



Comprehensive Annual Financial Report



2014-2015

City of Dayton, Texas

*Including Auditor's Report for the fiscal
year ended September 30, 2015*

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

CITY OF DAYTON, TEXAS

For the Year Ended
September 30, 2015

Prepared by:

Department of Finance and Administration

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CITY OF DAYTON, TEXAS

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INTRODUCTORY SECTION

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117 Cook St. • Dayton, Texas 77535 • Telephone - (936) 258-2642 • FAX - (936) 258-2348

March 15, 2016

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

Dear Mayor and Members of City Council:

The City of Dayton, Texas (the "City") is required to publish each year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Dayton for the fiscal year ending September 30, 2015.

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

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

The City's financial statements have been audited by Belt Harris Pechacek, LLLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending September 30, 2015 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. Based on the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the year ending September 30, 2015 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Strategic Direction

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

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

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

To accomplish our mission, we will commit to the following principles:

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

Profile of the Government

The City of Dayton resides on U.S. Highway 90, six miles west of Liberty in southwestern Liberty County, was first called West Liberty and was considered part of the original town of Liberty, founded in 1831. Dayton was recorded as an incorporated municipality on May 3, 1911. As of September 30, 2015, the City had a land area of 17.4 square miles and an estimated population of approximately 7,418. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statutes to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

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

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

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

Local Economy

The Texas unemployment rate at 4.5 percent is lower than the U.S. unemployment rate of 5.0 percent. Liberty County has a slightly higher unemployment rate of 7.1 percent.

	2015	2014	2013
United States	5.0%	5.5%	6.7%
Texas	4.5%	4.5%	5.6%
Dayton-Liberty	7.1%	6.5%	8.1%

Long-Term Financial Planning

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

For the last several years, the annual budget of the City has been able to maintain its infrastructure base for streets, water and wastewater systems, and municipal facilities through an aggressive maintenance and improvement program. A portion of general fund revenues is allocated to the Capital Improvement Plan each year. Debt is issued when necessary to finance long-term capital improvements.

While the economy has improved, continuing instability in the oil futures and its direct impact on our largest of sales tax payers reinforces the City's commitment to retain large cash reserves on hand to thwart any future fiscal crisis. As interest rates improve, the City's goal is to take greater advantage of the market to help diversify our investment portfolio.

Major Initiatives

In the 2014-2015 fiscal year, the City of Dayton, using its "AA-" rating, sold a \$7 million bond to fund a new Public Safety Facility complex. This multipurpose site will become the new home for the Dayton Municipal Court, Police Department, and Volunteer Fire House. Future projects involving infrastructure and planning are scheduled for the next several budget cycles in anticipation of the completed TxDot Highway 99 in fiscal year 2019.

Acknowledgements

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

Respectfully submitted,



David Douglas
City Manager



Rudy Zepeda
Assistant City Manager / CFO

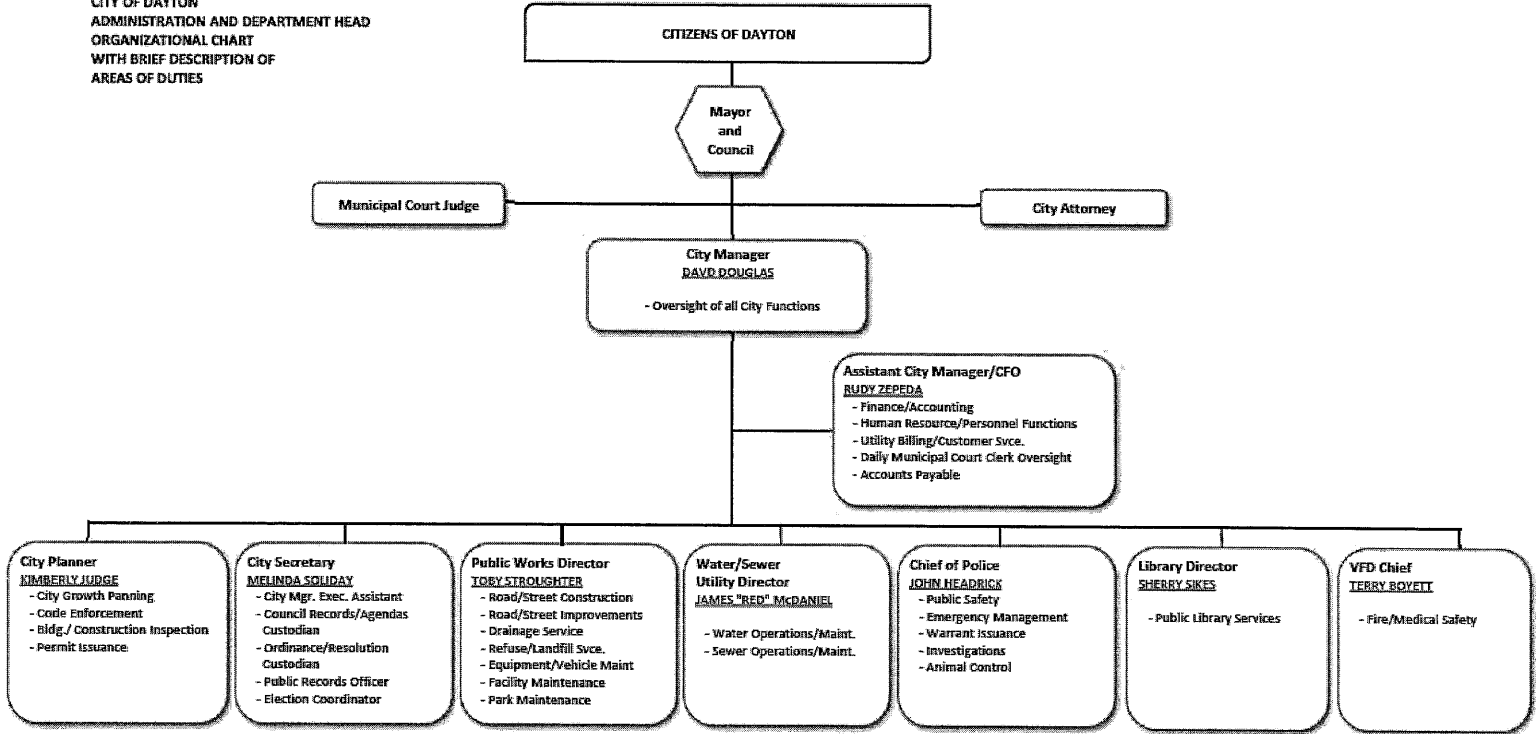
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CITY OF DAYTON, TEXAS

ORGANIZATIONAL CHART

September 30, 2015

CITY OF DAYTON
 ADMINISTRATION AND DEPARTMENT HEAD
 ORGANIZATIONAL CHART
 WITH BRIEF DESCRIPTION OF
 AREAS OF DUTIES



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CITY OF DAYTON, TEXAS
LIST OF ELECTED AND APPOINTED OFFICIALS
September 30, 2015

Elected Officials	Position
Felix J. Skarpa	Mayor
Dwight Pruitt	City Councilmember
Dale Brown	City Councilmember
John S. Johnson	City Councilmember
Jeff Lambright	City Councilmember
Sherial L. Lawson	City Councilmember

Appointed Officials	Position
David Douglas	City Manager
Charles Carden	Park Board Trustees
David Parker	Park Board Trustees
Liz Pruitt	Park Board Trustees
Gala Robinson	Park Board Trustees
Connie Lehan	Park Board Trustees
Wendy Null	Planning Commission
Danny Jones	Planning Commission
Bob Edwards	Planning Commission
Eliza Mae Guidry	Planning Commission
Isaac Love	Planning Commission
Sharron Stovall	Planning Commission
Betty Tankersley	Planning Commission
Lorrie Beasley	Library Trustees
Margaret Black	Library Trustees
Renee DiSabatino	Library Trustees
Sherry Graves	Library Trustees
Lynn Sturrock	Library Trustees
PamTurner	Library Trustees
Margaret Cantrell	Housing Authority
Tony De La Cruz	Housing Authority
Mike Graves	Housing Authority
Adam Piserelle	Housing Authority
Paula Sanchez	Housing Authority

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Texas (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

In 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. 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 and Analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of the City's proportionate share of net pension liability, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements, individual fund schedule, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements and individual fund schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and individual fund schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 15, 2016

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

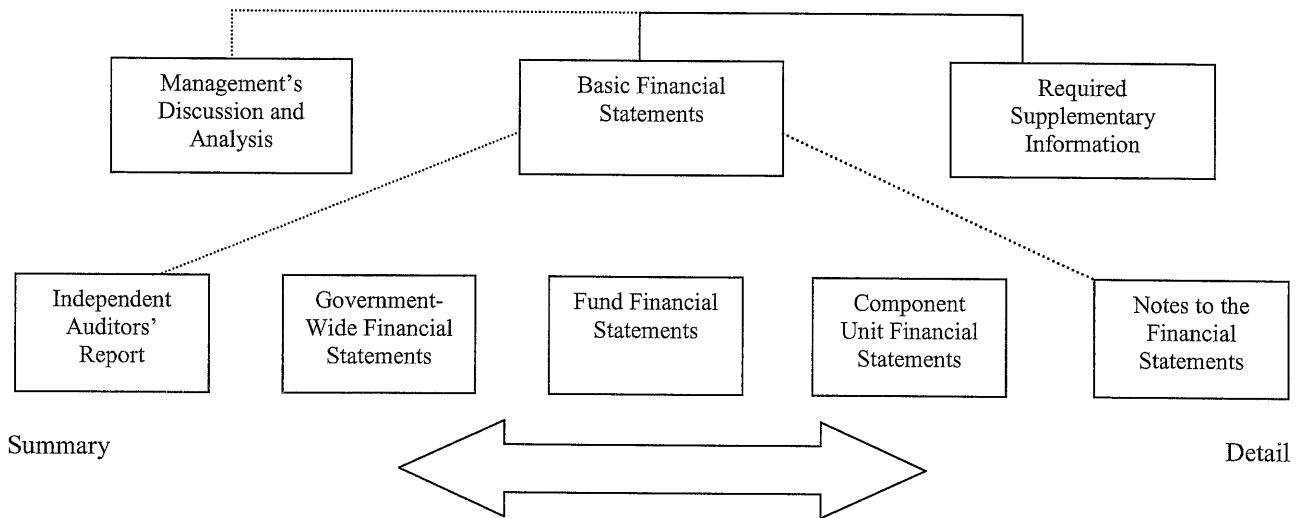
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CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Dayton, Texas (the "City") for the year ending September 30, 2015. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



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

Government-Wide Statements

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

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other 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 year. All changes in net position are reported as soon as the underlying event giving rise to the change

CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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

Proprietary Funds

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

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

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$27,095,332, as of September 30, 2015 for the primary government.

A portion of the City's net position, \$14,405,969, reflects its investments in capital assets (e.g., land, City hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2015			2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 17,128,628	\$ 3,633,080	\$ 20,761,708	\$ 10,177,483	\$ 3,610,451	\$ 13,787,934
Capital assets, net	17,648,349	17,496,397	35,144,746	17,933,110	17,465,450	35,398,560
Total Assets	34,776,977	21,129,477	55,906,454	28,110,593	21,075,901	49,186,494
Deferred charge on refunding	2,373	-	2,373	3,163	-	3,163
Deferred outflows - pension	179,673	39,376	219,049	115,228	24,607	139,835
Total Deferred Outflows of Resources	182,046	39,376	221,422	118,391	24,607	142,998
Other liabilities	430,418	272,880	703,298	454,905	315,423	770,328
Long-term liabilities	20,516,485	7,784,302	28,300,787	14,918,552	7,923,580	22,842,132
Total Liabilities	20,946,903	8,057,182	29,004,085	15,373,457	8,239,003	23,612,460
Deferred inflows - pension	25,681	2,778	28,459	-	-	-
Total Deferred Inflows of Resources	25,681	2,778	28,459	-	-	-
Net Position:						
Net investment in capital assets	4,566,453	9,839,516	14,405,969	3,462,443	9,645,450	13,107,893
Restricted	9,063,490	-	9,063,490	1,808,450	-	1,808,450
Unrestricted	356,496	3,269,377	3,625,873	7,511,183	3,216,055	10,727,238
Total Net Position	\$ 13,986,439	\$ 13,108,893	\$ 27,095,332	\$ 12,782,076	\$ 12,861,505	\$ 25,643,581

A portion of the City's net position, \$9,063,490, or 33.5 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$3,625,873, may be used to meet the City's ongoing obligation to citizens and creditors. The City's total net position increased by \$1,447,804 as compared to the prior year.

There was a decrease in beginning net position of \$364,246 for governmental activities and \$71,272 for business-type activities due to the implementation of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. More detailed information about this restatement is presented in note III. G. to the financial statements.

In the current fiscal year, GASB Statement No. 68 and No. 71 requires the City to recognize a net pension liability and deferred outflows/inflows of resources as discussed in note IV. C. to the financial statements. The net change in the pension liability decreased by \$11,411 for the governmental activities and increased by \$2,636 for the business-type activities during the fiscal year. The net change in deferred outflows/inflows increased the net position by \$38,764 for governmental activities and \$11,991 for business-type activities.

CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Statement of Activities:

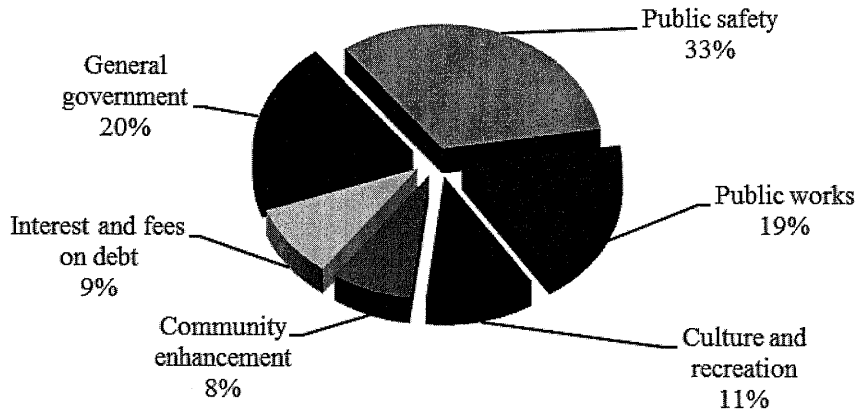
The following table provides a summary of the City's changes in net position:

	2015			2014		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 471,515	\$ 4,251,178	\$ 4,722,693	\$ 456,765	\$ 4,125,476	\$ 4,582,241
Grants and contributions	56,029	-	56,029	610,798	-	610,798
General revenues:						
Property taxes	4,973,068	-	4,973,068	4,772,360	-	4,772,360
Sales taxes	1,774,826	-	1,774,826	1,697,517	-	1,697,517
Franchise and local taxes	824,956	-	824,956	735,786	-	735,786
Investment income	56,722	12,335	69,057	39,142	14,698	53,840
Other revenues	237,491	13,623	251,114	161,238	20,049	181,287
Total Revenues	8,394,607	4,277,136	12,671,743	8,473,606	4,160,223	12,633,829
Expenses						
General government	1,289,299	-	1,289,299	1,069,703	-	1,069,703
Public safety	2,269,519	-	2,269,519	2,203,892	-	2,203,892
Public works	1,296,200	-	1,296,200	1,315,378	-	1,315,378
Culture and recreation	768,841	-	768,841	581,414	-	581,414
Community enhancement	534,658	-	534,658	645,128	-	645,128
Interest and fees on debt	808,002	-	808,002	633,697	-	633,697
Water and sewer	-	3,388,885	3,388,885	-	3,170,831	3,170,831
Refuse	-	868,535	868,535	-	837,012	837,012
Total Expenses	6,966,519	4,257,420	11,223,939	6,449,212	4,007,843	10,457,055
Change in Net Position Before Transfers	1,428,088	19,716	1,447,804	2,024,394	152,380	2,176,774
Transfers	(227,672)	227,672	-	(55,313)	55,313	-
Change in Net Position	1,200,416	247,388	1,447,804	1,969,081	207,693	2,176,774
Beginning net position	12,786,023	12,861,505	25,647,528	10,816,942	12,653,812	23,470,754
Ending Net Position	\$ 13,986,439	\$ 13,108,893	\$ 27,095,332	\$ 12,786,023	\$ 12,861,505	\$ 25,647,528

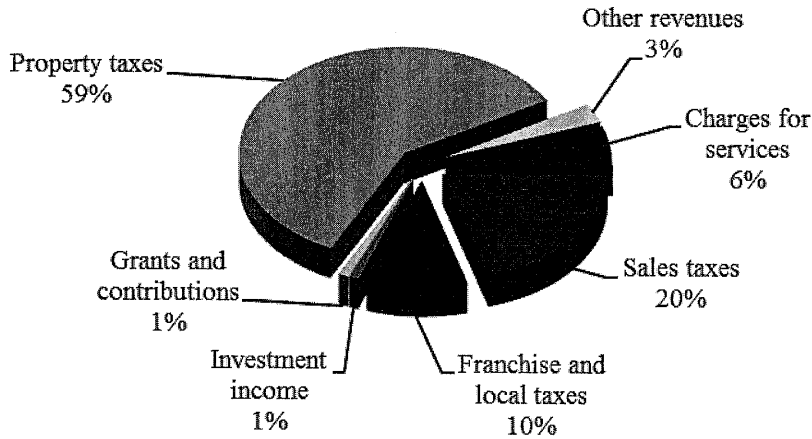
CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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

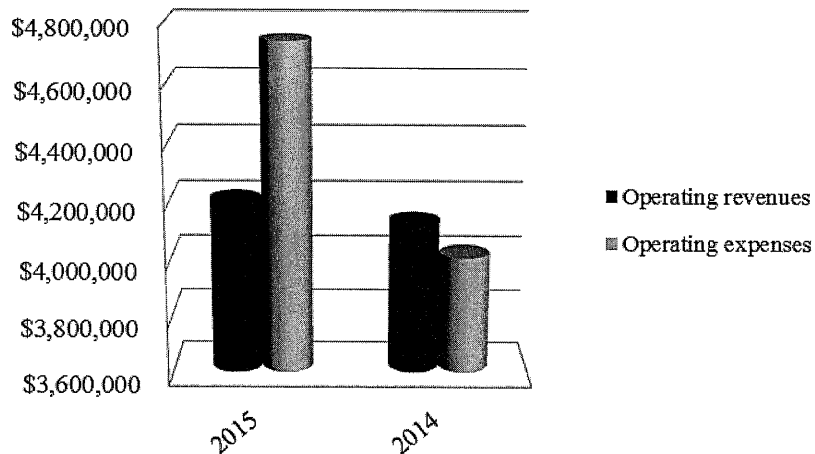
Governmental Activities - Expenses



Governmental Activities - Revenues



Business-Type Activities - Revenues and Expenses



CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

For the year ended September 30, 2015, revenues from governmental activities totaled \$8,394,607. Compared to the prior year, governmental revenues decreased by \$78,999. This decrease was largely due to a decrease in capital grants and contributions as a result of the completion of prior year capital grants. This decrease was partially offset by an increase in property tax revenues from an increase in the assessed values of properties within the City. Sales tax and franchise and local taxes also increased compared to the prior year as a result of an increase in economic activity within the City. Lastly, the City also received an increase in insurance reimbursements compared to the prior year related to various insurance claims filed during the fiscal year.

For the year ended September 30, 2015, expenses from governmental activities totaled \$6,966,519, which was an increase of \$517,307 compared to the prior year. This increase is primarily due to an increase in personnel related costs, bond issuance costs from a new bond issuance, and non-capital projects.

For the year ended September 30, 2015, charges for services related to business-type activities totaled \$4,251,178. This is an increase of \$125,702 or 3.0 percent from the previous year due to an increase in total customers and gallons consumed. Business-type expenses totaled \$4,257,420, which is an increase of \$249,577 from the prior year. This increase is largely due to an increase in depreciation expense and bad debt expense.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the year, the City's governmental funds reflect a combined fund balance of \$16,223,655. Of this, \$3,490 is nonspendable for prepaid items, \$9,063,490 is restricted for various purposes, and \$31,080 is assigned for various special projects. Unassigned fund balance totaled \$7,125,595 as of year end.

There was a combined increase in governmental fund balances of \$7,074,860 from the prior year. This increase is mainly due to the issuance of bonds and the related premiums totaling \$7,132,847.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$7,125,595, while total fund balance reached \$7,304,444. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 121 percent of total general fund expenditures, while total fund balance represents 124 percent of the total expenditures. Compared to the prior year, revenues increased \$380,004. This increase was due to an increase in property taxes from an increase in the assessed values of properties within the City, an increase in sales tax revenues from an increase in economic activity within the City, an increase in payments in lieu of taxes from an increase in the market valuation of properties within the industrial district, and an increase in other revenues from various insurance reimbursements. These increases were partially offset by a decrease in intergovernmental revenues from prior year grants. Expenditures increased \$635,695 compared to the prior year. This increase is primarily due to an increase in personnel costs, purchases related to parts and repairs, and capital projects/purchases.

The debt service fund has a total fund balance of \$1,671,444, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year was \$89,015. This increase can be attributed to a transfer in from the water and sewer fund.

CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

The capital project fund has a total fund balance of \$6,983,296, all of which is restricted for capital projects. The capital projects fund is a new fund this year and was created upon the issuance of \$6,990,000 in certificates of obligation debt.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$1,101,733 in the general fund. The net change in the general fund balance decreased by \$31,550. While there was still a decrease in fund balance, it was less than budgeted due to transfers budgeted for the water sewer fund were not needed. The transfers were related to capital projects that came in under budget and capital projects that will be started in the next fiscal year.

Actual general fund revenues were over amended budgeted revenues by \$153,991 during 2015. This net variance includes a positive variance from sales tax of \$181,926 related to greater economic activity within the City. Fines and forfeitures reported a positive budget variance of \$77,913 related to an increase in citations issued while payments in lieu of taxes reported a positive budget variance of \$77,354 related to higher market valuations than anticipated. These positive revenue variances were partially offset by a negative budget variances related to property taxes and intergovernmental revenues due to lower tax collections and less intergovernmental activity than anticipated. Actual expenditures were lower than total budgeted amounts by \$591,192. Positive expenditure budget variances were recognized by all departments. The positive budget variances were due to several factors including the City's practice of budgeting personnel costs conservatively high, a decrease in fuel expenditures related to decreases in oil prices, and various capital projects/purchases that were either delayed or postponed.

CAPITAL ASSETS

At of the end of the year, the City's governmental and business-type activities had invested \$35,144,746 in a variety of capital assets and infrastructure, net of accumulated depreciation. This represents a net decrease of \$253,814.

Major capital asset events during the year include the following:

- Daniel's Park pool house renovations of \$130,570.
- Parking lot paving on Bryant Street of \$85,885.
- Rosewood Well Rehabilitation project finished with additions of \$1,177,167.

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

LONG-TERM DEBT

At the end of the current year, the City had total general obligation bonds, certificates of obligation, tax anticipation notes, and capital leases outstanding of \$27,465,476. Of this amount, \$12,095,000 was general obligation debt, certificates of obligation accounted for \$14,680,000, \$470,000 for tax anticipation notes, and capital leases totaled \$220,476.

CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For fiscal year 2016, the City approved a \$17.3 million budget. The budget provides for the first half of construction of our new Public Safety Facility Building. This capital construction will be the new home for our police, fire, and municipal court departments. This budget adds an additional five new full-time positions, a 1.6 percent cost of living adjustment, and a possible three percent merit pay adjustment.

The City's financial stability remains strong and City management and Council are in constant review of the City's fund balance to ensure that there are sufficient funds always on hand to cover any unplanned events. Currently, the general fund maintains 12 months' worth of expenses in reserve for such eventualities.

With the current volatility in oil prices and its direct impact on one or more local industries which pay sales tax, the City conservatively budgeted sales tax at 6.72 percent above the 2014-2015 budget year. While there is a budget increase, this amount is estimated to decrease 3.94 percent from the 2014-2015 actuals. Property tax revenues continue to increase and a greater demand in housing is beginning to show, predicting City-wide growth. Network infrastructure and water/sewer upgrades, along with incentives for housing developers, have allowed the City to better service their citizens despite this year's market uncertainties.

These are all promising signs that the City continues to be headed in the right direction by offering those desiring to relocate to southeast Texas and Liberty County a community dedicated to serving its citizens.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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CITY OF DAYTON, TEXAS

STATEMENT OF NET POSITION

September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	DCDC
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 14,640,378	\$ 2,137,088	\$ 16,777,466	\$ 1,774,572
Investments	1,297,785	1,001,685	2,299,470	872,412
Receivables, net	1,176,519	408,889	1,585,408	154,876
Internal balances	6,409	(6,409)	-	-
Due from component unit	4,047	-	4,047	-
Inventories	-	91,827	91,827	-
Prepaid items	3,490	-	3,490	-
	17,128,628	3,633,080	20,761,708	2,801,860
<u>Noncurrent Assets:</u>				
Capital assets:				
Non-depreciable	1,405,558	107,408	1,512,966	-
Net depreciable capital assets	16,242,791	17,388,989	33,631,780	-
	17,648,349	17,496,397	35,144,746	-
Total Assets	34,776,977	21,129,477	55,906,454	2,801,860
<u>Deferred Outflows of Resources</u>				
Deferred charge on refunding	2,373	-	2,373	-
Deferred outflows - (TMRS)	164,821	39,376	204,197	-
Deferred outflows - (TESRS)	14,852	-	14,852	-
Total Deferred Outflows of Resources	182,046	39,376	221,422	-
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	258,593	128,105	386,698	-
Due to primary government	-	-	-	4,047
Customer deposits	-	90,770	90,770	-
Accrued interest payable	171,217	45,733	216,950	-
Unearned revenue - other	608	8,272	8,880	-
Noncurrent liabilities:				
Due within one year	1,398,059	137,050	1,535,109	-
Due in more than one year	19,118,426	7,647,252	26,765,678	-
	20,516,485	7,784,302	28,300,787	-
Total Liabilities	20,946,903	8,057,182	29,004,085	4,047
<u>Deferred Inflows of Resources</u>				
Deferred inflows - (TMRS)	11,897	2,778	14,675	-
Deferred inflows - (TESRS)	13,784	-	13,784	-
Total Deferred Inflows of Resources	25,681	2,778	28,459	-
<u>Net Position</u>				
Net investment in capital assets	4,566,453	9,839,516	14,405,969	-
Restricted for:				
Debt service	1,671,444	-	1,671,444	-
Other purposes	7,392,046	-	7,392,046	-
Economic development	-	-	-	2,797,813
Unrestricted	356,496	3,269,377	3,625,873	-
Total Net Position	\$ 13,986,439	\$ 13,108,893	\$ 27,095,332	\$ 2,797,813

See Notes to Financial Statements.

