<b>Total Liabilities</b>	<u>8,383,208</u>	<u>78,879</u>	<u>14,830,403</u>	<u>23,292,490</u>
<b><u>Deferred Inflows of Resources</u></b>				
Deferred inflows - pensions	81,047	1,232	-	82,279
<b><u>Net Position</u></b>				
Net investment in capital assets	8,179,135	589,217	(387,015)	8,381,337
Unrestricted	1,837,233	1,388,816	(204,957)	3,021,092
<b>Total Net Position</b>	<u>\$ 10,016,368</u>	<u>\$ 1,978,033</u>	<u>\$ (591,972)</u>	<u>\$ 11,402,429</u>

See Notes to Financial Statements.

**Governmental  
Activities**  
**Internal  
Service**

\$ 104,367

-

-

988

-

-

105,355

-

-

-

105,355

-

-

-

-

-

-

-

-

-

-

-

-

-

-

-

105,355

\$ 105,355

**CITY OF DAYTON, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended September 30, 2020

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Fiber</u>	<u>Total Proprietary Funds</u>
<b><u>Operating Revenues</u></b>				
Water and sewer charges	\$ 3,975,491	\$ -	\$ -	\$ 3,975,491
Sanitation	-	1,049,720	-	1,049,720
Other services	35,317	21,368	-	56,685
<b>Total Operating Revenues</b>	<u>4,010,808</u>	<u>1,071,088</u>	<u>-</u>	<u>5,081,896</u>
<b><u>Operating Expenses</u></b>				
Personnel services	1,378,701	41,747	-	1,420,448
Services	962,429	841,720	-	1,804,149
Supplies	67,489	9,921	-	77,410
Utilities	436,111	1,820	-	437,931
Repairs and maintenance	249,497	44,478	-	293,975
Depreciation	1,462,696	53,232	-	1,515,928
Miscellaneous	30,297	11,843	-	42,140
<b>Total Operating Expenses</b>	<u>4,587,220</u>	<u>1,004,761</u>	<u>-</u>	<u>5,591,981</u>
<b>Operating Income (Loss)</b>	<u>(576,412)</u>	<u>66,327</u>	<u>-</u>	<u>(510,085)</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment income	32,787	27,320	4,031	64,138
Interest and fiscal agent charges	(137,942)	-	(184,340)	(322,282)
Bond issuance expense	(41,126)	-	(411,763)	(452,889)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(146,281)</u>	<u>27,320</u>	<u>(592,072)</u>	<u>(711,033)</u>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<u>(722,693)</u>	<u>93,647</u>	<u>(592,072)</u>	<u>(1,221,118)</u>
<b><u>Capital Contributions and Transfers</u></b>				
Capital contribution	231,007	76,689	-	307,696
Transfers in	100	-	100	200
Transfers (out)	(939,540)	(144,838)	-	(1,084,378)
<b>Total Capital Contributions and Transfers</b>	<u>(708,433)</u>	<u>(68,149)</u>	<u>100</u>	<u>(776,482)</u>
<b>Change in Net Position</b>	<u>(1,431,126)</u>	<u>25,498</u>	<u>(591,972)</u>	<u>(1,997,600)</u>
Beginning net position	<u>11,447,494</u>	<u>1,952,535</u>	<u>-</u>	<u>13,400,029</u>
<b>Ending Net Position</b>	<u>\$ 10,016,368</u>	<u>\$ 1,978,033</u>	<u>\$ (591,972)</u>	<u>\$ 11,402,429</u>

See Notes to Financial Statements.

**Governmental  
Activities**  
**Internal  
Service**

\$ -  
-  
1,300,687  
1,300,687

1,197,691  
-  
-  
-  
-  
-  
1,197,691

102,996

238  
-  
-  
238

103,234  
-  
-  
-

103,234  
2,121

\$ 105,355



# CITY OF DAYTON, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2020

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Fiber</u>	<u>Total Proprietary Funds</u>
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers	\$ 3,352,644	\$ 1,184,210	\$ (25,220)	\$ 4,511,634
Receipts from interfund charges	-	-	-	-
Payments to suppliers	(1,627,963)	(934,899)	177,218	(2,385,644)
Payments to employees	(1,373,504)	(41,889)	-	(1,415,393)
<b>Net Cash Provided by Operating Activities</b>	<u>351,177</u>	<u>207,422</u>	<u>151,998</u>	<u>710,597</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfer from other funds	100	-	100	200
Transfer to other funds	(939,540)	(144,838)	-	(1,084,378)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(939,440)</u>	<u>(144,838)</u>	<u>100</u>	<u>(1,084,178)</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Capital purchases	(2,756,604)	(311,471)	(403,814)	(3,471,889)
Principal paid on capital debt	(575,000)	-	-	(575,000)
Interest and fiscal agent fees paid	(170,750)	-	-	(170,750)
Proceeds from issuance of bonds	2,067,768	-	14,057,082	16,124,850
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(1,434,586)</u>	<u>(311,471)</u>	<u>13,653,268</u>	<u>11,907,211</u>
<b><u>Cash Flows from Investing Activities</u></b>				
Purchase of investments	-	-	(6,482,046)	(6,482,046)
Interest on investments	32,787	27,320	4,031	64,138
<b>Net Cash Provided by Investing Activities</b>	<u>32,787</u>	<u>27,320</u>	<u>(6,478,015)</u>	<u>(6,417,908)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,990,062)	(221,567)	7,327,351	5,115,722
Beginning cash and cash equivalents	<u>2,499,208</u>	<u>1,590,019</u>	<u>-</u>	<u>4,089,227</u>
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 509,146</u>	<u>\$ 1,368,452</u>	<u>\$ 7,327,351</u>	<u>\$ 9,204,949</u>
<b><u>Ending Cash and Cash Equivalents</u></b>				
Unrestricted cash and cash equivalents	\$ 221,069	\$ 1,368,452	\$ 53,513	\$ 1,643,034
Restricted cash and cash equivalents	288,077	-	7,273,838	7,561,915
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 509,146</u>	<u>\$ 1,368,452</u>	<u>\$ 7,327,351</u>	<u>\$ 9,204,949</u>

**Governmental  
Activities**  
**Internal  
Service**

\$ -  
1,300,687  
(1,197,691)  
-  
102,996

-  
-  
-  
-

-  
-  
-  
-  
-

-  
238  
238

103,234  
1,133  
\$ 104,367

\$ 104,367  
-  
\$ 104,367

# CITY OF DAYTON, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2020

	Water and Sewer	Refuse	Fiber	Total Proprietary Funds
<b><u>Reconciliation of Operating Income (Loss)</u></b>				
<b><u>to Net Cash Provided (Used) by Operating Activities</u></b>				
Operating income (loss)	\$ (576,412)	\$ 66,327	\$ -	\$ (510,085)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,462,696	53,232	-	1,515,928
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in:</b>				
Deferred outflows - pensions	83,614	2,817	-	86,431
Accounts receivable	77,064	113,122	(25,220)	164,966
Due from other funds	(784,172)	-	-	(784,172)
Inventories	23,173	-	-	23,173
<b>Increase (Decrease) in:</b>				
Accounts payable and accrued liabilities	94,687	(25,117)	177,218	246,788
Due to other funds	16,333	-	-	16,333
Net pension liability	(133,276)	(3,276)	-	(136,552)
Deferred inflows - pensions	43,826	317	-	44,143
Customer deposits	5,304	-	-	5,304
Compensated absences	11,033	-	-	11,033
Accrued interest payable	27,199	-	-	27,199
Unearned revenue	108	-	-	108
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 351,177</b>	<b>\$ 207,422</b>	<b>\$ 151,998</b>	<b>\$ 710,597</b>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from governmental funds	\$ 231,007	\$ 76,689	\$ -	\$ 307,696

See Notes to Financial Statements.

**Governmental  
Activities**  

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**Internal  
Service**  

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\$ 102,996

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**\$ 102,996**  

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**\$ -**  

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**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

**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 emergency medical services), 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 City 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 (the “State”) 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

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

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 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, 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

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

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 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 benefits 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.

**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



**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

*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 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 deposit are reported at cost.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

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 contractual agreements. Restricted assets of the enterprise fund are restricted for customer deposits and bond covenants.

**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.

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

**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 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

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

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 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).

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

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.

**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.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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**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 and internal service 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 and internal service 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, 2020.

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**For the Year Ended September 30, 2020**

For the year ended September 30, 2020, expenditures exceeded appropriations at the legal level of control in the following departments of the general fund:

Departments	Variance
General fund	
General government	
Administration	\$ 414,395
Office of the City Manager and City Secretary	80,114
Inspection	91,260
Public Safety	
Municipal court	43,179
Culture and recreation	
City park	16,446
Community enhancement	186,558
Transfers out	200

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2020, the City had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Federal Agency Bonds	\$ 6,482,046	1.07
Certificates of Deposit	1,502,008	3.85
Total	\$ 7,984,054	
Portfolio weighted average maturity		1.59

As of September 30, 2020, the Corporation had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
TexPool	\$ 520,157	0.10
Total	\$ 520,157	
Portfolio weighted average maturity		0.10

**Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

As of September 30, 2020, the City had the following recurring fair value measurements:

	September 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Federal Agency Bonds	\$ 6,482,046	\$ 6,482,046	\$ -	\$ -
<b>Total</b>	<u>\$ 6,482,046</u>	<u>\$ 6,482,046</u>	<u>\$ -</u>	<u>\$ -</u>

The investments are classified in Level 1 of the fair value hierarchy and are valued using the market approach.

*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, 2020, 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, 2020, the fair values of pledged securities and FDIC coverage exceeded the City’s bank balances. As of September 30, 2020, the fair values of pledged securities and FDIC coverage exceeded the Corporation’s bank balances.

*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.



**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

*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 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:

	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor Governmental</b>	<b>Component Unit</b>
Property tax	\$ 518,869	\$ 271,891	\$ -	\$ -
Sales tax	286,327	-	-	143,857
Other tax	515,385	-	-	-
Other	18,781	-	11,854	-
	<u>\$ 1,339,362</u>	<u>\$ 271,891</u>	<u>\$ 11,854</u>	<u>\$ 143,857</u>
	<b>Water and Sewer</b>	<b>Refuse</b>	<b>Fiber</b>	<b>Internal Service</b>
Accounts	\$ 651,743	\$ 102,764	\$ -	\$ 988
Other	(24,857)	53	25,220	-
Less allowance	(7,472)	(4,288)	-	-
	<u>\$ 619,414</u>	<u>\$ 98,529</u>	<u>\$ 25,220</u>	<u>\$ 988</u>

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2020

**C. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,384,811	\$ -	\$ -	\$ 1,384,811
Construction in progress	-	3,090,595	-	3,090,595
<b>Total capital assets, not being depreciated</b>	<u>1,384,811</u>	<u>3,090,595</u>	<u>-</u>	<u>4,475,406</u>
Other capital assets:				
Infrastructure	5,734,259	247,182	-	5,981,441
Buildings and improvements	23,410,856	-	-	23,410,856
Machinery and equipment	8,682,330	808,368	(133,906)	9,356,792
<b>Total other capital assets</b>	<u>37,827,445</u>	<u>1,055,550</u>	<u>(133,906)</u>	<u>38,749,089</u>
Less accumulated depreciation for:				
Infrastructure	(1,722,212)	(224,981)	-	(1,947,193)
Buildings and improvements	(3,967,212)	(507,608)	-	(4,474,820)
Machinery and equipment	(5,017,493)	(735,300)	106,389	(5,646,404)
<b>Total accumulated depreciation</b>	<u>(10,706,917)</u>	<u>(1,467,889)</u>	<u>106,389</u>	<u>(12,068,417)</u>
Other capital assets, net	<u>27,120,528</u>	<u>(412,339)</u>	<u>(27,517)</u>	<u>26,680,672</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 28,505,339</u>	<u>\$ 2,678,256</u>	<u>\$ (161,423)</u>	<u>31,156,078</u>
				Less debt associated with capital assets (26,288,183)
				Plus unspent bond proceeds 1,915,418
				Plus deferred charge on refunding 149,663
				<b>Net Investment in Capital Assets</b> <u>\$ 6,932,976</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 90,402
Public safety	658,399
Public works	323,258
Culture and recreation	315,625
Community enhancement	80,205
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 1,467,889</u>

