



# ANNUAL FINANCIAL REPORT 2022

FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2022

CITY OF  
**DAYTON, TEXAS**

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*ANNUAL FINANCIAL REPORT*

of the

**City of Dayton, Texas**

**For the Year Ended  
September 30, 2022**

Prepared by:

Leslie Herrera  
Director of Finance



# City of Dayton, Texas

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***FINANCIAL SECTION***

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## *INDEPENDENT AUDITOR'S REPORT*

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

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dayton, Texas, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Dayton, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the

preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion, the budgetary comparison, schedules of changes in net pension liabilities and related ratios, schedule of employer contributions to pension plans, and schedule of changes in the other postemployment benefits liability and related ratios, 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 City of Dayton, Texas's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 and individual nonmajor fund financial statements, the supplemental schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive script.

BrooksWatson & Co., PLLC  
Certified Public Accountants  
Houston, Texas  
March 24, 2023

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

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# City of Dayton, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### September 30, 2022

As management of the City of Dayton, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements, notes to the financial statements, requirement supplementary information, and other supplementary information.

#### **Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2022 by \$27,834,394.
- The City's total net position increased by \$6,731,842. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$8,053,186 at September 30, 2022, an increase of \$1,651,546 from the prior fiscal year; this includes an increase of \$2,644,360 in the general fund, a decrease of \$957,705 in the debt service fund, an increase of \$29,314 in the economic development admin grant fund, and a decrease of \$64,423 in nonmajor funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$4,663,935 or 51% of total general fund operating expenditures.
- The City recorded a net pension asset totaling \$405,274 as of year end.

#### **Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to 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 financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

# City of Dayton, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2022

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is 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 non-financial 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 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, culture and recreation, community development, public safety, and public works. The business-type activities of the City include water and sewer, refuse, and fiber operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Dayton 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.

### FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### 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 fiscal year. Such information may be useful in assessing a government'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



# City of Dayton, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2022

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 eleven 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 economic development admin grant funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, debt service, capital projects, most special revenue, and enterprise funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the respective budget.

### **Proprietary Funds**

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water/sewer and sanitation service, and fiber internet operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. 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 payment of employee benefits. This internal service fund has been included with governmental activities on the government-wide financial statements.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, refuse, and fiber funds since they are considered major funds of the City.

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2022**

**Component Units**

The City maintains the accounting and financial statements for one component unit. The Dayton Community Development Corporation ("DCDC" or "the Corporation") is a discretely presented component unit and displayed on the government-wide financial statements.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's changes in net pension/OPEB liability and employer contributions to the plan.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Dayton, Texas, assets and deferred outflows exceed liabilities and deferred inflows by \$27,834,394 as of September 30, 2022, in the primary government.

The largest portion of the City's net position, \$15,424,918, 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 are 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)**  
**September 30, 2022**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 9,519,265	\$ 9,017,710	\$ 18,536,975	\$ 8,121,066	\$ 15,291,810	\$ 23,412,876
Capital assets, net	31,645,872	32,457,774	64,103,646	30,294,679	25,812,047	56,106,726
<b>Total Assets</b>	<b>41,165,137</b>	<b>41,475,484</b>	<b>82,640,621</b>	<b>38,415,745</b>	<b>41,103,857</b>	<b>79,519,602</b>
<b>Deferred Outflows of Resources</b>	<b>407,361</b>	<b>66,543</b>	<b>473,904</b>	<b>412,301</b>	<b>67,729</b>	<b>480,030</b>
Other liabilities	2,629,622	2,929,549	5,559,171	2,957,222	3,022,073	5,979,295
Long-term liabilities	21,149,395	27,743,238	48,892,633	23,086,358	29,378,646	52,465,004
<b>Total Liabilities</b>	<b>23,779,017</b>	<b>30,672,787</b>	<b>54,451,804</b>	<b>26,043,580</b>	<b>32,400,719</b>	<b>58,444,299</b>
<b>Deferred Inflows of Resources</b>	<b>659,293</b>	<b>169,034</b>	<b>828,327</b>	<b>364,501</b>	<b>88,280</b>	<b>452,781</b>
Net Position:						
Net investment						
in capital assets	9,094,997	6,329,921	15,424,918	6,500,449	7,668,996	14,169,445
Restricted	2,876,058	-	2,876,058	3,894,129	-	3,894,129
Unrestricted	5,163,133	4,370,285	9,533,418	2,025,387	1,013,591	3,038,978
<b>Total Net Position</b>	<b>\$ 17,134,188</b>	<b>\$ 10,700,206</b>	<b>\$ 27,834,394</b>	<b>\$ 12,419,965</b>	<b>\$ 8,682,587</b>	<b>\$ 21,102,552</b>

Governmental activities current and other assets increased by \$1,398,199 due primarily to greater cash on hand, resulting from operating surpluses during the year. Governmental activities capital assets increased by \$1,351,193 due to greater infrastructure investments in the current year. Business-type activities capital assets increased by \$6,645,727 primarily due to a new PSI water meter project, investments in park utility infrastructure, and a new fiber and home project during the year. Long-term liabilities for governmental activities decreased by \$1,936,963 due primarily to current year principal payments. Long-term liabilities for business-type activities decreased by \$1,635,408 due to principal payments made in the current year.

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2022**

**Statement of Activities:**

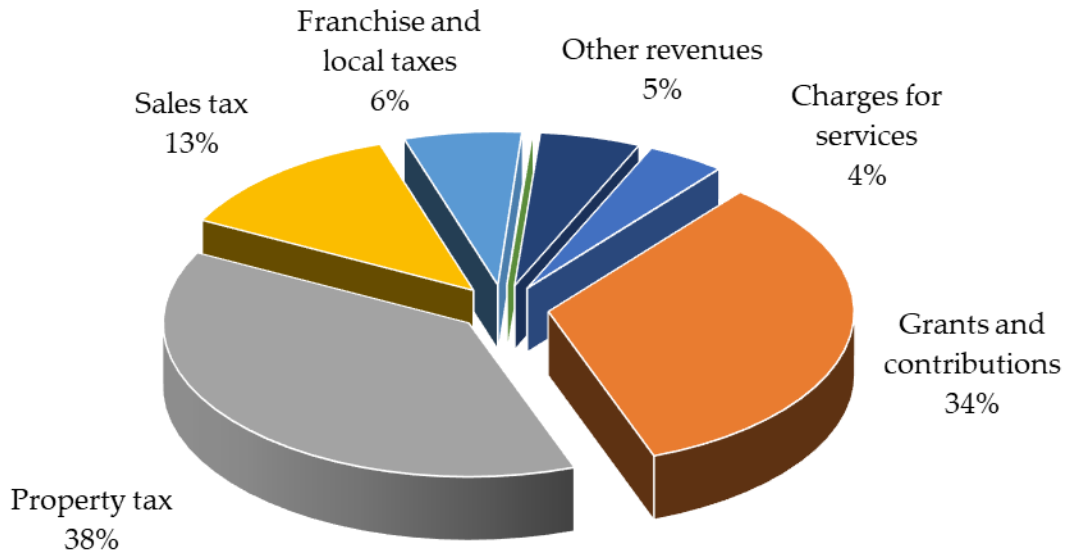
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2022			For the Year Ended September 30, 2021		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 714,172	\$ 6,509,547	\$ 7,223,719	\$ 697,539	\$ 4,153,036	\$ 4,850,575
Operating grants	3,632,138	-	3,632,138	140,516	-	140,516
Capital grants	2,167,240	-	2,167,240	1,236,056	-	1,236,056
General revenues:						
Property tax	6,591,855	-	6,591,855	6,222,546	-	6,222,546
Sales tax	2,152,426	-	2,152,426	1,913,865	-	1,913,865
Franchise and local taxes	1,072,516	-	1,072,516	1,127,538	-	1,127,538
Investment income	15,297	43,956	59,253	42,112	37,727	79,839
Other revenues	918,669	56,149	974,818	314,329	40,842	355,171
<b>Total Revenues</b>	<b>17,264,313</b>	<b>6,609,652</b>	<b>23,873,965</b>	<b>11,694,501</b>	<b>4,231,605</b>	<b>15,926,106</b>
<b>Expenses</b>						
General government	3,662,865	-	3,662,865	3,907,880	-	3,907,880
Public safety	3,338,443	-	3,338,443	3,357,233	-	3,357,233
Public works	1,700,444	-	1,700,444	1,758,786	-	1,758,786
Culture and recreation	597,666	-	597,666	598,732	-	598,732
Community enhancement	990,028	-	990,028	1,096,823	-	1,096,823
Interest and fiscal charges	656,038	758,415	1,414,453	735,337	803,191	1,538,528
Water and sewer	-	4,181,433	4,181,433	-	4,310,656	4,310,656
Refuse	-	868,519	868,519	-	797,706	797,706
Fiber	-	388,272	388,272	-	389,629	389,629
<b>Total Expenses</b>	<b>10,945,484</b>	<b>6,196,639</b>	<b>17,142,123</b>	<b>11,454,791</b>	<b>6,301,182</b>	<b>17,755,973</b>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	6,318,829	413,013	6,731,842	239,710	(2,069,577)	(1,829,867)
Transfers	(1,604,606)	1,604,606	-	603,653	(603,653)	-
<b>Total</b>	<b>(1,604,606)</b>	<b>1,604,606</b>	<b>-</b>	<b>603,653</b>	<b>(603,653)</b>	<b>-</b>
<b>Change in Net Position</b>	4,714,223	2,017,619	6,731,842	843,363	(2,673,230)	(1,829,867)
Beginning Net Position	12,419,965	8,682,587	21,102,552	11,576,602	11,355,817	22,932,419
<b>Ending Net Position</b>	<b>\$ 17,134,188</b>	<b>\$ 10,700,206</b>	<b>\$ 27,834,394</b>	<b>\$ 12,419,965</b>	<b>\$ 8,682,587</b>	<b>\$ 21,102,552</b>

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2022**

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

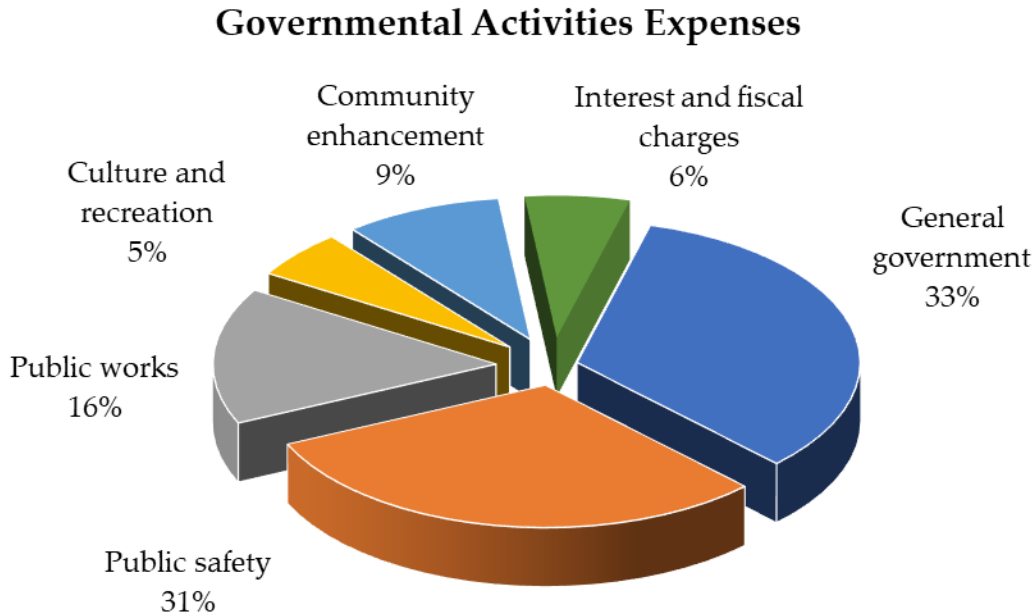
**Governmental Activities Revenues**



For the year ended September 30, 2022, revenues from governmental activities totaled \$17,264,313. Property tax, grants/contributions, and sales tax were the City's largest general revenue sources. Overall revenue increased \$5,569,812 or 48% from the prior year. This increase is primarily due to an overall nonrecurring capital and intergovernmental operating grants received in the current year. Grants and contributions increased \$4,422,806 due primarily to nonrecurring intergovernmental grants and developer contributions for utility infrastructure investments in the current year. Property tax revenue increased by \$369,309 or 6% due to greater taxable property values in the current year. Sales tax revenue increased by \$238,561 or 12% primarily due to increased economic growth as well as population growth within the City. Other revenue increased by \$604,340 or over 100% due to nonrecurring donations, insurance claims/settlements, and DCDC project participation contributions received in the current year. All remaining revenues remained relatively consistent with the previous year.

