

*ANNUAL COMPREHENSIVE  
FINANCIAL REPORT*

of the

**City of Dayton, Texas**

**For the Year Ended  
September 30, 2024**

Prepared by:

Leslie Herrera  
Director of Finance



# City of Dayton, Texas

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September 30, 2024

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***INTRODUCTORY SECTION***

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March 20, 2025

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

Dear Mayor and City Council,

In accordance with the Texas Local Government Code, municipalities are required to conduct an annual audit of their records and accounts and prepare financial statements based on the audit. To fulfill this requirement, we are pleased to present the Annual Comprehensive Financial Report (ACFR) for the City of Dayton, Texas, for the fiscal year ended September 30, 2024.

The City is committed to transparency, accuracy, and integrity in financial reporting. We take full responsibility for the completeness and fairness of this report, including all necessary disclosures. To the best of our knowledge, the enclosed information is accurate in all material respects and fairly represents the financial position and operations of the City's various funds and account groups. While internal controls are designed to provide reasonable rather than absolute assurance, we strive to maintain a strong and efficient financial framework that balances cost-effectiveness with accountability.

We are pleased to report that BrooksWatson & Company, PLLC, an independent auditing firm, has issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2024. Their independent auditor's report can be found at the beginning of the financial section.

Following the auditor's report, you will find Management's Discussion and Analysis (MD&A), which provides a narrative overview and in-depth analysis of the City's financial statements. We encourage readers to review the MD&A alongside this letter for a comprehensive understanding of the City's financial position and performance.

We appreciate the continued trust and support of our community as we maintain financial accountability and transparency for the City of Dayton.

## **STRATEGIC DIRECTION**

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

- **Vision.** The City of Dayton strives for a wholesome and enriching community for all. The hallmarks of our city are a thriving economy, innovation, and well-planned quality of life.
- **Mission.** At the City of Dayton, we do more than shine, we are STARS, working together, demonstrating the power of teamwork.

## **WE**

Strive to be the best we can be,  
Think outside the box,  
Advocate for our community,  
Recognize our differences, and  
Stand up for what is right.

## **Commitment to Financial Responsibility**

To uphold our financial responsibilities and support the continued growth and well-being of our community, the City of Dayton is committed to the following guiding principles:

- **Fiscal Responsibility** – Maintain strong financial management through active budget controls and strategic community planning.
- **Public Safety** – Ensure the safety and security of our residents through the dedicated efforts of the Police Department and Volunteer Fire Personnel.
- **Emergency Preparedness** – Maintain a comprehensive Emergency Management Plan with all essential City staff in compliance with National Incident Management System (NIMS) standards.
- **Residential Development** – Partner with developers to meet the community's growing demand for quality housing.
- **Economic Development** – Support job creation and business retention with a mission to "attract and steward quality jobs and retain businesses that enhance our community."
- **Quality Infrastructure & Recreational Facilities** – Invest in safe, clean, and well-maintained roadways, parks, and public spaces while ensuring a reliable water and sewer system for residents and businesses.

## **Profile of the City of Dayton**

Founded in 1911, the City of Dayton is located just 30 miles east of downtown Houston and 6 miles west of Liberty. According to the U.S. Census Bureau, Dayton had a land area of 30.66 square miles in 2020, growing from 21.08 square miles in 2010. The City has a population of 9,979 and operates under a Council-Manager form of government.

The elected body consists of a Mayor and five Council Members, all serving three-year terms (adopted in May 2023). The City Council appoints the City Manager, City Attorney, and Municipal Court Judge, while all other staff members work under the direction of the City Manager.

The City of Dayton's Combined Financial Statements include all government activities, organizations, and functions over which the City has oversight. The criteria for inclusion follow GASB Statement No. 61 on financial reporting. Based on this, the Dayton Economic Development Corporation is included in this report.

Several boards and commissions serve the City but are not included in the financial statements. These include:

1. Board of Adjustment
2. Park Board
3. Planning & Zoning Commission
4. Dayton Enhancement Committee
5. Dayton Economic Development Corporation
6. TIRZ 1 – Gulf Inland Logistics Park
7. TIRZ 3 – WestPointe Villages
8. Jones Public Library Board

The City provides a range of essential services to residents at a reasonable cost, including police and fire protection, water and wastewater services, fiber internet, solid waste management, parks and recreation, library services, street maintenance, building inspections, animal control, museum operations, and economic development initiatives. Additionally, the City operates a municipal court as established by its charter.

## Local Economy

The City of Dayton, the Gulf Coast Texas Region, and the State of Texas have experienced steady economic growth in recent years, with continued expansion expected. The local economy is supported by agriculture, cattle ranching, oil, metal fabrication, chemical refining, and retail businesses. The City's primary sources of revenue—sales tax and ad valorem property tax—fluctuate based on economic conditions.

As of December 2022, Dayton's unemployment rate stood at 4.8%. One ongoing challenge is the need for a more skilled workforce. In response, the City and local economic development organizations are working together to enhance job training opportunities and support business growth. The Dayton Economic Development Corporation continues to market the City's strengths and encourage small business and entrepreneurial activity. With a steadily growing population and strong economic foundation, Dayton is well-positioned for long-term prosperity.

Unemployment Rate	2024	2023	2022
United States	4.1%	3.8%	3.5%
Texas	4.2%	3.9%	3.9%
Liberty County	5.3%	5.5%	5.9%

## **Long-Term Financial Planning**

The City of Dayton remains committed to responsible financial planning to support infrastructure growth and community development. The majority of our capital improvement projects are funded through general obligation and certificates of obligation debt issuances. Each project is carefully reviewed and approved by the City Council to ensure proper allocation and compliance with funding guidelines.

Our financial position remains strong and stable, with adequate reserves across all funds. These reserves are continuously monitored through ongoing refinements to our long-range financial projections, ensuring sustainability and fiscal responsibility.

For the fiscal year ending September 30, 2024, a key priority has been the maintenance and improvement of city streets, as well as the expansion of fiber services—both of which are actively in progress.

## **Financial Procedures & Budgetary Controls**

The City adheres to rigorous financial procedures to ensure accountability and transparency. Our general government accounting records follow a modified accrual basis, recording revenues when measurable and expenditures when liabilities are incurred. For proprietary activities, including water and sewer utilities, the City maintains records on an accrual basis.

The annual budgetary process begins with revenue and expenditure estimates prepared by the City's financial management team and reviewed by the City Budget Administrator. A recommended budget is then submitted to the City Council, which oversees all budget approvals and amendments. The City adopts an annual appropriated budget for the general fund and special revenue funds, and a budgetary comparison statement is included to demonstrate compliance.

## **Major Initiatives**

The City of Dayton continues to invest in key projects that enhance public services and infrastructure.

### **Current Fiscal Year Projects:**

- Acquisition and replacement of essential equipment for the Fire, Police, and other departments
- Expansion of fiber services
- Sawmill lift station improvements and repairs
- Pipe bursting for various streets
- Enhancements to Henderson Park, including a Bankshot court, pavilion, and other upgrades
- Improvements to the Community Center
- Upgrades to Daniel Park
- DayNet building renovation

## Future Planned Projects:

- Continued purchase and replacement of critical equipment for City departments
- Pipe bursting and street overlays for additional roadways
- Construction of a new animal shelter
- Water and wastewater infrastructure improvements
- Extension of Waco Street
- Development of a new water well in Clayton

## Acknowledgments

The successful preparation of this report would not have been possible without the dedication and expertise of the City staff. We extend our sincere appreciation to all team members who contributed to its completion.

Additionally, we recognize and thank the Mayor and City Council for their leadership, commitment, and ongoing support in ensuring the financial stability and growth of our community. Their vision and responsible governance continue to drive Dayton toward a prosperous and sustainable future.

Respectfully submitted,



Derek Woods

Interim City Manager



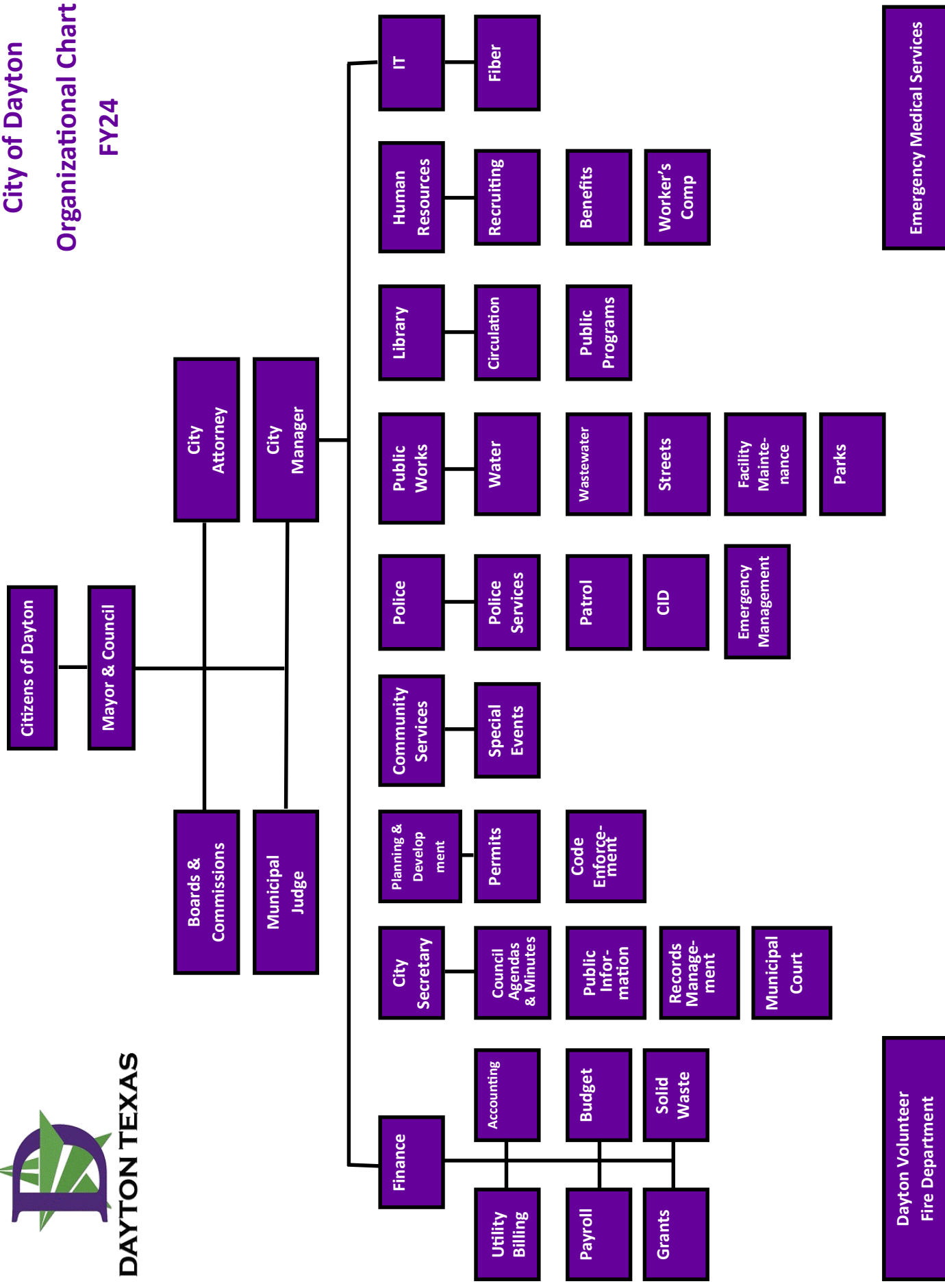
Leslie Herrera

Finance Director



**DAYTON TEXAS**

**City of Dayton  
Organizational Chart  
FY24**



**City of Dayton, Texas**  
*ELECTED AND APPOINTED OFFICIALS*  
September 30, 2024

**City Council**

Martin Mudd	Mayor
Tonya Smikal	Mayor Pro Tem (Place 4)
Harry Barnes Jr.	Council Member Place 1
Sarah Vickery	Council Member Place 2
John Headrick	Council Member Place 3
Valorie Barton	Council Member Place 5

**Appointed Officials**

Derek Woods	City Manager (Interim)
Leslie Herrera	Finance Director
Derek Woods	Police Chief
Chad Glatfelter	Fire Chief
Jennifer Perkins	City Secretary



***FINANCIAL SECTION***

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## *INDEPENDENT AUDITOR'S REPORT*

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

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

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Texas (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Texas, as of September 30, 2024, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion, the budgetary comparison, schedules of changes in net pension liabilities and related ratios, schedule of employer contributions to pension plans, and schedule of changes in the other postemployment benefits liability and related ratios, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Dayton, Texas's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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 it.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

BrooksWatson & Co., PLLC  
Certified Public Accountants  
Houston, Texas  
March 20, 2025

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

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# City of Dayton, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### September 30, 2024

As management of the City of Dayton, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, financial statements, notes to the financial statements, requirement supplementary information, and other supplementary information.

#### **Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2024 by \$50,365,835.
- The City's total net position increased by \$16,803,234. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$18,243,650 at September 30, 2024, an increase of \$3,100,164 from the prior fiscal year; this includes an increase of \$577,160 in the general fund, an increase of \$73,577 in the debt service fund, an increase of \$1,463,263 in the economic development admin grant fund, a decrease of \$203,727 in the Series 2023 bond fund, and an increase of \$113,956 in nonmajor funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$7,928,752 or 77% of total general fund operating expenditures.
- The City recorded a TMRS net pension liability totaling \$5,009,204 as of year end.

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

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

#### **Government-Wide Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

# City of Dayton, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

### FUND FINANCIAL STATEMENTS

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

#### Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar

# City of Dayton, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

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 nineteen 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, economic development admin grant fund, series 2023 bond fund, and capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

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

### **Proprietary Funds**

The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water/sewer and sanitation service, and fiber internet operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

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

### **Component Unit**

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

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2024**

**Fiduciary Funds**

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

**Notes to Financial Statements**

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

**Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund, schedule of changes in the net pension liability and OPEB liability and related ratios, and schedule of employer contributions for the Texas Municipal Retirement System. RSI can be found after the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Dayton, Texas, assets and deferred outflows exceed liabilities and deferred inflows by \$50,365,835 as of September 30, 2024, in the primary government.

The largest portion of the City's net position, \$35,833,763, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2024**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 20,988,635	\$ 10,245,218	\$ 31,233,853	\$ 20,125,975	\$ 9,065,007	\$ 29,190,982
Capital assets, net	44,178,343	33,751,788	77,930,131	35,794,651	32,881,353	68,676,004
<b>Total Assets</b>	<b>65,166,978</b>	<b>43,997,006</b>	<b>109,163,984</b>	<b>55,920,626</b>	<b>41,946,360</b>	<b>97,866,986</b>
<b>Deferred Outflows of Resources</b>	<b>977,767</b>	<b>236,885</b>	<b>1,214,652</b>	<b>1,212,159</b>	<b>293,381</b>	<b>1,505,540</b>
Other liabilities	3,840,474	2,665,229	6,505,703	4,885,261	2,659,162	7,544,423
Long-term liabilities	29,025,254	24,375,423	53,400,677	31,521,198	26,586,629	58,107,827
<b>Total Liabilities</b>	<b>32,865,728</b>	<b>27,040,652</b>	<b>59,906,380</b>	<b>36,406,459</b>	<b>29,245,791</b>	<b>65,652,250</b>
<b>Deferred Inflows of Resources</b>	<b>83,684</b>	<b>22,737</b>	<b>106,421</b>	<b>124,293</b>	<b>33,382</b>	<b>157,675</b>
Net Position:						
Net investment in capital assets	25,014,940	10,818,823	35,833,763	13,279,349	8,750,429	22,029,778
Restricted	2,661,119	-	2,661,119	1,156,656	-	1,156,656
Unrestricted	5,519,274	6,351,679	11,870,953	6,166,028	4,210,139	10,376,167
<b>Total Net Position</b>	<b>\$ 33,195,333</b>	<b>\$ 17,170,502</b>	<b>\$ 50,365,835</b>	<b>\$ 20,602,033</b>	<b>\$ 12,960,568</b>	<b>\$ 33,562,601</b>

Total current and other assets for governmental activities increased by \$862,660 primarily due to greater cash on hand yearend and receivables related to grant reimbursements in the current year. Current and other assets for business-type activities increased by \$1,180,211 primarily due to greater receivables on services provided. Governmental activities capital assets increased by \$8,383,692 due to new infrastructure investments in the current year and infrastructure contributions from the Westpointe Villages Public Improvement District. Total long-term liabilities for the primary government decreased by \$4,707,150 due to payments made on long-term debt in the current year.