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2020

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>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 107,408	\$ -	\$ -	\$ 107,408
Construction in progress	-	2,334,531	-	2,334,531
<b>Total capital assets not being depreciated</b>	<u>107,408</u>	<u>2,334,531</u>	<u>-</u>	<u>2,441,939</u>
Other capital assets:				
Building and improvements	3,086,121	-	-	3,086,121
Machinery and equipment	2,659,537	15,007	(73,203)	2,601,341
Infrastructure	29,288,531	1,430,047	-	30,718,578
<b>Total other capital assets</b>	<u>35,034,189</u>	<u>1,445,054</u>	<u>(73,203)</u>	<u>36,406,040</u>
Less accumulated depreciation for:				
Building and improvements	(857,069)	(145,603)	-	(1,002,672)
Machinery and equipment	(1,652,166)	(265,388)	73,203	(1,844,351)
Infrastructure	(18,197,415)	(1,104,937)	-	(19,302,352)
<b>Total accumulated depreciation</b>	<u>(20,706,650)</u>	<u>(1,515,928)</u>	<u>73,203</u>	<u>(22,149,375)</u>
Other capital assets, net	14,327,539	(70,874)	-	14,256,665
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 14,434,947</u>	<u>\$ 2,263,657</u>	<u>\$ -</u>	<u>16,698,604</u>
			Less associated debt	(22,060,185)
			Plus unspent bond proceeds	13,742,918
			<b>Net Investment in Capital Assets</b>	<u>\$ 8,381,337</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,462,696
Refuse	53,232
<b>Total Business-Type Activities Depreciation Expense</b>	<u>\$ 1,515,928</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>
<b>Component Unit</b>				
Capital assets not being depreciated:				
Land	\$ 162,912	\$ 743,774	\$ -	\$ 906,686
<b>Total capital assets not being depreciated</b>	<u>162,912</u>	<u>743,774</u>	<u>-</u>	<u>906,686</u>
<b>Component Unit Capital Assets</b>	<u>\$ 162,912</u>	<u>\$ 743,774</u>	<u>\$ -</u>	<u>\$ 906,686</u>

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2020

**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.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Bonds, notes, and other payables:					
General obligation bonds	\$ 780,000	\$ -	\$ 780,000	\$ -	* \$ -
Direct placement bonds	7,865,000	-	90,000	7,775,000	* 895,000
Direct placement tax notes	350,000	-	115,000	235,000	* 115,000
Certificates of obligation	15,075,000	3,015,000	695,000	17,395,000	* 900,000
Plus deferred items:					
Issuance premiums	430,312	456,874	45,253	841,933	* -
Capital leases	80,583	-	39,333	41,250	* 41,250
<b>Total bonds, notes, and         other payables</b>	<b>24,580,895</b>	<b>3,471,874</b>	<b>1,764,586</b>	<b>26,288,183</b>	<b>1,951,250</b>
Other liabilities:					
Net pension liability (TMRS)	978,199	-	573,516	404,683	-
Net pension liability (TESRS)	59,322	16,361	-	75,683	-
Total OPEB liability (TMRS)	187,726	62,930	-	250,656	-
Compensated absences	107,604	254,494	173,650	188,448	169,603
<b>Total Governmental         Activities</b>	<b>\$ 25,913,746</b>	<b>\$ 3,805,659</b>	<b>\$ 2,511,752</b>	<b>\$ 27,207,653</b>	<b>\$ 2,120,853</b>
				<b>\$ 25,086,800</b>	
				<b>\$ 26,288,183</b>	
					<b>Amounts Due Within One Year</b>
<b>Business-Type Activities:</b>					
Bonds, notes, and other payables:					
General obligation bonds	\$ 5,770,000	\$ -	\$ 575,000	\$ 5,195,000	* \$ 590,000
Certificates of obligation	-	15,305,000	-	15,305,000	* 50,000
Plus deferred amounts:					
Issuance premiums	419,602	1,246,566	105,983	1,560,185	* -
<b>Total bonds, notes, and         other payables</b>	<b>6,189,602</b>	<b>16,551,566</b>	<b>680,983</b>	<b>22,060,185</b>	<b>640,000</b>
Other liabilities:					
Net pension liability (TMRS)	247,185	-	136,552	110,633	-
Compensated absences	10,833	37,164	26,131	21,866	19,679
<b>Total Business-Type         Activities</b>	<b>\$ 6,447,620</b>	<b>\$ 16,588,730</b>	<b>\$ 843,666</b>	<b>\$ 22,192,684</b>	<b>\$ 659,679</b>
				<b>\$ 21,533,005</b>	
				<b>\$ 22,060,185</b>	

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2020

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

<b>Component Unit:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Other liabilities:					
Net pension liability (TMRS)	\$ 57,885	\$ -	\$ 44,774	\$ 13,111	\$ -
<b>Total Component Unit     Activities</b>	<u>\$ 57,885</u>	<u>\$ -</u>	<u>\$ 44,774</u>	<u>\$ 13,111</u>	<u>\$ -</u>
			<b>Long-term liabilities due in more than one year</b>	<u>\$ 13,111</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:

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Balance</u>
<b><u>Governmental Activities:</u></b>			
<b><u>Direct Placement Bonds</u></b>			
2017 general obligation refunding bonds	\$ 8,045,000	2.23%	\$ 7,775,000
	<b>Total General Obligation Bonds</b>		<u>7,775,000</u>
<b><u>Direct Placement Tax Notes</u></b>			
2017 tax anticipation notes	\$ 575,000	1.68%	235,000
	<b>Total Tax Anticipation Notes</b>		<u>235,000</u>
<b><u>Certificates of Obligation</u></b>			
2015 certificates of obligation	\$ 6,990,000	2.00-4.00%	5,995,000
2018 certificates of obligation	\$ 6,595,000	2.00-4.00%	5,915,000
2019 certificates of obligation	\$ 2,500,000	2.00-5.00%	2,470,000
2020B certificates of obligation	\$ 3,015,000	2.00-5.00%	3,015,000
	<b>Total Certificates of Obligation</b>		<u>17,395,000</u>
<b>Capital Leases</b>	\$ 335,000	5.23%	41,250
	<b>Total Governmental Activities Long-Term Debt</b>		<u>\$ 25,446,250</u>
<b><u>Business-Type Activities:</u></b>			
<b><u>General Obligation Bonds</u></b>			
2016 general obligation refunding bonds	\$ 6,880,000	2.00-4.00%	\$ 5,195,000
	<b>Total General Obligation Bonds</b>		<u>5,195,000</u>
<b><u>Certificates of Obligation</u></b>			
2020A certificates of obligation	\$ 13,450,000	2.00-4.00%	13,450,000
2020B certificates of obligation	\$ 1,855,000	2.00-5.00%	1,855,000
	<b>Total Certificates of Obligation</b>		<u>15,305,000</u>
	<b>Total Business-Type Activities Long-Term Debt</b>		<u>\$ 20,500,000</u>

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

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

Year Ending Sept. 30	Governmental Activities					
	Certificates of Obligation		Direct Placement Tax Notes		Direct Placement Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 900,000	\$ 604,396	\$ 115,000	\$ 2,982	\$ 895,000	\$ 163,403
2022	755,000	541,525	120,000	1,008	920,000	143,166
2023	775,000	517,550	-	-	940,000	122,427
2024	805,000	491,400	-	-	960,000	101,242
2025	835,000	462,025	-	-	980,000	79,611
2026-2030	4,845,000	1,814,547	-	-	3,080,000	104,030
2031-2035	6,040,000	904,297	-	-	-	-
2036-2040	2,440,000	175,775	-	-	-	-
<b>Total</b>	<b>\$ 17,395,000</b>	<b>\$ 5,511,515</b>	<b>\$ 235,000</b>	<b>\$ 3,990</b>	<b>\$ 7,775,000</b>	<b>\$ 713,879</b>

Year Ending Sept. 30	Business-Type Activities			
	General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2021	\$ 590,000	\$ 159,100	\$ 50,000	\$ 715,251
2022	600,000	147,200	320,000	504,325
2023	615,000	131,975	615,000	492,100
2024	635,000	113,225	1,050,000	465,600
2025	650,000	93,950	1,005,000	424,800
2026-2030	2,105,000	128,500	4,515,000	1,647,600
2031-2035	-	-	3,860,000	924,400
2036-2040	-	-	3,890,000	315,225
<b>Total</b>	<b>\$ 5,195,000</b>	<b>\$ 773,950</b>	<b>\$ 15,305,000</b>	<b>\$ 5,489,301</b>

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.

Certificates of Obligation

During fiscal year 2020, the City issued the Combination Tax and Limited Pledge Revenue 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 the installation of fiber optic cable to provide broad band internet service, utilities repair, replacement and relation of City facilities, and professional services and capital improvements related to City projects. The Certificates mature on February 1, 2040 and have an interest rate range of 2.00% to 4.00%.

During fiscal year 2020, the City issued Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020B in the amount of \$4,870,000. Proceeds from the sale of the Certificates will be used for improving the City's utility system, including the installation of water meters, improving various City's owned facilities, improving parks and recreation facilities, and professional services and capital improvements related to City projects. The Certificates mature on February 1, 2040 and have an interest rate range of 2.00% to 5.00%.

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

Capital Leases

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

Year Ending Sept. 30	Governmental Activities	
	Principal	Interest
2021	\$ 41,250	\$ 2,009
<b>Totals</b>	<b>\$ 41,250</b>	<b>\$ 2,009</b>

The assets acquired through capital leases are as follows:

	Governmental Activities
<b>Assets:</b>	
Machinery and equipment	\$ 335,000
Less: accumulated depreciation	(146,563)
<b>Total</b>	<b>\$ 188,437</b>

Operating Leases

The City has various operating lease agreements where the future minimum payments are immaterial to the operations of the City and, accordingly, the City has elected not to disclose future payments by fiscal year. Rent expenditures recognized by the City were \$46,876.

**E. Interfund Transactions**

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

Fund	Due From	Due To
	Other Funds	Other Funds
General	\$ 155,513	\$ 788,573
Debt service	25,983	-
Capital projects	-	859,964
Nonmajor	-	1,078
Water and sewer	1,550,811	81,916
Refuse	-	776
	<b>\$ 1,732,307</b>	<b>\$ 1,732,307</b>

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 2020 fiscal year were as follows:

	Transfers In	Transfers Out
<b>Governmental Funds:</b>		
Individual major governmental funds:		
General	\$ 720,297	\$ 200
Capital projects	32,668	-
Debt service	331,413	-
<b>Total Governmental Funds</b>	<b>1,084,378</b>	<b>200</b>

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Enterprise Funds:</b>		
Individual major enterprise funds:		
Water and sewer	\$ 100	\$ 939,540
Refuse	-	144,838
Fiber	100	-
<b>Total Enterprise Funds</b>	200	1,084,378
<b>Total Transfers</b>	\$ 1,084,578	\$ 1,084,578

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

**F. Fund Equity**

Funds restricted by enabling legislation are \$296,894 and \$94,467 related to communications.

**G. Deficit Net Position**

The Fiber fund had a deficit net position balance of \$591,972 as of September 30, 2020.

**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.

The continued spread of the COVID-19 pandemic has given a rise in uncertainties that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are uncertain.



**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

**C. Prior Period Adjustment**

Governmental activities beginning net position and general fund fund balance have been restated for a prior year FEMA accrual that is still outstanding. The general and nonmajor funds beginning fund balance have also been restated to recognize separate special revenue funds that were previously recognized as sub funds of the general fund.