CITY OF DAYTON, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 1,289,299	\$ -	\$ -
Public safety	2,269,519	415,984	4,606
Public works	1,296,200	55,531	47,398
Culture and recreation	768,841	-	-
Community enhancement	534,658	-	4,025
Interest and fees on debt	808,002	-	-
Total Governmental Activities	6,966,519	471,515	56,029
Business-Type Activities			
Water and sewer	3,388,885	3,193,106	-
Refuse	868,535	1,058,072	-
Total Business-Type Activities	4,257,420	4,251,178	-
Total Primary Government	\$ 11,223,939	\$ 4,722,693	\$ 56,029
Component Unit			
Dayton Community Development Corporation	\$ 232,830	\$ -	\$ -

General Revenues:

- Taxes
 - Property taxes
 - Sales taxes
 - 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.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	DCDC
\$ (1,289,299)	\$ -	\$ (1,289,299)	\$ -
(1,848,929)	-	(1,848,929)	-
(1,193,271)	-	(1,193,271)	-
(768,841)	-	(768,841)	-
(530,633)	-	(530,633)	-
(808,002)	-	(808,002)	-
<u>(6,438,975)</u>	<u>-</u>	<u>(6,438,975)</u>	<u>-</u>
-	(195,779)	(195,779)	-
-	189,537	189,537	-
-	(6,242)	(6,242)	-
<u>(6,438,975)</u>	<u>(6,242)</u>	<u>(6,445,217)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (232,830)</u>
\$ 4,973,068	\$ -	\$ 4,973,068	\$ -
1,774,826	-	1,774,826	887,413
824,956	-	824,956	-
56,722	12,335	69,057	2,974
237,491	13,623	251,114	-
(227,672)	227,672	-	-
<u>7,639,391</u>	<u>253,630</u>	<u>7,893,021</u>	<u>890,387</u>
1,200,416	247,388	1,447,804	657,557
12,786,023	12,861,505	25,647,528	2,140,256
<u>\$ 13,986,439</u>	<u>\$ 13,108,893</u>	<u>\$ 27,095,332</u>	<u>\$ 2,797,813</u>

CITY OF DAYTON, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2015

	General	Debt Service	Capital Projects	Nonmajor Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 5,717,873	\$ 1,679,081	\$ 6,984,803	\$ 255,334
Investments	1,297,785	-	-	-
Receivables, net	927,462	202,264	-	44,818
Due from component unit	4,047	-	-	-
Due from other funds	41,876	10,391	-	-
Prepaid items	3,490	-	-	-
Total Assets	\$ 7,992,533	\$ 1,891,736	\$ 6,984,803	\$ 300,152
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 235,787	\$ 18,028	\$ 1,507	\$ 214
Due to other funds	10,391	-	-	35,467
Unearned revenue - other	608	-	-	-
Total Liabilities	246,786	18,028	1,507	35,681
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	441,303	202,264	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	3,490	-	-	-
Restricted:				
Debt service	-	1,671,444	-	-
Municipal court	23,990	-	-	-
Public safety	2,555	-	6,983,296	-
PEG fees	117,734	-	-	-
Tourism	-	-	-	264,471
Assigned:				
Special projects	31,080	-	-	-
Unassigned	7,125,595	-	-	-
Total Fund Balances	7,304,444	1,671,444	6,983,296	264,471
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,992,533	\$ 1,891,736	\$ 6,984,803	\$ 300,152

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 14,637,091
1,297,785
1,174,544
4,047
52,267
3,490
\$ 17,169,224

\$ 255,536
45,858
608
302,002

643,567

3,490

1,671,444
23,990
6,985,851
117,734
264,471

31,080
7,125,595
16,223,655

\$ 17,169,224

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CITY OF DAYTON, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2015

Total fund balances – total governmental funds \$ 16,223,655

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

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

Capital assets - non-depreciable	1,405,558	
Capital assets - net depreciable	<u>16,242,791</u>	
		17,648,349

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		643,567
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An internal service fund is used by management to charge the costs of employee benefits to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		2,205
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Some deferred outflows, deferred inflows, and liabilities, including bonds payable and net pension liability, are not reported as liabilities in the governmental funds.

Accrued interest payable	(171,217)	
Non-current liabilities due in one year	(1,398,059)	
Non-current liabilities due in more than one year	(19,118,426)	
Deferred outflows - pensions	179,673	
Deferred inflows - pensions	(25,681)	
Deferred charge on refunding	<u>2,373</u>	
		<u>(20,531,337)</u>

Net Position of Governmental Activities		<u><u>\$ 13,986,439</u></u>
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See Notes to Financial Statements.

CITY OF DAYTON, TEXAS

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

For the Year Ended September 30, 2015

	General	Debt Service	Capital Project	Nonmajor Funds
Revenues				
Property tax	\$ 3,187,656	\$ 1,753,527	\$ -	\$ -
Sales tax	1,774,826	-	-	-
Franchise and local taxes	386,106	-	-	98,896
Licenses and permits	55,531	-	-	-
Intergovernmental	47,398	-	-	-
Fines and forfeitures	312,613	-	-	-
Charges for services	103,371	-	-	-
Investment income	42,161	8,229	5,550	711
Contributions and donations	4,025	-	-	-
Payments in lieu of taxes	339,954	-	-	-
Other revenue	241,170	-	-	-
Total Revenues	6,494,811	1,761,756	5,550	99,607
Expenditures				
Current:				
General government	1,328,167	-	-	-
Public safety	2,304,409	-	22,254	-
Public works	1,133,012	-	-	-
Culture and recreation	506,636	-	-	-
Community enhancement	177,378	-	-	27,908
Civic center	383,320	-	-	-
Tourism promotion	-	-	-	37,600
Debt service:				
Principal	31,009	1,495,000	-	-
Interest and fiscal charges	12,430	600,069	132,847	-
Total Expenditures	5,876,361	2,095,069	155,101	65,508
Excess (Deficiency) of Revenues Over (Under) Expenditures	618,450	(333,313)	(149,551)	34,099
Other Financing Sources (Uses)				
Transfers in	-	422,328	-	-
Transfers (out)	(650,000)	-	-	-
Bonds issued	-	-	6,990,000	-
Premium on bonds issued	-	-	142,847	-
Total Other Financing Sources (Uses)	(650,000)	422,328	7,132,847	-
Net Change in Fund Balances	(31,550)	89,015	6,983,296	34,099
Beginning fund balances	7,335,994	1,582,429	-	230,372
Ending Fund Balances	\$ 7,304,444	\$ 1,671,444	\$ 6,983,296	\$ 264,471

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 4,941,183
1,774,826
485,002
55,531
47,398
312,613
103,371
56,651
4,025
339,954
241,170
8,361,724

1,328,167
2,326,663
1,133,012
506,636
205,286
383,320
37,600

1,526,009
745,346
8,192,039

169,685

422,328
(650,000)
6,990,000
142,847

6,905,175

7,074,860

9,148,795
\$ 16,223,655

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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, 2015

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

Net changes in fund balances - total governmental funds	\$	7,074,860
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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		544,503
Depreciation expense		(825,585)
Net effect of capital disposals		(3,679)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		31,885
--	--	--------

An internal service fund is used by management to charge the costs of employee benefits to individual funds. The net revenue (expense) is reported with governmental activities.		(1,742)
--	--	---------

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. Net pension liability, deferred outflows, and deferred inflows related to the net pension liability is not reported in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Accrued interest		(73,462)
Bonds issued		(6,990,000)
Premium on bonds issued		(142,847)
Principal expenditures		1,526,009
Deferred charges		10,806
Net pension liability		11,499
Deferred outflows - pensions		64,445
Deferred inflows - pensions		(25,681)
Compensated absences		(595)

Change in Net Position of Governmental Activities	\$	1,200,416
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See Notes to Financial Statements.

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CITY OF DAYTON, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2015

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Total Funds</u>	<u>Governmental Activities Internal Service</u>
<u>Assets</u>				
Current Assets				
Cash and cash equivalents	\$ 906,529	\$ 1,139,789	\$ 2,046,318	\$ 3,287
Investments	1,001,685	-	1,001,685	-
Restricted assets - customer deposits	90,770	-	90,770	-
Receivables, net	278,353	130,536	408,889	1,975
Due from other funds	-	133	133	-
Inventories	91,827	-	91,827	-
Total Current Assets	<u>2,369,164</u>	<u>1,270,458</u>	<u>3,639,622</u>	<u>5,262</u>
Noncurrent Assets				
Non-depreciable	81,223	26,185	107,408	-
Net depreciable capital assets	17,382,055	6,934	17,388,989	-
Total Noncurrent Assets	<u>17,463,278</u>	<u>33,119</u>	<u>17,496,397</u>	<u>-</u>
Total Assets	<u>19,832,442</u>	<u>1,303,577</u>	<u>21,136,019</u>	<u>5,262</u>
<u>Deferred Outflows of Resources</u>				
Deferred outflows - pension	39,376	-	39,376	-
<u>Liabilities</u>				
Current Liabilities				
Accounts payable and accrued liabilities	114,187	13,918	128,105	3,057
Due to other funds	6,542	-	6,542	-
Customer deposits	90,770	-	90,770	-
Accrued interest payable	45,733	-	45,733	-
Unearned revenue	8,272	-	8,272	-
Current portion of compensated absences	7,050	-	7,050	-
Current portion of bonds payable	130,000	-	130,000	-
Total Current Liabilities	<u>402,554</u>	<u>13,918</u>	<u>416,472</u>	<u>3,057</u>
Noncurrent Liabilities				
Compensated absences	783	-	783	-
Bonds payable	7,560,000	-	7,560,000	-
Net pension liability	86,469	-	86,469	-
Total Liabilities	<u>8,049,806</u>	<u>13,918</u>	<u>8,063,724</u>	<u>3,057</u>
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pension	2,778	-	2,778	-
<u>Net Position</u>				
Net investment in capital assets	9,806,397	33,119	9,839,516	-
Unrestricted	2,012,837	1,256,540	3,269,377	2,205
Total Net Position	<u>\$ 11,819,234</u>	<u>\$ 1,289,659</u>	<u>\$ 13,108,893</u>	<u>\$ 2,205</u>

See Notes to Financial Statements.

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CITY OF DAYTON, TEXAS

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

For the Year Ended September 30, 2015

	Water and Sewer	Refuse	Total Funds	Governmental Activities Internal Service
<u>Operating Revenues</u>				
Water and sewer charges	\$ 3,193,106	\$ -	\$ 3,193,106	\$ -
Sanitation	-	1,058,072	1,058,072	-
Other services	13,609	14	13,623	658,267
Total Operating Revenues	3,206,715	1,058,086	4,264,801	658,267
<u>Operating Expenses</u>				
Personnel services	807,966	84,874	892,840	660,080
Services	209,984	768,796	978,780	-
Supplies	116,612	7,815	124,427	-
Utilities	284,329	2,802	287,131	-
Repairs and maintenance	205,260	3,363	208,623	-
Depreciation	1,364,620	785	1,365,405	-
Miscellaneous	117,771	100	117,871	-
Total Operating Expenses	3,106,542	868,535	3,975,077	660,080
Operating Income (Loss)	100,173	189,551	289,724	(1,813)
<u>Nonoperating Revenues (Expenses)</u>				
Investment income	8,257	4,078	12,335	71
Interest expense	(282,343)	-	(282,343)	-
Total Nonoperating Revenues (Expenses)	(274,086)	4,078	(270,008)	71
Income (Loss) Before Transfers	(173,913)	193,629	19,716	(1,742)
<u>Transfers</u>				
Transfers in	650,000	-	650,000	-
Transfers (out)	(422,328)	-	(422,328)	-
Total Transfers	227,672	-	227,672	-
Change in Net Position	53,759	193,629	247,388	(1,742)
Beginning net position	11,765,475	1,096,030	12,861,505	3,947
Ending Net Position	\$ 11,819,234	\$ 1,289,659	\$ 13,108,893	\$ 2,205

See Notes to Financial Statements.

CITY OF DAYTON, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2015

	Water and Sewer	Refuse	Total Funds	Governmental Activities Internal Service
<u>Cash Flows from Operating Activities</u>				
Receipts from customers	\$ 3,259,619	\$ 1,046,005	\$ 4,305,624	\$ -
Receipts from interfund charges	-	-	-	657,280
Payments to suppliers	(969,489)	(783,827)	(1,753,316)	(657,698)
Payments to employees	(817,189)	(83,378)	(900,567)	-
Net Cash Provided (Used) by Operating Activities	1,472,941	178,800	1,651,741	(418)
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfer from other funds	650,000	-	650,000	-
Transfer to other funds	(422,328)	-	(422,328)	-
Net Cash Provided by Noncapital Financing Activities	227,672	-	227,672	-
<u>Cash Flows from Capital and Related Financing Activities</u>				
Capital purchases	(1,396,352)	-	(1,396,352)	-
Principal paid on capital debt	(130,000)	-	(130,000)	-
Interest paid on capital debt	(282,343)	-	(282,343)	-
Net Cash (Used) by Capital and Related Financing Activities	(1,808,695)	-	(1,808,695)	-
<u>Cash Flows from Investing Activities</u>				
Interest on investments	8,257	4,078	12,335	71
Net Cash Provided by Investing Activities	8,257	4,078	12,335	71
Net Increase (Decrease) in Cash and Cash Equivalents	(99,825)	182,878	83,053	(347)
Beginning cash and cash equivalents	1,097,124	956,911	2,054,035	3,634
Ending Cash and Cash Equivalents	\$ 997,299	\$ 1,139,789	\$ 2,137,088	\$ 3,287
<u>Ending Cash and Cash Equivalents</u>				
Unrestricted cash and cash equivalents	\$ 906,529	\$ 1,139,789	\$ 2,046,318	\$ 3,287
Restricted cash and cash equivalents	90,770	-	90,770	-
Ending Cash and Cash Equivalents	\$ 997,299	\$ 1,139,789	\$ 2,137,088	\$ 3,287

CITY OF DAYTON, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2015

	Water and Sewer	Refuse	Total Funds	Governmental Activities Internal Service
<u>Reconciliation of Operating Income (Loss)</u>				
<u>to Net Cash Provided (Used) by Operating Activities</u>				
Operating income (loss)	\$ 100,173	\$ 189,551	\$ 289,724	\$ (1,813)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,364,620	785	1,365,405	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Deferred outflows - pension	(14,769)	-	(14,769)	-
Accounts receivable	49,875	(11,948)	37,927	(987)
Intergovernmental receivables	-	(133)	(133)	-
Inventories	3,279	-	3,279	-
Net pension asset	-	1,496	1,496	-
Increase (Decrease) in:				
Accounts payable and accrued liabilities	(38,812)	(951)	(39,763)	2,382
Due to other funds	5,809	-	5,809	-
Net pension liability	2,636	-	2,636	-
Deferred inflows - pension	2,778	-	2,778	-
Customer deposits	(10,352)	-	(10,352)	-
Compensated absences	132	-	132	-
Accrued interest payable	(700)	-	(700)	-
Unearned revenue	8,272	-	8,272	-
Net Cash Provided (Used) by Operating Activities	\$ 1,472,941	\$ 178,800	\$ 1,651,741	\$ (418)

See Notes to Financial Statements.

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CITY OF DAYTON, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

Discretely Presented Component Unit

Dayton Community Development Corporation

In May 1996, the City formed the Dayton Community Development Corporation (the “Corporation”), which was created by voters approving an additional sales tax. The mission of the Corporation is to promote economic development within the City and surrounding areas. The Board is composed of seven directors (voting members) and four advisory directors (non-voting), 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

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government and its component 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.

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

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

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

The City reports the following enterprise funds:

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

Additionally, the City reports the following fund type:

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

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

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

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

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

Property taxes, sales taxes, franchise 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 City.

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

1. Cash and Cash Equivalents

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

2. Investments

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)
For the Year Ended September 30, 2015

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

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

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

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

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

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

5. 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*

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made. Another deferred charge has been recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. Another deferral is recognized as a result of differences between the actuarial expectations and the actual economic experience related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Compensated Employee Absences

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

7. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

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

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

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

11. 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.