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2022**

This graph shows the governmental function expenses of the City:

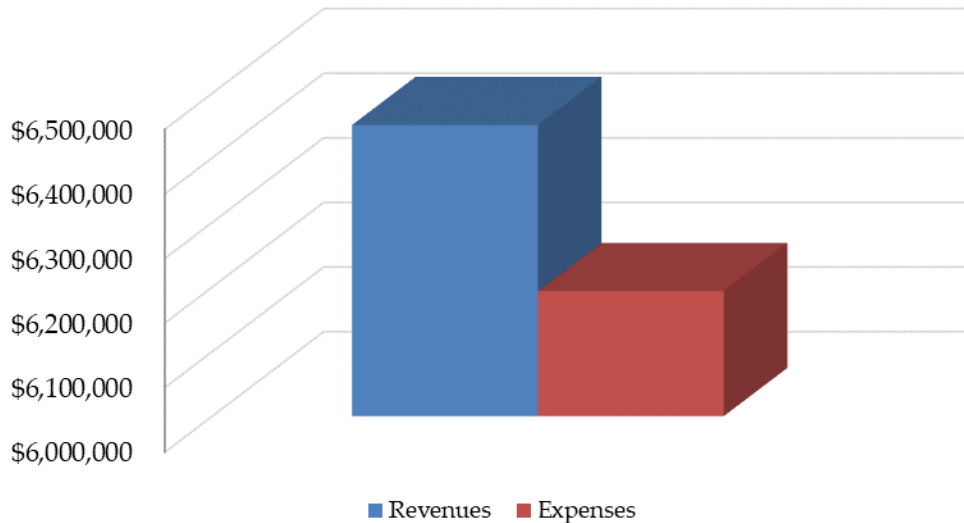


For the year ended September 30, 2022, expenses for governmental activities totaled \$10,945,484. This represents a decrease of \$509,307 or 4% from the prior year. The City's largest functional expense is general government totaling \$3,662,865. General government decreased by \$245,015 or 6% when compared to the prior year, which is primarily due to nonrecurring legal and consulting fees incurred in the current year. Community enhancement expenses decreased by \$106,795 or 10% primarily due to a reduction in personnel costs and office/fuel supplies. Interest and fiscal charges decreased by \$79,299 or 11% primarily due to outstanding long-term debt obligations approaching maturity. All remaining expenses remained relatively consistent with the previous year.

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2022**

Business-type activities are shown comparing operating costs to revenues generated by related services.

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



For the year ended September 30, 2022, charges for services by business-type activities totaled \$6,509,547. This is an increase of \$2,356,511 or 57% from the previous year. This increase directly relates to service rate hikes and greater consumption/active customer base compared to the prior year.

Total expenses decreased \$104,543 or 2% to a total of \$6,196,639. Water/sewer and fiber department expenses remained consistent when compared to the prior year. Refuse expenses increased by \$70,813 or 9% primarily as a result of nonrecurring losses on investments recognized in the current year. Interest and fiscal charges decreased by \$44,776 or 6% primarily due to nonrecurring bond issuance costs recognized in the prior year.

**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 of 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.

At September 30, 2022, the City's governmental funds reported combined fund balances of \$8,053,186, an increase of \$1,651,546 in comparison with the prior year. Approximately 58% of this amount,

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2022**

\$4,663,935, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted or committed* to indicate that it is not in spendable form \$68,184 or restricted for particular purposes \$3,321,067.

As of the end of the year the general fund reflected a total fund balance of \$4,732,119. Of this, \$68,184 is considered nonspendable and \$4,663,935 is unassigned. General fund balance increased by \$2,644,360. This increase can be attributed to greater than expected revenues and other financing sources. In addition, the fund recognized less than anticipated expenditures over the course of the year.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$4,663,935 is 51% of total general fund operating expenditures.

The debt service fund had an ending fund balance of \$1,627,054 as of year end. Total fund balance decreased by \$957,705 from the prior year primarily due to transfers to the water and sewer fund.

The economic development admin grant fund had an ending fund balance of \$29,314 at September 30, 2022, an increase of \$29,314 when compared to the previous year. This increase is attributable to current year revenues exceeding transfers to the water and sewer fund during the year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's largest proprietary fund, the water and sewer fund, totaled \$11,226,252. Unrestricted net position at the close of the fiscal year amounted to \$3,407,695 and a total increase in net position of \$2,890,391 from the previous year. Total investment in capital assets, net of related debt of was \$7,818,557, and capital assets, net of depreciation totaled \$32,370,752.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Supplemental budget amendments were approved during the fiscal year increasing total budgeted expenditures by \$747,999. Total budgeted revenues of \$7,624,104 were less than actual revenues of \$8,558,490, resulting in a total positive revenue variance of \$934,386. The majority of this variance is a result of greater sales tax and other revenue received compared to that which was budgeted. Total budgeted expenditures of \$9,460,680 were more than actual expenditures of \$9,059,563 resulting in a total positive expenditure variance of \$401,117.

#### **CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$31,327,620 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$32,370,752 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park



**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2022**

improvements, and infrastructure. Major capital asset events during the current year include the following:

- Major construction in progress additions of the following:

West Point project infrastructure	\$	1,961,746
CDBG downtown revitalization	\$	235,448
Fiber to home project	\$	4,179,811
PSI water meter project	\$	1,700,261
Gulf Inland Logistics Park utilities	\$	1,731,396
- Lift station pumps purchased for \$50,678.
- Well motors purchased for \$40,071.
- Three public works vehicles purchased for \$94,950.
- Platinum copier printers purchased through lease contract for \$108,883.

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

**LONG-TERM DEBT**

The City's outstanding bonds and certificates of obligation payable decreased by \$3,280,000 (excluding premiums) from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$51,558,150, including premiums.

All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

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

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

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Dayton and improving services provided to their public citizens. The City is budgeting for growth in the upcoming year.

# City of Dayton, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

September 30, 2022

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 117 Cook Street, Dayton, TX 77535.

## ***FINANCIAL STATEMENTS***

**City of Dayton, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**September 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Current assets:			
Cash and cash equivalents	\$ 7,116,271	\$ 4,707,012	\$ 11,823,283
Investments	927,475	932,341	1,859,816
Restricted cash	-	2,358,311	2,358,311
Receivables, net	1,512,352	766,865	2,279,217
Inventory	68,184	73,736	141,920
Internal balances	(164,252)	164,252	-
Due from component unit	3,307	-	3,307
<b>Total Current Assets</b>	<b>9,519,265</b>	<b>9,017,710</b>	<b>18,536,975</b>
Net pension asset	318,252	87,022	405,274
Capital assets:			
Non-depreciable	4,455,010	10,737,082	15,192,092
Net depreciable capital assets	26,872,610	21,633,670	48,506,280
<b>Total Noncurrent Assets</b>	<b>31,645,872</b>	<b>32,457,774</b>	<b>64,103,646</b>
<b>Total Assets</b>	<b>41,165,137</b>	<b>41,475,484</b>	<b>82,640,621</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred charge on refunding	112,247	-	112,247
Pension outflows-TMRS	196,450	53,717	250,167
Pension outflows-TESRS	51,395	-	51,395
OPEB outflows	47,269	12,826	60,095
<b>Total Deferred Outflows of Resources</b>	<b>407,361</b>	<b>66,543</b>	<b>473,904</b>

See Notes to Financial Statements.

<b>Component Unit</b>
<b>DCDC</b>
\$ 1,359,616
-
193,072
-
-
-
<u>1,552,688</u>
2,465
905,986
-
<u>908,451</u>
<u>2,461,139</u>
-
1,522
-
-
<u>1,522</u>

# City of Dayton, Texas

## STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	\$ 644,951	\$ 866,042	\$ 1,510,993
Customer deposits	150	137,868	138,018
Due to primary government	-	-	-
Accrued interest payable	110,506	149,178	259,684
Compensated absences, current	135,482	18,788	154,270
Long-term debt due within one year	1,738,533	1,757,673	3,496,206
<b>Total Current Liabilities</b>	2,629,622	2,929,549	5,559,171
Noncurrent liabilities:			
Net pension liability-TEERS	42,016	-	42,016
OPEB liability	267,465	72,573	340,038
Compensated absences, noncurrent	15,053	2,088	17,141
Long-term debt due in more than one year	20,824,861	27,668,577	48,493,438
<b>Total Noncurrent Liabilities</b>	21,149,395	27,743,238	48,892,633
<b>Total Liabilities</b>	23,779,017	30,672,787	54,451,804
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows-TMRS	611,204	167,128	778,332
Pension inflows-TEERS	41,064	-	41,064
OPEB inflows	7,025	1,906	8,931
<b>Total Deferred Inflows of Resources</b>	659,293	169,034	828,327
<b><u>Net Position</u></b>			
Net investment in capital assets	9,094,997	6,329,921	15,424,918
Restricted for:			
Public safety	99,356	-	99,356
Debt service	1,627,054	-	1,627,054
Tourism	269,024	-	269,024
Library	16,046	-	16,046
Community development	864,578	-	864,578
Economic development	-	-	-
Unrestricted	5,163,133	4,370,285	9,533,418
<b>Total Net Position</b>	\$ 17,134,188	\$ 10,700,206	\$ 27,834,394

See Notes to Financial Statements.

<b>Component Unit</b>
<b>DCDC</b>
\$ -
-
3,307
-
-
-
3,307
-
-
-
-
3,307
-
4,735
-
-
4,735
-
905,986
-
-
-
-
1,548,633
-
\$ 2,454,619
\$ 2,454,619

**City of Dayton, Texas**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 3,662,865	\$ -	\$ 3,632,138	\$ 205,494
Public safety	3,338,443	328,214	-	-
Public works	1,700,444	292,046	-	1,961,746
Culture and recreation	597,666	93,912	-	-
Community enhancement	990,028	-	-	-
Interest and fiscal charges	656,038	-	-	-
<b>Total Governmental Activities</b>	<b>10,945,484</b>	<b>714,172</b>	<b>3,632,138</b>	<b>2,167,240</b>
<b>Business-Type Activities</b>				
Water and sewer	4,536,882	5,737,350	-	-
Refuse	868,519	713,198	-	-
Fiber	791,238	58,999	-	-
<b>Total Business-Type Activities</b>	<b>6,196,639</b>	<b>6,509,547</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 17,142,123</b>	<b>\$ 7,223,719</b>	<b>\$ 3,632,138</b>	<b>\$ 2,167,240</b>
<b>Component Unit</b>				
Community development	\$ 1,699,987	\$ -	\$ -	\$ -
<b>Total Component Unit</b>	<b>\$ 1,699,987</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**General Revenues:**

Taxes  
Property tax  
Sales tax  
Franchise 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.



