

**PRELIMINARY OFFICIAL STATEMENT**

**\$8,650,000\***  
**CITY OF DAYTON, TENNESSEE**  
**General Obligation Bonds, Series 2025**  
**(Bank Qualified)**

OFFERED FOR SALE NOT SOONER THAN

Wednesday, August 6, 2025 at 10:15 A.M. E.D.T.  
Through the Facilities of *PARITY*<sup>®</sup>



SINCE 1931

**CUMBERLAND SECURITIES**  
INDEPENDENT FINANCIAL ADVISOR

July 29, 2025

\*Preliminary, subject to change.

This *Preliminary Official Statement* and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the *Official Statement* is delivered in final form. Under no circumstances shall this *Preliminary Official Statement* constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED JULY 29, 2025**

NEW ISSUE

BOOK-ENTRY-ONLY

Rating: S&P – “AA-”

(See “MISCELLANEOUS-Rating” herein)

*In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds (i) will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax, except as described under the heading “LEGAL MATTERS-Tax Matters” herein.*

**\$8,650,000\***

**CITY OF DAYTON, TENNESSEE**

**General Obligation Bonds, Series 2025**

Dated: Date of delivery (assume August 22, 2025).

Due: June 1, as shown below.

The \$8,650,000\* General Obligation Bonds, Series 2025 (the “Bonds”) issued by the City of Dayton, Tennessee (the “City”) are issuable in fully registered form in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal, and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on December 1, 2025 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the “Registration Agent”). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated trust office of the Registration Agent.

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the City. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. See section entitled “SECURITIES OFFERED – Security”.

The Bonds maturing June 1, 2032 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2031.

| <u>Due</u><br><u>(June 1)</u> | <u>Amount*</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | <u>CUSIP**</u> | <u>Due</u><br><u>(June 1)</u> | <u>Amount*</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | <u>CUSIP**</u> |
|-------------------------------|----------------|--------------------------------|--------------|----------------|-------------------------------|----------------|--------------------------------|--------------|----------------|
| 2027                          | \$320,000      |                                |              |                | 2039                          | \$210,000      |                                |              |                |
| 2028                          | 450,000        |                                |              |                | 2040                          | 215,000        |                                |              |                |
| 2029                          | 465,000        |                                |              |                | 2041                          | 225,000        |                                |              |                |
| 2030                          | 485,000        |                                |              |                | 2042                          | 240,000        |                                |              |                |
| 2031                          | 500,000        |                                |              |                | 2043                          | 250,000        |                                |              |                |
| 2032                          | 515,000        |                                |              |                | 2044                          | 260,000        |                                |              |                |
| 2033                          | 540,000        |                                |              |                | 2045                          | 275,000        |                                |              |                |
| 2034                          | 560,000        |                                |              |                | 2046                          | 285,000        |                                |              |                |
| 2035                          | 580,000        |                                |              |                | 2047                          | 300,000        |                                |              |                |
| 2036                          | 605,000        |                                |              |                | 2048                          | 315,000        |                                |              |                |
| 2037                          | 190,000        |                                |              |                | 2049                          | 325,000        |                                |              |                |
| 2038                          | 200,000        |                                |              |                | 2050                          | 340,000        |                                |              |                |

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire *Preliminary Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued by the City, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Knoxville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon by Susan E. Arnold, Esquire, counsel to the City. It is expected that the Bonds will be available for delivery through the facilities of DTC, New York, New York, on or about August \_\_, 2025.

**Cumberland Securities Company, Inc.**

Municipal Advisor

August \_\_, 2025

\*Preliminary, subject to change.

This *Preliminary Official Statement* speaks only as of its date, and the information contained herein is subject to change.

This *Preliminary Official Statement* may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this *Preliminary Official Statement*, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this *Preliminary Official Statement*. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This *Preliminary Official Statement* and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Bond Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This *Preliminary Official Statement* does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this *Preliminary Official Statement*, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Municipal Advisor or the Underwriter. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

**\*\*Copyright, American Bankers Association (the "ABA").** CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

# CITY OF DAYTON, TENNESSEE

## **OFFICIALS**

|                        |                      |
|------------------------|----------------------|
| Honorable Hurley Marsh | <i>Mayor</i>         |
| Michelle Horton        | <i>City Recorder</i> |
| David Shinn            | <i>City Manager</i>  |
| Susan E. Arnold        | <i>City Attorney</i> |

## **CITY COUNCIL**

Caleb Yawn – *Vice Mayor*

Bill Graham

McKenzie Boling

Bobby J. Doss

## **BOND REGISTRATION AND PAYING AGENT**

Regions Bank  
Nashville, Tennessee

## **BOND COUNSEL**

Bass, Berry & Sims PLC  
Knoxville, Tennessee

## **MUNICIPAL ADVISOR**

Cumberland Securities Company, Inc.



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## **APPENDIX C: GENERAL PURPOSE FINANCIAL STATEMENTS**



## SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Preliminary Official Statement*. This Summary Statement shall not be reproduced, distributed, or otherwise used except in conjunction with the remainder of this *Preliminary Official Statement*.

|                           |  |
|---------------------------|--|
| The Issuer .....          | City of Dayton, Tennessee (the “City” or “Issuer”). See APPENDIX B contained herein.   |
| Securities Offered .....  | \$8,650,000* General Obligation Bonds, Series 2025 (the “Bonds”) of the City, dated the date of issuance (assume August 22, 2025). The Bonds mature each June 1 beginning June 1, 2027 through June 1, 2050, inclusive. See the section entitled “SECURITIES OFFERED” herein for additional information.   |
| Security .....            | The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the City. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.  |
| Purpose .....             | The Bonds are being issued for the purpose of financing, in whole or in part, (i) to refund the City’s Series 2023 Capital Outlay Note, dated November 16, 2023, which financed the construction and equipping of a school cafeteria and auditorium; (ii) the acquisition, construction, improvement and equipping of public buildings and facilities, including fire department equipment, vehicles and buildings; (iii) the acquisition of all other property, real and personal, appurtenant to the foregoing (the “Projects”); (iv) payment of engineering, legal, fiscal and administrative costs incident to the foregoing; (v) reimbursement to the City for funds previously expended for any of the foregoing; and (vi) payment of the costs related to the issuance and sale of the Bonds. |
| Optional Redemption ..... | The Bonds maturing June 1, 2032 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2031.  |
| Tax Matters .....         | In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference in calculating the alternative minimum tax except as described herein. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “LEGAL MATTERS – Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “LEGAL MATTERS -Tax Matters” herein.)   |
| Bank Qualification .....  | The Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled “LEGAL MATTERS - Tax Matters” for additional information.  |
| Rating.....               | S&P: “AA-”. See the section entitled “MISCELLANEOUS - Rating” for more information.  |
| Municipal Advisor.....    | Cumberland Securities Company, Inc., See the section entitled “MISCELLANEOUS-Municipal Advisor; Related parties; Other” herein.  |
| Underwriter.....          | _____.   |
| Bond Counsel .....        | Bass, Berry & Sims PLC, Knoxville, Tennessee.  |

\*Preliminary, subject to change.

Book-Entry-Only.....The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled “BASIC DOCUMENTATION - Book-Entry-Only System”.

Registration Agent.....Regions Bank, Nashville, Tennessee.

General.....The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See “SECURITIES OFFERED” herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of The Depository Trust Company, New York, New York.

Disclosure .....In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the City will provide the Municipal Securities Rulemaking Board (the “MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State Information Depository (“SID”), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled “MISCELLANEOUS-Continuing Disclosure.”

Other Information.....The information in this *Preliminary Official Statement* is deemed “final” within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omissions of certain pricing information allowed to be omitted pursuant to such Rule 15c2-12. For more information concerning the City or this *Preliminary Official Statement*, contact David Shinn, City Manager, P.O. Box 226, Dayton, Tennessee 37321, Telephone: (423) 775-1817 or the City's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663. Additional information regarding BiDCOMP™/PARITY® may be obtained from PARITY®, 1359 Broadway - 2<sup>nd</sup> Floor, New York, NY 10018, Telephone: 800-850-7422.

## GENERAL FUND BALANCES

### Summary of Changes In Fund Balances (In Thousands) For the Fiscal Year Ended June 30

|   | <u>2020</u>               | <u>2021</u>                | <u>2022</u>                | <u>2023</u>                | <u>2024</u>                |
|---|---------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Beginning Fund Balance                          | \$8,149,706               | \$8,758,662                | \$10,565,010               | \$11,970,681               | \$13,319,306               |
| Revenues  | 7,485,434                 | 7,701,380                  | 8,248,168                  | 8,693,240                  | 13,269,963                 |
| Expenditures                                    | 7,588,884                 | 5,930,384                  | 6,993,128                  | 7,424,702                  | 10,892,988                 |
| Excess of Revenues<br>Over (under) Expenditures | (103,450)                 | 1,770,996                  | 1,255,040                  | 1,268,538                  | 2,376,975                  |
| Other Financing Sources:                        |                           |                            |                            |                            |                            |
| Transfers                                       | 152,142                   | (457,648)                  | 126,763                    | 75,583                     | 185,919                    |
| Insurance Proceeds                              | 9,037                     | -                          | 23,868                     | 4,504                      | 103,660                    |
| Debt Proceeds                                   | 550,000                   | 493,000                    | -                          | -                          | -                          |
| Proceeds from Sale of Capital Assets            | 1,227                     | -                          | -                          | -                          | -                          |
| Adjustments                                     | -                         | -                          | -                          | -                          | 491,605                    |
| <b><u>Ending Fund Balance</u></b>               | <b><u>\$8,758,662</u></b> | <b><u>\$10,565,010</u></b> | <b><u>\$11,970,681</u></b> | <b><u>\$13,319,306</u></b> | <b><u>\$16,477,465</u></b> |

Source: Annual Comprehensive Financial Reports of the City of Dayton, Tennessee.

SUMMARY NOTICE OF SALE  
**\$8,650,000\***  
CITY OF DAYTON, TENNESSEE  
General Obligation Bonds, Series 2025

NOTICE IS HEREBY GIVEN that the Mayor of the City of Dayton, Tennessee (the “City”) will receive electronic or written bids until **10:15 a.m. E.D.T. on Wednesday, August 6, 2025** for the purchase of all, but not less than all, of the City's \$8,650,000\* General Obligation Bonds, Series 2025 (the “Bonds”). Electronic bids must be submitted through **PARITY®** as described in the “Detailed Notice of Sale”. In case of written bids, bids will be received by the City’s Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the **PARITY®** System not later than 9:45 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours’ notice via Bloomberg News Service and/or the **PARITY®** System.

Electronic bids must be submitted through **PARITY®** via the BiDComp Competitive Bidding Service as described in the Detailed Notice of Sale, and no other provider of electronic bidding services will be accepted. For the purposes of the bidding process, both written and electronic, the time maintained by **PARITY®** shall constitute the official time with respect to all bids. To the extent any instructions or directions set forth in **PARITY®** conflict with the terms of the Detailed Notice of Sale and this Summary Notice of Sale, the Detailed Notice of Sale and this Summary Notice of Sale shall prevail.

The Bonds will be issued in book-entry-only form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (assume August 22, 2025). The Bonds will mature on June 1 in the years 2027 through 2050, inclusive, with term bonds optional, with interest payable on June 1 and December 1 of each year, commencing December 1, 2025, and will be subject to optional redemption prior to maturity on June 1, 2031. **Bidders must bid not less than one hundred percent (100.00%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. No rate or rates bid for the Bonds shall be less than four percent (4.00%) or exceed five percent (5.00%) per annum. Additionally, each maturity must have a minimum reoffering price of at least ninety-eight percent (98.0%) of par.** Unless bids are rejected, the Bonds will be awarded by the Mayor of the City on the sale date to the bidder whose bid results in the lowest true interest rate on the Bonds and complies with all of the bid parameters outlined in this Summary Notice of Sale and the Detailed Notice of Sale. The approving opinion for the Bonds will be furnished at the expense of the City by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee.

**In the event that the competitive sale requirements of applicable Treasury Regulations are not met, the City will require bidders to comply with the “hold-the-offering-price rule” or the “10% Test” for purposes of determining the issue price of the Bonds as described in the Detailed Notice of Sale. Bids will not be subject to cancellation in the event that the competitive sale requirements of applicable Treasury Regulations are not satisfied.**

Additional information, including the *Preliminary Official Statement* in near final form and the Detailed Notice of Sale, may be obtained through [www.prospectushub.com](http://www.prospectushub.com) or from the City’s Municipal Advisor, Cumberland Securities Company, Inc., (865) 988-2663. Further information regarding **PARITY®** may be obtained from i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone: 212-849-5000.

/s/ Hurley Marsh  
Mayor

\*Preliminary, subject to change.

**DETAILED NOTICE OF SALE**  
**\$8,650,000\***  
**CITY OF DAYTON, TENNESSEE**  
**General Obligation Bonds, Series 2025**

NOTICE IS HEREBY GIVEN that the Mayor of City of Dayton, Tennessee (the “City”) will receive electronic or written bids until **10:15 a.m. E.D.T. on Wednesday, August 6, 2025** for the purchase of all, but not less than all, of the City’s \$8,650,000\* General Obligation Bonds, Series 2025 (the “Bonds”). Electronic bids must be submitted through *PARITY*® as described in this “Detailed Notice of Sale.” In case of written bids, bids will be received by the City’s Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth herein, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the *PARITY*® System not later than 9:45 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours’ notice via Bloomberg News Service and/or the *PARITY*® System.

Description of the Bonds. The Bonds will be issued in fully registered book-entry-only form (except as otherwise described herein) without coupons, be dated the date of issuance (assume August 22, 2025), bear interest payable each June 1 and December 1, commencing December 1, 2025 be issued, or reissued upon transfer, in \$5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable, and will mature and be payable as follows:

| <u>YEAR</u><br><u>(JUNE 1)</u> | <u>AMOUNT*</u> | <u>YEAR</u><br><u>(JUNE 1)</u> | <u>AMOUNT*</u> |
|--------------------------------|----------------|--------------------------------|----------------|
| 2027                           | \$320,000      | 2039                           | \$210,000      |
| 2028                           | 450,000        | 2040                           | 215,000        |
| 2029                           | 465,000        | 2041                           | 225,000        |
| 2030                           | 485,000        | 2042                           | 240,000        |
| 2031                           | 500,000        | 2043                           | 250,000        |
| 2032                           | 515,000        | 2044                           | 260,000        |
| 2033                           | 540,000        | 2045                           | 275,000        |
| 2034                           | 560,000        | 2046                           | 285,000        |
| 2035                           | 580,000        | 2047                           | 300,000        |
| 2036                           | 605,000        | 2048                           | 315,000        |
| 2037                           | 190,000        | 2049                           | 325,000        |
| 2038                           | 200,000        | 2050                           | 340,000        |

\*Preliminary, subject to change.

Bank Qualification. The Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended.

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The Book-Entry-Only System will evidence beneficial ownership interests of the Bonds in the principal amount of \$5,000 for the Bonds and any integral multiple of

\$5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. The Bonds will be payable, at maturity or upon earlier redemption to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments (as applicable) to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The City will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Notwithstanding the foregoing, if the successful bidder for the Bonds certifies that it intends to hold the Bonds for its own account and has no present intent to re-offer the Bonds, the use of the Book-Entry-Only System is not required.

In the event that the Book-Entry-Only System for the Bonds is discontinued and a successor securities depository is not appointed by the City, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of \$5,000 for the Bonds or integral multiples thereof. The ownership of Bonds so delivered shall be registered in registration books to be kept by the Registration Agent (named herein) and the City and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Resolution authorizing the Bonds.

Security Pledged. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the City. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

Municipal Bond Insurance. The City has provided information to prospective bond insurance companies in order to qualify the Bonds under their respective optional bidding programs. If the successful bidder or bidders for the Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Bonds, the successful bidder or bidders does so at its own risk and expense and the obligation of the successful bidder to pay for such series Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The City will cooperate with the successful bidder(s) in obtaining such insurance, but the City will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder(s) will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy, and excluding only the fees of S&P that will be paid by the City.

Purpose. The Bonds are being issued for the purpose of financing, in whole or in part, (i) to refund the City's Series 2023 Capital Outlay Note, dated November 16, 2023 (the "Refunded Debt"), which financed the construction and equipping of a school cafeteria and auditorium; (ii) the acquisition, construction, improvement and equipping of public buildings and facilities, including fire department equipment, vehicles and buildings; (iii) the acquisition of all other property, real and personal, appurtenant to the foregoing (the "Projects"); (iv) payment of engineering, legal, fiscal and administrative costs incident to the foregoing; (v) reimbursement to the City for funds previously expended for any of the foregoing; and (vi) payment of the costs related to the issuance and sale of the Bonds.

Optional Redemption. The Bonds maturing on June 1, 2032 and thereafter are subject to optional redemption prior to maturity at the option of the City on or after June 1, 2031, at any time at the redemption price of par plus accrued interest.

Term Bond Option; Mandatory Redemption. Bidders shall have the option to designate certain consecutive serial maturities of the Bonds as one or more term bonds ("Term Bonds") bearing a single interest

rate. If a successful bidder for the Bonds designates certain consecutive serial maturities of such Bonds to be combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the City at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the bid of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date.

**Bidding Instructions.** The City will receive electronic or written bids for the purchase of all, but not less than all, of the Bonds. **Bidders for the Bonds are requested to name the interest rate or rates the Bonds are to bear in multiples of one-eighth of one percent and/or one-hundredth of one percent (.01%) or one (1) basis point, but no rate specified shall not be less than four percent (4.00%) or be in excess of five percent (5.00%) per annum. There will be no limitation on the number of rates of interest that may be specified in a single bid for the Bonds but a single rate shall apply to each single maturity of the Bonds. Bidders must bid not less than one hundred percent (100.00%) of par or no more than one hundred and twenty-five percent (125%) of par. Additionally, each maturity must have a minimum reoffering price of at least ninety-eight percent (98.0%) of par.**

Electronic bids must be submitted through **PARITY**® via BiDCOMP Competitive Bidding System and no other provider of electronic bidding services will be accepted. Subscription to the i-Deal LLC Dalcomp Division's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will not confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For the purposes of the bidding process, the time as maintained by **PARITY**® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in **PARITY**® conflict with the terms of this Detailed Notice of Sale, this Notice shall prevail. An electronic bid made through the facilities of **PARITY**® shall be deemed an offer to purchase in response to this Detailed Notice of Sale and shall be binding upon the bidder as if made by a signed, written bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by **PARITY**®. The use of **PARITY**® facilities are at the sole risk of the prospective bidders.

For further information regarding **PARITY**®, potential bidders may contact i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, NY, 10018, Telephone: 212-849-5000.

In the event of a system malfunction in the electronic bidding process bidders may submit bids prior to the established date and time by FACSIMILE transmission sent to the City's Municipal Advisor, Cumberland Securities Company, Inc. at 865-988-1863. Any facsimile submission is made at the sole risk of the prospective bidder. The City and the Municipal Advisor shall not be responsible for confirming receipt of any facsimile bid or for any malfunction relating to the transmission and receipt of such bids.

Any written bids should be submitted by facsimile to the City's Municipal Advisor at 865-988-1863. Written bids must be submitted on the Bid Forms included with the *Preliminary Official Statement*.

The City reserves the right to reject all bids for the Bonds and to waive any informalities in the bids accepted.

Unless all bids for the Bonds are rejected, the Bonds will be awarded by the Mayor to the bidder whose bid complies with this Detailed Notice of Sale and results in the lowest true interest rate on the Bonds to be calculated as that rate that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds. For purposes of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial

maturity in such year. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the Mayor shall determine in his sole discretion which of the bidders shall be awarded the Bonds.

After receipt of the bids, the City reserves the right to make adjustments and/or revisions to the Bonds, as described below.

Adjustment and/or Revision. While it is the City's intention to sell and issue the approximate par amounts of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size the Bonds or if the refundings fail to save the City the funds necessary to complete the refundings. Accordingly, the Mayor reserves the right, in his sole discretion, to adjust down the original par amount of the Bonds by up to twenty-five percent (25%). The principal factor to be considered in making any adjustments is the amount of premium bid for particular maturities. Among other factors the Mayor may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the size of individual maturities or sinking fund installments and/or other preferences of the City. Additionally, the Mayor reserves the right to change the dated date of the Bonds.

In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid for the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

The successful bidder for the Bonds will be tentatively notified by not later than 5:00 p.m. (Eastern Daylight Time), on the sale date of the exact revisions and/or adjustments required, if any.

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder shall be required to deliver to the City's Municipal Advisor (by wire transfer) the amount of up to two percent (2%) of the aggregate principal amount of the Bonds offered for sale which will secure the faithful performance of the terms of the bid. A wire transfer must be received by the City's Municipal Advisor no later than the close of business on the day following the competitive sale. The wire instructions will be sent to the winning bidder after all bids are received.

The good faith deposit shall be applied (without interest) to the purchase price of the Bonds. If the successful bidder should fail to accept or pay for the Bonds when tendered for delivery and payment, the good faith deposit will be retained by the City as liquidated damages.

In the event of the failure of the City to deliver the Bonds to the purchaser in accordance with the terms of this Notice within forty-five (45) days after the date of the sale, the good-faith deposit will be promptly returned to the purchaser unless the purchaser directs otherwise.

#### Establishment of Issue Price

Undertakings of the Successful Bidder. The successful bidder for the Bonds shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the City in writing (via facsimile transmission or electronic mail) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the City within 24 hours after award, furnish the following information to the City to complete the *Official Statement* in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the City that the Bonds were initially offered to the public).
- B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information that the City determines is necessary to complete the *Official Statement* in final form.

After the award of the Bonds, the City will prepare copies of the final *Official Statement* and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the City will not include in the final *Official Statement* a “NRO” (“not reoffered”) designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the City in all aspects for the accuracy and completeness of information provided by such successful bidders with respect to such reoffering.

The City expects the successful bidder to deliver copies of such *Official Statement* in final form (the “Final Official Statement”) to persons to whom such bidder initially sells the Bonds and the Municipal Securities Rulemaking Board (“MSRB”) via the MSRB’s Electronic Municipal Market Access System (“EMMA”). The successful bidder will be required to acknowledge receipt of the Final Official Statement, to certify that each has made delivery of the Final Official Statement to the MSRB, to acknowledge that the City expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

#### Establishment of Issue Price

- a. The successful bidder shall assist the City in establishing the issue price of the Bonds as more fully described herein. All actions to be taken by the City under this Detailed Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the City by the Municipal Advisor, and any notice or report to be provided to the City may be provided to the Municipal Advisor.
- b. The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:
  1. the City shall disseminate this Detailed Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
  2. all bidders shall have an equal opportunity to bid;
  3. the City expects to receive bids for the Bonds from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
  4. the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Detailed Notice of Bond Sale.

Any bid submitted pursuant to this Detailed Notice of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

- c. In the event that the Competitive Sale Requirements are not satisfied as to the Bonds, the City shall so advise the successful bidder. In such event, the City intends to treat the (i) the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City promptly after the award of the Bonds if any maturities of the Bonds satisfy the 10% Test as of the date and time of the award of the Bonds. The Hold-the-Offering-Price Rule shall apply to all maturities that do not satisfy the 10% Test as of the sale date. Bids will not be subject to cancellation in the event that the City determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their



bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

- d. By submitting a bid, in the event of application of the Hold-the-Offering-Price Rule, the successful bidder for the Bonds shall be deemed to have (i) confirmed that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:
1. the close of the fifth (5<sup>th</sup>) business day after the sale date; or
  2. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

In the event of application of the Hold-the-Offering-Price Rule to any maturity of the Bonds, any successful bidder will advise the City promptly after the close of the fifth (5<sup>th</sup>) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

- e. By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

- (A) (1) to report the prices at which it sells to the public any unsold Bonds of each maturity allocated to it to which the Hold-the-Offering-Price Rule applies until the close of the fifth (5<sup>th</sup>) business day after the sale date and (2) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder and as set forth in the related pricing wires,
- (B) to promptly notify the successful bidder of the Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public, and
- (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity to which the Hold-the-Offering-Price Rule applies allocated to it until the close of the fifth (5<sup>th</sup>) business day after the sale date and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder or the underwriter and as set forth in the related pricing wires.

- f. The City acknowledges that, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds.
- g. Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public shall not constitute sales to the public for purposes of this Detailed Notice of Bond Sale. Further, for purposes of this Detailed Notice of Bond Sale:
1. “public” means any person other than an underwriter or a related party;
  2. “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);
  3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
  4. “sale date” means the date that the Bonds are awarded by the City to the successful bidder.

Issue Price Certificate. The winning bidder will be required to provide the City, at closing, with an issue price certificate consistent with the foregoing and meeting the requirements of bond counsel. The form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit A if the Competitive Sale Requirements are met, and the form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit B if the Competitive Sale Requirements are not met.

Legal Opinion. The approving opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel along with other certificates including, but not limited to, a tax certificate and a continuing disclosure certificate dated as of the date of delivery of the Bonds will be furnished to the purchaser at the expense of the City. As set forth in the *Preliminary Official Statement*, Bond Counsel's opinion with respect to the Bonds will

state that interest on the Bonds will be excluded from gross income for federal income tax purposes; is not an item of tax preference for purposes of the federal law alternative minimum tax. As set forth in the *Preliminary Official Statement*, the owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds. Reference is hereby made to the *Preliminary Official Statement* and the form of the opinion contained in Appendix A.

Continuing Disclosure. At the time the Bonds are delivered, the City will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after each of the City's fiscal years (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system (the "EMMA") and any State Information Depository established in the State of Tennessee (the "SID"). If the City is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the City either with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of events are summarized in the *Preliminary Official Statement*.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days' notice will be given to the successful bidder of such delivery. Delivery will be made in book-entry-only form through the facilities of The Depository Trust Company, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds.

CUSIP Numbers. CUSIP numbers will be assigned to the Bonds at the expense of the City. The City will assume no obligation for assignment of such numbers or the correctness of such numbers and neither failure to record such numbers on Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and make payment for the Bonds.

Official Statements; Other. The City has deemed the *Preliminary Official Statement* to be final as of its date within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission (the "SEC") except for the omission of certain pricing and other information. The City will furnish the successful bidder at the expense of the City a reasonable number of copies of the *Official Statement* in final form, containing the pricing and other information to be supplied by the successful bidder and to be dated the date of the sale, to be delivered by the successful bidder to the persons to whom each such bidder and members of its bidding group initially sell the Bonds within seven (7) business days. Acceptance of a bid of the Bonds will constitute a contract between the City and the successful bidder for the provision of such copies within seven business days of the sale date.

Further Information. Additional information, including the *Preliminary Official Statement*, this Detailed Notice of Sale and the Official Bid Form, may be obtained from the City's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: 865-988-2663. Further information regarding **PARITY**<sup>®</sup> may be obtained from i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York, 10018, Telephone: 212-849-5000.

/s/ Hurley Marsh, Mayor

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## **EXHIBIT A**

### **CITY OF DAYTON, TENNESSEE [ \$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES 2025 ]**

#### **ISSUE PRICE CERTIFICATE (if Competitive Sale Requirements are met)**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) of the City of Dayton, Tennessee (the “Issuer”).

**1. *Reasonably Expected Initial Offering Price.***

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.
- (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

**2. *Defined Terms.***

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (c) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).
- (d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 6, 2025.
- (e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party

to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry & Sims PLC in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_

[NAME OF UNDERWRITER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **EXHIBIT B**

### **CITY OF DAYTON, TENNESSEE** **[\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES 2025]**

#### **ISSUE PRICE CERTIFICATE** **(if Competitive Sale Requirements are not met)**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”) [and the other members of the underwriting syndicate (together, the “Underwriting Group”)], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Dayton, Tennessee (the “Issuer”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.
2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***
  - (a) [SHORT NAME OF UNDERWRITER] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
  - (b) As set forth in the [Detailed Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER] agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.
3. ***Defined Terms.***
  - (a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”
  - (b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule B hereto as the “Hold-the-Offering-Price Maturities.”
  - (c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
  - (d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different

maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

- (e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (f) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).
- (g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 6, 2025.
- (h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry & Sims PLC connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_

[NAME OF UNDERWRITER]

By: \_\_\_\_\_



# BID FORM

Honorable Hurley Marsh, Mayor  
P.O. Box 226  
Dayton, Tennessee 37321

August 6, 2025

Dear Mr. Marsh:

For your legally issued, properly executed \$8,650,000\* General Obligation Bonds, Series 2025 (the “Bonds”) of the City of Dayton, Tennessee, in all respects as more fully outlined in your Detailed Notice of Sale, which by reference are made a part hereof, we will pay you a sum of \_\_\_\_\_ (\$ \_\_\_\_\_).

The Bonds shall be dated the date of issuance (assume August 22, 2025) and shall be callable in accordance with the Detailed Notice of Sale. The Bonds shall mature on June 1 and bear interest at the following rates:

| <b>Maturity<br/>(June 1)</b> | <b>Amount*</b> | <b>Rate</b> | <b>Maturity<br/>(June 1)</b> | <b>Amount*</b> | <b>Rate</b> |
|------------------------------|----------------|-------------|------------------------------|----------------|-------------|
| 2027                         | \$320,000      | —           | 2039                         | \$210,000      | —           |
| 2028                         | 450,000        | —           | 2040                         | 215,000        | —           |
| 2029                         | 465,000        | —           | 2041                         | 225,000        | —           |
| 2030                         | 485,000        | —           | 2042                         | 240,000        | —           |
| 2031                         | 500,000        | —           | 2043                         | 250,000        | —           |
| 2032                         | 515,000        | —           | 2044                         | 260,000        | —           |
| 2033                         | 540,000        | —           | 2045                         | 275,000        | —           |
| 2034                         | 560,000        | —           | 2046                         | 285,000        | —           |
| 2035                         | 580,000        | —           | 2047                         | 300,000        | —           |
| 2036                         | 605,000        | —           | 2048                         | 315,000        | —           |
| 2037                         | 190,000        | —           | 2049                         | 325,000        | —           |
| 2038                         | 200,000        | —           | 2050                         | 340,000        | —           |

We have elected the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

Term Bond 1: Maturities from June 1, 20\_\_\_\_ through June 1, 20\_\_\_\_ @ \_\_\_\_%.

Term Bond 2: Maturities from June 1, 20\_\_\_\_ through June 1, 20\_\_\_\_ @ \_\_\_\_%.

Term Bond 3: Maturities from June 1, 20\_\_\_\_ through June 1, 20\_\_\_\_ @ \_\_\_\_%.

Term Bond 4: Maturities from June 1, 20\_\_\_\_ through June 1, 20\_\_\_\_ @ \_\_\_\_%.

Term Bond 5: Maturities from June 1, 20\_\_\_\_ through June 1, 20\_\_\_\_ @ \_\_\_\_%.

Term Bond 6: Maturities from June 1, 20\_\_\_\_ through June 1, 20\_\_\_\_ @ \_\_\_\_%.

It is our understanding that the Bonds are offered for sale as “qualified tax-exempt obligations” subject to the final approving opinion of Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee, whose opinion together with the executed Bonds, will be furnished by the City without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for up to 2% of the Bonds on which we have bid by the close of business on the date following the competitive public sale as outlined in the *Detailed Notice of Sale*. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Bonds on which we have bid.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. [If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]

Accepted for and on behalf of the  
City of Dayton, Tennessee, this  
6<sup>th</sup> day of August 2025

\_\_\_\_\_  
Hurley Marsh, Mayor

Respectfully submitted,

\_\_\_\_\_  
Total interest cost from  
August 22, 2025 to final maturity \$ \_\_\_\_\_  
Less: Premium /plus discount, if any \$ \_\_\_\_\_  
Net Interest Cost \$ \_\_\_\_\_  
True Interest Rate \_\_\_\_\_%

*The computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.*



**\$8,650,000\***  
**CITY OF DAYTON, TENNESSEE**  
**General Obligation Bonds, Series 2025**

**SECURITIES OFFERED**

**AUTHORITY AND PURPOSE**

This *Preliminary Official Statement* which includes the Summary Statement hereof and appendices hereto, is furnished in connection with the offering by the City of Dayton, Tennessee (the “City”) of \$8,650,000\* General Obligation Bonds, Series 2025 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, and other applicable provisions of the law and pursuant to resolutions adopted by the City Council of the City (the “City Council”). The detailed bond resolutions (the “Resolution”) authorizing the issuance of the Bonds were adopted by the City Council on June 2, 2025 and July 7, 2025 (the “Resolution”).

The Bonds are being issued for the purpose of financing, in whole or in part, (i) to refund the City’s Series 2023 Capital Outlay Note, dated November 16, 2023 (the “Refunded Debt”), which financed the construction and equipping of a school cafeteria and auditorium; (ii) the acquisition, construction, improvement and equipping of public buildings and facilities, including fire department equipment, vehicles and buildings; (iii) the acquisition of all other property, real and personal, appurtenant to the foregoing (the “Projects”); (iv) payment of engineering, legal, fiscal and administrative costs incident to the foregoing; (v) reimbursement to the City for funds previously expended for any of the foregoing; and (vi) payment of the costs related to the issuance and sale of the Bonds.

**DESCRIPTION OF THE BONDS**

The Bonds will be dated and bear interest from their date of issuance and delivery (assume August 22, 2025). Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing December 1, 2025. The Bonds are issuable in book-entry-only form in \$5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the Mayor and shall be attested by the City Recorder. No Bond shall be valid until it has been authorized by the manual signature of an authorized officer or employee of the Registration Agent and the date of the authentication noted thereon.

**SECURITY**

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the City. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

The City, through its governing body, shall annually levy and collect a tax on all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the City and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected. The taxes may be reduced to the extent of other available funds, including revenues of the water and sewer system of the City, for the payment of debt service on the Bonds.

The Bonds are not obligations of the State of Tennessee (the "State") or any political subdivision thereof other than the City.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

Under the Internal Revenue Code of 1986, as amended (the "Code"), in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations," as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the City as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

## **OPTIONAL REDEMPTION OF THE BONDS**

Bonds maturing June 1, 2032, and thereafter, shall be subject to optional redemption prior to maturity at the option of the City on June 1, 2031 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of the City, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry-Only System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry-Only System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

## **MANDATORY REDEMPTION**

The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to the credit hereinafter

provided, the City shall redeem Bonds maturing June 1, 20\_\_, and June 1, 20\_\_ on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within a maturity shall be selected in the manner described above relating to optional redemption.

The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

| <u>Maturity</u> | <u>Redemption<br/>Date</u> | <u>Principal Amount<br/>of Bonds<br/>Redeemed</u> |
|-----------------|----------------------------|---|
|-----------------|----------------------------|---|

\*Final Maturity

At its option, to be exercised on or before the forty-fifth (45) day next preceding any such redemption date, the City may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation shall be accordingly reduced. The City shall on or before the forty-fifth (45) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) described above are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

## **NOTICE OF REDEMPTION**

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption.

The Registration Agent shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

## **PAYMENT OF BONDS**

The Bonds will bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, on the dates provided herein, such interest being computed upon the basis of a 360-day year of twelve 30-day months. Interest on each Bond shall be paid by check or draft of the Registration Agent to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the designed trust office of the Registration Agent.

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## BASIC DOCUMENTATION

### REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, its successor or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as follows. However, if the winning bidder certifies to the City that it intends to hold the Bonds for its own account and has no present intent to reoffer the Bonds, then the use of the Book-Entry-Only System is not required.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

### BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the “Regular Record Date”) by check or draft mailed to such owner at its address shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

*DTC and its Participants.* DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over

100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized Book-Entry-Only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

*Purchase of Ownership Interests.* Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry-Only System for the Bonds is discontinued.

*Payments of Principal and Interest.* Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

*Notices.* Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may



wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

*Transfers of Bonds.* To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

None of the Issuer, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

## **DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM**

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the City determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the City will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to Beneficial Owners.

*No Assurance Regarding DTC Practices.* The foregoing information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the

City believes to be reliable, but the City, the Bond Counsel, the Registration Agent and the Municipal Advisor do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the City, the Bond Counsel, the Registration Agent or the Municipal Advisor will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

## **DISPOSITION OF BOND PROCEEDS**

The proceeds of the sale of the Bonds shall be distributed as follows:

(a) an amount sufficient, together with such other City funds as may be identified by the Mayor and, if applicable, investment earnings on the foregoing, to refund the Refunded Debt shall be applied to the refunding thereof by paying such funds directly to the holders of the Refunded Debt (or paying agents or trustees for such holders; and

(b) the remaining proceeds should be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the 2025 Construction Fund (the "Construction Fund"), or such other designation as shall be determined by the Mayor to be kept separate and apart from all other funds of the City. The City shall disburse funds in the Construction Fund to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Municipal Advisor to be used to pay costs of issuance of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Projects and to reimburse the City for any funds previously expended for costs of the Projects. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be invested in such investments as shall be permitted by applicable law to the extent permitted by applicable law.

## **DISCHARGE AND SATISFACTION OF BONDS**

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

2. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

3. By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise described below, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Registration Agent. For the purposes described above, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

## **REMEDIES OF BONDHOLDERS**

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the City, including, but not limited to, the right to require the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

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## LEGAL MATTERS

### LITIGATION

There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the City to sell or issue the Bonds.

### TAX MATTERS

#### Federal

*General.* Bass, Berry & Sims PLC, Knoxville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the City and assuming compliance by the City with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not treated as an item of preference in calculating the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

The Code imposes requirements on the Bonds that the City must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the City does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The City has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the

Bonds or affect the market price of the Bonds. See also section "CHANGES IN FEDERAL AND STATE TAX LAW" below.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

*Bond Premium.* If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

*Qualified Tax-Exempt Obligations.* Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the City as to the Bonds, Bond Counsel has determined that the Bonds, upon issuance, will be "qualified tax-exempt obligations" within the meaning of the Code.

*Original Issue Discount.* A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

*Information Reporting and Backup Withholding.* Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup

withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

### **State Taxes**

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

### **CHANGES IN FEDERAL AND STATE TAX LAW**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

### **CLOSING CERTIFICATES**

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the Mayor acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or

omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the City since the date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the Mayor and City Recorder acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the City concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

## **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel. Bond Counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled “LEGAL MATTERS - Tax Matters.” The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled “MISCELLANEOUS – “Competitive Public Sale”, “Additional Information” and “Continuing Disclosure.”

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## MISCELLANEOUS

### RATING

S&P Global Ratings (“S&P”) has given the Bonds the rating of “AA-”.

There is no assurance that such rating will continue for any given period of time or that the ratings may not be suspended, lowered or withdrawn entirely by S&P, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy of the United States of America, including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

The rating reflects only the views of S&P and any explanation of the significance of such rating should be obtained from S&P.

### COMPETITIVE PUBLIC SALE

The Bonds will be offered for sale at competitive public bidding on August 6, 2025. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that is dated July 29, 2025.

The successful bidder for the Bonds was an account led by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the “Underwriters”) who contracted with the City, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of \$ \_\_\_\_\_ (consisting of the par amount of the Bonds, less an underwriter’s discount of \$ \_\_\_\_\_ and less an original issue discount of \$ \_\_\_\_\_) or \_\_\_\_% of par.

### MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

*Municipal Advisor.* Cumberland Securities Company, Inc., has served as Municipal Advisor (the “Municipal Advisor”) to the City for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the City to compile, create, or interpret any information in the *Preliminary Official Statement* and *Official Statement* relating to the City, including without limitation any of the City’s financial and operating data, whether historical or projected. Any information contained in the *Preliminary Official Statement* and *Official Statement* concerning the City, any of its affiliates or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to review

or audit any information in the *Preliminary Official Statement* and *Official Statement* in accordance with accounting standards.

*Regions Bank.* Regions Bank (the “Bank”) is a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the City in other normal commercial banking capacities, it will be compensated separately for such services.

*Official Statement.* Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the *Preliminary Official Statement*, in final form, and the *Official Statement*, in final form on behalf of the City and will be compensated and/or reimbursed for such distribution and other such services.

*Bond Counsel.* From time to time, Bass, Berry & Sims PLC has represented the Bank on legal matters unrelated to the City and may do so again in the future.

*Other.* Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company’s role as serving as the City’s Dissemination Agent. If the City chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. including Dissemination Agent and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

## **ADDITIONAL DEBT**

The City has authorized not authorized any additional debt. However, the City has various capital projects which may or may not be funded in future years and may require the issuance of additional debt.

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## DEBT LIMITATIONS

Pursuant to Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, there is no limit on the amount of bonds that may be issued when the City uses the statutory authority granted therein to issue bonds. (see “DEBT STRUCTURE - Indebtedness and Debt Ratios” for additional information.)

## DEBT RECORD

There is no record of a default on principal and interest payments by the City from information available. Additionally, no agreements or legal proceedings of the City relating to securities have been declared invalid or unenforceable.

## CONTINUING DISCLOSURE

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2025 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The issuer will provide notice in a timely manner to the MSRB of a failure by the City to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at [www.emma.msrb.org](http://www.emma.msrb.org) and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

*Five-Year History of Filing.* For the past five years, the City is unaware of any instances in which it has not complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

*Content of Annual Report.* The City's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the City for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the City's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled “SUPPLEMENTAL INFORMATION STATEMENT.”

1. Summary of Bonded Indebtedness as of the end of such fiscal year;

2. The Indebtedness and Debt Ratios as of the end of such fiscal year, together with information about the property tax base;
3. Information about the Bonded Debt Service Requirements – General Obligation Debt as of the end of such fiscal year;
4. Information about the Bonded Debt Service Requirements – Water and Sewer System as of the end of such fiscal year;
5. Information about the Bonded Debt Service Requirements – Electric System as of the end of such fiscal year;
6. The Fund Balances, Net Assets and Retained Earnings for the fiscal year;
7. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year;
8. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances - Electric Fund for the fiscal year;
9. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances – Water and Sewer Fund for the fiscal year;
10. The estimated assessed value of property in the City for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year;
11. Property Tax Rates and Collections of the City for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year; and
12. The Ten Largest Taxpayers.

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the City or related public entities, which have been submitted to the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

*Reporting of Significant Events.* The City will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.

2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
  - a. Principal and interest payment delinquencies;
  - b. Non-payment related defaults, if material;
  - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
  - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
  - e. Substitution of credit or liquidity providers, or their failure to perform;
  - f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
  - g. Modifications to rights of Bondholders, if material;
  - h. Bond calls, if material, and tender offers;
  - i. Defeasances;
  - j. Release, substitution, or sale of property securing repayment of the securities, if material;
  - k. Rating changes;
  - l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
  - m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  - n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - o. Incurrence of a financial obligation (which includes a debt obligation, or a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the City, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms as

of a financial obligation of the City, any of which affect security holders, if material; and

- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the City, any of which reflect financial difficulties.

*Termination of Reporting Obligation.* The City's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

*Amendment; Waiver.* Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

- (c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

*Default.* In the event of a failure of the City to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance.

## **BONDHOLDER RISK**

*CLIMATE CHANGE.* Planning for climate change in the State and its impact on the City's operation is an unknown challenge. The State's climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts and floods. The financial impact of climate change is not yet known, and therefore, its future impact on the City cannot be quantified reliably at this time.

*CYBER-SECURITY.* Computer networks and data transmission and collection are vital to the efficient operations of the City. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the City, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties and the services provided, and cause a loss of confidence in the City's operations, which could materially affect the City and its operations.

## **ADDITIONAL INFORMATION**

Use of the words "shall," "must," or "will" in this *Preliminary Official Statement* in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this *Preliminary Official Statement* involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this *Preliminary Official Statement* nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The *Preliminary Official Statement* and *Official Statement*, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in the *Preliminary Official Statement* or the *Official Statement*, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The City has deemed this *Preliminary Official Statement* as “final” as of its date within the meaning of Rule 15c2-12 except for the omission of certain pricing information allowed to be omitted pursuant to Rule 15c2-12.

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## **CERTIFICATION OF THE CITY**

On behalf of the City, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ \_\_\_\_\_  
Mayor

ATTEST:

/s/ \_\_\_\_\_  
City Recorder



## **APPENDIX A**

### **LEGAL OPINION**



**LAW OFFICES OF  
BASS, BERRY & SIMS PLC  
900 SOUTH GAY STREET, SUITE 1700  
KNOXVILLE, TENNESSEE 37902**

Ladies and Gentlemen:

We have acted as bond counsel to the City of Dayton, Tennessee (the "Issuer") in connection with the issuance of \$ \_\_\_\_\_ General Obligation Bonds, Series 2025 (the "Bonds") dated \_\_\_\_\_, 2025. We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.
2. The resolutions of the City Council of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer.
3. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Issuer. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Issuer have been irrevocably pledged.
4. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. Failure to comply with certain of such requirements could cause interest on the Bonds to be so includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

6. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Code

The rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equity principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. Further, we express no opinion herein regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

## **APPENDIX B**

### **SUPPLEMENTAL INFORMATION STATEMENT**





## **GENERAL INFORMATION**

### **LOCATION**

The City of Dayton (the “City”) is located in Rhea County (the “County”) in the southeastern portion of the State of Tennessee, approximately 36 miles south of Chattanooga. The County is located in the Tennessee River Valley in the eastern part of the state. To the north, the County is bordered by Cumberland and Roane Counties and to the east by Meigs County and the Tennessee River. Hamilton County makes up the County’s southern border, and to the west, the County is bordered by Bledsoe County. The City of Dayton serves as the county seat. Other incorporated municipalities within the County are Graysville and Spring City.

### **GENERAL**

The land area of Rhea County is approximately 325 square miles. The 2020 US Census for the County was 32,870 and the City was 7,065.

### **TRANSPORTATION**

The County is located 14 miles from Interstate Highways 75 and 18 miles from I-40. U.S. Highways 27 & 68 traverse the County, along with State Highways 30 & 60. Twenty motor freight companies serve the County, and rail service is provided by the Norfolk-Southern Railroad. The community air service is provided by Mark Anton Airport, 5 miles away. It has a 5,000-foot asphalt runway. The nearest commercial airport is the Lovell Field Airport in Chattanooga.

The nearest port facility is 30 miles to the south in Chattanooga on the Tennessee River. Channelization of the Tennessee River to a 9-foot minimum navigable depth from its junction with the Ohio River at Paducah, Kentucky to Knoxville, Tennessee gives the County the benefits of year round, low cost water transportation and a port on the nation's 10,000 mile inland waterway system. This system formed largely by the Mississippi River and its tributaries, effectively links the County with the Great Lakes to the north and the Gulf of Mexico to the south. The River borders Knox, Blount, Roane, Loudon, Meigs, Rhea, Marion, Hamilton, Hardin, Wayne, Decatur, Perry, Benton, Humphreys, Henry, Houston and Stewart Counties in the state.

### **HISTORY**

The Scopes Evolution Trial (also known as "The Monkey Trial") held in Dayton for eleven days in July 1925, was a theological argument between creation vs. evolution. The trial was as a result of a state statute that made it unlawful for any teacher in any educational institution supported by the public school funds to teach evolution. John Scopes was a high school science teacher in Dayton and was arrested on the misdemeanor of violating the statute.