12. Pensions

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

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

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2015, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 2,254,337	0.25
Portfolio weighted average maturity		0.25

As of September 30, 2015, the Corporation had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 874,138	0.13
Portfolio weighted average maturity		0.13

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 market value of at least 103 percent. As of September 30, 2015, the market values of pledged securities and FDIC coverage 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

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

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

B. Receivables

The following comprise receivable balances at year end for governmental and enterprise funds:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Component Unit</u>
Property tax	\$ 441,304	\$ 202,264	\$ -	\$ -
Sales tax	309,872	-	-	154,876
Other tax	172,993	-	-	-
Accounts	-	-	-	-
Other	3,293	-	44,818	-
Less allowance	-	-	-	-
	<u>\$ 927,462</u>	<u>\$ 202,264</u>	<u>\$ 44,818</u>	<u>\$ 154,876</u>

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Internal Service</u>
Accounts	\$ 377,092	\$ 132,075	\$ 1,975
Other	1,261	-	-
Less allowance	(100,000)	(1,539)	-
	<u>\$ 278,353</u>	<u>\$ 130,536</u>	<u>\$ 1,975</u>

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

C. Capital Assets

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

	Beginning Balance	Increases	(Decreases)/ (Reclasses)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,384,811	\$ -	\$ -	\$ 1,384,811
Construction in progress	-	20,747	-	20,747
Total capital assets, not being depreciated	1,384,811	20,747	-	1,405,558
Other capital assets:				
Infrastructure	4,218,271	120,627	-	4,338,898
Buildings and improvements	13,600,721	130,570	-	13,731,291
Machinery and equipment	4,482,528	272,559	(174,434)	4,580,653
Total other capital assets	22,301,520	523,756	(174,434)	22,650,842
Less accumulated depreciation for:				
Infrastructure	(713,092)	(185,994)	-	(899,086)
Buildings and improvements	(1,978,041)	(305,841)	-	(2,283,882)
Machinery and equipment	(3,062,088)	(333,750)	170,755	(3,225,083)
Total accumulated depreciation	(5,753,221)	(825,585)	170,755	(6,408,051)
Other capital assets, net	16,548,299	(301,829)	(3,679)	16,242,791
Governmental Activities Capital Assets, Net	\$ 17,933,110	\$ (281,082)	\$ (178,113)	17,648,349
			Less debt associated with capital assets	(20,069,072)
			Plus unspent bond proceeds	6,984,803
			Plus deferred charge on refunding	2,373
			Net Investment in Capital Assets	\$ 4,566,453

Depreciation was charged to governmental functions as follows:

General government	\$ 32,247
Public safety	155,982
Public works	310,793
Culture and recreation	259,453
Community enhancement	67,110
Total Governmental Activities Depreciation Expense	\$ 825,585

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

	Beginning Balance	Increases	(Decreases)/ (Reclasses)	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 107,408	\$ -	\$ -	\$ 107,408
Construction in progress	1,575,692	1,177,167	(2,752,859)	-
Total capital assets not being depreciated	1,683,100	1,177,167	(2,752,859)	107,408
Other capital assets:				
Building and improvements	333,262	2,752,859	-	3,086,121
Machinery and equipment	1,486,901	185,483	(14,827)	1,657,557
Water and sewer system	27,828,712	33,702	-	27,862,414
Total other capital assets	29,648,875	2,972,044	(14,827)	32,606,092
Less accumulated depreciation for:				
Building and improvements	(124,054)	(146,603)	-	(270,657)
Machinery and equipment	(1,041,031)	(101,229)	14,827	(1,127,433)
Water and sewer system	(12,701,440)	(1,117,573)	-	(13,819,013)
Total accumulated depreciation	(13,866,525)	(1,365,405)	14,827	(15,217,103)
Other capital assets, net	15,782,350	1,606,639	-	17,388,989
Business-Type Activities Capital Assets, Net	\$ 17,465,450	\$ 2,783,806	\$ (2,752,859)	17,496,397
				Less associated debt (7,690,000)
				Net Investment in Capital Assets \$ 9,806,397

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,364,620
Refuse	785
Total Business-Type Activities Depreciation Expense	\$ 1,365,405

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

D. Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 13,120,000	\$ -	\$ 1,025,000	\$ 12,095,000 *	\$ 1,070,000
Tax anticipation notes	940,000	-	470,000	470,000 *	115,000
Certificates of obligation	-	6,990,000	-	6,990,000 *	130,000
Total Bonds, notes, and and other payables	14,060,000	6,990,000	1,495,000	19,555,000	1,315,000
Plus deferred amounts:					
Issuance premiums	162,345	142,847	11,596	293,596 *	18,728
Capital leases	251,485	-	31,009	220,476 *	32,519
Other liabilities:					
Net pension liability (TMRS)	346,080	11,289	-	357,369	-
Net pension liability (TESRS)	77,485	-	22,788	54,697	-
Compensated absences	34,752	70,281	69,686	35,347	31,812
Total Governmental Activities	\$ 14,932,147	\$ 7,214,417	\$ 1,630,079	\$ 20,516,485	\$ 1,398,059
Long-term liabilities due in more than one year				\$ 19,118,426	
*Debt associated with governmental activity capital assets				\$ 20,069,072	
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Certificates of obligation	\$ 7,820,000	\$ -	\$ 130,000	\$ 7,690,000 **	\$ 130,000
Net pension liability (TMRS)	83,833	2,636	-	86,469	-
Compensated absences	7,701	15,574	15,442	7,833	7,050
Total Business-Type Activities	\$ 7,911,534	\$ 18,210	\$ 145,442	\$ 7,784,302	\$ 137,050
Long-term liabilities due in more than one year				\$ 7,647,252	
**Debt associated with capital assets				\$ 7,690,000	

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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.

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

Description	Original Issue	Interest Rates	Balance
Governmental Activities:			
General Obligation Bonds			
2008 general obligation refunding bonds	\$ 3,260,000	3.35%	\$ 770,000
2008 general obligation bonds	\$ 13,255,000	4.00-5.25%	11,325,000
Total General Obligation Bonds			12,095,000
Tax Anticipation Notes			
2012 tax anticipation notes	\$ 700,000	1.00-2.00%	470,000
Certificates of Obligation			
2015 certificates of obligation	\$ 6,990,000	2.00-4.00%	6,990,000
Capital Leases			
	\$ 335,000	2.6-3.5%	220,476
Total Governmental Activities Long-Term Debt			\$ 19,775,476
Business-Type Activities:			
Certificates of Obligation			
2006 certificates of obligation	\$ 8,500,000	3.35-3.85%	\$ 7,690,000
Total Business-Type Activities Long-Term Debt			\$ 7,690,000

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

Year Ending Sept. 30	Governmental Activities						Business-Type Activities	
	General Obligation Bonds		Certificates of Obligation		Tax Anticipation Notes		Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,070,000	\$ 538,003	\$ 130,000	\$ 244,536	\$ 115,000	\$ 6,450	\$ 130,000	\$ 278,320
2017	1,050,000	498,105	180,000	192,269	115,000	5,128	195,000	272,828
2018	715,000	463,081	185,000	188,619	120,000	3,390	555,000	259,939
2019	745,000	432,988	190,000	184,869	120,000	1,200	575,000	240,303
2020	780,000	401,513	310,000	179,869	-	-	595,000	219,679
2021-2025	4,460,000	1,436,813	905,000	833,419	-	-	3,330,000	753,699
2026-2030	3,275,000	263,944	1,775,000	693,966	-	-	2,310,000	134,765
2031-2035	-	-	3,315,000	263,819	-	-	-	-
Total	\$ 12,095,000	\$ 4,034,445	\$ 6,990,000	\$ 2,781,364	\$ 470,000	\$ 16,168	\$ 7,690,000	\$ 2,159,531

General obligation bonds, tax anticipation notes, and certificates of obligation are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds, certificates of obligation, and tax anticipation notes are from taxes levied on all taxable property

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

located within the City. The City has issued debt for the purpose of capital asset acquisition and infrastructure improvements.

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

Year Ending Sept. 30	Governmental Activities	
	Principal	Interest
2016	\$ 32,519	\$ 10,740
2017	34,103	9,156
2018	35,764	7,495
2019	37,507	5,752
2020	39,334	3,925
2021	41,249	2,009
Totals	\$ 220,476	\$ 39,077

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 335,000
Less: accumulated depreciation	(62,813)
Total	\$ 272,187

E. Interfund Transactions

Transfers between the primary government funds during the 2015 fiscal year were as follows:

	Transfers In	Transfers Out
Governmental Funds:		
Individual major governmental funds:		
General	\$ -	\$ 650,000
Debt service	422,328	-
Total Governmental Funds	422,328	650,000
Enterprise Funds:		
Individual major enterprise funds:		
Water and sewer	650,000	422,328
Refuse	-	-
Total Enterprise Funds	650,000	422,328
Total Transfers	\$ 1,072,328	\$ 1,072,328

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

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
General	Nonmajor	\$ 35,467
General	Water and sewer	6,409
Refuse	Water and sewer	133
Debt service	General	10,391
		<u>\$ 52,400</u>

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

F. Fund Equity

Funds restricted by enabling legislation are \$23,990, \$2,555, \$117,734, and \$264,471 related to municipal court technology/building security, public safety, PEG fees, and tourism, respectively.

G. Restatement of Net Position

The City implemented Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, the City has restated beginning net position to account for a net pension liability as of the initial measurement date, December 31, 2013. In addition, the City has restated beginning net position to record a deferred outflow for contributions made to the pension plan between the initial measurement date and the end of the prior fiscal year September 30, 2014.

Beginning net position was also restated to recognize compensated absences as of September 30, 2014 and the reclassification of the employee benefit trust fund to recognize as an internal service fund.

The beginning net position was restated as follows:

	<u>Governmental Activities</u>	<u>Water and Sewer</u>	<u>Business-Type Activities</u>
Prior year ending net position as reported	\$ 13,181,074	\$ 11,844,448	\$ 12,940,478
Restatement - Net pension liability (TMRS)	(346,080)	(83,833)	(83,833)
Restatement - Deferred outflows (TMRS)	101,584	24,607	24,607
Restatement - Net pension obligation	(55,909)	(12,046)	(12,046)
Restatement - Net pension liability (TESRS)	(77,485)	-	-
Restatement - Deferred outflows (TESRS)	13,644	-	-
Restatement - Reclassification of fiduciary fund to internal service fund	3,947	-	-
Restatement - Compensated absences	(34,752)	(7,701)	(7,701)
Beginning net position - restated	<u>\$ 12,786,023</u>	<u>\$ 11,765,475</u>	<u>\$ 12,861,505</u>

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures 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. No claim liabilities are reported at year end.

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 860 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 TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

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.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

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

	2015	2014
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Transfers	100% Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees Covered by Benefit Terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	46
Active employees	81
Total	161

Contributions

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

Employees for the City were required to contribute six percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.74 percent and 6.21 percent in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2015 were \$201,762 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Actuarial Assumptions

The TPL in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is seven percent. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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)
For the Year Ended September 30, 2015

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

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

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 324,986	\$ -	\$ 324,986
Interest	396,895	-	396,895
Difference between expected and actual experience	(19,939)	-	(19,939)
Contributions - employer	-	177,101	(177,101)
Contributions - employee	-	215,977	(215,977)
Net investment income	-	298,309	(298,309)
Benefit payments, including refunds of employee contributions	(273,230)	(273,230)	-
Administrative expense	-	(3,114)	3,114
Other changes	-	(256)	256
Net Changes	428,712	414,787	13,925
Balance at December 31, 2013	5,644,054	5,214,141	429,913
Balance at December 31, 2014	\$ 6,072,766	\$ 5,628,928	\$ 443,838

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of seven percent, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's Net Pension Liability	\$ 1,279,909	\$ 443,838	\$ (245,754)

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.tmr.com.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$152,356.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (14,675)
Difference between projected and actual investment earnings	53,345	-
Contributions subsequent to the measurement date	150,852	-
Total	\$ 204,197	\$ (14,675)

\$150,852 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Pension Expense Amount
2016	\$ 8,072
2017	8,072
2018	9,189
2019	13,337
Total	\$ 38,670

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System (TESRS) 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, 2014, there were 198 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2014, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,073
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,161
Active Participants (Vested and Nonvested)	4,036

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Pension Plan Fiduciary Net Position

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

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees 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. There is no provision for automatic postretirement benefit increases.

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

Funding Policy

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

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

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

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2014, the Part Two contribution rate was zero percent, since the first actuarial valuation report after adoption of the rules showed TESRS to have an adequate contribution arrangement without any Part Two contributions.

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

A small subset of participating departments 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 TESRS. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by TESRS.

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, total contributions (dues, prior service, and interest on prior service financing) of \$13,644 were paid by the City. The State appropriated \$1,530,343 for the fiscal year ending August 31, 2014 to the plan as a whole.

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2014
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Amortization Period	30 years
Asset Valuation Method	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%
Projected Salary Increases	N/A
*Includes Inflation At	3.50%
Cost of Living Adjustments	None

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.50%). In addition, the final 7.75% assumption reflected a reduction of 0.20% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	32%	5.2%
Small cap domestic	10	5.8
Developed international	21	5.5
Emerging markets	6	5.4
Master limited partnership	5	7.1
Fixed income		
Domestic	21	1.4
International	5	1.6
Cash	0	0.0
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2014 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. That UAAL was based on an actuarial value of assets that was \$7.9 million less than the plan fiduciary net position as of August 31, 2014. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, 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 (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	\$ 112,713	\$ 54,697	\$ 20,847

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

At August 31, 2014, the City reported a liability of \$54,697 for its proportionate share of the plan's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's Proportionate share of the collective net pension liability	\$ 54,697
State's proportionate share that is associated with the City*	<u>18,386</u>
Total	<u>\$ 73,083</u>

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

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward the net pension liability nor did they provide the necessary information for the participants to roll forward themselves. While the City acknowledges that the measurement date does not fall within this 12 month period, the City elected to honor the conservatism principle and report a net pension liability measured as of August 31, 2014. The City used the assumption that any differences in the net pension liability measured as of August 31, 2014 versus September 30, 2014 would be immaterial. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.301%. TESRS did not provide prior year proportions measured as of August 31, 2013. The City is using the assumption that the change in proportion would have been immaterial and therefore disregarded this year.

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

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

For the year ended August 31, 2014, the City recognized pension expense of \$8,174. The City recognized on-behalf revenues of \$4,606 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

At August 31, 2014, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ -	\$ (13,784)
Contributions paid to TESRS subsequent to the measurement date	14,852	-
Total	\$ 14,852	\$ (13,784)

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

Years Ended September 30	Pension Expense
2016	\$ 3,446
2017	3,446
2018	3,446
2019	3,446
Total	\$ 13,784

D. Other Post Employment Benefits

TMRS Supplemental Death Benefit Fund

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the 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 post employment benefit," or OPEB. For the year ended September 30, 2015, the City offered the supplemental death benefit to both active and retired employees.