<b>Net (Expense) Revenue and Changes in Net Position</b>			<b>Component</b>
<b>Primary Government</b>			<b>Unit</b>
<b>Governmental</b>	<b>Business-Type</b>		
<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>DCDC</b>
\$ 174,767	\$ -	\$ 174,767	\$ 694,520
(3,010,229)	-	(3,010,229)	-
553,348	-	553,348	-
(503,754)	-	(503,754)	-
(990,028)	-	(990,028)	-
(656,038)	-	(656,038)	-
<u>(4,431,934)</u>	<u>-</u>	<u>(4,431,934)</u>	<u>694,520</u>
-	1,200,468	1,200,468	-
-	(155,321)	(155,321)	-
-	(732,239)	(732,239)	-
<u>-</u>	<u>312,908</u>	<u>312,908</u>	<u>-</u>
(4,431,934)	312,908	(4,119,026)	694,520
			(1,699,987)
			<u>(1,699,987)</u>
6,591,855	-	6,591,855	-
2,152,426	-	2,152,426	1,076,213
1,072,516	-	1,072,516	-
15,297	43,956	59,253	6,230
918,669	56,149	974,818	6,712
(1,604,606)	1,604,606	-	-
<u>9,146,157</u>	<u>1,704,711</u>	<u>10,850,868</u>	<u>1,089,155</u>
4,714,223	2,017,619	6,731,842	(610,832)
12,419,965	8,682,587	21,102,552	3,065,451
<u>\$ 17,134,188</u>	<u>\$ 10,700,206</u>	<u>\$ 27,834,394</u>	<u>\$ 2,454,619</u>

# City of Dayton, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2022

	General	Debt Service	Economic Development Admin Grant
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 3,483,034	\$ 1,627,054	\$ 29,314
Investments	927,475	-	-
Receivables, net	1,217,195	286,241	-
Inventory	68,184	-	-
Due from component unit	3,307	-	-
<b>Total Assets</b>	<b>\$ 5,755,123</b>	<b>\$ 1,913,295</b>	<b>\$ 29,314</b>
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	\$ 488,117	\$ -	\$ -
Customer deposits	150	-	-
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b>488,267</b>	<b>-</b>	<b>-</b>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue - Property taxes	534,737	286,241	-
<b>Total Deferred Inflows of Resources</b>	<b>534,737</b>	<b>286,241</b>	<b>-</b>
<b><u>Fund Balances</u></b>			
Nonspendable:			
Inventory	68,184	-	-
Restricted for:			
Public safety	-	-	-
Debt service	-	1,627,054	-
Capital projects	-	-	-
Tourism	-	-	-
Library	-	-	-
Grant activities	-	-	-
Community development	-	-	-
Economic development	-	-	29,314
Unassigned reported in:			
General fund	4,663,935	-	-
<b>Total Fund Balances</b>	<b>4,732,119</b>	<b>1,627,054</b>	<b>29,314</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 5,755,123</b>	<b>\$ 1,913,295</b>	<b>\$ 29,314</b>

See Notes to Financial Statements.

Nonmjaor Governmental Funds	Governmental Funds
\$ 1,976,869	\$ 7,116,271
-	927,475
8,916	1,512,352
-	68,184
-	3,307
<u>\$ 1,985,785</u>	<u>\$ 9,683,517</u>
\$ 156,834	\$ 644,951
-	150
164,252	164,252
<u>321,086</u>	<u>809,353</u>
-	820,978
-	820,978
-	68,184
99,356	99,356
-	1,627,054
344,072	344,072
269,024	269,024
16,046	16,046
71,623	71,623
864,578	864,578
-	29,314
-	4,663,935
<u>1,664,699</u>	<u>8,053,186</u>
<u>\$ 1,985,785</u>	<u>\$ 9,683,517</u>

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# City of Dayton, Texas

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2022

<b>Fund Balances - Total Governmental Funds</b>	\$	8,053,186
 <b>Adjustments for the Statement of Net Position:</b>		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		4,455,010
Capital assets - net depreciable		26,872,610
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property taxes		820,978
Net pension asset		318,252
 Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.		
Deferred charge on refunding		112,247
Pension outflows-TMRS		196,450
Pension outflows-TERSRS		51,395
OPEB outflows		47,269
 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.		
Pension inflows-TMRS		(611,204)
Pension inflows-TERSRS		(41,064)
OPEB inflows		(7,025)
 Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.		
Net pension liability-TERSRS		(42,016)
OPEB liability		(267,465)
Accrued interest		(110,506)
Bond premium		(751,427)
Compensated absences		(150,535)
Non-current liabilities due in one year		(1,738,533)
Non-current liabilities due in more than one year		(20,073,434)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>17,134,188</u></b>

See Notes to Financial Statements.

# City of Dayton, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	General	Debt Service	Economic Development Admin Grant
<b><u>Revenues</u></b>			
Property tax	\$ 4,042,664	\$ 2,522,690	\$ -
Sales tax	2,152,426	-	-
Franchise and local taxes	651,550	-	-
Payments in lieu of taxes	312,165	-	-
License and permits	292,046	-	-
Charges for services	92,779	-	-
Fines and forfeitures	314,308	-	-
Intergovernmental	197,421	-	1,251,020
Investment income	12,477	1,893	-
Contributions and grants	-	-	-
Other revenues	490,654	-	423,121
<b>Total Revenues</b>	<b>8,558,490</b>	<b>2,524,583</b>	<b>1,674,141</b>
<b><u>Expenditures</u></b>			
General government	3,552,596	-	-
Public safety	3,063,320	-	-
Public works	988,742	-	-
Culture and recreation	223,798	-	-
Community enhancement	703,965	-	-
Community center	244,384	-	-
Capital outlay	268,547	-	-
Debt service			
Principal	11,872	1,795,000	-
Interest and fiscal charges	2,339	687,799	-
<b>Total Expenditures</b>	<b>9,059,563</b>	<b>2,482,799</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(501,073)</b>	<b>41,784</b>	<b>1,674,141</b>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	2,996,118	-	-
Transfers (out)	-	(999,489)	(1,644,827)
Proceeds from sale of assets	40,432	-	-
Lease issuance	108,883	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>3,145,433</b>	<b>(999,489)</b>	<b>(1,644,827)</b>
<b>Net Change in Fund Balances</b>	<b>2,644,360</b>	<b>(957,705)</b>	<b>29,314</b>
Beginning fund balances	2,087,759	2,584,759	-
<b>Ending Fund Balances</b>	<b>\$ 4,732,119</b>	<b>\$ 1,627,054</b>	<b>\$ 29,314</b>

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 6,565,354
-	2,152,426
108,801	760,351
-	312,165
-	292,046
1,133	93,912
13,906	328,214
2,389,191	3,837,632
927	15,297
1,961,746	1,961,746
6,658	920,433
<u>4,482,362</u>	<u>17,239,576</u>
27,457	3,580,053
6,075	3,069,395
-	988,742
-	223,798
-	703,965
-	244,384
2,556,945	2,825,492
-	1,806,872
-	690,138
<u>2,590,477</u>	<u>14,132,839</u>
<u>1,891,885</u>	<u>3,106,737</u>
1,210,831	4,206,949
(3,167,139)	(5,811,455)
-	40,432
-	108,883
<u>(1,956,308)</u>	<u>(1,455,191)</u>
(64,423)	1,651,546
1,729,122	6,401,640
<u>\$ 1,664,699</u>	<u>\$ 8,053,186</u>

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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, 2022**

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

Net changes in fund balances - total governmental funds	\$	1,651,546
---	----	-----------

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.

Capital outlay		2,592,972
Depreciation expense		(1,517,835)
Adjustment for disposal of capital assets		(42,196)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		26,501
----------------	--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense-TMRS		293,192
Pension expense-TEERS		20,236
OPEB expense		(24,216)
Compensated absences		(17,966)
Accrued interest		7,555
Amortization of deferred charges on refunding		(18,708)
Amortization of bond premium		45,253

Internal service funds are used by management to charge the cost of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(100)

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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments		1,806,872
Lease issuance		(108,883)

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>4,714,223</u></b>
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See Notes to Financial Statements.

**City of Dayton, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**PROPRIETARY FUNDS**  
**September 30, 2022**

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Fiber</u>
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 735,128	\$ 106,732	\$ 3,865,152
Restricted cash	2,358,311	-	-
Receivables, net	655,910	86,871	24,084
Investments	-	932,341	-
Due from other funds	164,252	-	-
Inventories	73,736	-	-
Prepays and other assets	15,193	-	-
<b>Total Current Assets</b>	<b>4,002,530</b>	<b>1,125,944</b>	<b>3,889,236</b>
<b><u>Noncurrent Assets</u></b>			
Net pension asset	68,927	2,319	15,776
Capital assets:			
Non-depreciable	2,123,185	26,185	8,587,712
Net depreciable capital assets	20,709,133	419,034	505,503
<b>Total Noncurrent Assets</b>	<b>22,901,245</b>	<b>447,538</b>	<b>9,108,991</b>
<b>Total Assets</b>	<b>26,903,775</b>	<b>1,573,482</b>	<b>12,998,227</b>
<b><u>Deferred Outflows of Resources</u></b>			
Pension outflows	42,547	1,432	9,738
OPEB outflows	12,826	-	-
<b>Total Deferred Outflows of Resources</b>	<b>55,373</b>	<b>1,432</b>	<b>9,738</b>

See Notes to Financial Statements.

**Total  
Enterprise  
Funds**

---

\$ 4,707,012  
2,358,311  
766,865  
932,341  
164,252  
73,736  
15,193

---

9,017,710

---

87,022

10,737,082

21,633,670

---

32,457,774

---

41,475,484

---

53,717

12,826

---

66,543

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**City of Dayton, Texas**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**PROPRIETARY FUNDS**  
**September 30, 2022**

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Fiber</u>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	\$ 209,208	\$ 52,100	\$ 604,456
Accrued expenses	-	-	278
Customer deposits	128,109	-	9,759
Current maturities of long-term liabilities	1,012,818	-	744,855
Compensated absences, current	18,788	-	-
Accrued interest	76,394	-	72,784
<b>Total Current Liabilities</b>	<u>1,445,317</u>	<u>52,100</u>	<u>1,432,132</u>
<b><u>Noncurrent Liabilities</u></b>			
Long-term debt, noncurrent	14,078,637	-	13,589,940
Compensated absences, noncurrent	2,088	-	-
OPEB liability	72,573	-	-
<b>Total Noncurrent Liabilities</b>	<u>14,153,298</u>	<u>-</u>	<u>13,589,940</u>
<b>Total Liabilities</b>	<u>15,598,615</u>	<u>52,100</u>	<u>15,022,072</u>
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows	132,375	4,454	30,299
OPEB inflows	1,906	-	-
<b>Total Deferred Inflows of Resources</b>	<u>134,281</u>	<u>4,454</u>	<u>30,299</u>
<b><u>Net Position</u></b>			
Net investment in capital assets	7,818,557	445,219	(1,933,855)
Unrestricted	3,407,695	1,073,141	(110,551)
<b>Total Net Position</b>	<u>\$ 11,226,252</u>	<u>\$ 1,518,360</u>	<u>\$ (2,044,406)</u>

See Notes to Financial Statements.

**Total  
Enterprise  
Funds**

---

\$ 865,764  
278  
137,868

1,757,673  
18,788  
149,178

---

2,929,549

---

27,668,577  
2,088  
72,573

---

27,743,238

---

30,672,787

---

167,128  
1,906

---

169,034

---

6,329,921  
4,370,285

---

\$ 10,700,206

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# City of Dayton, Texas

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2022

	Water and Sewer	Refuse	Fiber
<b><u>Operating Revenues</u></b>			
Water and sewer charges	\$ 5,737,350	\$ -	\$ -
Sanitation revenue	-	713,198	-
Internet services	-	-	58,999
Other revenue	42,359	12,622	1,168
<b>Total Operating Revenues</b>	5,779,709	725,820	60,167
<b><u>Operating Expenses</u></b>			
Personnel services	1,211,890	64,552	245,655
Services	412,942	580,105	121,991
Supplies	331,982	19,298	-
Utilities	399,806	2,074	-
Repairs and maintenance	108,474	3,331	-
Depreciation	1,654,215	71,999	20,626
Bad debt expense	8,237	-	-
Miscellaneous	4,945	116,943	-
Insurance claims and expenses	21,751	10,217	-
Capital outlay	27,191	-	-
<b>Total Operating Expenses</b>	4,181,433	868,519	388,272
<b>Operating Income (Loss)</b>	1,598,276	(142,699)	(328,105)
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment income	12,958	6,493	24,505
Interest expense	(355,449)	-	(402,966)
<b>Total Nonoperating Revenues (Expenses)</b>	(342,491)	6,493	(378,461)
<b>Income (Loss) Before Transfers</b>	1,255,785	(136,206)	(706,566)
<b><u>Transfers</u></b>			
Transfers in	2,771,814	-	-
Transfers (out)	(1,137,208)	(30,000)	-
<b>Change in Net Position</b>	2,890,391	(166,206)	(706,566)
Beginning net position	8,335,861	1,684,566	(1,337,840)
<b>Ending Net Position</b>	\$ 11,226,252	\$ 1,518,360	\$ (2,044,406)

See Notes to Financial Statements.