The prosecution was headed by William Jennings Bryan, a three-time presidential nominee and a former Secretary of State. He was known as most celebrated orator of his day and was also a leader of the fundamentalist forces in the century, of which the Science-Bible issue was a facet. Heading the defense was Clarence Darrow, America's most famous criminal lawyer and an agnostic. He had been contacted by the American Civil Liberties Union. Hundreds of reporters descended on Dayton for the trial. Press coverage of this trial perhaps exceeded coverage of any event up to the time. Newspapers from all over the world sent not just reporters but editors to witness the courtroom battle. It was estimated that 10,000 visitors overran the town daily.

Many viewed the trial as a contest between the two greats, Darrow and Bryan. Darrow's interrogation of Bryan is one of the major facets of the proceedings. The jury convicted Scopes of violating the law, which was later overturned on a technicality.

*Source:* Rhea County.

## EDUCATION

There are two school systems that serve the County. The *Dayton City School System* has one elementary school with a fall 2023 enrollment of 818. The *Rhea County School System* serves the County with seven schools. The fall 2023 enrollment was 4,178.

*Source:* Tennessee Department of Education.

*Bryan College* is an independent, four-year Christian liberal arts institution in Dayton, Tennessee offering Associates' and Bachelors' degrees in 22 areas. Bryan's 125-acre hilltop campus is situated in Dayton within the foothills of the Smoky Mountains, and just forty minutes north of Chattanooga. Bryan College enrolls about 700 students each year.

*Source:* Bryan College.

*Chattanooga State Technical Community College* (the “CSTCC”) is located in Chattanooga, Tennessee. It was founded in 1965. The fall 2023 enrollment was 7,156 students over 4 campuses: Downtown Chattanooga, East Chattanooga, Dayton, Kimball and Sequatchie Bledsoe. Chattanooga State provides comprehensive one and two-year occupational, college parallel, continuing education, and community service programs as well as quality technical and scientific occupational programs. The College serves Chattanooga and Hamilton, Bradley, Rhea, Sequatchie, Marion, Bledsoe, and Grundy counties.

Since 2007 CSTCC has invested more than \$2.3 million in technology curriculum updates and expansions to relate directly to automotive industry and suppliers, as well as energy and nuclear industries moving to the area. Volkswagen has completed construction on a \$1 billion plant in nearby Chattanooga that employs about 2,000 people. The large work force needed has the opportunity to be trained for Volkswagen in addition to the suppliers. The \$2.4 billion Wacker Polysilicon plant, which began production in early 2016 and is located in nearby Bradley County, has three apprenticeship programs at CSTCC to help meet future employment needs. Chemical operator and mechanical and electrical/instrumentation apprentices will work one to two days a week at the plant in addition to their class work.

Chattanooga State has established Tennessee’s first Early College Technical Centers in three area high schools. East Ridge, Soddy Daisy and Ooltewah high schools began offering postsecondary engineering courses in 2008. This initiative is collaboration between Chattanooga State and the Hamilton County Department of Education.

*Source:* Chattanooga State Technical Community College.

*The Tennessee College of Applied Technology at Harriman.* The Tennessee College of Applied Technology at Harriman (the “TCAT-H”) is part of a statewide system of 26 vocational-technical schools. TCAT-H meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution’s primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-H serves the eastern region of the state including Anderson, Loudon, Meigs, Morgan, Rhea, and Roane Counties. The TCAT-H began operations in 1970, and the main campus is located in Roane County. Fall 2022 enrollment was 882 students.

*Source:* Tennessee College of Applied Technology at Harriman.

## HEALTHCARE

*Rhea Medical Center.* Rhea Medical Center is a county-owned, non-profit hospital located in Dayton. The \$28 million facility opened and began providing services in 2007. It is governed by a seven-member board of directors. The hospital is accredited by the Joint Commission on Accreditation of Health Care Organizations, whose standards are regarded as the most rigorous in the industry.

*Source:* Rhea Medical Center.

## POWER PRODUCTION

*Watts Bar Dam.* The Tennessee Valley Authority's (the "TVA") Watts Bar Dam is located along the Meigs and Rhea County line on the Tennessee River. Construction of Watts Bar Dam began in 1939 and was completed in 1942. Watts Bar Dam is 112 feet high and stretches 2,960 feet across the Tennessee River. The generating capacity at Watts Bar is 175,000 kilowatts of electricity. Watts Bar has one 60- by 360-foot lock that lifts and lowers barges as much as 70 feet from one reservoir to the next.

*Watts Bar Nuclear Plant.* TVA's Watts Bar Nuclear Plant is located just south of Watts Bar Reservoir on the Tennessee River near Spring City in Rhea County. It is TVA's third nuclear power plant. Construction began in 1973, and Unit 1 began full commercial operation in 1996. The winter net dependable generating capacity is 1,167 megawatts, enough to power about 650,000 homes. The operating unit at Watts Bar is a pressurized water nuclear reactor. It makes electricity by splitting uranium atoms to produce steam. The steam is piped to the main turbine, which spins a generator to produce electricity.

In 1988 TVA suspended construction of Unit 2 because of a reduction in the predicted growth of power demand. The unit remained idle until 2007 when TVA approved funds for completion. The completion took \$4.5 billion to finish, and the unit was operational in 2016. It was the first new nuclear generation unit of the 21<sup>st</sup> Century. It is estimated that 3,200 contract workers were on site during construction. During construction, TVA paid Meigs and Rhea counties more than \$500,000 each year. Both counties have used those funds for school construction projects and other county government programs.

There is another dam and nuclear plant to the south in nearby in Hamilton County:

*Chickamauga Dam.* TVA's Chickamauga Dam is on the Tennessee River just north of Chattanooga. Construction of Chickamauga Dam began in 1936 and was completed in 1940. Chickamauga Dam is 129 feet high and stretches 5,800 feet across the Tennessee River. The 60- by 360-foot Chickamauga lock lifts and lowers river craft about 50 feet between Nickajack and Chickamauga reservoirs. The generating capacity of Chickamauga Dam is 160,000 kilowatts of electricity.

*Sequoyah Nuclear Plant.* TVA's Sequoyah Nuclear Plant is located in Soddy Daisy in Hamilton County, on the banks of Chickamauga Reservoir. Sequoyah is TVA's second nuclear power plant. Construction began in 1969, and Unit 1 began full commercial operation in 1981. Unit 2 began operation the following year. The winter net dependable generating capacity is 2,320 megawatts. The operating units at Sequoyah are pressurized water nuclear reactors. The plant makes

electricity by splitting uranium atoms to produce steam. The steam is piped to turbines, which spin generators to produce electricity.

*Source:* Tennessee Valley Authority.

## MANUFACTURING AND COMMERCE

*Industrial Parks.* The County has two industrial parks: the Dayton Industrial Park and the Spring City-Rhea County Industrial Park. To the south in Hamilton County is the \$1 billion Volkswagen automotive plant, which has hired over 2,000 employees from surrounding areas.

*Tennessee Downtowns.* The City of Spring City has a historically significant downtown that it has improved through the Tennessee Downtowns program. Tennessee Downtowns is an affiliated program of Tennessee Main Street designed to help rural communities to revitalize their downtown areas. The Tennessee Downtowns program helps local communities revitalize traditional commercial districts, enhance community livability, spur job creation and maintain the historic character of downtown districts. The two-year program coaches selected communities and their steering committees through the steps of launching effective renewal efforts. Tennessee Downtowns includes community training in the Main Street America program and a grant for a downtown improvement project. As of April 2024, Tennessee Department of Economic and Community Development (the “TNECD”) provides the Tennessee Downtowns program to 90 communities that want to pursue the Main Street America approach to downtown revitalization.

The selected communities all have downtown commercial districts established at least 50 years ago and have demonstrated their readiness to organize efforts for downtown revitalization according to Main Street America principles. The highly competitive selection process was based on historic commercial resources, economic and physical need, demonstrated local effort, overall presentation and probability of success. Grants are awarded to organizations that illustrated the need for improvements and the ability to execute an effective design plan for building facades, wayfinding signage, gateways and streetscapes. As part of the program, each new grant recipient will be required to match 25-percent of the funding received.

Tennessee Downtown communities that complete the program are eligible for additional Downtown Improvement Grants as well as Main Street designation. There are currently 46 nationally accredited Main Street communities in Tennessee, 20 of which successfully completed the Tennessee Downtowns program prior to their national accreditation.

*Source:* Tennessee Department of Economic and Community Development.

*Tennessee Main Street Program.* The City of Dayton has a historically significant downtown that it has improved through accreditation with the Tennessee Main Street Program. As of May 2024, there are almost 50 communities that are accredited through the state program Tennessee Main Street Accreditation and a program of the national Trust for Historic Preservation (called Main Street America). The Main Street Program provides training, support and grant opportunities to assist in downtown revitalization efforts to focus on historic preservation, community events and economic revitalization. In 2020, accredited Tennessee Main Street communities generated \$79 million of public and private investment and nearly 158 new businesses. The Tennessee Main Street Program requires communities to illustrate a commitment from local government and other local organizations, an adequate organizational budget, a strong historic preservation ethic, a collection of historic commercial buildings and a walkable district.

*Source:* Tennessee Department of Economic and Community Development.

*Volkswagen.* In 2011 the German automaker completed the \$1 billion plant in the Enterprise South industrial park located in nearby Chattanooga. This \$1 billion plant is the largest single manufacturing investment ever for the City of Chattanooga. This is the first U.S. assembly plant for VW. A study by the University of Tennessee's Center for Business and Economic Research estimated the plant and suppliers will create new tax revenue of nearly \$1.4 billion and is expected to create approximately 11,477 jobs. The Chattanooga plant is a key part of the carmaker's long-term plan to nearly quadruple its U.S. sales to about 800,000 annually by 2018. In addition to the plant, the City built a \$40 million Volkswagen Training Center in the City.

Volkswagen invested an additional \$600 million in an expansion to produce a new sport utility vehicle called the CrossBlue. This is expected to create an additional 2,000 new jobs, approximately. Also, Volkswagen built a new research and development center near the automotive plant that employed 200. This large expansion was a year after Volkswagen laid off approximately 500 workers in 2013 due to slower than expected sales growth. In 2012 Volkswagen hired an additional 800 employees, approximately, for the production of the Passat sedan.

In 2012 construction was completed on the largest solar park in the state. The \$30 million, 9.5 megawatts park supplies power to the Volkswagen plant. Upon completion, the park provides up to 12.5 percent of the VW plant's power. The solar park is privately run by two companies, Phoenix Solar and Silicon Ranch Corp headquartered in Germany and Nashville, TN respectively.

As of early 2021, Volkswagen employs approximately 2,800 people in Chattanooga and invested \$2.3 billion in the facility at the end of 2019. The Chattanooga plant produces the midsize Atlas SUV and Passat sedan and began building the Atlas Cross Sort, a five-seat version of the model, in 2019.

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The following is a list of the major employers in the County:

### Major Employers in Rhea County

| <u>Company</u>                  | <u>Product</u> | <u>Employment</u> |
|---------------------------------|----------------|-------------------|
| La-Z-Boy Chair Company          | Furniture      | 1,516             |
| Tennessee Valley Authority      | Electric Power | 1,000             |
| Rhea County School District     | Education      | 643               |
| Nokian Tyres                    | Manufacturing  | 500               |
| Suburban Manufacturing Co.      | Heating Units  | 450               |
| Bryan College                   | Education      | 373               |
| Robinson Manufacturing Co.      | Clothing       | 340               |
| Wal-Mart Stores                 | Retail         | 318               |
| Polyloom Corp.                  | Manufacturing  | 236               |
| Rhea Medical Center             | Hospital       | 220               |
| Rhea County                     | Government     | 200               |
| Tencate Polyloom                | Manufacturing  | 200               |
| Lowe's Home Centers             | Retail         | 150               |
| Spring City Care & Rehab Center | Healthcare     | 150               |

Source: Tennessee Department of Economic and Community Development - 2024.

### ECONOMIC DATA

|                    | <b>Per Capita Personal Income</b> |                 |                 |                 |                 |
|--------------------|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
|                    | <u>2019</u>                       | <u>2020</u>     | <u>2021</u>     | <u>2022</u>     | <u>2023</u>     |
| National           | \$53,309                          | \$55,547        | \$59,153        | \$64,430        | \$65,470        |
| Tennessee          | \$46,452                          | \$48,889        | \$51,928        | \$56,970        | \$58,292        |
| <b>Rhea County</b> | <b>\$34,579</b>                   | <b>\$35,976</b> | <b>\$39,648</b> | <b>\$43,419</b> | <b>\$43,403</b> |
| Index vs. National | 65                                | 65              | 67              | 67              | 66              |
| Index vs. State    | 74                                | 74              | 76              | 76              | 74              |

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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## Social and Economic Characteristics

|   | <u>National</u> | <u>Tennessee</u> | <u>Rhea<br/>County</u> | <u>Dayton</u> |
|---|-----------------|------------------|------------------------|---------------|
| Median Value Owner Occupied Housing                                 | \$303,400       | \$256,800        | \$178,500              | \$152,200     |
| % High School Graduates or Higher<br>Persons 25 Years Old and Older | 89.40%          | 89.60%           | 84.1%                  | 81.1%         |
| % Persons with Income Below<br>Poverty Level                        | 11.10%          | 14.00%           | 16.0%                  | 20.3%         |
| Median Household Income   | \$78,538        | \$67,097         | \$58,133               | \$56,692      |

*Source:* U.S. Census Bureau State & County QuickFacts - 2023.

## RECREATION

*Chickamauga Reservoir.* Chickamauga Reservoir stretches 59 miles upriver from the Dam to Watts Bar Dam through Hamilton, Rhea and Meigs Counties. The reservoir attracts millions of outdoor enthusiasts each year for fishing, boating, and swimming.

Chickamauga and other reservoirs on the Tennessee and its tributaries have prevented nearly \$5 billion in flood damage in the City of Chattanooga alone. Before TVA established Chickamauga and other reservoirs above Chattanooga, the City had one of the most serious flood problems in the nation. Now the river which threatened the City contributes to its economy as a major artery for barge traffic.

*Source:* Tennessee Valley Authority.

*Cumberland Trail State Park.* The Cumberland Trail is the state's only linear park. It opened in 1998 and upon completion will be 300 miles long, cutting through 11 Tennessee counties from the Cumberland Gap National Historic Park on the Tennessee-Virginia-Kentucky border, to the Signal Point near Chattanooga. Currently about 65 percent of the Trail is open and ready for exploration. In 2017, a private landowner donated a 1,034-acre, \$8.27 million parcel that gives access to Soak Creek (that seasonally includes Class III and IV rapids) and adds 5 miles to the trail. The trail is divided into 15 segments. It can be accessed in Sequatchie County through North Chickamauga Creek Pocket Wilderness Area. The Cumberland Trail wanders among the remnants of the Cumberland Mountains that once rose as high as the Rockies. The trail represented a barrier to all who dared push through storied gaps westward onto and over the Cumberland Plateau. It now provides a linkage north to south, forming natural connections and opportunities for scenic vistas and curious geological formations.

*Source:* Tennessee State Parks.

*Laurel-Snow Pocket Wilderness Area.* Laurel-Snow is a 2,259-acre natural area located in Rhea County. The natural area occurs on the Walden Ridge of the Cumberland Plateau. Laurel Falls (80 feet) and Snow Falls (35 feet), and features two prominent overlooks. The Cumberland Trail State Park, the state's only linear park, can be accessed from Laurel-Snow.

*Source:* Tennessee Division of Natural Areas.

*Piney Falls State Natural Area.* Piney Falls is a 440-acre natural area located in Rhea County where Little Piney and Soak Creeks have carved deep gorges into the Cumberland Plateau. It

is a pristine forestland featuring creeks, deep gorges, waterfalls and old growth forest. Piney Falls is also recognized by the United States Department of Interior as a National Natural Landmark. It is one of only fourteen National Natural Landmarks in Tennessee. These landmarks are recognized as the country's best remaining examples of major biotic communities and geologic features. The Cumberland Trail State Park can be accessed from Piney Falls.

*Source:* Tennessee Division of Natural Areas.

*Stinging Fork Pocket Wilderness Area.* Stinging Fork Falls is a 783-acre natural area located in Rhea County. It is named for the 30-foot waterfall located within the Stinging Fork gorge. The creek flows over the fan shaped falls, then quickly slips through chutes, and tumbles over cascades below the falls. The gorge contains a second growth mixed mesophytic forest community. An oak-pine forest can be found along the gorge bluff. Indian Head Point provides a view of the gorge and creek 160 feet below. The Cumberland Trail State Park can be accessed from Stinging Fork.

*Source:* Tennessee Division of Natural Areas.

*Watts Bar Reservoir* Watts Bar Reservoir extends 72.4 miles northeast from the Dam to Fort Loudoun Dam through Rhea, Meigs, Roane and Loudon Counties. Watts Bar, located about midway between Knoxville and Chattanooga, is one of nine TVA dams on the Tennessee River. The reservoir attracts millions of recreation visits each year for boating, fishing, swimming, camping, and other outdoor activities. Watts Bar also creates a slack-water channel for navigation more than 20 miles up the Clinch River and 12 miles up its tributary, the Emory. The lock at Watts Bar handles more than a million tons of cargo a year, and the reservoir plays an important role in flood control. In conjunction with other tributary and main-river reservoirs above Chattanooga, it is of special value to that city, which is the point of greatest flood hazard in the Valley.

*Source:* Tennessee Valley Authority.

## RECENT DEVELOPMENTS

*Baltimore Aircoil Company.* The dry coil and adiabatic cooling equipment business, Baltimore Aircoil Company (the "BAC"), invested \$16.5 million to expand manufacturing operations at its Manufacturers Road location in Dayton in 2024. BAC created approximately 63 new jobs. The expansion comprises significant infrastructure improvements, which includes facility and site improvements, coil manufacturing equipment, material handling equipment and craneage.

Headquartered in Maryland Baltimore Aircoil Company is a global leader in the HVAC, industrial and refrigeration industries. The company manufactures and designs commercial and industrial cooling equipment from its locations in the Americas, Asia-Pacific, Europe, Africa and Australia.

*Chattanooga State Technical Community College-Dayton* (the "CSTCC-D"). Construction was started in 2024 on a new 23-acre campus in Dayton for \$1.2 million.

*Justice Center.* Construction on a new Rhea County Justice Center was completed in early 2021. The new Justice Center is able to house 275 inmates (up from 88 in the old jail) as well as county courtrooms. The new Justice Center is also the operations center for Rhea County Emergency Management and has office space available for rent to the Tennessee Highway Patrol, state probation offices and other agencies.

*La-Z-Boy Inc.* La-Z-Boy, Rhea County's largest employer, invested approximately \$26 million from 2017-2020 and is expected to create approximately 115 new jobs for an expansion of



its facility in Dayton. The construction included expanding the current facility, the largest plant La-Z-Boy Inc. owns, as well as adding a new Innovation Center and logistics facilities. La-Z-Boy first opened the Dayton plant in 1973.

*Master Manufacturing Group.* Master Manufacturing Group (the “MMG”) relocated its headquarters and manufacturing operations from California to Dayton in 2020. This is expected to create approximately 72 new jobs over the next three years. MMG invested \$3.9 million to renovate and upgrade an existing manufacturing facility. The building also underwent extensive retrofitting in order to install holding tanks, electrical and hydraulic infrastructure, and create adequate ventilation for welding and painting operations.

MMG utilizes multiple manufacturing processes including CNC machining, mandrel bending and forming. Processes such as robotic, semi-robotic, manual welding as well as high pressure and high purity welding will be performed in-house at the Dayton facility. Founded in 1956, Master Manufacturing Group, formerly known as Woodmack Products, Inc., provides custom tube and pipe manufacturing services, specializing in the gas appliance industry. The company offers aluminum, stainless steel and steel tubing components in various shapes, sizes and forms.

*Nokian Tyres.* The tiremaker completed a capital expansion in 2024 that added light-truck capabilities and increased capacity. The Dayton facility, opened in 2019, was the first U.S. factory for Nokian Tyres. By 2024, the \$360 million facility has grown over several investments from 60 employees and a 600,000-square-foot warehouse to approximately 500 employees and 830,000-square-foot facility that has the capacity of 600,000 tires. The company makes all-season and all-weather tires in Dayton and exclusively distributes them to North American customers. The Dayton facility is the only LEED v4 Silver-certified tire production building in the world, a complex that is partially powered by solar energy.

Founded in Finland, Nokian Tyres develops, manufactures and distributes its premium tires worldwide with operations in Europe, North America and Asia. Since establishing a presence in Rhea County three years ago, Nokian Tyres will have invested more than \$400 million and created 475 new jobs in Tennessee once this expansion is complete. Combined, these are the largest foreign direct investment in Rhea County’s history.

*Robinson Manufacturing.* Robinson Manufacturing, a clothing manufacturing and distribution company, invested \$15 million and expanded its operations in 2021. This was expected to create approximately 91 new jobs in Rhea County and to increase its manufacturing and distribution capabilities. The company manufactures, decorates, warehouses and distributes apparel for customers around the world. Due to increased demand, it has constructed a new warehouse and distribution space at its existing location in Dayton. Robinson Manufacturing has remained family owned and operated since it was founded in 1927. Throughout its history, the company has manufactured apparel for a wide range of distribution, including nearly 90 percent of its production on World War II efforts in the 1940s.

*STULZ Air Technology Systems Inc.* STULZ Air Technology Systems Inc. established manufacturing operations in Dayton in 2020. STULZ, a leading manufacturer of precision HVAC equipment and solutions, invested \$2 million and is expected to create approximately 250 jobs in Rhea County. With its global headquarters in Hamburg, Germany, STULZ operates ten other production facilities across the globe, employing more than 7,200 people. STULZ has more than 450 employees at its North American headquarters in Maryland.

*Total Technical Solutions, LLC.* The City of Dayton sold its old IAC building to Total Technical Solutions, LLC, in 2020. Total Technical Solutions, LLC is a metal forming and welding company.

*Source:* The Cleveland Banner, Chattanooga Times Free Press, The Herald News and Knoxville News Sentinel.

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**CITY OF DAYTON, TENNESSEE**  
Summary of Bonded Indebtedness

| AMOUNT<br>ISSUED     | PURPOSE  | DUE<br>DATE | INTEREST<br>RATE(S) | Unaudited<br>(1) As of June 30, 2025<br>OUTSTANDING |
|----------------------|--|-------------|---------------------|---|
| \$ 1,200,000         | Capital Outlay Note, Series 2015                                     | Nov 2026    | Fixed               | \$ 235,438  |
| 2,000,000            | Capital Outlay Note, Series 2017 (Taxable)                           | 2029        | Fixed               | 785,000   |
| 550,000              | Capital Outlay Note, Series 2020                                     | 2031        | Fixed               | 264,243   |
| 237,000              | Capital Outlay Note, Series 2022 (Sanitation)                        | 2032        | Fixed               | 174,944   |
|                      | DCS Cafetorium Capital Outlay Note, Series 2023 - Issued 11-16-2023  | 2035        | Fixed               | 3,747,934   |
| 4,000,000            | General Obligation Bond, Series 2024 (USDA)                          | 2035        | Fixed               | 400,000   |
|                      |  |             |                     |   |
| 700,000              | (3) Sewer System Capital Outlay Notes, Series 2015                   | Nov. 2025   | Fixed               | 70,000  |
| 4,995,000            | (3) General Obligation Bonds, Series 2018 (Sewer)                    | June 2048   | Fixed               | 4,360,000   |
| 4,515,000            | (3) General Obligation Refunding Bonds, Series 2020A (Water)         | June 2041   | Fixed               | 3,680,000   |
| 6,180,000            | (3) General Obligation Refunding Bonds, Series 2021 (Water)          | June 2041   | Fixed               | 6,180,000   |
| 18,114,550           | (3) State Revolving Loan, Series 2021-454 (Sewer)                    | 2044        | Fixed               | 16,875,078  |
| 2,500,000            | (3) State Revolving Loan, Series 2021-453 (Sewer)                    | 2044        | Fixed               | 425,231   |
|                      |  |             |                     |   |
| 12,500,000           | State Revolving Loan, Series CW20 23-345 (Sewer Estimated Full Draw) | 2044        | Fixed               | 11,894,948  |
|                      |  |             |                     |   |
| 9,905,000            | (2) General Obligation Bonds, Series 2017 (Electric)                 | June 2042   | Fixed               | 8,130,000   |
| 3,850,000            | (2) General Obligation Bonds, Series 2022 (Electric)                 | June 2042   | Fixed               | 3,850,000   |
|                      |  |             |                     |   |
| \$ 71,646,550        | <b>TOTAL BONDED DEBT</b>   |             |                     | \$ 61,072,815                                       |
|                      |  |             |                     |   |
| 8,650,000            | General Obligation Bond, Series 2025                                 | June 2050   | Fixed               | 8,650,000   |
| (4,000,000)          | Less: Series 2023 Note being refinanced or prepaid                   |             |                     | (3,747,934)   |
| (63,259,550)         | Less: Revenue Supported Debt (Electric and Water and Sewer)          |             |                     | (55,465,257)  |
|                      |  |             |                     |   |
| <u>\$ 13,037,000</u> | <b>NET TOTAL DEBT (Unaudited)</b>                                    |             |                     | <u>\$ 10,509,625</u>                                |

**NOTES:**

- (1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements herein. Includes the estimated \$12,500,000 Series CW 20 23-345 Loan for improvements to the City's sewer system.
- (2) Supported by Electric System Revenue.
- (3) Supported by Water and Sewer System Revenue.

**CITY OF DAYTON, TENNESSEE**  
Indebtedness and Debt Ratios

**INTRODUCTION**

The information set forth in the following table is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS which are included herein and the table should be read in conjunction with those statements.

|                                  | For Fiscal Years Ended June 30 |                |                | Unaudited<br>2025 | After<br>Issuance<br>2025 |
|----------------------------------|--------------------------------|----------------|----------------|-------------------|---------------------------|
|                                  | 2021                           | 2022           | 2023           | 2024              |                           |
| <b>INDEBTEDNESS</b>              |                                |                |                |                   |                           |
| TAX SUPPORTED                    |                                |                |                |                   |                           |
| General Obligation Bonds & Notes | \$2,704,072                    | \$2,355,181    | \$6,210,711    | \$5,816,847       | \$10,509,625              |
| TOTAL TAX SUPPORTED              | \$2,704,072                    | \$2,355,181    | \$6,210,711    | \$5,816,847       | \$10,509,625              |
| REVENUE SUPPORTED                |                                |                |                |                   |                           |
| Electric Revenue and Tax Notes   | \$10,630,000                   | \$9,930,000    | \$13,220,000   | \$12,505,000      | \$11,980,000              |
| Water & Sewer Rev & Tax Bonds    | \$16,970,000                   | \$16,270,000   | \$29,178,398   | \$45,665,670      | \$43,485,257              |
| TOTAL REVENUE SUPPORTED          | \$27,600,000                   | \$26,200,000   | \$42,398,398   | \$58,170,670      | \$55,465,257              |
| TOTAL DEBT                       | \$30,304,072                   | \$28,555,181   | \$48,609,109   | \$63,987,517      | \$65,974,882              |
| Less: Revenue Supported Debt     | (\$27,600,000)                 | (\$26,200,000) | (\$42,398,398) | (\$58,170,670)    | (\$55,465,257)            |
| Less: Debt Service Fund          | 0                              | 0              | 0              | 0                 | 0                         |
| NET DIRECT DEBT                  | \$2,704,072                    | \$2,355,181    | \$6,210,711    | \$5,816,847       | \$10,509,625              |

**PROPERTY TAX BASE (2)**

|                        |                |                |                |                  |                  |
|------------------------|----------------|----------------|----------------|------------------|------------------|
| Estimated Actual Value | \$ 620,771,967 | \$ 721,475,094 | \$ 736,040,169 | \$ 1,063,316,537 | \$ 1,092,167,262 |
| Appraised Value        | 620,771,967    | 637,928,278    | 650,806,717    | 637,989,922      | 1,092,167,262    |
| Assessed Value         | 201,283,053    | 209,631,467    | 213,517,040    | 212,760,308      | 345,998,090      |

Source: General Purpose Financial Statements and City Officials.

| <b>DEBT RATIOS</b>  | <b>For Fiscal Years Ended June 30</b> |             |             |             | <b>Unaudited</b> |             | <b>After<br/>Issuance</b> |
|---|---------------------------------------|-------------|-------------|-------------|------------------|-------------|---------------------------|
|   | <b>2021</b>                           | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b>      | <b>2025</b> |                           |
| TOTAL DEBT to Estimated Actual Value                                  | 4.88%                                 | 3.96%       | 6.60%       | 6.02%       | 5.59%            | 5.59%       | 6.04%                     |
| TOTAL DEBT to Appraised Value   | 4.88%                                 | 4.48%       | 7.47%       | 10.03%      | 5.59%            | 5.59%       | 6.04%                     |
| TOTAL DEBT to Assessed Value  | 15.06%                                | 13.62%      | 22.77%      | 30.07%      | 17.65%           | 17.65%      | 19.07%                    |
| NET DIRECT DEBT to Estimated Actual Value                             | 0.44%                                 | 0.33%       | 0.84%       | 0.55%       | 0.51%            | 0.51%       | 0.96%                     |
| NET DIRECT DEBT to Appraised Value                                    | 0.44%                                 | 0.37%       | 0.95%       | 0.91%       | 0.51%            | 0.51%       | 0.96%                     |
| NET DIRECT DEBT to Assessed Value                                     | 0.44%                                 | 0.33%       | 0.84%       | 0.55%       | 0.51%            | 0.51%       | 0.96%                     |
| <b>PER CAPITA RATIOS</b>  |                                       |             |             |             |                  |             |                           |
| POPULATION (1)  | 7,139                                 | 7,347       | 7,362       | 7,362       | 7,362            | 7,362       | 7,362                     |
| PER CAPITA PERSONAL INCOME (2)  | \$ 39,648                             | \$ 43,419   | \$ 43,403   | \$ 43,403   | \$ 43,403        | \$ 43,403   | 43,403                    |
| Estimated Actual Value to POPULATION                                  | 86,955                                | 98,200      | 99,978      | 144,433     | 148,352          | 148,352     | 148,352                   |
| Assessed Value to POPULATION  | 28,195                                | 28,533      | 29,003      | 28,900      | 46,998           | 46,998      | 46,998                    |
| Total Debt to POPULATION  | 4,245                                 | 3,887       | 6,603       | 8,692       | 8,296            | 8,296       | 8,962                     |
| Net Direct Debt to POPULATION   | 379                                   | 321         | 844         | 790         | 762              | 762         | 1,428                     |
| Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME      | 10.71%                                | 8.95%       | 15.21%      | 20.03%      | 19.11%           | 19.11%      | 20.65%                    |
| Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME | 0.96%                                 | 0.74%       | 1.94%       | 1.82%       | 1.75%            | 1.75%       | 3.29%                     |

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce.

**CITY OF DAYTON, TENNESSEE**  
Bonded Debt Service Requirements - General Obligation Debt - Excludes Utilities - Includes Sanitation

| F.Y.<br>Ended | Unaudited<br>As of June 30, 2025 |              |              | Less:        |                |                | Series 2023 Note - Refunded or Prepaid |              |              | General Obligation Bonds, Series 2025 |              |               | Debt Service Requirements (1) |              |               | % All<br>Principal<br>Repaid |
|---------------|----------------------------------|--------------|--------------|--------------|----------------|----------------|--|--------------|--------------|---------------------------------------|--------------|---------------|-------------------------------|--------------|---------------|------------------------------|
|               | General Obligation Debt          |              |              | Interest     |                |                | Principal                              |              |              | Interest <sup>2</sup>                 |              |               | Principal                     |              |               |                              |
|               | Principal                        | Interest     | TOTAL        | Principal    | Interest       | TOTAL          | Principal                              | Interest     | TOTAL        | Principal                             | Interest     | TOTAL         | Principal                     | Interest     | TOTAL         |                              |
| 6/30          |                                  |              |              |              |                |                |  |              |              |                                       |              |               |                               |              |               |                              |
| 2026          | \$                               | \$ 661,965   | \$ 268,191   | \$ 930,156   | \$ (257,083)   | \$ (206,136)   | \$ (463,220)                           | \$ -         | \$ 283,565   | \$ 283,565                            | \$ 345,619   | \$ 750,501    | \$ 404,882                    | \$ 345,619   | \$ 750,501    | 3.85%                        |
| 2027          |                                  | 693,029      | 239,707      | 932,736      | (271,129)      | (191,997)      | (463,126)                              | 320,000      | 356,935      | 676,935                               | 404,645      | 1,146,546     | 741,901                       | 404,645      | 1,146,546     | 10.91%                       |
| 2028          |                                  | 598,556      | 210,009      | 808,564      | (286,041)      | (177,085)      | (463,126)                              | 450,000      | 347,335      | 797,335                               | 380,259      | 1,142,774     | 762,515                       | 380,259      | 1,142,774     | 18.17%                       |
| 2029          |                                  | 626,601      | 182,916      | 809,517      | (301,699)      | (161,352)      | (463,052)                              | 465,000      | 331,610      | 796,610                               | 353,174      | 1,143,075     | 789,901                       | 353,174      | 1,143,075     | 25.68%                       |
| 2030          |                                  | 437,814      | 154,490      | 592,304      | (318,433)      | (144,759)      | (463,192)                              | 485,000      | 315,180      | 800,180                               | 19,88%       | 929,292       | 604,381                       | 324,911      | 929,292       | 31.43%                       |
| 2031          |                                  | 407,389      | 134,857      | 542,247      | (335,880)      | (127,245)      | (463,126)                              | 500,000      | 297,803      | 797,803                               | 25.66%       | 876,924       | 571,509                       | 305,415      | 876,924       | 36.87%                       |
| 2032          |                                  | 424,141      | 114,958      | 539,100      | (354,354)      | (108,772)      | (463,126)                              | 515,000      | 279,523      | 794,523                               | 31.62%       | 870,497       | 584,788                       | 285,709      | 870,497       | 42.44%                       |
| 2033          |                                  | 417,183      | 94,002       | 511,185      | (373,803)      | (89,282)       | (463,085)                              | 540,000      | 260,320      | 800,320                               | 37.86%       | 848,420       | 583,380                       | 265,040      | 848,420       | 47.99%                       |
| 2034          |                                  | 439,332      | 71,925       | 511,257      | (394,434)      | (68,723)       | (463,157)                              | 560,000      | 239,580      | 799,580                               | 44.34%       | 847,680       | 604,899                       | 242,781      | 847,680       | 53.74%                       |
| 2035          |                                  | 462,566      | 48,659       | 511,226      | (416,096)      | (47,029)       | (463,126)                              | 580,000      | 217,490      | 797,490                               | 51.04%       | 845,590       | 626,470                       | 219,120      | 845,590       | 59.70%                       |
| 2036          |                                  | 438,982      | 24,144       | 463,126      | (438,982)      | (24,144)       | (463,126)                              | 605,000      | 194,165      | 799,165                               | 58.03%       | 799,165       | 605,000                       | 194,165      | 799,165       | 65.46%                       |
| 2037          |                                  | -            | -            | -            | -              | -              | -                                      | 190,000      | 168,795      | 358,795                               | 60.23%       | 358,795       | 190,000                       | 168,795      | 358,795       | 67.27%                       |
| 2038          |                                  | -            | -            | -            | -              | -              | -                                      | 200,000      | 159,960      | 359,960                               | 62.54%       | 359,960       | 200,000                       | 159,960      | 359,960       | 69.17%                       |
| 2039          |                                  | -            | -            | -            | -              | -              | -                                      | 210,000      | 150,660      | 360,660                               | 64.97%       | 360,660       | 210,000                       | 150,660      | 360,660       | 71.17%                       |
| 2040          |                                  | -            | -            | -            | -              | -              | -                                      | 215,000      | 140,895      | 355,895                               | 67.46%       | 355,895       | 215,000                       | 140,895      | 355,895       | 73.22%                       |
| 2041          |                                  | -            | -            | -            | -              | -              | -                                      | 225,000      | 130,898      | 355,898                               | 70.06%       | 355,898       | 225,000                       | 130,898      | 355,898       | 75.36%                       |
| 2042          |                                  | -            | -            | -            | -              | -              | -                                      | 240,000      | 120,435      | 360,435                               | 72.83%       | 360,435       | 240,000                       | 120,435      | 360,435       | 77.64%                       |
| 2043          |                                  | -            | -            | -            | -              | -              | -                                      | 250,000      | 109,275      | 359,275                               | 75.72%       | 359,275       | 250,000                       | 109,275      | 359,275       | 80.02%                       |
| 2044          |                                  | -            | -            | -            | -              | -              | -                                      | 260,000      | 97,650       | 357,650                               | 78.73%       | 357,650       | 260,000                       | 97,650       | 357,650       | 82.49%                       |
| 2045          |                                  | -            | -            | -            | -              | -              | -                                      | 275,000      | 85,560       | 360,560                               | 81.91%       | 360,560       | 275,000                       | 85,560       | 360,560       | 85.11%                       |
| 2046          |                                  | -            | -            | -            | -              | -              | -                                      | 285,000      | 72,773       | 357,773                               | 85.20%       | 357,773       | 285,000                       | 72,773       | 357,773       | 87.82%                       |
| 2047          |                                  | -            | -            | -            | -              | -              | -                                      | 300,000      | 59,520       | 359,520                               | 88.67%       | 359,520       | 300,000                       | 59,520       | 359,520       | 90.68%                       |
| 2048          |                                  | -            | -            | -            | -              | -              | -                                      | 315,000      | 45,570       | 360,570                               | 92.31%       | 360,570       | 315,000                       | 45,570       | 360,570       | 93.67%                       |
| 2049          |                                  | -            | -            | -            | -              | -              | -                                      | 325,000      | 30,923       | 355,923                               | 96.07%       | 355,923       | 325,000                       | 30,923       | 355,923       | 96.76%                       |
| 2050          |                                  | -            | -            | -            | -              | -              | -                                      | 340,000      | 15,810       | 355,810                               | 100.00%      | 355,810       | 340,000                       | 15,810       | 355,810       | 100.00%                      |
|               |                                  | \$ 5,607,559 | \$ 1,543,858 | \$ 7,151,417 | \$ (3,747,934) | \$ (1,346,525) | \$ (5,094,459)                         | \$ 8,650,000 | \$ 4,512,228 | \$ 13,162,228                         | \$ 4,709,561 | \$ 15,219,186 | \$ 10,509,625                 | \$ 4,709,561 | \$ 15,219,186 |                              |

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements herein. Does not include the \$400,000 General Obligation Bond, Series 2024 (USDA) issued September 25, 2024.

(2) Estimated Interest Rates. Estimated Average Coupon of 4.50%.

**CITY OF DAYTON, TENNESSEE**

Bonded Debt Service Requirements - Water and Sewer System  
As of June 30, 2025 (Unaudited)

| F.Y.<br>Ended<br>6/30 | Unaudited<br>As of June 30, 2025 |              |              |                                       | % 2021-454 |         |              |                                       | % 2021-453 |            |            |              | % CW20 23-345 |          |              |                               | Total Bonded |              |              |           | % All  |  |
|-----------------------|----------------------------------|--------------|--------------|---------------------------------------|------------|---------|--------------|---------------------------------------|------------|------------|------------|--------------|---------------|----------|--------------|-------------------------------|--------------|--------------|--------------|-----------|--------|--|
|                       | Principal                        | Interest     | TOTAL        | State Revolving Loan, Series 2021-454 | Principal  | Repaid  | TOTAL        | State Revolving Loan, Series 2021-453 | Principal  | Repaid     | TOTAL      | (Estimated)  | Principal     | Repaid   | TOTAL        | Debt Service Requirements (1) | Principal    | Repaid       | TOTAL        | Principal | Repaid |  |
| 2026                  | \$ 700,000                       | \$ 412,414   | \$ 1,112,414 | \$ 878,844                            | \$ 60,948  | 5.21%   | \$ 939,792   | \$ 21,643                             | \$ 1,537   | \$ 23,180  | \$ 40,443  | \$ 647,552   | \$ 607,109    | \$ 5,09% | \$ 647,552   | \$ 2,207,596                  | \$ 515,342   | \$ 2,722,938 | \$ 515,342   | 5.08%     |        |  |
| 2027                  | 655,000                          | 388,819      | 1,043,819    | 882,096                               | 57,696     | 10.44%  | 939,792      | 21,723                                | 1,457      | 23,180     | 36,307     | 647,552      | 609,174       | 10.20%   | 647,552      | 2,167,993                     | 486,350      | 2,654,343    | 486,350      | 10.06%    |        |  |
| 2028                  | 670,000                          | 368,869      | 1,038,869    | 885,372                               | 54,420     | 15.68%  | 939,792      | 21,804                                | 1,376      | 23,180     | 35,379     | 647,552      | 611,245       | 15.33%   | 647,552      | 2,188,421                     | 460,972      | 2,649,393    | 460,972      | 15.09%    |        |  |
| 2029                  | 690,000                          | 348,419      | 1,038,419    | 888,648                               | 51,144     | 20.95%  | 939,792      | 21,884                                | 1,296      | 23,180     | 34,229     | 647,552      | 613,323       | 20.47%   | 647,552      | 2,213,855                     | 435,088      | 2,648,943    | 435,088      | 20.19%    |        |  |
| 2030                  | 710,000                          | 330,694      | 1,040,694    | 891,948                               | 47,844     | 26.23%  | 939,792      | 21,965                                | 1,215      | 23,180     | 32,144     | 647,552      | 615,408       | 25.64%   | 647,552      | 2,239,321                     | 411,897      | 2,651,218    | 411,897      | 25.34%    |        |  |
| 2031                  | 730,000                          | 312,450      | 1,042,450    | 895,248                               | 44,544     | 31.54%  | 939,792      | 22,047                                | 1,133      | 23,180     | 30,828     | 647,552      | 617,501       | 30.82%   | 647,552      | 2,264,796                     | 388,179      | 2,652,974    | 388,179      | 30.54%    |        |  |
| 2032                  | 750,000                          | 293,450      | 1,043,450    | 898,572                               | 41,220     | 36.86%  | 939,792      | 22,129                                | 1,051      | 23,180     | 27,952     | 647,552      | 619,600       | 36.03%   | 647,552      | 2,290,301                     | 363,673      | 2,653,974    | 363,673      | 35.81%    |        |  |
| 2033                  | 765,000                          | 273,925      | 1,038,925    | 901,896                               | 37,896     | 42.21%  | 939,792      | 22,211                                | 969        | 23,180     | 25,845     | 647,552      | 621,707       | 41.25%   | 647,552      | 2,310,814                     | 338,635      | 2,649,449    | 338,635      | 41.12%    |        |  |
| 2034                  | 790,000                          | 253,975      | 1,043,975    | 905,244                               | 34,548     | 47.57%  | 939,792      | 22,293                                | 887        | 23,180     | 23,732     | 647,552      | 623,821       | 46.49%   | 647,552      | 2,341,358                     | 313,142      | 2,654,499    | 313,142      | 46.51%    |        |  |
| 2035                  | 805,000                          | 233,350      | 1,038,350    | 908,592                               | 31,200     | 52.96%  | 939,792      | 22,376                                | 804        | 23,180     | 21,611     | 647,552      | 625,942       | 51.75%   | 647,552      | 2,361,910                     | 286,965      | 2,648,874    | 286,965      | 51.94%    |        |  |
| 2036                  | 830,000                          | 212,300      | 1,042,300    | 911,964                               | 27,828     | 58.36%  | 939,792      | 22,458                                | 722        | 23,180     | 19,482     | 647,552      | 628,070       | 57.04%   | 647,552      | 2,392,492                     | 260,332      | 2,632,824    | 260,332      | 57.44%    |        |  |
| 2037                  | 845,000                          | 190,575      | 1,035,575    | 915,348                               | 24,444     | 63.79%  | 939,792      | 22,542                                | 638        | 23,180     | 17,347     | 647,552      | 630,205       | 62.34%   | 647,552      | 2,413,095                     | 233,004      | 2,646,099    | 233,004      | 62.99%    |        |  |
| 2038                  | 875,000                          | 167,975      | 1,042,975    | 918,732                               | 21,060     | 69.23%  | 939,792      | 22,625                                | 555        | 23,180     | 15,204     | 647,552      | 632,348       | 67.66%   | 647,552      | 2,448,705                     | 204,794      | 2,646,499    | 204,794      | 68.62%    |        |  |
| 2039                  | 895,000                          | 144,500      | 1,039,500    | 922,140                               | 17,652     | 74.69%  | 939,792      | 22,709                                | 471        | 23,180     | 13,064     | 647,552      | 634,498       | 73.00%   | 647,552      | 2,474,347                     | 175,677      | 2,650,024    | 175,677      | 74.31%    |        |  |
| 2040                  | 920,000                          | 120,000      | 1,040,000    | 925,560                               | 14,232     | 80.18%  | 939,792      | 22,793                                | 387        | 23,180     | 10,897     | 647,552      | 636,655       | 78.36%   | 647,552      | 2,505,008                     | 145,516      | 2,650,524    | 145,516      | 80.07%    |        |  |
| 2041                  | 930,000                          | 94,750       | 1,024,750    | 928,992                               | 10,800     | 85.68%  | 939,792      | 22,878                                | 302        | 23,180     | 8,732      | 647,552      | 638,820       | 83.78%   | 647,552      | 2,520,690                     | 114,584      | 2,635,274    | 114,584      | 85.87%    |        |  |
| 2042                  | 220,000                          | 69,200       | 289,200      | 932,436                               | 7,356      | 91.21%  | 939,792      | 22,963                                | 217        | 23,180     | 6,560      | 647,552      | 640,992       | 89.17%   | 647,552      | 1,816,391                     | 83,333       | 1,899,724    | 83,333       | 90.05%    |        |  |
| 2043                  | 230,000                          | 60,400       | 290,400      | 935,892                               | 3,900      | 96.76%  | 939,792      | 23,048                                | 132        | 23,180     | 4,381      | 647,552      | 643,171       | 94.57%   | 647,552      | 1,832,111                     | 68,813       | 1,900,924    | 68,813       | 94.26%    |        |  |
| 2044                  | 240,000                          | 51,200       | 291,200      | 947,554                               | 1,476      | 100.00% | 939,792      | 23,140                                | 46         | 23,186     | 2,194      | 647,552      | 645,358       | 100.00%  | 647,552      | 1,856,052                     | 54,916       | 1,910,968    | 54,916       | 97.61%    |        |  |
| 2045                  | 245,000                          | 41,600       | 286,600      | -                                     | -          | -       | -            | -                                     | -          | -          | -          | -            | -             | -        | -            | 245,000                       | 41,600       | 286,600      | 245,000      | 98.17%    |        |  |
| 2046                  | 255,000                          | 31,800       | 286,800      | -                                     | -          | -       | -            | -                                     | -          | -          | -          | -            | -             | -        | -            | 255,000                       | 31,800       | 286,600      | 255,000      | 98.76%    |        |  |
| 2047                  | 265,000                          | 21,600       | 286,600      | -                                     | -          | -       | -            | -                                     | -          | -          | -          | -            | -             | -        | -            | 265,000                       | 21,600       | 286,600      | 265,000      | 99.37%    |        |  |
| 2048                  | 275,000                          | 11,000       | 286,000      | -                                     | -          | -       | -            | -                                     | -          | -          | -          | -            | -             | -        | -            | 275,000                       | 11,000       | 286,000      | 275,000      | 100.00%   |        |  |
|                       | \$14,290,000                     | \$ 4,433,264 | \$18,723,264 | \$16,875,078                          | \$ 500,208 |         | \$17,465,286 | \$ 425,231                            | \$ 13,195  | \$ 440,426 | \$ 408,546 | \$12,303,494 | \$11,894,948  |          | \$12,303,494 | \$43,485,257                  | \$ 5,447,213 | \$48,932,470 | \$48,932,470 |           |        |  |

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements herein. Include the estimated \$12,500,000 Series CW 20 23-345 Loan for improvements to the City's sewer system.