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2024**

**Statement of Activities:**

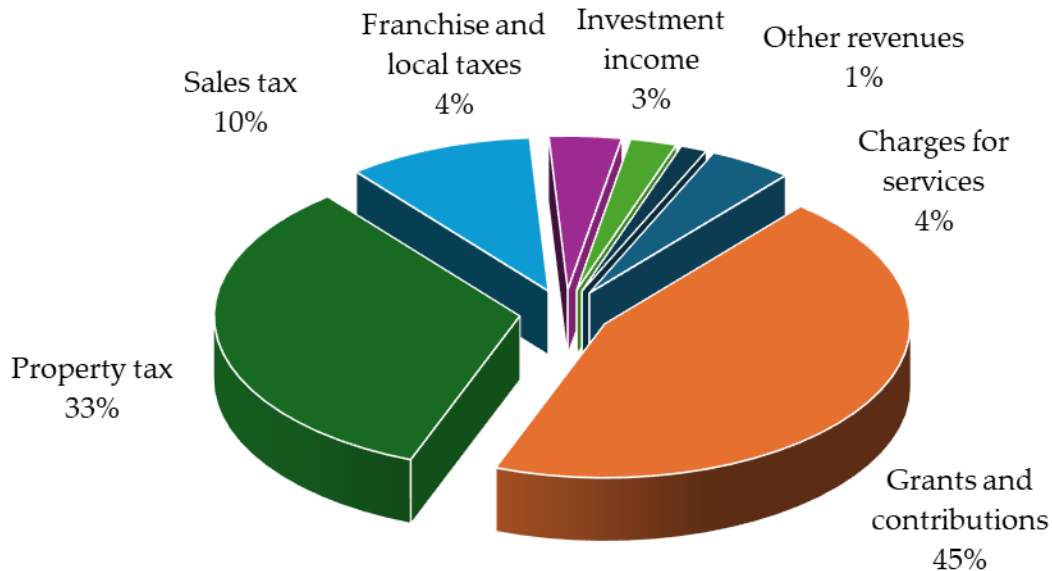
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2024			For the Year Ended September 30, 2023		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,115,107	\$ 9,004,556	\$ 10,119,663	\$ 888,620	\$ 9,107,627	\$ 9,996,247
Operating grants	153,760	-	153,760	1,557,676	-	1,557,676
Capital grants	11,670,080	-	11,670,080	2,994,013	-	2,994,013
General revenues:						
Property tax	8,404,387	-	8,404,387	7,970,597	-	7,970,597
Sales tax	2,477,987	-	2,477,987	2,284,398	-	2,284,398
Franchise and local taxes	961,305	-	961,305	840,372	-	840,372
Investment income	616,941	320,968	937,909	96,406	61,962	158,368
Other revenues	348,811	198,665	547,476	824,463	532,736	1,357,199
<b>Total Revenues</b>	<b>25,748,378</b>	<b>9,524,189</b>	<b>35,272,567</b>	<b>17,456,545</b>	<b>9,702,325</b>	<b>27,158,870</b>
<b>Expenses</b>						
General government	4,229,401	-	4,229,401	4,743,053	-	4,743,053
Public safety	3,853,119	-	3,853,119	5,611,115	-	5,611,115
Public works	1,895,454	-	1,895,454	1,642,192	-	1,642,192
Culture and recreation	548,430	-	548,430	747,499	-	747,499
Community enhancement	1,098,850	-	1,098,850	1,319,716	-	1,319,716
Interest and fiscal charges	904,943	637,344	1,542,287	808,779	699,342	1,508,121
Water and sewer	-	4,062,828	4,062,828	-	4,894,545	4,894,545
Refuse	-	702,543	702,543	-	754,218	754,218
Fiber	-	536,421	536,421	-	341,492	341,492
<b>Total Expenses</b>	<b>12,530,197</b>	<b>5,939,136</b>	<b>18,469,333</b>	<b>14,872,354</b>	<b>6,689,597</b>	<b>21,561,951</b>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	<b>13,218,181</b>	<b>3,585,053</b>	<b>16,803,234</b>	<b>2,584,191</b>	<b>3,012,728</b>	<b>5,596,919</b>
Transfers	(624,881)	624,881	-	838,936	(838,936)	-
<b>Total</b>	<b>(624,881)</b>	<b>624,881</b>	<b>-</b>	<b>838,936</b>	<b>(838,936)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>12,593,300</b>	<b>4,209,934</b>	<b>16,803,234</b>	<b>3,423,127</b>	<b>2,173,792</b>	<b>5,596,919</b>
Beginning Net Position	20,602,033	12,960,568	33,562,601	17,178,906	10,786,776	27,965,682
<b>Ending Net Position</b>	<b>\$ 33,195,333</b>	<b>\$ 17,170,502</b>	<b>\$ 50,365,835</b>	<b>\$ 20,602,033</b>	<b>\$ 12,960,568</b>	<b>\$ 33,562,601</b>

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2024**

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

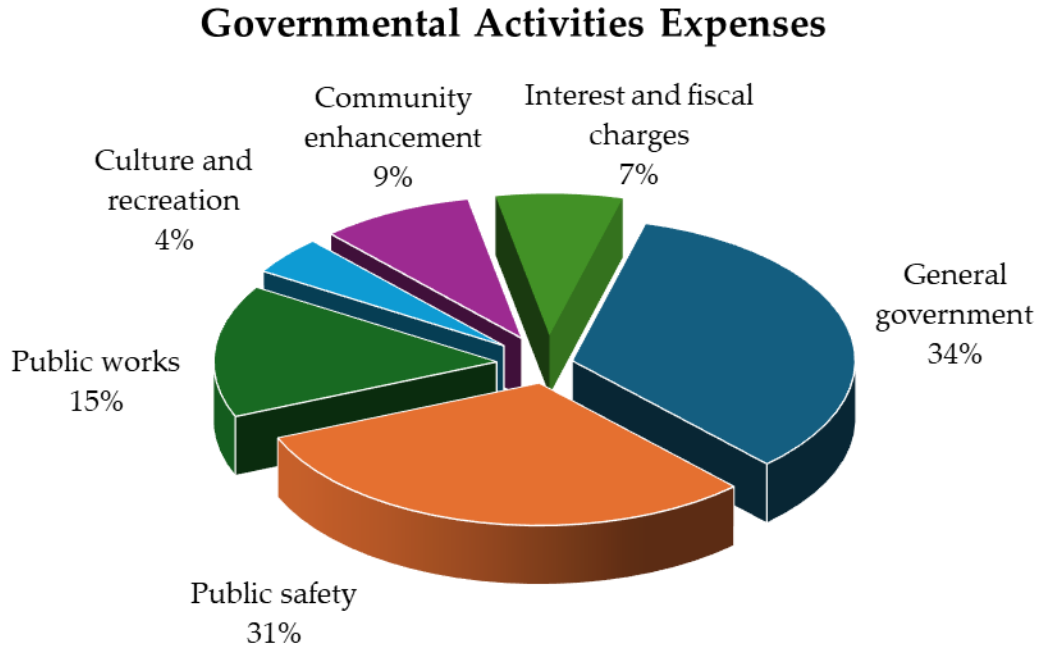
**Governmental Activities Revenues**



For the year ended September 30, 2024, revenues from governmental activities totaled \$25,748,378. Property tax, grants/contributions, and sales tax were the City's largest general revenue sources. Overall revenue increased by \$8,291,833 or 47% from the prior year. Grants and contributions increased \$7,272,151 or over 100% due primarily to nonrecurring intergovernmental grants and developer contributions for utility infrastructure investments in the current year. Charges for services increased by \$226,487 or 25% due to greater civil review fees and licensing fees collected in the current year. Sales tax revenue increased by \$193,589 or 8% primarily due to increased economic growth as well as population growth within the City. Franchise and other taxes increased by \$120,933 or 14% primarily due to the greater hotel/motel taxes received from the addition of a new hotel in the current year. Investment income increased by \$520,535 or over 100% primarily due to greater interest-bearing accounts and the realization of higher interest rates. Other revenue decreased by \$475,652 or 58% due to nonrecurring TDEM and miscellaneous reimbursements, auction proceeds, and asset forfeitures in the prior year. All remaining revenues remained relatively consistent with the previous year.

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2024**

This graph shows the governmental function expenses of the City:

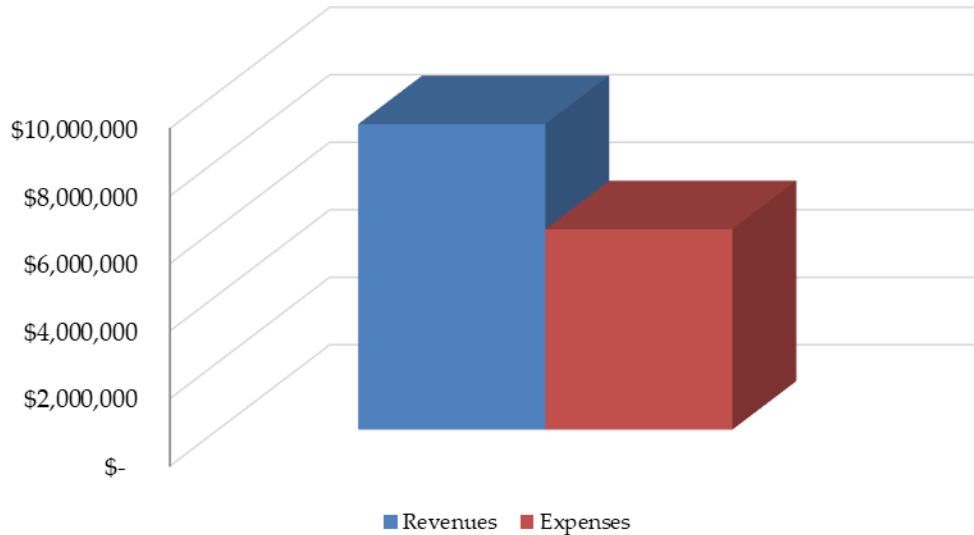


For the year ended September 30, 2024, expenses for governmental activities totaled \$12,530,197. This represents a decrease of \$2,342,157 or 16% from the prior year. The City's largest functional expense is general government totaling \$4,229,401. General government and public safety decreased by \$513,652 or 11% and \$1,757,996 or 31%, respectively, primarily due to nonrecurring employee retirement expenses due to pension valuation changes in the prior year. Public works expenses increased by \$253,262 or 15% due to greater fuel costs and nonrecurring repairs and maintenance in the current year. Culture and recreation and community enhancement expenses decreased by \$199,069 or 27% and \$220,866 or 17%, respectively, primarily due to nonrecurring employee retirement expenses due to the aforementioned pension valuation changes in the prior year. In addition, community enhancement expenses decreased due to nonrecurring equipment maintenance in the prior year. All remaining expenses remained relatively consistent with the previous year.

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2024**

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

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



For the year ended September 30, 2024, charges for services by business-type activities totaled \$9,004,556. This is a decrease of \$103,071 or 1% from the previous year, which is considered relatively consistent.

Total expenses decreased \$750,461 or 11% to a total of \$5,939,136. Water/sewer expenses decreased by \$831,717 or 17% primarily due to nonrecurring employee retirement expenses related to pension valuation changes in the prior year. Fiber department expenses increased by \$194,929 or 57% due to greater personnel expenses related to new hires in the current year.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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

At September 30, 2024, the City's governmental funds reported combined fund balances of \$18,243,650, an increase of \$3,100,164 in comparison with the prior year. Approximately 40% of this amount, \$7,346,257, constitutes *unassigned fund balance*, which is available for spending at the government's

**City of Dayton, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2024**

discretion. The remainder of the fund balance is either *nonspendable, restricted or committed* to indicate that it is not in spendable form \$47,176 or restricted for particular purposes \$10,850,217.

As of the end of the year the general fund reflected a total fund balance of \$8,158,972. Of this, \$47,176 is considered nonspendable and \$7,928,752 is unassigned. General fund balance increased by \$577,160. This increase can be attributed to greater than expected revenues and less than anticipated expenditures over the course of the year.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$7,928,752 is 77% of total general fund operating expenditures.

The debt service fund had an ending fund balance of \$738,129 as of yearend. Total fund balance increased by \$73,577 from the prior year primarily due to property tax revenues exceeding debt services expenses.

The economic development admin grant fund had an ending fund balance deficit of \$566,905 at September 30, 2024, an increase of \$1,463,263 when compared to the previous year. This increase is due to significant nonrecurring grant revenue received in the current year.

Series 2023 bond fund had an ending fund balance of \$7,813,149 as of yearend, an increase of \$203,727 when compared to the previous year. The increase is primarily a result of investment income exceeding capital outlay expenditures in the current year.

The capital projects fund does not have an ending fund balance and shows no change in fund balance. The fund receives capital grants and uses the income for capital expenditures throughout the year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's largest proprietary fund, the water and sewer fund, totaled \$16,603,420. Unrestricted net position at the close of the fiscal year amounted to \$5,200,430 and a total increase in net position of \$3,305,197 from the previous year. Total investment in capital assets, net of related debt of was \$10,818,823, and capital assets, net of depreciation totaled \$33,751,788.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Supplemental budget amendments were approved during the fiscal year. Budgeted revenues increased by \$70,123 when compared to the original budget and final budgeted expenditures increased by \$441,775 when compared to the original budget. Total budgeted revenues of \$8,443,954 were less than actual revenues of \$9,503,638, resulting in a total positive revenue variance of \$1,059,684. The majority of this variance is a result of greater sales taxes, licenses and permits, and investment income received compared to that which was budgeted. Total budgeted expenditures of \$11,065,606 were more than

# City of Dayton, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

actual expenditures of \$10,362,930, resulting in a total positive expenditure variance of \$702,676. Expenditures exceeded appropriations at the legal level of control for nondepartmental expenses by \$76,778.

### CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$44,178,343 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$33,751,788 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. Major capital asset events during the current year include the following:

- Major construction in progress additions of the following:

Villages of Westpointe project infrastructure	\$	7,492,123
Stilson road improvements	\$	1,809,725
Fiber to home project installation	\$	47,409
Sawmill lift station	\$	31,102
Gulf Inland logistics park utilities	\$	100,604
New waterwell	\$	36,000
D-Force main and lift station improvements	\$	1,801,633
Sewer rehabilitation	\$	74,657
- Installed gutters at the community center for \$28,419.
- Purchased three Ford vehicles totaling \$129,977.
- Purchased two Chevy vehicles totaling \$141,376.
- Purchased a Cold Planer vehicle for \$44,739.
- Made park improvements totaling \$125,685.
- Installed a CCTV sewer line for \$30,416.
- Purchased multiple pumps totaling \$78,843.
- Building renovations for DayNet offices for \$37,000.
- Purchased multiple utility vehicles totaling \$29,007.
- Purchased a Ditch Witch for \$46,694.

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

### LONG-TERM DEBT

The City's outstanding bonds and certificates of obligation payable decreased by \$3,960,000 (excluding premiums) from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$52,145,470, including premiums.

# City of Dayton, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

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

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

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

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

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

## ***FINANCIAL STATEMENTS***

# City of Dayton, Texas

## STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Current assets:			
Cash and cash equivalents	\$ 17,419,005	\$ 6,822,182	\$ 24,241,187
Investments	483,662	774,011	1,257,673
Restricted cash	-	1,459,895	1,459,895
Receivables, net	3,038,792	1,122,462	4,161,254
Inventory	-	58,047	58,047
Prepaid and other assets	47,176	8,621	55,797
<b>Total Current Assets</b>	<b>20,988,635</b>	<b>10,245,218</b>	<b>31,233,853</b>
Capital assets:			
Non-depreciable	17,636,294	14,993,929	32,630,223
Net depreciable capital assets	26,542,049	18,757,859	45,299,908
<b>Total Noncurrent Assets</b>	<b>44,178,343</b>	<b>33,751,788</b>	<b>77,930,131</b>
<b>Total Assets</b>	<b>65,166,978</b>	<b>43,997,006</b>	<b>109,163,984</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred charge on refunding	74,831	-	74,831
Pension outflows-TMRS	862,121	235,738	1,097,859
Pension outflows-TERS	36,587	-	36,587
OPEB outflows	4,228	1,147	5,375
<b>Total Deferred Outflows of Resources</b>	<b>977,767</b>	<b>236,885</b>	<b>1,214,652</b>

See Notes to Financial Statements.

**Component  
Unit**

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**DCDC**

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\$	2,187,431
	-
	-
	215,171
	-
	-
	<hr/>
	2,402,602
	<hr/>
	1,730,746
	-
	<hr/>
	1,730,746
	<hr/>
	4,133,348
	<hr/>
	-
	6,678
	-
	-
	<hr/>
	6,678
	<hr/>

# City of Dayton, Texas

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

September 30, 2024

<u>Liabilities</u>	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Accounts payable and accrued liabilities	\$ 1,234,901	\$ 341,561	\$ 1,576,462
Customer deposits	150	144,176	144,326
Accrued interest payable	152,617	149,178	301,795
Compensated absences, current	254,587	18,788	273,375
Long-term debt due within one year	2,198,219	2,011,526	4,209,745
<b>Total Current Liabilities</b>	3,840,474	2,665,229	6,505,703
Noncurrent liabilities:			
Net pension liability-TMRS	3,933,600	1,075,604	5,009,204
Net pension liability-TEERS	109,894	-	109,894
OPEB liability	196,669	53,364	250,033
Compensated absences, noncurrent	28,287	2,088	30,375
Long-term debt due in more than one year	24,756,804	23,244,367	48,001,171
<b>Total Noncurrent Liabilities</b>	29,025,254	24,375,423	53,400,677
<b>Total Liabilities</b>	32,865,728	27,040,652	59,906,380
 <u>Deferred Inflows of Resources</u>			
Pension inflows-TMRS	41,604	11,376	52,980
Pension inflows-TEERS	212	-	212
OPEB inflows	41,868	11,361	53,229
<b>Total Deferred Inflows of Resources</b>	83,684	22,737	106,421
 <u>Net Position</u>			
Net investment in capital assets	25,014,940	10,818,823	35,833,763
Restricted for:			
Public safety	148,444	-	148,444
Debt service	738,129	-	738,129
Capital projects	1,145,352	-	1,145,352
Tourism	443,566	-	443,566
Library	20,255	-	20,255
Economic development	-	-	-
Unrestricted	5,519,274	6,351,679	11,870,953
<b>Total Net Position</b>	\$ 33,195,333	\$ 17,170,502	\$ 50,365,835

See Notes to Financial Statements.

<b>Component Unit</b>	
<hr/>	
<b>DCDC</b>	
<hr/>	
\$	239
	-
	-
	-
	-
	<hr/>
	239
	<hr/>
	30,471
	-
	-
	-
	-
	<hr/>
	30,471
	<hr/>
	30,710
	<hr/>
	322
	-
	-
	<hr/>
	322
	<hr/>
	1,730,746
	-
	-
	-
	-
	-
	2,378,248
	-
\$	<hr/>
	4,108,994
	<hr/>
	<hr/>

**City of Dayton, Texas**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 4,229,401	\$ -	\$ 153,760	\$ 120,391
Public safety	3,853,119	319,423	-	-
Public works	1,895,454	684,574	-	4,057,562
Culture and recreation	548,430	111,110	-	-
Community enhancement	1,098,850	-	-	7,492,127
Interest and fiscal charges	904,943	-	-	-
<b>Total Governmental Activities</b>	<b>12,530,197</b>	<b>1,115,107</b>	<b>153,760</b>	<b>11,670,080</b>
<b>Business-Type Activities</b>				
Water and sewer	4,350,347	8,025,906	-	-
Refuse	702,543	819,296	-	-
Fiber	886,246	159,354	-	-
<b>Total Business-Type Activities</b>	<b>5,939,136</b>	<b>9,004,556</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 18,469,333</b>	<b>\$ 10,119,663</b>	<b>\$ 153,760</b>	<b>\$ 11,670,080</b>
<b>Component Unit</b>				
Community development	\$ 572,029	\$ -	\$ -	\$ -
<b>Total Component Unit</b>	<b>\$ 572,029</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**General Revenues:**

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

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

<b>Net (Expense) Revenue and Changes in Net Position</b>			<b>Component</b>
<b>Primary Government</b>			<b>Unit</b>
<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>	<b>DCDC</b>
<b>Activities</b>	<b>Activities</b>		
\$ (3,955,250)	\$ -	\$ (3,955,250)	\$ 305,040
(3,533,696)	-	(3,533,696)	-
2,846,682	-	2,846,682	-
(437,320)	-	(437,320)	-
6,393,277	-	6,393,277	-
(904,943)	-	(904,943)	-
<u>408,750</u>	<u>-</u>	<u>408,750</u>	<u>305,040</u>
-	3,675,559	3,675,559	-
-	116,753	116,753	-
-	(726,892)	(726,892)	-
<u>-</u>	<u>3,065,420</u>	<u>3,065,420</u>	<u>-</u>
<u>408,750</u>	<u>3,065,420</u>	<u>3,474,170</u>	<u>305,040</u>
			(572,029)
			<u>(572,029)</u>
8,404,387	-	8,404,387	-
2,477,987	-	2,477,987	1,238,994
961,305	-	961,305	-
616,941	320,968	937,909	81,540
348,811	198,665	547,476	5,090
(624,881)	624,881	-	-
<u>12,184,550</u>	<u>1,144,514</u>	<u>13,329,064</u>	<u>1,325,624</u>
12,593,300	4,209,934	16,803,234	753,595
20,602,033	12,960,568	33,562,601	3,355,399
<u>\$ 33,195,333</u>	<u>\$ 17,170,502</u>	<u>\$ 50,365,835</u>	<u>\$ 4,108,994</u>

# City of Dayton, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2024

	General	Debt Service	Economic Development Admin Grant	Series 2023 Bond
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 6,756,352	\$ 721,120	\$ -	\$ 7,830,928
Investments	483,662	-	-	-
Receivables, net	1,092,957	375,444	1,553,483	-
Prepaid items	47,176	-	-	-
Due from other funds	1,124,593	17,779	-	-
<b>Total Assets</b>	<b>\$ 9,504,740</b>	<b>\$ 1,114,343</b>	<b>\$ 1,553,483</b>	<b>\$ 7,830,928</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 778,803	\$ 770	\$ 428,120	\$ -
Customer deposits	150	-	-	-
Due to other funds	-	-	1,124,593	17,779
<b>Total Liabilities</b>	<b>778,953</b>	<b>770</b>	<b>1,552,713</b>	<b>17,779</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue -				
Property taxes	566,815	375,444	-	-
Grants	-	-	567,675	-
<b>Total Deferred Inflows</b>	<b>566,815</b>	<b>375,444</b>	<b>567,675</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Prepays and inventory	47,176	-	-	-
Restricted for:				
Public safety	-	-	-	-
Debt service	-	738,129	-	-
Capital projects	-	-	-	7,813,149
Tourism	-	-	-	-
Library	-	-	-	-
Grant activities	17,671	-	-	-
PEG	165,373	-	-	-
Unassigned reported in:				
Unassigned	7,928,752	-	(566,905)	-
<b>Total Fund Balances</b>	<b>8,158,972</b>	<b>738,129</b>	<b>(566,905)</b>	<b>7,813,149</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 9,504,740</b>	<b>\$ 1,114,343</b>	<b>\$ 1,553,483</b>	<b>\$ 7,830,928</b>

See Notes to Financial Statements.