<b>Total Enterprise Funds</b>	<b>Governmental Activities Internal Service</b>
\$ 5,737,350	\$ -
713,198	-
58,999	-
56,149	-
<u>6,565,696</u>	<u>-</u>
1,522,097	-
1,115,038	-
351,280	-
401,880	-
111,805	-
1,746,840	-
8,237	-
121,888	-
31,968	-
27,191	-
<u>5,438,224</u>	<u>-</u>
<u>1,127,472</u>	<u>-</u>
43,956	-
(758,415)	-
<u>(714,459)</u>	<u>-</u>
413,013	-
2,771,814	-
(1,167,208)	(100)
<u>2,017,619</u>	<u>(100)</u>
<u>8,682,587</u>	<u>100</u>
<u>\$ 10,700,206</u>	<u>\$ -</u>

**City of Dayton, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2022**

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Fiber</u>
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers	\$ 5,688,602	\$ 706,254	\$ 80,293
Payments to suppliers and contractors	(1,339,808)	(875,375)	(336,411)
Payments to employees for salaries and benefits	(1,272,541)	(66,299)	(251,488)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,076,253</b>	<b>(235,420)</b>	<b>(507,606)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfers in	2,771,814	-	-
Transfers (out)	(1,137,208)	(30,000)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>1,634,606</b>	<b>(30,000)</b>	<b>-</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Purchases of capital assets	(3,616,444)	-	(4,179,810)
Principal paid on capital debt	(1,232,705)	-	(442,059)
Interest paid on capital debt	(440,651)	-	(448,941)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(5,289,800)</b>	<b>-</b>	<b>(5,070,810)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Sale of investments	-	-	3,895,000
Purchase of investments	-	365,659	-
Interest on investments	12,958	6,493	24,505
<b>Net Cash Provided by Investing Activities</b>	<b>12,958</b>	<b>372,152</b>	<b>3,919,505</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(565,983)</b>	<b>106,732</b>	<b>(1,658,911)</b>
Beginning cash and cash equivalents	3,659,422	-	5,524,063
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 3,093,439</b>	<b>\$ 106,732</b>	<b>\$ 3,865,152</b>

See Notes to Financial Statements.



<b>Total Enterprise Funds</b>	<b>Governmental Activities Internal Service</b>
\$ 6,475,149	\$ -
(2,551,594)	-
(1,590,328)	-
<u>2,333,227</u>	<u>-</u>
2,771,814	-
(1,167,208)	(100)
<u>1,604,606</u>	<u>(100)</u>
(7,796,254)	-
(1,674,764)	-
(889,592)	-
<u>(10,360,610)</u>	<u>-</u>
3,895,000	-
365,659	-
43,956	-
<u>4,304,615</u>	<u>-</u>
(2,118,162)	(100)
<u>9,183,485</u>	<u>100</u>
<u><u>\$ 7,065,323</u></u>	<u><u>\$ -</u></u>

**City of Dayton, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2022**

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Fiber</u>
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash Provided (Used) by Operating Activities</u></b>			
Operating Income (Loss)	\$ 1,598,276	\$ (142,699)	\$ (328,105)
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	1,654,215	71,999	20,626
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	(90,301)	(19,566)	10,367
Inventory	9,972	-	-
Deferred Outflows of Resources:			
Pension outflows	6,274	(195)	(6,023)
OPEB outflows	1,130	-	24,359
Deferred Inflows of Resources:			
Pension inflows	54,320	2,476	-
OPEB inflows	(401)	-	-
<b>Increase (Decrease) in:</b>			
Accounts payable and accrued expenses	(19,259)	(5,386)	(214,420)
Customer deposits	(806)	-	9,759
Compensated absences	6,523	-	(3,260)
Due to other funds	-	(138,021)	-
Net pension liability	(136,377)	(4,028)	(20,909)
OPEB liability	7,880	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 3,076,253</b>	<b>\$ (235,420)</b>	<b>\$ (507,606)</b>

See Notes to Financial Statements.

<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service</u>
\$ 1,127,472	\$ -
1,746,840	-
(99,500)	-
9,972	-
56	-
25,489	-
56,796	-
(401)	-
(239,065)	-
8,953	-
3,263	-
(138,021)	-
(161,314)	-
7,880	-
<u>\$ 2,333,227</u>	<u>\$ -</u>

**City of Dayton, Texas**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2022**

	<u>PID No. 1</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 5,318,614
<b>Total Assets</b>	<u>\$ 5,318,614</u>
<b><u>Liabilities</u></b>	
Long-term debt, current	117,000
Long-term debt, noncurrent	7,923,000
<b>Total Liabilities</b>	<u>\$ 8,040,000</u>
<b><u>Net Position</u></b>	
Restricted	(2,721,386)
<b>Total Net Position</b>	<u>\$ (2,721,386)</u>

**City of Dayton, Texas**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2022**

	<b>PID No. 1</b>
<b><u>Additions</u></b>	
Dividend income	\$ 19,032
<b>Total Additions</b>	<b>\$ 19,032</b>
 <b><u>Deductions</u></b>	
Developer draws	1,961,746
Interest expense	132,781
Bond issuance costs	645,891
<b>Total Deductions</b>	<b>\$ 2,740,418</b>
<b>Change in Net Position</b>	<b>(2,721,386)</b>
Beginning net position	-
<b>Ending Net Position</b>	<b>\$ (2,721,386)</b>

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**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of 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 nonfiduciary activities of the primary government and its component units. *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 certain legally separate component units for which the primary government is financially accountable.

**B. 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

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

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 "DCDC" or "Corporation"), which was created by voters approving an additional sales tax. The mission of the Corporation is to promote economic development within the City and surrounding areas. The Board is composed of seven directors (voting members) and four advisory directors (nonvoting), each of whom is appointed by the City Council. The City Council may remove a Board member from office at any time without cause. Not more than three members of the Board may be a member of City Council or any other officer or employee of the City. The Corporation has been included in the reporting entity as a discretely presented component unit. The City has the ability to impose its will on the Corporation because it approves the Corporation's budget and the City is legally entitled to, and has, complete access to the Corporation's economic resources. As a discretely presented 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 the finance department, City of Dayton, 117 Cook Street, Dayton, Texas 77535.

**C. Basis of Presentation - Government-Wide and Fund Financial Statements**

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

As discussed earlier, the government has one discretely presented component unit and is shown in a separate column in the government-wide financial statements.

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



**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2022

charges between the government's water and wastewater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. 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 aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

**General Fund**

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.

**Debt Service Fund**

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

**Economic Development Admin Grant Fund**

This grant fund is used to account for and report the proceeds of federal and state grant sources that are legally restricted or committed to expenditures for purposes related to economic development.

The government reports the following proprietary funds:

**Enterprise Funds**

The enterprise funds are used to account for the operations that provide water and wastewater collection, wastewater treatment operations, fiber network, 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

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2022

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, refuse, and fiber funds are considered major funds for reporting purposes.

Additionally, the government reports the following fund types:

**Capital Projects Fund**

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.

**Special Revenue Funds**

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.

**Internal Service Funds**

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.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The PID No. 1 is a private purpose trust fund and the City's only fiduciary fund.

During the course of operations, the government 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 and internal service funds) 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

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

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.

**D. Measurement Focus and Basis of Accounting**

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

The government-wide 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 government 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 leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, 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

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2022

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 government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

**E. Assets, Liabilities, Deferred Outflows / Inflows, and Fund Equity or Net Position**

**1. Deposits and Investments**

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.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental 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

**2. Fair Value**

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2022

determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**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. Receivables and Interfund Transactions**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

**5. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories of supplies are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

**6. 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. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

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 their 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 expensed.

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 units, are depreciated using the straight-line method over the following estimated useful years.

<b>Asset Description</b>	<b>Estimated Useful Life</b>
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

**7. 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. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. 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.

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. The government 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 two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2022

**8. Net Position Flow Assumption**

Sometimes the government 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 government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**9. Fund Balance Flow Assumptions**

Sometimes the government 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 government’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.

**10. Fund Balance Policies**

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government 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 government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The 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

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
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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.

**11. Long-Term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable, issuance premiums, and lease obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

Assets acquired under the terms of 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, 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.

**12. Pensions**

For 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 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.



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*NOTES TO FINANCIAL STATEMENTS, Continued*  
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Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**13. Other Postemployment Benefits (“OPEB”)**

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn’t meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. 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 on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position.

**14. Leases**

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

# City of Dayton, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

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- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

### 15. 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 and 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.

## F. 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 by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

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**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislature creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for a State Property Tax Board which commenced operation in January 1980. The appraisal of property within the City is the responsibility of the Liberty County Tax Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of real property within the Appraisal District must be reviewed at least every four years. The City, at its own expense, may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements and revaluation, exceeds the rate of the previous year by more than 3.5 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent above the rate of the previous year.

**3. Compensated 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.

**4. 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.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

The principal operating revenues of the water and sewer fund, refuse fund, fiber funds are charges to customers for sales and services. The water and sewer 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 enterprise funds and internal service funds 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 non-operating revenues and expenses.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, capital projects, most special revenue funds and enterprise funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level for the general fund and the fund level for all other funds. No funds can be transferred or added to a budgeted without Council approval. Appropriations lapse at the end of the year. Several supplemental budget appropriations were made during the year.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**A. Expenditures Over Appropriations**

For the year ended September 30, 2022, expenditures exceeded appropriations at the legal level of control in the following departments within the general fund as follows:

General government		
Nondepartmental	\$	77,169
Community enhancement		71,977
Capital outlay		96,547
Debt service		
Principal		11,872
Interest and fiscal charges		2,339
	<u>\$</u>	<u>259,904</u>

**B. Deficit Fund Equity**

The Fiber fund had a deficit net position balance of \$2,044,406 as of yearend. This deficit will be corrected in future years through transfers from other funds and revenues generated from charges for services.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The primary government and its component unit may invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposits, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act of 1987.

As of September 30, 2022, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Federal agency bonds	\$ 708,482	3.00
Certificates of deposit	1,151,334	2.06
Total value	<u>\$ 1,859,816</u>	
Portfolio weighted average maturity		2.42

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**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

As of September 30, 2022, the Dayton Community Development Corporation had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 374,253	0.10
Total value	<u>\$ 374,253</u>	
Portfolio weighted average maturity		0.10

*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.

*Credit risk*: The City’s investment 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, 2022, 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, 2022, the market values of pledged securities and FDIC exceeded 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. As of September 30, 2022, the City’s investments in federal agency bonds were rated ‘AAAm’ by Standard & Poor’s.

**TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

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 rate 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. There were no limitations or restrictions on withdrawals.

**B. Receivables**

The following comprise receivable balances of the primary government at year end:

	<b>Primary Government</b>						<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor Govt.</b>	<b>Water and Sewer</b>	<b>Refuse</b>	<b>Fiber</b>	
Property taxes	\$ 534,737	\$ 286,241	\$ -	\$ -	\$ -	\$ -	\$ 820,978
Sales tax	394,462	-	-	-	-	-	394,462
Franchise tax	46,674	-	-	-	-	-	46,674
Accounts, net	-	-	-	715,680	91,159	-	806,839
Other	241,322	-	8,916	-	-	24,084	274,322
Allowance	-	-	-	(59,770)	(4,288)	-	(64,058)
<b>Total</b>	<b>\$ 1,217,195</b>	<b>\$ 286,241</b>	<b>\$ 8,916</b>	<b>\$ 655,910</b>	<b>\$ 86,871</b>	<b>\$ 24,084</b>	<b>\$ 2,279,217</b>

The following receivable balances of the component unit consisted entirely of sales tax at year end.