	<u>General</u>	<u>Nonmajor</u>	<u>Governmental Activities</u>
<b>Prior year ending fund balance/net position as reported</b>	\$ 2,931,543	\$ 198,279	\$ 12,804,755
Special revenues funds	(114,466)	114,466	-
FEMA accrual adjustment	(431,653)	-	(431,653)
Beginning fund balance/net position - restated	<u>\$ 2,385,424</u>	<u>\$ 312,745</u>	<u>\$ 12,373,102</u>

**D. Pension Plans**

**1. Texas Municipal Retirement System**

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State 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. 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. 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.tmrs.com](http://www.tmrs.com).

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

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.

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

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:

	<b>2020</b>	<b>2019</b>
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% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	<b>Primary Government</b>	<b>Component Unit</b>
Inactive employees or beneficiaries currently receiving benefits	47	3
Inactive employees entitled to, but not yet receiving, benefits	90	6
Active employees	100	6
<b>Total</b>	<b>237</b>	<b>15</b>

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 6.99 percent and 7.28 percent in calendar years 2020 and 2019, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were \$368,161, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the general employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5 percent and 3.0 percent minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rate is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. 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).

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	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
<b>Total</b>	<u>100.0%</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.

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2020

Changes in the NPL

	<b>Primary Government</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
Changes for the year:			
Service cost	\$ 615,710	\$ -	\$ 615,710
Interest	558,547	-	558,547
Difference between expected and actual experience	(144,240)	-	(144,240)
Changes of assumptions	19,878	-	19,878
Contributions - employer	-	351,835	(351,835)
Contributions - employee	-	338,302	(338,302)
Net investment income	-	1,076,103	(1,076,103)
Benefit payments, including refunds of employee contributions	(426,830)	(426,830)	-
Administrative expense	-	(6,092)	6,092
Other changes	-	(185)	185
<b>Net Changes</b>	<b>623,065</b>	<b>1,333,133</b>	<b>(710,068)</b>
Balance at December 31, 2018	8,303,903	7,078,519	1,225,384
<b>Balance at December 31, 2019</b>	<b>\$ 8,926,968</b>	<b>\$ 8,411,652</b>	<b>\$ 515,316</b>

	<b>Component Unit</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
Changes for the year:			
Service cost	\$ 38,824	\$ -	\$ 38,824
Interest	35,220	-	35,220
Difference between expected and actual experience	(9,095)	-	(9,095)
Changes of assumptions	1,253	-	1,253
Contributions - employer	-	22,185	(22,185)
Contributions - employee	-	21,332	(21,332)
Net investment income	-	67,854	(67,854)
Benefit payments, including refunds of employee contributions	(26,914)	(26,914)	-
Administrative expense	-	(384)	384
Other changes	-	(11)	11
<b>Net Changes</b>	<b>39,288</b>	<b>84,062</b>	<b>(44,774)</b>
Balance at December 31, 2018	392,257	334,372	57,885
<b>Balance at December 31, 2019</b>	<b>\$ 431,545</b>	<b>\$ 418,434</b>	<b>\$ 13,111</b>

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

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:

	<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
Primary Government's Net Pension Liability	\$ 1,831,860	\$ 515,316	\$ (561,769)
	<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
Component Unit's Net Pension Liability	\$ 46,606	\$ 13,111	\$ (14,292)

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](http://www.tmrs.com).

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

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$319,841.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Primary Government</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 22,180	\$ 222,368
Changes in actuarial assumptions	14,263	-
Difference between projected and actual investment earnings	-	255,320
Contributions subsequent to the measurement date	262,774	-
<b>Total</b>	<b>\$ 299,217</b>	<b>\$ 477,688</b>
	<b>Component Unit</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ 14,700
Changes in actuarial assumptions	899	-
Difference between projected and actual investment earnings	-	8,676
Contributions subsequent to the measurement date	15,257	-
<b>Total</b>	<b>\$ 16,156</b>	<b>\$ 23,376</b>

\$262,774 for the primary government and \$15,257 for the component unit are 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, 2021.

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense	
	Primary Government	Component Unit
2021	\$ (155,762)	\$ (7,935)
2022	(158,868)	(8,093)
2023	(4,134)	(211)
2024	(122,481)	(6,238)
<b>Total</b>	<b>\$ (441,245)</b>	<b>\$ (22,477)</b>

**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 to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2019, there were 237 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, 2019, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,649
Terminated members entitled to, but not yet receiving, benefits	1,842
Active participants	3,702

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](http://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.

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

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.

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. Based on the August 31, 2018 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

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

A small subset of participating departments have 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, 2019, total contributions (dues, prior service, and interest on prior service financing) of \$11,948 were paid by the City. The State appropriated \$1,329,224 for the fiscal year ending August 31, 2019 to the plan as a whole.

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

Actuarial Assumptions

The TPL in the August 31, 2018 actuarial valuation, rolled forward to August 31, 2019, 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 5.01%) 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%
<b>Total</b>	<u>100.0%</u>	
Weighted average		5.01%

Discount Rate

The discount rate used to measure the TPL was 7.75 percent. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation, rolled forward to August 31, 2019, showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method and



**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

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 TPL.

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:

	<b>1% Decrease in Discount Rate (6.75%)</b>	<b>Discount Rate (7.75%)</b>	<b>1% Increase in Discount Rate (8.75%)</b>
City's proportionate share of the net pension liability	\$ 134,514	\$ 75,683	\$ 36,302

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

At August 31, 2019, the City reported a liability of \$75,683 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	\$ 75,683
*State's proportionate share that is associated with the City	22,450
<b>Total</b>	<b>\$ 98,133</b>

*\*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, rolled forward to August 31, 2019. GASB Statement No. 68, Accounting and Financial Reporting for pensions, 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, 2019. The City used the assumption that any differences in NPL measured as of August 31, 2019 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, 2018 through August 31, 2019.

At August 31, 2019, the employer’s proportion of the collective NPL was 0.267 percent, which was a decrease of 0.007 percent from its proportion measured as of August 31, 2018.

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.

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

For the year ended September 30, 2020, the City recognized pension expense of \$17,934. The City recognized on-behalf revenues of \$3,549 calculated by taking the State’s total contributions to TERSRS multiplied by the City’s proportionate share.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual investment earnings	\$ 9,746	\$ -
Changes in proportion and employer and proportionate share of contributions	-	91
Contributions paid to TERSRS subsequent to the measurement date	12,928	-
<b>Total</b>	<b>\$ 22,674</b>	<b>\$ 91</b>

\$12,928 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, 2021.

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:

<b>Fiscal Years Ended September 30</b>	<b>Pension Expense</b>
2021	\$ 2,055
2022	1,077
2023	2,395
2024	4,128
<b>Total</b>	<b>\$ 9,655</b>

**3. Aggregate Total Pension Expenses/Expenditures**

The City recognized aggregate total pension expenses/expenditures of \$337,775 during the fiscal year ending September 30, 2020 related to the City’s TMRS and TERSRS pension plans.

**E. 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

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

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 Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, (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, 2019 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to, but not yet receiving, benefits	19
Active employees	106
Total	158

Total OPEB Liability

The City's total OPEB liability of \$250,656 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 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 11.50% including inflation
Discount rate	2.75%*
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 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 13,872
Interest	7,174
Differences between expected and actual performance	1,432
Changes of assumptions	43,021
Benefit payments*	(2,569)
<b>Net Changes</b>	62,930
Beginning balance	187,726
<b>Ending Balance</b>	\$ 250,656

\* 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 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. 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.

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:

	<b>1% Decrease in Discount Rate (1.75%)</b>	<b>Discount Rate (2.75%)</b>	<b>1% Increase in Discount Rate (3.75%)</b>
City's Total OPEB Liability	\$ 307,497	\$ 250,656	\$ 207,804

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$26,385. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in actuarial assumptions	\$ 43,186	\$ 9,276
Differences between expected and actual economic experience	1,179	11,022
Contributions subsequent to the measurement date	1,591	-
<b>Total</b>	\$ 45,956	\$ 20,298

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

\$1,591 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, 2021.

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

<b>Fiscal Year Ended</b>	<b>OPEB Expense</b>
<b>September 30</b>	<b>Amount</b>
2021	\$ 5,339
2022	5,339
2023	5,012
2024	3,259
2025	5,118
<b>Total</b>	<b>\$ 24,067</b>

**F. 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 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.

**G. Chapter 380 Economic Development Agreement**

Chapter 380, *Miscellaneous Provisions Relating to Municipal Planning and Development*, of the Texas Local Government Code provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs, including programs to promote state or local economic development and to stimulate business and commercial activity in the municipality.

Envision Partners, LLC

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 be capped at \$425,000 over the course of the five-year term. The Developer has agreed to build a 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

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

costs for collection. No payments were made to the Developer during the fiscal year ending September 30, 2020.

**H. Tax Abatement**

In accordance with Chapter 312 of the Texas Property Tax Code (the “Tax Code”), the City entered into a tax abatement agreement with Hiller Carbon, LLC (the “Company”) on September 12, 2016. The Company has agreed to spend a minimum of \$2,750,000 on new improvements on the property and create at least nine full time jobs that pay prevailing wages for similar jobs in the county and State. The City has agreed to abate ad valorem taxation on any increase in assessed valuation from the 2016 tax year in the following amounts: 100 percent in tax years 2017 and 2018, 80 percent in tax year 2019, forty percent in tax year 2020, and twenty percent in tax year 2021. If at any time during the term of the Agreement the Company should fail to comply with the terms of the agreement, the Company will be liable to the City for the value of all taxes abated since the agreement commenced.

**I. Dayton Community Development Corporation Grant Agreements**

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. 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, 2020, the Corporation made payments of \$100,000 related to this Agreement.

**J. 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 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 Agreement at the then-prevailing County tax rate on the captured appraised values. The term of the 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

**CITY OF DAYTON, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

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, 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.

**K. Subsequent Events**

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021

On April 21, 2021, the City issued Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 (the “Bonds”) in the amount of \$8,930,000. Proceeds from the sale of the Bonds will be used to fund public facilities and utility system improvements. The bonds will mature on February 1, 2041 and have an interest rate range of 1.25% to 4.00%.

Development Agreement with CMC Railroad, LLC and creation of Municipal District No. 9

On January 25, 2021, the City entered into a development agreement with CMC Railroad, LLC (the “Developer”) to develop their approximately 1,156 acres of land for primarily industrial use and the creation of a Municipal Utility District (to be known as Liberty County Municipal Utility District No. 9) to fund certain public infrastructure. The Developer has agreed to advance up to \$1 million dollars to build a substation for the police department, fire station, and a training facility. The Developer, as needed, will be responsible for designing and constructing all internal and off-site water and sewer lines and associated facilities and drainage facilities. The Developer advance will be reimbursed from the increment generated within TIRZ No. 1 under the Master Development and Reimbursement Agreement. The Developer will convey these constructed assets to the City. The Agreement is for 30 years.

Dayton Community Development Corporation Paycheck Protection Loan

On January 30, 2021, the DCDC received Paycheck Protection Program (“PPP”) proceeds from First Liberty National Bank in the amount of \$38,943. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“the CARES Act”), provided for loans to qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses for the qualifying organization. The loan and accrued interest are forgivable after the earlier of 24 weeks or submission of the forgiveness application (“the Eligibility Period”) provided the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and provided the organization maintains its payroll levels. The amount of the loan forgiveness is reduced if the borrower terminates employees or reduces salaries during the Eligibility Period. The unforgiven portion of the PPP loan, if any, is payable over five years at an interest rate of 1%, and payments are due by December 30, 2025 or by demand, whichever comes first.

