



CITY OF  
**DAYTON, TEXAS**

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**2023**

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**ANNUAL  
FINANCIAL  
REPORT**

FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2023





*ANNUAL FINANCIAL REPORT*

of the

**City of Dayton, Texas**

**For the Year Ended  
September 30, 2023**

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, 2023, 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 unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Texas, as of September 30, 2023, and the respective changes in financial position and cash flows 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.

### *Emphasis of Matter*

As discussed in Note V.G. to the financial statements, due to corrections to accrued revenues and reallocation of EDA funds, the City restated beginning net position/fund balance for governmental activities, business-type activities, the economic development admin grant fund, the water and sewer fund, and one nonmajor governmental fund. Our opinion is not modified with respect to this matter.

### *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 11, 2024 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, slightly stylized font.

Brooks Watson & Co., PLLC  
Certified Public Accountants  
Houston, Texas  
March 11, 2024

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

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# City of Dayton, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### September 30, 2023

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, 2023. 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, 2023 by \$33,562,601.
- The City's total net position increased by \$5,596,919. 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 \$15,143,486 at September 30, 2023, an increase of \$7,045,582 from the prior fiscal year; this includes an increase of \$2,849,693 in the general fund, a decrease of \$962,502 in the debt service fund, a decrease of \$2,030,168 in the economic development admin grant fund, an increase of \$8,016,876 in the Series 2023 bond fund, and a decrease of \$828,317 in nonmajor funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$7,524,751 or 81% of total general fund operating expenditures.
- The City recorded a TMRS net pension liability totaling \$5,371,500 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, 2023

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 Economic 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, 2023

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 seventeen 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's internal service fund dissolved during fiscal year 2022.

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.

### **Component Units**

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

# City of Dayton, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

### 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 \$33,562,601 as of September 30, 2023, in the primary government.

The largest portion of the City's net position, \$22,029,778, 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, 2023**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 20,125,975	\$ 9,065,007	\$ 29,190,982	\$ 9,563,983	\$ 9,104,280	\$ 18,668,263
Capital assets, net	35,794,651	32,881,353	68,676,004	31,645,872	32,457,774	64,103,646
<b>Total Assets</b>	<b>55,920,626</b>	<b>41,946,360</b>	<b>97,866,986</b>	<b>41,209,855</b>	<b>41,562,054</b>	<b>82,771,909</b>
<b>Deferred Outflows of Resources</b>	<b>1,212,159</b>	<b>293,381</b>	<b>1,505,540</b>	<b>407,361</b>	<b>66,543</b>	<b>473,904</b>
Other liabilities	4,885,261	2,659,162	7,544,423	2,629,622	2,929,549	5,559,171
Long-term liabilities	31,521,198	26,586,629	58,107,827	21,149,395	27,743,238	48,892,633
<b>Total Liabilities</b>	<b>36,406,459</b>	<b>29,245,791</b>	<b>65,652,250</b>	<b>23,779,017</b>	<b>30,672,787</b>	<b>54,451,804</b>
<b>Deferred Inflows of Resources</b>	<b>124,293</b>	<b>33,382</b>	<b>157,675</b>	<b>659,293</b>	<b>169,034</b>	<b>828,327</b>
Net Position:						
Net investment						
in capital assets	13,279,349	8,750,429	22,029,778	9,094,997	6,329,921	15,424,918
Restricted	1,156,656	-	1,156,656	2,920,716	-	2,920,716
Unrestricted	6,166,028	4,210,139	10,376,167	5,163,193	4,456,855	9,620,048
<b>Total Net Position</b>	<b>\$ 20,602,033</b>	<b>\$ 12,960,568</b>	<b>\$ 33,562,601</b>	<b>\$ 17,178,906</b>	<b>\$ 10,786,776</b>	<b>\$ 27,965,682</b>

Governmental activities current and other assets increased by \$10,561,992 primarily due to greater cash on hand, resulting from unspent bond proceeds as of yearend. Governmental activities capital assets increased by \$4,148,779 due to new infrastructure investments in the current year. Governmental activities other liabilities increased by \$2,255,639 primarily due to nonrecurring unpaid payables for infrastructure improvements as of yearend. Long-term liabilities for governmental activities increased by \$10,371,803 primarily due to new Certificates of Obligation issued during the year and an increase in the TMRS pension liability. Long-term liabilities for business-type activities decreased by \$1,156,609 due to principal payments made in the current year.

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2023**

**Statement of Activities:**

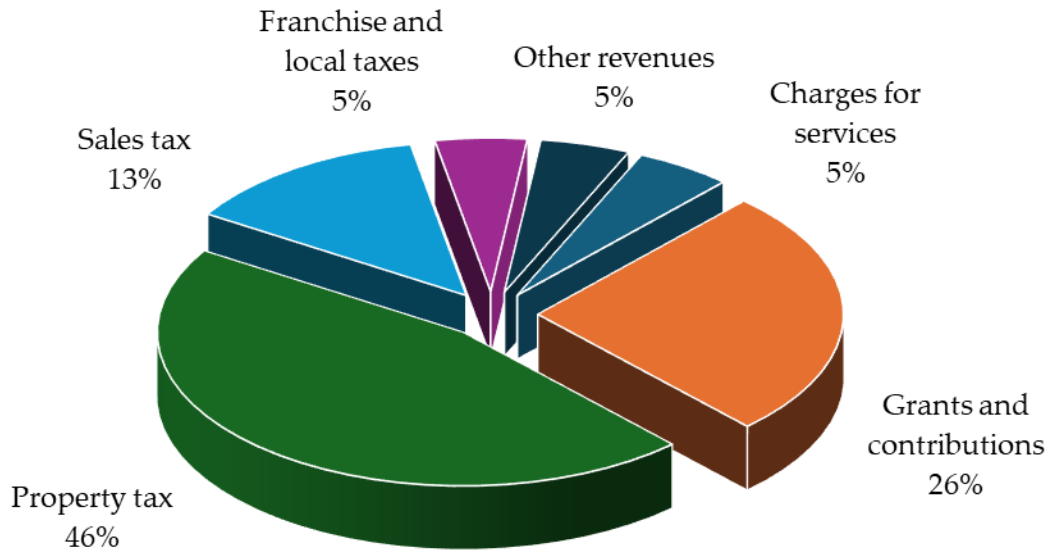
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2023			For the Year Ended September 30, 2022		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 888,620	\$ 9,107,627	\$ 9,996,247	\$ 714,172	\$ 6,509,547	\$ 7,223,719
Operating grants	1,557,676	-	1,557,676	3,545,568	-	3,545,568
Capital grants	2,994,013	-	2,994,013	2,298,528	-	2,298,528
General revenues:						
Property tax	7,970,597	-	7,970,597	6,591,855	-	6,591,855
Sales tax	2,284,398	-	2,284,398	2,152,426	-	2,152,426
Franchise and local taxes	840,372	-	840,372	1,072,516	-	1,072,516
Investment income	96,406	61,962	158,368	15,297	43,956	59,253
Other revenues	824,463	532,736	1,357,199	918,669	142,719	1,061,388
<b>Total Revenues</b>	<b>17,456,545</b>	<b>9,702,325</b>	<b>27,158,870</b>	<b>17,309,031</b>	<b>6,696,222</b>	<b>24,005,253</b>
<b>Expenses</b>						
General government	4,743,053	-	4,743,053	3,662,865	-	3,662,865
Public safety	5,611,115	-	5,611,115	3,338,443	-	3,338,443
Public works	1,642,192	-	1,642,192	1,700,444	-	1,700,444
Culture and recreation	747,499	-	747,499	597,666	-	597,666
Community enhancement	1,319,716	-	1,319,716	990,028	-	990,028
Interest and fiscal charges	808,779	699,342	1,508,121	656,038	758,415	1,414,453
Water and sewer	-	4,894,545	4,894,545	-	4,181,433	4,181,433
Refuse	-	754,218	754,218	-	868,519	868,519
Fiber	-	341,492	341,492	-	388,272	388,272
<b>Total Expenses</b>	<b>14,872,354</b>	<b>6,689,597</b>	<b>21,561,951</b>	<b>10,945,484</b>	<b>6,196,639</b>	<b>17,142,123</b>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	2,584,191	3,012,728	5,596,919	6,363,547	499,583	6,863,130
Transfers	838,936	(838,936)	-	(1,604,606)	1,604,606	-
<b>Total</b>	<b>838,936</b>	<b>(838,936)</b>	<b>-</b>	<b>(1,604,606)</b>	<b>1,604,606</b>	<b>-</b>
<b>Change in Net Position</b>	<b>3,423,127</b>	<b>2,173,792</b>	<b>5,596,919</b>	<b>4,758,941</b>	<b>2,104,189</b>	<b>6,863,130</b>
Beginning Net Position	17,178,906	10,786,776	27,965,682	12,419,965	8,682,587	21,102,552
<b>Ending Net Position</b>	<b>\$ 20,602,033</b>	<b>\$ 12,960,568</b>	<b>\$ 33,562,601</b>	<b>\$ 17,178,906</b>	<b>\$ 10,786,776</b>	<b>\$ 27,965,682</b>

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2023**

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

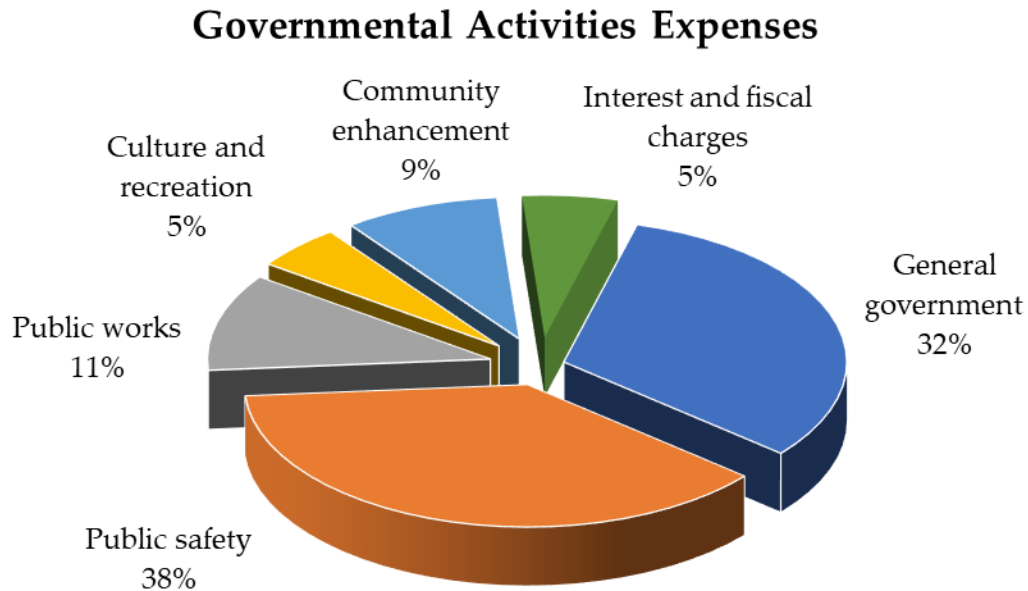
**Governmental Activities Revenues**



For the year ended September 30, 2023, revenues from governmental activities totaled \$17,456,545. Property tax, grants/contributions, and sales tax were the City's largest general revenue sources. Overall revenue slightly increased by \$147,514 or 1% from the prior year. Grants and contributions decreased \$1,292,407 due primarily to nonrecurring intergovernmental grants and developer contributions for utility infrastructure investments in the prior year. Property tax revenue increased by \$1,378,742 or 21% due to greater taxable property values in the current year. Sales tax revenue increased by \$131,972 or 6% primarily due to increased economic growth as well as population growth within the City. Franchise and other taxes decreased by \$232,144 or 22% primarily due to the reduction of contract revenue received from Kinder Morgan over the course of the year. Investment income increased by \$81,109 or over 100% primarily due to greater interest-bearing accounts and the realization of higher interest rates. Other revenue decreased by \$94,206 or 10% due to nonrecurring donations, insurance claims/settlements, and DEDC project participation contributions received in the prior year. All remaining revenues remained relatively consistent with the previous year.