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**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**C. Capital Assets**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 1,384,811	\$ -	\$ -	\$ 1,384,811
Construction in progress	3,621,216	2,268,369	(2,819,386)	3,070,199
Total capital assets not being depreciated	<u>5,006,027</u>	<u>2,268,369</u>	<u>(2,819,386)</u>	<u>4,455,010</u>
Capital assets, being depreciated:				
Infrastructure	5,981,441	-	2,777,190	8,758,631
Buildings and improvements	23,449,356	-	-	23,449,356
Right to use assets	14,956	108,883	-	123,839
Machinery and equipment	9,389,232	215,720	-	9,604,952
Total capital assets being depreciated	<u>38,834,985</u>	<u>324,603</u>	<u>2,777,190</u>	<u>41,936,778</u>
Less accumulated depreciation				
Infrastructure	2,208,337	330,274	-	2,538,611
Buildings and improvements	4,982,909	507,130	-	5,490,039
Right to use assets	1,755	12,063	-	13,818
Machinery and equipment	6,353,332	668,368	-	7,021,700
Total accumulated depreciation	<u>13,546,333</u>	<u>1,517,835</u>	<u>-</u>	<u>15,064,168</u>
Net capital assets being depreciated	25,288,652	(1,193,232)	2,777,190	26,872,610
<b>Total Capital Assets</b>	<u>\$ 30,294,679</u>	<u>\$ 1,075,137</u>	<u>\$ (42,196)</u>	<u>\$ 31,327,620</u>

Depreciation was charged to governmental functions as follows:

General	\$ 149,995
Public safety	518,725
Public works	399,435
Culture and recreation	380,147
Community enhancement	69,533
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 1,517,835</u>



**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 107,408	\$ -	\$ -	\$ 107,408
Construction in progress	12,781,641	7,705,505	(9,857,472)	10,629,674
Total capital assets not being depreciated	<u>12,889,049</u>	<u>7,705,505</u>	<u>(9,857,472)</u>	<u>10,737,082</u>
Capital assets, being depreciated:				
Building and improvements	3,086,121	-	-	3,086,121
Right to use assets	509,291	-	-	509,291
Machinery and equipment	2,661,938	-	-	2,661,938
Infrastructure	30,932,347	90,749	9,857,472	40,880,568
Total capital assets being depreciated	<u>37,189,697</u>	<u>90,749</u>	<u>9,857,472</u>	<u>47,137,918</u>
Less accumulated depreciation				
Building and improvements	1,147,275	144,603	-	1,291,878
Right to use assets	-	18,140	-	18,140
Machinery and equipment	2,034,963	165,640	-	2,200,603
Infrastructure	20,575,170	1,418,457	-	21,993,627
Total accumulated depreciation	<u>23,757,408</u>	<u>1,746,840</u>	<u>-</u>	<u>25,504,248</u>
Net capital assets being depreciated	13,432,289	(1,656,091)	9,857,472	21,633,670
<b>Total Capital Assets</b>	<u>\$ 26,321,338</u>	<u>\$ 6,049,414</u>	<u>\$ -</u>	<u>\$ 32,370,752</u>

Depreciation was charged to business-type activities as follows:

Water and sewer	\$ 1,654,215
Refuse	71,999
Fiber	20,626
<b>Total Business-type Activities Depreciation Expense</b>	<u>\$ 1,746,840</u>

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 905,986	\$ -	\$ -	\$ 905,986
Total capital assets not being depreciated	<u>905,986</u>	<u>-</u>	<u>-</u>	<u>905,986</u>
<b>Total Capital Assets</b>	<u>\$ 905,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 905,986</u>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**D. Long-term Debt**

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2022. In general, the City uses the general and debt service fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 6,880,000	\$ -	\$ (920,000)	\$ 5,960,000	\$ 940,000
Tax Notes	120,000	-	(120,000)	-	-
Certificates of Obligation	16,495,000	-	(755,000)	15,740,000	775,000
Less deferred amounts:					
For premiums	796,680	-	(45,253)	751,427	-
<b>Total Bonds Payable</b>	<u>24,291,680</u>	<u>-</u>	<u>(1,840,253)</u>	<u>22,451,427</u>	<u>1,715,000</u>
Lease liabilities	14,956	108,883	(11,872)	111,967	23,533
<b>Total</b>	<u>\$ 24,306,636</u>	<u>\$ 108,883</u>	<u>\$ (1,852,125)</u>	<u>\$ 22,563,394</u>	<u>\$ 1,738,533</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 20,824,861</u>	
<b>Business-Type Activities:</b>					
Bonds, notes and other payables:					
Certificates of Obligation	\$ 24,185,000	\$ -	\$ (885,000)	\$ 23,300,000	\$ 945,000
General Obligation Bonds	4,605,000	-	(600,000)	4,005,000	615,000
Lease liabilities	509,291	-	(189,764)	319,527	197,673
Less deferred amounts:					
For premiums	1,932,900	-	(131,177)	1,801,723	-
<b>Total</b>	<u>\$ 31,232,191</u>	<u>\$ -</u>	<u>\$ (1,805,941)</u>	<u>\$ 29,426,250</u>	<u>\$ 1,757,673</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 27,668,577</u>	

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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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 City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities. Leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset.

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

	<b>Governmental Activities</b>
<b>Certificates of Obligation:</b>	
2015 Certificates of Obligation, original principal due of \$6,990,000 with an interest rate ranging from 2.00-4.00%	5,645,000
2018 Certificates of Obligation, original principal due of \$6,595,000 with an interest rate ranging from 2.00-4.00%	5,170,000
2019 Certificates of Obligation, original principal due of \$2,500,000 with an interest rate ranging from 2.00-5.00%	2,090,000
2020B Certificates of Obligation, original principal due of \$3,015,000 with an interest rate ranging from 2.00-5.00%	2,835,000
<b>Total Certificates of Obligation</b>	<b>\$ 15,740,000</b>
<b>General Obligations:</b>	
2017 general obligation refunding bonds, original principal due of \$8,045,000 with an interest rate of 2.23%	\$ 5,960,000
<b>Total General Obligation bonds</b>	<b>\$ 5,960,000</b>
Less deferred amounts:	
Premiums	\$ 751,427
<b>Leases Liabilities:</b>	
Konica Plotter - 2020 lease for \$34,567, int. at 4%, monthly pmt of \$638	10,899
Platinum Printer - 2022 lease for \$108,883, int at 4%, monthly pmt. \$1,923	101,068
<b>Total Lease Liabilities</b>	<b>\$ 111,967</b>
<b>Total Long-term Debt</b>	<b>\$ 22,563,394</b>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

	<u>Business - Type Activities</u>
<b>Certificates of Obligation:</b>	
2020A Certificates of Obligation, original principal due of \$13,450,000 with an interest rate rate ranging from 2.00-4.00%	\$ 13,195,000
2020B Certificates of Obligation, original principal due of \$1,855,000 with an interest rate rate ranging from 2.00-5.00%	1,740,000
2021 Certificates of Obligation, original principal due of \$1,855,000 with an interest rate rate ranging from 1.25-4.00%	<u>8,365,000</u>
<b>Total Certificates of Obligation</b>	<u>\$ 23,300,000</u>
 <b>General Obligations:</b>	
2016 general obligaiton refunding bonds, original principal due of \$6,880,000 with an interest rate rate ranging from 2.00-4.00%	
<b>Total General Obligation bonds</b>	<u>\$ 4,005,000</u>
 Less deferred amounts:	
Premiums	\$ 1,801,723
 Lease Liabilities:	
Building - 2021 lease for \$575,023, int. at 4%, monthly pmt of \$17,000	312,249
Konica Plotter - 2020 lease for \$34,567, int. at 4%, monthly pmt of \$638	<u>7,278</u>
<b>Total Lease Liabilities</b>	<u>\$ 319,527</u>
<b>Total Long-term Debt</b>	<u><u>\$ 29,426,250</u></u>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

The annual requirements to amortize the City's long-term activities debt issues outstanding at year ending were as follows:

Certificates of Obligation

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 775,000	\$ 517,550	\$ 945,000	\$ 694,369
2024	805,000	491,400	1,395,000	654,369
2025	835,000	462,025	1,360,000	599,569
2026	865,000	429,603	1,210,000	555,094
2027	900,000	396,631	1,250,000	512,794
2028	935,000	363,147	1,300,000	461,019
2029	1,060,000	329,063	1,360,000	406,994
2030	1,085,000	296,103	1,410,000	355,144
2031	1,125,000	260,019	1,175,000	316,756
2032	1,165,000	218,794	1,205,000	287,716
2033	1,215,000	179,756	1,230,000	257,625
2034	1,245,000	142,588	1,260,000	226,475
2035	1,290,000	103,141	1,295,000	194,125
2036	605,000	72,975	1,210,000	162,288
2037	620,000	52,513	1,245,000	130,650
2038	640,000	31,256	1,275,000	97,813
2039	355,000	14,631	1,305,000	64,119
2040	220,000	4,400	1,345,000	28,775
2041	-	-	525,000	5,250
<b>Total</b>	<b>\$ 15,740,000</b>	<b>\$ 4,365,594</b>	<b>\$ 23,300,000</b>	<b>\$ 6,010,941</b>

General Obligation Bonds

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 940,000	\$ 122,427	\$ 615,000	\$ 131,975
2024	960,000	101,242	635,000	113,225
2025	980,000	79,611	650,000	93,950
2026	3,080,000	104,030	2,105,000	128,500
<b>Total</b>	<b>\$ 5,960,000</b>	<b>\$ 407,310</b>	<b>\$ 4,005,000</b>	<b>\$ 467,650</b>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

Lease Liabilities

		<b>Governmental Activities</b>	
		<b>Principal</b>	<b>Interest</b>
	2023	\$ 23,533	\$ 4,142
	2024	24,514	3,161
	2025	23,219	2,159
	2026	21,822	1,259
	2027	18,879	356
	<b>Total</b>	<b>\$ 111,967</b>	<b>\$ 11,077</b>

The City entered into two separate five-year lease agreements as lessee for the acquisition and use of office equipment. The total initial lease liability was \$123,839. As of September 30, 2022, the value of the lease liability was \$111,967. The City is required to make monthly principal and interest payments of \$638 and \$1,923. The leases have an interest rate of 4%. The equipment has a five-year estimated useful life. The carrying amount of the right-to-use assets as of the end of the current fiscal year was \$110,021.

Lease Liabilities

		<b>Business-Type Activities</b>	
		<b>Principal</b>	<b>Interest</b>
	2023	\$ 197,673	\$ 9,390
	2024	120,329	1,733
	2025	1,525	18
	<b>Total</b>	<b>\$ 319,527</b>	<b>\$ 11,141</b>

The City entered into two separate lease agreements (one with a five-year term; one with a three-year term) as lessee for the acquisition and use of a building and office equipment. The total initial lease liability was \$513,152. As of September 30, 2022, the value of the lease liability was \$319,527. The City is required to make monthly principal and interest payments of \$638 and \$17,000. The leases have an interest rate of 4%. The equipment has a five-year estimated useful life. The building has a fifty-year estimated useful life. The carrying amount of the right-to-use assets as of the end of the current fiscal year was \$491,151.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**E. Other Long-term Liabilities**

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general and water and sewer funds to liquidate compensated absences.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities:</b>					
Compensated absences	132,569	185,473	(167,507)	150,535	135,482
<b>Total Governmental Activities</b>	<u>\$ 132,569</u>	<u>\$ 185,473</u>	<u>\$ (167,507)</u>	<u>\$ 150,535</u>	<u>\$ 135,482</u>
<b>Other long-term liabilities due in more than one year</b>				<u>\$ 15,053</u>	
<b>Business Type Activities:</b>					
Compensated absences	17,613	27,879	(24,616)	20,876	18,788
<b>Total Business Type Activities</b>	<u>\$ 17,613</u>	<u>\$ 27,879</u>	<u>\$ (24,616)</u>	<u>\$ 20,876</u>	<u>\$ 18,788</u>
<b>Other long-term liabilities due in more than one year</b>				<u>\$ 2,088</u>	
<b>Component Unit Activities:</b>					
Compensated absences	2,296	-	(2,296)	-	-
<b>Total Component Unit Activities</b>	<u>\$ 2,296</u>	<u>\$ -</u>	<u>\$ (2,296)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other long-term liabilities due in more than one year</b>				<u>\$ -</u>	

**F. Deferred Charges on Refunding**

Deferred charges resulting from the issuance of series 2017 general obligation refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding bonds. Current year balances for governmental activities totaled \$112,247. Current year amortization expense for governmental totaled \$18,708.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**G. Interfund Transactions**

Transfers between the primary government funds during the 2022 year were as follows:

<b>Transfer out:</b>	<b>Transfer In:</b>			<b>Total</b>
	<b>General</b>	<b>Nonmajor</b>		
	<b>Governmental</b>	<b>Water &amp; Sewer</b>		
Debt service	\$ -	\$ -	\$ 999,489	999,489
Econ. Dev. Admin Grants	-	-	1,644,827	1,644,827
Nonmajor govt.	1,916,118	1,123,623	127,398	3,167,139
Water & Sewer	1,050,000	87,208	-	1,137,208
Refuse	30,000	-	-	30,000
Internal service	-	-	100	100
<b>Total</b>	<b>\$ 2,996,118</b>	<b>\$ 1,210,831</b>	<b>\$ 2,771,814</b>	<b>\$ 6,978,763</b>

Transfers between funds were primarily to support construction projects, debt payments and operation of funds.