<b>Capital Projects Funds</b>	<b>Nonmjaor Governmental Funds</b>	<b>Governmental Funds</b>
\$ 1,075,935	\$ 1,034,670	\$ 17,419,005
-	-	483,662
-	16,908	3,038,792
-	-	47,176
-	-	1,142,372
<u>\$ 1,075,935</u>	<u>\$ 1,051,578</u>	<u>\$ 22,131,007</u>
\$ -	\$ 27,208	\$ 1,234,901
-	-	150
-	-	1,142,372
<u>-</u>	<u>27,208</u>	<u>2,377,423</u>
-	-	942,259
-	-	567,675
<u>-</u>	<u>-</u>	<u>1,509,934</u>
-	-	47,176
-	148,444	148,444
-	-	738,129
1,075,935	427,695	9,316,779
-	443,566	443,566
-	20,255	20,255
-	-	17,671
-	-	165,373
-	(15,590)	7,346,257
<u>1,075,935</u>	<u>1,024,370</u>	<u>18,243,650</u>
<u>\$ 1,075,935</u>	<u>\$ 1,051,578</u>	<u>\$ 22,131,007</u>

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# City of Dayton, Texas

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

September 30, 2024

Fund Balances - Total Governmental Funds \$ 18,243,650

### Adjustments for the Statement of Net Position:

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

Capital assets - non-depreciable	17,636,294
Capital assets - net depreciable	26,542,049

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

Property taxes	942,259
----------------	---------

Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.

Deferred charge on refunding	74,831
Pension outflows-TMRS	862,121
Pension outflows-TEERS	36,587
OPEB outflows	4,228

Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension inflows-TMRS	(41,604)
Pension inflows-TEERS	(212)
OPEB inflows	(41,868)

Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.

Net pension liability-TMRS	(3,933,600)
Net pension liability-TEERS	(109,894)
OPEB liability	(196,669)
Accrued interest	(152,617)
Bond premium	(981,103)
Compensated absences	(282,874)
Non-current liabilities due in one year	(2,198,219)
Non-current liabilities due in more than one year	(23,775,701)

**Net Position of Governmental Activities** \$ 33,195,333

See Notes to Financial Statements.

# City of Dayton, Texas

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

For the Year Ended September 30, 2024

	General	Debt Service	Economic Development Admin Grant	Series 2023 Bond
<b>Revenues</b>				
Property tax	\$ 4,321,152	\$ 3,922,158	\$ -	\$ -
Sales tax	2,477,987	-	-	-
Franchise and local taxes	681,270	-	-	-
Payments in lieu of taxes	129,585	-	-	-
License and permits	684,574	-	-	-
Charges for services	109,253	-	-	-
Fines and forfeitures	307,135	-	-	-
Intergovernmental	153,760	-	5,024,327	-
Contributions from property owners	-	-	-	-
Investment income	290,161	30,396	-	258,783
Other revenues	348,761	-	-	-
<b>Total Revenues</b>	9,503,638	3,952,554	5,024,327	258,783
<b>Expenditures</b>				
General government	4,099,129	-	-	-
Public safety	3,639,315	-	-	-
Public works	1,257,575	-	-	-
Culture and recreation	301,314	-	-	-
Community enhancement	779,114	-	-	-
Community center	258,808	-	-	-
Capital outlay	-	-	1,849,165	172,078
<b>Debt service</b>				
Principal	24,514	1,930,000	-	-
Interest and fiscal charges	3,161	899,139	-	-
<b>Total Expenditures</b>	10,362,930	2,829,139	1,849,165	172,078
<b>Revenues Over (Under) Expenditures</b>	(859,292)	1,123,415	3,175,162	86,705
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,536,452	330,962	-	-
Transfers (out)	(1,100,000)	(1,380,800)	(1,711,899)	(290,432)
<b>Total Other Financing Sources (Uses)</b>	1,436,452	(1,049,838)	(1,711,899)	(290,432)
<b>Net Change in Fund Balances</b>	577,160	73,577	1,463,263	(203,727)
Beginning fund balances	7,581,812	664,552	(2,030,168)	8,016,876
<b>Ending Fund Balances</b>	\$ 8,158,972	\$ 738,129	\$ (566,905)	\$ 7,813,149

See Notes to Financial Statements.

<b>Capital Project Funds</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 69,417	\$ 8,312,727
-	-	2,477,987
-	150,450	831,720
-	-	129,585
-	-	684,574
-	1,857	111,110
-	12,288	319,423
-	120,391	5,298,478
7,492,127	-	7,492,127
6,185	31,416	616,941
-	50	348,811
<u>7,498,312</u>	<u>385,869</u>	<u>26,623,483</u>
-	42,302	4,141,431
-	2,097	3,641,412
-	-	1,257,575
-	731	302,045
-	-	779,114
-	-	258,808
7,522,377	117,619	9,661,239
-	-	1,954,514
-	-	902,300
<u>7,522,377</u>	<u>162,749</u>	<u>22,898,438</u>
<u>(24,065)</u>	<u>223,120</u>	<u>3,725,045</u>
1,100,000	-	3,967,414
-	(109,164)	(4,592,295)
<u>1,100,000</u>	<u>(109,164)</u>	<u>(624,881)</u>
1,075,935	113,956	3,100,164
-	910,414	15,143,486
<u>\$ 1,075,935</u>	<u>\$ 1,024,370</u>	<u>\$ 18,243,650</u>

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# City of Dayton, Texas

## *RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES*

**For the Year Ended September 30, 2024**

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

Net changes in fund balances - total governmental funds	\$	3,100,164
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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		9,859,996
Depreciation expense		(1,476,304)

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

Property taxes		91,660
Grants		(966,765)

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

Pension expense-TMRS		81,968
Pension expense-TEERS		(19,290)
OPEB expense		881
Compensated absences		(30,881)
Accrued interest		(46,114)
Amortization of deferred charges on refunding		(18,708)
Amortization of bond premium		62,179

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments		1,954,514
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<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>12,593,300</b>
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See Notes to Financial Statements.

**City of Dayton, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**PROPRIETARY FUNDS**  
**September 30, 2024**

	<u>Water and Sewer</u>	<u>Fiber</u>	<u>Nonmajor Refuse</u>
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 3,518,409	\$ 2,715,959	\$ 587,814
Restricted cash	1,459,895	-	-
Receivables, net	976,821	34,092	111,549
Investments	-	-	774,011
Inventories	58,047	-	-
Prepays and other assets	8,176	-	445
<b>Total Current Assets</b>	<b>6,021,348</b>	<b>2,750,051</b>	<b>1,473,819</b>
<b><u>Noncurrent Assets</u></b>			
Capital assets:			
Non-depreciable	6,284,887	8,682,857	26,185
Net depreciable capital assets	18,357,518	124,095	276,246
<b>Total Noncurrent Assets</b>	<b>24,642,405</b>	<b>8,806,952</b>	<b>302,431</b>
<b>Total Assets</b>	<b>30,663,753</b>	<b>11,557,003</b>	<b>1,776,250</b>
<b><u>Deferred Outflows of Resources</u></b>			
Pension outflows	186,718	42,737	6,283
OPEB outflows	1,147	-	-
<b>Total Deferred Outflows of Resources</b>	<b>187,865</b>	<b>42,737</b>	<b>6,283</b>

See Notes to Financial Statements.

**Total  
Enterprise  
Funds**

---

\$ 6,822,182  
1,459,895  
1,122,462  
774,011  
58,047  
8,621

---

10,245,218

---

14,993,929  
18,757,859

---

33,751,788

---

43,997,006

---

235,738  
1,147

---

236,885

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**City of Dayton, Texas**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**PROPRIETARY FUNDS**  
**September 30, 2024**

	<u>Water and Sewer</u>	<u>Fiber</u>	<u>Nonmajor Refuse</u>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	\$ 229,969	\$ 54,213	\$ 54,348
Accrued expenses	-	3,031	-
Customer deposits	134,987	9,189	-
Current maturities of long-term liabilities	1,076,526	935,000	-
Compensated absences, current	18,788	-	-
Accrued interest	76,394	72,784	-
<b>Total Current Liabilities</b>	<b>1,536,664</b>	<b>1,074,217</b>	<b>54,348</b>
<b><u>Noncurrent Liabilities</u></b>			
Long-term debt, noncurrent	11,783,771	11,460,596	-
Compensated absences, noncurrent	2,088	-	-
Net pension liability	851,939	194,997	28,668
OPEB liability	53,364	-	-
<b>Total Noncurrent Liabilities</b>	<b>12,691,162</b>	<b>11,655,593</b>	<b>28,668</b>
<b>Total Liabilities</b>	<b>14,227,826</b>	<b>12,729,810</b>	<b>83,016</b>
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows	9,011	2,062	303
OPEB inflows	11,361	-	-
<b>Total Deferred Inflows of Resources</b>	<b>20,372</b>	<b>2,062</b>	<b>303</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	11,402,990	(886,598)	302,431
Unrestricted	5,200,430	(245,534)	1,396,783
<b>Total Net Position</b>	<b>\$ 16,603,420</b>	<b>\$ (1,132,132)</b>	<b>\$ 1,699,214</b>

See Notes to Financial Statements.

**Total  
Enterprise  
Funds**

---

\$ 338,530  
3,031  
144,176

2,011,526  
18,788  
149,178

---

2,665,229

23,244,367  
2,088  
1,075,604  
53,364

---

24,375,423

---

27,040,652

11,376  
11,361

---

22,737

10,818,823  
6,351,679

---

\$ 17,170,502

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# City of Dayton, Texas

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

For the Year Ended September 30, 2024

	Water and Sewer	Fiber	<u>Nonmajor</u> Refuse
<b><u>Operating Revenues</u></b>			
Water and sewer charges	\$ 8,025,906	\$ -	\$ -
Sanitation revenue	-	-	819,296
Internet services	-	159,354	-
Other revenue	195,535	2,632	498
<b>Total Operating Revenues</b>	8,221,441	161,986	819,794
<b><u>Operating Expenses</u></b>			
Personnel services	1,104,903	227,810	58,218
Services	111,369	222,527	564,704
Supplies	278,565	-	-
Utilities	570,592	-	-
Repairs and maintenance	178,693	67,398	-
Depreciation	1,480,240	18,686	71,394
Miscellaneous	327,540	-	-
Insurance claims and expenses	10,926	-	8,227
<b>Total Operating Expenses</b>	4,062,828	536,421	702,543
<b>Operating Income (Loss)</b>	4,158,613	(374,435)	117,251
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment income	140,022	93,114	87,832
Interest expense	(287,519)	(349,825)	-
<b>Total Nonoperating Revenues (Expenses)</b>	(147,497)	(256,711)	87,832
<b>Income (Loss) Before Transfers</b>	4,011,116	(631,146)	205,083
<b><u>Transfers</u></b>			
Transfers in	2,004,025	1,380,800	-
Transfers (out)	(2,709,944)	-	(50,000)
<b>Change in Net Position</b>	3,305,197	749,654	155,083
Beginning net position	13,298,223	(1,881,786)	1,544,131
<b>Ending Net Position</b>	\$ 16,603,420	\$ (1,132,132)	\$ 1,699,214

See Notes to Financial Statements.

**Total  
Enterprise  
Funds**

\$ 8,025,906  
819,296  
159,354  
198,665  

---

9,203,221

1,390,931  
898,600  
278,565  
570,592  
246,091  
1,570,320  
327,540  
19,153

---

5,301,792

---

3,901,429

320,968

(637,344)

---

(316,376)

3,585,053

3,384,825

(2,759,944)

---

4,209,934

12,960,568

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\$ 17,170,502

**City of Dayton, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2024**

	<u>Water and Sewer</u>	<u>Fiber</u>	<u>Nonmajor Refuse</u>
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers	\$ 8,785,235	\$ 151,132	\$ 812,746
Payments to suppliers and contractors	(1,150,903)	(261,125)	(619,728)
Payments to employees for salaries and benefits	(1,122,893)	(231,873)	(58,816)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>6,511,439</b>	<b>(341,866)</b>	<b>134,202</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfers in	2,004,025	1,380,800	-
Transfers (out)	(2,709,944)	-	(50,000)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(705,919)</b>	<b>1,380,800</b>	<b>(50,000)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Purchases of capital assets	(2,280,646)	(160,109)	-
Principal paid on capital debt	(1,047,935)	(985,000)	-
Interest paid on capital debt	(372,722)	(395,800)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(3,701,303)</b>	<b>(1,540,909)</b>	<b>-</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Reacquisition (purchase) of investments	-	-	180,558
Interest on investments	140,022	93,114	87,832
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>140,022</b>	<b>93,114</b>	<b>268,390</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,244,239</b>	<b>(408,861)</b>	<b>352,592</b>
Beginning cash and cash equivalents	2,734,065	3,124,820	235,222
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 4,978,304</b>	<b>\$ 2,715,959</b>	<b>\$ 587,814</b>

See Notes to Financial Statements.

**Total  
Enterprise  
Funds**

\$	9,749,113
	(2,031,756)
	(1,413,582)
	<hr/>
	6,303,775
	<hr/>
	3,384,825
	(2,759,944)
	<hr/>
	624,881
	<hr/>
	(2,440,755)
	(2,032,935)
	(768,522)
	<hr/>
	(5,242,212)
	<hr/>
	180,558
	320,968
	<hr/>
	501,526
	<hr/>
	2,187,970
	6,094,107
	<hr/>
\$	8,282,077
	<hr/> <hr/>

**City of Dayton, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2024**

	<u>Water and Sewer</u>	<u>Fiber</u>	<u>Nonmajor Refuse</u>
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash Provided (Used) by Operating Activities</u></b>			
Operating Income (Loss)	\$ 4,158,613	\$ (374,435)	\$ 117,251
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	1,480,240	18,686	71,394
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	560,296	(10,614)	(7,048)
Inventory	32,635	-	-
Due from other funds	250,822	-	-
Deferred Outflows of Resources:			
Pension outflows	44,471	10,179	1,496
OPEB outflows	350	(1,403)	-
Deferred Inflows of Resources:			
Pension inflows	(6,129)	-	(206)
OPEB inflows	(2,907)	-	-
<b>Increase (Decrease) in:</b>			
Prepaid expenses	1,555	-	(445)
Accounts payable and accrued expenses	41,770	28,800	(46,352)
Customer deposits	3,498	(240)	-
Net pension liability	(56,094)	(12,839)	(1,888)
OPEB liability	2,319	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 6,511,439</b>	<b>\$ (341,866)</b>	<b>\$ 134,202</b>

See Notes to Financial Statements.

**Total  
Enterprise  
Funds**

---

\$ 3,901,429

1,570,320

542,634

32,635

250,822

56,146

(1,053)

(6,335)

(2,907)

1,110

24,218

3,258

(70,821)

2,319

---

\$ 6,303,775

---

**City of Dayton, Texas**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2024**

	<u>PID No. 1</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 6,119,206
Special assessment receivable	19,658,889
<b>Total Assets</b>	<b>\$ 25,778,095</b>
<b><u>Liabilities</u></b>	
Accrued interest	117,817
Long-term debt, current	284,000
Long-term debt, noncurrent	19,373,457
<b>Total Liabilities</b>	<b>\$ 19,775,274</b>
<b><u>Net Position</u></b>	
Restricted	6,002,821
<b>Total Net Position</b>	<b>\$ 6,002,821</b>

See Notes to Financial Statements.

**City of Dayton, Texas**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2024**

	<b>PID No. 1</b>
<b><u>Additions</u></b>	
Special assessment revenue	\$ 12,442,425
Dividend income	310,703
<b>Total Additions</b>	<b>\$ 12,753,128</b>
 <b><u>Deductions</u></b>	
Developer draws	7,492,127
Administrative fees	81,549
Interest expense	751,362
Bond issuance costs	909,222
<b>Total Deductions</b>	<b>\$ 9,234,260</b>
<b>Change in Net Position</b>	<b>3,518,868</b>
Beginning net position	2,483,953
<b>Ending Net Position</b>	<b>\$ 6,002,821</b>

See Notes to Financial Statements.

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**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of government-wide financial statements**

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

**B. Reporting Entity**

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

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

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

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Discretely Presented Component Unit**

Dayton Economic Development Corporation

In May 1996, the City formed the Dayton Economic Development Corporation (the "DEDC" or "Corporation"), which was created by voters approving an additional sales tax. The mission of the Corporation is to promote economic development within the City and surrounding areas. The Board is composed of seven directors (voting members) and four advisory directors (nonvoting), each of whom is appointed by the City Council. The City Council may remove a Board member from office at any time without cause. Not more than three members of the Board may be a member of City Council or any other officer or employee of the City. The Corporation has been included in the reporting entity as a discretely presented component unit due to the City Council not having a majority representation on the Board. The City has the ability to impose its will on the Corporation because it approves the Corporation's budget. As a discretely presented component unit, the Corporation is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the City. The Corporation is funded by the levy of one-half of one percent sales and use tax. The Corporation has a September 30 year end. Financial statements for the Corporation may be obtained by contacting the finance department, City of Dayton, 117 Cook Street, Dayton, Texas 77535.