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2023**

This graph shows the governmental function expenses of the City:

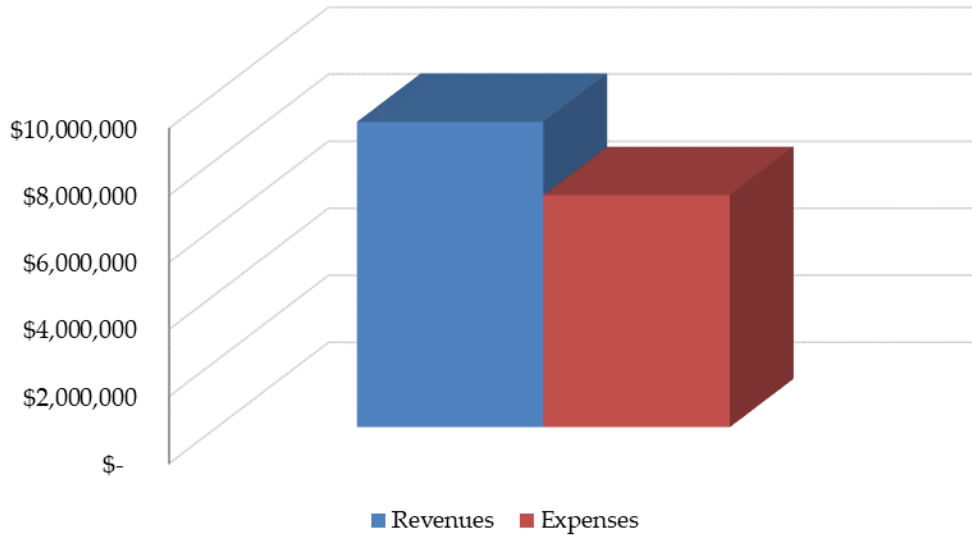


For the year ended September 30, 2023, expenses for governmental activities totaled \$14,872,354. This represents an increase of \$3,926,870 or 36% from the prior year. The City's largest functional expense is public safety totaling \$5,611,115. General government increased by \$1,080,188 or 29% when compared to the prior year, which is primarily due to nonrecurring employee retirement costs resulting from the significant increase in the City's net pension liability. The City recognized a net pension liability in the current year and a net pension asset in the prior year. In addition, the City's contribution rate increased from 6.45% to 16.65% on January 1, 2023. Public safety increased by \$2,272,672 or 68% primarily due to greater overtime pay, fuel costs and the aforementioned increase in employee retirement expenses in the current year. Community enhancement expenses increased by \$329,688 or 33% primarily due to the aforementioned increase in employee retirement expenses and nonrecurring equipment maintenance in the current year. Interest and fiscal charges increased by \$152,741 or 23% primarily due to nonrecurring bond issuance costs recognized in the current year. All remaining expenses remained relatively consistent with the previous year.

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2023**

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, 2023, charges for services by business-type activities totaled \$9,107,627. This is an increase of \$2,598,080 or 40% 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 increased \$492,958 or 8% to a total of \$6,689,597. Water/sewer expenses increased by \$713,112 or 17% primarily due to greater employee retirement expenses, electric expenses, landfill disposal costs, and nonrecurring water/sewer line repairs in the current year. Fiber department expenses decreased by \$46,780 or 12% due to a reduction in employee salaries as a result of positions being cut during the year. Refuse expenses decreased by \$114,301 or 13% primarily as a result of nonrecurring losses on investments recognized in the prior year. Interest and fiscal charges decreased by \$59,073 or 8% primarily due to outstanding debt balances approaching maturity.

**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.

# City of Dayton, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

At September 30, 2023, the City's governmental funds reported combined fund balances of \$15,143,486, an increase of \$7,045,582 in comparison with the prior year. Approximately 36% of this amount, \$5,400,822, 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 \$57,061 or restricted for particular purposes \$9,685,603.

As of the end of the year the general fund reflected a total fund balance of \$7,581,812. Of this, \$57,061 is considered nonspendable and \$7,524,751 is unassigned. General fund balance increased by \$2,849,693. This increase can be attributed to greater than expected revenues and 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 \$7,524,751 is 81% of total general fund operating expenditures.

The debt service fund had an ending fund balance of \$664,552 as of yearend. Total fund balance decreased by \$962,502 from the prior year primarily due to transfers to the water and sewer fund and fiber fund.

The economic development admin grant fund had an ending fund deficit of \$2,030,168 at September 30, 2023, a decrease of \$2,030,168 when compared to the previous year. This decrease is due to significant capital outlay expenditures recognized in the current year. No capital outlay expenditures were recorded in this fund in the prior year. Grant revenue will be received in the subsequent fiscal year.

Series 2023 bond fund had an ending fund balance of \$8,016,876 as of yearend. The fund was created during fiscal year 2023. The increase is primarily a result of new debt issuances and related bond premiums during the current 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 \$13,298,223. Unrestricted net position at the close of the fiscal year amounted to \$3,285,397 and a total increase in net position of \$1,985,401 from the previous year. Total investment in capital assets, net of related debt of was \$8,750,429, and capital assets, net of depreciation totaled \$32,881,353.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental budget amendments were approved during the fiscal year. Budgeted revenues remained consistent, while final budgeted expenditures increased by \$184,998 when compared to the original budget. Total budgeted revenues of \$7,459,775 were less than actual revenues of \$8,675,441, resulting in a total positive revenue variance of \$1,215,666. The majority of this variance is a result of greater sales taxes, licenses and permits, and other revenue received compared to that which was budgeted. Total



**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2023**

budgeted expenditures of \$10,271,748 were more than actual expenditures of \$9,264,193 resulting in a total positive expenditure variance of \$1,007,555. Expenditures did not exceed appropriations at the legal level of control.

**CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$35,794,651 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$32,881,353 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. Major capital asset events during the current year include the following:

- Major construction in progress additions of the following:

Villages of Westpointe project infrastructure	\$	2,948,378
Stilson road improvements	\$	2,030,708
Prison water tower updates	\$	593,500
Gulf inland logistics park utilities	\$	82,513
- Purchased land at 358 S. Twin Liberty for \$2,199,584.
- Lift station replacement pumps and motors purchased for \$108,077.
- Two patrol vehicles purchased for \$124,737.
- Purchase double sided message center for \$46,237.
- Dayton rail crossing improvements totaling \$316,099.
- Purchased Kohler generator for \$86,285.
- Two new fuel tanks for \$188,500.

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 increased by \$4,580,000 (excluding premiums) from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$56,298,827, 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.

# **City of Dayton, Texas**

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

**September 30, 2023**

### **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.

### **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, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Current assets:			
Cash and cash equivalents	\$ 16,266,930	\$ 5,238,663	\$ 21,505,593
Investments	952,494	954,569	1,907,063
Restricted cash	-	855,444	855,444
Receivables, net	3,100,312	1,665,096	4,765,408
Inventory	11,369	90,682	102,051
Internal balances	(250,822)	250,822	-
Prepaid and other assets	45,692	9,731	55,423
<b>Total Current Assets</b>	<b>20,125,975</b>	<b>9,065,007</b>	<b>29,190,982</b>
Capital assets:			
Non-depreciable	9,847,430	13,066,915	22,914,345
Net depreciable capital assets	25,947,221	19,814,438	45,761,659
<b>Total Noncurrent Assets</b>	<b>35,794,651</b>	<b>32,881,353</b>	<b>68,676,004</b>
<b>Total Assets</b>	<b>55,920,626</b>	<b>41,946,360</b>	<b>97,866,986</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred charge on refunding	93,539	-	93,539
Pension outflows-TMRS	1,067,450	291,884	1,359,334
Pension outflows-TERS	45,652	-	45,652
OPEB outflows	5,518	1,497	7,015
<b>Total Deferred Outflows of Resources</b>	<b>1,212,159</b>	<b>293,381</b>	<b>1,505,540</b>

See Notes to Financial Statements.

**Component  
Unit**

**DCDC**

\$	1,440,464
	-
	-
	210,114
	-
	-
	-
	<u>1,650,578</u>
	1,730,746
	-
	<u>1,730,746</u>
	<u>3,381,324</u>
	-
	8,270
	-
	-
	<u>8,270</u>

# City of Dayton, Texas

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

September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	\$ 2,597,450	\$ 317,343	\$ 2,914,793
Customer deposits	-	140,918	140,918
Accrued interest payable	106,503	149,178	255,681
Compensated absences, current	226,794	18,788	245,582
Long-term debt due within one year	1,954,514	2,032,935	3,987,449
<b>Total Current Liabilities</b>	4,885,261	2,659,162	7,544,423
Noncurrent liabilities:			
Net pension liability-TMRS	4,192,597	1,146,425	5,339,022
Net pension liability-TEERS	98,076	-	98,076
OPEB liability	188,124	51,045	239,169
Compensated absences, noncurrent	25,199	2,088	27,287
Long-term debt due in more than one year	27,017,202	25,387,071	52,404,273
<b>Total Noncurrent Liabilities</b>	31,521,198	26,586,629	58,107,827
<b>Total Liabilities</b>	36,406,459	29,245,791	65,652,250
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows-TMRS	69,904	19,114	89,018
Pension inflows-TEERS	1,805	-	1,805
OPEB inflows	52,584	14,268	66,852
<b>Total Deferred Inflows of Resources</b>	124,293	33,382	157,675
<b><u>Net Position</u></b>			
Net investment in capital assets	13,279,349	8,750,429	22,029,778
Restricted for:			
Public safety	133,656	-	133,656
Debt service	664,552	-	664,552
Tourism	323,880	-	323,880
Library	18,496	-	18,496
Community development	16,072	-	16,072
Economic development	-	-	-
Unrestricted	6,166,028	4,210,139	10,376,167
<b>Total Net Position</b>	\$ 20,602,033	\$ 12,960,568	\$ 33,562,601

See Notes to Financial Statements.