The compositions of interfund balances as of the year ended September 30, 2022 were as follows:

<b>Due from (receivable fund):</b>	<b>Due to (payable fund):</b>		<b>Total</b>
	<b>Governmental</b>	<b>DCDC</b>	
General	\$ -	\$ 3,307	\$ 3,307
Water and Sewer	164,252	-	164,252
<b>Total</b>	<b>\$ 164,252</b>	<b>\$ 3,307</b>	<b>\$ 167,559</b>

Interfund receivables and payables are used to cover operational, debt, and capital expenditures. All balances are expected to be resolved in the subsequent year.

**V. 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 over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. 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 which exceeded coverage amounts for the past three years.



**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2022

**B. Commitments and 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 which 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.

**Developer Agreements**

**Master Development and Reimbursement Agreement – CMC Railroad, LLC**

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 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. No TIRZ collections or developer payments were made during the year.

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2022

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. No TIRZ collections or developer payments were made during the year.

**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, 2022, the Corporation made the final payment of \$43,200 related to this agreement.

**C. Defined Benefit Pension Plans**

**Texas Municipal Retirement System**

**1. Plan Description**

The City of Dayton, Texas participates as one of 920 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice

# City of Dayton, Texas

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tmr.com](http://www.tmr.com). All eligible employees of the city are required to participate in TMRS.

### **2. 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 payments 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% of the member's deposits and interest.

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

	<u>Plan Year 2021</u>	<u>Plan Year 2020</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI
Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
 September 30, 2022

**Employees covered by benefit terms**

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	125
Active employees	<u>101</u>
<b>Total</b>	<b><u>279</u></b>

**3. Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, 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 of Dayton, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Dayton, Texas were 6.58% and 6.28% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$340,248, and were equal to the required contributions.

**4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions**

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75%
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

# City of Dayton, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

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 actives, 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 is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 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 Rates (APRs) 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, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public/Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

**Discount Rate:**

The discount rate used to measure the Total Pension Liability was 6.75%. 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 Total Pension Liability.

**Changes in the Net Pension (Asset) Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
<b>Balance at 12/31/20</b>	\$ 10,081,090	\$ 9,722,477	\$ 358,613
Changes for the year:			
Service cost	645,810	-	645,810
Interest	683,244	-	683,244
Change in benefit terms	-	-	-
Difference between expected and actual experience	(130,230)	-	(130,230)
Changes of assumptions	-	-	-
Contributions – employer	-	341,606	(341,606)
Contributions – employee	-	363,398	(363,398)
Net investment income	-	1,265,997	(1,265,997)
Benefit payments, including refunds of emp. contributions	(563,737)	(563,737)	-
Administrative expense	-	(5,865)	5,865
Other changes	-	40	(40)
Net changes	635,087	1,401,439	(766,352)
<b>Balance at 12/31/21</b>	<b>\$ 10,716,177</b>	<b>\$ 11,123,916</b>	<b>\$ (407,739)</b>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension (asset) liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 1,128,978	\$ (407,739)	\$ (1,662,877)

**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).

**5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2022, the City recognized pension income of \$50,710.

At September 30, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between projected and investment earnings	\$ -	\$ (644,590)
Changes in actuarial assumptions	3,223	-
Difference between expected and actual economic experience	-	(138,477)
Contributions subsequent to the measurement date	248,466	-
<b>Total</b>	<b>\$ 251,689</b>	<b>\$ (783,067)</b>

The City reported \$248,466 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2023.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

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

<b>Year ended December 31:</b>	
2022	\$ (203,308)
2023	(315,871)
2024	(138,716)
2025	(121,949)
2026	-
Thereafter	-
	\$ (779,844)

**Texas Emergency Services Retirement System**

**1. Plan Description**

The Fire Fighter’s Pension Commissioner is the administrator of the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2021, there were 239 member fire or emergency services departments actively participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

At August 31, 2021, TESRS membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,843
Terminated Participants Entitled to Benefits but Not Yet Receiving Them	1,706
Active Participants (Vested and Nonvested)	<u>3,571</u>
Total	<u>9,120</u>

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees 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% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.



**City of Dayton, Texas**  
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Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent 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% compounded annually.

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 and continuing monthly payments to a member's surviving spouse and dependent children.

**2. Funding Policy**

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, 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 System contribution that directly impacts future retiree annuities. According to the state law governing the System, the state is required to contribute an amount necessary to make the System "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 in 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 percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2020 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 the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which 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 the System. There is no actuarial impact associated with this arrangement as the

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

**3. 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. For the fiscal year ending August 31, 2021, total contributions (dues and prior service) of \$3,813,748 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,329,224 for the fiscal year ending August 31, 2021.

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that are promised. The most recently completed biennial actuarial valuation as of August 31, 2020 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$675,000 each year to pay for part of the System’s administrative expenses.

To the best of our knowledge, the actuarial information supplied in this section is complete, accurate and in compliance with GASB Statement No. 25. In our opinion, the assumptions used are reasonably related to the experience of the System and to reasonable expectations. The assumptions represent a reasonable estimate of anticipated experience of the System over the long-term future, and their selection complies with the appropriate actuarial standards of practice.

Valuation Date	<u>August 31, 2016</u>	<u>August 31, 2018</u>	<u>August 31, 2020</u>
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level dollar, open	Level dollar, open	Level dollar, open
Amortization	30 years	30 years	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value

# City of Dayton, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Actuarial Assumptions:

Investment Rate of Return *	7.75% per year, net of investment expenses	7.75% per year, net of investment expenses	7.50% per year, net of investment expenses
Projected Salary Increases *	N/A	N/A	N/A
* Includes Inflation at	3.50%	3.00%	3.00%
Cost-of-Living Adjustments	None	None	None

The target allocation for each major asset class is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities:		
Large cap domestic	20%	5.83%
Small cap domestic	10%	5.94%
Developed international	15%	6.15%
Emerging markets	5%	7.25%
Master limited partnership	5%	6.41%
Real Estate	10%	4.48%
Multi asset income	5%	3.84%
Fixed income	30%	1.99%
Cash	0%	0%
<b>Total</b>	<b>100.0%</b>	<b>4.60%</b>

**Discount Rate:**

The discount rate used to measure the Total Pension Liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2020 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**4. Changes in the Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 8/31/20</b>	\$ 404,203	\$ 336,466	\$ 67,737
Changes for the year:			
Service Cost	6,103	-	6,103
Interest (on the Total Pension Liab.)	43,611	-	43,611
Change in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – members	-	14,656	(14,656)
Contributions – state	-	5,213	(5,213)
Net investment income	-	87,448	(87,448)
Benefit payments, including refunds of emp. contributions	(29,153)	(29,153)	-
Administrative expense	-	(1,053)	1,053
Proportion changes	185,754	154,925	30,829
Net changes	206,315	232,036	(25,721)
<b>Balance at 8/31/21</b>	<b>\$ 610,518</b>	<b>\$ 568,502</b>	<b>\$ 42,016</b>

**Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

1% Decrease 6.5%	Current Single Rate Assumption 7.5%	1% Increase 8.5%
\$ 137,323	\$ 42,016	\$ (21,608)

**Pension Plan Fiduciary Net Position:**

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TESRS financial report. That report may be obtained on the internet at [www.tesrs.com](http://www.tesrs.com).

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended September 30, 2022, the City recognized pension expense of \$49.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Difference between expected and actual economic experience	\$ -	\$ (39,345)
Difference between projected and investment earnings	-	(57)
Change in actuarial assumptions	-	(1,662)
Changes in pension proportion	31,159	-
Contributions subsequent to the measurement date	20,236	-
<b>Total</b>	<u>\$ 51,395</u>	<u>\$ (41,064)</u>

The City reported \$20,236 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2023. Other amounts reported as deferred outflows related to the TESRS pension will be recognized in pension expense as follows:

<b>Year ended August 31:</b>	
2022	\$ (9,285)
2023	(5,022)
2024	(11,083)
2025	(8,421)
2026	1,813
Thereafter	22,093
	<u>\$ (9,905)</u>

**D. Other Postemployment Benefits**

**Supplemental Death Benefits Fund**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as

# City of Dayton, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

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 City 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 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); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

The City offers supplemental death to:	Plan Year 2021	Plan Year 2020
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

### Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	25
Active employees	101
<b>Total</b>	<b>161</b>

The City’s contributions to the TMRS SDBF for the years ended 2022 and 2021 were \$5,491, and \$4,785, respectively, which equaled the required contributions each year.

### Schedule of Contribution Rates (*RETIREE-only portion of the rate*)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2020	0.04%	0.04%	100.0%
2021	0.11%	0.11%	100.0%
2022	0.10%	0.10%	100.0%

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2022

**Total OPEB Liability**

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2021, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	1.84%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

**Discount Rate:**

The discount rate used to measure the Total OPEB Liability was 1.84%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

1% Decrease (0.84%)	Current Single Rate Assumption 1.84%	1% Increase (2.84%)
\$ 426,034	\$ 340,038	\$ 276,306

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/20</b>	\$ 312,279
Changes for the year:	
Service Cost	17,132
Interest	6,360
Difference between expected and actual experience	(1,566)
Changes of assumptions	11,544
Benefit payments	(5,711)
Net changes	27,759
<b>Balance at 12/31/21</b>	<b>\$ 340,038</b>

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$47,203.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Changes in actuarial assumptions	\$ 56,138	\$ -
Difference between expected and actual experience	-	(8,931)
Contributions subsequent to measurement date	3,957	-
<b>Total</b>	<b>\$ 60,095</b>	<b>\$ (8,931)</b>

The City reported \$3,957 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2023.



**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

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

<b>Year ended December 31:</b>	
2022	\$ 14,490
2023	12,737
2024	14,596
2025	5,107
2026	277
Thereafter	-
	\$ 47,207

**E. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan (the “Plan”) created in accordance with the Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Plan’s trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payments to employees deferring the 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. Employee contributions totaled \$47,690 during the year.

**F. Tax Abatements**

In accordance with Chapter 312 of the Texas Property Tax Code (the “Tax Code”), the City entered into a tax abatement agreements with two companies. The agreements expire in 2026 and 2030, respectively. During the year Sumiden Wire Products had 60% of their property tax abated, totaling \$42,115. Rail Logix had 54% of their property tax abated, totaling \$29,989.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**G. Restatement**

Due to the implementation of GASB Statement No. 87, *Leases*, the City restated beginning net position for governmental activities. The restatement of beginning net position is as follows:

	<b>Governmental Activities</b>
Prior year ending net position, as reported	\$ 12,421,720
Adoption of GASB 87 - lessee	(1,755)
Adoption of GASB 87 - increase to lease liab.	(14,956)
Adoption of GASB 87 - increase to right-to-use assets	14,956
Restated beginning net position	\$ 12,419,965

	<b>Business-Type Activities</b>	<b>Water and Sewer</b>	<b>Fiber</b>
Prior year ending net position/fund balance, as reported	\$ 8,682,587	\$ 8,335,861	\$ (1,337,840)
Adoption of GASB 87 - increase to lease liab.	(509,291)	(9,983)	(499,308)
Adoption of GASB 87 - increase to right-to-use assets	509,291	9,983	499,308
Restated beginning net position	\$ 8,682,587	\$ 8,335,861	\$ (1,337,840)

**H. Subsequent Events**

There were no material subsequent events through March 24, 2023, the date the financial statements were issued.