Contributions

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.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The City's contribution to the TMRS SDBF for the fiscal years ended 2015, 2014, and 2013 were \$1,238, \$910, and \$890, respectively. The City's contribution rates for the past three years are shown below.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Req. Contrib. (Rate)	0.04%	0.03%	0.03%
Actual Contribution Made	0.04%	0.03%	0.03%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

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. Total participant contributions were approximately \$13,395 for the year ended September 30, 2015. The City does not contribute to the Plan.

The City has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. The assets of the Plan have not been included in the City's financial statements.

F. Chapter 380 Economic Development Agreement

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

In November 2014, the City approved a Chapter 380 Economic Development Agreement with Jess-John, Inc. (the "Developer"). The Developer plans to construct residential housing which will require the development of infrastructure for City services for the tract of land within the City. The City has agreed to pay the Developer up to one half of the cost of improvements, not to exceed \$674,530.

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Property tax	\$ 3,314,800	\$ 3,314,800	\$ 3,187,656	\$ (127,144)
Sales tax	1,542,900	1,592,900	1,774,826	181,926
Franchise and local taxes	424,300	424,300	386,106	(38,194)
Licenses and permits	59,600	59,600	55,531	(4,069)
Intergovernmental	20,900	103,400	47,398	(56,002)
Fines and forfeitures	234,700	234,700	312,613	77,913
Charges for services	131,900	131,900	103,371	(28,529)
Investment income	29,160	29,160	42,161	13,001
Contributions and donations	2,300	2,300	4,025	1,725
Payments in lieu of taxes	262,600	262,600	339,954	77,354
Other revenue	45,300	185,160	241,170	56,010
Total Revenues	6,068,460	6,340,820	6,494,811	153,991
Expenditures				
General government				
Administration	959,600	1,067,355	1,061,658	5,697
Inspection	370,500	371,967	266,509	105,458
Total General Government	1,330,100	1,439,322	1,328,167	111,155
Public Safety				
Police	1,934,200	2,028,146	2,010,369	17,777
Fire	162,640	171,240	156,345	14,895
Municipal court	141,950	147,447	137,695	9,752
Total Public Safety	2,238,790	2,346,833	2,304,409	42,424
Public works				
Streets	1,110,920	1,198,643	913,452	285,191
Maintenance	229,600	233,190	219,560	13,630
Total Public Works	1,340,520	1,431,833	1,133,012	298,821
Culture and recreation				
Library	232,460	256,610	232,600	24,010
City park	359,100	362,750	274,036	88,714
Total Culture and Recreation	591,560	619,360	506,636	112,724
Community enhancement	150,050	185,807	177,378	8,429
Community center	386,600	400,938	383,320	17,618
Debt Service:				
Principal	31,010	31,010	31,009	1
Interest and fiscal charges	12,450	12,450	12,430	20
Total Debt Service	43,460	43,460	43,439	21
Total Expenditures	6,081,080	6,467,553	5,876,361	591,192
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,620)	(126,733)	618,450	745,183

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, 2015

Other Financing Sources (Uses)

Transfers in	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
Transfers (out)	<u>(1,425,000)</u>	<u>(1,175,000)</u>	<u>(650,000)</u>	<u>525,000</u>
Net Change in Fund Balance	<u>\$ (1,237,620)</u>	<u>\$ (1,101,733)</u>	<u>(31,550)</u>	<u>\$ 1,070,183</u>
Beginning fund balance			7,335,994	
Ending Fund Balance			<u>\$ 7,304,444</u>	

Notes to Required Supplementary Information:

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

CITY OF DAYTON, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2015

	Measurement Year
	2014*
Total Pension Liability	
Service cost	\$ 324,986
Interest (on the total pension liability)	396,895
Difference between expected and actual experience	(19,939)
Benefit payments, including refunds of employee contributions	(273,230)
Net Change in Total Pension Liability	428,712
Beginning total pension liability	5,644,054
Ending Total Pension Liability	\$ 6,072,766
Plan Fiduciary Net Position	
Contributions - employer	\$ 177,101
Contributions - employee	215,977
Net investment income	298,309
Benefit payments, including refunds of employee contributions	(273,230)
Administrative expense	(3,114)
Other	(256)
Net Change in Plan Fiduciary Net Position	414,787
Beginning plan fiduciary net position	5,214,141
Ending Plan Fiduciary Net Position	\$ 5,628,928
Net Pension Liability	\$ 443,838
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.69%
Covered Employee Payroll	\$ 3,085,380
Net Pension Liability as a Percentage of Covered Employee Payroll	14.39%

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

CITY OF DAYTON, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2015

	Measurement
	Year*
	2014
City's proportion of the net pension liability	0.301%
City's proportionate share of the net pension liability	\$ 54,697
State's proportionate share of the net pension liability	18,386
Total	\$ 73,083
Number of Active Members**	32
City's Net Pension Liability per Active Member	\$ 1,709
Plan fiduciary net position as a percentage of the total pension liability	83.5%

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

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

Notes to Required Supplementary Information:

Defined Benefit Pension Plan

Changes in benefit terms

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

Changes in assumptions

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

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CITY OF DAYTON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2015

	Fiscal Year*	
	2015	2014
Actuarially determined contribution	\$ 201,762	\$ 170,209
Contributions in relation to the actuarially determined contribution	201,762	170,209
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 3,316,114	\$ 3,032,125
Contributions as a percentage of covered employee payroll	6.08%	5.61%

Notes to Required Supplementary Information:

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

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	3.0%
Salary increases	3.50% to 12.0% including inflation
Investment rate of return	7.0%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

CITY OF DAYTON, TEXAS
SCHEDULE OF CITY CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2015

	Fiscal Year*	
	2015	2014
Contractually required contribution	\$ 14,852	\$ 13,644
Contributions in relation to the contractually required contribution	14,852	13,644
Contribution deficiency (excess)	\$ -	\$ -
Number of Active members**	34	32
Contributions per active member	\$ 437	\$ 426

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

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

***COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULE***

CITY OF DAYTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Property tax	\$ 1,700,959	\$ 1,700,959	\$ 1,753,527	\$ 52,568
Investment income	6,299	6,299	8,229	1,930
Total Revenues	<u>1,707,258</u>	<u>1,707,258</u>	<u>1,761,756</u>	<u>54,498</u>
<u>Expenditures</u>				
Principal	1,495,000	1,495,000	1,495,000	-
Interest and fiscal charges	601,169	601,169	600,069	1,100
Total Expenditures	<u>2,096,169</u>	<u>2,096,169</u>	<u>2,095,069</u>	<u>1,100</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(388,911)</u>	<u>(388,911)</u>	<u>(333,313)</u>	<u>55,598</u>
<u>Other Financing Sources</u>				
Transfers in	423,078	423,078	422,328	(750)
Total Other Financing Sources	<u>423,078</u>	<u>423,078</u>	<u>422,328</u>	<u>(750)</u>
Net Change in Fund Balance	<u>\$ 34,167</u>	<u>\$ 34,167</u>	89,015	<u>\$ 54,848</u>
Beginning fund balance			<u>1,582,429</u>	
Ending Fund Balance			<u>\$ 1,671,444</u>	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Hotel and Motel Tax Fund

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

Community Development Fund

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

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CITY OF DAYTON, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2015

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Hotel and Motel Tax	Community Development	
<u>Assets</u>			
Cash and cash equivalents	\$ 255,334	\$ -	\$ 255,334
Receivables, net	9,351	35,467	44,818
Total Assets	\$ 264,685	\$ 35,467	\$ 300,152
 <u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ 214	\$ -	\$ 214
Due to other funds	-	35,467	35,467
Total Liabilities	214	35,467	35,681
 Fund Balances			
Restricted:			
Tourism	264,471	-	264,471
Total Fund Balances	264,471	-	264,471
Total Liabilities and Fund Balances	\$ 264,685	\$ 35,467	\$ 300,152

CITY OF DAYTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Hotel and Motel Tax</u>	<u>Community Development</u>	
<u>Revenues</u>			
Franchise and local taxes	\$ 98,896	\$ -	\$ 98,896
Investment income	711	-	711
Total Revenues	<u>99,607</u>	<u>-</u>	<u>99,607</u>
<u>Expenditures</u>			
Community enhancement	27,908	-	27,908
Tourism promotion	37,600	-	37,600
Total Expenditures	<u>65,508</u>	<u>-</u>	<u>65,508</u>
Net Change in Fund Balances	34,099	-	34,099
Beginning fund balances	<u>230,372</u>	<u>-</u>	<u>230,372</u>
Ending Fund Balances	<u>\$ 264,471</u>	<u>\$ -</u>	<u>\$ 264,471</u>

CITY OF DAYTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL AND MOTEL TAX FUND
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Franchise and local taxes	\$ 86,600	\$ 86,600	\$ 98,896	\$ 12,296
Investment income	600	600	711	111
Total Revenues	<u>87,200</u>	<u>87,200</u>	<u>99,607</u>	<u>12,407</u>
<u>Expenditures</u>				
Community enhancement	50,000	50,000	27,908	22,092
Tourism promotion	43,000	43,000	37,600	5,400
Total Expenditures	<u>93,000</u>	<u>93,000</u>	<u>65,508</u>	<u>27,492</u>
Net Change in Fund Balance	<u>\$ (5,800)</u>	<u>\$ (5,800)</u>	34,099	<u>\$ 39,899</u>
Beginning fund balance			<u>230,372</u>	
Ending Fund Balance			<u>\$ 264,471</u>	

CITY OF DAYTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended		
Revenues				
Intergovernmental	\$ 91,395	\$ 91,395	\$ -	\$ (91,395)
Total Revenues	91,395	91,395	-	(91,395)
Expenditures				
Community enhancement	91,395	91,395	-	91,395
Total Expenditures	91,395	91,395	-	91,395
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Beginning fund balance			-	
Ending Fund Balance			\$ -	

STATISTICAL SECTION

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

Contents	Page
Financial Trends	104
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	116
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.</i>	
Debt Capacity	124
<i>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	135
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	139
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

CITY OF DAYTON, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities				
Net investment in capital assets	\$ (2,977,272)	\$ 575,833	\$ (1,049,374)	\$ (902,044)
Restricted	1,117,600	1,182,072	1,327,555	1,259,021
Unrestricted	2,728,071	1,681,688	4,730,849	4,751,826
Total Governmental Activities Net Position	<u>\$ 868,399</u>	<u>\$ 3,439,593</u>	<u>\$ 5,009,030</u>	<u>\$ 5,108,803</u>
Business-Type Activities				
Net investment in capital assets	\$ 9,795,277	\$ 9,041,108	\$ 7,306,107	\$ 8,259,046
Unrestricted	547,455	1,360,207	3,720,126	5,197,908
Total Business-Type Activities Net Position	<u>\$ 10,342,732</u>	<u>\$ 10,401,315</u>	<u>\$ 11,026,233</u>	<u>\$ 13,456,954</u>
Primary Government				
Net investment in capital assets	\$ 6,818,005	\$ 9,616,941	\$ 6,256,733	\$ 7,357,002
Restricted	1,117,600	1,182,072	1,327,555	1,259,021
Unrestricted	3,275,526	3,041,895	8,450,975	9,949,734
Total Primary Government Net Position	<u>\$ 11,211,131</u>	<u>\$ 13,840,908</u>	<u>\$ 16,035,263</u>	<u>\$ 18,565,757</u>

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ (368,043)	\$ 925,703	\$ 1,445,839	\$ 2,509,582	\$ 3,462,443	\$ 4,566,453
1,846,613	1,616,547	1,675,266	1,623,984	1,808,450	9,063,490
4,415,092	4,868,753	6,069,598	7,082,301	7,511,183	356,496
<u>\$ 5,893,662</u>	<u>\$ 7,411,003</u>	<u>\$ 9,190,703</u>	<u>\$ 11,215,867</u>	<u>\$ 12,782,076</u>	<u>\$ 13,986,439</u>
\$ 8,645,703	\$ 9,359,270	\$ 9,194,380	\$ 8,952,136	\$ 9,645,450	\$ 9,839,516
4,668,024	4,512,879	4,667,522	3,780,649	3,216,055	3,269,377
<u>\$ 13,313,727</u>	<u>\$ 13,872,149</u>	<u>\$ 13,861,902</u>	<u>\$ 12,732,785</u>	<u>\$ 12,861,505</u>	<u>\$ 13,108,893</u>
\$ 8,277,660	\$ 10,284,973	\$ 10,640,219	\$ 11,461,718	\$ 13,107,893	\$ 14,405,969
1,846,613	1,616,547	1,675,266	1,623,984	1,808,450	9,063,490
9,083,116	9,381,632	10,737,120	10,862,950	10,727,238	3,625,873
<u>\$ 19,207,389</u>	<u>\$ 21,283,152</u>	<u>\$ 23,052,605</u>	<u>\$ 23,948,652</u>	<u>\$ 25,643,581</u>	<u>\$ 27,095,332</u>

CITY OF DAYTON, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities				
General government	\$ 729,647	\$ 673,152	\$ 3,003,337	\$ 1,676,685
Public safety	1,255,664	1,357,366	1,320,013	1,330,407
Public works	935,816	989,327	853,850	801,733
Culture and recreation	269,118	268,213	275,348	389,495
Community enhancement	453,564	113,637	287,451	113,837
Interest and fees on debt	281,815	297,801	282,937	943,998
Total Governmental Activities Expenses	<u>3,925,624</u>	<u>3,699,496</u>	<u>6,022,936</u>	<u>5,256,155</u>
Business-Type Activities				
Water and sewer	2,063,671	2,431,526	2,381,794	2,405,119
Refuse	743,411	792,901	775,730	783,072
Total Business-Type Activities Expenses	<u>2,807,082</u>	<u>3,224,427</u>	<u>3,157,524</u>	<u>3,188,191</u>
Total Expenses	<u>\$ 6,732,706</u>	<u>\$ 6,923,923</u>	<u>\$ 9,180,460</u>	<u>\$ 8,444,346</u>
Program Revenues				
Governmental activities				
Charges for services				
Public safety	242,737	235,580	250,268	279,152
Public works	33,242	52,028	33,832	25,443
Operating grants and contributions	846,504	51,322	1,056,590	102,980
Total Governmental Activities Program Revenues	<u>1,122,483</u>	<u>338,930</u>	<u>1,340,690</u>	<u>407,575</u>
Business-Type Activities				
Charges for services				
Water and sewer	2,062,000	2,543,513	3,062,084	3,017,897
Refuse	701,287	813,308	869,261	907,203
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>2,763,287</u>	<u>3,356,821</u>	<u>3,931,345</u>	<u>3,925,100</u>
Total Program Revenues	<u>\$ 3,885,770</u>	<u>\$ 3,695,751</u>	<u>\$ 5,272,035</u>	<u>\$ 4,332,675</u>
Net (Expense)/Revenue				
Governmental activities	\$ (2,803,141)	\$ (3,360,566)	\$ (4,682,246)	\$ (4,848,580)
Business-type activities	(43,795)	132,394	773,821	736,909
Total Net Expense	<u>\$ (2,846,936)</u>	<u>\$ (3,228,172)</u>	<u>\$ (3,908,425)</u>	<u>\$ (4,111,671)</u>