<b>Component Unit</b>	
<u>DCDC</u>	
\$	1,175
	-
	-
	-
	-
	<u>1,175</u>
	32,478
	-
	-
	-
	-
	<u>32,478</u>
	<u>33,653</u>
	542
	-
	-
	<u>542</u>
	1,730,746
	-
	-
	-
	-
	-
	1,624,653
	-
\$	<u><u>3,355,399</u></u>

**City of Dayton, Texas**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2023

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	\$ 4,743,053	\$ -	\$ 23,236	\$ 45,635
Public safety	5,611,115	289,578	-	-
Public works	1,642,192	486,362	-	2,948,378
Culture and recreation	747,499	112,680	-	-
Community enhancement	1,319,716	-	1,534,440	-
Interest and fiscal charges	808,779	-	-	-
<b>Total Governmental Activities</b>	<b>14,872,354</b>	<b>888,620</b>	<b>1,557,676</b>	<b>2,994,013</b>
<b>Business-Type Activities</b>				
Water and sewer	5,214,932	8,204,024	-	-
Refuse	754,218	791,324	-	-
Fiber	720,447	112,279	-	-
<b>Total Business-Type Activities</b>	<b>6,689,597</b>	<b>9,107,627</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 21,561,951</b>	<b>\$ 9,996,247</b>	<b>\$ 1,557,676</b>	<b>\$ 2,994,013</b>
<b>Component Unit</b>				
Community development	\$ 305,041	\$ -	\$ -	\$ -
<b>Total Component Unit</b>	<b>\$ 305,041</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>Total</b>	<b>DCDC</b>
<b>Activities</b>	<b>Activities</b>		
\$ (4,674,182)	\$ -	\$ (4,674,182)	\$ 1,699,986
(5,321,537)	-	(5,321,537)	-
1,792,548	-	1,792,548	-
(634,819)	-	(634,819)	-
214,724	-	214,724	-
(808,779)	-	(808,779)	-
<u>(9,432,045)</u>	<u>-</u>	<u>(9,432,045)</u>	<u>1,699,986</u>
-	2,989,092	2,989,092	-
-	37,106	37,106	-
-	(608,168)	(608,168)	-
<u>-</u>	<u>2,418,030</u>	<u>2,418,030</u>	<u>-</u>
(9,432,045)	2,418,030	(7,014,015)	1,699,986
			(305,041)
			<u>(305,041)</u>
7,970,597	-	7,970,597	-
2,284,398	-	2,284,398	1,142,199
840,372	-	840,372	-
96,406	61,962	158,368	60,472
824,463	532,736	1,357,199	3,150
838,936	(838,936)	-	-
<u>12,855,172</u>	<u>(244,238)</u>	<u>12,610,934</u>	<u>1,205,821</u>
3,423,127	2,173,792	5,596,919	900,780
17,178,906	10,786,776	27,965,682	2,454,619
<u>\$ 20,602,033</u>	<u>\$ 12,960,568</u>	<u>\$ 33,562,601</u>	<u>\$ 3,355,399</u>

# City of Dayton, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Economic Development Admin Grant</u>	<u>Series 2023 Bond</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 6,356,467	\$ 664,552	\$ 16,864	\$ 8,034,655
Investments	952,494	-	-	-
Receivables, net	1,206,543	324,748	1,534,440	-
Inventory	11,369	-	-	-
Prepaid items	45,692	-	-	-
Due from other funds	127,013	17,779	-	-
<b>Total Assets</b>	<b>\$ 8,699,578</b>	<b>\$ 1,007,079</b>	<b>\$ 1,551,304</b>	<b>\$ 8,034,655</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 591,915	\$ 17,779	\$ 1,960,462	\$ -
Due to other funds	-	-	86,570	17,779
<b>Total Liabilities</b>	<b>591,915</b>	<b>17,779</b>	<b>2,047,032</b>	<b>17,779</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue -				
Property taxes	525,851	324,748	-	-
Grants	-	-	1,534,440	-
<b>Total Deferred Inflows</b>	<b>525,851</b>	<b>324,748</b>	<b>1,534,440</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Prepays and inventory	57,061	-	-	-
Restricted for:				
Public safety	-	-	-	-
Debt service	-	664,552	-	-
Capital projects	-	-	-	8,016,876
Tourism	-	-	-	-
Library	-	-	-	-
Grant activities	-	-	-	-
Community development	-	-	-	-
Unassigned	7,524,751	-	(2,030,168)	-
<b>Total Fund Balances</b>	<b>7,581,812</b>	<b>664,552</b>	<b>(2,030,168)</b>	<b>8,016,876</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 8,699,578</b>	<b>\$ 1,007,079</b>	<b>\$ 16,864</b>	<b>\$ 8,034,655</b>

See Notes to Financial Statements.

<b>Nonmjaor Governmental Funds</b>	<b>Governmental Funds</b>
\$ 1,194,392	\$ 16,266,930
-	952,494
34,581	3,100,312
-	11,369
-	45,692
-	144,792
<u>\$ 1,228,973</u>	<u>\$ 20,521,589</u>
\$ 27,294	\$ 2,597,450
291,265	395,614
<u>318,559</u>	<u>2,993,064</u>
-	850,599
-	1,534,440
<u>-</u>	<u>2,385,039</u>
-	57,061
133,656	133,656
-	664,552
457,985	8,474,861
323,880	323,880
18,496	18,496
54,086	54,086
16,072	16,072
(93,761)	5,400,822
<u>910,414</u>	<u>15,143,486</u>
<u>\$ 1,228,973</u>	<u>\$ 18,987,149</u>

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# City of Dayton, Texas

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

September 30, 2023

<b>Fund Balances - Total Governmental Funds</b>	\$	15,143,486
 <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		9,847,430
Capital assets - net depreciable		25,947,221
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property taxes		850,599
Grants		1,534,440
 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		93,539
Pension outflows-TMRS		1,067,450
Pension outflows-TERS		45,652
OPEB outflows		5,518
 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		(69,904)
Pension inflows-TERS		(1,805)
OPEB inflows		(52,584)
 Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.		
Net pension liability-TMRS		(4,192,597)
Net pension liability-TERS		(98,076)
OPEB liability		(188,124)
Accrued interest		(106,503)
Bond premium		(1,043,282)
Compensated absences		(251,993)
Non-current liabilities due in one year		(1,954,514)
Non-current liabilities due in more than one year		(25,973,920)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>20,602,033</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, 2023

	General	Debt Service	Economic Development Admin Grant	Series 2023 Bond
<b>Revenues</b>				
Property tax	\$ 4,167,078	\$ 3,773,898	\$ -	\$ -
Sales tax	2,284,398	-	-	-
Franchise and local taxes	704,198	-	-	-
Payments in lieu of taxes	35,012	-	-	-
License and permits	486,362	-	-	-
Charges for services	110,419	-	-	-
Fines and forfeitures	277,452	-	-	-
Intergovernmental	23,236	-	-	-
Investment income	59,032	8,021	540	16,876
Contributions and grants	-	-	-	-
Other revenues	528,254	-	-	-
<b>Total Revenues</b>	<b>8,675,441</b>	<b>3,781,919</b>	<b>540</b>	<b>16,876</b>
<b>Expenditures</b>				
General government	3,602,669	-	-	-
Public safety	3,455,559	-	-	-
Public works	884,987	-	-	-
Culture and recreation	252,517	-	-	-
Community enhancement	756,898	-	-	-
Community center	283,888	-	-	-
Capital outlay	-	-	2,030,708	-
Debt service				
Principal	23,533	1,715,000	-	-
Interest and fiscal charges	4,142	639,977	-	-
Bond issuance costs	-	3,100	-	193,518
<b>Total Expenditures</b>	<b>9,264,193</b>	<b>2,358,077</b>	<b>2,030,708</b>	<b>193,518</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(588,752)</b>	<b>1,423,842</b>	<b>(2,030,168)</b>	<b>(176,642)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,312,487	-	-	-
Transfers (out)	-	(2,386,344)	-	-
Sale of assets	125,958	-	-	-
Bond issuance	-	-	-	7,855,000
Bond premium	-	-	-	338,518
<b>Total Other Financing Sources (Uses)</b>	<b>3,438,445</b>	<b>(2,386,344)</b>	<b>-</b>	<b>8,193,518</b>
<b>Net Change in Fund Balances</b>	<b>2,849,693</b>	<b>(962,502)</b>	<b>(2,030,168)</b>	<b>8,016,876</b>
Beginning fund balances	4,732,119	1,627,054	-	-
<b>Ending Fund Balances</b>	<b>\$ 7,581,812</b>	<b>\$ 664,552</b>	<b>\$ (2,030,168)</b>	<b>\$ 8,016,876</b>

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 7,940,976
-	2,284,398
101,162	805,360
-	35,012
-	486,362
2,261	112,680
12,126	289,578
45,635	68,871
11,937	96,406
2,948,378	2,948,378
175,402	703,656
3,296,901	15,771,677
58,815	3,661,484
5,611	3,461,170
-	884,987
-	252,517
-	756,898
-	283,888
3,973,585	6,004,293
-	1,738,533
-	644,119
-	196,618
4,038,011	17,884,507
(741,110)	(2,112,830)
-	3,312,487
(87,207)	(2,473,551)
-	125,958
-	7,855,000
-	338,518
(87,207)	9,158,412
(828,317)	7,045,582
1,738,731	8,097,904
\$ 910,414	\$ 15,143,486

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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, 2023**

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

Net changes in fund balances - total governmental funds	\$	7,045,582
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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		5,937,704
Depreciation expense		(1,465,522)
Adjustment for disposal of capital assets		(5,151)

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

Property taxes		29,621
Grants		1,534,440

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		(3,098,549)
Pension expense-TERSRS		(22,544)
OPEB expense		(7,969)
Compensated absences		(101,458)
Accrued interest		4,003
Amortization of deferred charges on refunding		(18,708)
Amortization of bond premium		46,663

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		1,738,533
Bond issuance		(7,855,000)
Premiums on bond issuance		(338,518)

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>3,423,127</b>
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See Notes to Financial Statements.

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

#

	<u>Water and Sewer</u>	<u>Fiber</u>	<u>Nonmajor Refuse</u>
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 1,878,621	\$ 3,124,820	\$ 235,222
Restricted cash	855,444	-	-
Receivables, net	1,537,117	23,478	104,501
Investments	-	-	954,569
Due from other funds	250,822	-	-
Inventories	90,682	-	-
Prepays and other assets	9,731	-	-
<b>Total Current Assets</b>	<b>4,622,417</b>	<b>3,148,298</b>	<b>1,294,292</b>
<b><u>Noncurrent Assets</u></b>			
Capital assets:			
Non-depreciable	4,405,282	8,635,448	26,185
Net depreciable capital assets	19,436,717	30,081	347,640
<b>Total Noncurrent Assets</b>	<b>23,841,999</b>	<b>8,665,529</b>	<b>373,825</b>
<b>Total Assets</b>	<b>28,464,416</b>	<b>11,813,827</b>	<b>1,668,117</b>
<b><u>Deferred Outflows of Resources</u></b>			
Pension outflows	231,189	52,916	7,779
OPEB outflows	1,497	-	-
<b>Total Deferred Outflows of Resources</b>	<b>232,686</b>	<b>52,916</b>	<b>7,779</b>

See Notes to Financial Statements.