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
**September 30, 2024**

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

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

**General Fund**

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

**Debt Service Fund**

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

**Economic Development Admin Grant Fund**

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

**Series 2023 Bond Fund**

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

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**Capital Projects Fund**

The capital projects fund is used to account for the funds received for capital acquisitions and their related capital outlay expenditures. The capital projects fund was recognized as a nonmajor fund in the prior year and reclassified as a major fund in the current year.

The government reports the following proprietary funds:

**Enterprise Funds**

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

Additionally, the government reports the following fund types:

**Special Revenue Funds**

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

**Fiduciary Funds**

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

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

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included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

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

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

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

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

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

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Custodial funds uses economic measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

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

**1. Deposits and Investments**

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

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

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

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

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**2. Fair Value**

The City has applied Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**3. Restricted Assets**

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

**4. Receivables and Interfund Transactions**

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

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

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

**5. Inventories and Prepaid Items**

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

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**6. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are expensed.

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

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

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

**7. Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds

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

**8. Net Position Flow Assumption**

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

**9. Fund Balance Flow Assumptions**

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

**10. Fund Balance Policies**

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign

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fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**11. Long-Term Obligations**

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

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

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

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

**12. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by

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TMRS and TESRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

**14. Leases**

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

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

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

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

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

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

**15. Subscription-Based Information Technology Arrangements**

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

**16. Estimates**

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

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**F. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

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

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

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislature creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for a State Property Tax Board which commenced operation in January 1980. The appraisal of property within the City is the responsibility of the Liberty County Tax Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment rations. The value of real property within the Appraisal District must be reviewed at least every four years. The City, at its own expense, may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements and revaluation, exceeds the rate of the

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previous year by more than 3.5 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent above the rate of the previous year.

**3. Compensated Absences**

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

**4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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

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

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

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

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

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

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

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

**A. Expenditures Exceeding Appropriations**

The following department expenditures exceeding appropriations at the legal level of control:

General fund: Nondepartmental \$76,778  
Debt service fund: Total expenditures \$308,629  
Capital projects fund: Total expenditures \$6,809,237

**B. Deficit Fund Balance Equity**

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

Governmental Activities:	
Community Development Block Grant	\$ 15,590
Economic Development Admin Grant fund	\$ 566,905
Business-Type Activities:	
Fiber Fund	\$ 1,132,132

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

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**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

As of September 30, 2024, the primary government had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal agency bonds	\$ 774,011	1.00
Certificates of deposit	483,662	0.78
Total value	<u>\$ 1,257,673</u>	
Portfolio weighted average maturity		0.92

As of September 30, 2024, the Dayton Economic Development Corporation had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 412,997	0.07
Total value	<u>\$ 412,997</u>	
Portfolio weighted average maturity		0.07

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

*Credit risk:* The City’s investment policy requires that investment pools must be rated no lower than ‘AAA’ or ‘AAA-m’. Bankers’ acceptances must be issued in the United States and carry a rating of ‘A1’/‘P1’ as provided by two of the top nationally recognized rating agencies. As of September 30, 2024, the City’s investments in TexPool were rated ‘AAAm’ by Standard & Poor’s.

*Custodial credit risk – deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective fair

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value of at least 103 percent. As of September 30, 2020, the fair values of pledged securities and FDIC coverage exceeded the City’s bank balances. As of September 30, 2024, the market values of pledged securities and FDIC exceeded bank balances.

*Custodial credit risk – investments:* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds. As of September 30, 2024, the City’s investments in federal agency bonds were rated ‘AAAm’ by Standard & Poor’s.

**TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor’s rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

**B. Receivables**

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

	<b>Governmental Activities</b>				
	<b>General</b>	<b>Debt Service</b>	<b>Econ.</b>		<b>Total</b>
			<b>Dev. Admin</b>	<b>Nonmajor</b>	
	<b>Grant</b>	<b>Govt.</b>			
Property taxes	\$ 566,816	\$ 375,444	\$ -	\$ -	\$ 942,260
Sales tax	430,341	-	-	16,908	447,249
Grants	-	-	1,553,483	-	1,553,483
Other	95,800	-	-	-	95,800
<b>Total</b>	<b>\$ 1,092,957</b>	<b>\$ 375,444</b>	<b>\$ 1,553,483</b>	<b>\$ 16,908</b>	<b>\$ 3,038,792</b>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

**Business-Type Activities**

	<u>Water and Sewer</u>	<u>Fiber</u>	<u>Nonmajor Refuse</u>	<u>Total</u>
Accounts, net	\$ 1,093,341	\$ -	\$ 115,837	\$ 1,209,178
Other	-	34,092	-	34,092
Allowance	(116,520)	-	(4,288)	(120,808)
<b>Total</b>	<u>\$ 976,821</u>	<u>\$ 34,092</u>	<u>\$ 111,549</u>	<u>\$ 1,122,462</u>

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

**C. Capital Assets**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 1,384,811	\$ -	\$ -	\$ 1,384,811
Construction in progress	8,462,619	9,309,952	(1,521,088)	16,251,483
Total capital assets not being depreciated	<u>9,847,430</u>	<u>9,309,952</u>	<u>(1,521,088)</u>	<u>17,636,294</u>
Capital assets, being depreciated:				
Infrastructure	9,093,748	165,556	1,521,088	10,780,392
Buildings and improvements	23,449,356	34,919	-	23,484,275
Right to use assets	123,839	-	-	123,839
Machinery and equipment	9,418,375	349,569	(34,235)	9,733,709
Total capital assets being depreciated	<u>42,085,318</u>	<u>550,044</u>	<u>1,486,853</u>	<u>44,122,215</u>
Less accumulated depreciation				
Infrastructure	2,870,542	414,193	-	3,284,735
Buildings and improvements	5,994,643	505,273	-	6,499,916
Right to use assets	38,586	24,768	-	63,354
Machinery and equipment	7,234,326	532,070	(34,235)	7,732,161
Total accumulated depreciation	<u>16,138,097</u>	<u>1,476,304</u>	<u>(34,235)</u>	<u>17,580,166</u>
Net capital assets being depreciated	<u>25,947,221</u>	<u>(926,260)</u>	<u>1,521,088</u>	<u>26,542,049</u>
<b>Total Capital Assets</b>	<u>\$ 35,794,651</u>	<u>\$ 8,383,692</u>	<u>\$ -</u>	<u>\$ 44,178,343</u>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

Depreciation was charged to governmental functions as follows:

General	\$	126,291
Public safety		436,162
Public works		470,893
Culture and recreation		373,407
Community enhancement		69,551
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$</b>	<b><u>1,476,304</u></b>

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 2,306,992	\$ -	\$ -	\$ 2,306,992
Construction in progress	10,759,923	1,927,014	-	12,686,937
Total capital assets not being depreciated	<u>13,066,915</u>	<u>1,927,014</u>	<u>-</u>	<u>14,993,929</u>
Capital assets, being depreciated:				
Building and improvements	3,086,121	37,000	-	3,123,121
Right to use assets	9,983	-	-	9,983
Machinery and equipment	3,044,801	236,060	-	3,280,861
Infrastructure	40,903,312	240,681	-	41,143,993
Total capital assets being depreciated	<u>47,044,217</u>	<u>513,741</u>	<u>-</u>	<u>47,557,958</u>
Less accumulated depreciation				
Building and improvements	1,434,598	143,337	-	1,577,935
Right to use assets	6,322	3,161	-	9,483
Machinery and equipment	2,415,734	205,572	-	2,621,306
Infrastructure	23,373,125	1,218,250	-	24,591,375
Total accumulated depreciation	<u>27,229,779</u>	<u>1,570,320</u>	<u>-</u>	<u>28,800,099</u>
Net capital assets being depreciated	19,814,438	(1,056,579)	-	18,757,859
<b>Total Capital Assets</b>	<b><u>\$ 32,881,353</u></b>	<b><u>\$ 870,435</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 33,751,788</u></b>

Depreciation was charged to business-type activities as follows:

Water and sewer	\$	1,480,240
Refuse		71,394
Fiber		18,686
<b>Total Business-type Activities Depreciation Expense</b>	<b>\$</b>	<b><u>1,570,320</u></b>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

**D. Long-term Debt**

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2024. In general, the City uses the general and debt service fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 5,020,000	\$ -	\$ (960,000)	\$ 4,060,000	\$ 980,000
Certificates of Obligation	22,820,000	-	(970,000)	21,850,000	1,195,000
Less deferred amounts:					
For premiums	1,043,282	-	(62,179)	981,103	-
<b>Total Bonds Payable</b>	<u>28,883,282</u>	<u>-</u>	<u>(1,992,179)</u>	<u>26,891,103</u>	<u>2,175,000</u>
Lease liabilities	88,434	-	(24,514)	63,920	23,219
<b>Total</b>	<u>\$ 28,971,716</u>	<u>\$ -</u>	<u>\$ (2,016,693)</u>	<u>\$ 26,955,023</u>	<u>\$ 2,198,219</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 24,756,804</u>	
<b>Business-Type Activities:</b>					
Bonds, notes and other payables:					
Certificates of Obligation	\$ 22,355,000	\$ -	\$ (1,395,000)	\$ 20,960,000	\$ 1,360,000
General Obligation Bonds	3,390,000	-	(635,000)	2,755,000	650,000
Lease liabilities	4,461	-	(2,935)	1,526	1,526
Less deferred amounts:					
For premiums	1,670,545	-	(131,178)	1,539,367	-
<b>Total</b>	<u>\$ 27,420,006</u>	<u>\$ -</u>	<u>\$ (2,164,113)</u>	<u>\$ 25,255,893</u>	<u>\$ 2,011,526</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 23,244,367</u>	
<b>Fiduciary Activities:</b>					
Bonds, notes and other payables:					
Special assessment revenue					
Bonds	\$ 7,923,000	\$ 11,917,000	\$ (122,000)	\$ 19,718,000	\$ 284,000
Less deferred amounts:					
For discounts	-	(60,543)	-	(60,543)	-
<b>Total</b>	<u>\$ 7,923,000</u>	<u>\$ 11,856,457</u>	<u>\$ (122,000)</u>	<u>\$ 19,657,457</u>	<u>\$ 284,000</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 19,373,457</u>	

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities. Leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset.

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

	<b>Governmental Activities</b>
<b>Certificates of Obligation:</b>	
2015 Certificates of Obligation, original principal due of \$6,990,000 with an interest rate ranging from 2.00-4.00%	\$ 5,280,000
2018 Certificates of Obligation, original principal due of \$6,595,000 with an interest rate ranging from 2.00-4.00%	4,370,000
2019 Certificates of Obligation, original principal due of \$2,500,000 with an interest rate ranging from 2.00-5.00%	1,895,000
2020B Certificates of Obligation, original principal due of \$3,015,000 with an interest rate ranging from 2.00-5.00%	2,615,000
2023 Combination Tax and Revenue Certificates of Obligation, original principal due of \$7,855,000 with an interest rate ranging from 4.00-5.00%	7,690,000
<b>Total Certificates of Obligation</b>	<b>\$ 21,850,000</b>
<b>General Obligations:</b>	
2017 general obligation refunding bonds, original principal due of \$8,045,000 with an interest rate of 2.23%	\$ 4,060,000
<b>Total General Obligation bonds</b>	<b>\$ 4,060,000</b>
Less deferred amounts:	
Premiums	\$ 981,103
<b>Leases Liabilities:</b>	
Konica Plotter - 2020 lease for \$34,567, int. at 4%, monthly pmt of \$638	2,270
Platinum Printer - 2022 lease for \$108,883, int at 4%, monthly pmt. \$1,923	61,650
<b>Total Lease Liabilities</b>	<b>\$ 63,920</b>
<b>Total Long-term Debt</b>	<b>\$ 26,955,023</b>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

	<b>Business - Type Activities</b>
<b>Certificates of Obligation:</b>	
2020A Certificates of Obligation, original principal due of \$13,450,000 with an interest rate rate ranging from 2.00-4.00%	\$ 11,660,000
2020B Certificates of Obligation, original principal due of \$1,855,000 with an interest rate rate ranging from 2.00-5.00%	1,610,000
2021 Certificates of Obligation, original principal due of \$1,855,000 with an interest rate rate ranging from 1.25-4.00%	7,690,000
<b>Total Certificates of Obligation</b>	<b>\$ 20,960,000</b>
<b>General Obligations:</b>	
2016 general obligaiton refunding bonds, original principal due of \$6,880,000 with an interest rate rate ranging from 2.00-4.00%	2,755,000
<b>Total General Obligation bonds</b>	<b>\$ 2,755,000</b>
Less deferred amounts:	
Premiums	\$ 1,539,367
Lease Liabilities:	
Konica Plotter - 2020 lease for \$34,567, int. at 4%, monthly pmt of \$638	1,526
<b>Total Lease Liabilities</b>	<b>\$ 1,526</b>
<b>Total Long-term Debt</b>	<b>\$ 25,255,893</b>
<b>Special Assessment Revenue Bonds</b>	
2022A Revenue Bonds, original principal due of \$5,012,000 with an interest rate rate of 4.625%	\$ 4,852,000
2022B Revenue Bonds, original principal due of \$3,028,000 with an interest rate rate of 4.625%	2,949,000
2024A Revenue Bonds, original principal due of \$6,742,000 with an interest rate rate ranging from 5.5-5.75%	6,742,000
2024B Revenue Bonds, original principal due of \$5,175,000 with an interest rate rate ranging from 5.5-5.75%	5,175,000
<b>Total Revenue Bonds</b>	<b>\$ 19,718,000</b>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

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

Certificates of Obligation

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,195,000	\$ 480,800	\$ 1,360,000	\$ 599,569
2026	1,130,000	447,597	1,210,000	555,094
2027	1,175,000	413,950	1,250,000	512,794
2028	1,225,000	379,759	1,300,000	461,019
2029	1,365,000	344,931	1,360,000	406,994
2030	1,405,000	311,191	1,410,000	355,144
2031	1,465,000	274,281	1,175,000	316,756
2032	1,520,000	232,188	1,205,000	287,716
2033	1,590,000	192,238	1,230,000	257,625
2034	1,640,000	154,106	1,260,000	226,475
2035	1,705,000	113,647	1,295,000	194,125
2036	1,035,000	82,425	1,210,000	162,288
2037	1,070,000	60,863	1,245,000	130,650
2038	640,000	31,256	1,275,000	97,813
2039	1,310,000	17,331	1,305,000	64,119
2040	725,000	9,169	1,345,000	28,775
2041	530,000	3,475	525,000	5,250
2042	550,000	2,125	-	-
2043	575,000	719	-	-
<b>Total</b>	<b>\$ 21,850,000</b>	<b>\$ 3,552,050</b>	<b>\$ 20,960,000</b>	<b>\$ 4,662,203</b>

General Obligation Bonds

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 980,000	\$ 79,611	\$ 650,000	\$ 93,950
2026	3,080,000	104,030	2,105,000	128,500
<b>Total</b>	<b>\$ 4,060,000</b>	<b>\$ 183,641</b>	<b>\$ 2,755,000</b>	<b>\$ 222,450</b>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

Lease Liabilities

		<b>Governmental Activities</b>	
		<b>Principal</b>	<b>Interest</b>
	2025	\$ 23,219	\$ 2,159
	2026	21,822	1,259
	2027	18,879	356
	<b>Total</b>	<b>\$ 63,920</b>	<b>\$ 3,774</b>

The City entered into two separate five-year lease agreements as lessee for the acquisition and use of office equipment. The total initial lease liability was \$123,839. As of September 30, 2024, the value of the lease liability was \$63,920. The City is required to make monthly principal and interest payments of \$638 and \$1,923. The leases have an interest rate of 4%. The equipment has a five-year estimated useful life. The carrying amount of the right-to-use assets as of the end of the current fiscal year was 60,485.

Lease Liabilities

		<b>Business-Type Activities</b>	
		<b>Principal</b>	<b>Interest</b>
	2025	\$ 1,526	\$ 18
	<b>Total</b>	<b>\$ 1,526</b>	<b>\$ 18</b>

The City entered into two separate lease agreements (one with a five-year term; one with a three-year term) as lessee for the acquisition and use of a building and office equipment. The total initial lease liability was \$34,567. As of September 30, 2024, the value of the remaining equipment lease liability was \$1,526. The City is required to make monthly principal and interest payments of \$638. The lease has an interest rate of 4%. The equipment has a five-year estimated useful life. The carrying amount of the right-to-use asset as of the end of the current fiscal year was \$500.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

Special Assessment Revenue Bonds

		<b>Fiduciary Activities</b>	
		<b>Principal</b>	<b>Interest</b>
2025	\$	284,000	\$ 1,110,746
2026		299,000	1,096,336
2027		314,000	1,081,121
2028		330,000	1,065,138
2029		347,000	1,048,088
2030		365,000	1,030,141
2031		384,000	1,011,233
2032		405,000	991,326
2033		427,000	969,109
2034		452,000	945,363
2035		477,000	920,217
2036		504,000	893,665
2037		533,000	865,596
2038		564,000	835,895
2039		596,000	804,454
2040		630,000	771,216
2041		666,000	736,060
2042		705,000	698,883
2043		747,000	659,501
2044		790,000	617,509
2045		837,000	573,083
2046		886,000	524,991
2047		940,000	474,066
2048		996,000	420,021
2049		1,056,000	362,736
2050		1,120,000	301,980
2051		1,188,000	237,520
2052		1,265,000	169,119
2053		781,000	96,318
2054		830,000	49,625
<b>Total</b>	<b>\$</b>	<b>19,718,000</b>	<b>\$ 21,361,051</b>

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**E. Other Long-term Liabilities**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities:</b>					
Compensated absences	\$ 251,993	\$ 286,544	\$ (255,663)	\$ 282,874	\$ 254,587
<b>Total Governmental Activities</b>	<u>\$ 251,993</u>	<u>\$ 286,544</u>	<u>\$ (255,663)</u>	<u>\$ 282,874</u>	<u>\$ 254,587</u>
<b>Other long-term liabilities due in more than one year</b>				<u>\$ 28,287</u>	
<b>Business Type Activities:</b>					
Compensated absences	\$ 20,876	\$ -	\$ -	\$ 20,876	\$ 18,788
<b>Total Business Type Activities</b>	<u>\$ 20,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,876</u>	<u>\$ 18,788</u>
<b>Other long-term liabilities due in more than one year</b>				<u>\$ 2,088</u>	

**F. Deferred Charges on Refunding**

Deferred charges resulting from the issuance of series 2017 general obligation refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding bonds. Current year balances for governmental activities totaled \$74,831. Current year amortization expense for governmental totaled \$18,708.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

**G. Interfund Transactions**

Transfers between the primary government funds during the 2024 year were as follows:

<b>Transfer out:</b>	<b>Transfer In:</b>					<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Fiber</b>	<b>Water &amp; Sewer</b>	<b>Nonmajor Governmental</b>	
General	\$ -	\$ -	\$ -	\$ -	\$ 1,100,000	\$ 1,100,000
Nonmajor governmental	107,470	-	-	1,694	-	109,164
Debt service	-	-	1,380,800	-	-	1,380,800
EDA Grant	-	-	-	1,711,899	-	1,711,899
2023 Bond	-	-	-	290,432	-	290,432
Water & Sewer	2,378,982	330,962	-	-	-	2,709,944
Refuse	50,000	-	-	-	-	50,000
<b>Total</b>	<b>\$ 2,536,452</b>	<b>\$ 330,962</b>	<b>\$ 1,380,800</b>	<b>\$ 2,004,025</b>	<b>\$ 1,100,000</b>	<b>\$ 7,352,239</b>

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

The compositions of interfund balances as of the year ended September 30, 2024 were as follows:

<b>Due from (receivable fund):</b>	<b>Due to (payable fund):</b>		<b>Total</b>
	<b>Series 2023 Bond Fund</b>	<b>Economic Development Admin Grant</b>	
General	\$ -	\$ 1,124,593	\$ 1,124,593
Debt service	17,779	-	17,779
<b>Total</b>	<b>\$ 17,779</b>	<b>\$ 1,124,593</b>	<b>\$ 1,142,372</b>

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

**V. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside

**City of Dayton, Texas**  
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**September 30, 2024**

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. Commitments and Contingent Liabilities**

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

**Developer Agreements**

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

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

The City and the County have agreed to reimburse the Developer annually for Zone improvements funded by the Developer based upon 50 percent of the tax increment payments collected within the Zone on the captured appraised values. The other 50 percent of the tax increment shall go into the Zone fund for future projects to be named/approved by the Zone board and City. The Agreement has a reimbursement cap up to \$68,200,000 for eligible project costs, plus developer interest (based upon the published prime commercial

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
**September 30, 2024**

lending rate in the Wall Street Journal), plus an annual adjustment for the most recently published consumer price index. The agreement shall end upon the expiration of the Zone.