***REQUIRED SUPPLEMENTARY INFORMATION***



**CITY OF DAYTON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Page 1 of 2)**  
**For the Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b>Revenues</b>				
Property tax	\$ 3,709,200	\$ 3,709,200	\$ 3,681,592	\$ (27,608)
Sales tax	1,733,184	1,733,184	1,755,169	21,985
Franchise fees and local taxes	487,000	487,000	537,137	50,137
Licenses and permits	417,600	417,600	248,728	(168,872)
Intergovernmental	64,500	183,850	458,619	274,769
Fines and forfeitures	590,145	590,145	430,266	(159,879)
Charges for services	170,380	170,380	156,609	(13,771)
Investment income	15,000	15,000	59,206	44,206
Payments in lieu of taxes	370,100	370,100	208,267	(161,833)
Other revenue	33,000	35,000	36,748	1,748
<b>Total Revenues</b>	<u>7,590,109</u>	<u>7,711,459</u>	<u>7,572,341</u>	<u>(139,118)</u>
<b>Expenditures</b>				
General government				
Administration	958,184	1,078,704	1,493,099	(414,395) *
Technology	484,774	499,074	498,957	117
Office of the City Manager and City Secretary	473,334	427,533	507,647	(80,114) *
Inspection	635,885	635,885	727,145	(91,260) *
Animal control	137,574	137,574	126,531	11,043
Parks/pool services	111,700	102,200	10,466	91,734
<b>Total General Government</b>	<u>2,801,451</u>	<u>2,880,970</u>	<u>3,363,845</u>	<u>(482,875)</u>
Public Safety				
Police	2,646,687	2,700,536	2,535,684	164,852
Fire/ambulance	244,440	244,440	171,636	72,804
Municipal court	330,716	330,716	373,895	(43,179) *
<b>Total Public Safety</b>	<u>3,221,843</u>	<u>3,275,692</u>	<u>3,081,215</u>	<u>194,477</u>
Public works				
Streets	840,765	840,265	621,280	218,985
Maintenance	286,369	293,869	281,315	12,554
<b>Total Public Works</b>	<u>1,127,134</u>	<u>1,134,134</u>	<u>902,595</u>	<u>231,539</u>
Culture and recreation				
Library	286,461	286,461	250,286	36,175
City park	5,500	15,000	31,446	(16,446) *
<b>Total Culture and Recreation</b>	<u>291,961</u>	<u>301,461</u>	<u>281,732</u>	<u>19,729</u>
Community enhancement	453,759	454,258	640,816	(186,558) *
Community center	424,462	435,462	317,271	118,191
<b>Capital outlay</b>	<u>-</u>	<u>4,870,000</u>	<u>-</u>	<u>4,870,000</u>
<b>Debt Service:</b>				
Principal	39,334	39,334	39,333	1
Interest and fiscal charges	3,925	3,925	3,925	-
<b>Total Debt Service</b>	<u>43,259</u>	<u>43,259</u>	<u>43,258</u>	<u>1</u>
<b>Total Expenditures</b>	<u>8,363,869</u>	<u>8,525,236</u>	<u>8,630,732</u>	<u>(105,496)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(773,760)</u>	<u>(813,777)</u>	<u>(1,058,391)</u>	<u>(244,614)</u>

**CITY OF DAYTON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Page 2 of 2)**  
**For the Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	\$ 764,159	\$ 764,159	\$ 720,297	\$ (43,862)
Transfers (out)	-	-	(200)	(200) *
<b>Net Change in Fund Balance</b>	<u>\$ (9,601)</u>	<u>\$ (49,618)</u>	<u>(338,294)</u>	<u>\$ (288,676)</u>
Beginning fund balance			2,385,424	
<b>Ending Fund Balance</b>			<u>\$ 2,047,130</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, 2020**

	Measurement Year*			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
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)
<b>Net Change in Total Pension Liability</b>	<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>
<b>Ending Total Pension Liability</b>	<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>
<b>Plan Fiduciary Net Position</b>				
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)
<b>Net Change in Plan Fiduciary Net Position</b>	<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>
<b>Ending Plan Fiduciary Net Position</b>	<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>
<b>Net Pension Liability</b>	<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>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	92.69%	84.30%	84.22%	89.71%
<b>Covered Payroll</b>	\$ 3,085,380	\$ 3,449,831	\$ 3,828,596	\$ 4,230,816
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	14.39%	31.45%	31.58%	20.12%

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

<b>Measurement Year*</b>	
<b>2018</b>	<b>2019</b>
\$ 570,125	\$ 654,534
562,917	593,767
(273,080)	(153,335)
-	21,131
(436,505)	(453,744)
<u>423,457</u>	<u>662,353</u>
<u>8,272,703</u>	<u>8,696,160</u>
<u>\$ 8,696,160</u>	<u>\$ 9,358,513</u>
\$ 337,358	\$ 374,020
316,736	359,634
(221,728)	1,143,957
(436,505)	(453,744)
(4,297)	(6,476)
(222)	(196)
<u>(8,658)</u>	<u>1,417,195</u>
<u>7,421,549</u>	<u>7,412,891</u>
<u>\$ 7,412,891</u>	<u>\$ 8,830,086</u>
<u>\$ 1,283,269</u>	<u>\$ 528,427</u>
85.24%	94.35%
\$ 4,524,803	\$ 5,137,633
28.36%	10.29%

**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, 2020**

	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
<b>Total</b>	<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%	81.40%

\*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.

**Notes to Required Supplementary Information:**

*Changes in benefit terms*

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

*Changes in assumptions*

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

<b>Measurement Year*</b>	
<b>2018</b>	<b>2019</b>
0.27%	0.27%
\$ 59,322	\$ 75,683
16,464	22,450
<u>\$ 75,786</u>	<u>\$ 98,133</u>
29	29
\$ 2,046	\$ 2,610
84.30%	80.20%



**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, 2020**

	Measurement Year*		
	2017	2018	2019
<b>Total OPEB Liability</b>			
Service cost	\$ 9,731	\$ 11,764	\$ 13,872
Interest (on the total OPEB liability)	6,621	6,841	7,174
Differences between expected and actual	-	(16,702)	1,432
Change of assumptions	15,885	(14,056)	43,021
Benefit payments	(1,692)	(1,810)	(2,569)
<b>Net Change in Total OPEB Liability</b>	<b>30,545</b>	<b>(13,963)</b>	<b>62,930</b>
Beginning total OPEB liability	171,144	201,689	187,726
<b>Ending Total OPEB Liability</b>	<b>\$ 201,689</b>	<b>\$ 187,726</b>	<b>\$ 250,656</b>
<b>Covered Payroll</b>	\$ 4,230,816	\$ 4,524,803	\$ 5,137,633
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	4.77%	4.15%	4.88%

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

**Notes to Required Supplementary Information:**

Changes in Assumptions

The discount rate decreased from 3.71% to 2.75%. 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, 2020**

	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 seven years of information is currently available. The City will build this schedule over the next three-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	26 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period December 31, 2014 - December 31, 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

<b>Fiscal Year*</b>		
<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 331,541	\$ 364,812	\$ 368,161
<u>331,541</u>	<u>364,812</u>	<u>368,161</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,421,733	\$ 4,981,259	\$ 5,215,600
7.50%	7.32%	7.06%

**CITY OF DAYTON, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)**  
**For the Year Ended September 30, 2020**

	<b>Fiscal Year*</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
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 seven years of information is currently available. The City will build this schedule over the next three-year period.

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

<b>Fiscal Year*</b>		
<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 13,738	\$ 11,948	\$ 12,928
<u>13,738</u>	<u>11,948</u>	<u>12,928</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
28	29	29
\$ 491	\$ 412	\$ 446



***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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b><u>Revenues</u></b>				
Property tax	\$ 2,005,654	\$ 2,005,654	\$ 2,135,058	\$ 129,404
Investment income	6,800	6,800	23,364	16,564
<b>Total Revenues</b>	<u>2,012,454</u>	<u>2,012,454</u>	<u>2,158,422</u>	<u>145,968</u>
<b><u>Expenditures</u></b>				
Principal	2,245,000	2,245,000	1,680,000	565,000
Interest and fiscal charges	886,501	886,501	664,600	221,901
Debt issuance costs	2,400	2,400	1,900	500
<b>Total Expenditures</b>	<u>3,133,901</u>	<u>3,133,901</u>	<u>2,346,500</u>	<u>787,401</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(1,121,447)</u>	<u>(1,121,447)</u>	<u>(188,078)</u>	<u>933,369</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	1,117,323	1,117,323	331,413	(785,910)
<b>Total Other Financing Sources</b>	<u>1,087,323</u>	<u>1,117,323</u>	<u>331,413</u>	<u>(785,910)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (34,124)</u>	<u>\$ (4,124)</u>	143,335	<u>\$ 147,459</u>
Beginning fund balance			<u>2,407,647</u>	
<b>Ending Fund Balance</b>			<u>\$ 2,550,982</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).





# **CITY OF DAYTON, TEXAS**

## ***NONMAJOR GOVERNMENTAL FUNDS***

**For the Year Ended September 30, 2020**

### ***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.

#### **Police Investigation and Forfeiture Fund**

The police investigation and forfeiture fund accounts for revenues derived from property seized by the City in forfeiture proceedings and related expenditures.

#### **Police Equitable Sharing Justice Fund**

The police equitable sharing justice fund accounts for the City's share of federally forfeited cash, property, and proceeds and related expenditures.

#### **Police Equitable Sharing Treasury Fund**

The police equitable sharing treasury fund accounts for the City's share of federally forfeited cash, property, and proceeds and related expenditures.

#### **Municipal Court Building Fund**

The municipal court building fund accounts for revenues received from the City's municipal court building security fee assessed upon all convictions. The money collected is dedicated to providing security services for municipal courts. It may be used only for security personnel services and items related to buildings that house the operations of municipal courts.

#### **Municipal Court Technology Fund**

The municipal court technology fund accounts for revenues received from fees collected upon all convictions. The money collected is dedicated to financing the purchase and maintenance of technological enhancements for the municipal court including, but not exclusively limited to; computer systems, computer hardware, computer software, imaging systems, and docket management systems.

#### **Library Special Fund**

The library special fund accounts for the Jones Public Library revenue received from friends of the library in the form of donations and sales of books and any related expenditures.

# CITY OF DAYTON, TEXAS

## COMBINING BALANCE SHEET

### NONMAJOR GOVERNMENTAL FUNDS

September 30, 2020

#### Special Revenue Funds

	<u>Hotel and Motel Tax</u>	<u>Community Development</u>	<u>Police Investigation &amp; Forfeiture</u>	<u>Police Equitable Sharing Justice</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 194,290	\$ 14,329	\$ 12,438	\$ 6,364
Receivables, net	11,854	-	-	-
Prepaid items	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 206,144</u></b>	<b><u>\$ 14,329</u></b>	<b><u>\$ 12,438</u></b>	<b><u>\$ 6,364</u></b>
<b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 6,529	\$ 14,229	\$ -	\$ -
Due to other funds	433	100	-	-
<b>Total Liabilities</b>	<b><u>6,962</u></b>	<b><u>14,329</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances</b>				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Enabling legislation	199,182	-	12,438	6,364
<b>Total Fund Balances</b>	<b><u>199,182</u></b>	<b><u>-</u></b>	<b><u>12,438</u></b>	<b><u>6,364</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 206,144</u></b>	<b><u>\$ 14,329</u></b>	<b><u>\$ 12,438</u></b>	<b><u>\$ 6,364</u></b>

**Special Revenue Funds**

<b>Police Equitable Sharing Treasury</b>	<b>Municipal Court Building</b>	<b>Municipal Court Technology</b>	<b>Library Special</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 104	\$ 40,172	\$ 25,354	\$ 14,046	\$ 307,097
-	-	-	-	11,854
-	399	-	-	399
<u>\$ 104</u>	<u>\$ 40,571</u>	<u>\$ 25,354</u>	<u>\$ 14,046</u>	<u>\$ 319,350</u>
\$ -	\$ 201	\$ -	\$ 20	\$ 20,979
-	-	-	545	1,078
-	201	-	565	22,057
-	399	-	-	399
104	39,971	25,354	13,481	296,894
<u>104</u>	<u>40,370</u>	<u>25,354</u>	<u>13,481</u>	<u>297,293</u>
<u>\$ 104</u>	<u>\$ 40,571</u>	<u>\$ 25,354</u>	<u>\$ 14,046</u>	<u>\$ 319,350</u>