**Total  
Enterprise  
Funds**

---

\$ 5,238,663  
855,444  
1,665,096  
954,569  
250,822  
90,682  
9,731  

---

9,065,007

13,066,915  
19,814,438  

---

32,881,353  

---

41,946,360

291,884  
1,497  

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293,381

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

#

	<u>Water and Sewer</u>	<u>Fiber</u>	<u>Nonmajor Refuse</u>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	\$ 188,199	\$ 28,444	\$ 100,700
Customer deposits	131,489	9,429	-
Current maturities of long-term liabilities	1,047,935	985,000	-
Compensated absences, current	18,788	-	-
Accrued interest	76,394	72,784	-
<b>Total Current Liabilities</b>	<u>1,462,805</u>	<u>1,095,657</u>	<u>100,700</u>
<b><u>Noncurrent Liabilities</u></b>			
Long-term debt, noncurrent	12,945,500	12,441,571	-
Compensated absences, noncurrent	2,088	-	-
Net pension liability	908,033	207,836	30,556
OPEB liability	51,045	-	-
<b>Total Noncurrent Liabilities</b>	<u>13,906,666</u>	<u>12,649,407</u>	<u>30,556</u>
<b>Total Liabilities</b>	<u>15,369,471</u>	<u>13,745,064</u>	<u>131,256</u>
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows	15,140	3,465	509
OPEB inflows	14,268	-	-
<b>Total Deferred Inflows of Resources</b>	<u>29,408</u>	<u>3,465</u>	<u>509</u>
<b><u>Net Position</u></b>			
Net investment in capital assets	10,012,826	(1,636,222)	373,825
Unrestricted	3,285,397	(245,564)	1,170,306
<b>Total Net Position</b>	<u>\$ 13,298,223</u>	<u>\$ (1,881,786)</u>	<u>\$ 1,544,131</u>

See Notes to Financial Statements.

**Total  
Enterprise  
Funds**

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\$ 317,343  
140,918

2,032,935  
18,788  
149,178

---

2,659,162

25,387,071  
2,088  
1,146,425  
51,045

---

26,586,629

---

29,245,791

19,114

14,268

---

33,382

8,750,429

4,210,139

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\$ 12,960,568

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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, 2023

	Water and Sewer	Fiber	<u>Nonmajor</u> Refuse
<b><u>Operating Revenues</u></b>			
Water and sewer charges	\$ 8,204,024	\$ -	\$ -
Sanitation revenue	-	-	791,324
Internet services	-	112,279	-
Other revenue	735,411	1,781	27,533
<b>Total Operating Revenues</b>	8,939,435	114,060	818,857
<b><u>Operating Expenses</u></b>			
Personnel services	1,859,005	170,116	92,486
Services	239,932	109,548	587,133
Supplies	263,692	-	-
Utilities	547,554	-	-
Repairs and maintenance	171,341	51,255	-
Depreciation	1,662,704	10,573	71,394
Miscellaneous	140,699	-	-
Insurance claims and expenses	9,618	-	3,205
<b>Total Operating Expenses</b>	4,894,545	341,492	754,218
<b>Operating Income (Loss)</b>	4,044,890	(227,432)	64,639
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Lease termination of fiber building	-	(231,989)	-
Investment income	25,834	29,996	6,132
Interest expense	(320,387)	(378,955)	-
<b>Total Nonoperating Revenues (Expenses)</b>	(294,553)	(580,948)	6,132
<b>Income (Loss) Before Transfers</b>	3,750,337	(808,380)	70,771
<b><u>Transfers</u></b>			
Transfers in	1,502,551	971,000	-
Transfers (out)	(3,267,487)	-	(45,000)
<b>Change in Net Position</b>	1,985,401	162,620	25,771
Beginning net position	11,312,822	(2,044,406)	1,518,360
<b>Ending Net Position</b>	\$ 13,298,223	\$ (1,881,786)	\$ 1,544,131

See Notes to Financial Statements.

**Total  
Enterprise  
Funds**

\$ 8,204,024  
791,324  
112,279  
764,725  

---

9,872,352

2,121,607  
936,613  
263,692  
547,554  
222,596  
1,744,671  
140,699  
12,823

---

5,990,255

---

3,882,097

(231,989)

61,962

(699,342)

---

(869,369)

3,012,728

2,473,551

(3,312,487)

---

2,173,792

---

10,786,776

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\$ 12,960,568

**City of Dayton, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2023**

	<u>Water and Sewer</u>	<u>Fiber</u>	<u>Nonmajor Refuse</u>
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers	\$ 8,148,178	\$ 114,336	\$ 801,227
Payments to suppliers and contractors	(1,491,899)	(737,093)	(541,738)
Payments to employees for salaries and benefits	(1,185,759)	(16,516)	(69,903)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>5,470,520</b>	<b>(639,273)</b>	<b>189,586</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfers in	1,502,551	971,000	-
Transfers (out)	(3,267,487)	-	(45,000)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(1,764,936)</b>	<b>971,000</b>	<b>(45,000)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Purchases of capital assets	(2,672,385)	(63,055)	-
Principal paid on capital debt	(1,012,817)	(614,070)	-
Interest paid on capital debt	(405,590)	(424,930)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(4,090,792)</b>	<b>(1,102,055)</b>	<b>-</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Purchase of investments	-	-	(22,228)
Interest on investments	25,834	29,996	6,132
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>25,834</b>	<b>29,996</b>	<b>(16,096)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(359,374)</b>	<b>(740,332)</b>	<b>128,490</b>
Beginning cash and cash equivalents	3,093,439	3,865,152	106,732
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 2,734,065</b>	<b>\$ 3,124,820</b>	<b>\$ 235,222</b>

See Notes to Financial Statements.



**Total  
Enterprise  
Funds**

\$	9,063,741
	(2,770,730)
	(1,272,178)
	<hr/>
	5,020,833
	<hr/>
	2,473,551
	(3,312,487)
	<hr/>
	(838,936)
	<hr/>
	(2,735,440)
	(1,626,887)
	(830,520)
	<hr/>
	(5,192,847)
	<hr/>
	(22,228)
	61,962
	<hr/>
	39,734
	<hr/>
	(971,216)
	6,958,591
	<hr/>
\$	5,987,375
	<hr/>
	(106,732)

**City of Dayton, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2023**

	<b>Water and Sewer</b>	<b>Fiber</b>	<b><u>Nonmajor</u> Refuse</b>
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash Provided (Used) by Operating Activities</u></b>			
Operating Income (Loss)	\$ 4,044,890	\$ (227,432)	\$ 64,639
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	1,662,704	10,573	71,394
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	(794,637)	606	(17,630)
Inventory	(16,946)	-	-
Deferred Outflows of Resources:			
Pension outflows	(188,642)	(43,178)	(6,347)
OPEB outflows	11,329	(26,834)	-
Deferred Inflows of Resources:			
Pension inflows	(117,235)	-	(3,945)
OPEB inflows	12,362	-	-
<b>Increase (Decrease) in:</b>			
Prepaid expenses	5,462	-	-
Accounts payable and accrued expenses	(21,009)	(576,290)	48,600
Customer deposits	3,380	(330)	-
Net pension liability	976,960	223,612	32,875
OPEB liability	(21,528)	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 5,470,520</b>	<b>\$ (639,273)</b>	<b>\$ 189,586</b>

**Schedule of Non-Cash Capital and Related Financing Activities**

Lease termination of fiber building	\$ -	\$ 480,168	\$ -
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See Notes to Financial Statements.

**Total  
Enterprise  
Funds**

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\$ 3,882,097

1,744,671

(811,661)

(16,946)

(238,167)

(15,505)

(121,180)

12,362

5,462

(548,699)

3,050

1,233,447

(21,528)

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\$ 5,020,833

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\$ 480,168

**City of Dayton, Texas**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2023**

	<u>PID No. 1</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 2,544,327
Special assessment receivable	7,923,000
<b>Total Assets</b>	<b>\$ 10,467,327</b>
<b><u>Liabilities</u></b>	
Accrued interest	60,374
Long-term debt, current	122,000
Long-term debt, noncurrent	7,801,000
<b>Total Liabilities</b>	<b>\$ 7,983,374</b>
<b><u>Net Position</u></b>	
Restricted	2,483,953
<b>Total Net Position</b>	<b>\$ 2,483,953</b>

See Notes to Financial Statements.

**City of Dayton, Texas**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2023**

	<b>PID No. 1</b>
<b><u>Additions</u></b>	
Special assessment revenue	\$ 8,550,840
Dividend income	160,867
<b>Total Additions</b>	<b>\$ 8,711,707</b>
<b><u>Deductions</u></b>	
Developer draws	2,948,378
Interest expense	491,014
Bond issuance costs	66,976
<b>Total Deductions</b>	<b>\$ 3,506,368</b>
<b>Change in Net Position</b>	5,205,339
Beginning net position	(2,721,386)
<b>Ending Net Position</b>	<b>\$ 2,483,953</b>

See Notes to Financial Statements.

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**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2023**

**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, 2023**

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 Economic Development Corporation

In May 1996, the City formed the Dayton Economic Development Corporation (the "DED" 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, 2023**

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.

**Series 2023 Bond Fund**

This fund is used to account for and report the proceeds and principal and interest payments of the Series 2023 Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation.

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

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 governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The water and sewer fund and fiber funds are considered major funds for reporting purposes. The fiber fund is considered a nonmajor fund 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.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

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 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

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

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 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*. Custodial funds uses economic 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.

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
**September 30, 2023**

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 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.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**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 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.

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**NOTES TO FINANCIAL STATEMENTS, Continued**  
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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.

**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

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



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*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

**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. 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

# City of Dayton, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

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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.

- 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. Subscription-Based Information Technology Arrangements**

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements (“SBITA”). When implementing GASB 96 in future fiscal years, the City will record right-to-use assets and subscription liabilities based on the present value of the payments for the related arrangements. The assets will be included within capital assets, and amortized straight-line over the term of the arrangement. The liabilities will accrue interest at the implied rate estimated by the City, and are relieved with payments over the term of the arrangements. The City recognizes right-to-use assets and subscription liabilities with an initial, individual value of \$5,000 or more.

### **16. 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.

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*NOTES TO FINANCIAL STATEMENTS, Continued*  
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**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.