**CITY OF DAYTON, TENNESSEE**  
Bonded Debt Service Requirements - Electric System

| F.Y.<br>Ended<br>6/30 | Unaudited<br>As of June 30, 2025<br>Electric Supported Bonds |                     |                      | % All<br>Principal<br>Repaid |
|-----------------------|--|---------------------|----------------------|------------------------------|
|                       | Principal  | Interest            | TOTAL                |                              |
|                       |  |                     |                      |                              |
| 2026                  | \$ 545,000   | \$ 390,350          | \$ 935,350           | 4.55%                        |
| 2027                  | 555,000  | 374,650             | 929,650              | 9.18%                        |
| 2028                  | 580,000  | 355,870             | 935,870              | 14.02%                       |
| 2029                  | 600,000  | 336,185             | 936,185              | 19.03%                       |
| 2030                  | 615,000  | 317,580             | 932,580              | 24.17%                       |
| 2031                  | 635,000  | 298,505             | 933,505              | 29.47%                       |
| 2032                  | 655,000  | 278,760             | 933,760              | 34.93%                       |
| 2033                  | 675,000  | 258,410             | 933,410              | 40.57%                       |
| 2034                  | 700,000  | 237,390             | 937,390              | 46.41%                       |
| 2035                  | 715,000  | 215,565             | 930,565              | 52.38%                       |
| 2036                  | 740,000  | 193,270             | 933,270              | 58.56%                       |
| 2037                  | 760,000  | 170,170             | 930,170              | 64.90%                       |
| 2038                  | 785,000  | 146,400             | 931,400              | 71.45%                       |
| 2039                  | 810,000  | 120,250             | 930,250              | 78.21%                       |
| 2040                  | 840,000  | 92,575              | 932,575              | 85.23%                       |
| 2041                  | 870,000  | 63,525              | 933,525              | 92.49%                       |
| 2042                  | 900,000  | 32,300              | 932,300              | 100.00%                      |
|                       | <u>\$ 11,980,000</u>   | <u>\$ 3,881,755</u> | <u>\$ 15,861,755</u> |                              |

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements herein.



## FINANCIAL INFORMATION

### INTRODUCTION

As required by generally accepted accounting principles (GAAP), all City funds and account groups are organized according to standards established by the Government Accounting Standards Board (GASB). The City's financial reporting system is designed to provide timely, accurate feedback on the City's overall financial position and includes, at a minimum, quarterly reports to the City Commission. All City financial statements are audited annually by independent certified public accountants.

The City's General Purpose Financial Statements, which is an extract of the Annual Comprehensive Financial Report included herein.

### FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

The City maintains fund balances, net assets or retained earnings in most major operating funds. Additionally, several reserves have been established to address specific needs of the City.

The table below depicts fund balances and retained earnings for the last five fiscal years ending June 30:

|                                | <u><b>For The Year Ended June 30</b></u> |                            |                            |                            |                            |
|--------------------------------|--|----------------------------|----------------------------|----------------------------|----------------------------|
| <u><b>Fund Type</b></u>        | <u><b>2020</b></u>                       | <u><b>2021</b></u>         | <u><b>2022</b></u>         | <u><b>2023</b></u>         | <u><b>2024</b></u>         |
| <b>Governmental Funds:</b>     |  |                            |                            |                            |                            |
| General                        | \$ 8,758,662                             | \$10,565,010               | \$11,970,681               | \$13,319,306               | \$16,477,465               |
| Education                      | 2,622,749                                | 2,898,482                  | 3,661,640                  | 3,968,398                  | 4,817,846                  |
| Other Governmental             | <u>1,533,782</u>                         | <u>2,017,853</u>           | <u>2,358,863</u>           | <u>2,670,553</u>           | <u>3,946,982</u>           |
| <b>Total</b>                   | <u><b>\$12,915,193</b></u>               | <u><b>\$15,481,345</b></u> | <u><b>\$17,991,184</b></u> | <u><b>\$19,958,257</b></u> | <u><b>\$25,242,293</b></u> |
| <b>Proprietary Net Assets:</b> |  |                            |                            |                            |                            |
| Electric                       | \$36,147,540                             | \$37,515,748               | \$38,396,422               | \$39,243,668               | \$38,600,852               |
| Water/Sewer                    | 23,361,350                               | 25,570,115                 | 28,266,019                 | 31,726,337                 | 33,861,271                 |
| Nonmajor                       | <u>6,525,384</u>                         | <u>8,563,209</u>           | <u>8,881,172</u>           | <u>9,314,940</u>           | <u>9,572,044</u>           |
| <b>Total</b>                   | <u><b>\$66,034,274</b></u>               | <u><b>\$71,649,072</b></u> | <u><b>\$75,543,613</b></u> | <u><b>\$80,284,945</b></u> | <u><b>\$82,034,167</b></u> |

*Source:* Annual Comprehensive Financial Reports of the City of Dayton, Tennessee.

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**CITY OF DAYTON, TENNESSEE**  
Five Year Summary of Revenues, Expenditures and  
Changes In Fund Balances - General Fund  
For the Fiscal Year Ended June 30

|   | <u>2020</u>         | <u>2021</u>          | <u>2022</u>          | <u>2023</u>          | <u>2024</u>          |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Revenues:</b>                          |                     |                      |                      |                      |                      |
| Property Taxes                            | \$ 1,142,732        | \$ 1,221,444         | \$ 1,230,088         | \$ 1,240,473         | \$ 1,844,467         |
| Other Local Taxes                         | 4,230,041           | 4,592,962            | 4,944,882            | 5,533,886            | 5,539,718            |
| Intergovernmental                         | 1,602,095           | 1,273,973            | 1,368,109            | 1,118,737            | 1,679,374            |
| Charges for Services                      | 322,186             | 349,797              | 395,416              | 479,228              | 508,469              |
| Fines and Forfeits                        | 127,767             | 140,651              | 238,001              | 241,561              | 237,275              |
| Interest                                  | 31,900              | 36,436               | 27,538               | 24,318               | 3,349,702            |
| Miscellaneous                             | 28,713              | 86,117               | 44,134               | 55,037               | 110,958              |
| <b>Total Revenues</b>                     | <b>\$ 7,485,434</b> | <b>\$ 7,701,380</b>  | <b>\$ 8,248,168</b>  | <b>\$ 8,693,240</b>  | <b>\$ 13,269,963</b> |
| <b>Operating Expenses:</b>                |                     |                      |                      |                      |                      |
| General Government                        | \$ 2,185,316        | \$ 986,907           | \$ 1,305,049         | \$ 1,459,431         | \$ 3,280,063         |
| Public Safety                             | 3,196,869           | 2,598,259            | 2,866,685            | 3,100,823            | 4,163,860            |
| Maintenance                               | 404,856             | 403,864              | 420,217              | 411,709              | 457,540              |
| Highways and Streets                      | 806,459             | 1,006,585            | 1,113,345            | 1,081,287            | 1,510,140            |
| Parks and Recreation                      | 369,867             | 333,158              | 430,995              | 580,873              | 607,630              |
| Library                                   | 371,756             | 374,264              | 449,396              | 417,349              | 445,254              |
| Airport                                   | 253,761             | 227,347              | 407,441              | 373,230              | 428,501              |
| Debt Service                              | -                   | -                    | -                    | -                    | -                    |
| Capital Outlay                            | -                   | -                    | -                    | -                    | -                    |
| <b>Total Operating Expenses</b>           | <b>\$ 7,588,884</b> | <b>\$ 5,930,384</b>  | <b>\$ 6,993,128</b>  | <b>\$ 7,424,702</b>  | <b>\$ 10,892,988</b> |
| Revenues Over (Under) Expenditures        | \$ (103,450)        | \$ 1,770,996         | \$ 1,255,040         | \$ 1,268,538         | \$ 2,376,975         |
| <b>Non-Operating Revenues (Expenses):</b> |                     |                      |                      |                      |                      |
| Transfers                                 | \$ 152,142          | \$ (457,648)         | \$ 126,763           | \$ 75,583            | \$ 185,919           |
| Insurance Proceeds                        | 9,037               | -                    | 23,868               | 4,504                | 103,660              |
| Debt Proceeds                             | 550,000             | 493,000              | -                    | -                    | -                    |
| Proceeds from Sale of Capital Assets      | 1,227               | -                    | -                    | -                    | -                    |
| <b>Total Non-Operating</b>                | <b>\$ 712,406</b>   | <b>\$ 35,352</b>     | <b>\$ 150,631</b>    | <b>\$ 80,087</b>     | <b>\$ 289,579</b>    |
| Net Change of Fund Balances               | \$ 608,956          | \$ 1,806,348         | \$ 1,405,671         | \$ 1,348,625         | \$ 2,666,554         |
| <b>Fund Balance beginning of year</b>     | <b>\$ 8,149,706</b> | <b>\$ 8,758,662</b>  | <b>\$ 10,565,010</b> | <b>\$ 11,970,681</b> | <b>\$ 13,319,306</b> |
| Prior Year Adjustments                    | -                   | -                    | -                    | -                    | 491,605              |
| <b>Retained Earnings - June 30</b>        | <b>\$ 8,758,662</b> | <b>\$ 10,565,010</b> | <b>\$ 11,970,681</b> | <b>\$ 13,319,306</b> | <b>\$ 16,477,465</b> |

Source: Annual Comprehensive Financial Reports for the City of Dayton, Tennessee.

**CITY OF DAYTON, TENNESSEE**  
Five Year Summary of Revenues, Expenditures and  
Changes In Fund Balances - Electric Fund  
For the Fiscal Year Ended June 30

|   | <u>2020</u>                 | <u>2021</u>                 | <u>2022</u>                 | <u>2023</u>                 | <u>2024</u>                 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Revenues:</b>                                    |                             |                             |                             |                             |                             |
| Charges for services                                | \$ 26,555,322               | \$ 27,050,374               | \$ 29,548,652               | \$ 32,022,687               | \$ 30,785,011               |
| Consumer penalties                                  | 153,770                     | 146,760                     | 145,183                     | 158,885                     | 141,222                     |
| Rental income                                       | 179,263                     | 285,439                     | 497,952                     | 453,327                     | 534,347                     |
| Other operating revenues                            | 92,056                      | 113,463                     | 86,707                      | 89,113                      | 77,625                      |
| <b>Total Revenues</b>                               | <u>\$ 26,980,411</u>        | <u>\$ 27,596,036</u>        | <u>\$ 30,278,494</u>        | <u>\$ 32,724,012</u>        | <u>\$ 31,538,205</u>        |
| Purchased Power                                     | \$ 20,136,761               | \$ 20,453,781               | \$ 23,745,329               | \$ 24,606,164               | \$ 25,070,010               |
| <b>Operating Expenses:</b>                          |                             |                             |                             |                             |                             |
| Operations  | \$ 1,099,996                | \$ 1,022,107                | \$ -                        | \$ 959,053                  | \$ 1,102,970                |
| Maintenance   | 1,351,524                   | 1,045,420                   | 1,829,418                   | 2,157,653                   | 2,046,887                   |
| Administration                                      | 1,543,630                   | 1,567,855                   | 1,394,671                   | 1,617,384                   | 1,824,960                   |
| <b>Total Operating Expenses before Depreciation</b> | <u>\$ 3,995,150</u>         | <u>\$ 3,635,382</u>         | <u>\$ 3,224,089</u>         | <u>\$ 4,734,090</u>         | <u>\$ 4,974,817</u>         |
| Depreciation  | 1,387,318                   | 1,451,107                   | 1,544,916                   | 1,575,649                   | 1,504,120                   |
| <b>Total Operating Expenses</b>                     | <u>\$ 5,382,468</u>         | <u>\$ 5,086,489</u>         | <u>\$ 4,769,005</u>         | <u>\$ 6,309,739</u>         | <u>\$ 6,478,937</u>         |
| <b>Total Expenses</b>                               | <u>\$ 25,519,229</u>        | <u>\$ 25,540,270</u>        | <u>\$ 28,514,334</u>        | <u>\$ 30,915,903</u>        | <u>\$ 31,548,947</u>        |
| Operating Income                                    | \$ 1,461,182                | \$ 2,055,766                | \$ 1,764,160                | \$ 1,808,109                | \$ (10,742)                 |
| <b>Non-Operating Revenues (Expenses):</b>           |                             |                             |                             |                             |                             |
| Interest Income                                     | \$ 16,049                   | \$ 5,159                    | \$ 1,611                    | \$ 11,505                   | \$ 74,181                   |
| Interest Expense                                    | (382,153)                   | (344,998)                   | (321,383)                   | (461,889)                   | (434,179)                   |
| Gain on Sale of Property                            | 18,850                      | -                           | -                           | -                           | -                           |
| Unrealized Gain on Investment                       | 12,986                      | 625                         | 341                         | 131,906                     | 151,393                     |
| Bond Issuance Costs                                 | (27,340)                    | -                           | -                           | (101,320)                   | -                           |
| Bond and Note Amortization                          | 3,825                       | 42,941                      | 42,941                      | 45,993                      | 47,158                      |
| <b>Total Non-Operating Revenues (Expenses)</b>      | <u>\$ (357,783)</u>         | <u>\$ (296,273)</u>         | <u>\$ (276,490)</u>         | <u>\$ (373,805)</u>         | <u>\$ (161,447)</u>         |
| Income Before Contributions and Transfers           | \$ 1,103,399                | \$ 1,759,493                | \$ 1,487,670                | \$ 1,434,304                | \$ (172,189)                |
| Capital Contributions from Governments              | \$ 122,344                  | \$ 281,484                  | \$ 90,003                   | \$ 56,907                   | \$ 72,934                   |
| Transfers to Local Government - in lieu of tax      | (667,788)                   | (672,769)                   | (696,999)                   | (643,965)                   | (543,561)                   |
| Net Income  | <u>\$ 557,955</u>           | <u>\$ 1,368,208</u>         | <u>\$ 880,674</u>           | <u>\$ 847,246</u>           | <u>\$ (642,816)</u>         |
| <b>Retained Earnings - July 1</b>                   | <u>\$ 34,332,585</u>        | <u>\$ 36,147,540</u>        | <u>\$ 37,515,748</u>        | <u>\$ 38,396,422</u>        | <u>\$ 39,243,668</u>        |
| Prior Year Adjustments                              | 1,257,000                   | -                           | -                           | -                           | -                           |
| <b>Retained Earnings - June 30</b>                  | <u><b>\$ 36,147,540</b></u> | <u><b>\$ 37,515,748</b></u> | <u><b>\$ 38,396,422</b></u> | <u><b>\$ 39,243,668</b></u> | <u><b>\$ 38,600,852</b></u> |

Source: Annual Comprehensive Financial Reports for the City of Dayton, Tennessee.

**CITY OF DAYTON, TENNESSEE**  
Five Year Summary of Revenues, Expenditures and  
Changes In Fund Balances - Water and Sewer Fund  
For the Fiscal Year Ended June 30

|   | <u>2020</u>                 | <u>2021</u>                 | <u>2022</u>                 | <u>2023</u>                 | <u>2024</u>                 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Revenues:</b>                                    |                             |                             |                             |                             |                             |
| Charges for services                                | \$ 7,559,937                | \$ 7,866,795                | \$ 8,328,462                | \$ 9,551,180                | \$ 10,500,788               |
| Consumer penalties                                  | 60,332                      | 57,871                      | 58,344                      | 59,072                      | 64,012                      |
| Other operating revenues                            | 78,337                      | 17,377                      | 33,069                      | 11,723                      | 10,707                      |
| <b>Total Revenues</b>                               | <u>\$ 7,698,606</u>         | <u>\$ 7,942,043</u>         | <u>\$ 8,419,875</u>         | <u>\$ 9,621,975</u>         | <u>\$ 10,575,507</u>        |
| <b>Operating Expenses:</b>                          |                             |                             |                             |                             |                             |
| Operations  | \$ 3,990,065                | \$ 4,125,979                | \$ 4,465,426                | \$ 4,944,232                | \$ 5,153,279                |
| Maintenance   | 697,832                     | 790,233                     | 832,777                     | 1,067,989                   | 1,237,084                   |
| Administration                                      | 362,409                     | 233,709                     | 236,114                     | 241,900                     | 271,392                     |
| <b>Total Operating Expenses before Depreciation</b> | <u>\$ 5,050,306</u>         | <u>\$ 5,149,921</u>         | <u>\$ 5,534,317</u>         | <u>\$ 6,254,121</u>         | <u>\$ 6,661,755</u>         |
| Depreciation  | 1,463,710                   | 1,492,744                   | 1,508,558                   | 1,512,276                   | 1,566,315                   |
| <b>Total Operating Expenses</b>                     | <u>\$ 6,514,016</u>         | <u>\$ 6,642,665</u>         | <u>\$ 7,042,875</u>         | <u>\$ 7,766,397</u>         | <u>\$ 8,228,070</u>         |
| Operating Income                                    | \$ 1,184,590                | \$ 1,299,378                | \$ 1,377,000                | \$ 1,855,578                | \$ 2,347,437                |
| <b>Non-Operating Revenues (Expenses):</b>           |                             |                             |                             |                             |                             |
| Interest Income                                     | \$ 39,902                   | \$ 7,710                    | \$ 907                      | \$ 7,329                    | \$ 177,654                  |
| Interest Expense                                    | (673,387)                   | (604,674)                   | (505,855)                   | (432,447)                   | (533,656)                   |
| Insurance Proceeds                                  | 9,959                       | -                           | 1,500                       | -                           | -                           |
| Unrealized Gain on Investment                       | 44,687                      | 2,171                       | 936                         | 5,193                       | -                           |
| Bond Issuance costs                                 | (90,730)                    | -                           | (147,733)                   | -                           | -                           |
| Amortization of debt expense                        | 3,503                       | 36,488                      | 48,271                      | 47,760                      | 47,760                      |
| Gain on Sale of Property                            | -                           | -                           | 8,897                       | 1,391                       | -                           |
| <b>Total Non-Operating Revenues (Expenses)</b>      | <u>\$ (666,066)</u>         | <u>\$ (558,305)</u>         | <u>\$ (593,077)</u>         | <u>\$ (370,774)</u>         | <u>\$ (308,242)</u>         |
| Income Before Contributions and Transfers           | \$ 518,524                  | \$ 741,073                  | \$ 783,923                  | \$ 1,484,804                | \$ 2,039,195                |
| Transfers to Local Government - in lieu of tax      | \$ (76,086)                 | \$ (74,623)                 | \$ (72,943)                 | \$ (73,675)                 | \$ (112,993)                |
| Capital Contributions from Governments              | 982,944                     | 1,542,315                   | 1,984,924                   | 2,049,189                   | 208,732                     |
| Net Income  | <u>\$ 1,425,382</u>         | <u>\$ 2,208,765</u>         | <u>\$ 2,695,904</u>         | <u>\$ 3,460,318</u>         | <u>\$ 2,134,934</u>         |
| <b>Retained Earnings - July 1</b>                   | \$ 21,935,968               | \$ 23,361,350               | \$ 25,570,115               | \$ 28,266,019               | \$ 31,726,337               |
| Prior Year Adjustments                              | -                           | -                           | -                           | -                           | -                           |
| <b>Retained Earnings - June 30</b>                  | <u><u>\$ 23,361,350</u></u> | <u><u>\$ 25,570,115</u></u> | <u><u>\$ 28,266,019</u></u> | <u><u>\$ 31,726,337</u></u> | <u><u>\$ 33,861,271</u></u> |

Source: Annual Comprehensive Financial Reports for the City of Dayton, Tennessee.

## **BASIS OF ACCOUNTING AND PRESENTATION**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The modified accrual basis of accounting is used to account for all governmental funds of the City. Revenues for such funds are recognized when they become measurable and available as net current assets. Expenditures, other than interest or long-term debt, are recognized when incurred and measurable.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred except for prepaid expenses, such as insurance, which are fully expended at the time of payment.

## **INVESTMENT AND CASH MANAGEMENT PRACTICES**

Investment of idle City operating funds is controlled by state statute and local policies and administered by the City Clerk. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. For reporting purposes, all investments are stated at cost which approximates market value.

## **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

### ***State Taxation of Property; Classifications of Taxable Property; Assessment Rates***

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the "General Assembly") exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

- (a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
- (b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;

- (c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and
- (d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

### ***County Taxation of Property***

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its value upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

## *Assessment of Property*

*County Assessments; County Board of Equalization.* The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

*State Assessments of Public Utility Property; State Board of Equalization.* The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

## ***Periodic Reappraisal and Equalization***

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an on-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

## ***Valuation for Property Tax Purposes***

*County Valuation of Property.* The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State Board of Equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

*State Valuation of Public Utility Property.* The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole (*i.e.*, the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

## ***Certified Tax Rate***

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the "*Certified Tax Rate*") which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.



Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

### ***Tax Freeze for the Elderly Homeowners***

The Tennessee Constitution was amended by the voters in November 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is \$500 for the year in which he becomes eligible, his property taxes will remain at \$500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

### ***Tax Collection and Tax Lien***

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

*[balance of page left blank]*

*Assessed Valuations.* According to the Tax Aggregate Report of Tennessee and the City, property in the City reflected a ratio of appraised value to true market value of 1.00. The following table shows pertinent data for tax year 2024<sup>1</sup>.

| <u>Class</u>                     | <u>Assessed<br/>Valuation</u> | <u>Rate</u> | <u>Appraised<br/>Value</u>    |
|----------------------------------|-------------------------------|-------------|-------------------------------|
| Public Utility Property          | \$ 4,975,321                  | 55%         | \$ 11,398,215                 |
| Commercial/Industrial/Mineral    | 165,592,870                   | 40%         | 414,194,900                   |
| Personal Tangible Property       | 52,637,909                    | 30%         | 175,459,647                   |
| Residential, Farm and Open Space | <u>122,791,990</u>            | 25%         | <u>491,114,500</u>            |
| <b>Totals</b>                    | <b><u>\$345,998,090</u></b>   |             | <b><u>\$1,092,167,262</u></b> |

<sup>1</sup> The tax year coincides with the calendar year, therefore, tax year 2024 is actually fiscal year 2024-2025.  
*Source:* 2024 Tax Aggregate Report of Tennessee.

The estimated assessed value of property in the City for the fiscal year ending June 30, 2025 (tax year 2024) is \$345,998,090 compared to \$212,760,308 for the fiscal year ending June 30, 2024 (tax year 2023). The estimated actual value of all taxable property for tax year 2024 is \$1,092,167,262 compared to \$1,063,316,537 for tax year 2023.

*Property Tax Rates and Collections.* The following table shows the property tax rates and collections of the City for tax years 2020 through 2024 as well as the aggregate uncollected balances for each fiscal year ending June 30, 2024.

| <b>PROPERTY TAX RATES AND<br/>COLLECTIONS</b> |                               |                      |                         | <b>Fiscal Yr<br/>Collections</b> |            | <b>Aggregate<br/>Uncollected<br/>Balance</b> |            |
|---|-------------------------------|----------------------|-------------------------|----------------------------------|------------|--|------------|
| <b>Tax<br/>Year<sup>2</sup></b>               | <b>Assessed<br/>Valuation</b> | <b>Tax<br/>Rates</b> | <b>Taxes<br/>Levied</b> | <b>Amount</b>                    | <b>Pct</b> | <b>As of June 30, 2024</b>                   |            |
|   |                               |                      |                         |                                  |            | <b>Amount</b>                                | <b>Pct</b> |
| 2020  | \$204,496,325                 | \$0.58               | \$1,160,635             | \$1,133,373                      | 97.7%      | \$ 7,921                                     | 0.7%       |
| 2021  | 209,631,467                   | 0.58                 | 1,186,095               | 1,158,397                        | 97.7%      | 10,261                                       | 0.9%       |
| 2022  | 213,517,040                   | 0.58                 | 1,215,891               | 1,181,453                        | 97.2%      | 26,506                                       | 2.2%       |
| 2023  | 212,760,308                   | 0.83                 | 1,739,848               | 1,647,860                        | 94.7%      | 91,988                                       | 5.3%       |
| 2024  | 345,998,090                   | 0.524                | 1,813,029               | <b>IN PROGRESS</b>               |            |  |            |

\* Estimated

<sup>2</sup> The tax year coincides with the calendar year, therefore, tax year 2024 is actually fiscal year 2024-2025.

*[balance of page left blank]*

*Largest Taxpayers.* For the fiscal year ending June 30, 2025 (tax year 2024), the largest taxpayers in the City are as follows:

| <u><b>Taxpayer</b></u>          | <u><b>Business Type</b></u> | <u><b>Assessment</b></u>   | <u><b>Taxes Levied</b></u> |
|---------------------------------|-----------------------------|----------------------------|----------------------------|
| 1. La-Z-Boy Manufacturing, Inc. | Industrial                  | \$19,291,133               | \$160,118                  |
| 2. Rock Solid, LP               | Commercial                  | 9,071,215                  | 75,294                     |
| 3. Polyloom Corp of America     | Industrial                  | 6,811,682                  | 56,537                     |
| 4. Robinson MFG Co.             | Industrial                  | 5,846,375                  | 48,254                     |
| 5. IDB C/O Nokian               | Industrial                  | 5,250,632                  | 43,580                     |
| 6. Suburban Manufacturing, Inc. | Industrial                  | 4,392,986                  | 36,462                     |
| 7. Wal-Mart Real Estate         | Retail                      | 3,625,548                  | 30,095                     |
| 8. Lowes Home Centers, Inc.     | Retail                      | 3,054,677                  | 25,354                     |
| 9. RNS Properties LLC           | Commercial                  | 2,495,640                  | 20,715                     |
| 10. Hiwassee Packaging Inc.     | Industrial                  | <u>2,035,326</u>           | <u>16,893</u>              |
| <b>TOTAL</b>                    |                             | <b><u>\$61,875,214</u></b> | <b><u>\$513,302</u></b>    |

*Source:* The City.

## **PENSION PLANS**

Employees of the City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high 5-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with 5 years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after 5 years of service and members joining prior to July 1, 1979, were vested after 4 years of service. Benefit provisions are established in state statutes found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the City Council.

For additional information on the funding status, trend information and actuarial status of the City's retirement programs, please refer to the appropriate Notes to Financial Statements located in the General Purpose Financial Statements of the City attached herein.

*[balance of page left blank]*

## **UNFUNDED ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

GASB Statement 45 establishes standards for the measurement, recognition, and display of Other Post-Employment Benefits (“OPEB”) in the financial reports of state and local government employers. GASB 45 requires the recognition of the accrued liability for the respective year, plus the disclosure of the total unfunded liability. Cash funding of the unfunded liability is not required.

For more information, see the Notes to the General Purpose Financial Statements located herein.

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## **APPENDIX C**

# **GENERAL PURPOSE FINANCIAL STATEMENTS OF CITY OF DAYTON, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of the City of Dayton for the fiscal year ended June 30, 2024 which is available upon request from the City.





**CITY OF DAYTON**  
*Tennessee*

**CITY OF DAYTON, TENNESSEE**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2024**

**Matlock Clements**  

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**Certified Public Accountants**

## **INTRODUCTORY SECTION**



# CITY OF DAYTON, TENNESSEE

## Annual Financial Report Year Ended June 30, 2024

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# CITY OF DAYTON, TENNESSEE

## Annual Financial Report Year Ended June 30, 2024

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**City of Dayton, Tennessee**  
Directory of Officials  
As of June 30, 2024

---

**Elected**

| <b>Name</b>    | <b>Position</b> |
|----------------|-----------------|
| Hurley March   | Mayor           |
| Steve Randolph | Vice Mayor      |
| Bobby Doss     | Council Member  |
| Bill Graham    | Council Member  |
| Caleb Yawn     | Council Member  |

**Appointed and Other**

| <b>Name</b>     | <b>Position</b>        |
|-----------------|------------------------|
| David Shinn     | City Manager           |
| Ashley Ervin    | Assistant City Manager |
| Michelle Horton | City Recorder/CMFO     |

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Councilman  
City of Dayton, Tennessee

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dayton, Tennessee (the City), as of and for the year ended June 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each of the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, and the Department of Education - General Purpose Fund 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 the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the City 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*

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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *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 generally accepted auditing standards and *Government Auditing Standards* 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.

Eric Clements, CPA, CFE • Andy Matlock, CPA

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 of Dayton, Tennessee'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 of Dayton, Tennessee'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10-17 and other required supplemental information on pages 91-99 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dayton, Tennessee's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules for the nonmajor special revenue funds, the discretely presented component unit financial statements, the schedules of operating expenses for individual funds, the financial schedules 101-123 (including the schedule of expenditures of federal awards, as required by Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on pages 136-137) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, based on our audit, the procedures performed as described above, the accompanying combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules for the nonmajor special revenue funds, the discretely presented component unit financial statements, the schedules of operating expenses for individual funds, the supplementary information on pages 101-123 (including the schedule of expenditures of federal awards) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other schedules on pages 125-134 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2025, on our consideration of the City of Dayton, Tennessee'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 of Dayton, Tennessee'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 City of Dayton, Tennessee's internal control over financial reporting and compliance.



Matlock Clements, P.C.  
Murfreesboro, Tennessee  
July 18, 2025



**CITY OF DAYTON, TENNESSEE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

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As management of the City of Dayton, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Dayton for the year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with information in the basic financial statements.

**Financial Highlights**

- The City of Dayton's assets exceeded its liabilities by \$49,265,344 for governmental activities at June 30, 2024, (net position). Of this amount, \$24,663,765 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. The government's total net position increased by \$13,861,553 in 2024 as compared to \$8,091,202 in 2023.
- The City of Dayton's assets exceeded its liabilities by \$82,034,167 for business-type activities at June 30, 2024.
- Net position for governmental activities increased by \$12,112,331. Net position for business-type activities increased \$1,749,222. The City's changes in net position are detailed in the chart on A-5 of this report. Total revenues for governmental activities increased in 2024.
- At June 30, 2024 the City of Dayton's governmental funds reported combined ending fund balances of \$25,242,293 with 63% available for spending at the City's discretion (unassigned).
- At the end of the current year, unassigned fund balance for the general fund was \$16,009,090.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Dayton's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial 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.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two 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.

The *Statement of Activities* presents information showing how the government'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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax and earned but unused vacation leave).

**CITY OF DAYTON, TENNESSEE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

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**Overview of the Financial Statements**

Both of the government-wide financial statements distinguish functions of the City of Dayton 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 of Dayton include general government, public safety, highways and streets, education, parks and recreation, airport, and library. The business-type activities of the City include the Industrial Park, Water and Sewer, and Electric services.

The government-wide financial statements can be found on pages 5-6 of this report.

**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 of Dayton, 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 two categories: governmental funds and proprietary funds. During the current year the Dayton City School Internal School Funds were moved from a fiduciary fund to a special revenue fund through a prior period adjustment in accordance with state guidelines.

**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 evaluating 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 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 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 of Dayton maintains ten 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 and the Department of Education-General Purpose 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 the form of combining statements later in this report beginning on page 101.

The City Council adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and the Department of Education-General Purpose Fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found beginning on page 21 of this report.

**CITY OF DAYTON, TENNESSEE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

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**Overview of the Financial Statements (continued)**

**Proprietary funds** The City maintains a proprietary fund for its five enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for Electric and Water and Sewer, its major funds, and the Sanitation, Industrial Park, and Skill Center funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 28-32 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-89 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and required major fund budgeting data. Required supplemental information can be found on pages 91-99 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules, as well as component unit information can be found on pages 101-123 of this report.

**Financial Analysis of the Financial Statements**

*Government-wide Financial Analysis*

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Dayton, assets exceeded liabilities by \$131,299,511 at June 30, 2024.

In excess of \$50 million of the City's net position are unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. The City has accumulated funds for capital project needs as approved by City Council and debt service. Investments in capital assets (e.g. land, buildings, infrastructure, machinery and equipment) is less any debt used to acquire those assets still outstanding. The City uses these capital assets to provide services to its 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 capital assets themselves cannot be used to liquidate these liabilities. Restricted net position are subject to external restriction on how they may be used.

**CITY OF DAYTON, TENNESSEE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

**Net Position – Primary Government**  
**June 30, 2024 and 2023**

|                                  | <b>Governmental Activities</b> |                      | <b>Business-type Activities</b> |                      | <b>Total</b>          |                       |
|----------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
|                                  | <b>2024</b>                    | <b>2023</b>          | <b>2024</b>                     | <b>2023</b>          | <b>2024</b>           | <b>2023</b>           |
| Current and other assets         | \$ 30,306,079                  | \$ 24,937,729        | \$ 38,618,200                   | \$ 35,532,928        | \$ 68,924,279         | \$ 60,470,657         |
| Capital assets                   | <u>23,574,351</u>              | <u>16,759,408</u>    | <u>107,363,162</u>              | <u>96,501,669</u>    | <u>130,937,513</u>    | <u>113,261,077</u>    |
| Total assets                     | 53,880,430                     | 41,697,137           | 145,981,362                     | 132,034,597          | 199,861,792           | 173,731,734           |
| Deferred outflows of resources   | 3,196,661                      | 3,002,254            | 1,592,548                       | 1,304,912            | 4,789,209             | 4,307,166             |
| Long-term liabilities            | 1,620,434                      | 2,691,085            | 50,238,792                      | 43,786,919           | 51,859,226            | 46,478,004            |
| Other liabilities                | <u>4,140,229</u>               | <u>2,537,940</u>     | <u>14,279,854</u>               | <u>8,173,152</u>     | <u>18,420,083</u>     | <u>10,711,092</u>     |
| Total liabilities                | 5,760,663                      | 5,229,025            | 64,518,646                      | 51,960,071           | 70,279,309            | 57,189,096            |
| Deferred inflows of resources    | 2,051,084                      | 2,317,353            | 1,021,097                       | 1,094,493            | 3,072,181             | 3,411,846             |
| Net position                     |                                |                      |                                 |                      |                       |                       |
| Net investment in capital assets | 21,921,508                     | 14,726,582           | 55,738,735                      | 57,713,709           | 77,660,243            | 72,440,291            |
| Restricted                       | 2,680,071                      | 2,367,900            | -                               | 155,773              | 2,680,071             | 2,523,673             |
| Unrestricted                     | <u>24,663,765</u>              | <u>20,058,531</u>    | <u>26,295,432</u>               | <u>22,415,463</u>    | <u>50,959,197</u>     | <u>42,473,994</u>     |
| Total net position               | <b>\$ 49,265,344</b>           | <b>\$ 37,153,013</b> | <b>\$ 82,034,167</b>            | <b>\$ 80,284,945</b> | <b>\$ 131,299,511</b> | <b>\$ 117,437,958</b> |

**Governmental activities.** Governmental activities increased the City's net position by \$3,349,870 in 2023 and \$12,112,331 in 2024. Revenue and expense increased due to new property developments.

**Business-type activities.** Business-type activities increased the City's net position by \$1,749,222 for 2024 and \$4,741,332 for 2023, with the Electric Fund and Water and Sewer Fund generating the majority of this profit in 2024.

**CITY OF DAYTON, TENNESSEE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

**The City's Changes in Net Position  
For the years ended June 30, 2024 and 2023**

|                                    | <b>Governmental Activities</b> |               | <b>Business-type Activities</b> |               | <b>Total</b>   |                |
|------------------------------------|--------------------------------|---------------|---------------------------------|---------------|----------------|----------------|
|                                    | <b>2024</b>                    | <b>2023</b>   | <b>2024</b>                     | <b>2023</b>   | <b>2024</b>    | <b>2023</b>    |
| Revenues                           |                                |               |                                 |               |                |                |
| Charges for services               | \$ 1,084,403                   | \$ 998,575    | \$ 42,975,784                   | \$ 43,213,638 | \$ 44,060,187  | \$ 44,212,213  |
| Operating grants and contributions | 4,526,266                      | 2,872,431     | -                               | -             | 4,526,266      | 2,872,431      |
| Capital grants and contributions   | 84,395                         | 84,148        | 281,666                         | 2,342,433     | 366,061        | 2,426,581      |
| General Revenues                   |                                |               |                                 |               |                |                |
| Property taxes                     | 2,416,714                      | 1,763,867     | -                               | -             | 2,416,714      | 1,763,867      |
| Other local taxes                  | 7,615,582                      | 7,170,692     | -                               | -             | 7,615,582      | 7,170,692      |
| Intergovernmental                  | 12,299,248                     | 6,297,037     | -                               | -             | 12,299,248     | 6,297,037      |
| Investment income                  | 3,424,505                      | 39,911        | 411,540                         | 54,319        | 3,836,045      | 94,230         |
| Other                              | 296,904                        | 800,955       | 168,058                         | (432,299)     | 464,962        | 368,656        |
| Total Revenues                     | 31,748,017                     | 20,027,616    | 43,837,048                      | 45,178,091    | 75,585,065     | 65,205,707     |
| Expenses                           |                                |               |                                 |               |                |                |
| General government                 | 3,218,318                      | 909,242       | -                               | -             | 3,218,318      | 909,242        |
| Public Safety:                     |                                |               |                                 |               |                |                |
| Police                             | 2,690,063                      | 1,982,504     | -                               | -             | 2,690,063      | 1,982,504      |
| Fire                               | 1,775,002                      | 1,127,303     | -                               | -             | 1,775,002      | 1,127,303      |
| Maintenance                        | 467,467                        | 394,848       | -                               | -             | 467,467        | 394,848        |
| Highways and streets               | 1,570,898                      | 1,210,855     | -                               | -             | 1,570,898      | 1,210,855      |
| Parks and recreation               | 678,997                        | 545,616       | -                               | -             | 678,997        | 545,616        |
| Library                            | 472,156                        | 423,118       | -                               | -             | 472,156        | 423,118        |
| Airport                            | 696,517                        | 581,923       | -                               | -             | 696,517        | 581,923        |
| Education:                         |                                |               |                                 |               |                |                |
| Instructional                      | 4,882,778                      | 5,851,368     | -                               | -             | 4,882,778      | 5,851,368      |
| Support Services                   | 2,771,143                      | 2,534,036     | -                               | -             | 2,771,143      | 2,534,036      |
| Noninstructional                   | 786,881                        | 746,684       | -                               | -             | 786,881        | 746,684        |
| Unallocated depreciation           | 204,422                        | 288,619       | -                               | -             | 204,422        | 288,619        |
| Interest on long term debt         | 77,598                         | 81,630        | -                               | -             | 77,598         | 81,630         |
| Electric                           | -                              | -             | 31,935,968                      | 31,433,119    | 31,935,968     | 31,433,119     |
| Water                              | -                              | -             | 5,828,606                       | 5,435,617     | 5,828,606      | 5,435,617      |
| Sewer                              | -                              | -             | 2,885,360                       | 2,715,467     | 2,885,360      | 2,715,467      |
| Industrial Park -                  |                                |               |                                 |               |                |                |
| economic development               | -                              | -             | 60,033                          | 60,651        | 60,033         | 60,651         |
| Skill Center -                     |                                |               |                                 |               |                |                |
| community development              | -                              | -             | 157,952                         | 270,906       | 157,952        | 270,906        |
| Sanitation                         | -                              | -             | 563,353                         | 520,999       | 563,353        | 520,999        |
| Total Expenses                     | 20,292,240                     | 16,677,746    | 41,431,272                      | 40,436,759    | 61,723,512     | 57,114,505     |
| Increase in net position before    |                                |               |                                 |               |                |                |
| transfers                          | 11,455,777                     | 3,349,870     | 2,405,776                       | 4,741,332     | 13,861,553     | 8,091,202      |
| Transfers                          | 656,554                        | -             | (656,554)                       | -             | -              | -              |
| Increase in net position           | 12,112,331                     | 3,349,870     | 1,749,222                       | 4,741,332     | 13,861,553     | 8,091,202      |
| Net position, beginning            | 37,153,013                     | 33,803,143    | 80,284,945                      | 75,543,613    | 117,437,958    | 109,346,756    |
| Net position, ending               | \$ 49,265,344                  | \$ 37,153,013 | \$ 82,034,167                   | \$ 80,284,945 | \$ 131,299,511 | \$ 117,437,958 |

**CITY OF DAYTON, TENNESSEE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

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**Financial Analysis of the City's Funds**

As noted earlier, the City of Dayton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Dayton governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. The unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year for future unforeseen emergencies. At June 30, 2024 and 2023, the City of Dayton's governmental funds reported combined ending fund balances of \$25,242,293 and \$19,958,257, respectively. Approximately 63.4% of the 2024 total (\$16,009,090) constitutes unassigned fund balance.

The General Fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was \$16,009,090. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures.

The fund balance of the City's General Fund increased by \$2,666,554 during the current fiscal year. The key factor is increased revenue from tax revenue increases.

**Proprietary funds.** The City of Dayton's proprietary funds provide the same type of information as the government-wide financial statements, but with more detail.

Net position at the end of the year was \$38,600,852 for the Electric Fund, \$33,861,271 for the Water and Sewer Fund, and \$9,572,044 for the nonmajor funds.

**General Fund Budgetary Highlights**

There were only minor differences between the original budget and the final amended budgeted expenditures. The City's General Fund budget was a break-even budget while the fund generated an increase in fund balance of \$2,666,554.

**Capital Asset and Debt Administration**

**Capital assets.** The City of Dayton investment in capital assets for its governmental and business-type fund activities as of June 30, 2024, was \$130,910,059 (net of accumulated depreciation). This investment in capital assets includes land, buildings, other improvements, equipment, and infrastructure.

Major capital assets events during the current fiscal year included the following:

- Continued AMI Water Project
- Continued Sewer Plant Project
- Purchased Abel Property
- Purchased City Hall Annex
- Continued Transmission Line for Electric

**CITY OF DAYTON, TENNESSEE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

**Capital Assets (Net of Depreciation)**  
**June 30, 2024 and 2023**

|                                | <b>Governmental Activities</b> |                      | <b>Business-type Activities</b> |                      | <b>Total</b>          |                       |
|--------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
|                                | <b>2024</b>                    | <b>2023</b>          | <b>2024</b>                     | <b>2023</b>          | <b>2024</b>           | <b>2023</b>           |
| Land                           | \$ 1,233,766                   | \$ 1,233,766         | \$ 1,810,769                    | \$ 1,810,769         | \$ 3,044,535          | \$ 3,044,535          |
| Buildings and improvements     | 10,515,609                     | 5,912,077            | 4,584,645                       | 1,742,592            | 15,100,254            | 7,654,669             |
| Plant and equipment            | 22,963,188                     | 6,044,248            | 120,379,622                     | 63,113,143           | 143,342,810           | 69,157,391            |
| Street/Land improvements       | 55,213                         | 55,213               | 770,153                         | 531,265              | 825,366               | 586,478               |
| Construction in progress       | 9,474,371                      | 3,471,612            | 41,953,690                      | 29,303,900           | 51,428,061            | 32,775,512            |
| Infrastructure                 | <u>8,175</u>                   | <u>8,175</u>         | <u>-</u>                        | <u>-</u>             | <u>8,175</u>          | <u>8,175</u>          |
|                                | 44,250,322                     | 28,744,804           | 169,498,879                     | 155,497,763          | 213,749,201           | 184,242,567           |
| Less: accumulated depreciation | <u>20,703,425</u>              | <u>12,019,713</u>    | <u>62,135,717</u>               | <u>58,996,094</u>    | <u>82,839,142</u>     | <u>71,015,807</u>     |
| Net capital assets             | <b>\$ 23,546,897</b>           | <b>\$ 16,725,091</b> | <b>\$ 107,363,162</b>           | <b>\$ 96,501,669</b> | <b>\$ 130,910,059</b> | <b>\$ 113,226,760</b> |

Additional information on the City's capital assets can be found in the notes to the financial statements section of this report.

Long-term debt. The City's governmental activities have four capital outlay notes with \$1,620,434 outstanding at June 30, 2024. \$335,753 is due within one year.

Business-type activities has outstanding bonds and notes of \$50,238,792 with principal of \$2,102,061 due within one year.

The combined long-term debt for primary government is a total of \$51,859,226. Additional information concerning long-term debt can be found on pages 125-128 of this report.

#### Economic Factors and Next Year's Budgets and Rates

The City continues to operate attempting to keep expenses at a minimum as much as feasibly possible. An anticipated increase in expenses is primarily due to the increase in employee benefits and liability insurance costs. The property tax rate for 2024 was set at \$0.83 per \$100 assessed value, which increase from the 2023 rate of \$0.58.

Revenues are expected to remain similar to the previous budget year. Management has been conservative in estimation of other revenues for 2024-2025 with the revenue generators having been in existence long enough to be able to project next years revenue. Budgeted expenditures were to increase primarily due to insurance costs and employee benefits.

**CITY OF DAYTON, TENNESSEE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024

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**Requests for Information**

This financial report is designed to provide a general overview of the City of Dayton finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to L. Michelle Horton, City Recorder, P.O. Box 226, Dayton, Tennessee 37321.