**CITY OF DAYTON, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2020**

	<b>Special Revenue Funds</b>			
	<b>Hotel and Motel Tax</b>	<b>Community Development</b>	<b>Police Investigation &amp; Forfeiture</b>	<b>Police Equitable Sharing Justice</b>
<b>Revenues</b>				
Franchise fees and local taxes	\$ 125,074	\$ -	\$ -	\$ -
Intergovernmental	-	14,229	-	-
Investment income	1,113	-	249	43
Other revenue	-	-	50	-
<b>Total Revenues</b>	<b>126,187</b>	<b>14,229</b>	<b>299</b>	<b>43</b>
<b>Expenditures</b>				
Community enhancement	-	14,229	-	-
Tourism promotion	125,284	-	-	-
Public safety	-	-	19,034	-
Capital outlay	-	-	3,711	-
<b>Total Expenditures</b>	<b>125,284</b>	<b>14,229</b>	<b>22,745</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>903</b>	<b>-</b>	<b>(22,446)</b>	<b>43</b>
Beginning fund balances	198,279	-	34,884	6,321
<b>Ending Fund Balances</b>	<b>\$ 199,182</b>	<b>\$ -</b>	<b>\$ 12,438</b>	<b>\$ 6,364</b>

**Special Revenue Funds**

<b>Police Equitable Sharing Treasury</b>	<b>Municipal Court Building</b>	<b>Municipal Court Technology</b>	<b>Library Special</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 1,442	\$ 126,516
-	7,936	9,110	-	31,275
-	-	-	175	1,580
-	-	-	1,000	1,050
-	<u>7,936</u>	<u>9,110</u>	<u>2,617</u>	<u>160,421</u>
-	-	-	2,852	17,081
-	-	-	-	125,284
-	8,150	2,613	-	29,797
-	-	-	-	3,711
-	<u>8,150</u>	<u>2,613</u>	<u>2,852</u>	<u>175,873</u>
-	(214)	6,497	(235)	(15,452)
<u>104</u>	<u>40,584</u>	<u>18,857</u>	<u>13,716</u>	<u>312,745</u>
<u>\$ 104</u>	<u>\$ 40,370</u>	<u>\$ 25,354</u>	<u>\$ 13,481</u>	<u>\$ 297,293</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b><u>Revenues</u></b>				
Franchise fees and local taxes	\$ 112,035	\$ 112,035	\$ 125,074	\$ 13,039
Investment income	1,200	1,200	1,113	(87)
<b>Total Revenues</b>	<u>113,235</u>	<u>113,235</u>	<u>126,187</u>	<u>12,952</u>
<b><u>Expenditures</u></b>				
Tourism promotion	183,441	183,441	125,284	58,157
<b>Total Expenditures</b>	<u>183,441</u>	<u>183,441</u>	<u>125,284</u>	<u>58,157</u>
<b>Net Change in Fund Balance</b>	<u>\$ (70,206)</u>	<u>\$ (70,206)</u>	903	<u>\$ 71,109</u>
Beginning fund balance			<u>198,279</u>	
<b>Ending Fund Balance</b>			<u>\$ 199,182</u>	



**CITY OF DAYTON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**POLICE INVESTIGATION & FORFEITURE FUND**  
**For the Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b><u>Revenues</u></b>				
Investment income	\$ 200	\$ 200	\$ 249	\$ 49
Other revenue	500	500	50	(450)
<b>Total Revenues</b>	<u>700</u>	<u>700</u>	<u>299</u>	<u>(401)</u>
<b><u>Expenditures</u></b>				
Public safety	-	36,900	19,034	17,866
Capital Outlay	10,000	-	3,711	(3,711)
<b>Total Expenditures</b>	<u>10,000</u>	<u>36,900</u>	<u>22,745</u>	<u>14,155</u>
<b>Net Change in Fund Balance</b>	<u>\$ (9,300)</u>	<u>\$ (36,200)</u>	<u>(22,446)</u>	<u>\$ 13,754</u>
Beginning fund balance			<u>34,884</u>	
<b>Ending Fund Balance</b>			<u>\$ 12,438</u>	

**CITY OF DAYTON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MUNICIPAL COURT BUILDING FUND**  
**For the Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 7,936	\$ (2,064)
<b>Total Revenues</b>	<u>10,000</u>	<u>10,000</u>	<u>7,936</u>	<u>(2,064)</u>
<b><u>Expenditures</u></b>				
Public safety	9,900	9,900	8,150	1,750
<b>Total Expenditures</b>	<u>9,900</u>	<u>9,900</u>	<u>8,150</u>	<u>1,750</u>
<b>Net Change in Fund Balance</b>	<u>\$ 100</u>	<u>\$ 100</u>	(214)	<u>\$ (314)</u>
Beginning fund balance			<u>40,584</u>	
<b>Ending Fund Balance</b>			<u>\$ 40,370</u>	

**CITY OF DAYTON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MUNICIPAL COURT TECHNOLOGY FUND**  
**For the Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 9,110	\$ 1,110
<b>Total Revenues</b>	<u>8,000</u>	<u>8,000</u>	<u>9,110</u>	<u>1,110</u>
<b><u>Expenditures</u></b>				
Public safety	7,500	7,500	2,613	4,887
<b>Total Expenditures</b>	<u>7,500</u>	<u>7,500</u>	<u>2,613</u>	<u>4,887</u>
<b>Net Change in Fund Balance</b>	<u>\$ 500</u>	<u>\$ 500</u>	6,497	<u>\$ 5,997</u>
Beginning fund balance			<u>18,857</u>	
<b>Ending Fund Balance</b>			<u>\$ 25,354</u>	

**CITY OF DAYTON, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**LIBRARY SPECIAL FUND**  
**For the Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b><u>Revenues</u></b>				
Franchise fees and local taxes	\$ 3,400	\$ 3,400	\$ 1,442	\$ (1,958)
Investment income	100	100	175	75
Other revenue	3,080	3,080	1,000	(2,080)
<b>Total Revenues</b>	<u>6,580</u>	<u>6,580</u>	<u>2,617</u>	<u>(3,963)</u>
<b><u>Expenditures</u></b>				
Community enhancement	6,580	6,580	2,852	3,728
<b>Total Expenditures</b>	<u>6,580</u>	<u>6,580</u>	<u>2,852</u>	<u>3,728</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	(235)	<u>\$ (235)</u>
Beginning fund balance			<u>13,716</u>	
<b>Ending Fund Balance</b>			<u>\$ 13,481</u>	

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## **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.

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Financial Trends	114
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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	126
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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	134
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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	143
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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	147
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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			
	2011	2012	2013	2014
<b>Governmental Activities</b>				
Net investment in capital assets	\$ (368,043)	\$ 925,703	\$ 1,445,839	\$ 2,509,582
Restricted	1,846,613	1,616,547	1,675,266	1,623,984
Unrestricted	4,415,092	4,868,753	6,069,598	7,082,301
<b>Total Governmental Activities Net Position</b>	<b>\$ 5,893,662</b>	<b>\$ 7,411,003</b>	<b>\$ 9,190,703</b>	<b>\$ 11,215,867</b>
 <b>Business-Type Activities</b>				
Net investment in capital assets	\$ 8,645,703	\$ 9,359,270	\$ 9,194,380	\$ 8,952,136
Unrestricted	4,668,024	4,512,879	4,667,522	3,780,649
<b>Total Business-Type Activities Net Position</b>	<b>\$ 13,313,727</b>	<b>\$ 13,872,149</b>	<b>\$ 13,861,902</b>	<b>\$ 12,732,785</b>
 <b>Primary Government</b>				
Net investment in capital assets	\$ 8,277,660	\$ 10,284,973	\$ 10,640,219	\$ 11,461,718
Restricted	1,846,613	1,616,547	1,675,266	1,623,984
Unrestricted	9,083,116	9,381,632	10,737,120	10,862,950
<b>Total Primary Government Net Position</b>	<b>\$ 19,207,389</b>	<b>\$ 21,283,152</b>	<b>\$ 23,052,605</b>	<b>\$ 23,948,652</b>

**Fiscal Year**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 3,462,443	\$ 4,566,453	\$ 9,583,333	\$ 8,539,396	\$ 7,571,936	\$ 6,932,976
1,808,450	9,063,490	2,158,771	2,546,588	2,826,394	2,942,343
7,511,183	356,496	2,944,518	2,563,218	1,974,772	1,694,652
<u>\$ 12,782,076</u>	<u>\$ 13,986,439</u>	<u>\$ 14,686,622</u>	<u>\$ 13,649,202</u>	<u>\$ 12,373,102</u>	<u>\$ 11,569,971</u>
\$ 9,645,450	\$ 9,839,516	\$ 8,404,755	\$ 7,862,730	\$ 8,245,345	\$ 8,381,337
3,216,055	3,269,377	4,321,533	5,140,508	5,154,684	3,021,092
<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>	<u>\$ 11,402,429</u>
\$ 13,107,893	\$ 14,405,969	\$ 17,988,088	\$ 16,402,126	\$ 15,817,281	\$ 15,314,313
1,808,450	9,063,490	2,158,771	2,546,588	2,826,394	2,942,343
10,727,238	3,625,873	7,266,051	7,703,726	7,129,456	4,715,744
<u>\$ 25,643,581</u>	<u>\$ 27,095,332</u>	<u>\$ 27,412,910</u>	<u>\$ 26,652,440</u>	<u>\$ 25,773,131</u>	<u>\$ 22,972,400</u>



# CITY OF DAYTON, TEXAS

## CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
<b>Expenses</b>				
Governmental activities				
General government	\$ 1,680,540	\$ 966,880	\$ 1,078,921	\$ 1,020,821
Public safety	1,996,880	2,005,207	2,117,615	2,174,567
Public works	1,023,098	1,422,006	1,151,412	1,317,655
Culture and recreation	475,913	631,215	598,987	595,737
Community enhancement	782,221	870,551	655,102	576,481
Interest and fees on debt	937,955	776,729	722,249	681,460
<b>Total Governmental Activities Expenses</b>	<u>6,896,607</u>	<u>6,672,588</u>	<u>6,324,286</u>	<u>6,366,721</u>
<b>Business-Type Activities</b>				
Water and sewer	2,822,889	3,150,636	3,225,967	3,019,288
Refuse	795,252	860,456	765,371	838,182
Fiber	-	-	-	-
<b>Total Business-Type Activities Expenses</b>	<u>3,618,141</u>	<u>4,011,092</u>	<u>3,991,338</u>	<u>3,857,470</u>
<b>Total Expenses</b>	<u>\$ 10,514,748</u>	<u>\$ 10,683,680</u>	<u>\$ 10,315,624</u>	<u>\$ 10,224,191</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
Public safety	\$ 290,581	\$ 447,569	\$ 380,974	\$ 421,610
Public works	35,394	36,572	28,625	48,008
Operating grants and contributions	361,668	1,042,973	493,848	125,638
<b>Total Governmental Activities Program Revenues</b>	<u>687,643</u>	<u>1,527,114</u>	<u>903,447</u>	<u>595,256</u>
<b>Business-Type Activities</b>				
Charges for services				
Water and sewer	2,996,343	3,104,029	3,198,803	3,070,922
Refuse	898,957	942,360	1,000,024	1,034,706
Operating grants and contributions	-	344,576	35,000	-
Capital grants and contributions	-	261,526	-	-
<b>Total Business-Type Activities Program Revenues</b>	<u>3,895,300</u>	<u>4,652,491</u>	<u>4,233,827</u>	<u>4,105,628</u>
<b>Total Program Revenues</b>	<u>\$ 4,582,943</u>	<u>\$ 6,179,605</u>	<u>\$ 5,137,274</u>	<u>\$ 4,700,884</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (6,208,964)	\$ (5,145,474)	\$ (5,420,839)	\$ (5,771,465)
Business-type activities	277,159	641,399	242,489	248,158
<b>Total Net Expense</b>	<u>\$ (5,931,805)</u>	<u>\$ (4,504,075)</u>	<u>\$ (5,178,350)</u>	<u>\$ (5,523,307)</u>