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

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

**C. Defined Benefit Pension Plans**

**Texas Municipal Retirement System**

**1. Plan Description**

The City of Dayton, Texas participates as one of 934 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tmr.com](http://www.tmr.com). All eligible employees of the city are required to participate in TMRS.

**2. Benefits Provided**

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

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

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

	<u>Plan Year 2022</u>	<u>Plan Year 2023</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	100% Repeating Transfers
Annuity increase (to retirees)	0% of CPI	70% of CPI
Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

**Employees covered by benefit terms**

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	60
Inactive employees entitled to but not yet receiving benefits	143
Active employees	<u>87</u>
<b>Total</b>	<b><u>290</u></b>

**3. Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
**September 30, 2024**

Employees for the City of Dayton, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Dayton, Texas were 16.65% and 18.65% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$1,015,200, and were equal to the required contributions.

**4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions**

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60 to 11.85% including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

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

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public/Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

**Discount Rate:**

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

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

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

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 12/31/22</b>	\$ 15,779,262	\$ 10,407,762	\$ 5,371,500
Changes for the year:			
Service cost	1,014,732	-	1,014,732
Interest	1,075,046	-	1,075,046
Change in benefit terms	-	-	-
Difference between expected and actual experience	149,723	-	149,723
Changes of assumptions	(93,381)	-	(93,381)
Contributions – employer	-	899,784	(899,784)
Contributions – employee	-	384,993	(384,993)
Net investment income	-	1,200,883	(1,200,883)
Benefit payments, including refunds of emp. contributions	(720,050)	(720,050)	-
Administrative expense	-	(7,663)	7,663
Other changes	-	(52)	52
Net changes	1,426,070	1,757,895	(331,825)
<b>Balance at 12/31/23</b>	<b>\$ 17,205,332</b>	<b>\$ 12,165,657</b>	<b>\$ 5,039,675</b>

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

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

<b>1% Decrease 5.75%</b>	<b>Current Single Rate Assumption 6.75%</b>	<b>1% Increase 7.75%</b>
\$ 7,731,064	\$ 5,039,675	\$ 2,870,377

**Pension Plan Fiduciary Net Position**

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

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

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

For the year ended September 30, 2024, the City recognized pension expense of \$910,780.

At September 30, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Differences between projected and investment earnings	\$ 66,502	\$ -
Changes in actuarial assumptions	-	(53,302)
Difference between expected and actual economic experience	279,365	-
Contributions subsequent to the measurement date	758,670	-
<b>Total</b>	<b>\$ 1,104,537</b>	<b>\$ (53,302)</b>

The City reported \$758,670 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2025.

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

<b>Year ended December 31:</b>	
2024	\$ 81,164
2025	98,556
2026	212,519
2027	(99,674)
2028	-
Thereafter	-
	<b>\$ 292,565</b>

**Texas Emergency Services Retirement System**

**1. Plan Description**

The Fire Fighter’s Pension Commissioner is the administrator of the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At

**City of Dayton, Texas**  
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**September 30, 2024**

August 31, 2023, there were 241 member fire or emergency services departments actively participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

At August 31, 2023, TESRS membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,929
Terminated Participants Entitled to Benefits but Not Yet Receiving Them	1,689
Active Participants (Vested and Nonvested)	<u>3,343</u>
Total	<u>8,961</u>

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.

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

**2. Funding Policy**

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

**City of Dayton, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
**September 30, 2024**

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

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2022 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

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

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

Ultimately, the contribution policy also depends upon the total return of the System’s assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. For the year ending August 31, 2023, the money-weighted rate of return on pension plan investments was 5.68%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

**3. Contributions**

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2023, total contributions (dues and prior service) of \$3,736,446 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,262,763 for the fiscal year ending August 31, 2023.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that are promised. The most recently completed biennial actuarial valuation as of August 31, 2022 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$675,000 each year to pay for part of the System's administrative expenses.

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

Valuation Date	<u>August 31, 2018</u>	<u>August 31, 2020</u>	<u>August 31, 2022</u>
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level dollar, open	Level dollar, open	Level dollar, open
Amortization	30 years	30 years	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
 Actuarial Assumptions:			
Investment Rate of Return *	7.75% per year, net of investment expenses	7.50% per year, net of investment expenses	7.50% per year, net of investment expenses
Projected Salary Increases *	N/A	N/A	N/A
* Includes Inflation at	3.50%	3.00%	3.00%
Cost-of-Living Adjustments	None	None	None

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

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

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities:		
Large cap domestic	20%	5.83%
Small cap domestic	10%	5.94%
Developed international	15%	6.17%
Emerging markets	5%	7.36%
Global infrastructure	5%	6.61%
Real Estate	10%	4.48%
Multi asset income	5%	3.86%
Fixed income	30%	1.95%
Cash	0%	0%
Total	100.0%	4.61%

**Discount Rate:**

The discount rate used to measure the Total Pension Liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2022 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

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

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
<b>Balance at 8/31/2022</b>	\$ 419,855	\$ 315,688	\$ 104,167
Changes for the year:			
Service Cost	4,118	-	4,118
Interest (on the Total Pension Liab.)	30,986	-	30,986
Change in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – members	-	9,486	(9,486)
Contributions – state	-	3,206	(3,206)
Net investment income	-	17,573	(17,573)
Benefit payments, including refunds of emp. contributions	(21,659)	(21,659)	-
Administrative expense	-	(888)	888
Net changes	<u>13,445</u>	<u>7,718</u>	<u>5,727</u>
<b>Balance at 8/31/2023</b>	<u>\$ 433,300</u>	<u>\$ 323,406</u>	<u>\$ 109,894</u>

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

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

1% Decrease 6.5%	Current Single Rate Assumption 7.5%	1% Increase 8.5%
\$ 170,167	\$ 109,894	\$ 61,012

**Pension Plan Fiduciary Net Position:**

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

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

For the year ended September 30, 2024, the City recognized pension expense of \$26,003.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Difference between expected and actual economic experience	\$ 1,605	\$ -
Difference between projected and investment earnings	32,880	-
Change in actuarial assumptions	-	(212)
Changes in pension proportion	2,102	-
<b>Total</b>	<b>\$ 36,587</b>	<b>\$ (212)</b>

The City did not report deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2025.

Other amounts reported as deferred outflows related to the TESRS pension will be recognized in pension expense as follows:

<b>Year ended August 31:</b>	
2024	\$ 8,852
2025	9,182
2026	15,808
2027	1,354
2028	231
Thereafter	948
	<b>\$ 36,375</b>

**D. Other Postemployment Benefits**

**Supplemental Death Benefits Fund**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

The City offers supplemental death to:	Plan Year 2022	Plan Year 2023
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

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

**Employees covered by benefit terms**

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	21
Active employees	87
<b>Total</b>	<b>148</b>

The City’s contributions to the TMRS SDBF for the years ended 2024 and 2023 were \$7,418, and \$6,588, respectively, which equaled the required contributions each year.

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

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2022	0.10%	0.10%	100.0%
2023	0.13%	0.13%	100.0%
2024	0.15%	0.15%	100.0%

**Total OPEB Liability**

The City’s Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

**Actuarial assumptions:**

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.6% to 11.85%, including inflation per year
Discount rate	3.77%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

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

**Discount Rate:**

The discount rate used to measure the Total OPEB Liability was 3.77%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

1% Decrease (2.77%)	Current Single Rate Assumption 3.77%	1% Increase (4.77%)
\$ 301,474	\$ 250,033	\$ 210,860

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/22</b>	\$ 239,169
Changes for the year:	
Service Cost	8,800
Interest	9,720
Difference between expected and actual experience	(14,064)
Changes of assumptions	13,558
Benefit payments	(7,150)
Net changes	10,864
<b>Balance at 12/31/23</b>	<b>\$ 250,033</b>

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$6,292.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Changes in actuarial assumptions	\$ -	\$ (45,899)
Difference between expected and actual experience	-	(7,330)
Contributions subsequent to measurement date	5,375	-
<b>Total</b>	<b>\$ 5,375</b>	<b>\$ (53,229)</b>

The City reported \$5,375 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2025.

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

**City of Dayton, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

<b>Year ended December 31:</b>		
2024	\$	(10,369)
2025		(19,858)
2026		(22,950)
2027		(52)
2028		-
Thereafter		-
		\$ (53,229)

**E. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan (the “Plan”) created in accordance with the Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Plan’s trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payments to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions. Employee contributions totaled \$58,553 during the year.

**F. Tax Abatements**

In accordance with Chapter 312 of the Texas Property Tax Code (the “Tax Code”), the City entered into a tax abatement agreements with two companies. The agreements expire in 2026 and 2030, respectively. During the year Sumiden Wire Products had 40% of their property tax abated, totaling \$44,646. Rail Logix had 60% of their property tax abated, totaling \$120,955.

**G. Subsequent Events**

There were no material subsequent events through March 20, 2025, the date the financial statements were issued.

***REQUIRED SUPPLEMENTARY INFORMATION***

# City of Dayton, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property tax	\$ 4,247,384	\$ 4,247,384	\$ 4,321,152	\$ 73,768
Sales tax	2,217,871	2,217,871	2,477,987	260,116
Franchise and local taxes	664,982	664,982	681,270	16,288
Payments in lieu of taxes	130,000	130,000	129,585	(415)
License and permits	393,218	393,218	684,574	291,356
Charges for services	92,000	92,000	109,253	17,253
Fines and forfeitures	314,781	314,781	307,135	(7,646)
Intergovernmental	-	18,477	153,760	135,283
Investment income	45,000	45,000	290,161	245,161
Other revenues	268,595	320,241	348,761	28,520
<b>Total Revenues</b>	8,373,831	8,443,954	9,503,638	1,059,684
<b>Expenditures</b>				
Current:				
General government				
Administration	954,863	954,863	933,856	21,007
Technology	843,272	843,272	775,422	67,850
Office of City Mgr. & Sec.	842,943	1,056,119	979,890	76,229
Planning & Code Enforcement	760,958	760,908	604,084	156,824
Animal Control	144,345	144,345	141,395	2,950
Human resources	194,033	194,033	191,737	2,296
Nondepartmental	378,867	395,967	472,745	(76,778) *
<b>Total General Government</b>	4,119,281	4,349,507	4,099,129	250,378
Public safety				
Municipal Court	250,461	250,461	248,676	1,785
Volunteer Fire	144,939	198,062	191,845	6,217
Planning & Code Enforcement	150	200	172	28
Police & Dispatch	3,019,979	3,161,355	3,123,622	37,733
EMS Services	75,000	75,000	75,000	-
<b>Total Public Safety</b>	3,490,529	3,685,078	3,639,315	45,763

# 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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures (continued)</b>				
Public works				
Fleet Maintenance	570,979	570,979	543,424	27,555
Streets & Drainage	946,227	946,227	714,151	232,076
<b>Total Public Works</b>	1,517,206	1,517,206	1,257,575	259,631
Culture and recreation				
Library	260,632	260,632	258,548	2,084
Parks-Maintenance	38,817	55,817	42,766	13,051
<b>Total Culture and Recreation</b>	299,449	316,449	301,314	15,135
Community enhancement	908,599	908,599	779,114	129,485
Community center	261,092	261,092	258,808	2,284
Debt service				
Principal	24,514	24,514	24,514	-
Interest and fiscal charges	3,161	3,161	3,161	-
<b>Total Expenditures</b>	10,623,831	11,065,606	10,362,930	702,676
<b>Revenues Over (Under) Expenditures</b>	(2,250,000)	(2,621,652)	(859,292)	1,762,360
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 2,250,000	\$ 2,250,000	\$ 2,536,452	\$ 286,452
Transfers (out)	-	(2,000,000)	(1,100,000)	900,000
<b>Total Other Financing Sources (Uses)</b>	2,250,000	250,000	1,436,452	1,186,452
<b>Net Change in Fund Balance</b>	\$ -	\$ (2,371,652)	577,160	\$ 2,948,812
Beginning fund balance			7,581,812	
<b>Ending Fund Balance</b>			\$ 8,158,972	

Notes to Required Supplementary Information

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

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

# City of Dayton, Texas

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

Years Ended:

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Total pension liability				
Service cost	\$ 1,014,732	\$ 959,671	\$ 645,810	\$ 691,091
Interest	1,075,046	990,980	683,244	636,851
Changes in benefit terms	-	3,801,039	-	-
Differences between expected and actual experience	149,723	(56,883)	(130,230)	(66,921)
Changes of assumptions	(93,381)	-	-	-
Benefit payments, including refunds of participant contributions	(720,050)	(631,722)	(563,737)	(538,444)
<b>Net change in total pension liability</b>	<u>1,426,070</u>	<u>5,063,085</u>	<u>635,087</u>	<u>722,577</u>
<b>Total pension liability - beginning</b>	<u>15,779,262</u>	<u>10,716,177</u>	<u>10,081,090</u>	<u>9,358,513</u>
<b>Total pension liability - ending (a)</b>	<u>17,205,332</u>	<u>15,779,262</u>	<u>10,716,177</u>	<u>10,081,090</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 899,784	\$ 342,524	\$ 341,606	\$ 382,803
Contributions - members	384,993	381,788	363,398	383,331
Net investment income	1,200,883	(810,102)	1,265,997	669,208
Benefit payments, including refunds of participant contributions	(720,050)	(631,722)	(563,737)	(538,444)
Administrative expenses	(7,663)	(7,027)	(5,865)	(4,337)
Other	(52)	8,385	40	(170)
<b>Net change in plan fiduciary net position</b>	<u>1,757,895</u>	<u>(716,154)</u>	<u>1,401,439</u>	<u>892,391</u>
<b>Plan fiduciary net position - beginning</b>	<u>10,407,762</u>	<u>11,123,916</u>	<u>9,722,477</u>	<u>8,830,086</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 12,165,657</u>	<u>\$ 10,407,762</u>	<u>\$ 11,123,916</u>	<u>\$ 9,722,477</u>
<b>Fund's net pension liability - ending (a) - (b)</b>	<u>\$ 5,039,675</u>	<u>\$ 5,371,500</u>	<u>\$ (407,739)</u>	<u>\$ 358,613</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	70.71%	65.96%	103.80%	96.44%
<b>Covered payroll</b>	\$ 5,499,902	\$ 5,443,397	\$ 5,191,397	\$ 5,476,155
<b>Fund's net pension liability as a percentage of covered payroll</b>	91.63%	98.68%	-7.85%	6.55%

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
\$	654,534	\$ 570,125	\$ 540,698	\$ 490,826	\$ 415,360	\$ 324,986
	593,767	562,917	517,680	474,157	430,539	396,895
	-	-	-	-	-	-
	(153,335)	(273,080)	81,411	54,782	37,731	(19,939)
	21,131	-	-	-	216,362	-
	(453,744)	(436,505)	(532,131)	(267,708)	(259,770)	(273,230)
	<u>662,353</u>	<u>423,457</u>	<u>607,658</u>	<u>752,057</u>	<u>840,222</u>	<u>428,712</u>
	<u>8,696,160</u>	<u>8,272,703</u>	<u>7,665,045</u>	<u>6,912,988</u>	<u>6,072,766</u>	<u>5,644,054</u>
	<u>9,358,513</u>	<u>8,696,160</u>	<u>8,272,703</u>	<u>7,665,045</u>	<u>6,912,988</u>	<u>6,072,766</u>
\$	374,020	\$ 337,358	\$ 313,664	\$ 239,287	\$ 214,234	\$ 177,101
	359,634	316,736	296,309	268,002	241,488	215,977
	1,143,957	(221,728)	892,777	393,037	8,300	298,309
	(453,744)	(436,505)	(532,131)	(267,708)	(259,770)	(273,230)
	(6,476)	(4,297)	(4,637)	(4,449)	(5,059)	(3,114)
	(194)	(222)	(235)	(240)	(250)	(256)
	<u>1,417,197</u>	<u>(8,658)</u>	<u>965,747</u>	<u>627,929</u>	<u>198,943</u>	<u>414,787</u>
	<u>7,412,889</u>	<u>7,421,547</u>	<u>6,455,800</u>	<u>5,827,871</u>	<u>5,628,928</u>	<u>5,214,141</u>
\$	<u>8,830,086</u>	<u>\$ 7,412,889</u>	<u>\$ 7,421,547</u>	<u>\$ 6,455,800</u>	<u>\$ 5,827,871</u>	<u>\$ 5,628,928</u>
\$	<u>528,427</u>	<u>\$ 1,283,271</u>	<u>\$ 851,156</u>	<u>\$ 1,209,245</u>	<u>\$ 1,085,117</u>	<u>\$ 443,838</u>
	94.35%	85.24%	89.71%	84.22%	84.30%	92.69%
\$	5,137,633	\$ 4,524,803	\$ 4,230,816	\$ 3,828,596	\$ 3,449,831	\$ 3,085,380
	10.29%	28.36%	20.12%	31.58%	31.45%	14.39%