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

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*NOTES TO FINANCIAL STATEMENTS, Continued*  
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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. 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.

# City of Dayton, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

### **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.

#### **A. Deficit Fund Equity**

The below funds had a deficit fund balance as of year end:

Governmental Activities:		
Economic Development Admin Grant fund	\$	2,030,168
Community Development Block Grant fund	\$	93,761
Business-Type Activities:		
Fiber Fund	\$	1,881,786

The deficits will be corrected in future years through transfers from other funds and revenues generated from grants and charges for services.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**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, 2023, the primary government had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal agency bonds	\$ 727,283	2.00
Certificates of deposit	1,179,780	1.06
Total value	<u>\$ 1,907,063</u>	
Portfolio weighted average maturity		1.42

As of September 30, 2023, the Dayton Economic Development Corporation had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 391,598	0.08
Total value	<u>\$ 391,598</u>	
Portfolio weighted average maturity		0.08

*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, 2023, 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

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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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, 2023, 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, 2023, 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 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.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**B. Receivables**

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

<b>Governmental Activities</b>					
<b>Econ.</b>					
<b>Dev. Admin      Nonmajor</b>					
<b>Grant                      Govt.</b>					
	<b>General</b>	<b>Debt Service</b>	<b>Grant</b>	<b>Govt.</b>	<b>Total</b>
Property taxes	\$ 525,851	\$ 324,748	\$ -	\$ -	\$ 850,599
Sales tax	420,229	-	-	21,839	442,068
Grants	-	-	1,534,440	-	1,534,440
Other	260,463	-	-	12,742	273,205
<b>Total</b>	<b>\$ 1,206,543</b>	<b>\$ 324,748</b>	<b>\$ 1,534,440</b>	<b>\$ 34,581</b>	<b>\$ 3,100,312</b>
<b>Business-Type Activities</b>					
<b>Water and</b>					
<b>Sewer                      Refuse                      Fiber                      Total</b>					
	<b>Sewer</b>	<b>Refuse</b>	<b>Fiber</b>	<b>Total</b>	
Accounts, net	\$ 1,599,898	\$ 108,789	\$ -	\$ 1,708,687	
Other	-	-	23,478	23,478	
Allowance	(62,781)	(4,288)	-	(67,069)	
<b>Total</b>	<b>\$ 1,537,117</b>	<b>\$ 104,501</b>	<b>\$ 23,478</b>	<b>\$ 1,665,096</b>	

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



**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**C. Capital Assets**

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

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>Ending Balances</b>
Capital assets, not being depreciated:				
Land	\$ 1,384,811	\$ -	\$ -	\$ 1,384,811
Construction in progress	3,070,199	5,717,018	(324,598)	8,462,619
Total capital assets not being depreciated	<u>4,455,010</u>	<u>5,717,018</u>	<u>(324,598)</u>	<u>9,847,430</u>
Capital assets, being depreciated:				
Infrastructure	8,758,631	19,018	316,099	9,093,748
Buildings and improvements	23,449,356	-	-	23,449,356
Right to use assets	123,839	-	-	123,839
Machinery and equipment	9,604,952	201,668	(388,245)	9,418,375
Total capital assets being depreciated	<u>41,936,778</u>	<u>220,686</u>	<u>(72,146)</u>	<u>42,085,318</u>
Less accumulated depreciation				
Infrastructure	2,538,611	331,931	-	2,870,542
Buildings and improvements	5,490,039	504,604	-	5,994,643
Right to use assets	13,818	24,768	-	38,586
Machinery and equipment	7,021,700	604,219	(391,593)	7,234,326
Total accumulated depreciation	<u>15,064,168</u>	<u>1,465,522</u>	<u>(391,593)</u>	<u>16,138,097</u>
Net capital assets being depreciated	26,872,610	(1,244,836)	319,447	25,947,221
<b>Total Capital Assets</b>	<u>\$ 31,327,620</u>	<u>\$ 4,472,182</u>	<u>\$ (5,151)</u>	<u>\$ 35,794,651</u>

Depreciation was charged to governmental functions as follows:

General	\$ 151,107
Public safety	476,983
Public works	386,174
Culture and recreation	382,375
Community enhancement	68,883
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 1,465,522</u>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

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	\$ 2,199,584	\$ -	\$ 2,306,992
Construction in progress	10,629,674	130,249	-	10,759,923
Total capital assets not being depreciated	<u>10,737,082</u>	<u>2,329,833</u>	<u>-</u>	<u>13,066,915</u>
Capital assets, being depreciated:				
Building and improvements	3,086,121	-	-	3,086,121
Right to use assets	509,291	-	(499,308)	9,983
Machinery and equipment	2,661,938	382,863	-	3,044,801
Infrastructure	40,880,568	22,744	-	40,903,312
Total capital assets being depreciated	<u>47,137,918</u>	<u>405,607</u>	<u>(499,308)</u>	<u>47,044,217</u>
Less accumulated depreciation				
Building and improvements	1,291,878	142,720	-	1,434,598
Right to use assets	18,140	7,322	(19,140)	6,322
Machinery and equipment	2,200,603	215,131	-	2,415,734
Infrastructure	21,993,627	1,379,498	-	23,373,125
Total accumulated depreciation	<u>25,504,248</u>	<u>1,744,671</u>	<u>(19,140)</u>	<u>27,229,779</u>
Net capital assets being depreciated	21,633,670	(1,339,064)	(480,168)	19,814,438
<b>Total Capital Assets</b>	<u><u>\$ 32,370,752</u></u>	<u><u>\$ 990,769</u></u>	<u><u>\$ (480,168)</u></u>	<u><u>\$ 32,881,353</u></u>

Depreciation was charged to business-type activities as follows:

Water and sewer	\$ 1,662,704
Refuse	71,394
Fiber	10,573
<b>Total Business-type Activities Depreciation Expense</b>	<u><u>\$ 1,744,671</u></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	\$ 824,760	\$ -	\$ 1,730,746
Total capital assets not being depreciated	<u>905,986</u>	<u>824,760</u>	<u>-</u>	<u>1,730,746</u>
<b>Total Capital Assets</b>	<u><u>\$ 905,986</u></u>	<u><u>\$ 824,760</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,730,746</u></u>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**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, 2023. 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	\$ 5,960,000	\$ -	\$ (940,000)	\$ 5,020,000	\$ 960,000
Certificates of Obligation	15,740,000	7,855,000	(775,000)	22,820,000	970,000
Less deferred amounts:					
For premiums	751,427	338,518	(46,663)	1,043,282	-
<b>Total Bonds Payable</b>	<u>22,451,427</u>	<u>8,193,518</u>	<u>(1,761,663)</u>	<u>28,883,282</u>	<u>1,930,000</u>
Lease liabilities	111,967	-	(23,533)	88,434	24,514
<b>Total</b>	<u>\$ 22,563,394</u>	<u>\$ 8,193,518</u>	<u>\$ (1,785,196)</u>	<u>\$ 28,971,716</u>	<u>\$ 1,954,514</u>
				<u>\$ 27,017,202</u>	
<b>Business-Type Activities:</b>					
Bonds, notes and other payables:					
Certificates of Obligation	\$ 23,300,000	\$ -	\$ (945,000)	\$ 22,355,000	\$ 1,395,000
General Obligation Bonds	4,005,000	-	(615,000)	3,390,000	635,000
Lease liabilities	319,527	-	(315,066)	4,461	2,935
Less deferred amounts:					
For premiums	1,801,723	-	(131,178)	1,670,545	-
<b>Total</b>	<u>\$ 29,426,250</u>	<u>\$ -</u>	<u>\$ (2,006,244)</u>	<u>\$ 27,420,006</u>	<u>\$ 2,032,935</u>
				<u>\$ 25,387,071</u>	

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

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%	5,465,000
2018 Certificates of Obligation, original principal due of \$6,595,000 with an interest rate ranging from 2.00-4.00%	4,780,000
2019 Certificates of Obligation, original principal due of \$2,500,000 with an interest rate ranging from 2.00-5.00%	1,995,000
2020B Certificates of Obligation, original principal due of \$3,015,000 with an interest rate ranging from 2.00-5.00%	2,725,000
2023 Combination Tax and Revenue Certificates of Obligation, original principal due of \$7,855,000 with an interest rate ranging from 4.00-5.00%	7,855,000
<b>Total Certificates of Obligation</b>	<b>\$ 22,820,000</b>
<b>General Obligations:</b>	
2017 general obligation refunding bonds, original principal due of \$8,045,000 with an interest rate of 2.23%	\$ 5,020,000
<b>Total General Obligation bonds</b>	<b>\$ 5,020,000</b>
Less deferred amounts:	
Premiums	\$ 1,043,282
<b>Leases Liabilities:</b>	
Konica Plotter - 2020 lease for \$34,567, int. at 4%, monthly pmt of \$638	6,672
Platinum Printer - 2022 lease for \$108,883, int at 4%, monthly pmt. \$1,923	81,762
<b>Total Lease Liabilities</b>	<b>\$ 88,434</b>
<b>Total Long-term Debt</b>	<b>\$ 28,971,716</b>

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

	<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%	\$ 12,645,000
2020B Certificates of Obligation, original principal due of \$1,855,000 with an interest rate rate ranging from 2.00-5.00%	1,675,000
2021 Certificates of Obligation, original principal due of \$1,855,000 with an interest rate rate ranging from 1.25-4.00%	8,035,000
<b>Total Certificates of Obligation</b>	<b>\$ 22,355,000</b>
<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>	<b>\$ 3,390,000</b>
Less deferred amounts:	
Premiums	\$ 1,670,545
Lease Liabilities:	
Konica Plotter - 2020 lease for \$34,567, int. at 4%, monthly pmt of \$638	4,461
<b>Total Lease Liabilities</b>	<b>\$ 4,461</b>
<b>Total Long-term Debt</b>	<b>\$ 27,420,006</b>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

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

Certificates of Obligation

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 970,000	\$ 510,831	\$ 1,395,000	\$ 654,369
2025	1,195,000	480,800	1,360,000	599,569
2026	1,130,000	447,597	1,210,000	555,094
2027	1,175,000	413,950	1,250,000	512,794
2028	1,225,000	379,759	1,300,000	461,019
2029	1,365,000	344,931	1,360,000	406,994
2030	1,405,000	311,191	1,410,000	355,144
2031	1,465,000	274,281	1,175,000	316,756
2032	1,520,000	232,188	1,205,000	287,716
2033	1,590,000	192,238	1,230,000	257,625
2034	1,640,000	154,106	1,260,000	226,475
2035	1,705,000	113,647	1,295,000	194,125
2036	1,035,000	82,425	1,210,000	162,288
2037	1,070,000	60,863	1,245,000	130,650
2038	640,000	31,256	1,275,000	97,813
2039	1,310,000	17,331	1,305,000	64,119
2040	725,000	9,169	1,345,000	28,775
2041	530,000	3,475	525,000	5,250
2042	550,000	2,125	-	-
2043	575,000	719	-	-
<b>Total</b>	<b>\$ 22,820,000</b>	<b>\$ 4,062,881</b>	<b>\$ 22,355,000</b>	<b>\$ 5,316,572</b>

General Obligation Bonds

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 5,020,000</b>	<b>\$ 284,883</b>	<b>\$ 3,390,000</b>	<b>\$ 335,675</b>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

Lease Liabilities

		<b>Governmental Activities</b>	
		<b>Principal</b>	<b>Interest</b>
	2024	\$ 24,514	\$ 3,161
	2025	23,219	2,159
	2026	21,822	1,259
	2027	18,879	356
	<b>Total</b>	<b>\$ 88,434</b>	<b>\$ 6,935</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, 2023, the value of the lease liability was \$88,434. 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 \$85,253.