**CITY OF DAYTON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

|  |                            |                             |                       | Component Units               |                                    |
|--|----------------------------|-----------------------------|-----------------------|-------------------------------|------------------------------------|
|  | Primary Government         |                             |                       | Governmental                  | Proprietary                        |
|  | Governmental<br>Activities | Business-type<br>Activities | Total                 | Utilities<br>Grant<br>Program | Industrial<br>Development<br>Board |
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>   |                            |                             |                       |                               |                                    |
| <b>ASSETS</b>                                      |                            |                             |                       |                               |                                    |
| Cash   | \$ 23,399,439              | \$ 16,709,150               | \$ 40,108,589         | \$ 8,345                      | \$ 497,376                         |
| Receivables:                                       |                            |                             |                       |                               |                                    |
| Property taxes, net                                | 2,343,515                  | -                           | 2,343,515             | -                             | -                                  |
| Accounts, net                                      | 146,859                    | 3,565,670                   | 3,712,529             | -                             | -                                  |
| Other governments                                  | 1,353,993                  | 1,070,432                   | 2,424,425             | -                             | -                                  |
| Component unit                                     | 1,925,000                  | -                           | 1,925,000             | -                             | -                                  |
| Leases   | -                          | 848,083                     | 848,083               | -                             | -                                  |
| Primary government                                 | -                          | -                           | -                     | 2,841                         | -                                  |
| Interest   | -                          | 1,197                       | 1,197                 | -                             | -                                  |
| Other  | -                          | 3,435,367                   | 3,435,367             | -                             | -                                  |
| Internal balances                                  | (10,467)                   | 10,467                      | -                     | -                             | -                                  |
| Prepaid items                                      | 150,520                    | 169,894                     | 320,414               | -                             | -                                  |
| Restricted cash                                    | 142,180                    | 9,228,967                   | 9,371,147             | -                             | -                                  |
| Restricted investments                             | -                          | 1,636,602                   | 1,636,602             | -                             | -                                  |
| Inventories  | 57,121                     | 1,942,371                   | 1,999,492             | -                             | -                                  |
| TVA loans receivable                               | -                          | -                           | -                     | -                             | -                                  |
| Capital assets:                                    |                            |                             |                       |                               |                                    |
| Depreciable, net                                   | 12,838,761                 | 62,828,550                  | 75,667,311            | -                             | 3,364,251                          |
| Nondepreciable                                     | 10,708,136                 | 44,534,612                  | 55,242,748            | -                             | 1,726,850                          |
| Subscription information technology asset, net     | 27,454                     | -                           | 27,454                | -                             | -                                  |
| Net pension asset                                  | 697,563                    | -                           | 697,563               | -                             | -                                  |
| Restricted stabilization reserve                   | 100,356                    | -                           | 100,356               | -                             | -                                  |
| Total assets                                       | 53,880,430                 | 145,981,362                 | 199,861,792           | 11,186                        | 5,588,477                          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                            |                             |                       |                               |                                    |
| Pension related                                    | 2,750,216                  | 1,505,987                   | 4,256,203             | -                             | -                                  |
| OPEB related                                       | 446,445                    | 52,405                      | 498,850               | -                             | -                                  |
| Deferred amount on refunding                       | -                          | 34,156                      | 34,156                | -                             | -                                  |
| Total deferred outflows of resources               | 3,196,661                  | 1,592,548                   | 4,789,209             | -                             | -                                  |
| Total assets and deferred outflows<br>of resources | <u>\$ 57,077,091</u>       | <u>\$ 147,573,910</u>       | <u>\$ 204,651,001</u> | <u>\$ 11,186</u>              | <u>\$ 5,588,477</u>                |

**CITY OF DAYTON, TENNESSEE**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**JUNE 30, 2024**

|  | Primary Government      |                          |                       | Component Units         |                              |
|--|-------------------------|--------------------------|-----------------------|-------------------------|------------------------------|
|  |                         |                          |                       | Governmental            | Proprietary                  |
|  | Governmental Activities | Business-type Activities | Total                 | Utilities Grant Program | Industrial Development Board |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b> |                         |                          |                       |                         |                              |
| <b>LIABILITIES</b>   |                         |                          |                       |                         |                              |
| Accounts payable   | \$ 948,731              | \$ 3,000,213             | \$ 3,948,944          | \$ -                    | \$ -                         |
| Accounts payable - TVA   | -                       | 4,034,798                | 4,034,798             | -                       | -                            |
| Accrued salaries and benefits                                      | 787,351                 | 250,133                  | 1,037,484             | -                       | -                            |
| Accrued interest   | 27,447                  | 84,704                   | 112,151               | -                       | -                            |
| Retainage payable  | 142,180                 | 1,385,635                | 1,527,815             | -                       | -                            |
| Due to primary government  | -                       | -                        | -                     | -                       | 1,925,000                    |
| Due to component unit  | -                       | 2,841                    | 2,841                 | -                       | -                            |
| Unearned revenues  | 1,208,267               | 4,596,710                | 5,804,977             | -                       | -                            |
| Customers' deposits  | -                       | 574,115                  | 574,115               | -                       | -                            |
| Deposit held in earnest  | -                       | -                        | -                     | -                       | -                            |
| TVA home program advances  | -                       | 13,928                   | 13,928                | -                       | -                            |
| Subscription liability   | 32,409                  | -                        | 32,409                | -                       | -                            |
| Long-term debt:  |                         |                          |                       |                         |                              |
| Due within one year  | 335,753                 | 2,258,572                | 2,594,325             | -                       | -                            |
| Due in more than one year  | 1,284,681               | 47,980,220               | 49,264,901            | -                       | -                            |
| Net Pension liability  | -                       | 199,522                  | 199,522               | -                       | -                            |
| OPEB liability   | 993,844                 | 137,255                  | 1,131,099             | -                       | -                            |
| Total liabilities  | <u>5,760,663</u>        | <u>64,518,646</u>        | <u>70,279,309</u>     | <u>-</u>                | <u>1,925,000</u>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                         |                          |                       |                         |                              |
| Lease related  | -                       | 657,935                  | 657,935               | -                       | -                            |
| Property tax related   | 1,279,694               | -                        | 1,279,694             | -                       | -                            |
| Pension related  | 316,486                 | 205,966                  | 522,452               | -                       | -                            |
| OPEB related   | 454,904                 | 126,852                  | 581,756               | -                       | -                            |
| Deferred amount on refunding                                       | -                       | 30,344                   | 30,344                | -                       | -                            |
| Total deferred inflows of resources                                | <u>2,051,084</u>        | <u>1,021,097</u>         | <u>3,072,181</u>      | <u>-</u>                | <u>-</u>                     |
| <b>NET POSITION</b>  |                         |                          |                       |                         |                              |
| Net investment in capital assets                                   | 21,921,508              | 55,738,735               | 77,660,243            | -                       | 3,166,101                    |
| Restricted for:  |                         |                          |                       |                         |                              |
| Pensions   | 697,563                 | -                        | 697,563               | -                       | -                            |
| Drug   | 54,011                  | -                        | 54,011                | -                       | -                            |
| Education  | 1,658,095               | -                        | 1,658,095             | -                       | -                            |
| Highways and streets   | -                       | -                        | -                     | -                       | -                            |
| E-citations  | -                       | -                        | -                     | -                       | -                            |
| Sex offender registry  | 4,600                   | -                        | 4,600                 | -                       | -                            |
| Tourism  | 265,802                 | -                        | 265,802               | -                       | -                            |
| Utilities grant program  | -                       | -                        | -                     | 11,186                  | -                            |
| Unrestricted   | 24,663,765              | 26,295,432               | 50,959,197            | -                       | 497,376                      |
| Total net position   | <u>\$ 49,265,344</u>    | <u>\$ 82,034,167</u>     | <u>\$ 131,299,511</u> | <u>\$ 11,186</u>        | <u>\$ 3,663,477</u>          |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 57,077,091</u>    | <u>\$ 147,573,910</u>    | <u>\$ 204,651,001</u> | <u>\$ 11,186</u>        | <u>\$ 5,588,477</u>          |

**CITY OF DAYTON, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2024**

| Functions/Programs  | Net (Expenses) Revenues and Changes in Net Position |                      |                                    |                                  |                         |                          |                |                         |                              |
|---|---|----------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|----------------|-------------------------|------------------------------|
|   | Program Revenues                                    |                      |                                    |                                  | Primary Government      |                          |                | Component Units         |                              |
|   | Expenses  | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total          | Governmental            | Proprietary                  |
|   |   |                      |                                    |                                  |                         |                          |                | Utilities Grant Program | Industrial Development Board |
|   |   |                      |                                    |                                  |                         |                          |                |                         |                              |
| Primary Government:   |   |                      |                                    |                                  |                         |                          |                |                         |                              |
| Governmental Activities:                                      |   |                      |                                    |                                  |                         |                          |                |                         |                              |
| General government  | \$ 3,218,318  | \$ 154,768           | \$ -                               | \$ -                             | \$ (3,063,550)          | \$ -                     | \$ (3,063,550) | \$ -                    | \$ -                         |
| Public safety-police  | 2,690,063   | 244,883              | 192,473                            | -                                | (2,252,706)             | -                        | (2,252,706)    | -                       | -                            |
| Public safety-fire  | 1,775,002   | 91,198               | 24,500                             | -                                | (1,659,304)             | -                        | (1,659,304)    | -                       | -                            |
| Maintenance   | 467,467   | -                    | -                                  | -                                | (467,467)               | -                        | (467,467)      | -                       | -                            |
| Highways and streets  | 1,570,898   | -                    | -                                  | -                                | (1,570,898)             | -                        | (1,570,898)    | -                       | -                            |
| Parks and recreation  | 678,997   | -                    | -                                  | -                                | (678,997)               | -                        | (678,997)      | -                       | -                            |
| Library   | 472,156   | -                    | 15,000                             | -                                | (457,156)               | -                        | (457,156)      | -                       | -                            |
| Airport   | 696,517   | 262,503              | 39,733                             | 84,395                           | (309,886)               | -                        | (309,886)      | -                       | -                            |
| Education:  | -   |                      |                                    |                                  |                         |                          |                |                         |                              |
| Instructional   | 4,882,778   | 73,520               | 712,069                            | -                                | (4,097,189)             | -                        | (4,097,189)    | -                       | -                            |
| Support services  | 2,771,143   | 224,957              | 2,870,202                          | -                                | 324,016                 | -                        | 324,016        | -                       | -                            |
| Noninstructional  | 786,881   | 32,573               | 672,289                            | -                                | (82,019)                | -                        | (82,019)       | -                       | -                            |
| Unallocated depreciation expense                              | 204,422   | -                    | -                                  | -                                | (204,422)               | -                        | (204,422)      | -                       | -                            |
| Interest on long-term debt                                    | 77,598  | -                    | -                                  | -                                | (77,598)                | -                        | (77,598)       | -                       | -                            |
| Total governmental activities                                 | 20,292,240  | 1,084,403            | 4,526,266                          | 84,395                           | (14,597,176)            | -                        | (14,597,176)   | -                       | -                            |
| Business-type Activities:                                     |   |                      |                                    |                                  |                         |                          |                |                         |                              |
| Electric  | 31,935,968  | 31,538,205           | -                                  | 72,934                           | -                       | (324,829)                | (324,829)      | -                       | -                            |
| Water   | 5,828,606   | 6,591,045            | -                                  | 2,432                            | -                       | 764,871                  | 764,871        | -                       | -                            |
| Sewer   | 2,885,360   | 3,984,462            | -                                  | 206,300                          | -                       | 1,305,402                | 1,305,402      | -                       | -                            |
| Industrial park - economic development                        | 60,033  | 51,433               | -                                  | -                                | -                       | (8,600)                  | (8,600)        | -                       | -                            |
| Skill Center - community development                          | 157,952   | 154,003              | -                                  | -                                | -                       | (3,949)                  | (3,949)        | -                       | -                            |
| Sanitation  | 563,353   | 656,636              | -                                  | -                                | -                       | 93,283                   | 93,283         | -                       | -                            |
| Total business-type activities                                | 41,431,272  | 42,975,784           | -                                  | 281,666                          | -                       | 1,826,178                | 1,826,178      | -                       | -                            |
| Total primary government                                      | \$ 61,723,512                                       | \$ 44,060,187        | \$ 4,526,266                       | \$ 366,061                       | (14,597,176)            | 1,826,178                | (12,770,998)   | \$ -                    | \$ -                         |
| Component Units:  |   |                      |                                    |                                  |                         |                          |                |                         |                              |
| Utilities grant program                                       | \$ 42,000   | \$ -                 | \$ 34,955                          | \$ -                             |                         |                          |                | \$ (7,045)              | \$ -                         |
| Industrial development board                                  | 112,989   | 172,497              | -                                  | -                                |                         |                          |                | -                       | 59,508                       |
| Total component units   | \$ 154,989  | \$ 172,497           | \$ 34,955                          | \$ -                             |                         |                          |                | \$ (7,045)              | \$ 59,508                    |
| General Revenues and Transfers                                |   |                      |                                    |                                  |                         |                          |                |                         |                              |
| Property taxes  |   |                      |                                    |                                  | 1,925,109               | -                        | 1,925,109      | -                       | -                            |
| Local sales tax   |   |                      |                                    |                                  | 3,868,920               | -                        | 3,868,920      | -                       | -                            |
| Local beer tax  |   |                      |                                    |                                  | 416,480                 | -                        | 416,480        | -                       | -                            |
| Other beer tax  |   |                      |                                    |                                  | 52,240                  | -                        | 52,240         | -                       | -                            |
| Other local taxes   |   |                      |                                    |                                  | 2,475,648               | -                        | 2,475,648      | -                       | -                            |
| TISA  |   |                      |                                    |                                  | 6,374,300               | -                        | 6,374,300      | -                       | -                            |
| State sales tax   |   |                      |                                    |                                  | 802,293                 | -                        | 802,293        | -                       | -                            |
| Intergovernmental revenue not restricted to specific programs |   |                      |                                    |                                  | 5,924,948               | -                        | 5,924,948      | -                       | -                            |
| Miscellaneous   |   |                      |                                    |                                  | 157,008                 | -                        | 157,008        | -                       | -                            |
| Gain (loss) on sale of inventory and property                 |   |                      |                                    |                                  | -                       | 16,665                   | 16,665         | -                       | -                            |
| Interest income   |   |                      |                                    |                                  | 3,424,505               | 411,540                  | 3,836,045      | -                       | 1,214                        |
| Insurance proceeds  |   |                      |                                    |                                  | 139,897                 | -                        | 139,897        | -                       | -                            |
| Unrealized gain on investments                                |   |                      |                                    |                                  | -                       | 151,393                  | 151,393        | -                       | -                            |
| Transfers   |   |                      |                                    |                                  | 656,554                 | (656,554)                | -              | -                       | -                            |
| Total general revenues and transfers                          |   |                      |                                    |                                  | 26,217,902              | (76,956)                 | 26,140,946     | -                       | 1,214                        |
| Change in net position  |   |                      |                                    |                                  | 11,620,726              | 1,749,222                | 13,369,948     | (7,045)                 | 60,722                       |
| Net position, beginning of year, as previously presented      |   |                      |                                    |                                  | 37,153,013              | 80,284,945               | 117,437,958    | 18,231                  | 3,602,755                    |
| Error Correction (Note 15)                                    |   |                      |                                    |                                  | 491,605                 | -                        | -              | -                       | -                            |
| Net position, beginning of year, as adjusted or restated      |   |                      |                                    |                                  | 37,644,618              | 80,284,945               | 117,437,958    | 18,231                  | 3,602,755                    |
| Net position, end of year                                     |   |                      |                                    |                                  | \$ 49,265,344           | \$ 82,034,167            | \$ 131,299,511 | \$ 11,186               | \$ 3,663,477                 |

**CITY OF DAYTON, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2024**

|  | Department of Education |                     |  |                          |                       |
|--|-------------------------|---------------------|--|--------------------------|-----------------------|
|  | General                 | General Purpose     | Federal Projects<br>(formerly nonmajor fund) | Nonmajor<br>Governmental | Total<br>Governmental |
| <b>ASSETS</b>  |                         |                     |  |                          |                       |
| Cash   | \$ 13,587,936           | \$ 4,741,383        | \$ 100,178                                   | \$ 4,969,942             | \$ 23,399,439         |
| Receivables:   |                         |                     |  |                          |                       |
| Property taxes, net  | 1,843,459               | 500,056             | -  | -                        | 2,343,515             |
| Accounts, net  | 3,610                   | 1,314               | -  | 141,935                  | 146,859               |
| Other governments  | 739,855                 | 504,624             | 109,514                                      | -                        | 1,353,993             |
| Component unit   | 1,925,000               | -                   | -  | -                        | 1,925,000             |
| Prepaid items  | 150,520                 | -                   | -  | -                        | 150,520               |
| Inventories  | 47,453                  | -                   | -  | 9,668                    | 57,121                |
| Restricted cash  | -                       | -                   | -  | 142,180                  | 142,180               |
| Restricted stabilization reserve                                       | -                       | 100,356             | -  | -                        | 100,356               |
| Total assets   | <u>\$ 18,297,833</u>    | <u>\$ 5,847,733</u> | <u>\$ 209,692</u>                            | <u>\$ 5,263,725</u>      | <u>\$ 29,618,983</u>  |
| <b>LIABILITIES</b>   |                         |                     |  |                          |                       |
| Accounts payable   | \$ 266,682              | \$ 8,096            | \$ 161,803                                   | \$ 512,150               | \$ 948,731            |
| Accrued salaries and benefits  | 262,441                 | 462,935             | 47,889                                       | 14,086                   | 787,351               |
| Retainage payable  | -                       | -                   | -  | 142,180                  | 142,180               |
| Interfund payables   | 10,467                  | -                   | -  | -                        | 10,467                |
| Unearned revenues  | 1,084                   | 558,856             | -  | 648,327                  | 1,208,267             |
| Total liabilities  | <u>540,674</u>          | <u>1,029,887</u>    | <u>209,692</u>                               | <u>1,316,743</u>         | <u>3,096,996</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                         |                     |  |                          |                       |
| Property tax related   | <u>1,279,694</u>        | <u>-</u>            | <u>-</u>                                     | <u>-</u>                 | <u>1,279,694</u>      |
| <b>FUND BALANCES</b>   |                         |                     |  |                          |                       |
| Nonspendable   | 197,973                 | -                   | -  | 9,668                    | 207,641               |
| Restricted   | 270,402                 | 489,276             | -  | 1,712,106                | 2,471,784             |
| Committed  | -                       | -                   | -  | -                        | -                     |
| Assigned   | -                       | 4,328,570           | -  | 2,225,208                | 6,553,778             |
| Unassigned   | <u>16,009,090</u>       | <u>-</u>            | <u>-</u>                                     | <u>-</u>                 | <u>16,009,090</u>     |
| Total fund balances  | <u>16,477,465</u>       | <u>4,817,846</u>    | <u>-</u>                                     | <u>3,946,982</u>         | <u>25,242,293</u>     |
| Total liabilities, deferred inflows of<br>resources, and fund balances | <u>\$ 18,297,833</u>    | <u>\$ 5,847,733</u> | <u>\$ 209,692</u>                            | <u>\$ 5,263,725</u>      | <u>\$ 29,618,983</u>  |

**CITY OF DAYTON, TENNESSEE**  
**Reconciliation of Balance Sheet to Statement of Net Position**  
**of Governmental Activities**  
**June 30, 2024**

|  |  |               |
|--|--|---------------|
| Total governmental funds fund balances |  | \$ 25,242,293 |
|--|--|---------------|

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds as follows:

|                          |                     |            |
|--------------------------|---------------------|------------|
| Capital assets           | \$ 44,250,322       |            |
| Accumulated depreciation | <u>(20,703,425)</u> | 23,546,897 |

Subscription asset and related accumulated amortization are not available to pay for current period expenditures and, therefore, are deferred in the funds for:

|                          |                 |               |
|--------------------------|-----------------|---------------|
| Subscription asset-cost  | 41,180          |               |
| Accumulated amortization | <u>(13,726)</u> | <u>27,454</u> |

Certain liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded in the funds as follows:

|                        |             |             |
|------------------------|-------------|-------------|
| Subscription liability | (32,409)    |             |
| Notes payable          | (1,620,434) |             |
| Accrued interest       | (27,447)    | (1,680,290) |

Pension and OPEB liabilities and related deferred outflows and inflows are not recognized in the current period and, therefore, are not recorded in the funds as follows:

|                            |                  |                  |
|----------------------------|------------------|------------------|
| Net pension asset          | 697,563          |                  |
| Total OPEB liability       | (993,844)        |                  |
| Deferred outflows, pension | 2,750,216        |                  |
| Deferred outflows, OPEB    | 446,445          |                  |
| Deferred inflows, pension  | (316,486)        |                  |
| Deferred inflows, OPEB     | <u>(454,904)</u> | <u>2,128,990</u> |

|   |  |               |
|---|--|---------------|
| Net position of governmental activities |  | \$ 49,265,344 |
|---|--|---------------|

**CITY OF DAYTON, TENNESSEE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2024**

|   | Department of Education |                 |  |                       |                    |
|---|-------------------------|-----------------|--|-----------------------|--------------------|
|   | General                 | General Purpose | Federal Projects<br>(formerly nonmajor fund) | Nonmajor Governmental | Total Governmental |
| <b>REVENUES</b>   |                         |                 |  |                       |                    |
| Property taxes  | \$ 1,844,467            | \$ 572,247      | \$ -   | \$ -                  | \$ 2,416,714       |
| Other local taxes   | 5,539,718               | 1,273,571       | -  | -                     | 6,813,289          |
| Intergovernmental   | 1,679,374               | 6,916,440       | 3,582,271                                    | 1,534,117             | 13,712,202         |
| Charges for services  | 508,469                 | 73,520          | -  | 257,530               | 839,519            |
| Fines and forfeits  | 237,275                 | -               | -  | 7,608                 | 244,883            |
| Penalties and interest  | 3,349,702               | 74,526          | -  | 277                   | 3,424,505          |
| Miscellaneous   | 110,958                 | 46,050          | -  | -                     | 157,008            |
| Total revenues  | 13,269,963              | 8,956,354       | 3,582,271                                    | 1,799,532             | 27,608,120         |
| <b>EXPENDITURES</b>   |                         |                 |  |                       |                    |
| Current:  |                         |                 |  |                       |                    |
| General government  | 3,280,063               | -               | -  | -                     | 3,280,063          |
| Public safety-police  | 2,509,695               | -               | -  | 2,089                 | 2,511,784          |
| Public safety-fire  | 1,654,165               | -               | -  | -                     | 1,654,165          |
| Maintenance   | 457,540                 | -               | -  | -                     | 457,540            |
| Highways and streets  | 1,510,140               | -               | -  | -                     | 1,510,140          |
| Parks and recreation  | 607,630                 | -               | -  | -                     | 607,630            |
| Library   | 445,254                 | -               | -  | -                     | 445,254            |
| Airport   | 428,501                 | -               | -  | -                     | 428,501            |
| Education:  |                         |                 |  |                       |                    |
| Instructional:  |                         |                 |  |                       |                    |
| Regular instruction   | -                       | 4,831,699       | 923,327                                      | -                     | 5,755,026          |
| Special education   | -                       | 686,275         | 183,904                                      | -                     | 870,179            |
| Early childhood education   | -                       | 248,590         | -  | -                     | 248,590            |
| Vocational education  | -                       | 158             | -  | -                     | 158                |
| Support services:   |                         |                 |  |                       |                    |
| Student support   | -                       | 341,903         | 67,356                                       | 247,368               | 656,627            |
| Instructional staff support                                       | -                       | 373,160         | -  | -                     | 373,160            |
| Administration  | -                       | 816,523         | -  | -                     | 816,523            |
| Plant operation and maintenance                                   | -                       | 907,612         | -  | -                     | 907,612            |
| Noninstructional food services                                    | -                       | 53,620          | -  | 728,741               | 782,361            |
| Debt service:   |                         |                 |  |                       |                    |
| Principal   | -                       | -               | -  | 373,094               | 373,094            |
| Interest  | -                       | -               | -  | 73,941                | 73,941             |
| Capital outlay  | -                       | 199,278         | 2,407,684                                    | 3,252,830             | 5,859,792          |
| Total expenditures  | 10,892,988              | 8,458,818       | 3,582,271                                    | 4,678,063             | 27,612,140         |
| Excess (deficiency) of revenues over expenditures                 | 2,376,975               | 497,536         | -  | (2,878,531)           | (4,020)            |
| <b>Other Financing Sources (Uses)</b>                             |                         |                 |  |                       |                    |
| Proceeds from note issuance                                       | -                       | -               | -  | 4,000,000             | 4,000,000          |
| Transfers   | 185,919                 | 315,675         | -  | 154,960               | 656,554            |
| Insurance proceeds  | 103,660                 | 36,237          | -  | -                     | 139,897            |
| Total other financing sources (uses)                              | 289,579                 | 351,912         | -  | 4,154,960             | 4,796,451          |
| Net change in fund balance  | 2,666,554               | 849,448         | -  | 1,276,429             | 4,792,431          |
| Fund balance, beginning of year, as previously presented          | 13,319,306              | 3,968,398       | -  | 2,670,553             | 19,958,257         |
| Change within financial reporting entity (nonmajor to major fund) | -                       | -               | -  | -                     | -                  |
| Error Correction (Note 15)  | 491,605                 | -               | -  | -                     | 491,605            |
| Fund balance, beginning of year, as adjusted or restated          | 13,810,911              | 3,968,398       | -  | 2,670,553             | 20,449,862         |
| Fund balance, end of year   | \$ 16,477,465           | \$ 4,817,846    | \$ -   | \$ 3,946,982          | \$ 25,242,293      |

**CITY OF DAYTON, TENNESSEE**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2024**

|  |                    |                      |
|--|--------------------|----------------------|
| Amounts reported for net change in fund balance, total governmental funds  |                    | \$ 4,792,431         |
| Amounts reported for governmental activities in the statement of activities are different because:   |                    |                      |
| 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 for governmental activities. Also, gains and losses from disposals of capital assets are not presented in the Fund financial statements. Such amounts are as follows: |                    |                      |
| Acquisition of capital assets  | 7,926,111          |                      |
| Depreciation expense   | <u>(1,136,678)</u> | 6,789,433            |
| Revenues for governmental activities that do not provide current financial resources are not reported as revenues in the governmental funds are as follows:  |                    |                      |
| Property tax   |                    | (491,605)            |
| Net change in pension assets/liabilities and expenditures that are deferred or capitalized for the statement of activities.  |                    | 186,180              |
| The issuance of long-term debt 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.   |                    |                      |
| Note proceeds  | -                  |                      |
| Long-term debt payments  | <u>373,094</u>     | 373,094              |
| Interest is accrued on the outstanding bonds in the statement of activities, whereas in the governmental funds, an interest expenditure is reported when due.  |                    | (3,657)              |
| Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.  |                    |                      |
| Other post employment benefits   | <u>(25,150)</u>    | <u>(25,150)</u>      |
| Change in net position of governmental activities  |                    | <b>\$ 11,620,726</b> |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**General Fund**  
**Year Ended June 30, 2024**

|                                   | <b>Budgeted amounts</b> |              | <b>Actual</b>  | <b>Variance with</b> |
|-----------------------------------|-------------------------|--------------|----------------|----------------------|
|                                   | <b>Original</b>         | <b>Final</b> | <b>amounts</b> | <b>final budget</b>  |
|                                   |                         |              |                | <b>+ / (-)</b>       |
| <b>REVENUES</b>                   |                         |              |                |                      |
| <b>Property Taxes</b>             | \$ 1,875,568            | \$ 1,875,568 | \$ 1,844,467   | \$ (31,101)          |
| <b>Other Local Taxes</b>          |                         |              |                |                      |
| Business tax and licenses         | 309,000                 | 309,000      | 374,310        | 65,310               |
| Local beer tax                    | 430,000                 | 430,000      | 416,480        | (13,520)             |
| Mixed drink tax                   | 47,000                  | 47,000       | 52,240         | 5,240                |
| Wine tax                          | 30,000                  | 30,000       | 32,817         | 2,817                |
| Liquor store tax                  | 174,500                 | 174,500      | 168,432        | (6,068)              |
| Local sales tax                   | 3,840,675               | 3,840,675    | 3,868,920      | 28,245               |
| In lieu of taxes                  | 126,496                 | 126,496      | 133,403        | 6,907                |
| Hotel/Motel tax                   | 144,000                 | 144,000      | 191,280        | 47,280               |
| Cable TV franchise fees           | 80,200                  | 80,200       | 72,506         | (7,694)              |
| State Street Aid Tax Allocations  | 246,505                 | 246,505      | 229,329        | (17,176)             |
| Total taxes                       | 5,428,376               | 5,428,376    | 5,539,718      | 111,342              |
| <b>Intergovernmental revenues</b> |                         |              |                |                      |
| State excise tax                  | 7,500                   | 7,500        | 22,474         | 14,974               |
| State beer tax                    | 3,225                   | 3,225        | 3,175          | (50)                 |
| State sales tax                   | 825,000                 | 825,000      | 802,293        | (22,707)             |
| State income tax                  | -                       | -            | 670            | 670                  |
| State sports gaming tax           | 10,000                  | 10,000       | 13,302         | 3,302                |
| Rhea County library               | 15,000                  | 15,000       | 15,000         | -                    |
| Police grants                     | 85,804                  | 190,804      | 192,473        | 1,669                |
| Fire grants                       | -                       | 24,500       | 24,500         | -                    |
| Airport grants                    | 15,000                  | 130,165      | 124,128        | (6,037)              |
| Other Federal/Local Grants        | -                       | 40,127       | 115,201        | 75,074               |
| Streets and transportation        | 24,010                  | 24,010       | 104,659        | 80,649               |
| Police contracts                  | 87,671                  | 87,671       | 94,324         | 6,653                |
| Sex offender registry             | 1,350                   | 1,350        | 1,200          | (150)                |
| Special Impact Funds TVA          | -                       | -            | 165,976        | 165,976              |
| Total intergovernmental revenues  | 1,074,560               | 1,359,352    | 1,679,374      | 320,022              |
| <b>Charges for services</b>       |                         |              |                |                      |
| Fire protection                   | 90,000                  | 90,000       | 91,198         | 1,198                |
| Beer user fee                     | 4,000                   | 4,000        | 5,443          | 1,443                |
| Rent                              | 11,926                  | 11,926       | 12,051         | 125                  |
| Airport                           | 196,350                 | 247,350      | 262,503        | 15,153               |
| Hotel/Motel permits               | -                       | -            | 250            | 250                  |
| Building permits                  | 130,350                 | 130,350      | 136,854        | 6,504                |
| Farmers market permits            | 50                      | 50           | 170            | 120                  |
| Total charges for services        | 432,676                 | 483,676      | 508,469        | 24,793               |
| <b>Fines and Forfeits</b>         |                         |              |                |                      |
| Court Fines and costs             | 216,700                 | 216,700      | 237,275        | 20,575               |
| <b>Penalties and Interest</b>     | 14,250                  | 14,250       | 3,349,702      | 3,335,452            |
| <b>Miscellaneous</b>              | 318,591                 | 344,543      | 110,958        | (233,586)            |
| Total revenues                    | 9,360,721               | 9,722,465    | 13,269,963     | 3,547,498            |

Continued



**CITY OF DAYTON, TENNESSEE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**General Fund**  
**Year Ended June 30, 2024 (continued)**

|   | <b>Budgeted amounts</b> |                    | <b>Actual</b>        | <b>Variance with</b> |
|---|-------------------------|--------------------|----------------------|----------------------|
|   | <b>Original</b>         | <b>Final</b>       | <b>amounts</b>       | <b>final budget</b>  |
|   |                         |                    |                      | <b>+ / (-)</b>       |
| <b>Expenditures</b>   |                         |                    |                      |                      |
| Administration  | 1,556,221               | 3,493,625          | 3,280,063            | (213,562)            |
| Police Department   | 2,441,154               | 2,635,476          | 2,509,695            | (125,781)            |
| Fire Department   | 1,504,363               | 1,674,650          | 1,654,165            | (20,485)             |
| Maintenance Department  | 607,892                 | 626,202            | 457,540              | (168,662)            |
| Street Department   | 1,995,700               | 1,909,861          | 1,510,140            | (399,721)            |
| Parks and Recreation Department                                 | 549,067                 | 642,717            | 607,630              | (35,087)             |
| Library   | 497,643                 | 499,051            | 445,254              | (53,797)             |
| Airport   | 285,884                 | 504,495            | 428,501              | (75,994)             |
| Total expenditures  | 9,437,924               | 11,986,077         | 10,892,988           | (1,093,089)          |
| <b>Revenues Over (under) Expenditures</b>                       | <b>(77,203)</b>         | <b>(2,263,612)</b> | <b>2,376,975</b>     | <b>4,640,587</b>     |
| <b>Other Financing Sources (Uses)</b>                           |                         |                    |                      |                      |
| Transfers:  |                         |                    |                      |                      |
| In lieu of taxes - Proprietary Funds                            | 717,639                 | 717,639            | 656,554              | (61,085)             |
| Department of Education - GP School Fund                        | (315,675)               | (315,675)          | (315,675)            | -                    |
| Other Special Revenue   | -                       | 21,814             | -                    | (21,814)             |
| State Street Aid  | -                       | 27,000             | 169,697              | 142,697              |
| Unappropriated surplus  | -                       | 2,041,095          | -                    | (2,041,095)          |
| Insurance proceeds  | -                       | 96,398             | 103,660              | 7,262                |
| Debt Service  | (324,761)               | (324,659)          | (324,657)            | 2                    |
| Total other financing sources (uses)                            | 77,203                  | 2,263,612          | 289,579              | (1,974,033)          |
| <b>Net Change in Fund Balances</b>                              | <b>\$ -</b>             | <b>\$ -</b>        | <b>2,666,554</b>     | <b>\$ 2,666,554</b>  |
| <b>Fund Balance, beginning of year, as previously presented</b> |                         |                    | <b>13,319,306</b>    |                      |
| Error Correction (Note 15)                                      |                         |                    | 491,605              |                      |
| <b>Fund Balance, beginning of year, as adjusted or restated</b> |                         |                    | <b>13,810,911</b>    |                      |
| <b>Fund Balance, end of year</b>                                |                         |                    | <b>\$ 16,477,465</b> |                      |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**General Purpose School Fund**  
**Year Ended June 30, 2024**

|                                    | <b>Budgeted amounts</b> |              | <b>Actual</b>       | <b>Variance with</b> |
|------------------------------------|-------------------------|--------------|---------------------|----------------------|
|                                    | <b>Original</b>         | <b>Final</b> | <b>amounts</b>      | <b>final budget</b>  |
|                                    |                         |              |                     | <b>+ / (-)</b>       |
| <b>Revenues</b>                    |                         |              |                     |                      |
| Intergovernmental revenues         |                         |              |                     |                      |
| TISA                               | \$ 6,048,635            | \$ 6,121,729 | \$ 6,374,300        | \$ 252,571           |
| Career Ladder Program              | 4,500                   | 4,500        | 2,843               | (1,657)              |
| Coordinated School Health          | 94,105                  | 94,105       | 93,176              | (929)                |
| Early Childhood Development        | 207,669                 | 205,996      | 200,025             | (5,971)              |
| Other                              | 599,055                 | 599,055      | 246,096             | (352,959)            |
| Property taxes                     | 510,000                 | 526,200      | 572,247             | 46,047               |
| Local sales tax                    | 850,000                 | 1,044,000    | 1,273,571           | 229,571              |
| Tuition                            | 58,000                  | 58,000       | 66,320              | 8,320                |
| Interest                           | 1,000                   | 1,000        | 74,526              | 73,526               |
| Miscellaneous                      | 500                     | 500          | 46,050              | 45,550               |
| Rent                               | 7,200                   | 7,200        | 7,200               | -                    |
| Total revenues                     | 8,380,664               | 8,662,285    | 8,956,354           | 294,069              |
| <b>Expenditures</b>                |                         |              |                     |                      |
| Instructional:                     |                         |              |                     |                      |
| Regular instruction program        | 5,067,480               | 5,096,026    | 4,831,699           | 264,327              |
| Special education program          | 733,124                 | 729,759      | 686,275             | 43,484               |
| Early childhood education          | 248,135                 | 248,591      | 248,590             | 1                    |
| Vocational education               | 20,000                  | 20,000       | 158                 | 19,842               |
| Support Services:                  |                         |              |                     |                      |
| Health Services                    | 195,712                 | 195,712      | 185,542             | 10,170               |
| Other student support              | 146,029                 | 158,239      | 156,361             | 1,878                |
| Regular instruction                | 181,322                 | 204,322      | 193,590             | 10,732               |
| Alternative instruction            | 80,338                  | 80,938       | 80,850              | 88                   |
| Special education                  | 95,275                  | 98,640       | 98,720              | (80)                 |
| Board of Education                 | 156,148                 | 130,471      | 106,416             | 24,055               |
| Office of the superintendent       | 206,322                 | 207,322      | 202,062             | 5,260                |
| Office of the principal            | 318,723                 | 319,723      | 307,786             | 11,937               |
| Fiscal Services                    | 87,057                  | 99,630       | 98,947              | 683                  |
| Human resources                    | 15,155                  | 39,287       | 39,253              | 34                   |
| Attendance                         | 62,611                  | 63,611       | 62,059              | 1,552                |
| Transportation                     | 5,000                   | 5,000        | 1,850               | 3,150                |
| Operation of plant                 | 387,174                 | 387,174      | 365,367             | 21,807               |
| Education technology               | 265,866                 | 301,366      | 302,092             | (726)                |
| Maintenance of plant               | 185,033                 | 230,114      | 238,303             | (8,189)              |
| Food services maintenance          | 71,089                  | 71,089       | 53,620              | 17,469               |
| Capital Outlay                     | 168,686                 | 290,886      | 199,278             | 91,608               |
| Total expenditures                 | 8,696,279               | 8,977,900    | 8,458,818           | 519,082              |
| Revenues over (under) expenditures | (315,615)               | (315,615)    | 497,536             | 813,151              |
| Other financing Sources            |                         |              |                     |                      |
| Insurance proceeds                 | -                       | -            | 36,237              | 36,237               |
| Transfers In                       | 315,615                 | 315,615      | 315,675             | 60                   |
| Net Change in Fund balances        | -                       | -            | 849,448             | \$ 849,448           |
| Fund balance, beginning of year    |                         |              | 3,968,398           |                      |
| Fund balance, end of year          |                         |              | <u>\$ 4,817,846</u> |                      |

**CITY OF DAYTON, TENNESSEE**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**Department of Education-Federal Projects**  
**For the Year Ended June 30, 2024**

|  | <u>Budgeted amounts</u> |                  | <u>Actual</u>    | <u>Variance with</u> |
|--|-------------------------|------------------|------------------|----------------------|
|  | <u>Original</u>         | <u>Final</u>     | <u>amounts</u>   | <u>final budget</u>  |
|  |                         |                  |                  | <u>+ / (-)</u>       |
| <b>Revenues</b>                            |                         |                  |                  |                      |
| Federal received through State             |                         |                  |                  |                      |
| Title I                                    | \$ 410,651              | \$ 410,555       | \$ 320,754       | \$ (89,801)          |
| Title II                                   | -                       | -                | 42,938           | 42,938               |
| IDEA Part B                                | 194,912                 | 208,079          | 158,323          | (49,756)             |
| ESSER 2.0                                  | 544,031                 | 544,031          | 544,031          | -                    |
| ESSER 3.0                                  | 2,259,124               | 2,259,124        | 2,142,844        | (116,280)            |
| Cares Act                                  | -                       | -                | -                | -                    |
| Fiscal Pre Monitoring Support              | 35,568                  | 35,568           | 9,812            | (25,756)             |
| Math Implementaion Support Grant           | 73,250                  | 73,250           | 70,000           | (3,250)              |
| TN Accelerating Lieracy and Learning Corps | 101,701                 | 101,701          | 100,674          | (1,027)              |
| Title IV                                   | -                       | -                | 22,674           | 22,674               |
| Title VI                                   | 27,689                  | 27,689           | 26,471           | (1,218)              |
| Literacy Training Stipend                  | 128,000                 | 128,000          | 118,169          | (9,831)              |
| American Rescue Plan IDEA Part B           | 653                     | 653              | 650              | (3)                  |
| American Rescue Plan IDEA Preschool        | 2,191                   | 2,191            | 2,191            | -                    |
| IDEA Preschool                             | 23,772                  | 24,131           | 22,740           | (1,391)              |
| Total revenues                             | <u>3,801,542</u>        | <u>3,814,972</u> | <u>3,582,271</u> | <u>(232,701)</u>     |
| <b>Expenditures</b>                        |                         |                  |                  |                      |
| Regular Instruction Program                | 1,104,607               | 1,105,011        | 923,327          | 181,684              |
| Special Education Program                  | 221,528                 | 235,054          | 183,904          | 51,150               |
| Support Services - Instructional Staff     | 67,723                  | 67,223           | 67,356           | (133)                |
| Capital outlay                             | 2,407,684               | 2,407,684        | 2,407,684        | -                    |
| Total expenditures                         | <u>3,801,542</u>        | <u>3,814,972</u> | <u>3,582,271</u> | <u>232,701</u>       |
| Net change in fund balance                 | <u>\$ -</u>             | <u>\$ -</u>      | -                | <u>\$ -</u>          |
| Fund balance, beginning of year            |                         |                  | -                |                      |
| Fund balance, end of year                  |                         |                  | <u>\$ -</u>      |                      |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June, 30 2024**

|  | Business-Type Activities - Enterprise Funds |                      |                               |                       |
|--|---|----------------------|-------------------------------|-----------------------|
|  | Electric                                    | Water and Sewer      | Nonmajor<br>Proprietary Funds | Total                 |
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b> |   |                      |                               |                       |
| <b>Current assets</b>                            |   |                      |                               |                       |
| Cash   | \$ 4,969,131                                | \$ 7,985,132         | \$ 3,754,887                  | \$ 16,709,150         |
| Receivables:                                     |   |                      |                               |                       |
| Customer accounts, net                           | 2,709,444                                   | 801,250              | 54,976                        | 3,565,670             |
| Grant  | -   | 1,070,432            | -                             | 1,070,432             |
| Interfund  | 62,713                                      | 310,206              | 17,940                        | 390,859               |
| Leases   | -   | -                    | 68,648                        | 68,648                |
| Interest   | 1,197                                       | -                    | -                             | 1,197                 |
| Other  | -   | 3,435,367            | -                             | 3,435,367             |
| Prepaid expenses                                 | 68,014                                      | 79,413               | 22,467                        | 169,894               |
| Inventories                                      | 709,531                                     | 910,400              | -                             | 1,619,931             |
| Total current assets                             | 8,520,030                                   | 14,592,200           | 3,918,918                     | 27,031,148            |
| <b>Noncurrent assets</b>                         |   |                      |                               |                       |
| Restricted cash                                  | 464,405                                     | 5,273,700            | 3,490,862                     | 9,228,967             |
| Restricted investments                           | 1,636,602                                   | -                    | -                             | 1,636,602             |
| Leases receivable                                | -   | -                    | 779,435                       | 779,435               |
| Inventory held for resale                        | -   | -                    | 322,440                       | 322,440               |
| Net pension asset                                | -   | -                    | -                             | -                     |
| Capital assets:                                  |   |                      |                               |                       |
| Land, land improvements and roads                | 1,212,245                                   | 143,621              | 1,225,056                     | 2,580,922             |
| Construction in progress                         | 11,079,895                                  | 30,873,795           | -                             | 41,953,690            |
| Buildings  | 985,928                                     | 148,990              | 3,449,727                     | 4,584,645             |
| Plant and equipment                              | 58,702,497                                  | 60,124,752           | 1,552,373                     | 120,379,622           |
| Less: accumulated depreciation                   | (25,855,660)                                | (32,811,074)         | (3,468,983)                   | (62,135,717)          |
| Total noncurrent assets                          | 48,225,912                                  | 63,753,784           | 7,350,910                     | 119,330,606           |
| Total assets                                     | 56,745,942                                  | 78,345,984           | 11,269,828                    | 146,361,754           |
| <b>Deferred Outflows of Resources</b>            |   |                      |                               |                       |
| Deferred outflows related to pensions            | 845,197                                     | 603,572              | 57,218                        | 1,505,987             |
| Deferred outflows related to OPEB                | 30,429                                      | 20,286               | 1,690                         | 52,405                |
| Unamortized deferred amount on refunding         | -   | 34,156               | -                             | 34,156                |
| Total deferred outflows of resources             | 875,626                                     | 658,014              | 58,908                        | 1,592,548             |
|  | <u>\$ 57,621,568</u>                        | <u>\$ 79,003,998</u> | <u>\$ 11,328,736</u>          | <u>\$ 147,954,302</u> |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June, 30 2024**

|  | Business-Type Activities - Enterprise Funds |                      |                               |                       |
|--|---|----------------------|-------------------------------|-----------------------|
|  | Electric                                    | Water and Sewer      | Nonmajor<br>Proprietary Funds | Total                 |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b> |   |                      |                               |                       |
| <b>Current liabilities</b>   |   |                      |                               |                       |
| Accounts payable   | \$ 780,059                                  | \$ 1,350,710         | \$ 869,444                    | \$ 3,000,213          |
| Accounts payable - TVA   | 4,034,798                                   | -                    | -                             | 4,034,798             |
| Accrued salaries and benefits                                      | 145,643                                     | 96,715               | 7,775                         | 250,133               |
| Accrued interest   | 35,760                                      | 48,944               | -                             | 84,704                |
| Retainage payable  | 126,388                                     | 1,259,247            | -                             | 1,385,635             |
| Interfund payables   | 318,908                                     | 60,329               | 1,155                         | 380,392               |
| Due to component unit  | 2,841                                       | -                    | -                             | 2,841                 |
| Unearned revenues  | 1,074                                       | 4,595,591            | 45                            | 4,596,710             |
| TVA program advances - current portion                             | 13,928                                      | -                    | -                             | 13,928                |
| Notes, bonds payable - current portion                             | 525,000                                     | 1,555,592            | 21,469                        | 2,102,061             |
| Total current liabilities  | 5,984,399                                   | 8,967,128            | 899,888                       | 15,851,415            |
| <b>Noncurrent liabilities</b>                                      |   |                      |                               |                       |
| Customers' deposits  | 522,571                                     | 51,544               | -                             | 574,115               |
| Notes, bonds payable, less current portion                         | 12,132,823                                  | 35,828,964           | 174,944                       | 48,136,731            |
| Net Pension liability  | 111,977                                     | 79,965               | 7,580                         | 199,522               |
| OPEB liability   | 79,697                                      | 53,131               | 4,427                         | 137,255               |
| Total noncurrent liabilities                                       | 12,847,068                                  | 36,013,604           | 186,951                       | 49,047,623            |
| Total liabilities  | 18,831,467                                  | 44,980,732           | 1,086,839                     | 64,899,038            |
| <b>Deferred Inflows of Resources</b>                               |   |                      |                               |                       |
| Deferred inflows related to leases                                 | -   | -                    | 657,935                       | 657,935               |
| Deferred inflows related to pensions                               | 115,593                                     | 82,547               | 7,826                         | 205,966               |
| Deferred inflows related to OPEB                                   | 73,656                                      | 49,104               | 4,092                         | 126,852               |
| Unamortized deferred amount on refunding                           | -   | 30,344               | -                             | 30,344                |
| Total deferred inflows of resources                                | 189,249                                     | 161,995              | 669,853                       | 1,021,097             |
| <b>Net position</b>  |   |                      |                               |                       |
| Net investment in capital assets                                   | 35,441,701                                  | 25,109,981           | 2,561,760                     | 63,113,442            |
| Restricted for pensions  | -   | -                    | -                             | -                     |
| Unrestricted   | 3,159,151                                   | 8,751,290            | 7,010,284                     | 18,920,725            |
| Total net position   | 38,600,852                                  | 33,861,271           | 9,572,044                     | 82,034,167            |
|  | <u>\$ 57,621,568</u>                        | <u>\$ 79,003,998</u> | <u>\$ 11,328,736</u>          | <u>\$ 147,954,302</u> |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended June, 30 2024**