# City of Dayton, Texas

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

### Years Ended:

	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Actuarially determined employer contributions	\$ 1,015,800	\$ 749,569	\$ 340,248	\$ 355,127
Contributions in relation to the actuarially determined contribution	\$ 1,015,800	\$ 749,569	\$ 340,248	\$ 355,127
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 5,706,139	\$ 5,409,184	\$ 5,351,329	\$ 5,303,686
Employer contributions as a percentage of covered payroll	17.80%	13.86%	6.36%	6.70%

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

**Valuation Date:**

Notes

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Notes

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

<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
\$ 368,161	\$ 364,812	\$ 331,541	\$ 296,886	\$ 244,564	\$ 201,762
<u>\$ 368,161</u>	<u>\$ 364,812</u>	<u>\$ 331,541</u>	<u>\$ 296,886</u>	<u>\$ 244,564</u>	<u>\$ 201,762</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 5,215,600</u>	<u>\$ 4,981,259</u>	<u>\$ 4,421,733</u>	<u>\$ 4,150,979</u>	<u>\$ 3,919,546</u>	<u>\$ 3,316,114</u>
7.06%	7.32%	7.50%	7.15%	6.24%	6.08%

# City of Dayton, Texas

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

Years Ended:

	<u>8/31/2023</u>	<u>8/31/2022</u>	<u>8/31/2021</u>	<u>8/31/2020</u>
Total pension liability				
Service cost	\$ 4,118	\$ 3,720	\$ 6,103	\$ 5,013
Interest	30,986	27,476	43,611	29,553
Changes in benefit terms	-	5,807	-	8,031
Differences between expected and actual experience	-	5,956	-	(5,280)
Changes of assumptions	-	(787)	-	(182)
Benefit payments, including refunds of participant contributions	(21,659)	(19,006)	(29,153)	(18,490)
<b>Net change in total pension liability</b>	<u>13,445</u>	<u>23,166</u>	<u>20,561</u>	<u>18,645</u>
<b>Total pension liability - beginning</b>	<u>\$ 419,855</u>	<u>\$ 372,136</u>	<u>\$ 589,956</u>	<u>\$ 385,558</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 433,300</u>	<u>\$ 395,302</u>	<u>\$ 610,517</u> <sup>3</sup>	<u>\$ 404,203</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 9,486	\$ 9,679	\$ 14,956	\$ 10,090
Contributions - state	3,206	3,018	5,212	3,571
Net investment income	17,573	(42,413)	87,448	32,757
Benefit payments, including refunds of participant contributions	(21,659)	(19,006)	(29,153)	(18,490)
Administrative expenses	(888)	(577)	(1,053)	(861)
<b>Net change in plan fiduciary net position</b>	<u>7,718</u>	<u>(49,299)</u>	<u>77,410</u>	<u>27,067</u>
<b>Plan fiduciary net position - beginning</b>	<u>315,688</u>	<u>346,525</u>	<u>491,091</u>	<u>309,399</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 323,406</u>	<u>\$ 297,226</u>	<u>\$ 568,501</u>	<u>\$ 336,467</u>
<b>Fund's net pension liability - ending (a) - (b)</b>	<u><u>\$ 109,894</u></u>	<u><u>\$ 98,076</u></u>	<u><u>\$ 42,016</u></u>	<u><u>\$ 67,737</u></u>
Plan fiduciary net position as a percentage of the total pension liability	74.64%	75.19%	93.12%	83.24%
Number of active members	3,343	3,379	3,571	3,634
Net pension liability per active member	33	29	\$ 12	\$ 19
City's proportion of the net pension liability	0.2539%	0.2390%	0.3922%	0.2687%

**Notes to schedule:**

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

2) There is no compensation for active members, so number of active members is used instead.

3) The System's net pension liability was measured as of August 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2023.

	<u>8/31/2019</u>	<u>8/31/2018</u>	<u>8/31/2017</u>	<u>8/31/2016</u>	<u>8/31/2015</u> <sup>1</sup>
\$	4,975	\$ 4,373	\$ 4,732	\$ 4,979	\$ 5,268
	28,137	27,181	28,119	26,162	26,340
	-	7,754	-	2,122	-
	-	(248)	-	190	-
	-	-	-	2,616	-
	<u>(17,149)</u>	<u>(16,026)</u>	<u>(14,945)</u>	<u>(13,818)</u>	<u>(13,989)</u>
	15,962	23,034	17,906	22,250	17,619
	<u>366,653</u>	<u>354,363</u>	<u>365,560</u>	<u>339,500</u>	<u>341,599</u>
\$	<u>\$ 382,616</u>	<u>\$ 377,397</u>	<u>\$ 383,466</u>	<u>\$ 361,750</u>	<u>\$ 359,219</u>
\$	9,280	\$ 11,249	\$ 14,885	\$ 10,179	\$ 10,932
	3,544	3,648	4,704	4,655	5,091
	3,041	31,050	29,034	14,567	(10,239)
	<u>(17,149)</u>	<u>(16,026)</u>	<u>(14,945)</u>	<u>(13,818)</u>	<u>(13,989)</u>
	<u>(605)</u>	<u>(434)</u>	<u>(547)</u>	<u>(490)</u>	<u>(671)</u>
	<u>(1,889)</u>	<u>29,486</u>	<u>33,130</u>	<u>15,093</u>	<u>(8,877)</u>
	<u>308,927</u>	<u>288,493</u>	<u>279,055</u>	<u>261,054</u>	<u>285,094</u>
\$	<u>\$ 307,038</u>	<u>\$ 317,979</u>	<u>\$ 312,185</u>	<u>\$ 276,147</u>	<u>\$ 276,217</u>
\$	<u>\$ 75,578</u>	<u>\$ 59,418</u>	<u>\$ 71,280</u>	<u>\$ 85,603</u>	<u>\$ 83,002</u>
	80.25%	84.26%	81.41%	76.34%	76.89%
	3,702	3,927	4,046	3,634	4,036 <sup>2</sup>
\$	\$ 20	\$ 15	\$ 18	\$ 100	\$ 89
	0.2666%	0.2744%	0.2970%	0.2939%	0.3110%

# City of Dayton, Texas

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

Years Ended:

	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Actuarially determined employer contributions	\$ 12,096	\$ 5,750	\$ 20,236	\$ 18,828
Contributions in relation to the actuarially determined contribution	\$ 12,096	\$ 5,750	\$ 20,236	\$ 18,828
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Active members	29	29	29	29
Contributions per active member	417	198	698	649

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

**Valuation Date:**

Notes

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years
Asset Valuation Method	5 Year smoothed market; 20% soft corridor
Inflation	3.00%
Salary Increases	n/a
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits.

Mortality

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

**Other Information:**

Notes

There were no benefit changes during the year.

<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
\$ 12,928	\$ 11,948	\$ 13,738	\$ 14,364	\$ 17,342	\$ 14,852
\$ 12,928	\$ 11,948	\$ 13,738	\$ 14,364	\$ 17,342	\$ 14,852
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>29</u>	<u>29</u>	<u>28</u>	<u>30</u>	<u>30</u>	<u>34</u>
446	412	491	479	578	437

# City of Dayton, Texas

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

Years Ended:

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Total OPEB liability				
Service cost	\$ 8,800	\$ 20,685	\$ 17,132	\$ 15,881
Interest	9,720	6,397	6,360	7,081
Differences between expected and actual experience	(14,064)	8,869	(1,566)	(4,757)
Changes of assumptions	13,558	(131,377)	11,544	45,608
Benefit payments, including refunds of participant contributions	(7,150)	(5,443)	(5,711)	(2,190)
<b>Net change in total OPEB liability</b>	<u>10,864</u>	<u>(100,869)</u>	<u>27,759</u>	<u>61,623</u>
<b>Total OPEB liability - beginning</b>	<u>\$ 239,169</u>	<u>\$ 340,038</u>	<u>\$ 312,279</u>	<u>\$ 250,656</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 250,033</u></u>	<u><u>\$ 239,169</u></u>	<u><u>\$ 340,038</u></u>	<u><u>\$ 312,279</u></u>
<b>Covered payroll</b>	\$ 5,499,902	\$ 5,443,397	\$ 5,191,397	\$ 5,476,155
City's total OPEB liability as a percentage of covered payroll	4.55%	4.39%	6.55%	5.70%

**Notes to schedule:**

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

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

<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u> <sup>1</sup>
\$ 13,872	\$ 11,764	\$ 9,731
7,174	6,841	6,621
1,432	(16,702)	-
43,021	(14,056)	15,885
(2,569)	(1,810)	(1,692)
<u>62,930</u>	<u>(13,963)</u>	<u>30,545</u>
<u>\$ 187,726</u>	<u>\$ 201,689</u>	<u>\$ 171,144</u>
<u>\$ 250,656</u>	<u>\$ 187,726</u>	<u>\$ 201,689</u> <sup>2</sup>
\$ 5,137,633	\$ 4,524,803	\$ 4,230,816
4.88%	4.15%	4.77%

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***OTHER SUPPLEMENTARY INFORMATION***

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

**City of Dayton, Texas**  
**COMBINING BALANCE SHEET (Page 1 of 2)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2024**

	<b>Public Safety Facility</b>	<b>Hotel &amp; Motel</b>	<b>Police Investigation &amp; Forfeiture</b>	<b>PD Equitable Sharing Justice</b>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 358,278	\$ 428,628	\$ 31,466	\$ 7,231
Receivables, net	-	16,908	-	-
<b>Total Assets</b>	<b>358,278</b>	<b>445,536</b>	<b>31,466</b>	<b>7,231</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued exp.	\$ -	\$ 1,970	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>1,970</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Restricted for:				
Capital projects	358,278	-	-	-
Public safety	-	-	31,466	7,231
Tourism	-	443,566	-	-
Library	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>358,278</b>	<b>443,566</b>	<b>31,466</b>	<b>7,231</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 358,278</b>	<b>\$ 445,536</b>	<b>\$ 31,466</b>	<b>\$ 7,231</b>

See Notes to Financial Statements.

<b>PD Equitable Sharing Treasury</b>	<b>Municipal Court Building</b>	<b>Municipal Court Technology</b>	<b>Library Special</b>	<b>Municipal Court Juvenile</b>
\$ 104	\$ 61,818	\$ 39,782	\$ 20,288	\$ 7,666
-	-	-	-	-
<u>104</u>	<u>61,818</u>	<u>39,782</u>	<u>20,288</u>	<u>\$ 7,666</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>33</u>	<u>-</u>
-	-	-	-	-
104	61,818	39,782	-	7,666
-	-	-	-	-
-	-	-	20,255	-
-	-	-	-	-
<u>104</u>	<u>61,818</u>	<u>39,782</u>	<u>20,255</u>	<u>7,666</u>
<u>\$ 104</u>	<u>\$ 61,818</u>	<u>\$ 39,782</u>	<u>\$ 20,288</u>	<u>\$ 7,666</u>

**City of Dayton, Texas**  
**COMBINING BALANCE SHEET (Page 2 of 2)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2024**

	<b>Municipal Court Jury</b>	<b>American Rescue Plan Act Grant</b>	<b>DCDC Grant</b>	<b>TIRZ</b>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 377	\$ -	\$ -	\$ 69,417
Receivables, net	-	-	-	-
<b>Total Assets</b>	\$ 377	\$ -	\$ -	\$ 69,417
<b><u>Liabilities</u></b>				
Accounts payable and accrued exp.	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	-	-	-	-
<b><u>Fund Balances</u></b>				
Restricted for:				
Capital projects	-	-	-	69,417
Public safety	377	-	-	
Tourism	-	-	-	
Library	-	-	-	
Unassigned	-	-	-	
<b>Total Fund Balances</b>	377	-	-	69,417
<b>Total Liabilities and Fund Balances</b>	\$ 377	\$ -	\$ -	\$ 69,417

See Notes to Financial Statements.

<b>Community Development Block Grant</b>	<b>Total</b>
\$ 9,615	\$ 1,034,670
-	16,908
<u>\$ 9,615</u>	<u>1,051,578</u>

<u>\$ 25,205</u>	<u>\$ 27,208</u>
<u>25,205</u>	<u>27,208</u>

-	427,695
-	148,444
-	443,566
-	20,255
<u>(15,590)</u>	<u>(15,590)</u>
<u>(15,590)</u>	<u>1,024,370</u>
<u>\$ 9,615</u>	<u>\$ 1,051,578</u>

# City of Dayton, Texas

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

For the Year Ended September 30, 2024

	Public Safety Facility	Hotel & Motel	Police Investigation & Forfeiture	PD Equitable Sharing Justice
<b><u>Revenues</u></b>				
Franchise and local taxes	\$ -	\$ 150,450	\$ -	\$ -
Property tax	-	-	-	-
Service revenue	-	-	-	-
Fines and fees	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	13,925	11,508	1,004	230
Other revenue	-	30	-	-
<b>Total Revenues</b>	13,925	161,988	1,004	230
<b><u>Expenditures</u></b>				
General government	-	42,302	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Capital outlay	111,938	-	-	-
<b>Total Expenditures</b>	111,938	42,302	-	-
<b>Revenues Over (Under) Expenditures</b>	(98,013)	119,686	1,004	230
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	-	-
Transfers (out)	(1,694)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	(1,694)	-	-	-
<b>Net Change in Fund Balances</b>	(99,707)	119,686	1,004	230
Beginning fund balances	457,985	323,880	30,462	7,001
<b>Ending Fund Balances</b>	\$ 358,278	\$ 443,566	\$ 31,466	\$ 7,231

See Notes to Financial Statements.

<u>PD Equitable Sharing Treasury</u>	<u>Municipal Court Building</u>	<u>Municipal Court Technology</u>	<u>Library Special</u>	<u>Municipal Court Juvenile</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	1,857	-
-	7,159	4,998	-	-
-	-	-	-	-
-	1,885	1,203	633	245
-	20	-	-	-
-	<u>9,064</u>	<u>6,201</u>	<u>2,490</u>	<u>245</u>
-	-	-	-	-
-	-	-	731	-
-	1,233	864	-	-
-	-	-	-	-
-	<u>1,233</u>	<u>864</u>	<u>731</u>	<u>-</u>
-	<u>7,831</u>	<u>5,337</u>	<u>1,759</u>	<u>245</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	7,831	5,337	1,759	245
104	53,987	34,445	18,496	7,421
<u>\$ 104</u>	<u>\$ 61,818</u>	<u>\$ 39,782</u>	<u>\$ 20,255</u>	<u>\$ 7,666</u>

**City of Dayton, Texas**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (Page 2 of 2)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2024**

	<u>Municipal Court Jury</u>	<u>American Rescue Plan Act Grant</u>	<u>DCDC Grant</u>	<u>TIRZ</u>
<b><u>Revenues</u></b>				
Franchise and local taxes	\$ -	\$ -	\$ -	\$ -
Property tax	-	-	-	69,417
Service revenue	-	-	-	-
Fines and fees	131	-	-	-
Intergovernmental	-	-	-	-
Investment income	10	151	441	-
Other revenue	-	-	-	-
<b>Total Revenues</b>	<u>141</u>	<u>151</u>	<u>441</u>	<u>69,417</u>
<b><u>Expenditures</u></b>				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	<u>141</u>	<u>151</u>	<u>441</u>	<u>69,417</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	-	-
Transfers (out)	-	(54,237)	(16,513)	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(54,237)</u>	<u>(16,513)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	141	(54,086)	(16,072)	69,417
Beginning fund balances	236	54,086	16,072	-
<b>Ending Fund Balances</b>	<u>\$ 377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,417</u>

See Notes to Financial Statements.

<b>Community Development Block Grant</b>	<b>Total</b>
\$ -	\$ 150,450
-	69,417
-	1,857
-	12,288
120,391	120,391
181	31,416
-	50
120,572	385,869
-	42,302
-	731
-	2,097
5,681	117,619
5,681	162,749
114,891	223,120
-	-
(36,720)	(109,164)
(36,720)	(109,164)
78,171	113,956
(93,761)	910,414
\$ (15,590)	\$ 1,024,370

**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, 2024**

	<u>Original Budget</u>	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Property tax	\$ 3,827,455	\$ 3,827,455	\$ 3,922,158	\$ 94,703
Investment income	7,501	7,501	30,396	22,895
<b>Total Revenues</b>	<u>3,834,956</u>	<u>3,834,956</u>	<u>3,952,554</u>	<u>117,598</u>
<b><u>Expenditures</u></b>				
Debt service:				
Principal	2,705,000	2,705,000	1,930,000	775,000
Interest	1,196,310	1,196,310	899,139	297,171
<b>Total Expenditures</b>	<u>3,901,310</u>	<u>3,901,310</u>	<u>2,829,139</u>	<u>1,072,171</u> *
<b>Revenues Over (Under)</b>	<u>(66,354)</u>	<u>(66,354)</u>	<u>1,123,415</u>	<u>(954,573)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	330,962	330,962
Transfers (out)	-	-	(1,380,800)	(1,380,800) *
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(1,049,838)</u>	<u>(1,049,838)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (66,354)</u>	<u>\$ (66,354)</u>	<u>73,577</u>	<u>\$ 139,931</u>
Beginning fund balance			664,552	
<b>Ending Fund Balance</b>			<u>\$ 738,129</u>	

Notes to Other Supplementary Information

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

**City of Dayton, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**For the Year Ended September 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>				
Contributions and donations	\$ -	\$ -	\$ 7,492,127	\$ 7,492,127
Investment income	-	-	6,185	6,185
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>7,498,312</u>	<u>7,498,312</u>
<b><u>Expenditures</u></b>				
Capital outlay	-	713,140	7,522,377	(6,809,237)
<b>Total Expenditures</b>	<u>-</u>	<u>713,140</u>	<u>7,522,377</u>	<u>(6,809,237)</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(713,140)</u>	<u>(24,065)</u>	<u>689,075</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	2,000,000	1,100,000	(900,000)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>2,000,000</u>	<u>1,100,000</u>	<u>(900,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 1,286,860</u>	<u>1,075,935</u>	<u>\$ (210,925)</u>
Beginning fund balance			-	
<b>Ending Fund Balance</b>			<u>\$ 1,075,935</u>	

Notes to Other Supplementary Information

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

**City of Dayton, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOTEL MOTEL TAX**  
**For the Year Ended September 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>				
Hotel/Motel taxes	\$ 96,080	\$ 96,080	\$ 150,450	\$ 54,370
Investment income	6,500	6,500	11,508	5,008
Other revenue	-	-	30	30
<b>Total Revenues</b>	<u>102,580</u>	<u>102,580</u>	<u>161,988</u>	<u>59,408</u>
<b><u>Expenditures</u></b>				
General government	79,700	79,700	42,302	37,398
<b>Total Expenditures</b>	<u>79,700</u>	<u>79,700</u>	<u>42,302</u>	<u>37,398</u>
<b>Net Change in Fund Balance</b>	<u>\$ 22,880</u>	<u>\$ 22,880</u>	119,686	<u>\$ 96,806</u>
Beginning fund balance			323,880	
<b>Ending Fund Balance</b>			<u>\$ 443,566</u>	

Notes to Other Supplementary Information

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

**City of Dayton, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**MUNICIPAL COURT BUILDING FUND**  
**For the Year Ended September 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Fines and fees	\$ 6,500	\$ 6,500	\$ 7,159	\$ 659
Investment income	-	-	1,885	1,885
Other revenue	-	-	20	20
<b>Total Revenues</b>	<u>6,500</u>	<u>6,500</u>	<u>9,064</u>	<u>2,564</u>
<b><u>Expenditures</u></b>				
Public safety	6,500	6,500	1,233	5,267
<b>Total Expenditures</b>	<u>6,500</u>	<u>6,500</u>	<u>1,233</u>	<u>5,267</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	7,831	<u>\$ 7,831</u>
Beginning fund balance			53,987	
<b>Ending Fund Balance</b>			<u>\$ 61,818</u>	

Notes to Other Supplementary Information

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

**City of Dayton, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**MUNICIPAL COURT TECHNOLOGY FUND**  
**For the Year Ended September 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>				
Fines and fees	\$ 6,500	\$ 6,500	\$ 4,998	\$ (1,502)
Investment income	-	-	1,203	1,203
<b>Total Revenues</b>	<u>6,500</u>	<u>6,500</u>	<u>6,201</u>	<u>(299)</u>
<b><u>Expenditures</u></b>				
Public safety	6,500	6,500	864	5,636
<b>Total Expenditures</b>	<u>6,500</u>	<u>6,500</u>	<u>864</u>	<u>5,636</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	5,337	<u>\$ 5,337</u>
Beginning fund balance			34,445	
<b>Ending Fund Balance</b>			<u>\$ 39,782</u>	

Notes to Other Supplementary Information

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

## STATISTICAL SECTION

This part of the City's annual comprehensive 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.