**I. New Accounting Pronouncements**

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 87, entitled *Leases*. Due to the implementation of GASB 87 in the current year, the City recorded right to use assets and lease liabilities.

***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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Property tax	\$ 3,959,538	\$ 3,959,538	\$ 4,042,664	\$ 83,126
Sales tax	1,926,000	1,926,000	2,152,426	226,426
Franchise and local taxes	493,460	493,460	651,550	158,090
Payments in lieu of taxes	277,750	277,750	312,165	34,415
License and permits	305,723	305,723	292,046	(13,677)
Charges for services	117,522	117,522	92,779	(24,743)
Fines and forfeitures	523,111	523,111	314,308	(208,803)
Intergovernmental	-	-	197,421	197,421
Investment income	12,000	12,000	12,477	477
Other revenues	9,000	9,000	490,654	481,654
<b>Total Revenues</b>	7,624,104	7,624,104	8,558,490	934,386
<b><u>Expenditures</u></b>				
Current:				
General government				
Administration	1,324,519	1,479,518	1,473,562	5,956
Technology	535,952	565,953	552,740	13,213
Office of City Mgr. & Sec.	421,820	497,820	488,326	9,494
Planning & Code Enforcement	764,913	764,913	758,641	6,272
Animal Control	128,347	128,347	116,749	11,598
Parks-Aquatics	105,032	105,032	6,909	98,123
Nondepartmental	48,500	78,500	155,669	(77,169) *
<b>Total General Government</b>	3,329,083	3,620,083	3,552,596	67,487
Public safety				
Municipal Court	355,780	365,780	355,422	10,358
Volunteer Fire	93,900	183,900	89,910	93,990
Planning & Code Enforcement	11,000	11,000	-	11,000
Police & Dispatch	2,482,161	2,582,161	2,542,988	39,173
EMS Services	50,000	80,000	75,000	5,000
<b>Total Public Safety</b>	2,992,841	3,222,841	3,063,320	159,521

# 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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures (continued)</b>				
Public works				
Fleet Maintenance	323,643	438,643	412,944	25,699
Streets & Drainage	767,507	767,507	575,798	191,709
<b>Total Public Works</b>	1,091,150	1,206,150	988,742	217,408
Culture and recreation				
Library	267,412	267,412	222,225	45,187
Parks-Maintenance	15,000	15,000	1,573	13,427
<b>Total Culture and Recreation</b>	282,412	282,412	223,798	58,614
Community enhancement	519,988	631,988	703,965	(71,977) *
Community center	325,207	325,207	244,384	80,823
Capital outlay	172,000	172,000	268,547	(96,547) *
Debt service				
Principal	-	-	11,872	(11,872) *
Interest and fiscal charges	-	-	2,339	(2,339) *
<b>Total Expenditures</b>	8,712,681	9,460,680	9,059,563	401,117
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	(1,088,577)	(1,836,576)	(501,073)	1,335,503
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 1,296,906	\$ 1,296,906	\$ 2,996,118	\$ 1,699,212
Proceeds from sale of assets	5,000	5,000	40,432	35,432
Lease proceeds	-	-	108,883	108,883
<b>Total Other Financing Sources (Uses)</b>	1,301,906	1,301,906	3,145,433	1,843,527
<b>Net Change in Fund Balance</b>	\$ 213,329	\$ (534,670)	2,644,360	\$ 3,179,030
Beginning fund balance			2,087,759	
<b>Ending Fund Balance</b>			\$ 4,732,119	

Notes to Required Supplementary Information

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

\* 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

Years Ended:

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Total pension liability			
Service cost	\$ 645,810	\$ 691,091	\$ 654,534
Interest	683,244	636,851	593,767
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(130,230)	(66,921)	(153,335)
Changes of assumptions	-	-	21,131
Benefit payments, including refunds of participant contributions	(563,737)	(538,444)	(453,744)
<b>Net change in total pension liability</b>	<u>635,087</u>	<u>722,577</u>	<u>662,353</u>
<b>Total pension liability - beginning</b>	<u>10,081,090</u>	<u>9,358,513</u>	<u>8,696,160</u>
<b>Total pension liability - ending (a)</b>	<u>10,716,177</u>	<u>10,081,090</u>	<u>9,358,513</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 341,606	\$ 382,803	\$ 374,020
Contributions - members	363,398	383,331	359,634
Net investment income	1,265,997	669,208	1,143,957
Benefit payments, including refunds of participant contributions	(563,737)	(538,444)	(453,744)
Administrative expenses	(5,865)	(4,337)	(6,476)
Other	40	(170)	(194)
<b>Net change in plan fiduciary net position</b>	<u>1,401,439</u>	<u>892,391</u>	<u>1,417,197</u>
<b>Plan fiduciary net position - beginning</b>	<u>9,722,477</u>	<u>8,830,086</u>	<u>7,412,889</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 11,123,916</u>	<u>\$ 9,722,477</u>	<u>\$ 8,830,086</u>
<b>Fund's net pension liability - ending (a) - (b)</b>	<u>\$ (407,739)</u>	<u>\$ 358,613</u>	<u>\$ 528,427</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	 103.80%	 96.44%	 94.35%
<b>Covered payroll</b>	\$ 5,191,397	\$ 5,476,155	\$ 5,137,633
<b>Fund's net pension liability as a percentage of covered payroll</b>	-7.85%	6.55%	10.29%

**Notes to schedule:**

1) This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<sup>1</sup>
\$ 570,125	\$ 540,698	\$ 490,826	\$ 415,360	\$ 324,986	
562,917	517,680	474,157	430,539	396,895	
-	-	-	-	-	
(273,080)	81,411	54,782	37,731	(19,939)	
-	-	-	216,362	-	
(436,505)	(532,131)	(267,708)	(259,770)	(273,230)	
<u>423,457</u>	<u>607,658</u>	<u>752,057</u>	<u>840,222</u>	<u>428,712</u>	
<u>8,272,703</u>	<u>7,665,045</u>	<u>6,912,988</u>	<u>6,072,766</u>	<u>5,644,054</u>	
<u>8,696,160</u>	<u>8,272,703</u>	<u>7,665,045</u>	<u>6,912,988</u>	<u>6,072,766</u>	
\$ 337,358	\$ 313,664	\$ 239,287	\$ 214,234	\$ 177,101	
316,736	296,309	268,002	241,488	215,977	
(221,728)	892,777	393,037	8,300	298,309	
(436,505)	(532,131)	(267,708)	(259,770)	(273,230)	
(4,297)	(4,637)	(4,449)	(5,059)	(3,114)	
(222)	(235)	(240)	(250)	(256)	
<u>(8,658)</u>	<u>965,747</u>	<u>627,929</u>	<u>198,943</u>	<u>414,787</u>	
<u>7,421,547</u>	<u>6,455,800</u>	<u>5,827,871</u>	<u>5,628,928</u>	<u>5,214,141</u>	
<u>\$ 7,412,889</u>	<u>\$ 7,421,547</u>	<u>\$ 6,455,800</u>	<u>\$ 5,827,871</u>	<u>\$ 5,628,928</u>	
<u>\$ 1,283,271</u>	<u>\$ 851,156</u>	<u>\$ 1,209,245</u>	<u>\$ 1,085,117</u>	<u>\$ 443,838</u>	
85.24%	89.71%	84.22%	84.30%	92.69%	
\$ 4,524,803	\$ 4,230,816	\$ 3,828,596	\$ 3,449,831	\$ 3,085,380	
28.36%	20.12%	31.58%	31.45%	14.39%	

# City of Dayton, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

Years Ended:

	<u>8/31/2021</u>	<u>8/31/2020</u>	<u>8/31/2019</u>	<u>8/31/2018</u>
Total pension liability				
Service cost	\$ 6,103	\$ 5,013	\$ 4,975	\$ 4,373
Interest	43,611	29,553	28,137	27,181
Changes in benefit terms	-	8,031	-	7,754
Differences between expected and actual experience	-	(5,280)	-	(248)
Changes of assumptions	-	(182)	-	-
Benefit payments, including refunds of participant contributions	(29,153)	(18,490)	(17,149)	(16,026)
<b>Net change in total pension liability</b>	<u>20,561</u>	<u>18,645</u>	<u>15,962</u>	<u>23,034</u>
<b>Total pension liability - beginning</b>	<u>\$ 589,956</u>	<u>\$ 385,558</u>	<u>366,653</u>	<u>354,363</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 610,517</u> <sup>3</sup>	<u>\$ 404,203</u>	<u>\$ 382,616</u>	<u>\$ 377,397</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 14,956	\$ 10,090	\$ 9,280	\$ 11,249
Contributions - state	5,212	3,571	3,544	3,648
Net investment income	87,448	32,757	3,041	31,050
Benefit payments, including refunds of participant contributions	(29,153)	(18,490)	(17,149)	(16,026)
Administrative expenses	(1,053)	(861)	(605)	(434)
<b>Net change in plan fiduciary net position</b>	<u>77,410</u>	<u>27,067</u>	<u>(1,889)</u>	<u>29,486</u>
<b>Plan fiduciary net position - beginning</b>	<u>491,091</u>	<u>309,399</u>	<u>308,927</u>	<u>288,493</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 568,501</u>	<u>\$ 336,467</u>	<u>\$ 307,038</u>	<u>\$ 317,979</u>
<b>Fund's net pension liability - ending (a) - (b)</b>	<u>\$ 42,016</u>	<u>\$ 67,737</u>	<u>\$ 75,578</u>	<u>\$ 59,418</u>
Plan fiduciary net position as a percentage of the total pension liability	93.12%	83.24%	80.25%	84.26%
Number of active members	3,702	3,702	3,702	3,927
Net pension liability per active member	\$ 11	\$ 18	\$ 20	\$ 15
City's proportion of the net pension liability	0.3922%	0.2687%	0.2666%	0.2744%

**Notes to schedule:**

- 1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.
- 2) There is no compensation for active members, so number of active members is used instead.
- 3) The System's net pension liability was measured as of August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020.



<u>8/31/2017</u>	<u>8/31/2016</u>	<u>8/31/2015</u> <sup>1</sup>
\$ 4,732	\$ 4,979	\$ 5,268
28,119	26,162	26,340
-	2,122	-
-	190	-
-	2,616	-
<u>(14,945)</u>	<u>(13,818)</u>	<u>(13,989)</u>
<u>17,906</u>	<u>22,250</u>	<u>17,619</u>
<u>365,560</u>	<u>339,500</u>	<u>341,599</u>
<u>\$ 383,466</u>	<u>\$ 361,750</u>	<u>\$ 359,219</u>
\$ 14,885	\$ 10,179	\$ 10,932
4,704	4,655	5,091
29,034	14,567	(10,239)
(14,945)	(13,818)	(13,989)
(547)	(490)	(671)
<u>33,130</u>	<u>15,093</u>	<u>(8,877)</u>
<u>279,055</u>	<u>261,054</u>	<u>285,094</u>
<u>\$ 312,185</u>	<u>\$ 276,147</u>	<u>\$ 276,217</u>
<u>\$ 71,280</u>	<u>\$ 85,603</u>	<u>\$ 83,002</u>
81.41%	76.34%	76.89%
4,046	3,634	4,036 <sup>2</sup>
\$ 18	\$ 100	\$ 89
0.2970%	0.2939%	0.3110%

# City of Dayton, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS MUNICIPAL RETIREMENT SYSTEM

**Years Ended:**

	9/30/2022	9/30/2021	9/30/2020
Actuarially determined employer contributions	\$ 340,248	\$ 355,127	\$ 368,161
Contributions in relation to the actuarially determined contribution	\$ 340,248	\$ 355,127	\$ 368,161
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Annual covered payroll	\$ 5,351,329	\$ 5,303,686	\$ 5,215,600
Employer contributions as a percentage of covered payroll	6.36%	6.70%	7.06%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

**Valuation Date:**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% 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 2014 - 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.