|   | Business-Type Activities - Enterprise Funds |                      |                               |                      |
|---|---|----------------------|-------------------------------|----------------------|
|   | Electric                                    | Water and Sewer      | Nonmajor<br>Proprietary Funds | Total                |
| <b>Operating Revenues</b>                               |   |                      |                               |                      |
| Charges for services                                    | \$ 30,785,011                               | \$ 10,500,788        | \$ 651,874                    | \$ 41,937,673        |
| Leases revenue  | 534,347                                     | -                    | 205,436                       | 739,783              |
| Comsumer penalties                                      | 141,222                                     | 64,012               | 4,762                         | 209,996              |
| Other   | 77,625                                      | 10,707               | -                             | 88,332               |
| Total operating revenues                                | <u>31,538,205</u>                           | <u>10,575,507</u>    | <u>862,072</u>                | <u>42,975,784</u>    |
| <b>Operating Expenses</b>                               |   |                      |                               |                      |
| Operations  | 26,172,980                                  | 5,153,279            | 486,623                       | 31,812,882           |
| Maintenance   | 2,046,887                                   | 1,237,084            | 91,398                        | 3,375,369            |
| Administration  | 1,824,960                                   | 271,392              | 29,734                        | 2,126,086            |
| Depreciation  | 1,504,120                                   | 1,566,315            | 165,307                       | 3,235,742            |
| Total operating expenses                                | <u>31,548,947</u>                           | <u>8,228,070</u>     | <u>773,062</u>                | <u>40,550,079</u>    |
| <b>Net Operating Income</b>                             | <u>(10,742)</u>                             | <u>2,347,437</u>     | <u>89,010</u>                 | <u>2,425,705</u>     |
| <b>Nonoperating Revenues (Expenses)</b>                 |   |                      |                               |                      |
| Interest income   | 74,181                                      | 177,654              | 159,705                       | 411,540              |
| Interest expense  | (434,179)                                   | (533,656)            | (8,276)                       | (976,111)            |
| Insurance proceeds                                      | -   | -                    | -                             | -                    |
| Gain (loss) on sale of property                         | -   | -                    | 16,665                        | 16,665               |
| Unrealized gain on investments                          | 151,393                                     | -                    | -                             | 151,393              |
| Bond Issuance costs                                     | -   | -                    | -                             | -                    |
| Bond and note amortization                              | 47,158                                      | 47,760               | -                             | 94,918               |
| Total nonoperating revenues (expenses)                  | <u>(161,447)</u>                            | <u>(308,242)</u>     | <u>168,094</u>                | <u>(301,595)</u>     |
| Net income (loss) before transfers<br>and contributions | <u>(172,189)</u>                            | <u>2,039,195</u>     | <u>257,104</u>                | <u>2,124,110</u>     |
| Transfers   | (543,561)                                   | (112,993)            | -                             | (656,554)            |
| Contributions   | 72,934                                      | 208,732              | -                             | 281,666              |
|   | <u>(470,627)</u>                            | <u>95,739</u>        | <u>-</u>                      | <u>(374,888)</u>     |
| <b>Change in net position</b>                           | <u>(642,816)</u>                            | <u>2,134,934</u>     | <u>257,104</u>                | <u>1,749,222</u>     |
| Net position, beginning of year                         | <u>39,243,668</u>                           | <u>31,726,337</u>    | <u>9,314,940</u>              | <u>80,284,945</u>    |
| Net position, end of year                               | <u>\$ 38,600,852</u>                        | <u>\$ 33,861,271</u> | <u>\$ 9,572,044</u>           | <u>\$ 82,034,167</u> |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June, 30 2024**

|  | Business-Type Activities - Enterprise Funds |                      |                               |                      |
|--|---|----------------------|-------------------------------|----------------------|
|  | Electric                                    | Water and Sewer      | Nonmajor<br>Proprietary Funds | Total                |
| <b>Cash flows from operating activities</b>                          |   |                      |                               |                      |
| Cash received from customers   | \$ 31,460,232                               | \$ 14,600,900        | \$ 2,343,132                  | \$ 48,404,264        |
| Interfund receipts for services                                      | 1,039,472                                   | 35,226               | -                             | 1,074,698            |
| Cash paid to employees   | (449,781)                                   | (1,948,983)          | (250,457)                     | (2,649,221)          |
| Cash paid to suppliers and vendors                                   | (29,651,840)                                | (5,467,753)          | (284,197)                     | (35,403,790)         |
| Interfund payments for services                                      | -   | (649,582)            | (32,088)                      | (681,670)            |
| Customer deposits received   | 191,221                                     | 20,700               | -                             | 211,921              |
| Customer deposits refunded   | (185,502)                                   | (22,600)             | -                             | (208,102)            |
| Net cash provided (used) by operating activities                     | 2,403,802                                   | 6,567,908            | 1,776,390                     | 10,748,100           |
| <b>Cash flows from noncapital financing activities</b>               |   |                      |                               |                      |
| Transfers to other funds   | (543,561)                                   | (112,993)            | -                             | (656,554)            |
| Net payments on TVA advances   | -   | -                    | -                             | -                    |
| Net change in loans receivable                                       | 23,212                                      | -                    | -                             | 23,212               |
| Net cash provided (used) by noncapital financing activities          | (520,349)                                   | (112,993)            | -                             | (633,342)            |
| <b>Cash flows from capital and related financing activities</b>      |   |                      |                               |                      |
| Construction and acquisition of plant                                | (3,112,874)                                 | (11,012,665)         | (21,466)                      | (14,147,005)         |
| Capital contributions  | 72,934                                      | (76,210)             | (236,337)                     | (239,613)            |
| Principal payments on long-term debt                                 | (715,000)                                   | (1,380,283)          | (20,661)                      | (2,115,944)          |
| Interest paid on long-term debt                                      | 433,963                                     | (523,919)            | (8,276)                       | (98,232)             |
| Proceeds from sale of capital assets                                 | -   | -                    | -                             | -                    |
| Decreases (increase) in restricted investments                       | 2,469,516                                   | -                    | -                             | 2,469,516            |
| Proceeds from capital outlay notes                                   | -   | 8,749,259            | -                             | 8,749,259            |
| Proceeds from bond issue   | -   | -                    | -                             | -                    |
| Bond Issuance Costs  | -   | -                    | -                             | -                    |
| Insurance proceeds   | -   | -                    | -                             | -                    |
| Proceeds from sale of inventory                                      | -   | -                    | 16,665                        | 16,665               |
| Net cash provided (used) by capital and related financing activities | (851,461)                                   | (4,243,818)          | (270,075)                     | (5,365,354)          |
| <b>Cash flows from investing activities</b>                          |   |                      |                               |                      |
| Interest income from leases  | -   | -                    | 30,775                        | 30,775               |
| Interest received on interest bearing activities                     | 74,181                                      | 177,654              | 128,930                       | 380,765              |
| Net cash provided (used) by investing activities                     | 74,181                                      | 177,654              | 159,705                       | 411,540              |
| Net change in cash and cash equivalents                              | 1,106,173                                   | 2,388,751            | 1,666,020                     | 5,160,944            |
| Cash and cash equivalents, beginning of year                         | 4,327,363                                   | 10,870,081           | 5,579,729                     | 20,777,173           |
| Cash and cash equivalents, end of year                               | <u>\$ 5,433,536</u>                         | <u>\$ 13,258,832</u> | <u>\$ 7,245,749</u>           | <u>\$ 25,938,117</u> |

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported within the statement of net position that sum to the total of the same such amounts shown in the statement of cash flows:

|                                      |                     |                      |                     |                      |
|--------------------------------------|---------------------|----------------------|---------------------|----------------------|
| Cash                                 | \$ 4,969,131        | \$ 7,985,132         | \$ 3,754,887        | \$ 16,709,150        |
| Restricted cash and cash equivalents | 464,405             | 5,273,700            | 3,490,862           | 9,228,967            |
|                                      | <u>\$ 5,433,536</u> | <u>\$ 13,258,832</u> | <u>\$ 7,245,749</u> | <u>\$ 25,938,117</u> |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended June, 30 2024**

|   | Business-Type Activities - Enterprise Funds |                 |                               |               |
|---|---|-----------------|-------------------------------|---------------|
|   | Electric                                    | Water and Sewer | Nonmajor<br>Proprietary Funds | Total         |
| <b>Reconciliation of operating income to net cash provided (used) by operating activities</b>                         |   |                 |                               |               |
| Operating income (loss)   | \$ (10,742)                                 | \$ 2,347,437    | \$ 89,010                     | \$ 2,425,705  |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities:                        |   |                 |                               |               |
| Depreciation  | 1,504,120                                   | 1,566,315       | 165,307                       | 3,235,742     |
| Change in:  |   |                 |                               |               |
| Customer and leases receivable  | 255,454                                     | (2,577,616)     | (41,940)                      | (2,364,102)   |
| Inventory   | (164,330)                                   | (304,871)       | 760                           | (468,441)     |
| Prepaid expenses  | (6,975)                                     | 33,550          | 3,584                         | 30,159        |
| Interfund receivables   | 6,921                                       | (60,071)        | 462,345                       | 409,195       |
| Accounts payable  | 751,494                                     | 1,210,967       | 860,045                       | 2,822,506     |
| Interfund payables  | 33,400                                      | (6,691)         | (4,568)                       | 22,141        |
| Due to component unit   | (158)                                       | -               | -                             | (158)         |
| Accrued expenses  | 9,769                                       | (6,721)         | 2,166                         | 5,214         |
| Unearned revenues   | -   | 4,271,823       | 235,257                       | 4,507,080     |
| Customer deposits   | 5,719                                       | (2,400)         | -                             | 3,319         |
| Net pension asset   | 198,864                                     | 145,975         | 2,876                         | 347,715       |
| OPEB liability  | 33,733                                      | (15,283)        | 1,715                         | 20,165        |
| Deferred outflows related to pensions   | (149,880)                                   | (75,324)        | (34,205)                      | (259,409)     |
| Deferred outflows related to OPEB   | (18,653)                                    | (10,589)        | (995)                         | (30,237)      |
| Deferred inflows related to leases  | -   | -               | 25,378                        | 25,378        |
| Deferred inflows related to pensions  | (37,846)                                    | 34,024          | 2,748                         | (1,074)       |
| Deferred inflows related to OPEB  | (7,088)                                     | 17,383          | (673)                         | 9,622         |
| Net cash provided (used) by operating activities  | \$ 2,403,802                                | \$ 6,567,908    | \$ 1,768,810                  | \$ 10,740,520 |
| <b>Supplemental schedule of noncash investing, capital and related financing, and noncapital financing activities</b> |   |                 |                               |               |
| Outstanding capital contributions   | \$ -  | \$ -            | \$ -                          | \$ -          |
| State Revolving Fund principal forgiveness  | -   | 55,000          | -                             | 55,000        |



**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 1. Summary of Significant Accounting Policies**

The City of Dayton, Tennessee (the City) was incorporated in 1895 under Tennessee law and is governed by an elected five member council.

In accordance with GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities, which are to be presented on a full accrual basis of accounting. The City's funds are reported as governmental activities or business-type activities. Fund financial statements are presented on the modified accrual basis of accounting for governmental activities and present information by individual major funds. Nonmajor funds are presented in total in one column.

The financial statements of the City have been prepared in accordance with U.S. generally accepted accounting principles as applied to governmental units. The City applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies used by the City are described below.

**A. Financial Reporting Entity**

As required by GAAP, these financial statements present the City of Dayton, Tennessee (the primary government) and its component units. The component units are presented in separate columns in the government-wide financial statements to emphasize their separate legal status from the primary government. The component units discussed below are included in the City's reporting entity as discretely presented component units because of the significance of their operational or financial relationships with the City as follows:

*Industrial Development Board:*

The Industrial Development Board (IDB) operates as a public corporation to finance, acquire, dispose, or lease property to increase employment opportunities in the City of Dayton, Tennessee. The Industrial Development Board is governed by a Board of Directors appointed by the City Council and reports using the economic resources measurement focus and the accrual basis of accounting.

*Dayton Utilities Grant Program:*

The Dayton Utilities Grant Program (Utilities Grant Program) was established during 2005 by the Dayton City Council to provide for and administer donations by utility customers of the City of Dayton. The Utilities Grant Program collects donations from utility customers and awards funds to qualified recipients. Awards are made to nonprofit or governmental organizations for community improvement and social welfare based upon the approval of the Utilities Grant Program's Board of Directors. The Board is composed of the five Dayton City Council members or their appointees and four additional unpaid directors appointed at-large by the Council from the Dayton Utilities service area.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 1. Summary of Significant Accounting Policies (continued)**

***B. Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus***

**Government-wide and Fund Financial Statements**

The government-wide financial statements, the statement of net position, and the statement of changes in net position, report information on all the non-fiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This means that revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," (the City may act as either provider or recipient), the provider should recognize liabilities and expenses, and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met.

Resources transmitted before the eligibility requirements are met should be reported as advances by the provider and unearned revenue by the recipient. Certain nonexchange transactions where revenues are collected by other governments are not recognized in the statement of activities because they are not measurable at year end. The statement of activities reflects these transactions (bank excise tax and gross receipts tax) on the same basis as the fund financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. The City does not allocate indirect expenses to functions or activities in the statement of activities. Program revenues include 1) charges to individuals who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not considered program revenues are reported as general revenues.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues, and expenditures or expenses.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 1. Summary of Significant Accounting Policies (continued)**

***B. Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus (continued)***

**Fund Financial Statements**

Separate financial statements are provided for governmental funds proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes, franchise truces, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

State and federal funding is recognized as revenue in the period where the City is entitled to the resources and the amounts are available. Reimbursements from expenditure-driven programs are recognized as revenue when the qualifying expenditures have been incurred, and the amounts are available. For governmental fund financial statements, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the unearned revenue liability is removed, and revenue is recognized.

Proprietary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above. Proprietary funds activity and transactions are classified as operating if the transaction constitutes activity that is the funds' principal ongoing operations. Activity not pertaining to the funds' ongoing operations is reported as nonoperating.

**Governmental Funds:**

The measurement focus of governmental funds is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. These funds are maintained on the modified accrual basis of accounting.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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Note 1. **Summary of Significant Accounting Policies (continued)**

***B. Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus (continued)***

**Governmental Funds: (continued)**

The following are the City's major governmental funds:

General Fund: The General Fund is the principal fund of the City and is used to account for the financial resources of the City which are not accounted for in other funds. The principal sources of revenue are taxes and state-shared revenue. Primary expenditures are for public safety, public works and general administration.

Department of Education - General Purpose Fund: This fund accounts for funds received for the purpose of providing education and operating Dayton City School. The primary sources of revenue are taxes and state-shared revenues.

Department of Education - Federal Projects Fund: This fund accounts for education federal awards.

Special Revenue Funds: Nonmajor Special Revenue Funds are used to account for revenues from sources which, by law, are designated to finance particular functions or activities of the City and which, therefore, cannot be diverted to other uses.

Department of Education - School Cafeteria Fund: This fund accounts for operations of the Dayton City School Cafeteria. A substantial portion of the School Cafeteria Fund's resources are derived from federal and state funding for child nutrition.

Drug Fund: This fund was established expressly to account for financial activities related to drug revenues and expenditures. Primary sources of revenue result from drug fines and forfeitures restricted under law for drug enforcement and drug awareness and education.

State Street Aid Fund: This fund accounts for state-shared gasoline tax revenue received to provide for street lighting and road maintenance. State funds received specifically for street lighting and road maintenance are the primary revenue sources. This fund was closed and transferred to the General Fund during the fiscal year.

Department of Education - Internal School Funds: This fund accounts for various school activities at Dayton City School.

Capital Projects Fund: Resources designated for the construction or acquisition of major capital assets are accounted for in this fund. Revenues are derived primarily from debt proceeds or capital grants.

Department of Education - Capital Projects Fund: Resources designated for the construction or acquisition of major education capital assets are accounted for in this fund. Revenues are derived primarily from ½ cent sales tax revenue.

Debt Service Fund: This fund accounts for the payment of principal and interest on the City's general obligation long-term debt.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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Note 1. **Summary of Significant Accounting Policies (continued)**

***B. Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus (continued)***

**Proprietary Funds:**

Proprietary Funds of the City are all Enterprise Funds. The measurement focus is upon determination of net income, financial position, and changes in financial position. The generally accepted accounting principles used are those applicable to similar businesses in the private sector and, accordingly, these funds are maintained on the accrual basis of accounting. The City's proprietary fund type are as follows:

Enterprise Funds: These fund account for the acquisition, operations and maintenance of City facilities and services which are entirely or predominately self-supporting through user charges.

Electric Fund: To provide electricity to customers by operating and maintaining electric facilities.

Water and Sewer Fund: To provide water and sewer services to customers by operating and maintaining the water and sewer plants.

Industrial Park Fund: To promote industrial growth in the City by maintaining an inventory of industrial building sites held for sale, and owning, leasing, or selling industrial buildings.

Skill Center Fund: To promote regional employment education and training by providing a facility for organizations conducting training related programs.

Sanitation Fund: This fund accounts for usage fees collected by the City to provide sanitation services.

Funds are classified as major funds or nonmajor funds within the statements. An emphasis is placed on major funds with all nonmajor funds presented in total in one column on the governmental and proprietary funds .financial statements.

The City's major governmental funds are the General Fund, the Department of Education -General Purpose Fund and the Department of Education- Federal Projects Fund. The City's major proprietary funds are the Electric Fund and Water and Sewer Fund.

***C. Budgets and Budgetary Accounting***

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at the Municipal Building to obtain taxpayer comments.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 1. Summary of Significant Accounting Policies (continued)**

***C. Budgets and Budgetary Accounting (continued)***

3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgetary control is achieved for the Debt Service Fund through general obligation bond indenture provisions.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations which are not expensed or encumbered lapse at year end.

***D. Use of Estimates in the Preparation of Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

***E. Cash and Cash Equivalents***

Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities of 90 days or less. In accordance with governmental accounting standards, restricted assets which meet the standard's criteria are considered cash equivalents for purposes of the statements of cash flows.

***F. Inventories***

Inventories are recorded at the lower of cost (first-in, first-out method) or market except in the Department of Education-School Cafeteria Fund. Inventory recorded in the School Cafeteria Fund consists of commodities granted by the United States Department of Agriculture (USDA), nonperishable food and nonfood supplies. All purchased inventory items are recorded at the lower of cost (first-in, first-out method) or market. Commodities are assigned values based on information provided by the USDA. Inventory recorded in the Industrial Park Fund consists of land tracts purchased by the City to be developed and resold.

***G. Capital Assets***

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide statements and in the fund financial statements for proprietary funds. Repairs and maintenance are recorded as expenses. Capital assets are defined as assets with an estimated useful life in excess of one year and an initial individual cost in excess of the respective funds threshold for capitalization.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 1. Summary of Significant Accounting Policies (continued)**

**G. Capital Assets (continued)**

Activities which extend the useful life of a capital asset are capitalized. Interest costs incurred during the construction phase of capital assets are capitalized as part of the constructed asset cost in business-type activities. During the year, no interest was capitalized by the primary government or by either of the component units. Donated assets are recorded at their fair market value on the date of donation. Individual fund's threshold for capitalization is as follows:

|                                | <b>Electric,<br/>Water and<br/>Sewer Funds</b> | <b>Department<br/>of Education<br/>Funds</b> | <b>All Other<br/>City Funds</b> |
|--------------------------------|--|--|---------------------------------|
| Buildings and improvements     | \$ 500   | \$ 50,000                                    | \$ 25,000                       |
| Land                           | 500  | All  | All                             |
| Construction in progress       | 500  | All  | All                             |
| Land Improvements              | 500  | 50,000                                       | 25,000                          |
| Machinery and equipment        | 500  | 2,000  | 1,000                           |
| Vehicles                       | 500  | 2,000  | 1,000                           |
| Furniture and office equipment | 500  | 1,000  | 1,000                           |
| Infrastructure                 | 500  | 100,000                                      | 100,000                         |

GASB No. 34 requires the City to report and depreciate infrastructure assets. Infrastructure assets include roads bridges and sidewalks. Neither their original cost nor related depreciation has historically been reported in the governmental fund financial statements. The retroactive reporting of infrastructure is limited to major general infrastructure assets acquired after June 30, 1980. The pronouncement sets forth the method to group and evaluate networks or systems of infrastructure assets to determine those meeting the criteria for retroactive capitalization. Based on the application of GASB No. 34 criteria, the City had no retroactively capitalized infrastructure assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

|                                |               |
|--------------------------------|---------------|
| Buildings and Improvements     | 15 – 40 years |
| Machinery and equipment        | 3 – 20 years  |
| Vehicles                       | 3 – 5 years   |
| Furniture and office equipment | 3 – 10 years  |
| System lines and distribution  | 40 – 50 years |
| Infrastructure                 | 20 – 50 years |

In the fund financial statements, the acquisition of capital assets is accounted for as capital outlay expenditures and depreciation is not reported.

**H. Interfund Transactions**

During the course of the City's operations, transactions occur between individual funds that are classified as transfers or as receivables/payables in the fund financial statements.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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Note 1. **Summary of Significant Accounting Policies (continued)**

***H. Interfund Transactions (continued)***

These fund transactions are eliminated in the government-wide financial statements within the governmental activities column and the business-type activities column. Internal balances are presented in the government-wide financial statements for balances existing between governmental activities and business-type activities.

***I. Debt Issue Costs and Bond Discounts and Premiums***

Debt issue costs are expensed as incurred. Bond discounts and premiums are amortized using the straight-line method over the life of the related debt in the business-type activities and governmentwide financial statements.

***J. Vacation Pay and Sick Leave***

City employees are paid for vacation and absence due to sickness by prescribed formulas based on length of service. Vacation and sick leave for employees of governmental funds are considered payable from current financial resources. Sick leave does not vest for City employees, so no liability exists at year end. Vacation leave is based on employment date, with limited unused vacation leave available for carryover. The proprietary and governmental funds have recognized a current liability for the vacation leave remaining where anniversary dates cross the fiscal year end and where the limited carryover leave is available.

***K. Long-Term Debt***

Long-term debt consists of bonds and notes incurred by the City with a repayment period longer than one year and without provisions allowing the debt holder to demand payment at an earlier time. For debt issued by governmental funds, the accounting treatment of long-term debt differs between the government-wide and fund financial statements. All long-term debt is reported as a liability in the government-wide statements. The fund financial statements for governmental funds report long-term debt principal and interest payments as expenditures and do not reflect a liability for these or any other long-term liability.

***L. Long-Term Debt***

In the government-wide financial statements, property tax revenues are recognized as revenue in the fiscal year for which the taxes are levied. Property taxes are based on the assessed value of property as of January 1. Property taxes attach as an enforceable lien on the assessment date and are therefore recognized on this date. In October, property taxes are due and are considered delinquent if not paid by the first day of March. Amounts owed to the City as of year end, which are not available, are recorded as receivables and deferred inflows in the fund financial statements. The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. City property tax revenues are recognized when levied to the extent that they result in current receivables. Taxes not collected as of March 1 of the following year are considered delinquent and are subject to lien on March 1 of the succeeding year.



**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 1. Summary of Significant Accounting Policies (continued)**

***L. Long-Term Debt (continued)***

Assessed values are established by the State of Tennessee at the following rates of assumed market value:

|                                    |     |                 |
|------------------------------------|-----|-----------------|
| Public Utility Property            | 55% | (Railroads 40%) |
| Industrial and Commercial Property |     |                 |
| Real                               | 40  |                 |
| Personal                           | 30  |                 |
| Residential Property               | 25  |                 |

The appraised value as of January 1, 2022, was \$655,811,008. The assessed value was \$209,425,637 making the total assessed value approximately 31.93 percent of the total actual value.

The 2023 taxes are levied at a rate of \$0.83 per \$100 of assessed value. Current tax collections of \$1,647,860 for the fiscal year ended June 30, 2024, were approximately 94.71 percent of the 2023 tax levy. In addition, \$572,247 of county property taxes were collected by the Department of Education - General Purpose Fund.

The 2024 taxes were levied at a rate of \$0.83 per \$100 of assessed value and have been recorded as a receivable at June 30, 2024. An allowance for doubtful collection has been estimated and established for this levy and there are no current tax collections related to the 2024 levy.

***M. Allowance for Doubtful Accounts Receivable***

The City reports accounts receivables for certain funds net of an allowance for uncollectible accounts and revenues net of uncollectible. The allowances are estimated by management based on past experience.

Allowances for accounts where collection is doubtful have been provided for property taxes in the governmental funds as follows:

|  |            |
|--|------------|
| General Fund                                   | \$ 106,466 |
| Department of Education - General Purpose Fund | 6,178      |

Allowances for accounts where collection is doubtful have been provided in the proprietary funds as follows:

|                      |            |
|----------------------|------------|
| Electric Fund        | \$ 135,652 |
| Water and Sewer Fund | 42,654     |
| Sanitation Fund      | 2,142      |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 1. Summary of Significant Accounting Policies (continued)**

***N. Restricted Assets***

The City's restricted assets at June 30, 2024, are as follows:

**Restricted Cash**

|                       |                     |
|-----------------------|---------------------|
| Electric Fund:        | \$ 464,405          |
| Skill Center:         |                     |
| Construction          | 2,800               |
| Industrial Park:      |                     |
| Construction          | 3,488,062           |
| Water and Sewer Fund: |                     |
| Construction          | 4,285,587           |
| Retainage             | 988,113             |
|                       | <u>\$ 9,228,967</u> |

**Restricted investments**

|                              |                     |
|------------------------------|---------------------|
| Electric Fund - Construction | <u>\$ 1,636,602</u> |
|------------------------------|---------------------|

***O. Pensions***

The City reports accounts receivables for certain funds net of an allowance for uncollectible accounts and revenues net of uncollectible. The allowances are estimated by management based on past experience.

*Public Employee Retirement Plan.*

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 City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of the TCRS. Investments are reported at fair value.

*Teacher Legacy Pension Plan.*

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 Teacher Legacy Pension Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 1. Summary of Significant Accounting Policies (continued)**

**O. Pensions (continued)**

*Teacher Legacy Pension Plan.*

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 Teacher Legacy Pension Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

**P. Other Postemployment Benefits (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms.

**Q. Net Position and Fund Balance**

Net position in the government-wide financial statements are classified in three components:

1. Net investment in capital assets - Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any related debt that is attributable to the acquisition, construction, or improvement of those assets. If there are unspent debt proceeds, these proceeds are not included in the calculation of invested in capital assets, net of related debt.
2. Restricted net position - Consists of assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other assets that do not meet the definition of restricted or net investment in capital assets.

GASB No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported. Fund balance in the fund financial statements is reported in five classifications of fund balances based on the constraints imposed on the use of these resources.

*Non-spendable fund balance* - This classification includes amounts that cannot be spent because they are either (a) not in spendable form such as prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 1. Summary of Significant Accounting Policies (continued)**

**Q. Net Position and Fund Balance (continued)**

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted fund balance* - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance* - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes but are neither restricted nor committed. The City Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

*Unassigned fund balance* - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first.

When committed, assigned, and unassigned funds are available for expenditure, committed funds should be spent first, then assigned funds, and unassigned funds last.

**R. Leases**

For certain leases in which the City and the Industrial Development Board (IDB) are lessors, the City and IDB recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the amount of the initial measurement of the lease receivable, plus any payments received at or before the commencement of the lease term that relate to future periods.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 1. Summary of Significant Accounting Policies (continued)**

***R. Leases (continued)***

The City and the IDB recognizes interest revenue on the lease receivable and rental lease revenue from the deferred inflow of resources on a straight-line basis over the term of the lease. Revenue under lease agreements that are short-term in nature, or otherwise, do not qualify to be recognized under GASB No. 87 criteria, recognize revenue in the month that it is due under the agreement.

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

The City implemented GASB Statement No 96, Subscription-Based Information Technology Arrangements, during the year ended June 30, 2023. The City has one subscription-based information technology arrangement ("SBITA") as part of a third-party software information technology agreement. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the statement of net position. The City recognizes subscription liabilities with an initial term greater than 12 months and for SBITA's with terms of 12 months or less at commencement, the City recognizes operating expenses based on the provisions of the agreement.

At the commencement of a SBITA, the City measures the subscription liability at the present value of expected subscription payments to be made over the SBIT A term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial measurement of the subscription liability, adjusted for payment made to the vendor at the commencement of the subscription term.

Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the subscription asset or subscription term.

If provided, the City uses the interested rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City uses its estimated incremental borrowing rate as the discount rate to calculate the present value of expected subscription payments.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 2. Capital Assets**

Capital assets for the year ended June 30, 2024 were as follows:

**Primary Government**

|   | 7/1/2023      | Additions    | Deletions | 6/30/2024     |
|---|---------------|--------------|-----------|---------------|
| <b>Governmental Activities</b>              |               |              |           |               |
| <u>Capital assets being depreciated:</u>    |               |              |           |               |
| Buildings                                   | 15,773,349    | 780,911      | -         | 16,554,260    |
| Infrastructure                              | 46,750        | -            | -         | 46,750        |
| Equipment                                   | 15,683,117    | 1,142,441    | -         | 16,825,558    |
| Land Improvements                           | 115,617       | -            | -         | 115,617       |
| Total capital assets being depreciated      | 31,618,833    | 1,923,352    | -         | 33,542,185    |
| <u>Accumulated depreciation</u>             |               |              |           |               |
| Buildings                                   | 9,861,272     | 654,337      | -         | 10,515,609    |
| Infrastructure                              | 38,575        | 1,993        | -         | 40,568        |
| Equipment                                   | 9,606,496     | 474,925      | -         | 10,081,421    |
| Land Improvements                           | 60,404        | 5,423        | -         | 65,827        |
| Total accumulated depreciation              | 19,566,747    | 1,136,678    | -         | 20,703,425    |
| Net depreciable Capital Assets              | 12,052,086    | 786,674      | -         | 12,838,760    |
| <u>Capital assets not being depreciated</u> |               |              |           |               |
| Land  | \$ 1,233,766  | \$ -         | \$ -      | \$ 1,233,766  |
| CIP   | 3,471,612     | 6,002,759    | -         | 9,474,371     |
| Total capital assets not being depreciated  | 4,705,378     | 6,002,759    | -         | 10,708,137    |
| Net capital assets                          | \$ 16,757,464 | \$ 6,789,433 | \$ -      | \$ 23,546,897 |

Depreciation expense charged to functions/programs for the year ended June 30, 2024 was as follows:

**Governmental Activities**

|   |                     |
|---|---------------------|
| General government                                  | \$ 99,285           |
| Public safety - police                              | 178,279             |
| Public safety – fire                                | 120,837             |
| Maintenance   | 9,927               |
| Highways and streets                                | 60,758              |
| Parks and recreation                                | 71,367              |
| Library   | 26,902              |
| Airport   | 268,016             |
| Education   |                     |
| Instructional                                       | 114,505             |
| Support Services                                    | 22,755              |
| Noninstructional                                    | 8,048               |
| Unallocated   | 288,619             |
| Total depreciation expense, governmental activities | <b>\$ 1,136,678</b> |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 2. Capital Assets (continued)**

**Primary Government (continued)**

| <b>Business-type Activities</b>              | <b>Beginning<br/>balance</b> | <b>Additions/<br/>transfers</b> | <b>Retirements/<br/>transfers</b> | <b>Reclass</b> | <b>Ending<br/>balance</b> |
|--|------------------------------|---------------------------------|-----------------------------------|----------------|---------------------------|
| Depreciable capital assets                   |                              |                                 |                                   |                |                           |
| Buildings                                    | \$ 4,563,179                 | \$ 26,273                       | \$ 4,807                          | \$ -           | \$ 4,584,645              |
| Plant and equipment                          | 119,052,761                  | 1,326,861                       | -                                 | -              | 120,379,622               |
| Roads/land improvements                      | <u>770,153</u>               | <u>-</u>                        | <u>-</u>                          | <u>-</u>       | <u>770,153</u>            |
| Total depreciable capital assets             | 124,386,093                  | 1,353,134                       | 4,807                             | -              | 125,734,420               |
| Less: accumulated depreciation               |                              |                                 |                                   |                |                           |
| Buildings                                    | 2,724,468                    | 75,821                          | -                                 | -              | 2,800,289                 |
| Plant and equipment                          | 55,936,619                   | 3,142,549                       | -                                 | -              | 59,079,168                |
| Roads/land improvements                      | <u>238,888</u>               | <u>17,372</u>                   | <u>-</u>                          | <u>-</u>       | <u>256,260</u>            |
| Total accumulated depreciation               | <u>58,899,975</u>            | <u>3,235,742</u>                | <u>-</u>                          | <u>-</u>       | <u>62,135,717</u>         |
| Total depreciable capital assets, net        | 65,486,118                   | (1,882,608)                     | 4,807                             | -              | 65,598,703                |
| Nondepreciable capital assets                |                              |                                 |                                   |                |                           |
| Land   | 1,810,769                    | -                               | -                                 | -              | 1,810,769                 |
| Construction in progress                     | <u>29,159,819</u>            | <u>12,793,871</u>               | <u>-</u>                          | <u>-</u>       | <u>41,953,690</u>         |
| Total nondepreciable capital assets          | <u>30,970,588</u>            | <u>12,793,871</u>               | <u>-</u>                          | <u>-</u>       | <u>43,764,459</u>         |
| Business-type activities capital assets, net | \$ 96,456,706                | \$ 10,911,263                   | \$ 4,807                          | \$ -           | \$ 107,363,162            |

Depreciation expense charged to functions/programs for the year ended June 30, 2024 was as follows:

**Business-type Activities**

|  |                     |
|--|---------------------|
| Electric   | \$ 1,504,120        |
| Water  | 1,136,235           |
| Sewer  | 430,080             |
| Industrial Park                                      | 34,955              |
| Skill Center   | 46,732              |
| Sanitation   | <u>83,620</u>       |
| Total depreciation expense, business-type activities | <b>\$ 3,235,742</b> |

Unallocated depreciation consists of depreciation related to the City's Department of Education buildings, which serve multiple educational functions.



**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 2. Capital Assets (continued)**

**Primary Government (continued)**

Capital asset activity for the Industrial Development Board for the year ended June 30, 2024, was as follows:

**Component Units:**

|  | <b>Beginning<br/>balance</b> | <b>Additions</b> | <b>Retirements/<br/>transfers</b> | <b>Ending<br/>balance</b> |
|--|------------------------------|------------------|-----------------------------------|---------------------------|
| Buildings and improvements-<br>depreciable | \$ 4,207,656                 | \$ -             | \$ -                              | \$ 4,207,656              |
| Building-accumulated<br>depreciation       | <u>738,588</u>               | <u>104,817</u>   | <u>-</u>                          | <u>843,405</u>            |
| Net depreciable capital assets             | 3,469,068                    | -                | -                                 | 3,364,251                 |
| Land-nondepreciable                        | <u>1,726,850</u>             | <u>-</u>         | <u>-</u>                          | <u>1,726,850</u>          |
| Net component unit capital assets          | <u>\$ 5,195,918</u>          | <u>\$ -</u>      | <u>\$ -</u>                       | <u>\$ 5,091,101</u>       |

Depreciation expense for the Industrial Development Board in 2024 was \$104,817.

The Utilities Grant Program had no capital assets at year-end.

**Subscription Information Technology Asset**

GSAB Statement No. 96, Subscription-Based Technology Arrangements (SBITA), addresses how the costs and investments for SBIT As are accounted for and disclosed by governmental entities. These changes were effective for years beginning after June 15, 2022. As noted in Note 1, the City is party to one subscription-based information technology arrangement as part of a third-party software information technology agreement. In accordance with implementation GASB 96, a subscription information technology asset was recorded, which had a balance of \$34,317 at June 30, 2023 for governmental activities, net of accumulated amortization. The subscription information technology asset is amortized on a straight-line basis over the term of the agreement.

Subscription information technology asset activity for the year ended June 30, 2024 was as follows:

|   | <b>Beginning<br/>balance</b> | <b>Additions</b> | <b>Retirements/<br/>transfers</b> | <b>Ending<br/>balance</b> |
|---|------------------------------|------------------|-----------------------------------|---------------------------|
| Subscription information-<br>technology asset     | \$ 41,180                    | \$ -             | \$ -                              | \$ 41,180                 |
| Accumulated amortization                          | <u>6,863</u>                 | <u>6,863</u>     | <u>-</u>                          | <u>13,726</u>             |
| Net Subscription information- technology<br>asset | <u>\$ 34,317</u>             | <u>\$ -</u>      | <u>\$ -</u>                       | <u>\$ 27,454</u>          |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 3. Long-term Debt and Other Long-Term Liabilities**

Long-Term debt of the City at June 30, 2024, consisted of the following:

|   | Balance<br>June 30, 2024 | Due within<br>one year |
|---|--------------------------|------------------------|
| <b>Governmental Activities</b>  |                          |                        |
| Capital Outlay Note, Series 2015; dated November 10, 2014; 3.25%; due annually on November 30   | \$ 346,590               | \$ 111,152             |
| Tennessee Municipal Bond Fund Taxable Capital Outlay Note, Series 2017; dated March 22, 2017; 4.45%; principal due annually on February 1; interest due semi-annually | 961,000                  | 176,000                |
| Capital Outlay Note, Series 2020; dated July 16, 2020; 2.25%; principal and interest due monthly  | 312,844                  | 48,601                 |
| Total long-term debt - governmental activities  | <u>1,620,434</u>         | <u>335,753</u>         |
| <b>Business-Type Activities</b>   |                          |                        |
| Electric System General Obligation Bonds, Series 2017; dated September 15, 2017; 2.0% to 3.25%; principal due annually on June 1; interest due semi-annually          | 8,505,000                | 375,000                |
| Electric System General Obligation Bonds, Series 2022; dated October 28, 2022; 4.0 to 5.0%; principal due annually on June 1; interest due semi-annually              | 4,000,000                | 150,000                |
| Water System General Obligation Refunding Bonds, Series 2020A; dated June 25, 2020; 3.0% to 5.0%; principal due annually on June 1; interest due semi-annually        | 3,845,000                | 165,000                |
| Water System General Obligation Refunding Bonds, Series 2021; dated August 6, 2021; 2.0%; principal due annually on June 1; interest due semi-annually                | 6,505,000                | 325,000                |
| Sewer System Improvements Capital Outlay Note, Series 2015; dated November 30, 2015; 2.85%; due annually on November 30   | 140,000                  | 70,000                 |
| Sewer System Improvements General Obligation Bonds, Series 2018; dated December 7, 2018; 3.0% to 5.0%; interest due semi-annually, principal due annually on June 1   | 4,480,000                | 120,000                |
| Sewer System Improvements State Revolving Loan, Series 2021; 0.37% principal and interest due monthly- SRF 2021-454   | 17,750,670               | 875,592                |
| Sewer System Improvements State Revolving Loan, Series 2021; 0.37% principal and interest due monthly- CW8 2021-453   | 445,000                  | 19,769                 |
| Sewer System Improvements State Revolving Loan, Series 2023; 0.37% principal and interest due monthly- SRF 2023-345   | 3,381,704                | 136,742                |
| Sanitation Capital Outlay Note, Series 2022; dated June 22, 2022; 3.75%; due annually on June 22  | 196,413                  | 21,469                 |
| Total long-term debt - business-type activities   | <u>49,248,787</u>        | <u>2,258,572</u>       |
| Unamortized bond premium  | 990,005                  | -                      |
| Net long-term debt - business-type activities   | <u>50,238,792</u>        | <u>2,258,572</u>       |
| Total long-term debt- primary government  | <u>\$ 51,859,226</u>     | <u>\$ 2,594,325</u>    |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 3. Long-term Debt and Other Long-Term Liabilities (continued)**

Primary government long-term debt and other long-term liabilities activity for the year is as follows:

|   | Balance<br>July 1, 2023 | Additions           | Payments            | Balance<br>June 30, 2024 | Due within<br>one year |
|---|-------------------------|---------------------|---------------------|--------------------------|------------------------|
| <b>Governmental Activities:</b>               |                         |                     |                     |                          |                        |
| Capital Outlay Notes                          | \$ 1,993,637            | \$ -                | \$ 373,203          | \$ 1,620,434             | \$ 335,753             |
| <b>Business-Type Activities:</b>              |                         |                     |                     |                          |                        |
| Water and sewer - general<br>obligation bonds | \$ 10,830,000           | \$ -                | \$ 480,000          | \$ 10,350,000            | \$ 490,000             |
| Water and sewer - capital<br>outlay note      | 210,000                 | -                   | 70,000              | 140,000                  | 70,000                 |
| Sewer - general obligation<br>bonds           | 4,590,000               | -                   | 110,000             | 4,480,000                | 120,000                |
| Sewer - capital outlay note                   | 13,548,398              | 8,392,856           | 363,880             | 21,577,374               | 1,032,103              |
| Electric - general obligation<br>bonds        | 13,220,000              | -                   | 715,000             | 12,505,000               | 525,000                |
| Sewer - capital outlay note                   | 217,074                 | -                   | 20,661              | 196,413                  | 21,469                 |
|   | <u>42,615,472</u>       | <u>8,392,856</u>    | <u>1,759,541</u>    | <u>49,248,787</u>        | <u>2,258,572</u>       |
| Other long-term liabilities:                  |                         |                     |                     |                          |                        |
| TVA advances                                  | 36,439                  | -                   | 36,439              | -                        | -                      |
| Customer Deposits                             | 570,546                 | 211,671             | 208,102             | 574,115                  | -                      |
|   | <u>606,985</u>          | <u>211,671</u>      | <u>244,541</u>      | <u>574,115</u>           | <u>-</u>               |
|   | <u>\$ 43,222,457</u>    | <u>\$ 8,604,527</u> | <u>\$ 2,004,082</u> | <u>\$ 49,822,902</u>     | <u>\$ 2,258,572</u>    |

Work began on Sewer System improvements during 2023. The City has entered a construction contract with Reeves Young, LLC for \$35,180,000 to perform the Sewer System improvements. The project total cost is estimated to be approximately \$37,000,000. The City has elected to obtain financing under the State Revolving Fund (SRF) to help finance the project. The revolving fund loan agreement provides financing of \$23,380,000 through a project loan (SRF 2021-454) of \$18,114,550, an additional state loan (CW8 2021-453) of \$2,500,000 and an EDA grant of \$2,765,450. Under the agreement, \$500,000 of the \$2,500,000 loan principal will be forgiven. The loan is at 0.37 percent interest with a 0.08 percent administrative fee. Interest and principal payments are due monthly with principal payments commencing within 90 days after project completion or 2 years after the loan approval. At June 30, 2023, the City has drawn or requested SRF loan funding of \$21,577,374. Grant funding of \$785,490 has been recognized at June 30, 2024. Principal forgiveness of \$110,000 has been recognized as contributed capital in the accompanying financial statements. The debt is presented for the amount outstanding at June 30, 2024, over the stated loan repayment period as if repayment commences in July 2024 in the accompanying financial statements.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 3. Long-term Debt and Other Long-Term Liabilities (continued)**

Primary government long-term debt and other long-term liabilities activity for the year is as follows:

In 2023, the City authorized the issuance of General Obligation Bonds, Series 2022 not to exceed \$4,000,000 for acquisition of land and equipment, and construction related to the electric system.

During 2022, the City refunded Water and Sewer General Obligation Bonds, Series 2012, through the issuance of General Obligation Refunding Bonds, Series 2021, dated August 6, 2021. The refunding reduced the City's total debt service payments over the next 19 years by approximately \$1,521,631 and resulted in an economic gain, the difference between present value of old and new debt service payments, of \$1,286,374. The refunding resulted in a difference between the old debt acquisition price and the debt's net carrying value, resulting in a \$35,576 gain on refunding, which will be recognized as interest over the next 19 years. Amortization of \$1,794 was recognized as a reduction to interest expense in 2024.

During 2020, the City refunded Water and Sewer General Obligation Bonds, Series 2013, and Electric System Revenue Bonds, Series 2011, through the issuance of General Obligation Refunding Bonds, Series 2020A, dated June 25, 2020. The refunding reduced the City's total service payments over the next 20 years by approximately \$1,445,000, and resulted in an economic gain, the difference between present value of old and new debt service payments, of \$806,945. The advanced refunding on the Water and Sewer Fund resulted in a difference between the old debt acquisition price and the debt's net carrying value, resulting in a \$42,193 loss on refunding. The deferred loss on refunding is reported as deferred outflows of resources and amortized as interest expense. Amortization of \$2,009 was recognized as interest expense in 2024.

In 2019, the City issued Sewer System General Obligation Bonds, Series 2018, dated December 7, 2018, of \$4,995,000 for Sewer System improvements.

In 2018, the City authorized the issuance of Electric System General Obligation Bonds, Series 2017, dated September 15, 2017, of \$9,905,000 for acquisition of land and equipment, and construction related to the electric system.

In 2017, the City authorized the issuance of two capital outlay notes not to exceed \$2,350,000. A \$2,000,000 Tennessee Municipal Bond Fund Taxable capital outlay note, Series 2017 was used to purchase industrial property and matures in 2029. A \$350,000 capital outlay note, Series 2017 was used to purchase a fire truck, and matures in 2024.

The Water and Sewer Fund and the Electric Fund had restricted unspent bond funds of \$464,405 and \$5,273,700 respectively, that are reflected as restricted cash and restricted investments in the accompanying financial statements.

The Series 2017 electric bonds, and Series 2018 sewer bonds are payable from and secured by unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. It is the City's intent to pay these bonds from revenues derived from operation of the respective systems and ad valorem taxes would be utilized only if system revenues are insufficient.