**Fiscal Year**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$	1,069,703	\$ 1,289,299	\$ 2,292,955	\$ 2,574,650	\$ 2,696,118	\$ 3,266,516
	2,203,892	2,269,519	2,338,072	4,461,434	4,344,552	3,223,331
	1,315,378	1,296,200	1,407,482	841,397	1,359,432	2,543,613
	581,414	768,841	656,111	670,821	535,907	579,022
	645,128	534,658	1,034,674	824,133	926,551	1,165,072
	633,697	808,002	669,299	656,507	744,569	734,643
	<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>	<u>11,512,197</u>
	3,170,831	3,388,885	3,431,061	3,683,436	3,889,503	4,766,288
	837,012	868,535	1,040,464	1,001,909	1,049,004	1,004,761
	-	-	-	-	-	596,103
	<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>6,367,152</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>	<u>17,879,349</u>
\$	391,963	\$ 415,984	\$ 374,383	\$ 519,874	\$ 651,207	\$ 586,875
	64,802	55,531	63,733	157,153	291,555	248,728
	610,798	56,029	438,513	313,512	217,457	493,443
	<u>1,067,563</u>	<u>527,544</u>	<u>876,629</u>	<u>990,539</u>	<u>1,160,219</u>	<u>1,329,046</u>
	3,096,300	3,193,106	3,724,552	4,154,525	3,872,285	3,975,491
	1,029,176	1,058,072	1,201,259	1,337,205	1,241,372	1,049,720
	-	-	-	-	-	-
	-	-	-	-	-	-
	<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>5,025,211</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>	<u>6,354,257</u>
\$	(5,381,649)	\$ (6,438,975)	\$ (7,521,964)	\$ (9,038,403)	\$ (9,446,910)	\$ (10,183,151)
	117,633	(6,242)	454,286	806,385	175,150	(1,341,941)
\$	<u>(5,264,016)</u>	<u>(6,445,217)</u>	<u>(7,067,678)</u>	<u>(8,232,018)</u>	<u>(9,271,760)</u>	<u>(11,525,092)</u>

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

	Fiscal Year			
	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Property taxes	\$ 4,656,172	\$ 4,564,356	\$ 4,570,211	\$ 4,696,620
Sales taxes	787,054	1,019,311	1,263,882	1,349,335
Franchise fees and local taxes	611,240	768,721	728,811	791,503
Investment income	123,913	92,976	52,953	28,952
Other revenues	326,260	67,840	76,708	111,890
Transfers in (out)	489,184	149,611	410,267	1,125,000
<b>Total Governmental Activities</b>	<u>6,993,823</u>	<u>6,662,815</u>	<u>7,102,832</u>	<u>8,103,300</u>
Business-type activities				
Investment income	44,811	39,337	26,628	11,318
Other revenues	23,987	27,297	24,338	19,408
Transfers in (out)	(489,184)	(149,611)	(410,267)	(1,125,000)
<b>Total Business-Type Activities</b>	<u>(420,386)</u>	<u>(82,977)</u>	<u>(359,301)</u>	<u>(1,094,274)</u>
<b>Total Primary Government</b>	<u>\$ 6,573,437</u>	<u>\$ 6,579,838</u>	<u>\$ 6,743,531</u>	<u>\$ 7,009,026</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 784,859	\$ 1,517,341	\$ 1,681,993	\$ 2,331,835
Business-type activities	(143,227)	558,422	(116,812)	(846,116)
<b>Total Primary Government</b>	<u>\$ 641,632</u>	<u>\$ 2,075,763</u>	<u>\$ 1,565,181</u>	<u>\$ 1,485,719</u>

**Fiscal Year**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 4,772,360	\$ 4,973,068	\$ 4,503,923	\$ 4,828,060	\$ 5,399,604	\$ 5,850,732
1,697,517	1,774,826	1,455,191	1,657,378	1,638,096	1,755,169
735,786	824,956	844,839	901,297	914,205	871,920
39,142	56,722	59,747	54,284	180,597	115,436
161,238	237,491	152,086	147,162	101,609	10,281
(55,313)	(227,672)	176,796	582,659	(63,301)	776,482
<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>	<u>9,380,020</u>
14,698	12,335	17,968	39,535	60,599	64,138
20,049	13,623	72,973	13,689	97,741	56,685
55,313	227,672	(176,796)	(582,659)	63,301	(776,482)
<u>90,060</u>	<u>253,630</u>	<u>(85,855)</u>	<u>(529,435)</u>	<u>221,641</u>	<u>(655,659)</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>	<u>\$ 8,724,361</u>
\$ 1,969,081	\$ 1,200,416	\$ (329,382)	\$ (867,563)	\$ (1,276,100)	\$ (803,131)
207,693	247,388	368,431	276,950	396,791	(1,997,600)
<u>\$ 2,176,774</u>	<u>\$ 1,447,804</u>	<u>\$ 39,049</u>	<u>\$ (590,613)</u>	<u>\$ (879,309)</u>	<u>\$ (2,800,731)</u>

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

<u>Function</u>	<u>Fiscal Year</u>			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Property taxes	\$ 4,656,172	\$ 4,564,356	\$ 4,570,211	\$ 4,696,620
Sales taxes	787,054	1,019,311	1,263,882	1,349,335
Franchise fees and local taxes	611,240	768,721	728,811	791,503
<b>Total</b>	<u>\$ 6,054,466</u>	<u>\$ 6,352,388</u>	<u>\$ 6,562,904</u>	<u>\$ 6,837,458</u>

**Fiscal Year**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 4,772,360	\$ 4,973,068	\$ 4,503,923	\$ 4,828,060	\$ 5,399,604	\$ 5,850,732
1,697,517	1,774,826	1,455,191	1,657,378	1,638,096	1,755,169
735,786	824,956	844,839	901,297	914,205	871,920
<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>	<u>\$ 8,477,821</u>

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

	Fiscal Year			
	2011	2012	2013	2014
<b>General Fund</b>				
Nonspendable	\$ -	\$ 958	\$ 616	\$ 935
Restricted	22,954	22,112	28,023	58,204
Assigned	42,645	32,619	3,176	3,427
Unassigned	4,020,551	5,516,861	5,385,160	6,399,287
<b>Total General Fund</b>	<u>\$ 4,086,150</u>	<u>\$ 5,572,550</u>	<u>\$ 5,416,975</u>	<u>\$ 6,461,853</u>
 <b>All Other Governmental Funds</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	3,263,127	1,475,771	1,532,577	1,461,402
Assigned	-	384,630	190,588	209,367
<b>Total All Other Governmental Funds</b>	<u>\$ 3,263,127</u>	<u>\$ 1,860,401</u>	<u>\$ 1,723,165</u>	<u>\$ 1,670,769</u>

<b>Fiscal Year</b>					
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 54,667	\$ 3,490	\$ 8,404	\$ 9,899	\$ 46,994	\$ 11,853
93,404	144,279	82,218	97,313	220,468	94,467
5,270	31,080	-	-	-	-
7,182,653	7,125,595	3,443,365	2,799,973	2,664,081	1,940,810
<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>	<u>\$ 2,047,130</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399
1,812,801	8,919,211	2,076,553	7,710,019	6,085,047	4,763,294
-	-	-	-	-	-
<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>	<u>\$ 4,763,693</u>



# CITY OF DAYTON, TEXAS

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
<b>Revenues</b>				
Property taxes	\$ 4,396,138	\$ 4,523,550	\$ 4,677,228	\$ 4,783,363
Sales taxes	1,019,311	1,263,882	1,349,335	1,697,517
Franchise fees and local taxes	535,983	515,348	493,325	470,692
Licenses and permits	36,572	28,625	48,008	64,802
Intergovernmental	1,039,598	491,798	124,105	604,144
Fines and forfeitures	269,994	260,989	295,556	255,716
Charges for services	177,575	119,985	126,054	136,247
Investment income	92,976	52,953	28,952	38,069
Contributions and donations	3,375	2,050	1,533	6,654
Payments in lieu of taxes	232,738	213,463	298,178	265,094
Other revenue	67,840	76,708	111,890	161,238
<b>Total Revenues</b>	<b>7,872,100</b>	<b>7,549,351</b>	<b>7,554,164</b>	<b>8,483,536</b>
<b>Expenditures</b>				
General government	1,059,562	2,576,777	1,038,969	1,078,878
Public safety	1,954,600	2,064,095	2,050,093	2,151,798
Public works	1,986,509	1,248,321	1,653,068	1,124,174
Culture and recreation	393,173	423,189	468,025	375,242
Community enhancement	400,702	247,881	123,372	651,961
Civic center	318,467	276,644	317,575	376,200
Tourism promotion	42,441	21,024	42,272	37,599
Capital outlay	33,410	7,092	-	-
Debt service				
Principal	1,255,611	1,373,848	1,335,000	1,445,000
Interest	828,562	756,016	701,942	651,736
Fiscal agent and issuance costs	-	-	-	-
<b>Total Expenditures</b>	<b>8,273,037</b>	<b>8,994,887</b>	<b>7,730,316</b>	<b>7,892,588</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(400,937)</b>	<b>(1,445,536)</b>	<b>(176,152)</b>	<b>590,948</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets/leases	2,750	335,000	-	-
Issuance of debt	-	-	700,000	-
Premium on debt	-	-	-	-
Payment to escrow agent	-	-	-	-
Transfers in	495,374	1,736,162	621,997	425,225
Transfers out	(6,190)	(1,586,551)	(211,730)	-
Refunding bonds issued	-	-	-	-
<b>Total Other Financing Sources</b>	<b>491,934</b>	<b>484,611</b>	<b>1,110,267</b>	<b>425,225</b>
<b>Net Change in Fund Balances</b>	<b>\$ 90,997</b>	<b>\$ (960,925)</b>	<b>\$ 934,115</b>	<b>\$ 1,016,173</b>
Debt service as a percentage of noncapital expenditures	28.99%	30.69%	29.52%	27.68%

**Fiscal Year**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$	4,941,183	\$ 5,112,737	\$ 4,469,511	\$ 4,791,193	\$ 5,368,423	\$ 5,816,650
	1,774,826	1,428,294	1,455,191	1,657,378	1,638,096	1,755,169
	485,002	493,833	510,962	609,489	621,468	663,653
	55,531	94,027	63,733	157,153	291,555	248,728
	47,398	135,451	430,898	306,897	626,128	489,894
	312,613	321,633	284,130	372,588	444,400	430,266
	103,371	108,065	90,253	147,286	206,807	156,609
	56,651	52,700	59,621	53,981	180,229	115,198
	4,025	9,205	2,960	1,911	18,278	-
	339,954	322,576	333,877	291,808	292,737	208,267
	241,170	112,827	152,086	147,162	113,437	37,798
	<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>	<u>9,922,232</u>
	1,328,167	1,653,271	2,300,082	2,475,116	2,676,418	3,363,845
	2,326,663	5,206,802	9,667,966	4,831,280	3,178,110	3,111,012
	1,133,012	1,381,066	1,143,594	890,614	1,031,984	902,595
	506,636	549,252	396,328	407,351	409,234	281,732
	205,286	305,327	486,135	296,491	416,357	657,897
	383,320	365,995	398,446	371,490	390,442	317,271
	37,600	147,087	54,173	78,035	77,408	125,284
	-	-	-	-	4,349,819	5,036,161
	1,526,009	1,347,519	1,379,103	1,255,764	1,622,507	1,719,333
	745,346	782,300	712,850	597,192	686,628	668,525
	-	-	-	-	106,930	68,743
	<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>	<u>16,252,398</u>
	169,685	(3,547,271)	(8,685,455)	(2,666,487)	(5,144,279)	(6,330,166)
	-	-	-	-	-	-
	6,990,000	-	575,000	6,595,000	2,500,000	3,015,000
	142,847	-	-	233,172	105,230	456,874
	-	-	(8,060,417)	-	-	-
	422,328	693,928	5,778,447	1,590,846	956,212	1,084,378
	(650,000)	-	(5,412,417)	(745,867)	(17,777)	(200)
	-	-	8,045,000	-	-	-
	<u>6,905,175</u>	<u>693,928</u>	<u>925,613</u>	<u>7,673,151</u>	<u>3,543,665</u>	<u>4,556,052</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>	<u>\$ (1,774,114)</u>
	29.70%	25.58%	23.37%	18.20%	19.77%	19.72%