**Other Information:**

Notes There were no benefit changes during the year.

<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u> <sup>1</sup>
\$ 364,812	\$ 331,541	\$ 296,886	\$ 244,564	\$ 201,762	\$ 170,209
\$ 364,812	\$ 331,541	\$ 296,886	\$ 244,564	\$ 201,762	\$ 170,209
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 4,981,259</u>	<u>\$ 4,421,733</u>	<u>\$ 4,150,979</u>	<u>\$ 3,919,546</u>	<u>\$ 3,316,114</u>	<u>\$ 3,032,125</u>
7.32%	7.50%	7.15%	6.24%	6.08%	5.61%

# City of Dayton, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

Years Ended:

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Actuarially determined employer contributions	\$ 20,236	\$ 18,828	\$ 12,928
Contributions in relation to the actuarially determined contribution	\$ 20,236	\$ 18,828	\$ 12,928
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Active members	<u>29</u>	<u>29</u>	<u>29</u>
Contributions per active member	698	649	446

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

#### Valuation Date:

Notes Contribution rates are determined by board rule and become effective August 31.

#### Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	19 years
Asset Valuation Method	5 Year smoothed market; 20% soft corridor
Inflation	3.00%
Salary Increases	n/a
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits.

Mortality Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-

#### Other Information:

Notes There were no benefit changes during the year.

<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u> <sup>1</sup>
\$ 11,948	\$ 13,738	\$ 14,364	\$ 17,342	\$ 14,852	\$ 14,852
\$ 11,948	\$ 13,738	\$ 14,364	\$ 17,342	\$ 14,852	\$ 14,852
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>29</u>	<u>28</u>	<u>30</u>	<u>30</u>	<u>34</u>	<u>34</u>
412	491	479	578	437	437

# City of Dayton, Texas

## SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended:

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
Total OPEB liability				
Service cost	\$ 17,132	\$ 15,881	\$ 13,872	\$ 11,764
Interest	6,360	7,081	7,174	6,841
Differences between expected and actual experience	(1,566)	(4,757)	1,432	(16,702)
Changes of assumptions	11,544	45,608	43,021	(14,056)
Benefit payments, including refunds of participant contributions	(5,711)	(2,190)	(2,569)	(1,810)
<b>Net change in total OPEB liability</b>	<u>27,759</u>	<u>61,623</u>	<u>62,930</u>	<u>(13,963)</u>
<b>Total OPEB liability - beginning</b>	<u>\$ 312,279</u>	<u>\$ 250,656</u>	<u>\$ 187,726</u>	<u>\$ 201,689</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 340,038</u></u>	<u><u>\$ 312,279</u></u>	<u><u>\$ 250,656</u></u>	<u><u>\$ 187,726</u></u>
<b>Covered payroll</b>	\$ 5,191,397	\$ 5,476,155	\$ 5,137,633	\$ 4,524,803
City's total OPEB liability as a percentage of covered payroll	6.55%	5.70%	4.88%	4.15%

**Notes to schedule:**

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

<sup>2</sup> No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits

	<u>12/31/2017</u>	<sup>1</sup>
\$	9,731	
	6,621	
	-	
	15,885	
	(1,692)	
	<u>30,545</u>	
\$	<u>171,144</u>	
\$	<u>201,689</u>	<sup>2</sup>
\$	4,230,816	
	4.77%	

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***COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES***

**City of Dayton, Texas**  
**COMBINING BALANCE SHEET (Page 1 of 2)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2022**

	<b>Public Safety Facility</b>	<b>Hotel &amp; Motel</b>	<b>Police Investigation &amp; Forfeiture</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 480,934	\$ 261,899	\$ 5,079
Receivables, net	-	8,916	-
<b>Total Assets</b>	<b>480,934</b>	<b>270,815</b>	<b>5,079</b>
<b><u>Liabilities</u></b>			
Accounts payable and accrued expenses	\$ 7,609	\$ 1,791	\$ -
Due to other funds	164,252	-	-
<b>Total Liabilities</b>	<b>171,861</b>	<b>1,791</b>	<b>-</b>
<b><u>Fund Balances</u></b>			
Restricted for:			
Capital projects	309,073	-	-
Public safety	-	-	5,079
Tourism	-	269,024	-
Library	-	-	-
Grant activities	-	-	-
Community development	-	-	-
<b>Total Fund Balances</b>	<b>309,073</b>	<b>269,024</b>	<b>5,079</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 480,934</b>	<b>\$ 270,815</b>	<b>\$ 5,079</b>

See Notes to Financial Statements.

<b>PD Equitable Sharing Justice</b>	<b>PD Equitable Sharing Treasury</b>	<b>Municipal Court Building</b>	<b>Municipal Court Technology</b>	<b>Library Special</b>	<b>Municipal Court Juvenile</b>
\$ 6,385	\$ 104	\$ 49,958	\$ 31,249	\$ 16,046	\$ 6,455
-	-	-	-	-	-
<u>6,385</u>	<u>104</u>	<u>49,958</u>	<u>31,249</u>	<u>16,046</u>	<u>\$ 6,455</u>
<u>6,385</u>	<u>104</u>	<u>49,958</u>	<u>31,249</u>	<u>16,046</u>	<u>\$ 6,455</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
6,385	104	49,958	31,249	-	6,455
-	-	-	-	-	-
-	-	-	-	16,046	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,385</u>	<u>104</u>	<u>49,958</u>	<u>31,249</u>	<u>16,046</u>	<u>6,455</u>
<u>\$ 6,385</u>	<u>\$ 104</u>	<u>\$ 49,958</u>	<u>\$ 31,249</u>	<u>\$ 16,046</u>	<u>\$ 6,455</u>

**City of Dayton, Texas**  
**COMBINING BALANCE SHEET (Page 2 of 2)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2022**

<u>Assets</u>	<u>Municipal Court Jury</u>	<u>American Rescue Plan Act Grant</u>	<u>DCDC Grant</u>
Cash and cash equivalents	\$ 126	\$ 120,000	\$ 864,578
Receivables, net	-	-	-
<b>Total Assets</b>	<b>\$ 126</b>	<b>\$ 120,000</b>	<b>\$ 864,578</b>
<u>Liabilities</u>			
Accounts payable and accrued expenses	\$ -	\$ 48,377	\$ -
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>48,377</b>	<b>-</b>
<u>Fund Balances</u>			
Restricted for:			
Capital projects	-	-	-
Public safety	126	-	-
Tourism	-	-	-
Library	-	-	-
Grant activities	-	71,623	-
Community development	-	-	864,578
<b>Total Fund Balances</b>	<b>126</b>	<b>71,623</b>	<b>864,578</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 126</b>	<b>\$ 120,000</b>	<b>\$ 864,578</b>

<b>Community Development Block Grant</b>	<b>Capital Projects</b>	<b>Total</b>
\$ 134,056	\$ -	\$ 1,976,869
-	-	8,916
<u>\$ 134,056</u>	<u>\$ -</u>	<u>1,985,785</u>
\$ 99,057	\$ -	\$ 156,834
-	-	164,252
<u>99,057</u>	<u>-</u>	<u>321,086</u>
34,999	-	344,072
-	-	99,356
-	-	269,024
-	-	16,046
-	-	71,623
-	-	864,578
<u>34,999</u>	<u>-</u>	<u>1,664,699</u>
<u>\$ 134,056</u>	<u>\$ -</u>	<u>\$ 1,985,785</u>

# City of Dayton, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 1 of 2)

### NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	Public Safety Facility	Hotel & Motel	Police Investigation & Forfeiture
<b><u>Revenues</u></b>			
Taxes	\$ -	\$ 108,801	\$ -
Service revenue	-	-	-
Fines and fees	-	-	-
Contributions and grants	-	-	-
Intergovernmental	-	-	-
Investment income	574	261	7
Other revenue	-	-	-
<b>Total Revenues</b>	574	109,062	7
<b><u>Expenditures</u></b>			
General government	-	27,457	-
Public safety	-	-	-
Capital Outlay	46,090	-	-
<b>Total Expenditures</b>	46,090	27,457	-
<b>Revenues Over (Under) Expenditures</b>	(45,516)	81,605	7
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	171,493	-	-
Transfers (out)	(72,405)	-	-
<b>Total Other Financing Sources (Uses)</b>	99,088	-	-
<b>Net Change in Fund Balances</b>	53,572	81,605	7
Beginning fund balances	255,501	187,419	5,072
<b>Ending Fund Balances</b>	\$ 309,073	\$ 269,024	\$ 5,079

See Notes to Financial Statements.

<b>PD Equitable Sharing Justice</b>	<b>PD Equitable Sharing Treasury</b>	<b>Municipal Court Building</b>	<b>Municipal Court Technology</b>	<b>Library Special</b>	<b>Municipal Court Juvenile</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,133	-
-	-	7,255	6,525	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6	-	38	24	17	-
-	-	-	-	203	6,455
<u>6</u>	<u>-</u>	<u>7,293</u>	<u>6,549</u>	<u>1,353</u>	<u>6,455</u>
-	-	-	-	-	-
-	-	4,409	1,666	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>4,409</u>	<u>1,666</u>	<u>-</u>	<u>-</u>
<u>6</u>	<u>-</u>	<u>2,884</u>	<u>4,883</u>	<u>1,353</u>	<u>6,455</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6</u>	<u>-</u>	<u>2,884</u>	<u>4,883</u>	<u>1,353</u>	<u>6,455</u>
6,379	104	47,074	26,366	14,693	-
<u>\$ 6,385</u>	<u>\$ 104</u>	<u>\$ 49,958</u>	<u>\$ 31,249</u>	<u>\$ 16,046</u>	<u>\$ 6,455</u>

# City of Dayton, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 2 of 2)

### NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	Municipal Court Jury	American Rescue Plan Act Grant	DCDC Grant
<b><u>Revenues</u></b>			
Taxes	\$ -	\$ -	\$ -
Service revenue	-	-	-
Fines and fees	126	-	-
Contributions and grants	-	-	-
Intergovernmental	-	1,043,446	1,140,251
Investment income	-	-	-
Other revenue	-	-	-
<b>Total Revenues</b>	126	1,043,446	1,140,251
<b><u>Expenditures</u></b>			
General government	-	-	-
Public safety	-	-	-
Capital Outlay	-	95,144	184,924
<b>Total Expenditures</b>	-	95,144	184,924
<b>Revenues Over (Under) Expenditures</b>	126	948,302	955,327
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	-	1,039,338	-
Transfers (out)	-	(1,916,017)	(90,749)
<b>Total Other Financing Sources (Uses)</b>	-	(876,679)	(90,749)
<b>Net Change in Fund Balances</b>	126	71,623	864,578
Beginning fund balances	-	-	-
<b>Ending Fund Balances</b>	\$ 126	\$ 71,623	\$ 864,578



<b>Community Development Block Grant</b>	<b>Capital Projects</b>	<b>Total</b>
\$ -	\$ -	\$ 108,801
-	-	1,133
-	-	13,906
-	1,961,746	1,961,746
205,494	-	2,389,191
-	-	927
-	-	6,658
<u>205,494</u>	<u>1,961,746</u>	<u>4,482,362</u>
-	-	27,457
-	-	6,075
269,041	1,961,746	2,556,945
<u>269,041</u>	<u>1,961,746</u>	<u>2,590,477</u>
<u>(63,547)</u>	<u>-</u>	<u>1,891,885</u>
-	-	1,210,831
<u>(1,087,968)</u>	<u>-</u>	<u>(3,167,139)</u>
<u>(1,087,968)</u>	<u>-</u>	<u>(1,956,308)</u>
(1,151,515)	-	(64,423)
1,186,514	-	1,729,122
<u>\$ 34,999</u>	<u>\$ -</u>	<u>\$ 1,664,699</u>