The Capital Outlay Notes are backed by the City's full faith and credit and its taxing authority. The principal and interest payments on all long-term debt were current as of June 30, 2024.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 3. Long-term Debt and Other Long-Term Liabilities (continued)**

A summary of the maturities of principal and interest due on long term debt is as follows:

**Governmental Activities**

|           | Capital Outlay Notes |                   |                     |
|-----------|----------------------|-------------------|---------------------|
|           | Principal            | Interest          | Total               |
| 2025      | \$ 335,753           | \$ 60,530         | \$ 396,283          |
| 2026      | 348,500              | 48,051            | 396,551             |
| 2027      | 363,478              | 34,900            | 398,378             |
| 2028      | 251,991              | 21,349            | 273,340             |
| 2029      | 262,173              | 11,267            | 273,440             |
| 2030-2031 | 58,539               | 766               | 59,305              |
|           | <u>\$ 1,620,434</u>  | <u>\$ 176,863</u> | <u>\$ 1,797,297</u> |

**Business-Type Activities**

|           | General Obligation Bonds |                     | Capital Outlay Notes |                     |
|-----------|--------------------------|---------------------|----------------------|---------------------|
|           | Principal                | Interest            | Principal            | Interest            |
| 2025      | \$ 1,135,000             | \$ 874,769          | \$ 1,123,572         | \$ 116,267          |
| 2026      | 1,175,000                | 838,019             | 1,143,873            | 112,309             |
| 2027      | 1,210,000                | 799,318             | 1,080,090            | 105,476             |
| 2028      | 1,250,000                | 759,138             | 1,086,378            | 99,189              |
| 2029      | 1,290,000                | 717,153             | 1,092,752            | 92,813              |
| 2030-2034 | 7,025,000                | 3,009,789           | 5,503,020            | 366,937             |
| 2035-2039 | 8,060,000                | 1,919,805           | 5,565,062            | 218,103             |
| 2040-2044 | 5,150,000                | 619,900             | 5,319,040            | 70,908              |
| 2045-2048 | 1,040,000                | 106,000             | -                    | -                   |
|           | <u>\$ 27,335,000</u>     | <u>\$ 9,643,891</u> | <u>\$ 21,913,787</u> | <u>\$ 1,182,002</u> |

|           | Total Business-Type Activities |                      |                      |
|-----------|--------------------------------|----------------------|----------------------|
|           | Principal                      | Interest             | Total                |
| 2025      | \$ 2,258,572                   | \$ 991,036           | \$ 3,249,608         |
| 2026      | 2,318,873                      | 950,328              | 3,269,201            |
| 2027      | 2,290,090                      | 904,794              | 3,194,884            |
| 2028      | 2,336,378                      | 858,327              | 3,194,705            |
| 2029      | 2,382,752                      | 809,966              | 3,192,718            |
| 2030-2034 | 12,528,020                     | 3,376,726            | 15,904,746           |
| 2035-2039 | 13,625,062                     | 2,137,908            | 15,762,970           |
| 2040-2044 | 10,469,040                     | 690,808              | 11,159,848           |
| 2045-2048 | 1,040,000                      | 106,000              | 1,146,000            |
|           | <u>\$ 49,248,787</u>           | <u>\$ 10,825,893</u> | <u>\$ 60,074,680</u> |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 3. Long-term Debt and Other Long-Term Liabilities (continued)**

**Subscription Information Technology Liability**

As noted in Note 1, the City is party to one SBITA as part of a third-party software information technology agreement. The City's SBITA commencement date was November 2022 and expiration date is July 2027 with payments due annually. In accordance with implementation of GASB 96, a subscription information technology liability was recorded which had a balance of \$32,409 at June 30, 2024 for governmental activities. The subscription information technology liability is initially measured as the present value of the future minimum payments expected to be paid during the agreement term at a discount rate of 3.75 percent, which is an estimated incremental borrowing rate. Future amortization of the City's subscription information technology liability as of June 30, 2024 is as follows:

|      | Principal        | Interest        | Total            |
|------|------------------|-----------------|------------------|
| 2025 | \$ 7,282         | \$ 1,215        | \$ 8,497         |
| 2026 | 7,810            | 942             | 8,752            |
| 2027 | 8,366            | 649             | 9,015            |
| 2028 | 8,951            | 336             | 9,287            |
|      | <u>\$ 32,409</u> | <u>\$ 3,142</u> | <u>\$ 35,551</u> |

**Note 4. Cash and Investments**

The City Council established a cash deposit and investment policy that is to be followed in conjunction with state statutes. This policy states that cash in excess of immediate needs may be placed in other deposit instruments or in any investment instruments which are in accordance with applicable laws including, but not limited to the following: certificates of deposit and savings accounts in banks and savings and loan associations; Tennessee Valley Authority Bonds; bonds, notes, or treasury bills of the United States; Federal Land Bank Bonds; Federal Home Loan Bank Notes and Bonds; Federal National Mortgage Association Notes and Debentures; banks for cooperative debentures, obligations of the U.S. government, or any of its other agencies, or obligations guaranteed as to principal and interest by the United States; the pooled investment fund of the State of Tennessee; or repurchase agreements.

State statutes require that all deposits with financial institutions must be collateralized by an amount equal to 105 percent of the face amount or the value of uninsured deposits. Under these statutes, the deposits must be either covered by state or federal depository insurance, by collateral held by the City's agent in the City's name or by the Federal Reserve Banks acting as a third-party agent. The statutes also authorize the types of investments in which the City can invest.

At June 30, 2024, all amounts held by the primary government and its component units were in cash deposit accounts, U.S. Treasury Securities, fixed government agency securities or in certificates of deposit at financial institutions. The City is subject to custodial credit risk, which is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's policy and state statutes address this by requiring 105 percent collateralization of all uninsured deposits. All deposit amounts of the primary government and each of its component units were insured or collateralized in accordance with state statutes at June 30, 2024. See Note 5 for further information regarding the City's investments. accrued interest at highest post maturity interest rate, (2) Use any remedy allowed by state or federal law The City had no unused bank credit lines at June 30, 2024.

See Note 5 for further information regarding the City's investments.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 5. Fair Value of Investments**

The City categorizes its fair value of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. At June 30, 2024, some of the unspent bond \_proceeds from the City's Electric System General Obligation Bonds, Series 2017, and Sewer System Improvements General Obligation Bonds, Series 2018, are classified as restricted investments.

Debt securities are valued based on the securities' relationship to benchmark quoted prices. debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The following table sets forth by level, within the fair value hierarchy, the fair value of the City's restricted investments as of June 30, 2024:

| Investment by Fair<br>Value Level | Total<br>June 30, 2024 | Fair Value Measurements Using  |   |  |
|-----------------------------------|------------------------|--|---|--|
|                                   |                        | Quoted<br>Prices in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| U.S. Treasury Bills and Notes     | \$ 1,636,602           | \$ 1,636,602   | \$ -  | \$ -   |

**Note 6. Interfund Transactions**

Amounts reported in the fund financial statements as interfund receivables, payables, and transfers are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net amounts due between governmental and business-type activities, which are presented as internal balances

**Interfund Receivables and Payables:**

Interfund receivables and payables on the fund financial statements are as follows:

|                      | Payables         |                            |                   |                            |                                 |
|----------------------|------------------|----------------------------|-------------------|----------------------------|---------------------------------|
|                      | General<br>Fund  | General<br>Purpose<br>Fund | Electric<br>Fund  | Water and<br>Sewer<br>Fund | Nonmajor<br>Enterprise<br>Funds |
| <u>Receivables</u>   |                  |                            |                   |                            |                                 |
| Electric Fund        | \$ 1,722         | \$ -                       | \$ -              | \$ 60,112                  | \$ 879                          |
| Water and Sewer Fund | 8,547            | -                          | 301,383           | -                          | 276                             |
| Funds                | 198              | -                          | 17,525            | 217                        | -                               |
| Total                | <u>\$ 10,467</u> | <u>\$ -</u>                | <u>\$ 318,908</u> | <u>\$ 60,329</u>           | <u>\$ 1,155</u>                 |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 6. Interfund Transactions (continued)**

**Interfund Receivables and Payables: (continued)**

Receivables and payables between the primary government and its discretely presented component units are as follows:

|                         | Payables        |                     |                     |
|-------------------------|-----------------|---------------------|---------------------|
|                         | Industrial      |                     | Total               |
| <u>Receivables</u>      | Electric Fund   | Development Board   |                     |
| General Fund            | \$ -            | \$ 1,925,000        | \$ 1,925,000        |
| Utilities Grant Program | 2,841           | -                   | 2,841               |
| Total                   | <u>\$ 2,841</u> | <u>\$ 1,925,000</u> | <u>\$ 1,927,841</u> |

**Transfers:**

| <u>Transfer from</u>             | <u>Transfer to</u>              | <u>Amount</u> |
|----------------------------------|---------------------------------|---------------|
| <u>Governmental Activities:</u>  |                                 |               |
| General Fund                     | Department of Education -       |               |
|                                  | General Purpose Fund            | \$ 315,675    |
| General Fund                     | Debt Service                    | 324,657       |
| State Street Aid                 | General Fund                    | 169,697       |
| Capital Projects Fund            | Education Capital Projects Fund | 122,378       |
| <u>Business-Type Activities:</u> |                                 |               |
| Electric Fund                    | General Fund                    | 543,561       |
| Water and Sewer Fund             | General Fund                    | 112,993       |

Interfund transactions are used to (1) move revenues from the fund that state statute or city ordinances requires to collect them to the fund that state statutes or city ordinances requires to expend them, (2) move receipts for debt service from the General Fund to the Debt Service Fund as debt service payments become due, (3) to finance various programs accounted for in other funds using unrestricted revenues collected in the General Fund in accordance with budgetary authorizations, (4) to reimburse costs incurred that should be contributed from funds for capital assets, and (5) to reflect transfers resulting from interfund payments of in-lieu of taxes.



**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 7. Leases**

**Primary Government**

The City has entered into various lease agreements with the State of Tennessee, training and educational organizations, and local manufacturers for the use of space in the City's buildings. The agreements have various expiration dates and renewal options. The leases are recorded using the City's incremental borrowing rate of 3.75 percent at the commencement date of the lease. The total amount of inflows of resources was \$152,842, including lease revenue of \$121,286 and interest revenue of \$31,556. Future minimum payments to be received included in the measurement of leases receivable at June 30, 2024, are as follows:

|           | Skill Center      |                  |                   |           | Industrial Park   |                   |                   |
|-----------|-------------------|------------------|-------------------|-----------|-------------------|-------------------|-------------------|
|           | Principal         | Interest         | Total             |           | Principal         | Interest          | Total             |
| 2025      | \$ 62,178         | \$ 14,547        | \$ 76,725         | 2025      | \$ 6,470          | \$ 11,435         | \$ 17,905         |
| 2026      | 64,550            | 12,175           | 76,725            | 2026      | 6,921             | 11,182            | 18,103            |
| 2027      | 51,752            | 9,973            | 61,725            | 2027      | 7,185             | 10,918            | 18,103            |
| 2028      | 53,727            | 7,999            | 61,726            | 2028      | 7,459             | 10,644            | 18,103            |
| 2029      | 55,776            | 5,949            | 61,725            | 2029      | 7,743             | 10,359            | 18,102            |
| 2030-2034 | 128,257           | 5,481            | 133,738           | 2030-2034 | 58,015            | 45,846            | 103,861           |
| 2035-2039 | -                 | -                | -                 | 2035-2039 | 87,062            | 32,378            | 119,440           |
| 2040-2035 | -                 | -                | -                 | 2040-2045 | 126,942           | 12,711            | 139,653           |
|           | <u>\$ 416,240</u> | <u>\$ 56,124</u> | <u>\$ 472,364</u> |           | <u>\$ 307,797</u> | <u>\$ 145,473</u> | <u>\$ 453,270</u> |

**Note 8. Detail of Net Position and Fund Balances**

Net position reported on the government-wide statement of net position includes the-following:

|   | Governmental<br>Activities | Business-Type<br>Activities | Total                 | Component Units               |                                    |
|---|----------------------------|-----------------------------|-----------------------|-------------------------------|------------------------------------|
|   |                            |                             |                       | Utilities<br>Grant<br>Program | Industrial<br>Development<br>Board |
|   |                            |                             |                       |                               |                                    |
| Capital assets  | \$ 44,250,322              | \$ 169,961,865              | \$ 214,212,187        | \$ -                          | \$ 5,934,506                       |
| Accumulated Depreciation  | (20,703,425)               | (62,598,703)                | -                     | -                             | (843,405)                          |
| Debt related to acquisition and<br>construction of capital assets,<br>less unspent debt proceeds, net | (1,620,434)                | (51,624,427)                | -                     | -                             | (1,925,000)                        |
| Subscription information technology<br>assets, leases and retainage, net                              | (4,955)                    | -                           | -                     | -                             | -                                  |
| Net Investment in Capital Assets  | 21,921,508                 | 55,738,735                  | 214,212,187           | -                             | 3,166,101                          |
| Restricted  | 2,680,071                  | -                           | -                     | 11,186                        | -                                  |
| Unrestricted  | 24,663,765                 | 26,295,432                  | -                     | -                             | 497,376                            |
| Total Net position  | <u>\$ 49,265,344</u>       | <u>\$ 82,034,167</u>        | <u>\$ 214,212,187</u> | <u>\$ 11,186</u>              | <u>\$ 3,663,477</u>                |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**Public Employee Retirement System**

*Plan Description*

Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula, using the member's highest 5 consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with 5 years of service credit. Service-related disability benefits are provided regardless of length of service. 5 years of service is required for non-service-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced by 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Employees Covered by Benefit Terms*

At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

|  |            |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 93         |
| Inactive employees entitled to but not yet receiving benefits    | 75         |
| Active employees   | <u>168</u> |
|  | <b>336</b> |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**Public Employee Retirement System (continued)**

*Contributions*

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, employer contributions for the City were \$461,977, based on a rate of 5.76% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, and an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

The City's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

The total pension liability as of the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.25%  |
| Salary increases          | Graded salary ranges from 8.72% to 3.44%, based on age, including inflation, averaging 4.00% |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation                          |
| Cost of living adjustment | 2.125 percent  |

Mortality rates were based on actual experience, including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return with the target asset allocation percentage and by adding expected inflation of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**Public Employee Retirement System (continued)**

| <b>Asset class</b>                    | <b>Long-term<br/>expected real<br/>rate of return</b> | <b>Target<br/>allocation</b> |
|---------------------------------------|---|------------------------------|
| US equity                             | 4.88%   | 31%                          |
| Developed market international equity | 5.37%   | 14%                          |
| Emerging market international equity  | 6.09%   | 4%                           |
| Private equity and strategic lending  | 6.57%   | 20%                          |
| US fixed income                       | 1.20%   | 20%                          |
| Real estate                           | 4.38%   | 10%                          |
| Short-term securities                 | 0.00%   | 1%                           |
|                                       |   | <b>100%</b>                  |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75%, based on a blending of the factors described above.

*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 contributions will be made at the current rate and that contributions from the City will be made at the ADC rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments to 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, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 9. Retirement Plans**

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

|   | <b>Total pension liability (a)</b> | <b>Plan fiduciary net position (b)</b> | <b>Net pension liability (asset) (a)-(b)</b> |
|---|------------------------------------|--|--|
| Balance, June 30, 2022  | \$ 33,469,793                      | \$ 33,832,924                          | (363,131)                                    |
| Changes for the year:   |                                    |  |  |
| Service cost  | 815,610                            | -                                      | 815,610                                      |
| Interest  | 2,266,047                          | -                                      | 2,266,047                                    |
| Difference between expected and actual experience             | 792,954                            | -                                      | 792,954                                      |
| Change of benefit terms                                       | -                                  | -                                      | -  |
| Change in assumptions   | -                                  | -                                      | -  |
| Contributions, employer                                       | -                                  | 418,991                                | (418,991)                                    |
| Contributions, employees                                      | -                                  | 421,063                                | (421,063)                                    |
| Net investment income   | -                                  | 2,253,896                              | (2,253,896)                                  |
| Benefit payments, including refunds of employee contributions | (1,428,682)                        | (1,428,682)                            | -  |
| Administrative expenses                                       | -                                  | (15,648)                               | 15,648                                       |
| Other changes   | -                                  | -                                      | -  |
| Net change  | <u>2,445,929</u>                   | <u>1,649,620</u>                       | <u>796,309</u>                               |
| Balance, June 30, 2023  | <b>\$ 35,915,722</b>               | <b>\$ 35,482,544</b>                   | <b>\$ 433,178</b>                            |

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

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

|                               | <b>1% Decrease (5.75%)</b> | <b>Current rate (6.75%)</b> | <b>1% Increase (7.75%)</b> |
|-------------------------------|----------------------------|-----------------------------|----------------------------|
| Net pension liability (asset) | \$ 5,364,309               | \$ 433,178                  | \$ (3,648,592)             |

**Pension Expense (Negative Pension Expense) and Deferred Outflows/Inflows of Resources Related to Pensions**

*Pension Expense*

For the year ended June 30, 2024, the City recognized pension expense of \$692,094.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**Pension Expense (Negative Pension Expense) and Deferred Outflows/Inflows of Resources Related to Pensions**

*Deferred Outflows of Resources and Deferred Inflows of Resources*

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

|   | <b>Deferred<br/>outflows of<br/>resources</b> | <b>Deferred<br/>inflows of<br/>resources</b> |
|---|---|--|
| Difference between expected and actual experience                                   | \$ 1,570,169                                  | \$ 447,168                                   |
| Net difference between projected and actual earnings on<br>pension plan investments | 258,292                                       | -  |
| Changes in assumptions  | 979,181                                       | -  |
| Contributions subsequent to the measurement date<br>of June 30, 2023                | <u>461,977</u>                                | <u>-</u>                                     |
|   | <b>\$ 3,269,619</b>                           | <b>\$ 447,168</b>                            |

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2023" will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

| <b>Year ending<br/>June 30,</b> |            |
|---------------------------------|------------|
| 2025                            | \$ 207,711 |
| 2026                            | 173,415    |
| 2027                            | 1,166,817  |
| 2028                            | 436,422    |
| 2029                            | 262,829    |
| Thereafter                      | 113,279    |

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**Teacher Legacy Pension Plan**

*Plan Description*

The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by the City with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective July 1, 2014, for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Contributions*

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**Teacher Legacy Pension Plan (continued)**

The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the City for the year ended June 30, 2024 to the Teacher Legacy Pension Plan were \$177,250 which is 6.81 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense (Negative Pension Expense) and Deferred Outflows/Inflows of Resources Related to Pensions**

*Pension liabilities (assets)*

At June 30, 2024, the City reported a liability (asset) of (\$900,735) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023, the City's proportion was 0.076400 percent. The proportion measured as of June 30, 2022, was 0.076537 percent.

*Pension Expense*

For the year ended June 30, 2024, the City recognized pension expense of \$256,181.

*Deferred Outflows of Resources and Deferred Inflows of Resources*

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

|   | <b>Deferred<br/>outflows of<br/>resources</b> | <b>Deferred<br/>inflows of<br/>resources</b> |
|---|---|--|
| Difference between expected and actual experience                                   | \$ 214,601                                    | \$ 41,800                                    |
| Net difference between projected and actual earnings on<br>pension plan investments | 156,282                                       | -  |
| Changes in assumptions  | 293,484                                       | -  |
| Changes in proportion of Net Pension Liability<br>(Asset)                           | 65,602  | 4,284  |
| Contributions subsequent to the measurement date<br>of June 30, 2023                | <u>177,250</u>                                | <u>-</u>                                     |
|   | <b>\$ 907,219</b>                             | <b>\$ 46,084</b>                             |



**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**Teacher Legacy Pension Plan (continued)**

The City's employer contributions of \$177,250, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ending</b> |            |
|--------------------|------------|
| <b>June 30,</b>    |            |
| 2025               | \$ 241,263 |
| 2026               | (92,332)   |
| 2027               | 533,730    |
| 2028               | 1,224      |
| 2029               | -          |
| Thereafter         | -          |

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

*Actuarial Assumptions*

The total pension liability as of the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.25%  |
| Salary increases          | Graded salary ranges from 8.72% to 3.44%, based on age, including inflation, averaging 4.00% |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation                          |
| Cost of living adjustment | 2.125 percent  |

Mortality rates were based on actual experience, including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return with the target asset allocation percentage and by adding expected inflation of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 9. Retirement Plans**

**Teacher Legacy Pension Plan (continued)**

| <b>Asset class</b>                    | <b>Long-term<br/>expected real<br/>rate of return</b> | <b>Target<br/>allocation</b> |
|---------------------------------------|---|------------------------------|
| US equity                             | 4.88%   | 31%                          |
| Developed market international equity | 5.37%   | 14%                          |
| Emerging market international equity  | 6.09%   | 4%                           |
| Private equity and strategic lending  | 6.57%   | 20%                          |
| US fixed income                       | 1.20%   | 20%                          |
| Real estate                           | 4.38%   | 10%                          |
| Short-term securities                 | 0.00%   | 1%                           |
|                                       |   | <b>100%</b>                  |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75%, based on a blending of the factors described above.

*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 contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

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

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

|                               | <b>1% Decrease<br/>(5.75%)</b> | <b>Current rate<br/>(6.75%)</b> | <b>1% Increase<br/>(7.75%)</b> |
|-------------------------------|--------------------------------|---------------------------------|--------------------------------|
| Net pension liability (asset) | \$ 1,961,864                   | \$ (900,735)                    | \$ (3,281,611)                 |

*Pension Plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**Teacher Retirement Plan**

*Plan Description*

The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by the City with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective July 1, 2014, for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**Teacher Retirement Plan (continued)**

*Contributions*

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. The actuarially determined contribution rate of 4 percent has been split between the Teacher Retirement Plan and TCRS Stabilization Reserve Trust. The TCRS Board of Trustees placed the actuarially determined contribution rate of 2.95 percent of covered payroll into the Teacher Retirement Plan and 1.05 percent of covered payroll into the TCRS Stabilization Reserve Trust. By law, employer contributions for the Teacher Retirement Plan and TCRS Stabilization Reserve Trust are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2024, to the Teacher Retirement Plan were \$57,531, which is 4.0 percent of covered payroll. Of this amount \$15,102 was for the TCRS Stabilization Trust Plan. The employer rate, when combined with member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense (Negative Pension Expense) and Deferred Outflows/Inflows of Resources Related to Pensions**

*Pension liabilities (assets)*

At June 30, 2024, the City reported a liability (asset) of (\$30,484) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023, the City's proportion was 0.071891 percent. The proportion measured as of June 30, 2022, was 0.070984 percent.

*Pension Expense*

For the year ended June 30, 2024, the City recognized pension expense of \$38,256.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 9. Retirement Plans**

**Teacher Retirement Plan (continued)**

*Deferred Outflows of Resources and Deferred Inflows of Resources*

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

|   | <b>Deferred<br/>outflows of<br/>resources</b> | <b>Deferred<br/>inflows of<br/>resources</b> |
|---|---|--|
| Difference between expected and actual experience                                   | \$ 1,027                                      | \$ 17,793                                    |
| Net difference between projected and actual earnings on<br>pension plan investments | 7,750   | -  |
| Changes in assumptions  | 22,934  | -  |
| Changes in proportion of Net Pension Liability<br>(Asset)                           | 5,225   | 11,407                                       |
| Contributions subsequent to the measurement date<br>of June 30, 2023                | 42,429  | -  |
|   | <b>\$ 79,365</b>                              | <b>\$ 29,200</b>                             |

The City's employer contributions of \$42,429, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ending<br/>June 30,</b> |          |
|---------------------------------|----------|
| 2025                            | \$ (466) |
| 2026                            | (1,594)  |
| 2027                            | 10,362   |
| 2028                            | 225      |
| 2029                            | 273      |
| Thereafter                      | (1,063)  |

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

*Actuarial Assumptions*

The total pension liability as of the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.25%  |
| Salary increases          | Graded salary ranges from 8.72% to 3.44%, based on age, including inflation, averaging 4.00% |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation                          |
| Cost of living adjustment | 2.125 percent  |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**Teacher Retirement Plan (continued)**

Mortality rates were based on actual experience, including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return with the target asset allocation percentage and by adding expected inflation of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

| <b>Asset class</b>                    | <b>Long-term<br/>expected real<br/>rate of return</b> | <b>Target<br/>allocation</b> |
|---------------------------------------|---|------------------------------|
| US equity                             | 4.88%   | 31%                          |
| Developed market international equity | 5.37%   | 14%                          |
| Emerging market international equity  | 6.09%   | 4%                           |
| Private equity and strategic lending  | 6.57%   | 20%                          |
| US fixed income                       | 1.20%   | 20%                          |
| Real estate                           | 4.38%   | 10%                          |
| Short-term securities                 | 0.00%   | 1%                           |
|                                       |   | <b>100%</b>                  |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75%, based on a blending of the factors described above.

*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 contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**Teacher Retirement Plan (continued)**

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

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

|                               | <b>1% Decrease<br/>(5.75%)</b> | <b>Current rate<br/>(6.75%)</b> | <b>1% Increase<br/>(7.75%)</b> |
|-------------------------------|--------------------------------|---------------------------------|--------------------------------|
| Net pension liability (asset) | \$ 140,225                     | \$ (30,484)                     | \$ (153,381)                   |

*Pension Plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**TCRS Stabilization Trust**

*Legal Provisions*

The City of Dayton is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School Department has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the City.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The City may not impose any restrictions on investments placed by the trust on their behalf.

*Investment Balances*

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2023, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**TCRS Stabilization Trust (continued)**

Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments where fair value is measured using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such the management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.



**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 9. Retirement Plans**

**TCRS Stabilization Trust (continued)**

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

On June 30, 2024, the City had the following investments held by the trust on its behalf.

| Investment                                 | Weighted<br>Average<br>Maturity<br>(days) | Maturities | Fair<br>Value     |
|--|---|------------|-------------------|
| Investments at Fair Value:                 |   |            |                   |
| U.S. Equity                                | N/A                                       | N/A        | \$ 31,110         |
| Developed Market International Equity      | N/A                                       | N/A        | 14,050            |
| Emerging Market International Equity       | N/A                                       | N/A        | 4,014             |
| U.S. Fixed Income                          | N/A                                       | N/A        | 20,071            |
| Real Estate                                | N/A                                       | N/A        | 10,036            |
| Short-term Securities                      | N/A                                       | N/A        | 1,004             |
| NAV - Private Equity and Strategic Lending | N/A                                       | N/A        | 20,071            |
| Total                                      |   |            | <u>\$ 100,356</u> |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 9. Retirement Plans**

**TCRS Stabilization Trust (continued)**

| Investment by Fair<br>Value Level       | Fair Value<br>6-30-24 | Fair Value Measurements Using  |   |  | Amortized<br>Cost |
|---|-----------------------|--|---|--|-------------------|
|   |                       | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | NAV               |
| U.S. Equity                             | \$ 31,110             | \$ 31,110  | \$ -  | \$ -   | \$ -              |
| Developed Market                        |                       |  |   |  |                   |
| International Equity                    | 14,050                | 14,050   | -   | -  | -                 |
| Emerging Market                         | 4,014                 |  |   |  |                   |
| International Equity                    | -                     | -  | -   | -  | -                 |
| U.S. Fixed Income                       | 20,071                | -  | 20,071  | -  | -                 |
| Real Estate                             | 10,036                | -  | -   | 10,036   | -                 |
| Short-term Securities                   | 1,004                 | -  | 1,004   | -  | -                 |
| Private Equity and<br>Strategic Lending | 20,071                | -  | -   | -  | 20,071            |
| Total                                   | #####                 | \$ 45,160  | \$ 21,075   | \$ 10,036  | \$ 20,071         |

**Risks and Uncertainties.** The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have the ability to limit the credit ratings of individual investments made by the trust.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. The City places no limit on the amount the county may invest in one issuer.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 9. Retirement Plans**

**TCRS Stabilization Trust (continued)**

**Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the City to pay retirement benefits of the School Department employees.

For further information concerning the City's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag20045.pdf>.

**Aggregation of all pension plans**

The following is an aggregation of deferred outflows of resources and deferred inflows of resources related to the City's various pension plans:

|   | <b>Deferred<br/>outflows of<br/>resources</b> | <b>Deferred<br/>inflows of<br/>resources</b> |
|---|---|--|
| Difference between expected and actual experience                                   | \$ 1,785,797                                  | \$ 506,761                                   |
| Net difference between projected and actual earnings on<br>pension plan investments | 422,324                                       | -  |
| Changes in assumptions  | 1,295,599                                     | -  |
| Changes in proportion of Net Pension Liability<br>(Asset)                           | 70,827  | 15,691                                       |
| Contributions subsequent to the measurement date<br>of June 30, 2023                | 681,656                                       | -  |
|   | <b>\$ 4,256,203</b>                           | <b>\$ 522,452</b>                            |

Deferred outflows of resources related to contributions to pension plans subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources from all pension plans will be recognized in pension expense as follows:

| <b>Year ending<br/>June 30,</b> |            |
|---------------------------------|------------|
| 2025                            | \$ 448,508 |
| 2026                            | 79,489     |
| 2027                            | 1,710,909  |
| 2028                            | 437,871    |
| 2029                            | 263,102    |
| Thereafter                      | 112,216    |

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 9. Retirement Plans**

**Aggregation of all pension plans (continued)**

The various retirement plans resulted in the following aggregate net pension asset (liability):

|                                 |                          |
|---------------------------------|--------------------------|
| Public Employee Retirement Plan | \$ (433,178)             |
| Teacher Legacy Pension Plan     | 900,735                  |
| Teacher Retirement Plan         | 30,484                   |
|                                 | <u><u>\$ 498,041</u></u> |

Pension expense (negative pension expense) related to all retirement plans was as follows:

|                                 |                          |
|---------------------------------|--------------------------|
| Public Employee Retirement Plan | \$ 692,094               |
| Teacher Legacy Pension Plan     | 256,181                  |
| Teacher Retirement Plan         | 38,256                   |
|                                 | <u><u>\$ 986,531</u></u> |

**Defined Contribution Plan**

As a component of the Teacher Retirement Plan, a defined contribution plan has been established for all teachers hired on or after July 1, 2014. The City of Dayton is required to contribute 5 percent of salaries, while participants may contribute up to 2 percent of salary. Participants are immediately vested. The Plan is established with Great-West Financial as Plan Administrators. The City contributed \$72,904 to the Plan in 2024.

**Note 9. OPEB Plans**

**Local Government OPEB Plan**

**Plan Description.** Employees of the City of Dayton are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.

**Benefits provided.** The City offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The City does not directly subsidize pre-65 retiree coverage. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 10. OPEB Plans**

**Local Government OPEB Plan (continued)**

**Employees covered by benefit terms.** At July 1, 2023, the following employees of Franklin Special School District were covered by the benefit terms of the TGOP:

|   |                   |
|---|-------------------|
| Inactive employees currently receiving benefits               | -                 |
| Inactive employees entitled to but not yet receiving benefits | -                 |
| Active employees  | <u>128</u>        |
| Total   | <u><u>128</u></u> |

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Franklin Special School District paid \$1,261 to the TGOP for OPEB benefits as they came due.

**Total OPEB Liability**

**Actuarial assumptions.** The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|  |   |
|--|---|
| Inflation                                | 2.25 percent  |
| Salary increases                         | Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent  |
| Healthcare cost trend rates              | 10.31% for pre-65 in 2023, decreasing annually over an 11-year period to an ultimate rate of 4.50%. 12.44% for post-65 in 2023, decreasing annually over an 11 year period to an ultimate rate of 4.50%.                                      |
| Retiree's share of benefit-related costs | Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered. |

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2022 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 10. OPEB Plans**

**Local Government OPEB Plan (continued)**

Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 6% load for males and an 14% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

**Discount rate.** The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

**Changes in the Total OPEB Liability**

|  |                          |
|--|--------------------------|
| Total OPEB liability, June 30, 2023                | \$ <u>205,473</u>        |
| Changes for the year                               |                          |
| Service cost                                       | 21,546                   |
| Interest   | 7,993                    |
| Benefit payments                                   | (2,488)                  |
| Differences between expected and actual experience | (4,271)                  |
| Changes in assumptions                             | <u>94,681</u>            |
| Net change   | <u>117,709</u>           |
| Total OPEB liability, June 30, 2024                | \$ <u><u>323,182</u></u> |

**Changes in assumptions.** The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

**Sensitivity of total OPEB liability to changes in the discount rate.** The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate. (expressed in thousands)

|                      | <b>1% Decrease</b>    | <b>Discount Rate</b>  | <b>1% Increase</b>    |
|----------------------|-----------------------|-----------------------|-----------------------|
|                      | <u><b>(2.65%)</b></u> | <u><b>(3.65%)</b></u> | <u><b>(4.65%)</b></u> |
| Total OPEB liability | \$ 352,691            | \$ 323,182            | \$ 295,750            |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

Note 10. **OPEB Plans**

**Local Government OPEB Plan (continued)**

***Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate.*** The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (9.31%/11.44% decreasing to 3.50%) or 1-percentage-point higher (11.31%/13.44% decreasing to 5.50%) than the current healthcare cost trend rate.

|                      | <b>1% Decrease</b>                                | <b>Healthcare Cost<br/>Trend Rate</b>              | <b>1% Increase</b>                                 |
|----------------------|---|--|--|
|                      | <b>(9.31%/11.44%<br/>decreasing to<br/>3.50%)</b> | <b>(10.31%/12.44%<br/>decreasing to<br/>4.50%)</b> | <b>(11.31%/13.44%<br/>decreasing to<br/>5.50%)</b> |
| total OPEB liability | \$ 284,838  | \$ 323,182   | \$ 368,430   |

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

***OPEB Expense.*** For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$(14,044).

***Deferred outflows of resources and deferred inflows of resources.*** For the fiscal year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

|  | <b>Deferred<br/>outflows of<br/>resources</b> | <b>Deferred<br/>inflows of<br/>resources</b> |
|--|---|--|
| Difference between expected and actual experience                        | \$ -  | \$ 117,187                                   |
| Changes in assumptions   | 122,133                                       | 181,499                                      |
| Employer payments subsequent to the measurement date<br>of June 30, 2023 | 1,261   | -  |
|  | <b><u>\$ 123,394</u></b>                      | <b><u>\$ 298,686</u></b>                     |

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 10. OPEB Plans**

**Local Government OPEB Plan (continued)**

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

| <b>Year ending June 30:</b> |    |          |
|-----------------------------|----|----------|
| 2025                        | \$ | (43,583) |
| 2026                        |    | (43,583) |
| 2027                        |    | (37,096) |
| 2028                        |    | (30,510) |
| 2029                        |    | (26,971) |
| Thereafter                  |    | 5,190    |

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease OPEB expense.

**Teacher Group OPEB Plan**

**Plan Description.** Employees of the City who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015

**Benefits provided.** The City offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retiree's premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.



**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 10. OPEB Plans**

**Teacher Group OPEB Plan (continued)**

**Employees covered by benefit terms.** At July 1, 2023, the following employees of Franklin Special School District were covered by the benefit terms of the TGOP:

|   |           |
|---|-----------|
| Inactive employees currently receiving benefits               | 3         |
| Inactive employees entitled to but not yet receiving benefits | -         |
| Active employees  | <u>58</u> |
| Total   | <u>61</u> |

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Franklin Special School District paid \$21,463 to the TGOP for OPEB benefits as they came due.

**Total OPEB Liability**

**Actuarial assumptions.** The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|  |   |
|--|---|
| Inflation                                | 2.25 percent  |
| Salary increases                         | Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent  |
| Healthcare cost trend rates              | 10.31% for pre-65 in 2023, decreasing annually over an 11-year period to an ultimate rate of 4.50%. 12.44% for post-65 in 2023, decreasing annually over an 11 year period to an ultimate rate of 4.50%.                                      |
| Retiree's share of benefit-related costs | Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered. |

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2022 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 10. OPEB Plans**

**Teacher Group OPEB Plan (continued)**

Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 6% load for males and an 14% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

**Discount rate.** The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

**Changes in the collective total OPEB liability are as follows:**

|  | <u>Total OPEB liability</u> |
|--|-----------------------------|
| Balances at June 30, 2023  | \$ <u>893,401</u>           |
| Charges for the year:  |                             |
| Service cost   | 52,372                      |
| Interest   | 33,049                      |
| Change of benefit terms  | -                           |
| Differences between expected and actual  | 271,964                     |
| Change in assumptions  | 92,111                      |
| Benefit payments   | <u>(24,591)</u>             |
| Net changes  | <u>424,905</u>              |
| Balances at June 30, 2024  | \$ <u><u>1,318,306</u></u>  |
| Nonemployer contributing entities proportionate share of the collective total OPEB liability | \$ 510,389                  |
| Employer's proportionate share of the collective total OPEB liability                        | \$ 807,917                  |
| Employer's proportion of the collective total OPEB liability                                 | 61.28%                      |

The City has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. The City's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed -3.47% from the prior measurement date. The City recognized \$45,282 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for City retirees.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 10. OPEB Plans**

**Teacher Group OPEB Plan (continued)**

**Changes in assumptions.** The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

**Sensitivity of total OPEB liability to changes in the discount rate.** The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate. (expressed in thousands)

|                      | <b>1% Decrease</b>    | <b>Discount Rate</b>  | <b>1% Increase</b>    |
|----------------------|-----------------------|-----------------------|-----------------------|
|                      | <u><b>(2.65%)</b></u> | <u><b>(3.65%)</b></u> | <u><b>(4.65%)</b></u> |
| Total OPEB liability | \$ 873,068            | \$ 807,917            | \$ 746,568            |

**Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate.** The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (9.31%/11.44% decreasing to 3.50%) or 1-percentage-point higher (11.31%/13.44% decreasing to 5.50%) than the current healthcare cost trend rate.

|                      | <b>1% Decrease</b>                                       | <b>Healthcare Cost<br/>Trend Rate</b>                     | <b>1% Increase</b>  |
|----------------------|--|---|---|
|                      | <u><b>(9.31%/11.44%<br/>decreasing to<br/>3.50%)</b></u> | <u><b>(10.31%/12.44%<br/>decreasing to<br/>4.50%)</b></u> | <u><b>(11.31%/13.44%<br/>decreasing to<br/>5.50%)</b></u> |
| total OPEB liability | \$ 719,141   | \$ 807,917  | \$ 912,170  |

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

**OPEB Expense.** For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$102,550.

**Deferred outflows of resources and deferred inflows of resources.** For the fiscal year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 10. OPEB Plans**

**Teacher Group OPEB Plan (continued)**

|   | <b>Deferred<br/>outflows of<br/>resources</b> | <b>Deferred<br/>inflows of<br/>resources</b> |
|---|---|--|
| Difference between expected and actual experience   | \$ 154,518                                    | \$ 153,788                                   |
| Changes in assumptions  | 183,631                                       | 71,426                                       |
| Changes in proportion and differences between<br>amounts paid as benefits came due and proportionate<br>share certain amounts paid by the employer and<br>nonemployer contributors as the benefits came due | 15,844  | 57,856                                       |
| Employer payments subsequent to the measurement date  | 21,463  | -  |
|   | <u><b>\$ 375,456</b></u>                      | <u><b>\$ 283,070</b></u>                     |

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

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

| <b>Year ending June 30:</b> |          |
|-----------------------------|----------|
| 2025                        | \$ 4,918 |
| 2026                        | 4,918    |
| 2027                        | 4,918    |
| 2028                        | 6,482    |
| 2029                        | 9,854    |
| Thereafter                  | 39,833   |

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease OPEB expense.

**Tennessee OPEB Plan**

**Plan Description.** Employees of the City who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 10. OPEB Plans**

**Tennessee OPEB Plan (continued)**

**Benefits provided.** The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TN plan does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

**Employees covered by benefit terms.** At July 1, 2023, the following employees of the City were covered by the benefit terms of the TNP:

|   |           |
|---|-----------|
| Inactive employees currently receiving benefits               | 25        |
| Inactive employees entitled to but not yet receiving benefits | 8         |
| Active employees  | 44        |
| Total   | <u>77</u> |

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the City did not make any payments to the TNP for OPEB benefits as they came due.

**Total OPEB Liability**

**Actuarial assumptions.** The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                             |   |
|-----------------------------|---|
| Inflation                   | 2.25 percent  |
| Salary increases            | Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent  |
| Healthcare cost trend rates | The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable. |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 10. OPEB Plans**

**Tennessee OPEB Plan (continued)**

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2021. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2021.

**Discount rate.** The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

**Changes in the collective total OPEB liability are as follows:**

|  | <u>Total OPEB liability</u> |
|--|-----------------------------|
| Balances at June 30, 2023  | \$ <u>181,788</u>           |
| Charges for the year:  |                             |
| Service cost   | 2,250                       |
| Interest   | 6,311                       |
| Change of benefit terms  | -                           |
| Differences between expected and actual  | 8,255                       |
| Change in assumptions  | (1,819)                     |
| Benefit payments   | <u>(11,599)</u>             |
| Net changes  | <u>3,398</u>                |
| Balances at June 30, 2024  | \$ <u><u>185,186</u></u>    |
| Nonemployer contributing entities proportionate share of the collective total OPEB liability | \$ 185,186                  |
| Employer's proportionate share of the collective total OPEB liability                        | \$ -                        |
| Employer's proportion of the collective total OPEB liability                                 | 0.00%                       |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 10. OPEB Plans**

**Tennessee OPEB Plan (continued)**

The City has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. The City's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The City's proportion of 0% did not change from the prior measurement date. The City recognized \$1,989 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for the City's retired employees.

Changes in assumptions. The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

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

OPEB Expense. For the fiscal year ended June 30, 2024, Franklin Special School District recognized OPEB expense of \$1,989.

**Aggregation of all OPEB plans**

The following is an aggregation of deferred outflows of resources and deferred inflows of resources related to the City's various OPEB plans:

|   | <b>Deferred<br/>outflows of<br/>resources</b> | <b>Deferred<br/>inflows of<br/>resources</b> |
|---|---|--|
| Difference between expected and actual experience   | \$ 154,518                                    | \$ 270,975                                   |
| Changes in assumptions  | 305,764                                       | 252,925                                      |
| Changes in proportion and differences between<br>amounts paid as benefits came due and proportionate<br>share certain amounts paid by the employer and<br>nonemployer contributors as the benefits came due | 15,844  | 57,856                                       |
| Employer payments subsequent to the measurement date  | 22,724  | -  |
|   | <u><b>\$ 498,850</b></u>                      | <u><b>\$ 581,756</b></u>                     |

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

| <b>Year ending June 30:</b> |             |
|-----------------------------|-------------|
| 2025                        | \$ (38,665) |
| 2026                        | (38,665)    |
| 2027                        | (32,178)    |
| 2028                        | (24,028)    |
| 2029                        | (17,117)    |
| Thereafter                  | 45,023      |

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 10. OPEB Plans**

**Aggregation of all OPEB plans (continued)**

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

The OPEB plans resulted in the following OPEB liability:

|                            |                            |
|----------------------------|----------------------------|
| Local Government OPEB Plan | \$ 323,182                 |
| Teacher Group OPEB Plan    | 807,917                    |
| Tennessee OPEB Plan        | -                          |
|                            | <u><u>\$ 1,131,099</u></u> |

OPEB expense (negative OPEB expense) related to all plans was as follows:

|                            |                         |
|----------------------------|-------------------------|
| Local Government OPEB Plan | \$ (14,044)             |
| Teacher Group OPEB Plan    | 102,550                 |
| Tennessee OPEB Plan        | 1,989                   |
|                            | <u><u>\$ 90,495</u></u> |

In addition, the City's Teacher Group OPEB Plan and Tennessee OPEB Plan recognized \$45,282 and \$1,989 in revenue, respectively.

**Note 11. On-Behalf Payments**

The State of Tennessee makes on-behalf payments to the State's Medicare Supplement Plan and the Teacher Group Plan for teachers of City of Dayton - Department of Education. GASB Statement No. 24 requires that on-b half payments be recognized in the City's financial statements. During the year ended June 30, 2024, the State of Tennessee made contributions to healthcare plans on behalf of the City as follows:

|                          | <u><b>Amount</b></u> |
|--------------------------|----------------------|
| Medicare Supplement Plan | \$ 19,482            |
| Teacher Group Plan       | 11,623               |

These amounts were recognized as revenue and expenditure/expense in the City's Department of Education General Purpose Fund and in Governmental Activities on the government-wide financial statements. For more information regarding the above mentioned plans, see Note 10.



**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

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**Note 12. Operating Restrictions**

The Electric Department has a power contract with the Tennessee Valley Authority (TVA) whereby the electric system purchases all of its electric power from TVA and is subject to certain restrictions and conditions as provided for in the contract. Such restrictions include, but are not limited to, prohibitions against furnishing, advancing, lending, pledging, or otherwise diverting electric system funds, revenue, or property to other operations of the municipality and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations. In addition, the utility will not make payments of more than its fair share of amounts equivalent to property taxes or make payments greater than standardized or market prices for property or services from other departments of the municipality.

**Note 13. City and Component Unit Activity with Nokian Tyres U.S. Operations, LLC**

In 2018, Nokian Tyres U.S. Operations, LLC (Nokian), announced its decision to build a tire production facility in Dayton, Tennessee. The announcement was the culmination of extensive economic development efforts on the part of the City, the Industrial Development Board (IDB), a component unit of the City, the State of Tennessee, and Rhea County Tennessee. These parties entered into a Project Agreement for site acquisition and development in August 2017 that details the various elements of responsibility and funding. At June 30, 2024, Nokian has substantially completed building the tire production facility.

The City's and IDB's role in the Nokian facility is reflected in the accompanying financial statements in the following areas:

The City's Industrial Park Fund and General Fund acquired property prior to 2018 for site development. The City deeded this property to IDB and at June 30, 2024, the Industrial Park Fund and the General Fund reflect receivables of \$424,876 and \$2,000,000, respectively, from the IDB for these properties.

IDB signed a lease agreement with Nokian in December 2018 for real property of approximately 220 acres where the project is constructed. The lease expires on December 31, 2051. In consideration of the lease, Nokian has entered a PILOT agreement requiring payments after a period of forgiveness. The lease contains a bargain purchase option. Upon completion of the construction during 2021, the tire production facility was transferred from the IDB to Nokian in accordance with the terms of the lease.

**Note 14. Risk Management and Contingencies**

The City has received several federal and state grants for specific purposes which are subject to review by the grantor agencies. Such reviews could lead to a request for reimbursement to the grantor agencies for any expenditures disallowed under the terms of the grants. Management believes that such disallowed costs, if any, would be immaterial.

The City is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. For insured programs, there have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage in the current year or the three prior years.

**Note 15. Adjustments to and Restatements of Beginning Balances**

During the audit, it was discovered that property tax receivables had been understated in previous years. As a result, an error correction in the amount of \$491,605 was made which resulted in an increase in fund balance of \$491,605.