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,680,540	\$ 966,880	\$ 1,078,921	\$ 1,020,821	\$ 1,069,703	\$ 1,289,299
1,996,880	2,005,207	2,117,615	2,174,567	2,203,892	2,269,519
1,023,098	1,422,006	1,151,412	1,317,655	1,315,378	1,296,200
475,913	631,215	598,987	595,737	581,414	768,841
782,221	870,551	655,102	576,481	645,128	534,658
937,955	776,729	722,249	681,460	633,697	808,002
<u>6,896,607</u>	<u>6,672,588</u>	<u>6,324,286</u>	<u>6,366,721</u>	<u>6,449,212</u>	<u>6,966,519</u>
2,822,889	3,150,636	3,225,967	3,019,288	3,170,831	3,388,885
795,252	860,456	765,371	838,182	837,012	868,535
<u>3,618,141</u>	<u>4,011,092</u>	<u>3,991,338</u>	<u>3,857,470</u>	<u>4,007,843</u>	<u>4,257,420</u>
<u>\$ 10,514,748</u>	<u>\$ 10,683,680</u>	<u>\$ 10,315,624</u>	<u>\$ 10,224,191</u>	<u>\$ 10,457,055</u>	<u>\$ 11,223,939</u>
290,581	447,569	380,974	421,610	391,963	415,984
35,394	36,572	28,625	48,008	64,802	55,531
<u>361,668</u>	<u>1,042,973</u>	<u>493,848</u>	<u>125,638</u>	<u>610,798</u>	<u>56,029</u>
<u>687,643</u>	<u>1,527,114</u>	<u>903,447</u>	<u>595,256</u>	<u>1,067,563</u>	<u>527,544</u>
2,996,343	3,104,029	3,198,803	3,070,922	3,096,300	3,193,106
898,957	942,360	1,000,024	1,034,706	1,029,176	1,058,072
-	344,576	35,000	-	-	-
-	261,526	-	-	-	-
<u>3,895,300</u>	<u>4,652,491</u>	<u>4,233,827</u>	<u>4,105,628</u>	<u>4,125,476</u>	<u>4,251,178</u>
<u>\$ 4,582,943</u>	<u>\$ 6,179,605</u>	<u>\$ 5,137,274</u>	<u>\$ 4,700,884</u>	<u>\$ 5,193,039</u>	<u>\$ 4,778,722</u>
\$ (6,208,964)	\$ (5,145,474)	\$ (5,420,839)	\$ (5,771,465)	\$ (5,381,649)	\$ (6,438,975)
277,159	641,399	242,489	248,158	117,633	(6,242)
<u>\$ (5,931,805)</u>	<u>\$ (4,504,075)</u>	<u>\$ (5,178,350)</u>	<u>\$ (5,523,307)</u>	<u>\$ (5,264,016)</u>	<u>\$ (6,445,217)</u>

CITY OF DAYTON, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 3,421,472	\$ 3,603,433	\$ 3,816,741	\$ 4,811,646
Sales taxes	798,285	925,496	1,001,892	902,194
Franchise and local taxes	563,783	542,324	572,664	567,042
Investment income	133,909	231,668	327,025	194,084
Other revenues	59,223	72,774	109,495	97,752
Gain (loss) on sale of capital assets	11,498	-	2,318	2,782
Transfers in (out)	637,367	556,065	421,548	(1,555,145)
Total Governmental Activities	<u>5,625,537</u>	<u>5,931,760</u>	<u>6,251,683</u>	<u>5,020,355</u>
Business-type activities				
Investment income	99,335	459,280	228,687	61,230
Other revenues	57,309	22,974	36,721	30,561
Gain on sale of capital assets	7,391	-	7,237	1,495
Transfers in (out)	(637,367)	(556,065)	(421,548)	1,555,145
Total Business-Type Activities	<u>(473,332)</u>	<u>(73,811)</u>	<u>(148,903)</u>	<u>1,648,431</u>
Total Primary Government	<u>\$ 5,152,205</u>	<u>\$ 5,857,949</u>	<u>\$ 6,102,780</u>	<u>\$ 6,668,786</u>
Change in Net Position				
Governmental activities	\$ 2,822,396	\$ 2,571,194	\$ 1,569,437	\$ 171,775
Business-type activities	(517,127)	58,583	624,918	2,385,340
Total Primary Government	<u>\$ 2,305,269</u>	<u>\$ 2,629,777</u>	<u>\$ 2,194,355</u>	<u>\$ 2,557,115</u>

Fiscal Year

	2010	2011	2012	2013	2014	2015
\$	4,656,172	\$ 4,564,356	\$ 4,570,211	\$ 4,696,620	\$ 4,772,360	\$ 4,973,068
	787,054	1,019,311	1,263,882	1,349,335	1,697,517	1,774,826
	611,240	768,721	728,811	791,503	735,786	824,956
	123,913	92,976	52,953	28,952	39,142	56,722
	326,260	67,840	76,708	111,890	161,238	237,491
	-	-	-	-	-	-
	489,184	149,611	410,267	1,125,000	(55,313)	(227,672)
	<u>6,993,823</u>	<u>6,662,815</u>	<u>7,102,832</u>	<u>8,103,300</u>	<u>7,350,730</u>	<u>7,639,391</u>
	44,811	39,337	26,628	11,318	14,698	12,335
	23,987	27,297	24,338	19,408	20,049	13,623
	-	-	-	-	-	-
	(489,184)	(149,611)	(410,267)	(1,125,000)	55,313	227,672
	<u>(420,386)</u>	<u>(82,977)</u>	<u>(359,301)</u>	<u>(1,094,274)</u>	<u>90,060</u>	<u>253,630</u>
\$	<u><u>6,573,437</u></u>	<u><u>6,579,838</u></u>	<u><u>6,743,531</u></u>	<u><u>7,009,026</u></u>	<u><u>7,440,790</u></u>	<u><u>7,893,021</u></u>
\$	784,859	\$ 1,517,341	\$ 1,681,993	\$ 2,331,835	\$ 1,969,081	\$ 1,200,416
	(143,227)	558,422	(116,812)	(846,116)	207,693	247,388
	<u>641,632</u>	<u>2,075,763</u>	<u>1,565,181</u>	<u>1,485,719</u>	<u>2,176,774</u>	<u>1,447,804</u>

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

Function	Fiscal Year			
	2006	2007	2008	2009
Property taxes	\$ 3,421,472	\$ 3,603,433	\$ 3,816,741	\$ 4,811,646
Sales taxes	798,285	925,496	1,001,892	902,194
Franchise and local taxes	563,783	542,324	572,664	567,042
Total	\$ 4,783,540	\$ 5,071,253	\$ 5,391,297	\$ 6,280,882

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ 4,656,172	\$ 4,564,356	\$ 4,570,211	\$ 4,696,620	\$ 4,772,360	\$ 4,973,068
787,054	1,019,311	1,263,882	1,349,335	1,697,517	1,774,826
611,240	768,721	728,811	791,503	735,786	824,956
<u>\$ 6,054,466</u>	<u>\$ 6,352,388</u>	<u>\$ 6,562,904</u>	<u>\$ 6,837,458</u>	<u>\$ 7,205,663</u>	<u>\$ 7,572,850</u>

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Nonspendable	\$ -	\$ 776	\$ 785	\$ 581
Restricted	10,482	18,393	22,983	83,235
Assigned	102,718	370,059	275,935	44,824
Unassigned	2,293,886	3,568,645	3,407,477	3,712,905
Total General Fund	<u>\$ 2,407,086</u>	<u>\$ 3,957,873</u>	<u>\$ 3,707,180</u>	<u>\$ 3,841,545</u>
 All Other Governmental Funds				
Restricted	\$ 1,038,330	\$ 1,094,717	\$ 14,288,457	\$ 6,341,117
Assigned	-	-	293,096	21,987
Unassigned	-	(18,191)	-	-
Total All Other Governmental Funds	<u>\$ 1,038,330</u>	<u>\$ 1,076,526</u>	<u>\$ 14,581,553</u>	<u>\$ 6,363,104</u>

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ -	\$ 958	\$ 616	\$ 935	\$ 54,667	\$ 3,490
22,954	22,112	28,023	58,204	93,404	144,279
42,645	32,619	3,176	3,427	5,270	31,080
4,020,551	5,516,861	5,385,160	6,399,287	7,182,653	7,125,595
<u>\$ 4,086,150</u>	<u>\$ 5,572,550</u>	<u>\$ 5,416,975</u>	<u>\$ 6,461,853</u>	<u>\$ 7,335,994</u>	<u>\$ 7,304,444</u>
\$ 3,263,127	\$ 1,475,771	\$ 1,532,577	\$ 1,461,402	\$ 1,812,801	\$ 8,919,211
-	384,630	190,588	209,367	-	-
-	-	-	-	-	-
<u>\$ 3,263,127</u>	<u>\$ 1,860,401</u>	<u>\$ 1,723,165</u>	<u>\$ 1,670,769</u>	<u>\$ 1,812,801</u>	<u>\$ 8,919,211</u>

CITY OF DAYTON, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Property taxes	\$ 3,424,233	\$ 3,664,952	\$ 3,821,943	\$ 4,784,351
Sales taxes	798,285	925,496	1,001,892	902,194
Franchise and local taxes	415,755	381,056	406,600	389,785
Licenses and permits	33,242	52,028	33,832	25,443
Intergovernmental	843,638	40,872	1,049,982	101,980
Fines and forfeitures	221,731	208,901	224,222	253,422
Charges for services	21,006	26,679	26,046	25,730
Investment income	133,909	231,668	327,025	194,084
Contributions and donations	2,866	10,450	6,608	1,000
Payments in lieu of taxes	148,028	161,268	166,064	177,257
Other revenue	59,223	72,774	109,495	97,752
Total Revenues	6,101,916	5,776,144	7,173,709	6,952,998
Expenditures				
General government	752,507	767,588	2,991,880	1,644,678
Public safety	1,272,671	1,377,960	1,742,088	1,732,664
Public works	1,820,802	1,149,602	894,962	1,246,457
Culture and recreation	406,666	362,867	263,921	362,028
Community enhancement	388,052	86,637	268,055	88,091
Civic center	-	-	-	-
Tourism promotion	12,000	27,000	17,950	24,300
Capital outlay	-	245,781	573,240	8,411,816
Debt service				
Principal	776,954	1,102,365	1,096,465	1,321,280
Interest	285,764	313,426	643,449	976,190
Total Expenditures	5,715,416	5,433,226	8,492,010	15,807,504
Excess (Deficiency) of Revenues Over (Under) Expenditures	386,500	342,918	(1,318,301)	(8,854,506)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets/leases	244,129	-	-	139,787
Issuance of debt	-	750,000	13,915,000	2,255,000
Premium on debt	-	-	241,680	-
Payment to escrow agent	-	-	(3,267,911)	-
Transfers in	739,382	917,676	510,548	726,308
Transfers out	(102,015)	(361,611)	(89,000)	(2,281,453)
Refunding bonds issued	-	-	3,260,000	-
Sale of capital assets	11,498	-	2,318	2,782
Total Other Financing Sources	892,994	1,306,065	14,572,635	842,424
Net Change in Fund Balances	\$ 1,279,494	\$ 1,648,983	\$ 13,254,334	\$ (8,012,082)
Debt service as a percentage of noncapital expenditures	23.53%	31.09%	24.72%	36.47%

Fiscal Year

	2010	2011	2012	2013	2014	2015
\$	4,717,527	\$ 4,396,138	\$ 4,523,550	\$ 4,677,228	\$ 4,783,363	\$ 4,941,183
	787,054	1,019,311	1,263,882	1,349,335	1,697,517	1,774,826
	462,027	535,983	515,348	493,325	470,692	485,002
	35,394	36,572	28,625	48,008	64,802	55,531
	214,551	1,039,598	491,798	124,105	604,144	47,398
	198,026	269,994	260,989	295,556	255,716	312,613
	92,555	177,575	119,985	126,054	136,247	103,371
	123,913	92,976	52,953	28,952	38,069	56,651
	147,117	3,375	2,050	1,533	6,654	4,025
	149,213	232,738	213,463	298,178	265,094	339,954
	323,510	67,840	76,708	111,890	161,238	241,170
	<u>7,250,887</u>	<u>7,872,100</u>	<u>7,549,351</u>	<u>7,554,164</u>	<u>8,483,536</u>	<u>8,361,724</u>
	1,693,222	1,059,562	2,576,777	1,038,969	1,078,878	1,328,167
	1,990,372	1,954,600	2,064,095	2,050,093	2,151,798	2,326,663
	922,042	1,986,509	1,248,321	1,653,068	1,124,174	1,133,012
	366,971	393,173	423,189	468,025	375,242	506,636
	347,534	400,702	247,881	123,372	651,961	205,286
	159,350	318,467	276,644	317,575	376,200	383,320
	37,295	42,441	21,024	42,272	37,599	37,600
	2,975,161	33,410	7,092	-	-	-
	1,282,007	1,255,611	1,373,848	1,335,000	1,445,000	1,526,009
	824,239	828,562	756,016	701,942	651,736	745,346
	<u>10,598,193</u>	<u>8,273,037</u>	<u>8,994,887</u>	<u>7,730,316</u>	<u>7,892,588</u>	<u>8,192,039</u>
	(3,347,306)	(400,937)	(1,445,536)	(176,152)	590,948	169,685
	139,787	2,750	335,000	-	-	-
	2,255,000	-	-	700,000	-	6,990,000
	-	-	-	-	-	142,847
	-	-	-	-	-	-
	726,308	495,374	1,736,162	621,997	425,225	422,328
	(2,281,453)	(6,190)	(1,586,551)	(211,730)	-	(650,000)
	-	-	-	-	-	-
	2,782	-	-	-	-	-
	<u>842,424</u>	<u>491,934</u>	<u>484,611</u>	<u>1,110,267</u>	<u>425,225</u>	<u>6,905,175</u>
\$	<u>(2,504,882)</u>	<u>\$ 90,997</u>	<u>\$ (960,925)</u>	<u>\$ 934,115</u>	<u>\$ 1,016,173</u>	<u>\$ 7,074,860</u>
	28.74%	28.99%	30.69%	29.52%	27.68%	29.70%