<b>Contents</b>	<b>Page</b>
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Financial Trends	120
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*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Revenue Capacity	131
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*These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.*

Debt Capacity	138
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*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

Demographic and Economic Information	143
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*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

Operating Information	146
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*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

**City of Dayton, Texas**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years (Unaudited)**  
**(accrual basis of accounting)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 25,014,940	\$ 13,279,349	9,094,997	\$ 6,500,449
Restricted	2,495,746	1,156,656	2,876,058	3,894,129
Unrestricted	<u>5,684,647</u>	<u>6,166,028</u>	<u>5,163,133</u>	<u>2,027,142</u>
<b>Total governmental activities net position</b>	<b><u>\$ 33,195,333</u></b>	<b><u>\$ 20,602,033</u></b>	<b><u>\$ 17,134,188</u></b>	<b><u>\$ 12,421,720</u></b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 10,818,823	\$ 8,750,429	\$ 6,329,921	\$ 7,668,996
Restricted	-	-	-	-
Unrestricted	<u>6,351,679</u>	<u>4,210,139</u>	<u>4,370,285</u>	<u>1,013,591</u>
<b>Total business-type activities net position</b>	<b><u>\$ 17,170,502</u></b>	<b><u>\$ 12,960,568</u></b>	<b><u>\$ 10,700,206</u></b>	<b><u>\$ 8,682,587</u></b>
<b>Primary government</b>				
Net investment in capital assets	\$ 35,833,763	\$ 22,029,778	\$ 15,424,918	\$ 14,169,445
Restricted	2,495,746	1,156,656	2,876,058	3,894,129
Unrestricted	<u>12,036,326</u>	<u>10,376,167</u>	<u>9,533,418</u>	<u>3,040,733</u>
<b>Total primary government net position</b>	<b><u>\$ 50,365,835</u></b>	<b><u>\$ 33,562,601</u></b>	<b><u>\$ 27,834,394</u></b>	<b><u>\$ 21,104,307</u></b>

Source: City of Dayton, Texas Audited Financial Statements

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 6,932,976	\$ 7,571,936	\$ 8,539,396	\$ 9,583,333	\$ 6,558,718	\$ 4,566,453
2,942,343	2,826,394	2,546,588	2,158,771	6,344,697	9,063,490
<u>1,694,652</u>	<u>2,406,425</u>	<u>2,563,218</u>	<u>2,944,518</u>	<u>2,112,589</u>	<u>356,496</u>
<u>\$ 11,569,971</u>	<u>\$ 12,804,755</u>	<u>\$ 13,649,202</u>	<u>\$ 14,686,622</u>	<u>\$ 15,016,004</u>	<u>\$ 13,986,439</u>
\$ 8,381,337	\$ 8,245,345	\$ 7,862,730	\$ 8,404,755	\$ 8,972,226	\$ 9,839,516
-	-	-	-	-	-
<u>3,021,092</u>	<u>5,154,684</u>	<u>5,140,508</u>	<u>4,321,533</u>	<u>3,385,631</u>	<u>3,269,377</u>
<u>\$ 11,402,429</u>	<u>\$ 13,400,029</u>	<u>\$ 13,003,238</u>	<u>\$ 12,726,288</u>	<u>\$ 12,357,857</u>	<u>\$ 13,108,893</u>
\$ 15,314,313	\$ 15,817,281	\$ 16,402,126	\$ 17,988,088	\$ 15,530,944	\$ 14,405,969
2,942,343	2,826,394	2,546,588	2,158,771	6,344,697	9,063,490
<u>4,715,744</u>	<u>7,561,109</u>	<u>7,703,726</u>	<u>7,266,051</u>	<u>5,498,220</u>	<u>3,625,873</u>
<u>\$ 22,972,400</u>	<u>\$ 26,204,784</u>	<u>\$ 26,652,440</u>	<u>\$ 27,412,910</u>	<u>\$ 27,373,861</u>	<u>\$ 27,095,332</u>

# City of Dayton, Texas

## CHANGES IN NET POSITION

### Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2024	2023	2022	2021
<b>Expenses</b>				
Governmental activities:				
General government	\$ 4,229,401	\$ 4,743,053	\$ 3,662,865	\$ 3,906,125
Public safety	3,853,119	5,611,115	3,338,443	3,357,233
Public works	1,895,454	1,642,192	1,700,444	1,758,786
Culture and recreation	548,430	747,499	597,666	598,732
Community enhancement	1,098,850	1,319,716	990,028	1,096,823
Interest and fiscal charges	904,943	808,779	656,038	735,337
<b>Total governmental activities</b>				
<b>expenses</b>	12,530,197	14,872,354	10,945,484	11,453,036
Business-type activities:				
Water & Sewer	4,350,347	5,214,932	4,536,882	4,751,669
Refuse	702,543	754,218	868,519	797,706
Fiber	886,246	720,447	791,238	751,807
<b>Total business-type activities</b>				
<b>expenses</b>	5,939,136	6,689,597	6,196,639	6,301,182
<b>Total primary government expenses</b>	\$ 18,469,333	\$ 21,561,951	\$ 17,142,123	\$ 17,754,218
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Public safety	\$ 319,423	\$ 289,578	\$ 328,214	\$ 341,574
Public works	684,574	486,362	292,046	246,303
Culture and recreation	111,110	112,680	93,912	109,662
Operating grants and contributions	153,760	1,557,676	3,632,138	140,516
Capital grants and contributions	11,670,080	2,994,013	2,167,240	1,236,056
<b>Total governmental activities</b>				
<b>program revenues</b>	12,938,947	5,440,309	6,513,550	2,074,111
Business-type activities:				
Water & Sewer	8,025,906	8,204,024	5,737,350	3,546,087
Refuse	819,296	791,324	713,198	606,949
Fiber	159,354	112,279	58,999	-
<b>Total business-type activities</b>				
<b>program revenues</b>	9,004,556	9,107,627	6,509,547	4,153,036
<b>Total primary government program revenues</b>	\$ 21,943,503	\$ 14,547,936	\$ 13,023,097	\$ 6,227,147

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 3,266,516	\$ 2,696,118	\$ 2,574,650	\$ 2,292,956	\$ 1,550,223	\$ 1,289,299
3,223,331	4,344,552	4,461,434	2,338,072	2,792,742	2,269,519
2,543,613	1,359,432	841,397	1,407,482	1,437,126	1,296,200
579,022	535,907	670,821	656,111	522,139	768,841
1,165,072	926,551	824,133	1,034,674	860,409	534,658
734,643	744,569	656,507	669,298	708,990	808,002
<u>11,512,197</u>	<u>10,607,129</u>	<u>10,028,942</u>	<u>8,398,593</u>	<u>7,871,629</u>	<u>6,966,519</u>
4,766,288	3,889,503	3,683,436	3,431,061	3,625,937	3,388,885
1,004,761	1,049,004	1,001,909	1,040,464	932,668	868,535
596,103	-	-	-	-	-
<u>6,367,152</u>	<u>4,938,507</u>	<u>4,685,345</u>	<u>4,471,525</u>	<u>4,558,605</u>	<u>4,257,420</u>
<u>\$ 17,879,349</u>	<u>\$ 15,545,636</u>	<u>\$ 14,714,287</u>	<u>\$ 12,870,118</u>	<u>\$ 12,430,234</u>	<u>\$ 11,223,939</u>
\$ 586,875	\$ 651,207	\$ 519,874	\$ 374,383	\$ 429,698	\$ 415,984
248,728	291,555	157,153	63,733	94,027	55,531
-	-	-	-	-	-
493,443	649,110	313,512	438,513	140,542	56,029
-	-	-	-	-	-
<u>1,329,046</u>	<u>1,591,872</u>	<u>990,539</u>	<u>876,629</u>	<u>664,267</u>	<u>527,544</u>
3,975,491	3,872,285	4,154,525	3,724,552	3,363,188	3,193,106
1,049,720	1,241,372	1,337,205	1,201,259	1,091,873	1,058,072
-	-	-	-	-	-
<u>5,025,211</u>	<u>5,113,657</u>	<u>5,491,730</u>	<u>4,925,811</u>	<u>4,455,061</u>	<u>4,251,178</u>
<u>\$ 6,354,257</u>	<u>\$ 6,705,529</u>	<u>\$ 6,482,269</u>	<u>\$ 5,802,440</u>	<u>\$ 5,119,328</u>	<u>\$ 4,778,722</u>

# City of Dayton, Texas

## CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2024	2023	2022	2021
<b>Net (Expenses) Revenue</b>				
Governmental activities	\$ 408,750	\$ (9,432,045)	\$ (4,431,934)	\$ (9,378,925)
Business-type activities	3,065,420	2,418,030	312,908	(2,148,146)
<b>Total primary government net</b>				
<b>expense</b>	\$ 3,474,170	\$ (7,014,015)	\$ (4,119,026)	\$ (11,527,071)
<b>General Revenues and Other</b>				
<b>Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 8,404,387	\$ 7,970,597	\$ 6,591,855	\$ 6,222,546
Sales taxes	2,477,987	2,284,398	2,152,426	1,913,865
Franchise and local taxes	961,305	840,372	1,072,516	1,127,538
Investment income	616,941	96,406	15,297	42,112
Other revenues	348,811	824,463	918,669	314,329
Transfers	(624,881)	838,936	(1,604,606)	603,653
<b>Total governmental activities</b>	12,184,550	12,855,172	9,146,157	10,224,043
Business-type activities:				
Investment earnings	320,968	61,962	43,956	37,727
Miscellaneous	198,665	532,736	56,149	40,842
Transfers	624,881	(838,936)	1,604,606	(603,653)
<b>Total business-type activities</b>	1,144,514	(244,238)	1,704,711	(525,084)
<b>Total primary government</b>	\$ 13,329,064	\$ 12,610,934	\$ 10,850,868	\$ 9,698,959
<b>Change in Net Position</b>				
Governmental activities	\$ 12,593,300	\$ 3,423,127	\$ 4,714,223	\$ 845,118
Business-type activities	4,209,934	2,173,792	2,017,619	(2,673,230)
<b>Total primary government</b>	\$ 16,803,234	\$ 5,596,919	\$ 6,731,842	\$ (1,828,112)

Source: City of Dayton, Texas Audited Financial Statements

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ (10,183,151)	\$ (9,015,257)	\$ (9,038,403)	\$ (7,521,964)	\$ (7,207,362)	\$ (6,438,975)
<u>(1,341,941)</u>	<u>175,150</u>	<u>806,385</u>	<u>454,286</u>	<u>(103,544)</u>	<u>(6,242)</u>
<u>\$ (11,525,092)</u>	<u>\$ (8,840,107)</u>	<u>\$ (8,232,018)</u>	<u>\$ (7,067,678)</u>	<u>\$ (7,310,906)</u>	<u>\$ (6,445,217)</u>
\$ 5,850,732	\$ 5,399,604	\$ 4,828,060	\$ 4,503,923	\$ 5,123,388	\$ 4,973,068
1,755,169	1,638,096	1,657,378	1,455,191	1,428,294	1,774,826
871,920	914,205	901,297	844,839	816,409	824,956
115,436	180,597	54,284	59,747	52,876	56,722
10,281	101,609	147,162	152,086	122,032	237,491
776,482	(63,301)	582,659	176,796	693,928	(227,672)
<u>9,380,020</u>	<u>8,170,810</u>	<u>8,170,840</u>	<u>7,192,582</u>	<u>8,236,927</u>	<u>7,639,391</u>
64,138	60,599	39,535	17,968	11,529	12,335
56,685	97,741	13,689	72,973	34,907	13,623
(776,482)	63,301	(582,659)	(176,796)	(693,928)	227,672
<u>(655,659)</u>	<u>221,641</u>	<u>(529,435)</u>	<u>(85,855)</u>	<u>(647,492)</u>	<u>253,630</u>
<u>\$ 8,724,361</u>	<u>\$ 8,392,451</u>	<u>\$ 7,641,405</u>	<u>\$ 7,106,727</u>	<u>\$ 7,589,435</u>	<u>\$ 7,893,021</u>
\$ (803,131)	\$ (844,447)	\$ (867,563)	\$ (329,382)	\$ 1,029,565	\$ 1,200,416
(1,997,600)	396,791	276,950	368,431	(751,036)	247,388
<u>\$ (2,800,731)</u>	<u>\$ (447,656)</u>	<u>\$ (590,613)</u>	<u>\$ 39,049</u>	<u>\$ 278,529</u>	<u>\$ 1,447,804</u>

**City of Dayton, Texas**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years (Unaudited)**  
**(modified accrual basis of accounting)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>General Fund</b>				
Nonspendable	\$ 47,176	\$ 57,061	\$ 68,184	\$ 24,993
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	8,111,796	7,524,751	4,663,935	2,062,766
<b>Total general fund</b>	<u>\$ 8,158,972</u>	<u>\$ 7,581,812</u>	<u>\$ 4,732,119</u>	<u>\$ 2,087,759</u>
 <b>All Other Governmental Funds</b>				
Restricted	\$ 10,667,173	\$ 9,591,842	\$ 3,321,067	\$ 4,313,881
Assigned	-	-	-	-
Unassigned	(582,495)	(2,030,168)	-	-
<b>Total all other governmental funds</b>	<u>\$ 10,084,678</u>	<u>\$ 7,561,674</u>	<u>\$ 3,321,067</u>	<u>\$ 4,313,881</u>

Source: City of Dayton, Texas Audited Financial Statements

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 11,853	\$ 46,994	\$ 9,899	\$ 8,404	\$ 98,181	\$ 3,490
94,467	220,468	97,313	82,218	97,707	144,279
-	-	-	-	1,232	31,080
1,940,810	2,664,081	2,799,973	3,443,365	6,926,272	7,125,595
<u>\$ 2,047,130</u>	<u>\$ 2,931,543</u>	<u>\$ 2,907,185</u>	<u>\$ 3,533,987</u>	<u>\$ 7,123,392</u>	<u>\$ 7,304,444</u>
\$ 4,763,293	\$ 6,085,047	\$ 7,710,019	\$ 2,076,553	\$ 6,246,990	\$ 8,888,131
-	-	-	-	-	31,080
-	-	-	-	-	-
<u>\$ 4,763,293</u>	<u>\$ 6,085,047</u>	<u>\$ 7,710,019</u>	<u>\$ 2,076,553</u>	<u>\$ 6,246,990</u>	<u>\$ 8,919,211</u>

# City of Dayton, Texas

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

**Last Ten Fiscal Years (Unaudited)**  
(modified accrual basis of accounting)

	2024	2023	2022	2021
<b>Revenues</b>				
Property tax	\$ 8,312,727	\$ 7,940,976	\$ 6,565,354	\$ 6,218,829
Sales tax	2,477,987	2,284,398	2,152,426	1,913,865
Franchise and Local taxes	831,720	805,360	760,351	693,605
Payments in lieu of taxes	129,585	35,012	312,165	433,933
License and permits	684,574	486,362	292,046	246,303
Charges of services	111,110	112,680	93,912	109,662
Fines and forfeitures	319,423	289,578	328,214	341,574
Intergovernmental	5,298,478	68,871	3,837,632	1,376,572
Contribution from property owners	7,492,127	2,948,378	1,961,746	-
Investment income	616,941	96,406	15,297	118,056
Contributions and grants	-	-	-	-
Other revenues	348,811	703,656	920,433	132,361
<b>Total Revenues</b>	26,623,483	15,771,677	17,239,576	11,584,760
<b>Expenditures</b>				
General government	4,141,431	3,661,484	3,580,053	3,498,146
Public safety	3,641,412	3,461,170	3,069,395	2,925,225
Public works	1,257,575	884,987	988,742	948,825
Culture & Recreation	302,045	252,517	223,798	226,457
Community enhancement	779,114	756,898	703,965	780,402
Community center	258,808	283,888	244,384	266,393
Tourism promotion	-	-	-	-
Capital outlay	9,661,239	6,004,293	2,825,492	1,497,682
Debt Service:				
Principal	1,954,514	1,738,533	1,806,872	1,951,250
Interest and fiscal charges	902,300	644,119	690,138	774,690
Bond issuance costs	-	196,618	-	-
<b>Total Expenditures</b>	22,898,438	17,884,507	14,132,839	12,869,070
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	3,725,045	(2,112,830)	3,106,737	(1,284,310)
<b>Other financing sources (uses)</b>				
Transfers in	3,967,414	3,312,487	4,206,949	1,406,925
Transfers (out)	(4,592,295)	(2,473,551)	(5,811,455)	(1,021,141)
Sale of assets	-	125,958	40,432	512,197
Bond issuance	-	7,855,000	-	-
Bond premium	-	338,518	-	-
Lease issuance	-	-	108,883	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Debt issuance	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	(624,881)	9,158,412	(1,455,191)	897,981
<b>Net Change in Fund Balances</b>	\$ 3,100,164	\$ 7,045,582	\$ 1,651,546	\$ (386,329)
<b>Debt service as percentage of noncapital expenditures</b>	21.9%	19.9%	21.6%	23.0%