**CITY OF DAYTON, TENNESSEE**  
Notes to Financial Statements  
For the Year Ended June 30, 2024

**Note 15. Adjustments to and Restatements of Beginning Balances (continued)**

|                                    | Reporting Units Affected by Adjustments to and Restatements of Beginning Balances |                  |                     |                      |
|------------------------------------|---|------------------|---------------------|----------------------|
|                                    | Funds   |                  |                     | Government-Wide      |
|                                    | General Fund  | Federal Projects | Nonmajor            | Governmental         |
|                                    |   | Fund             | Governmental        | Activities           |
| 6/30/2023, as previously reported  | \$13,319,306  | \$ -             | \$ 2,670,553        | \$ 37,153,013        |
| Change from nonmajor to major fund | -   | -                | -                   | -                    |
| Error correction                   | 491,605   | -                | -                   | 491,605              |
| 6/30/2023, as adjusted or restated | <u>\$13,810,911</u>   | <u>\$ -</u>      | <u>\$ 2,670,553</u> | <u>\$ 37,644,618</u> |

**Note 16. Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the City through July 18, 2025 (the date the financial statements were available to be issued) and concluded that no events should be disclosed as a subsequent event.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DAYTON, TENNESSEE**  
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios  
Based on Participation in the Public Employee Pension Plan of TCRS  
For Year Ended June 30\*

|  | 2023              | 2022                | 2021                  | 2020                | 2019                  | 2018                  | 2017                | 2016                | 2015                  | 2014                  |
|--|-------------------|---------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|---------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>   |                   |                     |                       |                     |                       |                       |                     |                     |                       |                       |
| Service cost   | \$ 815,610        | \$ 751,176          | \$ 625,678            | \$ 605,973          | \$ 567,557            | \$ 611,747            | \$ 538,872          | \$ 522,288          | \$ 496,050            | \$ 458,294            |
| Interest   | 2,266,047         | 2,088,732           | 2,040,478             | 1,946,817           | 1,806,890             | 1,745,937             | 1,649,511           | 1,537,630           | 1,461,295             | 1,361,346             |
| Changes in benefit terms   | -                 | -                   | -                     | -                   | -                     | -                     | -                   | -                   | -                     | -                     |
| Differences between actual and expected experience                     | 792,954           | 1,046,848           | (511,616)             | (143,091)           | 499,616               | (654,463)             | (49,559)            | 72,077              | (376,284)             | 41,928                |
| Change of assumptions  | -                 | -                   | 1,713,566             | -                   | -                     | -                     | 622,079             | -                   | -                     | -                     |
| Benefit payments, including refunds of employee contributions          | (1,428,682)       | (1,219,925)         | (1,167,971)           | (1,107,106)         | (857,777)             | (778,841)             | (711,899)           | (601,761)           | (577,220)             | (556,130)             |
| Net change in total pension liability                                  | 2,445,929         | 2,666,831           | 2,700,135             | 1,302,593           | 2,016,286             | 924,380               | 2,049,004           | 1,530,234           | 1,003,841             | 1,305,438             |
| Total pension liability, beginning of year                             | 33,469,793        | 30,802,962          | 28,102,827            | 26,800,234          | 24,783,948            | 23,859,568            | 21,810,564          | 20,280,330          | 19,276,489            | 17,971,051            |
| Total pension liability, end of year (a)                               | 35,915,722        | 33,469,793          | 30,802,962            | 28,102,827          | 26,800,234            | 24,783,948            | 23,859,568          | 21,810,564          | 20,280,330            | 19,276,489            |
| <b>Plan Fiduciary Net Position</b>                                     |                   |                     |                       |                     |                       |                       |                     |                     |                       |                       |
| Contributions, employer  | 418,991           | 217,614             | 200,906               | 197,835             | 265,298               | 246,118               | 248,377             | 464,689             | 443,859               | 430,230               |
| Contributions, employee  | 421,063           | 403,135             | 372,861               | 366,945             | 363,104               | 349,674               | 343,262             | 326,288             | 311,263               | 299,971               |
| Net investment income  | 2,253,896         | (1,358,036)         | 7,404,993             | 1,384,013           | 1,961,357             | 2,035,779             | 2,513,154           | 572,482             | 639,678               | 2,928,308             |
| Benefit payments, including refunds of employee contributions          | (1,428,682)       | (1,219,925)         | (1,167,971)           | (1,107,106)         | (857,777)             | (778,841)             | (711,899)           | (601,761)           | (577,220)             | (556,130)             |
| Administrative expenses  | (15,648)          | (15,877)            | (13,723)              | (13,787)            | (13,679)              | (14,454)              | (13,161)            | (11,310)            | (7,429)               | (6,126)               |
| Net change in plan fiduciary net position                              | 1,649,620         | (1,973,089)         | 6,797,066             | 827,900             | 1,718,303             | 1,838,276             | 2,379,733           | 750,388             | 810,151               | 3,096,253             |
| Plan fiduciary net position, beginning of year                         | 33,832,924        | 35,806,013          | 29,008,947            | 28,181,047          | 26,462,744            | 24,624,468            | 22,244,735          | 21,494,347          | 20,684,196            | 17,587,943            |
| Plan fiduciary net position, end of year (b)                           | 35,482,544        | 33,832,924          | 35,806,013            | 29,008,947          | 28,181,047            | 26,462,744            | 24,624,468          | 22,244,735          | 21,494,347            | 20,684,196            |
| Net pension liability (asset), end of year (a) - (b)                   | <b>\$ 433,178</b> | <b>\$ (363,131)</b> | <b>\$ (5,003,051)</b> | <b>\$ (906,120)</b> | <b>\$ (1,380,813)</b> | <b>\$ (1,678,796)</b> | <b>\$ (764,900)</b> | <b>\$ (434,171)</b> | <b>\$ (1,214,017)</b> | <b>\$ (1,407,707)</b> |
| Plan fiduciary net position as a percentage of total pension liability | 98.79%            | 101.08%             | 116.24%               | 103.22%             | 105.15%               | 106.77%               | 103.21%             | 101.99%             | 105.99%               | 107.30%               |
| Covered payroll  | \$ 8,379,790      | \$ 8,059,781        | \$ 7,440,943          | \$ 7,327,201        | \$ 7,248,572          | \$ 6,913,417          | \$ 6,861,255        | \$ 6,517,384        | \$ 6,225,233          | \$ 5,992,049          |
| Net pension liability (asset) as a percentage of covered payroll       | 5.17%             | -4.51%              | 67.24%                | 12.37%              | 19.05%                | 24.28%                | 11.15%              | 6.66%               | 19.50%                | 23.49%                |

**Notes to Schedules**

*Changes in Assumptions*

In 2017, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

In 2021, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements.

**CITY OF DAYTON, TENNESSEE**  
Schedules of Contributions  
Based on Participation in the Public Employee Pension Plan of the TCRS  
Last 10 Fiscal Years

|  | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution              | \$ 461,977   | \$ 427,421   | \$ 217,614   | \$ 200,906   | \$ 197,835   | \$ 265,298   | \$ 246,118   | \$ 248,377   | \$ 464,689   | \$ 443,859   |
| Contributions in relation to the                 |              |              |              |              |              |              |              |              |              |              |
| actuarially determined contribution              | 461,977      | 427,421      | 217,614      | 200,906      | 197,835      | 265,298      | 246,118      | 248,377      | 464,689      | 443,859      |
| Contribution deficiency (excess)                 | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered payroll                                  | \$ 8,020,482 | \$ 8,548,420 | \$ 8,059,781 | \$ 7,440,943 | \$ 7,327,201 | \$ 7,248,572 | \$ 6,913,417 | \$ 6,861,255 | \$ 6,517,384 | \$ 6,225,233 |
| Contributions as a percentage of covered payroll | 5.76%        | 5.00%        | 2.70%        | 2.70%        | 2.70%        | 3.66%        | 3.56%        | 3.62%        | 7.13%        | 7.13%        |

**Notes to Schedules**

GASB 68 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

*Valuation Date*

Actuarially determined contribution rates for fiscal year 2024 were calculated based on the results of the June 30, 2022 actuarial valuation.

*Methods and assumptions used to determine contribution rates*

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level dollar, closed (not to exceed 20 years)  |
| Remaining amortization period | Varies by year   |
| Asset valuation               | 10-year smoothed, within a 20% corridor to market value                                      |
| Inflation                     | 2.25%  |
| Salary increases              | Graded salary ranges from 8.72% to 3.44%, based on age, including inflation, averaging 4.00% |
| Investment rate of return     | 6.75%, net of investment expense, including inflation  |
| Retirement age                | Pattern of retirement determined by experience study   |
| Mortality                     | Customized   |
| Cost of Living Adjustments    | 2.125%   |

*Changes in Assumptions*

In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased investment rate of return from 7.25% to 6.75%; decreased cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased investment rate of return from 7.50% to 7.25%; decreased cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

**CITY OF DAYTON, TENNESSEE**  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
Teacher Legacy Pension Plan  
For Year Ended June 30\*

|  | <b>2023</b>  | <b>2022</b>  | <b>2021</b>    | <b>2020</b>  | <b>2019</b>  | <b>2018</b>  | <b>2017</b>  | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  |
|--|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Dayton City School's proportion of the net pension liability (asset)   | 0.076400%    | -0.076537%   | -0.084097%     | -0.081519%   | -0.083408%   | -0.075250%   | -0.076539%   | 0.075125%    | 0.072718%    | -0.074263%   |
| Dayton City School's proportionate share of the net pension liability (asset)  | \$ (900,735) | \$ (938,655) | \$ (3,627,327) | \$ (621,640) | \$ (857,588) | \$ (264,799) | \$ (25,043)  | \$ 469,491   | \$ 29,789    | \$ (12,067)  |
| Dayton City School's covered payroll   | \$ 2,479,219 | \$ 2,531,252 | \$ 2,760,223   | \$ 2,713,153 | \$ 2,796,800 | \$ 2,635,015 | \$ 2,705,619 | \$ 2,711,871 | \$ 2,722,202 | \$ 2,914,811 |
| Dayton City School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | -36.33%      | -37.08%      | -131.41%       | -22.91%      | -30.66%      | -10.05%      | -0.93%       | 0.17%        | 0.01%        | -0.41%       |
| Plan fiduciary net position as a percentage of the total pension liability   | 104.11%      | 104.42%      | 116.13%        | 103.09%      | 104.28%      | 101.49%      | 100.14%      | 97.14%       | 99.81%       | 100.08%      |

**Notes to Schedules**

*Changes in Assumptions*

In 2017, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

In 2021, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements.

\*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

**CITY OF DAYTON, TENNESSEE**  
Schedules of Contributions  
Teacher Legacy Pension Plan  
For Year Ended June 30\*

|  | <b>2024</b>       | <b>2023</b>       | <b>2022</b>       | <b>2021</b>       | <b>2020</b>       | <b>2019</b>       | <b>2018</b>       | <b>2017</b>       | <b>2016</b>       | <b>2015</b>       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution                          | \$ 177,250        | \$ 215,444        | \$ 259,436        | \$ 283,475        | \$ 288,408        | \$ 292,545        | \$ 239,259        | \$ 244,589        | \$ 245,153        | \$ 246,087        |
| Contributions in relation to the                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| actuarially determined contribution                          | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Contribution deficiency (excess)                             | <b>\$ 177,250</b> | <b>\$ 215,444</b> | <b>\$ 259,436</b> | <b>\$ 283,475</b> | <b>\$ 288,408</b> | <b>\$ 292,545</b> | <b>\$ 239,259</b> | <b>\$ 244,589</b> | <b>\$ 245,153</b> | <b>\$ 246,087</b> |
| Covered-employee payroll                                     | \$ 2,604,223      | \$ 2,479,219      | \$ 2,531,252      | \$ 2,760,223      | \$ 2,713,153      | \$ 2,796,800      | \$ 2,635,015      | \$ 2,705,619      | \$ 2,711,871      | \$ 2,914,811      |
| Contributions as a percentage of<br>covered-employee payroll | 6.81%             | 8.69%             | 10.25%            | 10.27%            | 10.63%            | 10.46%            | 9.08%             | 9.04%             | 9.04%             | 8.88%             |

**Notes to Schedules**

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

*Valuation Date*

Actuarially determined contribution rates for fiscal year 2022 were calculated based on the results of the July 1, 2021 actuarial valuation.

*Methods and assumptions used to determine contribution rates:*

|                           |   |
|---------------------------|---|
| Actuarial cost method     | Entry age normal  |
| Amortization method       | Level dollar  |
| Asset valuation           | Fair market value   |
| Inflation                 | 2.25% per annum, compounded annually  |
| Salary increases          | Groups A and B: 3.00% per annum, compounded annually<br>Groups C and D: 5.00% per annum, compounded annually  |
| Investment rate of return | 7.00% per annum, compounded annually  |
| Retirement age            | Group A, B, and D employees: A graded retirement scale is assumed from age 50 to age 59, with 15% retirement assumption at an age where age plus service equals 80, 100% retirement at age 60, and 10 years of credited service.<br>Group C employees: Earlier of 30 years of service or attainment of age 60 |
| Mortality                 | Groups A and B: 1983 Group Annuity Mortality Table<br>Groups C and D: RP 2000 Combined Mortality Table  |
| Cost-of-living adjustment | None  |

**CITY OF DAYTON, TENNESSEE**  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
Teacher Retirement Plan  
For Year Ended June 30\*

|  | <u>2023</u>  | <u>2022</u>  | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Dayton City School's proportion of the net pension liability (asset)   | 0.071891%    | -0.070984%   | -0.056382%  | -0.054911%  | -0.048555%  | -0.059582%  | 0.072094%   | 0.069764%   | 0.100343%   |
| Dayton City School's proportionate share of the net pension liability (asset)  | \$ (30,484)  | \$ (21,503)  | \$ (61,073) | \$ (31,225) | \$ (27,409) | \$ (27,022) | \$ 19,019   | \$ 7,263    | \$ 4,121    |
| Dayton City School's covered payroll   | \$ 1,429,930 | \$ 1,212,195 | \$ 813,723  | \$ 692,934  | \$ 513,807  | \$ 520,673  | \$ 473,177  | \$ 306,969  | \$ 212,878  |
| Dayton City School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | -2.13%       | -1.77%       | -7.51%      | -4.51%      | -5.33%      | -5.19%      | 4.02%       | 2.37%       | 1.94%       |
| Plan fiduciary net position as a percentage of the total pension liability   | 104.97%      | 104.55%      | 121.53%     | 116.52%     | 123.07%     | 126.97%     | 126.81%     | 121.88%     | 127.46%     |

**Notes to Schedules**

*Changes in Assumptions*

In 2017, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

In 2021, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements.

\*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.



**CITY OF DAYTON, TENNESSEE**

Schedules of Contributions

Teacher Retirement Plan

For Year Ended June 30\*

|   | <u>2024*</u>  | <u>2023*</u>  | <u>2022*</u>  | <u>2021*</u>  | <u>2020*</u>  | <u>2019*</u>  | <u>2018</u>        | <u>2017</u>   | <u>2016</u>       | <u>2015</u>       |
|---|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|---------------|-------------------|-------------------|
| Actuarially determined contribution                       | \$ 42,429     | \$ 41,039     | \$ 24,365     | \$ 16,437     | \$ 14,092     | \$ 10,584     | \$ 8,491           | \$ 18,927     | \$ 7,684          | \$ 5,322          |
| Contributions in relation to the                          |               |               |               |               |               |               |                    |               |                   |                   |
| actuarially determined contribution                       | <u>42,429</u> | <u>41,039</u> | <u>24,365</u> | <u>16,437</u> | <u>14,092</u> | <u>10,584</u> | <u>20,827</u>      | <u>18,927</u> | <u>12,279</u>     | <u>8,515</u>      |
| Contribution deficiency (excess)                          | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ (12,336)</u> | <u>\$ -</u>   | <u>\$ (4,595)</u> | <u>\$ (3,193)</u> |
| Covered-employee payroll                                  | \$ 1,438,270  | \$ 1,429,930  | \$ 1,212,195  | \$ 813,723    | \$ 694,187    | \$ 513,807    | \$ 520,673         | \$ 473,177    | \$ 306,969        | \$ 212,878        |
| Contributions as a percentage of covered-employee payroll | 2.95%         | 2.87%         | 2.01%         | 2.02%         | 2.03%         | 2.06%         | 4.00%              | 4.00%         | 4.00%             | 4.00%             |

**Notes to Schedules**

\* - Beginning in FY 2019 the School Department placed the actuarially determined contribution rate (2.01-2.95%) of covered payroll into the pension plan and placed 1.98-1.05 percent of covered payroll into the Pension Stabilization Reserve Trust.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 information is available

*Valuation Date*

Actuarially determined contribution rates for fiscal year 2022 were calculated based on the results of the July 1, 2021 actuarial valuation.

*Methods and assumptions used to determine contribution rates:*

|                           |  |
|---------------------------|--|
| Actuarial cost method     | Entry age normal   |
| Amortization method       | Level dollar   |
| Asset valuation           | Fair market value  |
| Inflation                 | 2.25% per annum, compounded annually   |
| Salary increases          | Groups A and B: 3.00% per annum, compounded annually   |
|                           | Groups C and D: 5.00% per annum, compounded annually   |
| Investment rate of return | 7.00% per annum, compounded annually   |
| Retirement age            | Group A, B, and D employees: A graded retirement scale is assumed from age 50 to age 59, with 15% retirement assumption at an age where age plus service equals 80, 100% retirement at age 60, and 10 years of credited service. |
|                           | Group C employees: Earlier of 30 years of service or attainment of age 60  |
| Mortality                 | Groups A and B: 1983 Group Annuity Mortality Table   |
|                           | Groups C and D: RP 2000 Combined Mortality Table   |
| Cost-of-living adjustment | None   |

**CITY OF DAYTON, TENNESSEE**  
Schedules of Changes in Total OPEB Liability (Asset) and Related Ratios  
Local Government OPEB Plan  
For Year Ended June 30\*

|   | <b>2024</b>  | <b>2023</b>  | <b>2022</b>  | <b>2021</b>  | <b>2020</b>  | <b>2019</b>  | <b>2018</b>  |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total OPEB Liability</b>   |              |              |              |              |              |              |              |
| Service cost  | \$ 21,546    | \$ 34,229    | \$ 41,577    | \$ 30,905    | \$ 32,761    | \$ 28,174    | \$ 30,294    |
| Interest  | 7,993        | 7,569        | 10,695       | 15,735       | 18,386       | 15,231       | 11,970       |
| Differences between actual and<br>expected experience                       | (4,023)      | (31,518)     | (36,209)     | (55,987)     | (116,147)    | (1,659)      | -            |
| Benefit payments, including refunds of employee contributions               | (2,488)      | (3,073)      | (3,197)      | (2,378)      | (14,021)     | (3,394)      |              |
| Changes in assumptions  | 94,681       | (119,429)    | (139,130)    | 37,126       | 15,505       | 42,351       | (20,527)     |
| Net change in total OPEB liability  | 117,709      | (112,222)    | (126,264)    | 25,401       | (63,516)     | 80,703       | 21,737       |
| Total OPEB liability, beginning of year                                     | 205,473      | 317,695      | 443,959      | 418,558      | 482,074      | 401,371      | 379,634      |
| Total OPEB liability, end of year (a)                                       | 323,182      | 205,473      | 317,695      | 443,959      | 418,558      | 482,074      | 401,371      |
| Covered-employee payroll  | \$ 4,465,809 | \$ 4,627,875 | \$ 4,648,629 | \$ 4,902,221 | \$ 4,753,001 | \$ 5,319,457 | \$ 5,649,258 |
| Total OPEB liability (asset) as a percentage of<br>covered-employee payroll | 7.24%        | 4.44%        | 6.83%        | 9.06%        | 8.81%        | 9.06%        | 7.10%        |

**Notes to Schedule**

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

**CITY OF DAYTON, TENNESSEE**  
Schedules of Changes in Total OPEB Liability (Asset) and Related Ratios  
Teacher Group OPEB Plan  
For Year Ended June 30\*

|  | 2024             | 2023             | 2022             | 2021           | 2020           | 2019             | 2018            |
|--|------------------|------------------|------------------|----------------|----------------|------------------|-----------------|
| <b>Total OPEB Liability</b>  |                  |                  |                  |                |                |                  |                 |
| Service cost   | \$ 52,372        | \$ 71,491        | \$ 58,212        | \$ 45,527      | \$ 48,227      | \$ 50,593        | \$ 54,563       |
| Interest   | 33,049           | 23,938           | 20,458           | 27,165         | 27,790         | 33,237           | 28,084          |
| Changes of benefit terms   |                  |                  |                  |                |                |                  |                 |
| Differences between expected and actual experience   | 271,964          | (118,275)        | (80,725)         | (10,374)       | 26,459         | (220,053)        | -               |
| Changes of assumptions   | 92,111           | (94,837)         | 210,880          | 104,741        | (58,926)       | 25,596           | (44,167)        |
| Benefit payments   | (24,591)         | (51,035)         | (28,279)         | (27,546)       | (41,496)       | (64,800)         | (60,548)        |
| <b>Net change in total OPEB liability</b>  | <u>424,905</u>   | <u>(168,718)</u> | <u>180,546</u>   | <u>139,513</u> | <u>2,054</u>   | <u>(175,427)</u> | <u>(22,068)</u> |
| <b>Total OPEB liability, beginning of year</b>   | <u>893,401</u>   | <u>1,062,119</u> | <u>881,573</u>   | <u>742,060</u> | <u>740,006</u> | <u>915,433</u>   | <u>937,501</u>  |
| <b>Total OPEB liability, end of year (a)</b>   | <u>1,318,306</u> | <u>893,401</u>   | <u>1,062,119</u> | <u>881,573</u> | <u>742,060</u> | <u>740,006</u>   | <u>915,433</u>  |
| <b>Nonemployer contributing entities proportionate share of the collective total OPEB liability</b>                  | \$ 510,389       | \$ 314,901       | \$ 360,317       | \$ 287,844     | \$ 254,157     | \$ 242,718       | \$ 320,123      |
| <b>Employer's proportionate share of the collective total OPEB liability</b>   | \$ 807,917       | \$ 578,500       | \$ 701,802       | \$ 593,729     | \$ 487,903     | \$ 497,288       | \$ 595,310      |
| <b>Covered-employee payroll</b>  | \$ 5,348,524     | \$ 4,813,052     | \$ 4,477,709     | \$ 4,480,111   | \$ 4,091,401   | \$ 4,066,507     | \$ 3,913,136    |
| <b>Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll</b> | 15.11%           | 12.02%           | 15.67%           | 13.25%         | 11.93%         | 12.23%           | 15.21%          |

**Note to Schedule**

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

**CITY OF DAYTON, TENNESSEE**  
Schedules of Changes in Total OPEB Liability (Asset) and Related Ratios  
Tennessee OPEB Plan  
For Year Ended June 30\*

|  | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total OPEB Liability</b>  |              |              |              |              |              |              |              |
| Service cost   | \$ 2,250     | \$ 3,936     | \$ 5,179     | \$ 3,427     | \$ 3,166     | \$ 3,363     | \$ 4,115     |
| Interest   | 6,311        | 4,365        | 5,243        | 6,740        | 7,328        | 7,823        | 6,984        |
| Changes of benefit terms   |              |              |              |              |              |              |              |
| Differences between expected and actual experience   | 8,255        | 12,855       | 3,146        | 4,217        | (14,839)     | (16,371)     | -            |
| Changes of assumptions   | (1,819)      | (32,593)     | (37,710)     | 38,605       | 3,387        | (1,543)      | (19,047)     |
| Benefit payments   | (11,599)     | (9,780)      | (9,747)      | (9,319)      | (10,082)     | (10,793)     | (10,650)     |
| <b>Net change in total OPEB liability</b>  | 3,398        | (21,217)     | (33,889)     | 43,670       | (11,040)     | (17,521)     | (18,598)     |
| <b>Total OPEB liability, beginning of year</b>   | 181,788      | 203,005      | 236,894      | 193,224      | 204,264      | 221,785      | 240,383      |
| <b>Total OPEB liability, end of year (a)</b>   | 185,186      | 181,788      | 203,005      | 236,894      | 193,224      | 204,264      | 221,785      |
| <b>Nonemployer contributing entities proportionate share of the collective total OPEB liability</b>                  | \$ 185,186   | \$ 181,788   | \$ 203,005   | \$ 236,894   | \$ 193,224   | \$ 204,264   | \$ 221,785   |
| <b>Employer's proportionate share of the collective total OPEB liability</b>   | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| <b>Covered-employee payroll</b>  | \$ 5,504,232 | \$ 4,954,722 | \$ 4,674,829 | \$ 4,673,620 | \$ 4,226,078 | \$ 4,162,585 | \$ 3,978,320 |
| <b>Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll</b> | N/A          | N/A          | N/A          | N/A          | N/A          | N/A          | N/A          |

**Note to Schedule**

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

## **SUPPLEMENTARY INFORMATION**

**CITY OF DAYTON, TENNESSEE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2024**

|                                     | Special Revenue Funds   |                     |            |                     |                     |                    |                     |  |
|-------------------------------------|-------------------------|---------------------|------------|---------------------|---------------------|--------------------|---------------------|--|
|                                     | Department of Education |                     |            |                     |                     |                    |                     | Total<br>Nonmajor<br>Governmental<br>Total |
|                                     | Debt<br>Service         | Capital<br>Projects | Drug       | State Street<br>Aid | School<br>Cafeteria | Internal<br>School | Capital<br>Projects |  |
| Assets                              |                         |                     |            |                     |                     |                    |                     |  |
| Cash and cash equivalents           | \$ -                    | \$ 2,654,007        | \$ 111,566 | \$ -                | \$ 346,331          | \$ 107,094         | \$ 1,750,944        | \$ 4,969,942                               |
| Restricted cash                     | -                       | -                   | -          | -                   | -                   | -                  | 142,180             | 142,180                                    |
| Due from other governments          | -                       | -                   | -          | -                   | -                   | -                  | -                   | -  |
| Accounts receivable, net            | -                       | 74,161              | 16         | -                   | 67,758              | -                  | -                   | 141,935                                    |
| Inventories                         | -                       | -                   | -          | -                   | 9,668               | -                  | -                   | 9,668                                      |
| Total assets                        | \$ -                    | \$ 2,728,168        | \$ 111,582 | \$ -                | \$ 423,757          | \$ 107,094         | \$ 1,893,124        | \$ 5,263,725                               |
| Liabilities and Fund Balances       |                         |                     |            |                     |                     |                    |                     |  |
| Liabilities                         |                         |                     |            |                     |                     |                    |                     |  |
| Accounts payable                    | \$ -                    | \$ -                | \$ 57,571  | \$ -                | \$ 51,600           | \$ -               | \$ 402,979          | \$ 512,150                                 |
| Retainage payable                   | -                       | -                   | -          | -                   | -                   | -                  | 142,180             | 142,180                                    |
| Accrued salaries and benefits       | -                       | -                   | -          | -                   | 14,086              | -                  | -                   | 14,086                                     |
| Interfund payables                  | -                       | -                   | -          | -                   | -                   | -                  | -                   | -  |
| Unearned revenues                   | -                       | 648,327             | -          | -                   | -                   | -                  | -                   | 648,327                                    |
| Total liabilities                   | -                       | 648,327             | 57,571     | -                   | 65,686              | -                  | 545,159             | 1,316,743                                  |
| Fund balances                       |                         |                     |            |                     |                     |                    |                     |  |
| Nonspendable                        | -                       | -                   | -          | -                   | 9,668               | -                  | -                   | 9,668                                      |
| Restricted for                      |                         |                     |            |                     |                     |                    |                     |  |
| Drug                                | -                       | -                   | 54,011     | -                   | -                   | -                  | -                   | 54,011                                     |
| Public safety                       | -                       | -                   | -          | -                   | -                   | -                  | -                   | -  |
| Capital projects                    | -                       | -                   | -          | -                   | -                   | -                  | 1,347,965           | 1,347,965                                  |
| Cafeteria                           | -                       | -                   | -          | -                   | 203,036             | -                  | -                   | 203,036                                    |
| Internal School Funds               | -                       | -                   | -          | -                   | -                   | 107,094            | -                   | 107,094                                    |
| Assigned                            | -                       | 2,079,841           | -          | -                   | 145,367             | -                  | -                   | 2,225,208                                  |
| Total fund balances                 | -                       | 2,079,841           | 54,011     | -                   | 358,071             | 107,094            | 1,347,965           | 3,946,982                                  |
| Total liabilities and fund balances | \$ -                    | \$ 2,728,168        | \$ 111,582 | \$ -                | \$ 423,757          | \$ 107,094         | \$ 1,893,124        | \$ 5,263,725                               |

**CITY OF DAYTON, TENNESSEE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2024**

|   | Special Revenue Funds   |                     |           |                     |  |                     |                    |                     | Total<br>Nonmajor<br>Governmental<br>Total |
|---|-------------------------|---------------------|-----------|---------------------|--|---------------------|--------------------|---------------------|--|
|   | Department of Education |                     |           |                     |  |                     |                    |                     |  |
|   | Debt<br>Service         | Capital<br>Projects | Drug      | State Street<br>Aid | Federal Projects<br>(formerly nonmajor fund) | School<br>Cafeteria | Internal<br>School | Capital<br>Projects |  |
| Revenues  |                         |                     |           |                     |  |                     |                    |                     |  |
| Intergovernmental   | \$ -                    | \$ 861,828          | \$ -      | \$ -                | \$ -   | \$ -                | \$ -               | \$ -                | \$ 861,828                                 |
| Federal received through State                                    | -                       | -                   | -         | -                   | -  | 672,289             | -                  | -                   | 672,289                                    |
| Charges for services  | -                       | -                   | -         | -                   | -  | 32,573              | 224,957            | -                   | 257,530                                    |
| Fines and forfeits  | -                       | -                   | 7,608     | -                   | -  | -                   | -                  | -                   | 7,608                                      |
| Interest  | -                       | 230                 | -         | -                   | -  | 33                  | 14                 | -                   | 277  |
| Total revenues  | -                       | 862,058             | 7,608     | -                   | -  | 704,895             | 224,971            | -                   | 1,799,532                                  |
| Expenditures  |                         |                     |           |                     |  |                     |                    |                     |  |
| Public Safety   | -                       | -                   | 2,089     | -                   | -  | -                   | -                  | -                   | 2,089                                      |
| Education:  |                         |                     |           |                     |  |                     |                    |                     |  |
| Support Services  | -                       | -                   | -         | -                   | -  | -                   | 247,368            | -                   | 247,368                                    |
| Noninstructional-food services                                    | -                       | -                   | -         | -                   | -  | 728,741             | -                  | -                   | 728,741                                    |
| Debt service:   |                         |                     |           |                     |  |                     |                    |                     |  |
| Principal   | 265,520                 | -                   | -         | -                   | -  | -                   | -                  | 107,574             | 373,094                                    |
| Interest  | 59,137                  | -                   | -         | -                   | -  | -                   | -                  | 14,804              | 73,941                                     |
| Capital outlay  | -                       | 600,000             | -         | -                   | -  | -                   | -                  | 2,652,830           | 3,252,830                                  |
| Total expenditures  | 324,657                 | 600,000             | 2,089     | -                   | -  | 728,741             | 247,368            | 2,775,208           | 4,678,063                                  |
| Excess (deficiency) of revenues<br>over expenditures              | (324,657)               | 262,058             | 5,519     | -                   | -  | (23,846)            | (22,397)           | (2,775,208)         | (2,878,531)                                |
| Other Financing Sources (Uses)                                    |                         |                     |           |                     |  |                     |                    |                     |  |
| Transfer from (to) other funds                                    | 324,657                 | (122,378)           | -         | (169,697)           | -  | -                   | -                  | 122,378             | 154,960                                    |
| Proceeds from note issuance                                       | -                       | -                   | -         | -                   | -  | -                   | -                  | 4,000,000           | 4,000,000                                  |
| Total other financing sources (uses)                              | 324,657                 | (122,378)           | -         | (169,697)           | -  | -                   | -                  | 4,122,378           | 4,154,960                                  |
| Net change in fund balances                                       | -                       | 139,680             | 5,519     | (169,697)           | -  | (23,846)            | (22,397)           | 1,347,170           | 1,276,429                                  |
| Fund balances, beginning of year, as previously presented         | -                       | 1,940,161           | 48,492    | 169,697             | -  | 381,917             | 129,491            | 795                 | 2,670,553                                  |
| Change within financial reporting entity (nonmajor to major fund) | -                       | -                   | -         | -                   | -  | -                   | -                  | -                   | -  |
| Fund balances, beginning of year, as adjusted or restated         | -                       | 1,940,161           | 48,492    | 169,697             | -  | 381,917             | 129,491            | 795                 | 2,670,553                                  |
| Fund balances, end of year  | \$ -                    | \$ 2,079,841        | \$ 54,011 | \$ -                | \$ -   | \$ 358,071          | \$ 107,094         | \$ 1,347,965        | \$ 3,946,982                               |

**CITY OF DAYTON, TENNESSEE**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**Drug Fund**  
**For the Year Ended June 30, 2024**

|                                  | <u>Budgeted amounts</u> |                    | <u>Actual<br/>amounts</u> | <u>Variance with<br/>final budget<br/>+/( -)</u> |
|----------------------------------|-------------------------|--------------------|---------------------------|--|
|                                  | <u>Original</u>         | <u>Final</u>       |                           |  |
| <b>Revenues</b>                  |                         |                    |                           |  |
| Fines and fees                   |                         |                    |                           |  |
| Drug fines, confiscated property | <u>\$ 4,200</u>         | <u>\$ 4,200</u>    | <u>\$ 7,608</u>           | <u>\$ 3,408</u>                                  |
| Total revenues                   | <u>4,200</u>            | <u>4,200</u>       | <u>7,608</u>              | <u>3,408</u>                                     |
| <b>Expenditures</b>              |                         |                    |                           |  |
| Current                          |                         |                    |                           |  |
| Drug enforcement                 | <u>4,200</u>            | <u>4,200</u>       | <u>2,089</u>              | <u>2,111</u>                                     |
| Total expenditures               | <u>4,200</u>            | <u>4,200</u>       | <u>2,089</u>              | <u>2,111</u>                                     |
| Net change in fund balance       | <u><u>\$ -</u></u>      | <u><u>\$ -</u></u> | <u>5,519</u>              | <u><u>\$ 5,519</u></u>                           |
| Fund balance, beginning of year  |                         |                    | <u>48,492</u>             |  |
| Fund balance, end of year        |                         |                    | <u><u>\$ 54,011</u></u>   |  |



**CITY OF DAYTON, TENNESSEE**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**State Street Aid**  
**For the Year Ended June 30, 2024**

|   | <u>Budgeted amounts</u> |              | <u>Actual</u>  | <u>Variance with</u> |
|---|-------------------------|--------------|----------------|----------------------|
|   | <u>Original</u>         | <u>Final</u> | <u>amounts</u> | <u>final budget</u>  |
|   |                         |              |                | <u>+ / (-)</u>       |
| <b>Revenues</b>                                   |                         |              |                |                      |
| Intergovernmental                                 |                         |              |                |                      |
| Gasoline tax allocations                          | \$ -                    | \$ -         | \$ -           | \$ -                 |
| Charges for services                              | -                       | -            | -              | -                    |
| Total revenues                                    | <u>-</u>                | <u>-</u>     | <u>-</u>       | <u>-</u>             |
| <b>Expenditures</b>                               |                         |              |                |                      |
| Street lighting                                   | -                       | -            | -              | -                    |
| Street paving and Maintenance                     | -                       | -            | -              | -                    |
| Miscellaneous                                     | -                       | -            | -              | -                    |
| Total expenditures                                | <u>-</u>                | <u>-</u>     | <u>-</u>       | <u>-</u>             |
| Excess (deficiency) of revenues over expenditures | -                       | -            | -              | -                    |
| <b>Other Financing Sources (Uses)</b>             |                         |              |                |                      |
| Transfers from (to) other funds                   | -                       | -            | (169,697)      | (169,697)            |
| Net change in fund balance                        | <u>\$ -</u>             | <u>\$ -</u>  | (169,697)      | <u>\$ (169,697)</u>  |
| Fund balance, beginning of year                   |                         |              | <u>169,697</u> |                      |
| Fund balance, end of year                         |                         |              | <u>\$ -</u>    |                      |

**CITY OF DAYTON, TENNESSEE**  
**Budget (GAAP Basis) and Actual**  
**Department of Education-School Cafeteria**  
**For the Year Ended June 30, 2024**

|   | <b>Budgeted amounts</b> |                | <b>Actual</b>     | <b>Variance with</b> |
|---|-------------------------|----------------|-------------------|----------------------|
|   | <b>Original</b>         | <b>Final</b>   | <b>amounts</b>    | <b>final budget</b>  |
|   |                         |                |                   | <b>+ / (-)</b>       |
| <b>Revenues</b>                                   |                         |                |                   |                      |
| Intergovernmental revenues                        | \$ 625,000              | \$ 707,761     | \$ 672,289        | \$ (35,472)          |
| Charges for services                              | 45,000                  | 32,340         | 32,573            | 233                  |
| Miscellaneous                                     | -                       | -              | -                 | -                    |
| Interest  | 50                      | 50             | 33                | (17)                 |
| Total revenues                                    | <u>670,050</u>          | <u>740,151</u> | <u>704,895</u>    | <u>(35,256)</u>      |
| <b>Expenditures</b>                               |                         |                |                   |                      |
| Food  | 291,000                 | 347,000        | 343,796           | 3,204                |
| Salaries  | 200,000                 | 193,000        | 186,939           | 6,061                |
| Fringe Benefits                                   | 73,500                  | 68,886         | 67,986            | 900                  |
| Supplies  | 27,550                  | 32,940         | 32,794            | 146                  |
| Utilities   | 35,000                  | 35,000         | 34,072            | 928                  |
| Repairs   | 20,000                  | 10,225         | 10,107            | 118                  |
| Capital outlay                                    | 23,000                  | 53,100         | 53,047            | 53                   |
| Total expenditures                                | <u>670,050</u>          | <u>740,151</u> | <u>728,741</u>    | <u>11,410</u>        |
| Excess (deficiency) of revenues over expenditures | -                       | -              | (23,846)          | (23,846)             |
| <b>Other Financing Sources (Uses)</b>             |                         |                |                   |                      |
| Transfers from (to) other funds                   | -                       | -              | -                 | -                    |
| Net change in fund balance                        | <u>\$ -</u>             | <u>\$ -</u>    | (23,846)          | <u>\$ (23,846)</u>   |
| Fund balance, beginning of year                   |                         |                | <u>381,917</u>    |                      |
| Fund balance, end of year                         |                         |                | <u>\$ 358,071</u> |                      |

**CITY OF DAYTON, TENNESSEE**  
**Budget (GAAP Basis) and Actual**  
**Expenditures**  
**General Fund**  
**Year Ended June, 30 2024**

|                              | <b>Budgeted amounts</b> |              | <b>Actual</b>  | <b>Variance with</b> |
|------------------------------|-------------------------|--------------|----------------|----------------------|
|                              | <b>Original</b>         | <b>Final</b> | <b>amounts</b> | <b>final budget</b>  |
| <b>Expenditures</b>          |                         |              |                | <b>+ / (-)</b>       |
| Administration               |                         |              |                |                      |
| Personnel                    | \$ 674,239              | \$ 668,209   | \$ 596,434     | \$ 71,775            |
| Administrative services      | 337,750                 | 327,510      | 311,766        | 15,744               |
| Community development        | 195,500                 | 194,500      | 179,500        | 15,000               |
| City Judge                   | 15,158                  | 15,158       | 14,594         | 564                  |
| Capital Outlay               | 80,000                  | 2,039,457    | 1,968,992      | 70,465               |
| Special projects             | 248,574                 | 243,411      | 203,414        | 39,997               |
| Other                        | 5,000                   | 5,380        | 5,361          | 19                   |
| Total administration         | 1,556,221               | 3,493,625    | 3,280,062      | 213,563              |
| Police Department            |                         |              |                |                      |
| Personnel                    | \$ 1,752,600            | \$ 1,897,308 | \$ 1,795,822   | \$ 101,486           |
| Operations                   | 441,250                 | 505,032      | 480,980        | 24,052               |
| Capital Outlay               | 241,804                 | 227,636      | 227,629        | 7                    |
| Other                        | 5,500                   | 5,500        | 5,263          | 237                  |
| Total police department      | 2,441,154               | 2,635,476    | 2,509,695      | 125,781              |
| Fire Department              |                         |              |                |                      |
| Personnel                    | \$ 1,076,163            | \$ 1,154,732 | \$ 1,139,037   | \$ 15,695            |
| Operations                   | 367,700                 | 424,399      | 419,611        | 4,788                |
| Capital Outlay               | 58,500                  | 93,182       | 93,181         | 1                    |
| Other                        | 2,000                   | 2,337        | 2,336          | 1                    |
| Total fire department        | 1,504,363               | 1,674,650    | 1,654,165      | 20,485               |
| Maintenance Department       |                         |              |                |                      |
| Personnel                    | \$ 405,892              | \$ 417,242   | \$ 403,944     | \$ 13,298            |
| Operations                   | 200,000                 | 206,960      | 51,975         | 154,985              |
| Other                        | 2,000                   | 2,000        | 1,621          | 379                  |
| Total maintenance department | 607,892                 | 626,202      | 457,540        | 168,662              |

*Continued*

**CITY OF DAYTON, TENNESSEE**  
**Budget (GAAP Basis) and Actual**  
**Expenditures**  
**General Fund**  
**Year Ended June, 30 2024 (continued)**

|                                       | <b>Budgeted amounts</b>    |                             | <b>Actual</b>               | <b>Variance with</b>    |
|---------------------------------------|----------------------------|-----------------------------|-----------------------------|-------------------------|
|                                       | <b>Original</b>            | <b>Final</b>                | <b>amounts</b>              | <b>final budget</b>     |
|                                       |                            |                             |                             | <b>+ / (-)</b>          |
| <b>Expenditures</b>                   |                            |                             |                             |                         |
| Street department                     |                            |                             |                             |                         |
| Personnel                             | \$ 870,371                 | \$ 846,751                  | \$ 805,284                  | \$ 41,467               |
| Operations                            | 309,329                    | 355,642                     | 298,396                     | 57,246                  |
| Paving and maintenance                | 550,000                    | 379,182                     | 108,250                     | 270,932                 |
| Capital Outlay                        | 265,000                    | 327,286                     | 298,086                     | 29,200                  |
| Other                                 | 1,000                      | 1,000                       | 124                         | 876                     |
| Total street department               | <u>1,995,700</u>           | <u>1,909,861</u>            | <u>1,510,140</u>            | <u>399,721</u>          |
| Parks and Recreation Department       |                            |                             |                             |                         |
| Personnel                             | \$ 365,114                 | \$ 421,658                  | \$ 392,907                  | \$ 28,751               |
| Operations                            | 183,453                    | 199,635                     | 193,299                     | 6,336                   |
| Capital Outlay                        | -                          | 20,969                      | 20,968                      | 1                       |
| Other                                 | 500                        | 455                         | 455                         | 0                       |
| Total parks and recreation department | <u>549,067</u>             | <u>642,717</u>              | <u>607,630</u>              | <u>35,087</u>           |
| Library                               |                            |                             |                             |                         |
| Personnel                             | \$ 375,093                 | \$ 374,167                  | \$ 348,103                  | \$ 26,064               |
| Operations                            | 81,800                     | 92,014                      | 65,190                      | 26,824                  |
| Books                                 | 40,000                     | 32,000                      | 31,092                      | 908                     |
| Other                                 | 750                        | 870                         | 869                         | 1                       |
| Total library                         | <u>497,643</u>             | <u>499,051</u>              | <u>445,254</u>              | <u>53,797</u>           |
| Airport                               |                            |                             |                             |                         |
| Personnel                             | \$ 132,484                 | \$ 153,640                  | \$ 148,859                  | \$ 4,781                |
| Operations                            | 78,400                     | 67,460                      | 65,409                      | 2,051                   |
| Fuel and oil                          | 73,000                     | 147,495                     | 111,468                     | 36,027                  |
| Capital Outlay                        | -                          | 134,900                     | 102,058                     | 32,842                  |
| Other                                 | 2,000                      | 1,000                       | 707                         | 293                     |
| Total airport                         | <u>285,884</u>             | <u>504,495</u>              | <u>428,501</u>              | <u>75,994</u>           |
| Total expenditures                    | <u><u>\$ 9,437,924</u></u> | <u><u>\$ 11,986,077</u></u> | <u><u>\$ 10,892,987</u></u> | <u><u>1,093,090</u></u> |

**CITY OF DAYTON, TENNESSEE**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**Debt Service Fund**  
**For the Year Ended June 30, 2024**

|   | <u>Budgeted amounts</u> |               | <u>Actual</u>  | <u>Variance with</u> |
|---|-------------------------|---------------|----------------|----------------------|
|   | <u>Original</u>         | <u>Final</u>  | <u>amounts</u> | <u>final budget</u>  |
|   |                         |               |                | <u>+ / (-)</u>       |
| <b>Revenues</b>                                   |                         |               |                |                      |
| Interest  | \$ -                    | \$ -          | \$ -           | \$ -                 |
| Total revenues                                    | -                       | -             | -              | -                    |
| <b>Expenditures</b>                               |                         |               |                |                      |
| Current   |                         |               |                |                      |
| Principal   | 265,521                 | 265,521       | 265,520        | 1                    |
| Interest  | 59,240                  | 59,138        | 59,137         | 1                    |
| Excess (deficiency) of revenues over expenditures | (324,761)               | (324,659)     | (324,657)      | (2)                  |
| <b>Other Financing Sources (Uses)</b>             |                         |               |                |                      |
| Transfers from (to) other funds                   | 324,657                 | 324,657       | 324,657        | -                    |
| Net change in fund balance                        | <u>\$ (104)</u>         | <u>\$ (2)</u> | -              | <u>\$ 2</u>          |
| Fund balance, beginning of year                   |                         |               | -              |                      |
| Fund balance, end of year                         |                         |               | <u>\$ -</u>    |                      |