Lease Liabilities

		<b>Business-Type Activities</b>	
		<b>Principal</b>	<b>Interest</b>
	2024	\$ 2,935	\$ 127
	2025	1,526	18
	<b>Total</b>	<b>\$ 4,461</b>	<b>\$ 145</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. During the current year, the City purchased the land for \$2,199,584. The City paid the current year principal balance of \$64,069 and wrote off the remaining outstanding balance of \$248,179 and unamortized right to use asset of \$480,168. As of September 30, 2023, the value of the remaining equipment lease liability was \$4,461. The City is required to make monthly principal and interest payments of \$638. The lease has an interest rate of 4%. The equipment has a five-year estimated useful life. The carrying amount of the right-to-use asset as of the end of the current fiscal year was \$3,661.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**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	150,535	280,140	(178,682)	251,993	226,794
<b>Total Governmental Activities</b>	<u>\$ 150,535</u>	<u>\$ 280,140</u>	<u>\$ (178,682)</u>	<u>\$ 251,993</u>	<u>\$ 226,794</u>
<b>Other long-term liabilities due in more than one year</b>				<u>\$ 25,199</u>	
<b>Business Type Activities:</b>					
Compensated absences	20,876	-	-	20,876	18,788
<b>Total Business Type Activities</b>	<u>\$ 20,876</u>	<u>\$ -</u>	<u>\$ -</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>	

**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 \$93,539. Current year amortization expense for governmental totaled \$18,708.



**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**G. Interfund Transactions**

Transfers between the primary government funds during the 2023 year were as follows:

<b>Transfer out:</b>	<b>Transfer In:</b>			
	<b>General</b>	<b>Fiber</b>	<b>Water &amp; Sewer</b>	<b>Total</b>
Nonmajor governmental	\$ -	\$ -	\$ 87,207	\$ 87,207
Debt service	-	971,000	1,415,344	2,386,344
Water & Sewer	3,267,487	-	-	3,267,487
Refuse	45,000	-	-	45,000
<b>Total</b>	<b>\$ 3,312,487</b>	<b>\$ 971,000</b>	<b>\$ 1,502,551</b>	<b>\$ 5,786,038</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, 2023 were as follows:

<b>Due from (receivable fund):</b>	<b>Due to (payable fund):</b>			<b>Total</b>
	<b>Econ. Dev. Admin Grant</b>	<b>Series 2023 Bond Fund</b>	<b>Nonmajor Governmental</b>	
General	\$ -	\$ -	\$ 127,013	\$ 127,013
Debt service	-	17,779	-	17,779
Water and Sewer	86,570	-	164,252	250,822
<b>Total</b>	<b>\$ 86,570</b>	<b>\$ 17,779</b>	<b>\$ 291,265</b>	<b>\$ 395,614</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, 2023

**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, 2023

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.

**C. Defined Benefit Pension Plans**

**Texas Municipal Retirement System**

**1. Plan Description**

The City of Dayton, Texas participates as one of 919 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 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

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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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 2022</u>	<u>Plan Year 2021</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

**Employees covered by benefit terms**

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	145
Active employees	<u>87</u>
<b>Total</b>	<b><u>289</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 6.28% and 16.36% in calendar years 2022 and 2023, respectively. The City's

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

contributions to TMRS for the year ended September 30, 2023, were \$749,569, and equaled the required contributions. Effective January 1, 2023, the City adopted the Updated Service Credit/Cost of Living Adjustment ordinance. The City's contribution rate increased to 16.65%.

**4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 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

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.

# City of Dayton, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.7%
Core Fixed Income	6.0%	4.9%
Non-Core Fixed Income	20.0%	8.7%
Other Public/Private Markets	12.0%	8.1%
Real Estate	12.0%	5.8%
Hedge Funds	5.0%	6.9%
Private Equity	10.0%	11.8%
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.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**Changes in the Net Pension (Asset) Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 12/31/21</b>	\$ 10,716,177	\$ 11,123,916	\$ (407,739)
Changes for the year:			
Service cost	959,671	-	959,671
Interest	990,980	-	990,980
Change in benefit terms	3,801,039	-	3,801,039
Difference between expected and actual experience	(56,883)	-	(56,883)
Changes of assumptions	-	-	-
Contributions – employer	-	342,524	(342,524)
Contributions – employee	-	381,788	(381,788)
Net investment income	-	(810,102)	810,102
Benefit payments, including refunds of emp. contributions	(631,722)	(631,722)	-
Administrative expense	-	(7,027)	7,027
Other changes	-	8,385	(8,385)
Net changes	5,063,085	(716,154)	5,779,239
<b>Balance at 12/31/22</b>	<b>\$ 15,779,262</b>	<b>\$ 10,407,762</b>	<b>\$ 5,371,500</b>

**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:

<b>1% Decrease 5.75%</b>	<b>Current Single Rate Assumption 6.75%</b>	<b>1% Increase 7.75%</b>
\$ 7,864,375	\$ 5,371,500	\$ 3,367,637

**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).

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

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

For the year ended September 30, 2023, the City recognized pension expense of \$4,706,536.

At September 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Differences between projected and investment earnings	\$ 724,949	\$ -
Difference between expected and actual economic experience	-	(89,560)
Contributions subsequent to the measurement date	642,655	-
<b>Total</b>	<b>\$ 1,367,604</b>	<b>\$ (89,560)</b>

The City reported \$642,655 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, 2024.

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>	
2023	\$ (23,707)
2024	156,655
2025	190,248
2026	312,193
2027	-
Thereafter	-
	<b>\$ 635,389</b>

**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, 2022, there were 239 member fire or emergency services departments actively



**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

At August 31, 2022, TESRS membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,991
Terminated Participants Entitled to Benefits but Not Yet Receiving Them	1,813
Active Participants (Vested and Nonvested)	<u>3,379</u>
Total	<u>9,183</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.

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

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

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, 2022 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 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, 2022, total contributions (dues and prior service) of \$4,049,093 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,262,763 for the fiscal year ending August 31, 2022.

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, 2022 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.

# City of Dayton, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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, 2018</u>	<u>August 31, 2020</u>	<u>August 31, 2022</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

Actuarial Assumptions:

Investment Rate of Return *	7.75% per year, net of investment expenses	7.50% 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%	6.17%
Emerging markets	5%	7.36%
Global infrastructure	5%	6.61%
Real Estate	10%	4.48%
Multi asset income	5%	3.86%
Fixed income	30%	1.95%
Cash	0%	0%
Total	100.0%	4.61%

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**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, 2022 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.

**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 8/31/2021</b>	\$ 610,517	\$ 568,501	\$ 42,016
Changes for the year:			
Service Cost	3,720	-	3,720
Interest (on the Total Pension Liab.)	27,476	-	27,476
Change in benefit terms	5,807	-	5,807
Difference between expected and actual experience	5,956	-	5,956
Changes of assumptions	(787)	-	(787)
Contributions – members	-	9,679	(9,679)
Contributions – state	-	3,018	(3,018)
Net investment income	-	(42,413)	42,413
Benefit payments, including refunds of emp. contributions	(19,006)	(19,006)	-
Administrative expense	-	(583)	583
Proportion changes	(238,382)	221,971	(16,411)
Net changes	(215,216)	172,666	56,060
<b>Balance at 8/31/2022</b>	<b>\$ 395,301</b>	<b>\$ 741,167</b>	<b>\$ 98,076</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%
\$ 153,854	\$ 98,076	\$ 52,907

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

**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).

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

For the year ended September 30, 2023, the City recognized pension expense of \$20,723.

At September 30, 2023, 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	\$ 3,733	\$ -
Difference between projected and investment earnings	36,169	-
Change in actuarial assumptions	-	(493)
Changes in pension proportion	-	(1,312)
Contributions subsequent to the measurement date	5,750	-
<b>Total</b>	<u>\$ 45,652</u>	<u>\$ (1,805)</u>

The City reported \$5,750 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, 2024. 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>	
2023	\$ 11,402
2024	7,090
2025	7,401
2026	13,639
2027	31
Thereafter	(1,466)
	<u>\$ 38,097</u>

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
 September 30, 2023

**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 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 2022	Plan Year 2021
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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	27
Active employees	87
Total	153

The City’s contributions to the TMRS SDBF for the years ended 2023 and 2022 were \$6,588, and \$5,491, respectively, which equaled the required contributions each year.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

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
2021	0.11%	0.11%	100.0%
2022	0.10%	0.10%	100.0%
2023	0.13%	0.13%	100.0%

**Total OPEB Liability**

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2022, 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, 2022 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	4.05%
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.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**Discount Rate:**

The discount rate used to measure the Total OPEB Liability was 4.05%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

**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 4.05%, 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 (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

1% Decrease (0.84%)	Current Single Rate Assumption 1.84%	1% Increase (2.84%)
\$ 288,301	\$ 239,169	\$ 201,891

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/21</b>	\$ 340,038
Changes for the year:	
Service Cost	20,685
Interest	6,397
Difference between expected and actual experience	8,869
Changes of assumptions	(131,377)
Benefit payments	(5,443)
Net changes	(100,869)
<b>Balance at 12/31/22</b>	<b>\$ 239,169</b>

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$16,722.



**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

At September 30, 2023, 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	\$ -	\$ (66,852)
Difference between expected and actual experience	1,908	-
Contributions subsequent to measurement date	5,107	-
<b>Total</b>	<b>\$ 7,015</b>	<b>\$ (66,852)</b>

The City reported \$5,107 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, 2024.

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>	
2023	\$ (12,113)
2024	(10,254)
2025	(19,743)
2026	(22,834)
2027	-
Thereafter	-
	<b>\$ (64,944)</b>

**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 \$64,525 during the year.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**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 \$65,353. Rail Logix had 80% of their property tax abated, totaling \$156,322.