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

	<b>Fiscal Year</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Land	\$ 111,463,136	\$ 113,343,078	\$ 113,273,194	\$ 115,590,185
Improvements	325,574,941	330,366,373	331,979,823	338,033,726
Personal	471,652,050	421,330,420	396,168,790	447,953,050
Minerals	619,194	896,228	867,679	913,741
Less: Exempt, productivity loss and homestead cap	<u>193,299,492</u>	<u>188,239,525</u>	<u>187,542,607</u>	<u>189,455,245</u>
<b>Total Taxable Assessed Valuation (1)</b>	<b><u>\$ 716,009,829</u></b>	<b><u>\$ 677,696,574</u></b>	<b><u>\$ 654,746,879</u></b>	<b><u>\$ 713,035,457</u></b>
 Full Market Valuation	 \$ 909,309,321	 \$ 865,936,099	 \$ 842,289,486	 \$ 902,490,702
 Total Direct Tax Rate	 \$ 0.7245	 \$ 0.6304	 \$ 0.6853	 \$ 0.7229

Source: Liberty County Appraisal District

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

**Fiscal Year**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 151,820,540	\$ 167,980,167	\$ 212,585,447	\$ 222,003,806	\$ 249,651,792	\$ 294,962,396
349,124,036	373,661,466	438,830,023	445,323,343	483,474,288	550,302,740
456,393,110	331,862,170	368,548,224	421,574,931	437,962,544	401,871,883
58,499	31,431	45,040	32,561	97,300	86,311
203,376,421	214,898,945	274,412,135	292,454,350	294,913,400	337,155,616
\$ 754,019,764	\$ 658,636,289	\$ 745,596,599	\$ 796,480,291	\$ 876,272,524	\$ 910,067,714
\$ 957,396,185	\$ 873,535,234	\$ 1,020,008,734	\$ 1,088,934,641	\$ 1,171,185,924	\$ 1,247,223,330
\$ 0.6900	\$ 0.6800	\$ 0.6800	\$ 0.6557	\$ 0.6821	\$ 0.6645

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

	Fiscal Year			
	2011	2012	2013	2014
<b>City of Dayton:</b>				
Operating tax rate	\$ 0.4835	\$ 0.4262	\$ 0.4971	\$ 0.4509
Debt service tax rate	0.2410	0.2042	0.1882	0.2720
<b>Total Direct Rates</b>	<u>\$ 0.7245</u>	<u>\$ 0.6304</u>	<u>\$ 0.6853</u>	<u>\$ 0.7229</u>
Liberty County	\$ 0.5600	\$ 0.5600	\$ 0.5600	\$ 0.5788
Hospital District	0.0900	0.0900	0.0900	0.0900
Dayton ISD	1.2080	1.2080	1.2080	1.2080
Drainage District #1 (2)	0.1106	0.0917	0.0974	0.0987
<b>Total Direct and Overlapping Rates (1)</b>	<u>\$ 1.9686</u>	<u>\$ 1.9497</u>	<u>\$ 1.9554</u>	<u>\$ 1.9755</u>
<b>Total Assessed Valuation</b>	<u>\$ 716,009,829</u>	<u>\$ 677,696,574</u>	<u>\$ 654,746,879</u>	<u>\$ 713,035,457</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**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 0.4440	\$ 0.4510	\$ 0.4510	\$ 0.4152	\$ 0.4249	\$ 0.4204
0.2460	0.2290	0.2290	0.2405	0.2572	0.2441
<u>\$ 0.6900</u>	<u>\$ 0.6800</u>	<u>\$ 0.6800</u>	<u>\$ 0.6557</u>	<u>\$ 0.6821</u>	<u>\$ 0.6645</u>
\$ 0.5788	\$ 0.5788	\$ 0.5788	\$ 0.5788	\$ 0.5788	\$ 0.5543
0.0900	0.0900	0.0900	0.0900	0.0900	0.0900
1.1980	1.4217	1.3900	1.3700	1.2700	1.1996
0.0944	0.0890	0.0776	0.0697	0.0672	0.0672
<u>\$ 1.9612</u>	<u>\$ 2.1795</u>	<u>\$ 2.1364</u>	<u>\$ 2.1085</u>	<u>\$ 2.0060</u>	<u>\$ 1.9111</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>	<u>\$ 910,067,714</u>

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# CITY OF DAYTON, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2020			2011		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Total Petrochemicals USA	\$ 58,916,410	1	6.47%	\$ 171,797,450	1	23.99%
Global Tubing	43,943,630	2	4.83%	-		0.00%
Equistar Chemicals LP	34,008,900	3	3.74%	56,121,160	3	7.84%
TRT Leaseco LLC	23,110,070	4	2.54%	-		0.00%
Exxon Chemical Americas	117,059,770	5	12.86%	87,216,600	2	12.18%
Instell Wire Products Co	14,833,650	6	1.63%	17,505,080	4	2.44%
Westlake Polymers LP	12,605,790	7	1.39%	-		0.00%
Chevron Phillips	12,014,930	8	1.32%	-		0.00%
Oxy Vinyls LP	10,746,220	9	1.18%	14,956,350	5	2.09%
Sumiden Wire Products Corp	10,551,946	10	1.16%	-		0.00%
CMC Railroad III C Inc	-		0.00%	7,510,930	6	1.05%
Wells Fargo Bank Northwest	-		0.00%	5,657,200	7	0.79%
CMC Railroad II D Inc	-		0.00%	5,390,000	8	0.75%
Equistar Chemicals LP (2)	-		0.00%	5,300,150	9	0.74%
Alabama Metal Industries	-		0.00%	5,287,480	10	0.74%
Subtotal	<u>337,791,316</u>		<u>37.12%</u>	<u>376,742,400</u>		<u>52.62%</u>
Other Taxpayers	<u>572,276,398</u>		<u>62.88%</u>	<u>387,984,295</u>		<u>47.38%</u>
<b>Total <sup>(1)</sup></b>	<u><u>\$ 910,067,714</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 716,009,829</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**

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Tax Rate</b>	<b>Total Tax Levy for Fiscal Year</b>
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
2020	2019	\$ 0.6645	\$ 5,772,042

Source: Liberty County Tax Office

<b>Collected Within the Fiscal Year of the Levy</b>		<b>Collected in Subsequent Years</b>	<b>Total Collections to Date</b>	
<b>Amount Collected</b>	<b>Percentage of Levy</b>	<b>Amount Collected</b>	<b>Amount Collected</b>	<b>Percentage of Levy</b>
\$ 4,307,302	94.70%	\$ 192,532	\$ 4,499,834	98.93%
\$ 4,506,192	95.85%	\$ 153,883	\$ 4,660,075	99.12%
\$ 4,641,604	96.35%	\$ 135,201	\$ 4,776,805	99.15%
\$ 4,591,742	93.63%	\$ 265,602	\$ 4,857,344	99.05%
\$ 4,779,250	97.55%	\$ 73,013	\$ 4,852,263	99.04%
\$ 4,968,991	97.64%	\$ 75,604	\$ 5,044,595	99.13%
\$ 4,294,524	97.03%	\$ 77,350	\$ 4,371,875	98.78%
\$ 4,636,238	97.02%	\$ 71,986	\$ 4,708,224	98.52%
\$ 5,186,893	97.18%	\$ 42,425	\$ 5,229,318	97.97%
\$ 5,623,946	97.43%	\$ -	\$ 5,623,946	97.43%

**CITY OF DAYTON, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Years**

	Fiscal Year			
	2011	2012	2013	2014
<b>Governmental Activities:</b>				
General obligation bonds	\$ 15,520,000	\$ 14,825,000	\$ 14,110,000	\$ 13,120,000
Certificates of obligation	570,000	290,000	-	-
Tax anticipation notes	1,340,000	1,725,000	1,395,000	940,000
Capital leases	358,436	309,248	281,053	251,485
Premiums	197,133	185,537	173,941	162,345
<b>Subtotal</b>	<u>17,985,569</u>	<u>17,334,785</u>	<u>15,959,994</u>	<u>14,473,830</u>
<b>Business-Type Activities:</b>				
General obligation bonds	-	-	-	-
Certificates of obligation	8,175,000	8,060,000	7,940,000	7,820,000
Premiums	-	-	-	-
<b>Subtotal</b>	<u>8,175,000</u>	<u>8,060,000</u>	<u>7,940,000</u>	<u>7,820,000</u>
<b>Government-Wide:</b>				
General obligation bonds	15,520,000	14,825,000	14,110,000	13,120,000
Certificates of obligation	8,745,000	8,350,000	7,940,000	7,820,000
Tax anticipation notes	1,340,000	1,725,000	1,395,000	940,000
Capital leases	358,436	309,248	281,053	251,485
Premiums	197,133	185,537	173,941	162,345
<b>Total Government-Wide</b>	<u>\$ 26,160,569</u>	<u>\$ 25,394,785</u>	<u>\$ 23,899,994</u>	<u>\$ 22,293,830</u>
<b>Estimated Full Property Value</b>	\$ 909,309,321	\$ 865,936,099	\$ 842,289,486	\$ 902,490,702
<b>Percentage of Full Property Value:</b>				
Governmental activities	1.98%	2.00%	1.89%	1.60%
Business-type activities	0.90%	0.93%	0.94%	0.87%
Government-wide	2.88%	2.93%	2.84%	2.47%
<b>Population</b>	7,297	7,340	7,390	7,418
<b>Debt Per Capita:</b>				
Governmental activities	\$ 2,465	\$ 2,362	\$ 2,160	\$ 1,951
Business-type activities	\$ 1,120	\$ 1,098	\$ 1,074	\$ 1,054
Government-wide	\$ 3,585	\$ 3,460	\$ 3,234	\$ 3,005

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

**Fiscal Year**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$	12,095,000	\$ 11,025,000	\$ 10,285,000	\$ 9,480,000	\$ 8,645,000	\$ 7,775,000
	6,990,000	6,860,000	6,680,000	13,090,000	15,075,000	17,395,000
	470,000	355,000	815,000	585,000	350,000	235,000
	220,476	187,957	153,854	118,090	80,583	41,250
	293,596	274,667	148,034	351,374	430,312	841,933
	<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>	<u>26,288,183</u>
	-	7,240,000	6,880,000	6,335,000	5,770,000	5,195,000
	7,690,000	195,000	-	-	-	15,305,000
	-	559,468	512,840	466,224	419,602	1,560,185
	<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>	<u>22,060,185</u>
	12,095,000	18,265,000	17,165,000	15,815,000	14,415,000	12,970,000
	14,680,000	7,055,000	6,680,000	13,090,000	15,075,000	32,700,000
	470,000	355,000	815,000	585,000	350,000	235,000
	220,476	187,957	153,854	118,090	80,583	41,250
	293,596	834,135	660,874	817,598	849,914	2,402,118
\$	<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>	<u>48,348,368</u>
\$	957,396,185	\$ 873,535,234	\$ 1,020,008,734	\$ 1,171,185,924	\$ 1,171,185,924	\$ 1,247,223,330
	2.10%	2.14%	1.77%	2.02%	2.10%	2.11%
	0.80%	0.92%	0.72%	0.58%	0.53%	1.77%
	2.90%	3.06%	2.50%	2.60%	2.63%	3.88%
	7,620	7,725	7,969	7,953	8,921	8,766
\$	2,634	\$ 2,421	\$ 2,269	\$ 2,971	\$ 2,755	\$ 2,999
\$	1,009	\$ 1,035	\$ 928	\$ 855	\$ 694	\$ 2,517
\$	3,643	\$ 3,456	\$ 3,197	\$ 3,826	\$ 3,449	\$ 5,515