2020	2019	2018	2017	2016	2015
\$ 5,816,650	\$ 5,368,423	\$ 4,791,193	\$ 4,469,511	\$ 5,112,737	\$ 4,941,183
1,755,169	1,638,096	1,657,378	1,455,191	1,428,294	1,774,826
663,653	621,468	609,489	510,962	493,833	485,002
208,267	292,737	291,808	333,877	322,576	339,954
248,728	291,555	157,153	63,733	94,027	55,531
156,609	206,807	147,286	90,253	108,065	103,371
430,266	444,400	372,588	284,130	321,633	312,613
489,894	626,128	306,897	430,898	135,451	47,398
-	-	-	-	-	-
115,198	180,229	53,981	59,621	52,770	56,651
-	18,278	1,911	2,960	9,205	4,025
37,798	113,437	147,162	152,086	112,827	241,170
<u>9,922,232</u>	<u>9,801,558</u>	<u>8,536,846</u>	<u>7,853,222</u>	<u>8,191,418</u>	<u>8,361,724</u>
3,363,845	2,676,418	2,475,116	2,300,082	1,653,271	1,328,167
3,111,012	3,178,110	4,831,280	9,667,966	5,206,802	2,326,663
902,595	1,031,984	890,614	1,143,594	1,381,066	1,133,012
281,732	409,234	407,351	396,328	549,252	506,636
657,897	416,357	296,491	486,135	305,327	205,286
317,271	390,442	371,490	398,446	365,995	383,320
125,284	77,408	78,035	54,173	147,087	37,600
5,036,161	4,349,819	-	-	-	-
1,719,333	1,622,507	1,255,764	1,379,103	1,347,519	1,526,009
668,525	686,628	467,520	593,523	782,300	745,346
68,743	106,930	129,672	119,327	-	-
<u>16,252,398</u>	<u>14,945,837</u>	<u>11,203,333</u>	<u>16,538,677</u>	<u>11,738,619</u>	<u>8,192,039</u>
<u>(6,330,166)</u>	<u>(5,144,279)</u>	<u>(2,666,487)</u>	<u>(8,685,455)</u>	<u>(3,547,201)</u>	<u>169,685</u>
1,084,378	956,212	1,590,846	5,778,447	693,928	422,328
(200)	(17,777)	(745,867)	(5,412,417)	-	(650,000)
-	-	-	-	-	-
3,015,000	2,500,000	6,595,000	8,045,000	-	6,990,000
456,874	105,230	233,172	-	-	142,847
-	-	-	-	-	-
-	-	-	(8,060,417)	-	-
-	-	-	575,000	-	-
<u>4,556,052</u>	<u>3,543,665</u>	<u>7,673,151</u>	<u>925,613</u>	<u>693,928</u>	<u>6,905,175</u>
<u>\$ (1,774,114)</u>	<u>\$ (1,600,614)</u>	<u>\$ 5,006,664</u>	<u>\$ (7,759,842)</u>	<u>\$ (2,853,273)</u>	<u>\$ 7,074,860</u>
15.3%	15.9%	15.8%	12.3%	18.6%	28.4%

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# City of Dayton, Texas

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2015	\$ 453,094,412	\$ 447,927,810	\$ 189,520,051	\$ 711,502,171	0.690000
2016	500,240,393	455,802,530	205,471,153	750,571,770	0.680000
2017	539,828,569	330,292,050	215,046,297	655,074,322	0.680000
2018	649,521,513	361,440,650	275,709,415	735,252,748	0.655700
2019	668,559,506	420,131,837	292,589,698	796,101,645	0.682100
2020	739,162,917	438,560,484	298,477,884	879,245,517	0.664500
2021	841,005,903	393,107,113	336,694,829	897,418,187	0.706000
2022	885,552,206	443,573,148	347,424,444	981,700,910	0.666900
2023	1,068,622,657	594,576,340	452,882,430	1,210,316,567	0.663700
2024	1,198,915,132	582,666,600	489,300,741	1,292,280,991	0.660798

Note: Tax rates per \$100 of assessed valuation.

Source: City of Dayton Budget Document.

Liberty County Appraisal District

# City of Dayton, Texas

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

	2015	2016	2017	2018
<b>Direct Rates:</b>				
City of Dayton - Operating	0.44400	0.45100	0.40940	0.41520
City of Dayton - Debt Service	0.24600	0.22900	0.27060	0.24050
<b>Total Direct Rate</b>	<b>0.69000</b>	<b>0.68000</b>	<b>0.68000</b>	<b>0.65570</b>
<b>Overlapping Rates:</b>				
Liberty County	0.57880	0.57880	0.57880	0.57880
Hospital District	0.09000	0.09000	0.09000	0.09000
Dayton ISD	1.19800	1.43170	1.42170	1.39000
Drainage District #1 (2)	0.09440	0.08903	0.08900	0.07760
<b>Total Direct and Overlapping Rates (1)</b>	<b>1.96120</b>	<b>2.18953</b>	<b>2.17950</b>	<b>2.13640</b>
<b>Total Assessed Valuation</b>	<b>711,502,171</b>	<b>750,571,770</b>	<b>655,074,322</b>	<b>735,252,748</b>

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

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.42490	0.42040	0.42940	0.40970	0.34600	0.34524
0.25720	0.24410	0.27660	0.25720	0.31770	0.31556
<u>0.68210</u>	<u>0.66450</u>	<u>0.70600</u>	<u>0.66690</u>	<u>0.66370</u>	<u>0.66080</u>
0.57880	0.57880	0.55430	0.55430	0.47990	0.47000
0.09000	0.09000	0.09000	0.09000	0.07770	0.07915
1.37000	1.27000	1.19960	1.17200	1.15460	0.99260
0.06970	0.06720	0.06720	0.06580	0.05850	0.05719
<u>2.10850</u>	<u>2.00600</u>	<u>1.91110</u>	<u>1.88210</u>	<u>1.77070</u>	<u>1.59894</u>
<u>796,101,645</u>	<u>879,245,517</u>	<u>897,418,187</u>	<u>981,700,910</u>	<u>1,210,316,567</u>	<u>1,292,280,991</u>

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**City of Dayton, Texas**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**

Property Tax Payer	2024			2015		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Kinder Morgan Texas	\$ 50,910,310	1	3.94%	\$ -		0.00%
Exxon Chemical Ameri	49,516,720	2	3.83%	122,544,690	1	17.22%
Global Tubing	46,798,950	3	3.62%	39,373,350	4	5.53%
Oxy Vinyls LP	45,947,400	4	3.56%	21,460,360	5	3.02%
Total Petrochemicals	45,240,950	5	3.50%	89,355,290	2	12.56%
Braskem America Inc	32,007,810	6	2.48%	-		0.00%
Rail Logix Dayton LLC	42,920,610	7	3.32%	-		0.00%
TRT LeaseCo LLC	26,164,700	8	2.02%	13,316,050	7	1.87%
Insteel Wire Product	24,104,110	9	1.87%	20,051,660	6	2.82%
Formosa Transrail Co	23,106,420	10	1.79%	-		0.00%
Equistar Chemicals	-		0.00%	57,242,220	3	8.05%
Sam's East Inc	-		0.00%	9,981,910	8	1.40%
Entergy Texas	-		0.00%	6,978,580	9	0.98%
Wells Fargo Bank Nor	-		0.00%	6,142,200	10	0.86%
<b>Total</b>	<b>\$ 386,717,980</b>		<b>29.93%</b>	<b>\$ 386,446,310</b>		<b>54.31%</b>
Total Assessed Valuation	\$ 1,292,280,991		100%	\$ 711,502,171		100%

Source: Liberty County Appraisal District

**City of Dayton, Texas**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

Tax Year	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Tax levy	\$ 4,889,203	\$ 5,085,992	\$ 4,421,145	\$ 4,773,023
Current tax collected	\$ 4,779,250	\$ 4,968,991	\$ 4,294,524	\$ 4,636,238
Percent of current tax collections	97.75%	97.70%	97.14%	97.13%
Delinquent tax collections	\$ 70,900	\$ 82,841	\$ 93,640	\$ 94,959
Total tax collections	\$ 4,850,150	\$ 5,051,832	\$ 4,388,164	\$ 4,731,197
Total collections as a percentage of levy	99.2%	99.3%	99.3%	99.1%

Source: Liberty County Tax Office

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
\$ 5,358,462	\$ 5,766,156	\$ 6,209,304	\$ 6,424,006	\$ 7,869,417	\$ 8,309,818
\$ 5,186,893	\$ 5,623,946	\$ 6,025,163	\$ 6,249,423	\$ 7,666,926	\$ 8,071,772
96.80%	97.53%	97.03%	97.28%	97.43%	97.14%
\$ 118,856	\$ 98,677	\$ 130,848	\$ 101,095	\$ 71,630	\$ -
\$ 5,305,749	\$ 5,722,622	\$ 6,156,010	\$ 6,350,518	\$ 7,738,555	\$ 8,071,772
99.0%	99.2%	99.1%	98.9%	98.3%	97.1%

**City of Dayton, Texas**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Tax Notes	Certificates of Obligation	Premium	Capital Leases
2015	\$ 12,095,000	\$ 470,000	\$ 6,990,000	\$ 293,596	\$ 220,476
2016	11,025,000	355,000	6,860,000	274,667	187,957
2017	10,285,000	815,000	6,680,000	148,032	153,854
2018	9,480,000	585,000	13,090,000	351,374	118,090
2019	8,645,000	350,000	15,075,000	430,312	80,583
2020	7,775,000	235,000	17,395,000	841,933	41,250
2021	6,880,000	120,000	16,495,000	796,680	14,956
2022	5,960,000	-	15,740,000	751,427	111,967
2023	5,020,000	-	22,820,000	1,043,282	88,434
2024	4,060,000	-	21,850,000	981,103	63,920

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

<b>Business-type Activities</b>				<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
<b>Certificates of Obligation</b>	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Premium</b>			
\$ 7,690,000	\$ -	\$ -	\$ -	\$ 27,759,072	n/a	3,671
195,000	6,880,000	-	559,648	26,337,272	14.72%	3,425
-	6,880,000	-	512,846	25,474,732	7.49%	3,225
-	6,335,000	-	466,224	30,425,688	14.93%	3,729
-	5,770,000	-	419,602	30,770,497	11.71%	3,667
15,305,000	5,195,000	-	1,560,185	48,348,368	17.60%	5,509
24,185,000	4,605,000	-	1,932,900	55,029,536	19.24%	6,025
23,300,000	4,005,000	319,527	1,801,723	51,989,644	17.70%	5,541
22,355,000	3,390,000	4,461	1,670,545	56,391,722	18.58%	5,818
20,960,000	2,755,000	1,526	1,539,367	52,210,916	16.71%	5,232

**City of Dayton, Texas**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years (Unaudited)**

<b>Fiscal Year</b>	<b>General Bonded Debt</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Actual Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
2015	\$ 19,848,596	\$ 1,679,081	\$ 18,169,515	2.55%	2,403
2016	18,514,667	1,732,522	16,782,145	2.24%	2,183
2017	17,928,032	1,823,147	16,104,885	2.46%	2,039
2018	23,506,374	2,146,435	21,359,939	2.91%	2,618
2019	24,500,312	2,363,616	22,136,696	2.78%	2,638
2020	26,246,933	2,544,196	23,702,737	2.70%	2,701
2021	24,291,680	2,584,759	21,706,921	2.42%	2,376
2022	22,451,427	1,627,054	20,824,373	2.12%	2,219
2023	28,883,282	664,552	28,218,730	2.33%	2,911
2024	26,891,103	721,120	26,169,983	2.03%	2,623

<sup>1</sup>See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

<sup>2</sup>Population data can be found in the Schedule of Demographic and Economic Statistics.

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

# City of Dayton, Texas

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2024

Governmental Unit	Gross Bonded Debt Outstanding (a)	Estimated Percentage Applicable (b)	Estimated Share of Overlapping Debt (a * b)
<b>Debt repaid with property taxes</b>			
Dayton ISD	\$ 65,240,000	40.53%	\$ 26,439,080
Liberty County	23,255,000	11.04%	2,566,509
Subtotal, overlapping debt	88,495,000		29,005,589
<b>City direct debt</b>			26,955,023
<b>Total direct and overlapping debt</b>			\$ 55,960,612

Sources: (a) Texas BRB Data Center (data.brb.texas.gov) (b) Liberty CAD Tax Roll Summary

\* For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

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

**City of Dayton, Texas**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years (Unaudited)**

<b>Fiscal Year</b>	<b>Tax Rate Limit</b>	<b>Tax Rate</b>	<b>Available Tax Rate</b>
2015	2.5000	0.6900	1.8100
2016	2.5000	0.6800	1.8200
2017	2.5000	0.6800	1.8200
2018	2.5000	0.6557	1.8443
2019	2.5000	0.6821	1.8179
2020	2.5000	0.6645	1.8355
2021	2.5000	0.7060	1.7940
2022	2.5000	0.6669	1.8331
2023	2.5000	0.6637	1.8363
2024	2.5000	0.6608	1.8392

Note: The City Charter of the City of Dayton does not provide for a debt limit. Under the provisions of state law, the maximum tax rate is limited to \$2.50 per \$100 assessed valuation.

**City of Dayton, Texas**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

Year	Estimated Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemploy- ment Rate (5)	Level in Years of Formal Schooling (6)
					Dayton ISD	Liberty County	
2015	7,561	n/a	n/a	35.2	5,047	7.0%	19.9%
2016	7,689	178,915,341	23,269	33.1	5,193	7.5%	16.6%
2017	7,899	340,091,445	43,055	32.5	5,310	7.2%	31.4%
2018	8,159	203,819,979	24,981	33.6	5,281	5.9%	30.4%
2019	8,391	262,697,037	31,307	33.1	5,308	5.0%	24.8%
2020	8,777	274,781,539	31,307	31.6	5,415	10.5%	27.6%
2021	9,134	285,958,138	31,307	32.6	5,290	9.0%	25.5%
2022	9,383	293,753,581	31,307	32.4	5,511	5.9%	16.3%
2023	9,693	303,458,751	31,307	32.0	5,636	5.5%	9.7%
2024	9,979	312,412,553	31,307	32.4	5,682	5.3%	11.2%

- Sources: 1 World Population Review  
2 U.S. Census Bureau  
3 [U.S. Census Bureau \(2019-2024\)](#)  
4 Data Commons  
5 Dayton ISD  
6 U.S. Bureau of Labor Statistics  
7 U.S. Census Bureau

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**City of Dayton, Texas**  
**PRINCIPAL EMPLOYERS**  
**Current Fiscal Year and Nine Years Ago**

Employer	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dayton ISD	814	1	6.01%	697	1	8.43%
TDCJ	330	2	2.44%	-	n/a	-
Sam's Club Dist.	88	3	0.65%	55	8	0.67%
City of Dayton	87	4	0.64%	77	5	0.93%
Brookshire Brothers	71	5	0.52%	-	n/a	-
Dayton Nursing & Rehab	54	6	0.40%	-	n/a	-
Nucor Rebar Fabrication	51	7	0.38%	21	10	0.25%
Texas Rotating Equipment	44	8	0.32%	-	n/a	-
Dayton Lease & Pipeline	15	9	0.11%	-	n/a	-
Chambers County Public Hosp.	12	10	0.09%	-	n/a	-
Global Tubing	-	n/a	-	235	2	2.84%
Dayton Leasing and Supply	-	n/a	-	134	3	1.62%
Insteel Wire	-	n/a	-	88	4	1.06%
Amico - Klemp	-	n/a	-	60	6	0.73%
Huntsman Chemical	-	n/a	-	58	7	0.70%
Fabrication and Construction Ser	-	n/a	-	48	9	0.58%
<b>Total</b>	<b>1,566</b>		<b>11.56%</b>	<b>1,473</b>		<b>17.82%</b>
Total City Employment	13,544			8,266		

Source: Texas Labor Market Information & Various HR Departments

# City of Dayton, Texas

## OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018
Public safety				
Police				
Number of employees	26	27	27	26
Number of violations (citations including	2,212	3,177	7,136	9,474
Fire				
Number of volunteers	31	28	30	23
Number of fire runs	431	412	485	415
Number of EMS runs	379	284	315	415
Public works				
Streets (miles)	90	90	90	60
Building permits issued	24	64	71	85
Library				
Volumes in collection	32,140	32,289	32,417	18,120
Water and sewer				
Number of water connections	3,097	2,573	2,774	2,730
Number of sewer connections	2,512	2,297	2,380	2,365
Average daily water consumption <sup>a</sup>	1,464,653	1,627,354	1,345,516	1,560,733

Sources: Various City departments.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
28	26	26	26	26	26
12,284	3,933	4,161	5,097	4,533	2,939
23	25	25	27	28	31
504	441	515	624	651	787
470	469	1,201	1,231	1,512	1,687
71	72	72	69	72	74
71	121	90	71	150	105
19,064	20,014	20,876	20,999	21,396	21,972
2,423	2,889	2,909	3,005	3,132	3,196
2,370	2,854	2,546	2,655	2,740	2,835
1,663,066	1,561,813	1,416,226	1,369,567	1,528,344	1,356,097

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# City of Dayton, Texas

## *FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM*

Last Ten Fiscal Years

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General government and adminstration	15	13	14	26	27	29	26	25	28	27
Public safety	28	29	29	28	30	28	28	28	28	28
Public works	13	14	14	10	14	13	11	8	7	8
Culture and recreation	4	9	9	5	4	2	3	4	4	4
Water and sewer	16	19	19	15	17	23	20	14	12	13
Community development	12	11	11	6	8	7	6	5	6	6
Economic development	2	2	2	3	4	2	2	-	-	-
<b>Total</b>	<u>90</u>	<u>97</u>	<u>98</u>	<u>93</u>	<u>104</u>	<u>104</u>	<u>96</u>	<u>84</u>	<u>85</u>	<u>86</u>

Sources: Various City departments.

**City of Dayton, Texas**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

Function/Program	2015	2016	2017	2018
Public safety				
Police stations	1	1	1	1
Police patrol units	21	23	21	21
Fire stations	2	2	2	2
Public works				
Streets-paved (miles)	90.10	90.10	90.10	60.00
Cultural and recreational				
Parks (acres)	49.96 #	49.96 #	49.96 #	49.96
Playgrounds (1)	5	5	5	5
Library	1	1	1	1
Senior center	1	1	1	1
Water and sewer				
Fire hydrants	n/a	n/a	n/a	312
Ground storage facilities	3	3	3	3
Elevated storage facilities	4	4	4	4
Lift stations	19	19	19	19

Sources: Various City departments.

(1) Does not include HOA playgrounds.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	1	1	1	1	1	1
	20	19	18	18	20	19
	2	2	2	2	2	2
	71.20	71.80	71.80	69.33	72.27	73.91
#	49.96 #	49.96 #	49.96 #	49.96 #	49.96	49.96
	5	5	5	5	5	5
	1	1	1	1	1	1
	1	1	1	1	1	1
	317	328	424	439	453	465
	3	2	2	2	2	2
	4	4	4 #	4	4	4
	19	19	19	19	19	19