**G. Restatement**

Due to corrections to accrued revenues and reallocation of EDA funds, the City restated beginning net position/fund balance for governmental activities, business-type activities, the economic development admin grant fund, the water and sewer fund, and one nonmajor governmental fund. The restatement of beginning net position/fund balance is as follows:

	<b>Governmental Activities</b>	<b>Economic Development Admin Grants</b>	<b>Nonmajor Governmental</b>
Prior year ending net position/fund balance, as reported	\$ 17,134,188	\$ 29,314	\$ 1,664,699
To accrue additional revenue	131,288	57,256	74,032
To reallocate EDA funds	(86,570)	(86,570)	-
Restated beginning net position/fund balance	<u>\$ 17,178,906</u>	<u>\$ -</u>	<u>\$ 1,738,731</u>

	<b>Business-type Activities</b>	<b>Water &amp; Sewer</b>
Prior year ending net position/fund balance, as reported	\$ 10,700,206	\$ 11,226,252
To reallocate EDA funds	86,570	86,570
Restated beginning net position/fund balance	<u>\$ 10,786,776</u>	<u>\$ 11,312,822</u>

**H. Subsequent Events**

There were no material subsequent events through March 11, 2024, the date the financial statements were issued.

***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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Property tax	\$ 3,983,010	\$ 3,983,010	\$ 4,167,078	\$ 184,068
Sales tax	1,924,921	1,924,921	2,284,398	359,477
Franchise and local taxes	648,152	648,152	704,198	56,046
Payments in lieu of taxes	62,592	62,592	35,012	(27,580)
License and permits	251,500	251,500	486,362	234,862
Charges for services	54,000	54,000	110,419	56,419
Fines and forfeitures	291,600	291,600	277,452	(14,148)
Intergovernmental	-	-	23,236	23,236
Investment income	15,000	15,000	59,032	44,032
Other revenues	229,000	229,000	528,254	299,254
<b>Total Revenues</b>	7,459,775	7,459,775	8,675,441	1,215,666
<b><u>Expenditures</u></b>				
Current:				
General government				
Administration	931,906	931,906	872,417	59,489
Technology	464,549	543,468	539,081	4,387
Office of City Mgr. & Sec.	1,147,064	1,147,064	1,009,823	137,241
Planning & Code Enforcement	590,833	636,237	545,066	91,171
Animal Control	155,331	155,331	140,505	14,826
Human resources	179,308	179,308	172,095	7,213
Nondepartmental	312,761	324,761	323,682	1,079
<b>Total General Government</b>	3,781,752	3,918,075	3,602,669	315,406
Public safety				
Municipal Court	369,542	369,542	246,965	122,577
Volunteer Fire	129,548	129,548	122,121	7,427
Police & Dispatch	3,234,096	3,234,096	3,011,473	222,623
EMS Services	75,000	75,000	75,000	-
<b>Total Public Safety</b>	3,808,736	3,808,736	3,455,559	353,177

# 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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures (continued)</b>				
Public works				
Fleet Maintenance	349,047	349,047	214,620	134,427
Streets & Drainage	786,929	786,929	670,367	116,562
<b>Total Public Works</b>	1,135,976	1,135,976	884,987	250,989
Culture and recreation				
Library	230,423	251,423	248,502	2,921
Parks-Maintenance	17,897	17,897	4,015	13,882
<b>Total Culture and Recreation</b>	248,320	269,320	252,517	16,803
Community enhancement	770,023	770,023	756,898	13,125
Community center	341,943	341,943	283,888	58,055
Debt service				
Principal	-	23,533	23,533	-
Interest and fiscal charges	-	4,142	4,142	-
<b>Total Expenditures</b>	10,086,750	10,271,748	9,264,193	1,007,555
<b>Revenues Over (Under) Expenditures</b>	(2,626,975)	(2,811,973)	(588,752)	2,223,221
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 3,395,000	\$ 3,395,000	\$ 3,312,487	\$ (82,513)
Sale of assets	-	-	125,958	125,958
<b>Total Other Financing Sources (Uses)</b>	3,395,000	3,395,000	3,438,445	43,445
<b>Net Change in Fund Balance</b>	\$ 768,025	\$ 583,027	2,849,693	\$ 2,266,666
Beginning fund balance			4,732,119	
<b>Ending Fund Balance</b>			\$ 7,581,812	

Notes to Required Supplementary Information

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

# City of Dayton, Texas

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

Years Ended:

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Total pension liability			
Service cost	\$ 959,671	\$ 645,810	\$ 691,091
Interest	990,980	683,244	636,851
Changes in benefit terms	3,801,039	-	-
Differences between expected and actual experience	(56,883)	(130,230)	(66,921)
Changes of assumptions	-	-	-
Benefit payments, including refunds of participant contributions	(631,722)	(563,737)	(538,444)
<b>Net change in total pension liability</b>	<u>5,063,085</u>	<u>635,087</u>	<u>722,577</u>
<b>Total pension liability - beginning</b>	<u>10,716,177</u>	<u>10,081,090</u>	<u>9,358,513</u>
<b>Total pension liability - ending (a)</b>	<u>15,779,262</u>	<u>10,716,177</u>	<u>10,081,090</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 342,524	\$ 341,606	\$ 382,803
Contributions - members	381,788	363,398	383,331
Net investment income	(810,102)	1,265,997	669,208
Benefit payments, including refunds of participant contributions	(631,722)	(563,737)	(538,444)
Administrative expenses	(7,027)	(5,865)	(4,337)
Other	8,385	40	(170)
<b>Net change in plan fiduciary net position</b>	<u>(716,154)</u>	<u>1,401,439</u>	<u>892,391</u>
<b>Plan fiduciary net position - beginning</b>	<u>11,123,916</u>	<u>9,722,477</u>	<u>8,830,086</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 10,407,762</u>	<u>\$ 11,123,916</u>	<u>\$ 9,722,477</u>
<b>Fund's net pension liability - ending (a) - (b)</b>	<u>\$ 5,371,500</u>	<u>\$ (407,739)</u>	<u>\$ 358,613</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	 65.96%	 103.80%	 96.44%
<b>Covered payroll</b>	\$ 5,443,397	\$ 5,191,397	\$ 5,476,155
<b>Fund's net pension liability as a percentage of covered payroll</b>	98.68%	-7.85%	6.55%

**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>12/31/2019</u>	<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>
\$ 654,534	\$ 570,125	\$ 540,698	\$ 490,826	\$ 415,360	\$ 324,986	
593,767	562,917	517,680	474,157	430,539	396,895	
-	-	-	-	-	-	
(153,335)	(273,080)	81,411	54,782	37,731	(19,939)	
21,131	-	-	-	216,362	-	
(453,744)	(436,505)	(532,131)	(267,708)	(259,770)	(273,230)	
<u>662,353</u>	<u>423,457</u>	<u>607,658</u>	<u>752,057</u>	<u>840,222</u>	<u>428,712</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>	<u>5,644,054</u>	
<u>9,358,513</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>	
\$ 374,020	\$ 337,358	\$ 313,664	\$ 239,287	\$ 214,234	\$ 177,101	
359,634	316,736	296,309	268,002	241,488	215,977	
1,143,957	(221,728)	892,777	393,037	8,300	298,309	
(453,744)	(436,505)	(532,131)	(267,708)	(259,770)	(273,230)	
(6,476)	(4,297)	(4,637)	(4,449)	(5,059)	(3,114)	
(194)	(222)	(235)	(240)	(250)	(256)	
<u>1,417,197</u>	<u>(8,658)</u>	<u>965,747</u>	<u>627,929</u>	<u>198,943</u>	<u>414,787</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>5,214,141</u>	
<u>\$ 8,830,086</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>\$ 528,427</u>	<u>\$ 1,283,271</u>	<u>\$ 851,156</u>	<u>\$ 1,209,245</u>	<u>\$ 1,085,117</u>	<u>\$ 443,838</u>	
94.35%	85.24%	89.71%	84.22%	84.30%	92.69%	
\$ 5,137,633	\$ 4,524,803	\$ 4,230,816	\$ 3,828,596	\$ 3,449,831	\$ 3,085,380	
10.29%	28.36%	20.12%	31.58%	31.45%	14.39%	

# City of Dayton, Texas

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

### Years Ended:

	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Actuarially determined employer contributions	\$ 749,569	\$ 340,248	\$ 355,127	\$ 368,161
Contributions in relation to the actuarially determined contribution	\$ 749,569	\$ 340,248	\$ 355,127	\$ 368,161
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 5,409,184	\$ 5,351,329	\$ 5,303,686	\$ 5,215,600
Employer contributions as a percentage of covered payroll	13.86%	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

Effective January 1, 2023, the City adopted the Updated Service Credit/Cost of Living Adjustment ordinance. The City's contribution rate increased to 16.65%.



<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	
<u>\$ 364,812</u>	<u>\$ 331,541</u>	<u>\$ 296,886</u>	<u>\$ 244,564</u>	<u>\$ 201,762</u>	<u>\$ 170,209</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<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 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

Years Ended:

	8/31/2022	8/31/2021	8/31/2020	8/31/2019
Total pension liability				
Service cost	\$ 3,720	\$ 6,103	\$ 5,013	\$ 4,975
Interest	27,476	43,611	29,553	28,137
Changes in benefit terms	5,807	-	8,031	-
Differences between expected and actual experience	5,956	-	(5,280)	-
Changes of assumptions	(787)	-	(182)	-
Benefit payments, including refunds of participant contributions	(19,006)	(29,153)	(18,490)	(17,149)
<b>Net change in total pension liability</b>	23,166	20,561	18,645	15,962
<b>Total pension liability - beginning</b>	\$ 372,136	\$ 589,956	\$ 385,558	366,653
<b>Total pension liability - ending (a)</b>	\$ 395,302	\$ 610,517 <sup>3</sup>	\$ 404,203	\$ 382,616
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 9,679	\$ 14,956	\$ 10,090	\$ 9,280
Contributions - state	3,018	5,212	3,571	3,544
Net investment income	(42,413)	87,448	32,757	3,041
Benefit payments, including refunds of participant contributions	(19,006)	(29,153)	(18,490)	(17,149)
Administrative expenses	(577)	(1,053)	(861)	(605)
<b>Net change in plan fiduciary net position</b>	(49,299)	77,410	27,067	(1,889)
<b>Plan fiduciary net position - beginning</b>	346,525	491,091	309,399	308,927
<b>Plan fiduciary net position - ending (b)</b>	\$ 297,226	\$ 568,501	\$ 336,467	\$ 307,038
<b>Fund's net pension liability - ending (a) - (b)</b>	\$ 98,076	\$ 42,016	\$ 67,737	\$ 75,578
Plan fiduciary net position as a percentage of the total pension liability	75.19%	93.12%	83.24%	80.25%
Number of active members	3,379	3,571	3,634	3,702
Net pension liability per active member	29	\$ 12	\$ 19	\$ 20
City's proportion of the net pension liability	0.2390%	0.3922%	0.2687%	0.2666%