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

	Fiscal Year			
	2011	2012	2013	2014
<b>Estimated Actual Taxable Value of Property</b>	\$ 716,009,829	\$ 677,696,574	\$ 654,746,879	\$ 713,035,457
<b>Net Bonded Debt</b>				
General obligation bonds	\$ 15,520,000	\$ 14,825,000	\$ 14,110,000	\$ 13,120,000
Certificates of obligation	8,745,000	8,350,000	7,940,000	7,820,000
Premiums	197,133	185,537	173,941	162,345
Less: amounts available in debt service fund	1,475,771	1,532,577	1,461,402	1,582,429
<b>Total Net Bonded Debt</b>	<u>\$ 22,986,362</u>	<u>\$ 21,827,960</u>	<u>\$ 20,762,539</u>	<u>\$ 19,519,916</u>
<b>Percentage of Estimated Actual Taxable Value of Property</b>	3.21%	3.22%	3.17%	2.74%
<b>Population</b>	7,297	7,340	7,390	7,418
<b>Per Capita</b>	\$ 3,150	\$ 2,974	\$ 2,810	\$ 2,631

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					
2015	2016	2017	2018	2019	2020
\$ 754,019,764	\$ 658,636,289	\$ 745,596,599	\$ 796,480,291	\$ 876,272,524	\$ 910,067,714
\$ 12,095,000	\$ 18,265,000	\$ 17,165,000	\$ 15,815,000	\$ 14,415,000	\$ 12,970,000
14,680,000	7,055,000	6,680,000	13,090,000	15,075,000	32,700,000
293,596	834,135	660,874	817,598	849,914	2,402,118
1,671,444	1,721,722	1,841,424	2,265,712	2,407,647	2,550,982
<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>	<u>\$ 45,521,136</u>
3.37%	3.71%	3.04%	3.45%	3.19%	5.00%
7,620	7,725	7,969	7,953	8,921	8,766
\$ 3,333	\$ 3,163	\$ 2,844	\$ 3,452	\$ 3,131	\$ 5,193

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**CITY OF DAYTON, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
September 30, 2020

<b>Government Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable*</b>	<b>Amount Applicable to Primary Government</b>
Dayton ISD	\$ 81,815,000	43.06%	\$ 35,229,539
Liberty County	\$ 30,280,000	14.40%	4,360,320
Liberty ISD**	\$ 42,600,630	0.00%	-
Subtotal, overlapping debt			39,589,859
<b>City Direct Debt</b>		100.00%	26,288,183
<b>Total Direct and Overlapping Debt</b>			<b>\$ 65,878,042</b>
<b>Population</b>			8,766
<b>Overlapping Debt Per Capita</b>			<b>\$ 4,516</b>
<b>Direct and Overlapping Debt Per Capita</b>			<b>\$ 7,515</b>

\* 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			
	2011	2012	2013	2014
Debt limit <sup>(1)</sup>	\$ 71,600,983	\$ 67,769,657	\$ 65,474,688	\$ 71,303,546
Total net debt applicable to limit	24,326,362	23,552,960	22,157,539	20,459,916
Legal debt margin	\$ 47,274,621	\$ 44,216,697	\$ 43,317,149	\$ 50,843,630
 Total net debt applicable to the limit as a percentage of debt limit	 33.97%	 34.75%	 33.84%	 28.69%
 <b>Legal Debt Margin Calculation</b>				
Assessed value	\$ 716,009,829	\$ 677,696,574	\$ 654,746,879	\$ 713,035,457
Debt limit (10% of assessed value)	71,600,983	67,769,657	65,474,688	71,303,546
Debt applicable to limit:				
General obligation bonds	15,520,000	14,825,000	14,110,000	13,120,000
Certificates of obligation	8,745,000	8,350,000	7,940,000	7,820,000
Tax anticipation notes	1,340,000	1,725,000	1,395,000	940,000
Premiums	197,133	185,537	173,941	162,345
Less: amount set aside for repayment of general obligation debt	(1,475,771)	(1,532,577)	(1,461,402)	(1,582,429)
Total net debt applicable to limit	24,326,362	23,552,960	22,157,539	20,459,916
Legal debt margin	\$ 47,274,621	\$ 44,216,697	\$ 43,317,149	\$ 50,843,630

(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**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 75,401,976	\$ 65,863,629	\$ 74,559,660	\$ 79,648,029	\$ 87,627,252	\$ 91,006,771
25,867,152	24,787,413	23,479,450	28,041,886	28,282,267	45,756,136
<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>	<u>\$ 45,250,635</u>
34.31%	37.63%	31.49%	35.21%	32.28%	50.28%
\$ 754,019,764	\$ 658,636,289	\$ 745,596,599	\$ 796,480,291	\$ 876,272,524	\$ 910,067,714
75,401,976	65,863,629	74,559,660	79,648,029	87,627,252	91,006,771
12,095,000	18,265,000	17,165,000	15,815,000	14,415,000	12,970,000
14,680,000	7,055,000	6,680,000	13,090,000	15,075,000	32,700,000
470,000	355,000	815,000	585,000	350,000	235,000
293,596	834,135	660,874	817,598	849,914	2,402,118
(1,671,444)	(1,721,722)	(1,841,424)	(2,265,712)	(2,407,647)	(2,550,982)
25,867,152	24,787,413	23,479,450	28,041,886	28,282,267	45,756,136
<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>	<u>\$ 45,250,635</u>

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

<b>Fiscal Year Ended Sept. 30</b>	<b>Population<sup>(1)</sup></b>	<b>Personal Income<sup>(2)</sup></b>	<b>Per Capita Personal Income<sup>(2)</sup></b>	<b>Median Age<sup>(2)</sup></b>	<b>Public School Enrollment<sup>(3)</sup></b>	<b>Unemployment Rate<sup>(4)</sup></b>	<b>Education Level in Years of Formal Schooling<sup>(5)</sup></b>
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%
2020	8,766	n/a	\$ 24,599	26.2	5,415	10.7%	12.0%

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 <sup>(2)</sup>

Employer	2020		
	Employees	Percentage of Total Employment <sup>(1)</sup>	Rank
TDCJ	887	23.74%	1
Dayton School District (including Chartwell)	870	23.28%	2
Dayton Lease & Pipeline	300	8.03%	3
Global Tubing	175	4.68%	4
Roll-Lift USA	100	2.68%	5
Insteel Wire Products	100	2.68%	6
City of Dayton	100	2.68%	7
Sam's Distribution	78	2.09%	8
Indorama	67	1.79%	9
Harris Rebar, LLC	62	1.66%	10
	2,739	73.29%	

(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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b><u>Governmental Activities:</u></b>										
General government	13.25	14.00	14.00	14.00	15.00	13.00	14.00	19.00	23.00	23.00
Public safety	25.00	24.00	26.00	26.00	28.00	29.00	29.00	32.00	32.00	31.00
Public works	13.50	11.50	13.50	13.50	13.50	14.00	14.00	11.00	12.00	17.00
Culture and recreation	1.75	2.75	3.00	4.00	4.00	9.00	9.00	9.00	11.00	9.00
Facility maintenance	2.00	2.00	2.00	2.00	2.00	4.00	4.00	4.00	6.00	6.00
<b><u>Business-Type Activities:</u></b>										
Water and sewer	15.50	15.75	15.50	16.50	16.50	18.00	18.00	22.00	21.00	22.00
Refuse	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Total City Positions</b>	<u>72.00</u>	<u>71.00</u>	<u>75.00</u>	<u>77.00</u>	<u>80.00</u>	<u>88.00</u>	<u>89.00</u>	<u>98.00</u>	<u>106.00</u>	<u>109.00</u>

Source: City Finance Department



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

	Fiscal Year			
	2011	2012	2013	2014
<b>City of Dayton</b>				
Population	7,297	7,340	7,390	7,418
Budgeted full-time employees	72	71	75	77
<b>Function</b>				
Police				
Arrests	579	400	488	662
Accident reports	650	475	459	493
Citations (including warnings)	4,850	4,491	3,245	3,849
Offense reports	708	707	784	795
Calls for service	9,832	8,147	9,236	9,471
Municipal court				
Traffic violations	3,149	1,842	914	1,122
Nontraffic violations	1,701	2,649	2,529	2,195
Fire				
Emergency responses	470	364	391	435
Fire incidents	210	134	133	127
Average response time (min)†	8.50	8.50	8.50	8.50
Parks and recreation				
Recreation programs (\$)	\$ 16,866	\$ 19,716	\$ 21,382	\$ 21,116
Field and facility rentals (\$)	\$ 9,700	\$ 11,100	\$ 8,250	\$ 10,500
Community development				
Residential building permits issued	24	12	8	15
Residential building permits-value	\$ 288,699	\$ 1,407,375	\$ 1,541,693	\$ 1,598,305
Commercial building permits issued	7	7	3	7
Commercial building permits-value	\$ 3,698,000	\$ 2,323,000	\$ 3,650,000	\$ 4,697,957
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)	1,510,553	1,342,002	1,185,677	1,188,172
Number of connections	2,495	3,043	3,072	3,176
Wastewater				
Average daily effluent treated (millions of gallons)	1.22	1.64	1.38	1.38
Number of connections	2,702	2,712	2,743	2,842

Source: Various City departments

† Source: Dayton Police Dept.

**Fiscal Year**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
7,620	7,782	8,200	7,976	8,921	8,921
80	86	88	98	108	108
571	532	420	443	483	377
554	580	345	334	457	391
2,212	3,177	7,136	9,474	12,284	4,993
790	799	860	950	1,534	901
9,676	9,943	11,852	9,707	9,654	11,558
2,387	3,124	3,118	3,467	4,486	3,925
419	246	418	328	628	489
379	284	315	415	470	469
102	128	123	119	130	129
6.51	8.00	8.00	8.00	8.00	9.00
\$ 22,338	\$ 27,924	\$ 30,893	\$ 31,782	\$ 30,752	\$ -
\$ 8,550	\$ 10,700	\$ 10,700	\$ 10,700	\$ 9,700	\$ -
17	57	67	76	60	110
\$ 2,346,129	\$ 6,698,215	\$ 8,238,896	\$ 12,207,313	\$ 10,661,597	\$ 3,606,837
7	7	4	9	11	11
\$ 2,929,957	\$ 20,823,990	\$ 1,453,650	\$ 7,061,787	\$ 611,718	\$ 7,663,000
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
1,464,653	1,627,354	1,345,516	1,560,733	1,663,066	1,561,813
3,097	2,573	2,774	2,730	2,423	2,889
1.99	2.01	2.01	2.00	1.99	1.44
2,512	2,297	2,380	2,365	2,370	2,854

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

Function	Fiscal Year			
	2011	2012	2013	2014
<u>General government</u>	1	1	1	1
Municipal buildings	48	52	52	54
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	6	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**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
1 54	1 55	1 57	2 70	2 72	2 82
1 3 10	1 3 10	1 4 10	1 3 14	1 3 14	1 3 15
90.1	90.1	90.1	60.0	71.2	71.8
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	5 1 1 49.8
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	2 6 75.1 328
1 50.0 528	1 51.0 532	1 51.0 532	1 60.0 679	1 60.0 679	1 60.4 693

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