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

	Fiscal Year			
	2006	2007	2008	2009
Land	\$ 83,728,948	\$ 88,469,937	\$ 92,891,191	\$ 98,818,451
Improvements	252,808,911	260,127,430	299,417,041	307,394,663
Personal	350,328,740	376,111,610	457,805,580	420,205,320
Minerals	268,090	292,780	249,380	241,220
Less: Exempt, productivity loss and homestead cap	126,538,078	127,944,315	153,327,272	175,203,872
Total Taxable Assessed Valuation (1)	\$ 560,596,611	\$ 597,057,442	\$ 697,035,920	\$ 651,455,782
Full Market Valuation	\$ 686,866,599	\$ 725,001,757	\$ 850,363,192	\$ 826,659,654
Total Direct Tax Rate	\$ 0.68796	\$ 0.64490	\$ 0.63490	\$ 0.68520

Source: Liberty County Appraisal District

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

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 105,503,151	\$ 111,463,136	\$ 113,343,078	\$ 113,273,194	\$ 115,590,185	\$ 151,820,540
320,343,413	325,574,941	330,366,373	331,979,823	338,033,726	349,124,036
384,786,515	471,652,050	421,330,420	396,168,790	447,953,050	456,393,110
795,454	619,194	896,228	867,679	913,741	58,499
192,768,814	193,299,492	188,239,525	187,542,607	189,455,245	203,376,421
<u>\$ 618,659,719</u>	<u>\$ 716,009,829</u>	<u>\$ 677,696,574</u>	<u>\$ 654,746,879</u>	<u>\$ 713,035,457</u>	<u>\$ 754,019,764</u>
\$ 811,428,533	\$ 909,309,321	\$ 865,936,099	\$ 842,289,486	\$ 902,490,702	\$ 957,396,185
\$ 0.72560	\$ 0.72450	\$ 0.63040	\$ 0.68530	\$ 0.72290	\$ 0.69000

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

	Fiscal Year			
	2006	2007	2008	2009
City of Dayton:				
Operating tax rate	\$ 0.562960	\$ 0.513900	\$ 0.490200	\$ 0.455000
Debt service tax rate	0.125000	0.131000	0.144700	0.230200
Total Direct Rates	<u>\$ 0.687960</u>	<u>\$ 0.644900</u>	<u>\$ 0.634900</u>	<u>\$ 0.685200</u>
Liberty County	\$ 0.567300	\$ 0.562300	\$ 0.560000	\$ 0.560000
Hospital District	0.090000	0.090000	0.090000	0.090000
Dayton ISD	1.659300	1.540000	1.220000	1.208000
Drainage District #1 (2)	0.105600	0.091300	0.091300	0.087800
Total Direct and Overlapping Rates (1)	<u>\$ 2.422200</u>	<u>\$ 2.283600</u>	<u>\$ 1.961300</u>	<u>\$ 1.945800</u>
Total Assessed Valuation	<u>\$ 560,596,611</u>	<u>\$ 597,057,442</u>	<u>\$ 697,035,920</u>	<u>\$ 651,455,782</u>

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

2) Drainage District #1 has a partial overlapping area

Source: Liberty County Appraisal District

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ 0.444600	\$ 0.483500	\$ 0.426200	\$ 0.497100	\$ 0.450900	\$ 0.444000
0.281000	0.241000	0.204200	0.188200	0.272000	0.246000
<u>\$ 0.725600</u>	<u>\$ 0.724500</u>	<u>\$ 0.630400</u>	<u>\$ 0.685300</u>	<u>\$ 0.722900</u>	<u>\$ 0.690000</u>
\$ 0.560000	\$ 0.560000	\$ 0.560000	\$ 0.560000	\$ 0.578800	\$ 0.578800
0.090000	0.090000	0.090000	0.090000	0.090000	0.090000
1.208000	1.208000	1.208000	1.208000	1.208000	1.198000
0.079900	0.110600	0.091700	0.097400	0.098700	0.094400
<u>\$ 1.937900</u>	<u>\$ 1.968600</u>	<u>\$ 1.949700</u>	<u>\$ 1.955400</u>	<u>\$ 1.975500</u>	<u>\$ 1.961200</u>
<u>\$ 618,659,719</u>	<u>\$ 716,009,829</u>	<u>\$ 677,696,574</u>	<u>\$ 654,746,879</u>	<u>\$ 713,035,457</u>	<u>\$ 754,019,764</u>

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CITY OF DAYTON, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2015			2006		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Exxon Chemical Americas	\$ 116,586,770	1	15.46%	\$ 68,707,410	1	12.26%
Total Petrochemicals USA	87,427,400	2	11.59%	32,566,365	3	5.81%
Equistar Chemicals LP	51,375,660	3	6.81%	n/a	-	-
Global Tubing	25,417,390	4	3.37%	n/a	-	-
Oxy Vinyls LP	20,692,030	5	2.74%	7,030,800	9	1.25%
Insteel Wire Products Co	19,779,750	6	2.62%	8,973,630	7	1.60%
TRT Lease Co LLC	16,853,740	7	2.24%	n/a	-	-
Sams East Inc	9,981,910	8	1.32%	n/a	-	-
Wells Fargo Bank Northwest NA	6,142,200	9	0.81%	6,118,050	10	1.09%
Entergy Texas Inc	6,113,930	10	0.81%	n/a	-	-
Chevron Phillips	n/a	-	n/a	42,200,750	2	7.53%
Basell	n/a	-	n/a	24,579,870	4	4.38%
Sunoco (R&M) Inc.	n/a	-	n/a	17,989,400	5	3.21%
Innovene Wire Products Co	n/a	-	n/a	10,361,030	6	1.85%
Alabama Metal Industries	n/a	-	n/a	8,125,450	8	1.45%
Subtotal	360,370,780		47.79%	226,652,755		40.43%
Other Taxpayers	393,648,984		52.21%	333,943,856		59.57%
Total ⁽¹⁾	\$ 754,019,764		100.00%	\$ 560,596,611		100.00%

Source: Liberty County Appraisal District

(1) Net of exemptions and abatements

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

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy	
				Amount Collected	Percentage of Levy
2006	2005	\$ 0.687960	n/a	n/a	-
2007	2006	\$ 0.644900	\$ 3,821,943	\$ 3,584,333	93.78%
2008	2007	\$ 0.634900	\$ 4,806,066	\$ 3,790,057	78.86%
2009	2008	\$ 0.685200	\$ 4,748,399	\$ 4,628,535	97.48%
2010	2009	\$ 0.725600	\$ 4,481,991	\$ 4,385,718	97.85%
2011	2010	\$ 0.724500	\$ 4,548,586	\$ 4,307,302	94.70%
2012	2011	\$ 0.630400	\$ 4,701,368	\$ 4,506,192	95.85%
2013	2012	\$ 0.685300	\$ 4,817,619	\$ 4,641,604	96.35%
2014	2013	\$ 0.722900	\$ 4,904,072	\$ 4,591,742	93.63%
2015	2014	\$ 0.690000	\$ 4,899,505	\$ 4,779,250	97.55%

Source: Liberty County Tax Office

Collected in Subsequent Years		Total Collections to Date	
Amount Collected		Amount Collected	Percentage of Levy
n/a		n/a	-
\$ 215,404		\$ 3,799,737	99.42%
\$ 986,947		\$ 4,777,004	99.40%
\$ 82,900		\$ 4,711,435	99.22%
\$ 45,392		\$ 4,431,110	98.86%
\$ 177,920		\$ 4,485,222	98.61%
\$ 135,002		\$ 4,641,194	98.72%
\$ 109,287		\$ 4,750,891	98.61%
\$ 229,984		\$ 4,821,726	98.32%
\$ -		\$ 4,779,250	97.55%

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities:				
General obligation bonds	\$ 3,140,000	\$ 2,700,000	\$ 16,515,000	\$ 16,190,000
Certificates of obligation	2,937,438	2,642,700	1,360,000	1,105,000
Tax anticipation notes	230,000	665,000	1,000,000	2,565,000
Capital leases	211,743	153,969	105,204	193,711
Premiums	-	-	241,680	226,831
Less deferred amounts	-	-	(7,911)	(7,120)
Subtotal	<u>6,519,181</u>	<u>6,161,669</u>	<u>19,213,973</u>	<u>20,273,422</u>
Business-Type Activities:				
Certificates of obligation	8,500,000	8,500,000	8,500,000	8,400,000
Capital leases	78,656	25,898	-	-
Subtotal	<u>8,578,656</u>	<u>8,525,898</u>	<u>8,500,000</u>	<u>8,400,000</u>
Government-Wide:				
General obligation bonds	3,140,000	2,700,000	16,515,000	16,190,000
Certificates of obligation	11,437,438	11,142,700	9,860,000	9,505,000
Tax anticipation notes	230,000	665,000	1,000,000	2,565,000
Capital leases	290,399	179,867	105,204	193,711
Premiums	-	-	241,680	226,831
Less deferred amounts	-	-	(7,911)	(7,120)
Total Government-Wide	<u>\$ 15,097,837</u>	<u>\$ 14,687,567</u>	<u>\$ 27,713,973</u>	<u>\$ 28,673,422</u>
Estimated Full Property Value	\$ 686,866,599	\$ 725,001,757	\$ 850,363,192	\$ 826,659,654
Percentage of Full Property Value:				
Governmental activities	0.95%	0.85%	2.26%	2.45%
Business-type activities	1.25%	1.18%	1.00%	1.02%
Government-wide	2.20%	2.03%	3.26%	3.47%
Population	8,431	8,087	7,774	7,441
Debt Per Capita:				
Governmental activities	\$ 773	\$ 762	\$ 2,472	\$ 2,725
Business-type activities	\$ 1,018	\$ 1,054	\$ 1,093	\$ 1,129
Government-wide	\$ 1,791	\$ 1,816	\$ 3,565	\$ 3,853

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

Fiscal Year

	2010	2011	2012	2013	2014	2015
\$	15,860,000	\$ 15,520,000	\$ 14,825,000	\$ 14,110,000	\$ 13,120,000	\$ 12,095,000
	840,000	570,000	290,000	-	-	6,990,000
	1,960,000	1,340,000	1,725,000	1,395,000	940,000	470,000
	111,705	358,436	309,248	281,053	251,485	220,476
	211,982	197,133	185,537	173,941	162,345	293,596
	(6,329)	(5,537)	(4,745)	-	-	-
	<u>18,977,358</u>	<u>17,980,032</u>	<u>17,330,040</u>	<u>15,959,994</u>	<u>14,473,830</u>	<u>20,069,072</u>
	8,290,000	8,175,000	8,060,000	7,940,000	7,820,000	7,690,000
	-	-	-	-	-	-
	<u>8,290,000</u>	<u>8,175,000</u>	<u>8,060,000</u>	<u>7,940,000</u>	<u>7,820,000</u>	<u>7,690,000</u>
	15,860,000	15,520,000	14,825,000	14,110,000	13,120,000	12,095,000
	9,130,000	8,745,000	8,350,000	7,940,000	7,820,000	14,680,000
	1,960,000	1,340,000	1,725,000	1,395,000	940,000	470,000
	111,705	358,436	309,248	281,053	251,485	220,476
	211,982	197,133	185,537	173,941	-	293,596
	(6,329)	(5,537)	(4,745)	-	-	-
\$	<u>27,267,358</u>	<u>\$ 26,155,032</u>	<u>\$ 25,390,040</u>	<u>\$ 23,899,994</u>	<u>\$ 22,131,485</u>	<u>\$ 27,759,072</u>
\$	811,428,533	\$ 909,309,321	\$ 865,936,099	\$ 842,289,486	\$ 902,490,702	\$ 957,396,185
	2.34%	1.98%	2.00%	1.89%	1.60%	2.10%
	1.02%	0.90%	0.93%	0.94%	0.87%	0.80%
	3.36%	2.88%	2.93%	2.84%	2.45%	2.90%
	7,242	7,297	7,340	7,390	7,418	7,620
\$	2,620	\$ 2,464	\$ 2,361	\$ 2,160	\$ 1,951	\$ 2,634
\$	1,145	\$ 1,120	\$ 1,098	\$ 1,074	\$ 1,054	\$ 1,009
\$	3,765	\$ 3,584	\$ 3,459	\$ 3,234	\$ 2,983	\$ 3,643

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

	Fiscal Year			
	2006	2007	2008	2009
Estimated Actual Taxable Value of Property	\$ 560,596,611	\$ 597,057,442	\$ 697,035,920	\$ 651,455,782
General obligation bonds	\$ 3,140,000	2,700,000	16,515,000	16,190,000
Certificates of obligation	11,437,438	11,142,700	9,860,000	9,505,000
Tax anticipation notes	230,000	665,000	1,000,000	2,565,000
Capital leases	211,743	153,969	105,204	193,711
Premiums	-	-	241,680	226,831
Less: amounts available in debt service fund	914,516	1,038,982	1,123,687	1,194,865
Total	<u>\$ 14,104,665</u>	<u>\$ 13,622,687</u>	<u>\$ 26,598,197</u>	<u>\$ 27,485,677</u>
Percentage of Estimated Actual Taxable Value of Property	2.52%	2.28%	3.82%	4.22%
Population	8,431	8,087	7,774	7,441
Per Capita	\$ 1,673	\$ 1,685	\$ 3,421	\$ 3,694

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 618,659,719	\$ 716,009,829	\$ 677,696,574	\$ 654,746,879	\$ 713,035,457	\$ 754,019,764
15,860,000	15,520,000	14,825,000	14,110,000	13,120,000	12,095,000
9,130,000	8,745,000	8,350,000	7,940,000	7,820,000	6,990,000
1,960,000	1,340,000	1,725,000	1,395,000	940,000	470,000
111,705	358,436	309,248	281,053	251,485	220,476
211,982	197,133	185,537	173,941	162,345	293,596
1,440,671	1,475,771	1,532,577	1,461,402	1,582,429	1,671,444
<u>\$ 25,833,016</u>	<u>\$ 24,684,798</u>	<u>\$ 23,862,208</u>	<u>\$ 22,438,592</u>	<u>\$ 20,711,401</u>	<u>\$ 18,397,628</u>
4.18%	3.45%	3.52%	3.43%	2.90%	2.44%
7,242	7,297	7,340	7,390	7,418	7,620
\$ 3,567	\$ 3,383	\$ 3,251	\$ 3,036	\$ 2,792	\$ 2,414

CITY OF DAYTON, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2015

Government Unit	Debt Outstanding	Estimated Percentage Applicable*	Amount Applicable to Primary Government
Dayton ISD	\$ 23,993,000	45.46%	\$ 10,907,218
Liberty County	\$ 14,110,000	17.23%	2,431,153
Liberty ISD	\$ 15,495,000	0.04%	6,198
Subtotal, overlapping debt			13,344,569
City Direct Debt		100.00%	20,069,072
	Total Direct and Overlapping Debt		\$ 33,413,641
Population			7,620
Overlapping Debt Per Capita			\$ 1,751
Direct and Overlapping Debt Per Capita			\$ 4,385

Source: Tax department records of the various governments.