**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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022.

	<u>8/31/2018</u>	<u>8/31/2017</u>	<u>8/31/2016</u>	<u>8/31/2015</u> <sup>1</sup>
\$	4,373	\$ 4,732	\$ 4,979	\$ 5,268
	27,181	28,119	26,162	26,340
	7,754	-	2,122	-
	(248)	-	190	-
	-	-	2,616	-
	<u>(16,026)</u>	<u>(14,945)</u>	<u>(13,818)</u>	<u>(13,989)</u>
	<u>23,034</u>	<u>17,906</u>	<u>22,250</u>	<u>17,619</u>
	<u>354,363</u>	<u>365,560</u>	<u>339,500</u>	<u>341,599</u>
\$	<u>\$ 377,397</u>	<u>\$ 383,466</u>	<u>\$ 361,750</u>	<u>\$ 359,219</u>
\$	11,249	\$ 14,885	\$ 10,179	\$ 10,932
	3,648	4,704	4,655	5,091
	31,050	29,034	14,567	(10,239)
	(16,026)	(14,945)	(13,818)	(13,989)
	(434)	(547)	(490)	(671)
	<u>29,486</u>	<u>33,130</u>	<u>15,093</u>	<u>(8,877)</u>
	<u>288,493</u>	<u>279,055</u>	<u>261,054</u>	<u>285,094</u>
\$	<u>\$ 317,979</u>	<u>\$ 312,185</u>	<u>\$ 276,147</u>	<u>\$ 276,217</u>
\$	<u>\$ 59,418</u>	<u>\$ 71,280</u>	<u>\$ 85,603</u>	<u>\$ 83,002</u>
	84.26%	81.41%	76.34%	76.89%
	3,927	4,046	3,634	4,036 <sup>2</sup>
\$	\$ 15	\$ 18	\$ 100	\$ 89
	0.2744%	0.2970%	0.2939%	0.3110%

# City of Dayton, Texas

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

Years Ended:

	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Actuarially determined employer contributions	\$ 5,750	\$ 20,236	\$ 18,828	\$ 12,928
Contributions in relation to the actuarially determined contribution	\$ 5,750	\$ 20,236	\$ 18,828	\$ 12,928
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Active members	29	29	29	29
 Contributions per active member	 198	 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	21 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-2019.

**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>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Total OPEB liability				
Service cost	\$ 20,685	\$ 17,132	\$ 15,881	\$ 13,872
Interest	6,397	6,360	7,081	7,174
Differences between expected and actual experience	8,869	(1,566)	(4,757)	1,432
Changes of assumptions	(131,377)	11,544	45,608	43,021
Benefit payments, including refunds of participant contributions	(5,443)	(5,711)	(2,190)	(2,569)
<b>Net change in total OPEB liability</b>	<u>(100,869)</u>	<u>27,759</u>	<u>61,623</u>	<u>62,930</u>
<b>Total OPEB liability - beginning</b>	<u>\$ 340,038</u>	<u>\$ 312,279</u>	<u>\$ 250,656</u>	<u>\$ 187,726</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 239,169</u></u>	<u><u>\$ 340,038</u></u>	<u><u>\$ 312,279</u></u>	<u><u>\$ 250,656</u></u>
<b>Covered payroll</b>	\$ 5,443,397	\$ 5,191,397	\$ 5,476,155	\$ 5,137,633
City's total OPEB liability as a percentage of covered payroll	4.39%	6.55%	5.70%	4.88%

**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>12/31/2018</u>	<u>12/31/2017</u> <sup>1</sup>
\$	11,764	\$ 9,731
	6,841	6,621
	(16,702)	-
	(14,056)	15,885
	(1,810)	(1,692)
	<u>(13,963)</u>	<u>30,545</u>
\$	<u>201,689</u>	<u>\$ 171,144</u>
\$	<u>187,726</u>	<u>\$ 201,689</u> <sup>2</sup>
\$	4,524,803	\$ 4,230,816
	4.15%	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, 2023**

	<b>Public Safety Facility</b>	<b>Hotel &amp; Motel</b>	<b>Police Investigation &amp; Forfeiture</b>	<b>PD Equitable Sharing Justice</b>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 622,237	\$ 318,274	\$ 25,413	\$ 7,001
Receivables, net	-	7,693	5,049	-
<b>Total Assets</b>	<b>622,237</b>	<b>325,967</b>	<b>30,462</b>	<b>7,001</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued exp.	\$ -	\$ 2,087	\$ -	\$ -
Due to other funds	164,252	-	-	-
<b>Total Liabilities</b>	<b>164,252</b>	<b>2,087</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Restricted for:				
Capital projects	457,985	-	-	-
Public safety	-	-	30,462	7,001
Tourism	-	323,880	-	-
Library	-	-	-	-
Grant activities	-	-	-	-
Community development	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>457,985</b>	<b>323,880</b>	<b>30,462</b>	<b>7,001</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 622,237</b>	<b>\$ 325,967</b>	<b>\$ 30,462</b>	<b>\$ 7,001</b>

See Notes to Financial Statements.

<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>
\$ 104	\$ 53,987	\$ 34,445	\$ 18,496	\$ 7,421
-	-	-	-	-
<u>104</u>	<u>53,987</u>	<u>34,445</u>	<u>18,496</u>	<u>\$ 7,421</u>
<u><u>104</u></u>	<u><u>53,987</u></u>	<u><u>34,445</u></u>	<u><u>18,496</u></u>	<u><u>\$ 7,421</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><u>-</u></u>	<u><u>-</u></u>
-	-	-	-	-
104	53,987	34,445	-	7,421
-	-	-	-	-
-	-	-	18,496	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>104</u>	<u>53,987</u>	<u>34,445</u>	<u>18,496</u>	<u>7,421</u>
<u><u>\$ 104</u></u>	<u><u>\$ 53,987</u></u>	<u><u>\$ 34,445</u></u>	<u><u>\$ 18,496</u></u>	<u><u>\$ 7,421</u></u>

**City of Dayton, Texas**  
**COMBINING BALANCE SHEET (Page 2 of 2)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2023**

	<b>Municipal Court Jury</b>	<b>American Rescue Plan Act Grant</b>	<b>DCDC Grant</b>	<b>Community Development Block Grant</b>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 236	\$ 54,086	\$ 16,072	\$ 36,620
Receivables, net	-	-	-	21,839
<b>Total Assets</b>	<b>\$ 236</b>	<b>\$ 54,086</b>	<b>\$ 16,072</b>	<b>\$ 58,459</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued exp.	\$ -	\$ -	\$ -	\$ 25,207
Due to other funds	-	-	-	127,013
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,220</b>
<b><u>Fund Balances</u></b>				
Restricted for:				
Capital projects	-	-	-	-
Public safety	236	-	-	-
Tourism	-	-	-	-
Library	-	-	-	-
Grant activities	-	54,086	-	-
Community development	-	-	16,072	-
Unassigned	-	-	-	(93,761)
<b>Total Fund Balances</b>	<b>236</b>	<b>54,086</b>	<b>16,072</b>	<b>(93,761)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 236</b>	<b>\$ 54,086</b>	<b>\$ 16,072</b>	<b>\$ 58,459</b>

See Notes to Financial Statements.

<b>Capital Projects</b>	<b>Total</b>
\$ -	\$ 1,194,392
-	34,581
<u>\$ -</u>	<u>1,228,973</u>
-	-
-	27,294
-	291,265
<u>-</u>	<u>318,559</u>
-	457,985
-	133,656
-	323,880
-	18,496
-	54,086
-	16,072
<u>-</u>	<u>(93,761)</u>
-	910,414
<u>\$ -</u>	<u>\$ 1,228,973</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, 2023

	Public Safety Facility	Hotel & Motel	Police Investigation & Forfeiture	PD Equitable Sharing Justice
<b><u>Revenues</u></b>				
Taxes	\$ -	\$ 101,162	\$ -	\$ -
Service revenue	-	-	-	-
Fines and fees	-	-	-	-
Contributions and grants	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	5,587	2,886	215	65
Other revenue	143,325	-	25,168	551
<b>Total Revenues</b>	148,912	104,048	25,383	616
<b><u>Expenditures</u></b>				
General government	-	49,192	-	-
Public safety	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	-	49,192	-	-
<b>Revenues Over (Under) Expenditures</b>	148,912	54,856	25,383	616
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Net Change in Fund Balances</b>	148,912	54,856	25,383	616
Beginning fund balances	309,073	269,024	5,079	6,385
<b>Ending Fund Balances</b>	\$ 457,985	\$ 323,880	\$ 30,462	\$ 7,001

See Notes to Financial Statements.

<u>PD Equitable Sharing Treasury</u>	<u>Municipal Court Building</u>	<u>Municipal Court Technology</u>	<u>Library Special</u>	<u>Municipal Court Juvenile</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	2,261	-
-	6,397	5,619	-	-
-	-	-	-	-
-	-	-	-	-
-	502	318	170	68
-	-	-	19	898
-	<u>6,899</u>	<u>5,937</u>	<u>2,450</u>	<u>966</u>
-	-	-	-	-
-	2,870	2,741	-	-
-	-	-	-	-
-	<u>2,870</u>	<u>2,741</u>	-	-
-	<u>4,029</u>	<u>3,196</u>	<u>2,450</u>	<u>966</u>
-	-	-	-	-
-	-	-	-	-
-	4,029	3,196	2,450	966
104	49,958	31,249	16,046	6,455
<u>\$ 104</u>	<u>\$ 53,987</u>	<u>\$ 34,445</u>	<u>\$ 18,496</u>	<u>\$ 7,421</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, 2023

	Municipal Court Jury	American Rescue Plan Act Grant	DCDC Grant	Community Development Block Grant
<b><u>Revenues</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Service revenue	-	-	-	-
Fines and fees	110	-	-	-
Contributions and grants	-	-	-	-
Intergovernmental	-	-	-	45,635
Investment income	-	459	748	919
Other revenue	-	5,160	-	281
<b>Total Revenues</b>	110	5,619	748	46,835
<b><u>Expenditures</u></b>				
General government	-	-	-	9,623
Public safety	-	-	-	-
Capital outlay	-	23,156	849,254	152,797
<b>Total Expenditures</b>	-	23,156	849,254	162,420
<b>Revenues Over (Under) Expenditures</b>	110	(17,537)	(848,506)	(115,585)
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	-	-	-	(87,207)
<b>Total Other Financing Sources (Uses)</b>	-	-	-	(87,207)
<b>Net Change in Fund Balances</b>	110	(17,537)	(848,506)	(202,792)
Beginning fund balances	126	71,623	864,578	109,031
<b>Ending Fund Balances</b>	\$ 236	\$ 54,086	\$ 16,072	\$ (93,761)

See Notes to Financial Statements.



<u>Capital Projects</u>	<u>Total</u>
\$ -	\$ 101,162
-	2,261
-	12,126
2,948,378	2,948,378
-	45,635
-	11,937
-	175,402
2,948,378	3,296,901
-	58,815
-	5,611
2,948,378	3,973,585
2,948,378	4,038,011
-	(741,110)
-	(87,207)
-	(87,207)
-	(828,317)
-	1,738,731
\$ -	\$ 910,414