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

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

CITY OF DAYTON, TEXAS
LEGAL DEBT MARGIN INFORMATION
 Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Debt limit ⁽¹⁾	\$ 56,059,661	\$ 59,705,744	\$ 69,703,592	\$ 65,145,578
Total net debt applicable to limit	13,892,922	13,468,718	26,492,993	27,291,966
Legal debt margin	<u>\$ 42,166,739</u>	<u>\$ 46,237,026</u>	<u>\$ 43,210,599</u>	<u>\$ 37,853,612</u>
Total net debt applicable to the limit as a percentage of debt limit	24.78%	22.56%	38.01%	41.89%
Legal Debt Margin Calculation				
Assessed value	\$ 560,596,611	\$ 597,057,442	\$ 697,035,920	\$ 651,455,782
Debt limit (10% of assessed value)	56,059,661	59,705,744	69,703,592	65,145,578
Debt applicable to limit:				
General obligation bonds	3,140,000	2,700,000	16,515,000	16,190,000
Certificates of obligation	11,437,438	11,142,700	9,860,000	9,505,000
Tax anticipation notes	230,000	665,000	1,000,000	2,565,000
Premiums	-	-	241,680	226,831
Less: amount set aside for repayment of general obligation debt	(914,516)	(1,038,982)	(1,123,687)	(1,194,865)
Total net debt applicable to limit	<u>13,892,922</u>	<u>13,468,718</u>	<u>26,492,993</u>	<u>27,291,966</u>
Legal debt margin	<u>\$ 42,166,739</u>	<u>\$ 46,237,026</u>	<u>\$ 43,210,599</u>	<u>\$ 37,853,612</u>

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 61,865,972	\$ 71,600,983	\$ 67,769,657	\$ 65,474,688	\$ 71,303,546	\$ 75,401,976
25,721,311	24,326,362	23,552,960	22,157,539	20,459,916	25,867,152
<u>\$ 36,144,661</u>	<u>\$ 47,274,621</u>	<u>\$ 44,216,697</u>	<u>\$ 43,317,149</u>	<u>\$ 50,843,630</u>	<u>\$ 49,534,824</u>
41.58%	33.97%	34.75%	33.84%	28.69%	34.31%
\$ 618,659,719	\$ 716,009,829	\$ 677,696,574	\$ 654,746,879	\$ 713,035,457	\$ 754,019,764
61,865,972	71,600,983	67,769,657	65,474,688	71,303,546	75,401,976
15,860,000	15,520,000	14,825,000	14,110,000	13,120,000	12,095,000
9,130,000	8,745,000	8,350,000	7,940,000	7,820,000	14,680,000
1,960,000	1,340,000	1,725,000	1,395,000	940,000	470,000
211,982	197,133	185,537	173,941	162,345	293,596
(1,440,671)	(1,475,771)	(1,532,577)	(1,461,402)	(1,582,429)	(1,671,444)
25,721,311	24,326,362	23,552,960	22,157,539	20,459,916	25,867,152
<u>\$ 36,144,661</u>	<u>\$ 47,274,621</u>	<u>\$ 44,216,697</u>	<u>\$ 43,317,149</u>	<u>\$ 50,843,630</u>	<u>\$ 49,534,824</u>

CITY OF DAYTON, TEXAS

PLEGGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Gross Revenues (1)	\$ 2,197,605	\$ 2,978,422	\$ 3,312,486	\$ 3,132,364
Operating Expenses (2)	\$ 1,459,244	\$ 1,457,545	\$ 1,498,326	\$ 1,530,058
Net Revenues Available for Debt Service	\$ 738,361	\$ 1,520,877	\$ 1,814,160	\$ 1,602,306
Debt Service Requirements (3)				
Principal	\$ -	\$ -	\$ 100,000	\$ 110,000
Interest	304,034	305,733	305,258	301,133
Total	\$ 304,034	\$ 305,733	\$ 405,258	\$ 411,133
Coverage	2.43	4.97	4.48	3.90

(1) Gross revenues, as defined in the revenue bond ordinances, include operating and non-operating revenue and excludes capital contributions, grant revenues, and capital recovery fees.

(2) Total operating expenses, as defined in the revenue bond ordinances, do not include depreciation, bond interest, and fiscal charges.

(3) Debt service requirements are based on the expected debt service payments for the following fiscal year.

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 3,055,852	\$ 3,159,797	\$ 3,242,709	\$ 3,098,424	\$ 3,127,657	\$ 3,214,972
\$ 1,451,480	\$ 1,737,463	\$ 1,799,355	\$ 1,560,107	\$ 1,682,620	\$ 1,741,922
\$ 1,604,372	\$ 1,422,334	\$ 1,443,354	\$ 1,538,317	\$ 1,445,037	\$ 1,473,050
\$ 115,000	\$ 115,000	\$ 120,000	\$ 120,000	\$ 130,000	\$ 130,000
297,758	294,250	290,578	286,738	282,643	282,343
<u>\$ 412,758</u>	<u>\$ 409,250</u>	<u>\$ 410,578</u>	<u>\$ 406,738</u>	<u>\$ 412,643</u>	<u>\$ 412,343</u>
3.89	3.48	3.52	3.78	3.50	3.57

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

Fiscal Year Ended Sept. 30	Population⁽¹⁾	Personal Income⁽²⁾	Per Capita Personal Income⁽²⁾	Median Age⁽²⁾	Public School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾	Education Level in Years of Formal Schooling⁽⁵⁾
2006	8,431	\$ 2,121,950	\$ 28,571	n/a	4,954	5.8%	n/a
2007	8,087	\$ 2,296,722	\$ 30,822	n/a	4,849	5.3%	n/a
2008	7,774	\$ 2,452,877	\$ 32,742	n/a	4,748	6.0%	n/a
2009	7,441	\$ 2,408,044	\$ 32,090	35.3	4,889	10.0%	9.6%
2010	7,242	\$ 2,446,339	\$ 32,261	34.5	4,906	11.1%	9.2%
2011	7,297	\$ 2,597,775	\$ 34,209	33.3	4,945	10.7%	11.5%
2012	7,340	\$ 2,778,585	\$ 36,393	33.7	5,067	9.0%	12.9%
2013	7,390	\$ 2,830,077	\$ 36,799	32.4	5,069	8.1%	11.3%
2014	7,418	\$ 2,721,537	\$ 34,839	35.6	5,137	6.5%	n/a
2015	7,620	n/a	n/a	33.0	5,204	7.1%	n/a

Data sources:

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

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

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CITY OF DAYTON, TEXAS

PRINCIPAL EMPLOYERS

Current Year ⁽²⁾

Employer	2015		
	Percentage of		
	Total		
Employees	Employment⁽¹⁾	Rank	
Dayton Independent School District	728	1.82%	1
Global Tubing	168	0.42%	2
Dayton Leasing and Supply	134	0.33%	3
City of Dayton	99	0.25%	4
Insteal Wire	88	0.22%	5
Amico - Klemp	60	0.15%	6
Huntsman Chemical	58	0.14%	7
Sam's Distribution	56	0.14%	8
Fabrication and Construction Serices	44	0.11%	9
Harris Rebar LLC	41	0.10%	10
	1,476	3.68%	

(1) Percentage of total employment is based on total employment of 40,094.

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

Source: Human Resource Department of each company

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Governmental Activities:</u>										
General government	9.00	10.00	13.00	13.00	14.25	13.25	14.00	14.00	14.00	15.00
Public safety	20.00	19.00	21.00	23.00	24.00	25.00	24.00	26.00	26.00	28.00
Public works	13.75	11.00	12.50	9.50	10.50	13.50	11.50	13.50	13.50	13.50
Culture and recreation	0.25	-	-	-	0.75	1.75	2.75	3.00	4.00	4.00
Facility maintenance	1.25	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<u>Business-Type Activities:</u>										
Water and sewer	12.50	11.00	9.25	14.50	16.50	15.50	15.75	15.50	16.50	16.50
Refuse	2.25	2.00	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total City Positions	59.00	54.00	59.00	63.00	69.00	72.00	71.00	75.00	77.00	80.00

Source: City Finance Department

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

	Fiscal Year			
	2006	2007	2008	2009
City of Dayton				
Population	8,431	8,087	7,774	7,441
Budgeted full-time employees	59	54	59	63
Function				
Police				
Arrests	398	387	460	481
Accident reports	517	642	642	655
Citations	4,009	4,095	5,764	4,390
Offense reports	800	716	734	752
Calls for service	8,578	8,744	10,382	10,281
Municipal court				
Traffic violations	2,470	1,867	2,120	2,284
Non-traffic violations	3,073	2,594	3,871	2,106
Fire				
Emergency responses	376	404	461	398
Fire incidents	167	136	183	165
Average response time (min)†	8.5	8.5	8.5	8.5
Parks and recreation				
Recreation programs (\$)	\$ 17,251	\$ 16,902	\$ 15,490	\$ 15,759
Field and facility rentals (\$)	\$ 2,735	\$ 8,680	\$ 9,722	\$ 9,680
Community development				
Residential building permits issued	28	69	36	21
Residential building permits-value	\$ 2,517,390	\$ 6,869,667	\$ 4,006,450	\$ 2,740,189
Commercial building permits issued	2	2	7	10
Commercial building permits-value	\$ 425,000	\$ 199,900	\$ 3,813,425	\$ 8,720,600
Water				
Average daily gallons pumped-combined water (millions of gallons)	n/a	n/a	n/a	n/a
Average daily gallons pumped-surface water (millions of gallons)	n/a	n/a	n/a	n/a
Average daily gallons pumped-well water (millions of gallons)	n/a	1,206,805	1,421,871	1,374,191
Number of connections	n/a	2,403	2,429	2,447
Wastewater				
Average daily effluent treated (millions of gallons)	1.51	1.73	1.47	1.51
Number of connections	2,069	2,140	2,157	2,177

Source: Various City departments

† Source: Dayton Police Dept.

Fiscal Year						
2010	2011	2012	2013	2014	2015	
7,242	7,297	7,340	7,390	7,418	7,620	
69	72	71	75	77	86	
462	579	400	488	662	571	
561	650	475	459	493	554	
4,144	4,850	4,491	3,245	3,849	2,212	
626	708	707	784	795	790	
9,127	9,832	8,147	9,236	9,471	9,676	
2,694	3,149	1,842	914	1,122	2,387	
1,450	1,701	2,649	2,529	2,195	419	
427	470	364	391	435	379	
235	210	134	133	127	102	
8.5	8.5	8.5	8.5	8.5	6.5	
\$ 17,235	\$ 16,866	\$ 19,716	\$ 21,382	\$ 21,116	\$ 22,338	
\$ 9,349	\$ 9,700	\$ 11,100	\$ 8,250	\$ 10,500	\$ 8,550	
2	24	12	8	15	17	
\$ 95,000	\$ 288,699	\$ 1,407,375	\$ 1,541,693	\$ 1,598,305	\$ 2,346,129	
3	7	7	3	7	7	
\$ 881,500	\$ 3,698,000	\$ 2,323,000	\$ 3,650,000	\$ 4,697,957	\$ 2,929,957	
n/a	n/a	n/a	n/a	n/a	n/a	
n/a	n/a	n/a	n/a	n/a	n/a	
1,512,147	1,510,553	1,342,002	1,185,677	1,188,172	1,464,653	
2,434	2,495	3,043	3,072	3,176	3,097	
1.32	1.22	1.64	1.38	1.38	1.99	
2,191	2,702	2,712	2,743	2,842	2,512	

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

Function	Fiscal Year			
	2006	2007	2008	2009
<u>General government</u>				
Municipal buildings	1	1	1	1
City vehicles	40	40	41	41
<u>Public safety</u>				
Police protection				
Stations	1	1	1	1
Fire protection				
Stations/drill field	1	1	1	1
Fire apparatus	1	1	1	1
<u>Public works</u>				
Streets (lane miles)	90.1	90.1	90.1	90.1
<u>Community services</u>				
Parks	4	4	4	5
Ball fields	1	1	1	1
Swimming pools	1	1	1	1
Park acreage developed	44.75	44.75	44.75	49.75
<u>Water</u>				
Water wells	3	3	3	3
Ground/elevated storage tanks	7	7	7	7
Water mains (miles)	64	64	64	64
Fire hydrants	900	900	900	900
<u>Wastewater</u>				
Wastewater treatment plants	1	1	1	1
Sanitary sewers (miles)	50	50	50	50
Sewer manholes	528	528	528	528

Source: Various City departments

Fiscal Year

2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
46	48	52	52	54	54
1	1	1	1	1	1
1	1	1	1	1	3
1	1	1	1	1	10
90.1	90.1	90.1	90.1	90.1	90.1
5	5	5	5	5	5
1	1	1	1	1	1
1	1	1	1	1	1
49.75	49.75	49.75	49.75	49.75	49.75
3	3	3	3	3	3
7	7	6	6	6	6
64	64	64	64	64	64
900	900	900	900	900	905
1	1	1	1	1	1
50	50	50	50	50	50
528	528	528	528	528	528

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