**CITY OF DAYTON, TENNESSEE**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**Capital Projects**  
**For the Year Ended June 30, 2024**

|   | <u>Budgeted amounts</u> |              | <u>Actual<br/>amounts</u> | <u>Variance with<br/>final budget<br/>+ / (-)</u> |
|---|-------------------------|--------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u> |                           |   |
| <b>Revenues</b>                                   |                         |              |                           |   |
| Intergovernmental                                 | \$ -                    | \$ -         | \$ -                      | \$ -  |
| Interest income                                   | -                       | -            | -                         | -   |
| Total revenues                                    | -                       | -            | -                         | -   |
| <b>Expenditures</b>                               |                         |              |                           |   |
| Debt service:                                     |                         |              |                           |   |
| Principal   | -                       | -            | 107,574                   | (107,574)   |
| Interest  | -                       | -            | 14,804                    | (14,804)  |
| Capital outlay                                    | 4,000,000               | 4,000,000    | 2,652,830                 | 1,347,170   |
| Total expenditures                                | 4,000,000               | 4,000,000    | 2,775,208                 | 1,224,792   |
| Excess (deficiency) of revenues over expenditures | (4,000,000)             | (4,000,000)  | (2,775,208)               | 1,224,792   |
| <b>Other Financing Sources (Uses)</b>             |                         |              |                           |   |
| Transfer from (to) other funds                    | -                       | -            | 122,378                   | 122,378   |
| Premium on bonds issued                           | -                       | -            | -                         | -   |
| Proceeds from note issuance                       | 4,000,000               | 4,000,000    | 4,000,000                 | -   |
| Total other financing sources (uses)              | 4,000,000               | 4,000,000    | 4,122,378                 | 122,378   |
| Net change in fund balance                        | -                       | -            | 1,347,170                 | 1,347,170   |
| Fund balance, beginning of year                   |                         |              | 795                       |   |
| Fund balance, end of year                         |                         |              | <u>\$ 1,347,965</u>       |   |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**June, 30 2024**

|   | Business-Type Activities - Enterprise Funds |              |                 |                |
|---|---|--------------|-----------------|----------------|
|   | Skill Center                                | Sanitation   | Industrial Park | Total Nonmajor |
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>  |   |              |                 |                |
| <b>Current assets</b>   |   |              |                 |                |
| Cash  | \$ 1,129,960                                | \$ 1,015,624 | \$ 1,609,303    | \$ 3,754,887   |
| Restricted cash   | 2,800                                       | -            | 3,488,062       | 3,490,862      |
| Accounts receivable, less allowance for doubtful accounts of \$0, \$2,142, \$0 respectively | 11,422                                      | 39,837       | 3,717           | 54,976         |
| Leases receivable   | 62,178                                      | -            | 6,470           | 68,648         |
| Due from component unit   | -   | -            | -               | -              |
| Interfund receivable  | -   | 17,940       | -               | 17,940         |
| Prepaid expenses  | 5,927                                       | 13,408       | 3,132           | 22,467         |
| Total current assets  | 1,212,287                                   | 1,086,809    | 5,110,684       | 7,409,780      |
| <b>Noncurrent assets</b>  |   |              |                 |                |
| Inventory held for sale   | -   | -            | 322,440         | 322,440        |
| Leases receivable   | 478,108                                     | -            | 301,327         | 779,435        |
| Net pension asset   | -   | -            | -               | -              |
| Total noncurrent assets   | 478,108                                     | -            | 623,767         | 1,101,875      |
| <b>Capital assets</b>   |   |              |                 |                |
| Land, land improvements, and roads  | 251,110                                     | -            | 973,946         | 1,225,056      |
| Buildings   | 2,869,058                                   | 7,707        | 572,962         | 3,449,727      |
| Equipment   | 9,869                                       | 1,542,504    | -               | 1,552,373      |
| Less: accumulated depreciation  | (1,777,846)                                 | (933,864)    | (757,273)       | (3,468,983)    |
| Net capital assets  | 1,352,191                                   | 616,347      | 789,635         | 2,758,173      |
| Total assets  | 3,042,586                                   | 1,703,156    | 6,524,086       | 11,269,828     |
| <b>Deferred Outflows of Resources</b>   |   |              |                 |                |
| Deferred outflows related to pensions   | -   | 57,218       | -               | 57,218         |
| Deferred outflows related to OPEB   | -   | 1,690        | -               | 1,690          |
| Total deferred outflows of resources  | -   | 58,908       | -               | 58,908         |
|   | \$ 3,042,586                                | \$ 1,762,064 | \$ 6,524,086    | \$ 11,328,736  |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>                          |   |              |                 |                |
| <b>Current liabilities</b>  |   |              |                 |                |
| Accounts payable  | \$ 17,654                                   | \$ 7,784     | \$ 844,006      | \$ 869,444     |
| Accrued salaries and benefits   | -   | 7,775        | -               | 7,775          |
| Interfund payable   | -   | 1,155        | -               | 1,155          |
| Notes payable   | -   | 21,469       | -               | 21,469         |
| Unearned revenues   | 45  | -            | -               | 45             |
| Total current liabilities   | 17,699                                      | 38,183       | 844,006         | 899,888        |
| <b>Noncurrent liabilities</b>   |   |              |                 |                |
| Notes payable, less current portion   | -   | 174,944      | -               | 174,944        |
| Net pension liability   | -   | 7,580        | -               | 7,580          |
| OPEB liability  | -   | 4,427        | -               | 4,427          |
| Total noncurrent liabilities  | -   | 186,951      | -               | 186,951        |
| Total liabilities   | 17,699                                      | 225,134      | 844,006         | 1,086,839      |
| <b>Deferred Inflows of Resources</b>  |   |              |                 |                |
| Deferred inflows related to leases  | 520,778                                     | -            | 137,157         | 657,935        |
| Deferred inflows related to pensions  | -   | 7,826        | -               | 7,826          |
| Deferred inflows related to OPEB  | -   | 4,092        | -               | 4,092          |
| Total deferred inflows of resources   | 520,778                                     | 11,918       | 137,157         | 669,853        |
| <b>Net position</b>   |   |              |                 |                |
| Net investment in capital assets  | 1,352,191                                   | 419,934      | 789,635         | 2,561,760      |
| Restricted for pensions   | -   | -            | -               | -              |
| Unrestricted  | 1,151,918                                   | 1,105,078    | 4,753,288       | 7,010,284      |
| Total net position  | 2,504,109                                   | 1,525,012    | 5,542,923       | 9,572,044      |
|   | \$ 3,042,586                                | \$ 1,762,064 | \$ 6,524,086    | \$ 11,328,736  |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Nonmajor Proprietary Funds**  
**Year Ended June, 30 2024**

|  | <b>Business-Type Activities - Enterprise Funds</b> |                            |                            |                            |
|--|--|----------------------------|----------------------------|----------------------------|
|  | <b>Skill Center</b>                                | <b>Sanitation</b>          | <b>Industrial Park</b>     | <b>Total Nonmajor</b>      |
| <b>Operating Revenues</b>                      |  |                            |                            |                            |
| Charges for services                           | \$ -   | \$ 651,874                 | \$ -                       | \$ 651,874                 |
| Leases revenue                                 | 154,003  | -                          | 51,433                     | 205,436                    |
| Consumer penalties                             | -  | 4,762                      | -                          | 4,762                      |
| Total operating revenues                       | <u>154,003</u>                                     | <u>656,636</u>             | <u>51,433</u>              | <u>862,072</u>             |
| <b>Operating Expenses</b>                      |  |                            |                            |                            |
| Operations                                     | 79,132   | 401,668                    | 5,823                      | 486,623                    |
| Maintenance                                    | 26,692   | 64,526                     | 180                        | 91,398                     |
| Administration                                 | 5,396  | 5,263                      | 19,075                     | 29,734                     |
| Depreciation                                   | 46,732   | 83,620                     | 34,955                     | 165,307                    |
| Total operating expenses                       | <u>157,952</u>                                     | <u>555,077</u>             | <u>60,033</u>              | <u>773,062</u>             |
| <b>Net Operating Income</b>                    | <u>(3,949)</u>                                     | <u>101,559</u>             | <u>(8,600)</u>             | <u>89,010</u>              |
| <b>Nonoperating Revenues (Expenses)</b>        |  |                            |                            |                            |
| Interest income                                | 38,436   | 14,763                     | 106,506                    | 159,705                    |
| Interest expense                               | -  | (8,276)                    | -                          | (8,276)                    |
| Insurance proceeds                             | -  | -                          | -                          | -                          |
| Gain (loss) on sale/disposal of property       | -  | 9,825                      | 6,840                      | 16,665                     |
| Total nonoperating revenues (expenses)         | <u>38,436</u>                                      | <u>16,312</u>              | <u>113,346</u>             | <u>168,094</u>             |
| Net income (loss) before capital contributions | <u>34,487</u>                                      | <u>117,871</u>             | <u>104,746</u>             | <u>257,104</u>             |
| Contributions                                  | <u>-</u>   | <u>-</u>                   | <u>-</u>                   | <u>-</u>                   |
| <b>Change in net position</b>                  | <u>34,487</u>                                      | <u>117,871</u>             | <u>104,746</u>             | <u>257,104</u>             |
| Net position, beginning of year                | <u>2,469,622</u>                                   | <u>1,407,141</u>           | <u>5,438,177</u>           | <u>9,314,940</u>           |
| Net position, end of year                      | <u><u>\$ 2,504,109</u></u>                         | <u><u>\$ 1,525,012</u></u> | <u><u>\$ 5,542,923</u></u> | <u><u>\$ 9,572,044</u></u> |



**CITY OF DAYTON, TENNESSEE**  
**Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**Year Ended June, 30 2024**

|  | <b>Business-Type Activities - Enterprise Funds</b> |                     |                        |                       |
|--|--|---------------------|------------------------|-----------------------|
|  | <b>Skill Center</b>                                | <b>Sanitation</b>   | <b>Industrial Park</b> | <b>Total Nonmajor</b> |
| <b>Cash flows from operating activities</b>                          |  |                     |                        |                       |
| Receipts from customers  | \$ 188,233   | \$ 888,211          | \$ 1,266,688           | \$ 2,343,132          |
| Cash paid to employees   | -  | (250,457)           | -                      | (250,457)             |
| Cash paid to suppliers and vendors                                   | (67,195)   | (242,080)           | 25,078                 | (284,197)             |
| Interfund payments for services                                      | (32,088)   | -                   | -                      | (32,088)              |
| Interfund receipts for services                                      | -  | -                   | -                      | -                     |
| Net cash provided (used) by operating activities                     | <u>88,950</u>                                      | <u>395,674</u>      | <u>1,291,766</u>       | <u>1,776,390</u>      |
| <b>Cash flows from noncapital financing activities</b>               |  |                     |                        |                       |
|  | <u>-</u>   | <u>-</u>            | <u>-</u>               | <u>-</u>              |
| <b>Cash flows from capital and related financing activities</b>      |  |                     |                        |                       |
| Acquisition of capital assets  | (21,466)   | -                   | -                      | (21,466)              |
| Capital contributions  | -  | (236,337)           | -                      | (236,337)             |
| Principal payments on long-term debt                                 | -  | (20,661)            | -                      | (20,661)              |
| Interest paid on long-term debt                                      | -  | (8,276)             | -                      | (8,276)               |
| Proceeds from sale of inventory                                      | -  | 9,825               | 6,840                  | 16,665                |
| Insurance proceeds   | -  | -                   | -                      | -                     |
| Net cash provided (used) by capital and related financing activities | <u>(21,466)</u>                                    | <u>(255,449)</u>    | <u>6,840</u>           | <u>(270,075)</u>      |
| <b>Cash flows from investing activities</b>                          |  |                     |                        |                       |
| Interest income from leases  | 19,149   | -                   | 11,626                 | 30,775                |
| Interest received on interest bearing activities                     | <u>19,287</u>                                      | <u>14,763</u>       | <u>94,880</u>          | <u>128,930</u>        |
| Net cash provided (used) by investing activities                     | <u>38,436</u>                                      | <u>14,763</u>       | <u>106,506</u>         | <u>159,705</u>        |
| Net change in cash and cash equivalents                              | 105,920  | 154,988             | 1,405,112              | 1,666,020             |
| Cash and cash equivalents, beginning of year                         | <u>1,026,840</u>                                   | <u>860,636</u>      | <u>3,692,253</u>       | <u>5,579,729</u>      |
| Cash and cash equivalents, end of year                               | <u>\$ 1,132,760</u>                                | <u>\$ 1,015,624</u> | <u>\$ 5,097,365</u>    | <u>\$ 7,245,749</u>   |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Cash Flows (Continued)**  
**Nonmajor Proprietary Funds**  
**Year Ended June, 30 2024**

|  | <b>Business-Type Activities - Enterprise Funds</b> |                   |                        |                       |
|--|--|-------------------|------------------------|-----------------------|
|  | <b>Skill Center</b>                                | <b>Sanitation</b> | <b>Industrial Park</b> | <b>Total Nonmajor</b> |
| <b>Reconciliation of operating income to net cash provided (used) by operating activities</b>  |  |                   |                        |                       |
| Operating income (loss)  | \$ (3,949)   | \$ 101,559        | \$ (8,600)             | \$ 89,010             |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |  |                   |                        |                       |
| Depreciation   | 46,732   | 83,620            | 34,955                 | 165,307               |
| Change in:   |  |                   |                        |                       |
| Receivables  | (34,230)   | (7,710)           | -                      | (41,940)              |
| Inventory held for sale  | -  | -                 | 760                    | 760                   |
| Prepaid expenses   | 1,290  | 1,404             | 890                    | 3,584                 |
| Interfund receivables  | -  | 1,773             | 424,876                | 426,649               |
| Accounts payable   | 15,186   | 859               | 844,000                | 860,045               |
| Unearned revenues  | (80)   | 236,337           | (1,000)                | 235,257               |
| Interfund payables   | 34,508   | 4,200             | -                      | 38,708                |
| Accrued expenses   | -  | 2,166             | -                      | 2,166                 |
| Net pension asset  | -  | 2,876             | -                      | 2,876                 |
| OPEB liability   | -  | 1,715             | -                      | 1,715                 |
| Deferred outflows related to pensions  | -  | (34,205)          | -                      | (34,205)              |
| Deferred outflows related to OPEB  | -  | (995)             | -                      | (995)                 |
| Deferred inflows related to leases   | 29,493   | -                 | (4,115)                | 25,378                |
| Deferred inflows related to pensions   | -  | 2,748             | -                      | 2,748                 |
| Deferred inflows related to OPEB   | -  | (673)             | -                      | (673)                 |
| Net cash provided (used) by operating activities   | \$ 88,950  | \$ 395,674        | \$ 1,291,766           | \$ 1,776,390          |

**CITY OF DAYTON, TENNESSEE**  
**Combining Schedule of Operating Expenses**  
**Nonmajor Proprietary Funds**  
**Year Ended June, 30 2024**

|                           | <b>Business-Type Activities - Enterprise Funds</b> |                   |                        |                       |
|---------------------------|--|-------------------|------------------------|-----------------------|
|                           | <b>Skill Center</b>                                | <b>Sanitation</b> | <b>Industrial Park</b> | <b>Total Nonmajor</b> |
| <b>Operating Expenses</b> |  |                   |                        |                       |
| Operations:               |  |                   |                        |                       |
| Salaries                  | \$ -   | \$ 250,457        | \$ -                   | \$ 250,457            |
| Payroll taxes             | -  | 18,034            | -                      | 18,034                |
| Employee benefits         | -  | 71,249            | -                      | 71,249                |
| Materials and supplies    | -  | 7,535             | -                      | 7,535                 |
| Insurance                 | 10,886   | 19,868            | 5,754                  | 36,508                |
| Utilities                 | 33,705   | 673               | 69                     | 34,447                |
| Garbage disposal          | -  | 18,906            | -                      | 18,906                |
| Billing                   | -  | 10,414            | -                      | 10,414                |
| Clothing allowance        | -  | 4,532             | -                      | 4,532                 |
| Total operations          | <u>44,591</u>                                      | <u>401,668</u>    | <u>5,823</u>           | <u>452,082</u>        |
| <b>Maintenance:</b>       |  |                   |                        |                       |
| Gas, oil and repairs      | -  | 34,802            | -                      | 34,802                |
| Maintenance               | <u>26,692</u>                                      | <u>29,724</u>     | <u>180</u>             | <u>56,596</u>         |
| Total maintenance         | <u>26,692</u>                                      | <u>64,526</u>     | <u>180</u>             | <u>91,398</u>         |
| <b>Administration:</b>    |  |                   |                        |                       |
| Bad Debts                 | -  | 2,405             | -                      | 2,405                 |
| Economic development      | -  | -                 | 18,000                 | 18,000                |
| Legal and accounting      | 5,396  | 73                | 1,075                  | 6,544                 |
| Miscellaneous             | <u>-</u>   | <u>2,785</u>      | <u>-</u>               | <u>2,785</u>          |
| Total administration      | <u>5,396</u>                                       | <u>5,263</u>      | <u>19,075</u>          | <u>29,734</u>         |
| <b>Depreciation:</b>      | <u>81,273</u>                                      | <u>83,620</u>     | <u>34,955</u>          | <u>199,848</u>        |
|                           | <u>\$ 157,952</u>                                  | <u>\$ 555,077</u> | <u>\$ 60,033</u>       | <u>\$ 773,062</u>     |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Revenues, Expenses and Changes in Net Position by Division**  
**Water and Sewer Fund**  
**Year Ended June, 30 2024**

|   | <b>Water</b>             | <b>Sewer</b>               | <b>Total</b>               |
|---|--------------------------|----------------------------|----------------------------|
| <b>Operating Revenues</b>                               |                          |                            |                            |
| Charges for services                                    | \$ 6,532,074             | \$ 3,968,714               | \$ 10,500,788              |
| Consumer penalties                                      | 48,264                   | 15,748                     | 64,012                     |
| Other   | 10,707                   | -                          | 10,707                     |
| Total operating revenues                                | <u>6,591,045</u>         | <u>3,984,462</u>           | <u>10,575,507</u>          |
| <b>Operating Expenses</b>                               |                          |                            |                            |
| Operations  | 3,301,560                | 1,851,719                  | 5,153,279                  |
| Maintenance   | 865,403                  | 371,681                    | 1,237,084                  |
| Administration  | 208,973                  | 62,419                     | 271,392                    |
| Depreciation  | 1,136,235                | 430,080                    | 1,566,315                  |
| Total operating expenses                                | <u>5,512,171</u>         | <u>2,715,899</u>           | <u>8,228,070</u>           |
| <b>Net Operating Income</b>                             | <u>1,078,874</u>         | <u>1,268,563</u>           | <u>2,347,437</u>           |
| <b>Nonoperating Revenues (Expenses)</b>                 |                          |                            |                            |
| Interest income   | 129,562                  | 48,092                     | 177,654                    |
| Interest expense  | (364,195)                | (169,461)                  | (533,656)                  |
| Insurance proceeds                                      | -                        | -                          | -                          |
| Gain (loss) on sale of property                         | -                        | -                          | -                          |
| Unrealized gain on investments                          | -                        | -                          | -                          |
| Bond and note amortization                              | 47,760                   | -                          | 47,760                     |
| Total nonoperating revenues (expenses)                  | <u>(186,873)</u>         | <u>(121,369)</u>           | <u>(308,242)</u>           |
| Net income (loss) before transfers<br>and contributions | <u>892,001</u>           | <u>1,147,194</u>           | <u>2,039,195</u>           |
| Transfers   | (94,940)                 | (18,053)                   | (112,993)                  |
| Contributions   | 2,432                    | 206,300                    | 208,732                    |
|   | <u>(92,508)</u>          | <u>188,247</u>             | <u>95,739</u>              |
| <b>Change in net position</b>                           | <u><u>\$ 799,493</u></u> | <u><u>\$ 1,335,441</u></u> | <u><u>\$ 2,134,934</u></u> |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Operating Expenses**  
**Water and Sewer Fund**  
**Year Ended June, 30 2024**

|   | <u>Water</u>        | <u>Sewer</u>        | <u>Total</u>        |
|---|---------------------|---------------------|---------------------|
| <b>Operating Expenses</b>                   |                     |                     |                     |
| Operations:                                 |                     |                     |                     |
| Salaries                                    | \$ 1,441,045        | \$ 501,217          | \$ 1,942,262        |
| Payroll taxes                               | 103,374             | 37,221              | 140,595             |
| Employee benefits                           | 460,557             | 128,107             | 588,664             |
| Materials and supplies                      | 644,546             | 336,453             | 980,999             |
| Insurance                                   | 89,129              | 43,904              | 133,033             |
| Utilities                                   | 496,166             | 256,886             | 753,052             |
| Testing and pretreatment                    | 16,183              | 391,514             | 407,697             |
| Sewer rehabilitation                        | -                   | 150,898             | 150,898             |
| Emergency services                          | 29,864              | -                   | 29,864              |
| Clothing allowance                          | 20,696              | 5,519               | 26,215              |
| Total operations                            | <u>3,301,560</u>    | <u>1,851,719</u>    | <u>5,153,279</u>    |
| <b>Maintenance:</b>                         |                     |                     |                     |
| Repair and maintenance - facilities         | 74,707              | 16,641              | 91,348              |
| Purchase and maintenance of small equipment | 119,448             | 97,313              | 216,761             |
| Vehicle maintenance                         | 65,176              | 243,900             | 309,076             |
| Gas and oil                                 | 45,547              | 13,827              | 59,374              |
| Link maintenance                            | 387,576             | -                   | 387,576             |
| Tank maintenance                            | 172,949             | -                   | 172,949             |
| Total maintenance                           | <u>865,403</u>      | <u>371,681</u>      | <u>1,237,084</u>    |
| <b>Administration:</b>                      |                     |                     |                     |
| Billing service                             | 52,500              | 24,126              | 76,626              |
| Legal and accounting                        | 31,503              | 9,403               | 40,906              |
| Telephone                                   | 24,423              | 2,706               | 27,129              |
| Travel and training                         | 20,618              | 3,634               | 24,252              |
| Miscellaneous                               | 42,833              | 21,245              | 64,078              |
| Dues, subscriptions and advertising         | 37,096              | 1,305               | 38,401              |
| Total administration                        | <u>208,973</u>      | <u>62,419</u>       | <u>271,392</u>      |
| <b>Depreciation:</b>                        | <u>1,136,235</u>    | <u>430,080</u>      | <u>1,566,315</u>    |
|   | <u>\$ 5,512,171</u> | <u>\$ 2,715,899</u> | <u>\$ 8,228,070</u> |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Operating Expenses**  
**Electric Fund**  
**Year Ended June, 30 2024**

**Operating Expenses**

Operations:

|                     |                   |
|---------------------|-------------------|
| Power purchases     | \$ 25,070,010     |
| Facilities rental   | 156,139           |
| Distribution        | 619,749           |
| Customer accounting | <u>327,082</u>    |
| Total operations    | <u>26,172,980</u> |

**Maintenance:**

|              |                  |
|--------------|------------------|
| Distribution | <u>2,046,887</u> |
|--------------|------------------|

**Administration:**

|  |                  |
|--|------------------|
| General                                    | 1,512,678        |
| Taxes and tax equivalents outside the City | <u>312,282</u>   |
| Total administration                       | <u>1,824,960</u> |

**Depreciation:**

|                             |
|-----------------------------|
| <u>1,504,120</u>            |
| <u><u>\$ 31,548,947</u></u> |

**CITY OF DAYTON, TENNESSEE**  
**Balance Sheet**  
**Dayton Utilities Grant Program**  
**Discretely Presented Component Unit**  
**June, 30 2024**

**Assets**

|                             |                         |
|-----------------------------|-------------------------|
| Cash                        | \$ 8,345                |
| Due from primary government | <u>2,841</u>            |
| Total assets                | <u><u>\$ 11,186</u></u> |

**Liabilities and Fund Balance**

|                                 |               |
|---------------------------------|---------------|
| Total liabilities               | <u>\$ -</u>   |
| Total Fund Balance - Restricted | <u>11,186</u> |

**CITY OF DAYTON, TENNESSEE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Dayton Utilities Grant Program**  
**Discretely Presented Component Unit**  
**Year Ended June, 30 2024**

**Revenues**

|                |           |
|----------------|-----------|
| Contributions  | \$ 34,955 |
| Total revenues | 34,955    |

**Expenditures**

|                                 |           |
|---------------------------------|-----------|
| Awards                          | 42,000    |
| Change in Fund Balance          | (7,045)   |
| Fund Balance, beginning of year | 18,231    |
| Fund Balance, end of year       | \$ 11,186 |



**CITY OF DAYTON, TENNESSEE**  
**Statement of Net Position**  
**Industrial Development Board**  
**Discretely Presented Component Unit**  
**June, 30 2024**

**Assets**

**Current assets**

|                      |                |
|----------------------|----------------|
| Cash                 | \$ 497,376     |
| Leases receivable    | <u>-</u>       |
| Total current assets | <u>497,376</u> |

**Capital assets**

|                    |                  |
|--------------------|------------------|
| Nondepreciable     | 1,726,850        |
| Depreciable, net   | <u>3,364,251</u> |
| Net capital assets | <u>5,091,101</u> |

|              |                            |
|--------------|----------------------------|
| Total assets | <u><u>\$ 5,588,477</u></u> |
|--------------|----------------------------|

**Liabilities, Deferred Inflows of Resources and Net Position**

**Current liabilities**

|                           |                     |
|---------------------------|---------------------|
| Due to primary government | <u>\$ 1,925,000</u> |
| Total current liabilities | <u>1,925,000</u>    |

**Deferred inflows of resources**

|  |          |
|--|----------|
| Deferred inflows of resources related to lease | <u>-</u> |
|--|----------|

**Net Position**

|                                  |                  |
|----------------------------------|------------------|
| Net investment in capital assets | 3,166,101        |
| Unrestricted                     | <u>497,376</u>   |
| Total net position               | <u>3,663,477</u> |

|   |                            |
|---|----------------------------|
| Total liabilities, deferred inflows of resources and net position | <u><u>\$ 5,588,477</u></u> |
|---|----------------------------|

**CITY OF DAYTON, TENNESSEE**  
**Statement of Revenues, Expenses, and Changes in Fund Balance**  
**Industrial Development Board**  
**Discretely Presented Component Unit**  
**June, 30 2024**

**Operating Revenues**

|                          |                |
|--------------------------|----------------|
| Lease revenue            | \$ 172,497     |
| Total operating revenues | <u>172,497</u> |

**Operating Expenses**

|                          |                |
|--------------------------|----------------|
| Development              | 5,000          |
| Legal and accounting     | 3,058          |
| Miscellaneous            | 114            |
| Depreciation             | <u>104,817</u> |
| Total operating expenses | <u>112,989</u> |

|                             |               |
|-----------------------------|---------------|
| <b>Net Operating Income</b> | <u>59,508</u> |
|-----------------------------|---------------|

**Nonoperating Revenues (Expenses)**

|                 |              |
|-----------------|--------------|
| Interest Income | <u>1,214</u> |
|-----------------|--------------|

|                        |        |
|------------------------|--------|
| Change in Net Position | 60,722 |
|------------------------|--------|

|                                 |                  |
|---------------------------------|------------------|
| Net Position, beginning of year | <u>3,602,755</u> |
|---------------------------------|------------------|

|                           |                            |
|---------------------------|----------------------------|
| Net Position, end of year | <u><u>\$ 3,663,477</u></u> |
|---------------------------|----------------------------|

**CITY OF DAYTON, TENNESSEE**  
**Statement of Cash Flows**  
**Industrial Development Board**  
**Discretely Presented Component Unit**  
**June, 30 2024**

**Cash flows from operating activities**

|   |                     |
|---|---------------------|
| Receipts from customers                           | \$ 190,875          |
| Cash paid to suppliers and vendors                | (8,172)             |
|   | <hr/>               |
| Net cash provided (used) by operating activities: | <hr/> 182,703 <hr/> |

**Cash flows from noncapital financing activities**

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**Cash flows from capital and related financing activities**

|  |           |
|--|-----------|
| Retirement of interfund payable related to capital assets            | (499,876) |
| Proceeds from deposit held in earnest                                | (10,000)  |
|  | <hr/>     |
| Net cash provided (used) by capital and related financing activities | (509,876) |

**Cash flows from investing activities**

|                   |       |
|-------------------|-------|
| Interest received | 1,214 |
|                   | <hr/> |

Net change in cash and cash equivalents (325,959)

Cash and cash equivalents, beginning of year 823,335

Cash and cash equivalents, end of year \$ 497,376

**Reconciliation of operating income to net cash provided (used) by operating activities**

|  |                        |
|--|------------------------|
| Operating income (loss)  | \$ 59,508              |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |                        |
| Depreciation   | 104,817                |
| Change in:   |                        |
| Lease receivable   | 126,875                |
| Deferred inflows of resources related to lease   | (108,497)              |
|  | <hr/>                  |
| Net cash provided (used) by operating activities:  | <hr/> \$ 182,703 <hr/> |

## **FINANCIAL SCHEDULES**

**City of Dayton, Tennessee**  
Schedule of Debt Service Requirements  
General Obligation Debt, Governmental Activities  
June 30, 2024

| Fiscal<br>Year | General Government<br>Capital Outlay Note<br>Series 2015 |                  | General Government<br>Tennessee Municipal Bond Fund<br>Taxable Capital Outlay Note<br>Series 2017 |                   | General Government<br>Capital Outlay Note<br>Series 2020 |                  | Total               |                   |
|----------------|--|------------------|---|-------------------|--|------------------|---------------------|-------------------|
|                | Principal  | Interest         | Principal   | Interest          | Principal  | Interest         | Principal           | Interest          |
|                |  |                  |   |                   |  |                  |                     |                   |
| 2025           | 111,152  | 11,226           | 176,000   | 42,765            | 48,601   | 6,539            | 335,753             | 60,530            |
| 2026           | 114,795  | 7,683            | 184,000   | 34,933            | 49,705   | 5,435            | 348,500             | 48,051            |
| 2027           | 120,643  | 3,851            | 192,000   | 26,744            | 50,835   | 4,305            | 363,478             | 34,900            |
| 2028           | -  | -                | 200,000   | 18,200            | 51,991   | 3,149            | 251,991             | 21,349            |
| 2029           | -  | -                | 209,000   | 9,300             | 53,173   | 1,967            | 262,173             | 11,267            |
| 2030           | -  | -                | -   | -                 | 54,382   | 758              | 54,382              | 758               |
| 2031           | -  | -                | -   | -                 | 4,157  | 8                | 4,157               | 8                 |
| 2032           | -  | -                | -   | -                 | -  | -                | -                   | -                 |
| Total          | <b>\$ 346,590</b>  | <b>\$ 22,760</b> | <b>\$ 961,000</b>   | <b>\$ 131,942</b> | <b>\$ 312,844</b>  | <b>\$ 22,161</b> | <b>\$ 1,620,434</b> | <b>\$ 176,863</b> |

**City of Dayton, Tennessee**  
Schedule of Debt Service Requirements (Continued)  
Business-type Activities, Electric, Water  
June 30, 2024

| Fiscal Year | Electric System<br>General Obligation<br>Bonds Series 2017 |                     | Electric System<br>General Obligation<br>Bonds Series 2022 |                     | Water System<br>General Obligation Refunding<br>Bonds Series 2020A |                     | Water System<br>General Obligation Refunding<br>Bonds Series 2021 |                     | Total                |                     |
|-------------|--|---------------------|--|---------------------|--|---------------------|---|---------------------|----------------------|---------------------|
|             | Principal  | Interest            | Principal  | Interest            | Principal  | Interest            | Principal   | Interest            | Principal            | Interest            |
| 2025        | \$ 375,000   | \$ 237,000          | \$ 150,000   | \$ 168,350          | \$ 165,000   | \$ 129,650          | \$ 325,000  | \$ 168,350          | \$ 1,015,000         | \$ 703,350          |
| 2026        | 385,000  | 229,500             | 160,000  | 160,850             | 175,000  | 121,400             | 330,000   | 160,850             | 1,050,000            | 672,600             |
| 2027        | 390,000  | 221,800             | 165,000  | 152,850             | 185,000  | 112,650             | 340,000   | 152,850             | 1,080,000            | 640,150             |
| 2028        | 405,000  | 211,270             | 175,000  | 144,600             | 190,000  | 103,400             | 345,000   | 144,600             | 1,115,000            | 603,870             |
| 2029        | 415,000  | 200,335             | 185,000  | 135,850             | 200,000  | 93,900              | 350,000   | 135,850             | 1,150,000            | 565,935             |
| 2030        | 425,000  | 189,130             | 190,000  | 128,450             | 205,000  | 87,900              | 360,000   | 128,450             | 1,180,000            | 533,930             |
| 2031        | 435,000  | 177,655             | 200,000  | 120,850             | 215,000  | 81,750              | 365,000   | 120,850             | 1,215,000            | 501,105             |
| 2032        | 450,000  | 165,910             | 205,000  | 112,850             | 220,000  | 75,300              | 375,000   | 112,850             | 1,250,000            | 466,910             |
| 2033        | 460,000  | 153,760             | 215,000  | 104,650             | 225,000  | 68,700              | 380,000   | 104,650             | 1,280,000            | 431,760             |
| 2034        | 475,000  | 141,340             | 225,000  | 96,050              | 235,000  | 61,950              | 390,000   | 96,050              | 1,325,000            | 395,390             |
| 2035        | 485,000  | 128,515             | 230,000  | 87,050              | 240,000  | 54,900              | 395,000   | 87,050              | 1,350,000            | 357,515             |
| 2036        | 500,000  | 115,420             | 240,000  | 77,850              | 250,000  | 47,700              | 405,000   | 77,850              | 1,395,000            | 318,820             |
| 2037        | 510,000  | 101,920             | 250,000  | 68,250              | 255,000  | 40,200              | 410,000   | 68,250              | 1,425,000            | 278,620             |
| 2038        | 525,000  | 88,150              | 260,000  | 58,250              | 265,000  | 32,550              | 420,000   | 58,250              | 1,470,000            | 237,200             |
| 2039        | 540,000  | 72,400              | 270,000  | 47,850              | 270,000  | 24,600              | 430,000   | 47,850              | 1,510,000            | 192,700             |
| 2040        | 560,000  | 55,525              | 280,000  | 37,050              | 275,000  | 16,500              | 440,000   | 37,050              | 1,555,000            | 146,125             |
| 2041        | 575,000  | 38,025              | 295,000  | 25,500              | 275,000  | 8,250               | 445,000   | 25,500              | 1,590,000            | 97,275              |
| 2042        | 595,000  | 19,338              | 305,000  | 12,962              | -  | -                   | -   | -                   | 900,000              | 32,300              |
|             |  |                     |  |                     |  |                     |   |                     | -                    | -                   |
| Total       | <u>\$ 8,505,000</u>  | <u>\$ 2,546,993</u> | <u>\$ 4,000,000</u>  | <u>\$ 1,740,112</u> | <u>\$ 3,845,000</u>  | <u>\$ 1,161,300</u> | <u>\$ 6,505,000</u>   | <u>\$ 1,727,150</u> | <u>\$ 22,855,000</u> | <u>\$ 7,175,555</u> |

**CITY OF DAYTON, TENNESSEE**  
Schedule of Debt Service Requirements (Continued)  
Business-type Activities, Sewer  
June 30, 2024

| Fiscal<br>Year | Sewer System Improvements<br>Capital Outlay Note<br>Series 2015 |          | Sewer System Improvements<br>General Obligation Bonds<br>Series 2018 |              | Sewer System Improvements<br>State Revolving Loan<br>Series 2021 - SRF 2021-454 |            | Sewer System Improvements<br>State Revolving Loan<br>Series 2021 - CW8 2021-453 |           | Sewer System Improvements<br>State Revolving Loan<br>Series 2023 - CW20 23-345 |            | Sanitation Department<br>Capital Outlay Note<br>Series 2022 |           | Total         |              |
|----------------|---|----------|--|--------------|---|------------|---|-----------|--|------------|---|-----------|---------------|--------------|
|                | Principal   | Interest | Principal  | Interest     | Principal   | Interest   | Principal   | Interest  | Principal  | Interest   | Principal   | Interest  | Principal     | Interest     |
|                |   |          |  |              |   |            |   |           |  |            |   |           |               |              |
| 2025           | \$ 70,000   | \$ 2,343 | \$ 120,000   | \$ 171,419   | \$ 875,592  | \$ 64,200  | \$ 19,769   | \$ 1,479  | \$ 136,742   | \$ 40,777  | \$ 21,469   | \$ 7,468  | \$ 1,243,572  | \$ 287,686   |
| 2026           | 70,000  | 615      | 125,000  | 165,419      | 878,844   | 60,948     | 21,643  | 1,537     | 151,101  | 42,557     | 22,285  | 6,652     | 1,268,873     | 277,728      |
| 2027           | -   | -        | 130,000  | 159,168      | 882,096   | 57,696     | 21,723  | 1,457     | 153,138  | 40,519     | 23,133  | 5,804     | 1,210,090     | 264,644      |
| 2028           | -   | -        | 135,000  | 155,268      | 885,372   | 54,420     | 21,804  | 1,376     | 155,203  | 38,455     | 23,999  | 4,938     | 1,221,378     | 254,457      |
| 2029           | -   | -        | 140,000  | 151,218      | 888,648   | 51,144     | 21,884  | 1,295     | 157,295  | 36,362     | 24,925  | 4,012     | 1,232,752     | 244,031      |
| 2030           | -   | -        | 145,000  | 146,494      | 891,948   | 47,844     | 21,965  | 1,214     | 159,416  | 34,242     | 25,872  | 3,064     | 1,244,201     | 232,858      |
| 2031           | -   | -        | 150,000  | 141,600      | 895,248   | 44,544     | 22,047  | 1,133     | 161,565  | 32,092     | 26,856  | 2,081     | 1,255,716     | 221,450      |
| 2032           | -   | -        | 155,000  | 136,350      | 898,572   | 41,220     | 22,129  | 1,051     | 163,744  | 29,914     | 27,874  | 1,063     | 1,267,319     | 209,598      |
| 2033           | -   | -        | 160,000  | 130,925      | 901,896   | 37,896     | 22,211  | 969       | 165,951  | 27,706     | -   | -         | 1,250,058     | 197,496      |
| 2034           | -   | -        | 165,000  | 125,325      | 905,244   | 34,548     | 22,293  | 887       | 168,189  | 25,469     | -   | -         | 1,260,726     | 186,229      |
| 2035           | -   | -        | 170,000  | 119,550      | 908,592   | 31,200     | 22,376  | 804       | 170,456  | 23,201     | -   | -         | 1,271,424     | 174,755      |
| 2036           | -   | -        | 175,000  | 113,600      | 911,964   | 27,828     | 22,458  | 721       | 172,755  | 20,923     | -   | -         | 1,282,177     | 163,072      |
| 2037           | -   | -        | 180,000  | 107,475      | 915,348   | 24,444     | 22,542  | 638       | 175,084  | 18,574     | -   | -         | 1,292,974     | 151,131      |
| 2038           | -   | -        | 190,000  | 100,725      | 918,732   | 21,060     | 22,625  | 554       | 177,444  | 16,213     | -   | -         | 1,308,801     | 138,552      |
| 2039           | -   | -        | 195,000  | 93,600       | 922,140   | 17,652     | 22,709  | 470       | 179,837  | 13,821     | -   | -         | 1,319,686     | 125,543      |
| 2040           | -   | -        | 205,000  | 85,800       | 925,560   | 14,220     | 22,793  | 386       | 182,261  | 11,396     | -   | -         | 1,335,614     | 111,802      |
| 2041           | -   | -        | 210,000  | 77,600       | 928,992   | 10,800     | 22,878  | 302       | 184,719  | 8,939      | -   | -         | 1,346,589     | 97,641       |
| 2042           | -   | -        | 220,000  | 69,200       | 932,436   | 7,356      | 22,963  | 217       | 187,209  | 6,448      | -   | -         | 1,362,608     | 83,221       |
| 2043           | -   | -        | 230,000  | 60,400       | 935,892   | 3,900      | 23,048  | 132       | 189,733  | 3,924      | -   | -         | 1,378,673     | 68,356       |
| 2044           | -   | -        | 240,000  | 51,200       | 547,554   | 1,476      | 23,140  | 46        | 189,862  | 1,366      | -   | -         | 1,000,556     | 54,088       |
| 2045           | -   | -        | 245,000  | 41,600       | -   | -          | -   | -         | -  | -          | -   | -         | 245,000       | 41,600       |
| 2046           | -   | -        | 255,000  | 31,800       | -   | -          | -   | -         | -  | -          | -   | -         | 255,000       | 31,800       |
| 2047           | -   | -        | 265,000  | 21,600       | -   | -          | -   | -         | -  | -          | -   | -         | 265,000       | 21,600       |
| 2048           | -   | -        | 275,000  | 11,000       | -   | -          | -   | -         | -  | -          | -   | -         | 275,000       | 11,000       |
| Total          | \$ 140,000  | \$ 2,958 | \$ 4,480,000   | \$ 2,468,336 | \$ 17,750,670   | \$ 654,396 | \$ 445,000  | \$ 16,668 | \$ 3,381,704   | \$ 472,898 | \$ 196,413  | \$ 35,082 | \$ 26,393,787 | \$ 3,650,338 |

**City of Dayton, Tennessee**  
Schedule of Changes in Long-term Debt by Individual Issue  
6/30/2024

| Description of Indebtedness<br>Indebtedness                                      | Original<br>amount<br>of issue | Interest<br>rate | Date<br>of<br>issue | Last<br>maturity<br>date | Outstanding<br>July 1, 2023 | Issued<br>during<br>period | Paid and/or<br>matured<br>during<br>period | Outstanding<br>June 30, 2024 |
|--|--------------------------------|------------------|---------------------|--------------------------|-----------------------------|----------------------------|--|------------------------------|
| <b>Governmental Activities</b>   |                                |                  |                     |                          |                             |                            |  |                              |
| Capital Outlay Note,<br>Series 2015  | \$ 1,200,000                   | 3.25%            | 11/10/2014          | 11/30/2026               | \$ 454,273                  | \$ -                       | \$ 107,683                                 | \$ 346,590                   |
| Capital Outlay Note,<br>Series 2017  | 350,000                        | 2.75%            | 3/27/2017           | 3/27/2024                | 50,000                      | -                          | 50,000                                     | -                            |
| Tennessee Municipal Bond<br>Taxable Capital Outlay Note, Series 2017             | 2,000,000                      | 4.45%            | 3/22/2017           | 2/1/2029                 | 1,129,000                   | -                          | 168,000                                    | 961,000                      |
| Capital Outlay Note,<br>Series 2020  | 493,000                        | 2.25%            | 7/16/2020           | 7/16/2030                | 360,364                     | -                          | 47,520                                     | 312,844                      |
| <b>Business-Type Activities</b>  |                                |                  |                     |                          |                             |                            |  |                              |
| Electric System General<br>Obligation Bonds, Series 2017                         | 9,905,000                      | 2.00-3.25%       | 9/15/2017           | 6/1/2042                 | 8,870,000                   | -                          | 365,000                                    | 8,505,000                    |
| Electric System General<br>Obligation Refunding Bonds, Series 2020A              | 1,410,000                      | 5.00%            | 6/25/2020           | 6/1/2024                 | 350,000                     | -                          | 350,000                                    | -                            |
| Electric System General<br>Obligation Bonds, Series 2022                         | 4,000,000                      | 4.00-5.00%       | 10/28/2022          | 6/1/2042                 | 4,000,000                   | -                          | -  | 4,000,000                    |
| Water and Sewer General<br>Obligation Refunding Bonds, Series 2020A              | 4,515,000                      | 3.00-5.00%       | 6/25/2020           | 6/1/2041                 | 4,005,000                   | -                          | 160,000                                    | 3,845,000                    |
| Water and Sewer General<br>Obligation Bonds, Series 2021                         | 7,475,000                      | 2.00%            | 8/6/2021            | 6/1/2041                 | 6,825,000                   | -                          | 320,000                                    | 6,505,000                    |
| Sewer System Improvements<br>Capital Outlay Note, Series 2015                    | 700,000                        | 2.85%            | 11/30/2015          | 11/30/2025               | 210,000                     | -                          | 70,000                                     | 140,000                      |
| Sewer System Improvements<br>General Obligation Bonds, Series 2018               | 4,995,000                      | 3.00-5.00%       | 12/4/2018           | 6/1/2048                 | 4,590,000                   | -                          | 110,000                                    | 4,480,000                    |
| Sewer System Improvements<br>State Revolving Loan, Series 2021 - SRF 2021-454    | 18,114,550 (1)                 | 0.37%            | 9/13/2022           | 9/20/2041                | 13,328,398                  | 4,786,152                  | 363,880                                    | 17,750,670                   |
| Sewer System Improvements<br>State Revolving Loan, Series 2021 - CW8 2021 - 453  | 2,500,000 (1)                  | 0.37%            | 9/13/2022           | 9/20/2041                | 220,000                     | 225,000                    | -  | 445,000                      |
| Sewer System Improvements<br>State Revolving Loan, Series 2023 - CW20 2023 - 345 | 12,500,000 (1)                 | 0.37%            | 3/11/2024           | 9/20/2041                | -                           | 3,381,704                  | -  | 3,381,704                    |
| Sanitation Department<br>Capital Outlay Note, Series 2022                        | 237,000                        | 3.75%            | 6/22/2022           | 6/22/2032                | 217,074                     | -                          | 20,661                                     | 196,413                      |
| Ttal City long-term debt   |                                |                  |                     |                          | <u>\$ 44,609,109</u>        | <u>\$ 8,392,856</u>        | <u>\$ 2,132,744</u>                        | <u>\$ 50,869,221</u>         |



**City of Dayton, Tennessee**  
Schedule of Changes in Property Taxes Receivable  
June 30, 2024

|                                  | Total               | 2024<br>Assessment  | 2023<br>Assessment | Prior<br>Years   |
|----------------------------------|---------------------|---------------------|--------------------|------------------|
| <b>PROPERTY TAXES RECEIVABLE</b> |                     |                     |                    |                  |
| July 1, 2023                     | \$ 1,859,707        | \$ -                | \$ 1,739,848       | \$ 119,859       |
| Add:                             |                     |                     |                    |                  |
| Taxes assessed                   | 1,739,848           | 1,739,848           | -                  | -                |
| Adjustments, net                 | 76,446              | -                   | 51,505             | 24,941           |
|                                  | 1,816,294           | 1,739,848           | 51,505             | 24,941           |
| Deduct:                          |                     |                     |                    |                  |
| Collections                      | 1,726,076           | -                   | 1,647,860          | 78,216           |
| <b>PROPERTY TAXES RECEIVABLE</b> |                     |                     |                    |                  |
| June 30, 2024                    | <u>\$ 1,949,925</u> | <u>\$ 1,739,848</u> | <u>\$ 143,493</u>  | <u>\$ 66,584</u> |

Note: Excludes Department of Education property taxes collected by the County.

## City of Dayton, Tennessee

### Schedule of Utility Rates

June 30, 2024

The following water rates were in effect as of June 30, 2024, for all customers except for those in the area formerly being served by the Summer City Utility District and Evensville Utility District:

| <u>Monthly Usage</u> | <u>Rate per Gallon</u>                           |   |
|----------------------|--|---|
|                      | <u>Inside City</u><br><u>(per 1,000 gallons)</u> | <u>Outside City</u><br><u>(per 1,000 gallons)</u> |
| Residential          |  |   |
| First 1,000 gallons  | \$ 16.54 minimum                                 | \$ 24.81 minimum                                  |
| Next 4,000 gallons   | 5.83   | 8.90  |
| Next 20,000 gallons  | 5.94   | 9.06  |
| Next 25,000 gallons  | 6.25   | 9.25  |
| All other            | 6.44   | 9.38  |
| Commercial           |  |   |
| First 1,000 gallons  | \$ 24.81 minimum                                 | \$ 37.21 minimum                                  |
| Next 4,000 gallons   | 5.83   | 8.90  |
| Next 20,000 gallons  | 5.94   | 9.06  |
| Next 25,000 gallons  | 6.25   | 9.25  |
| All other            | 6.44   | 9.38  |
| Industrial           |  |   |
| First 1,000 gallons  | \$ 33.08 minimum                                 | \$ 45.86 minimum                                  |
| Next 4,000 gallons   | 5.83   | 8.90  |
| Next 20,000 gallons  | 5.94   | 9.06  |
| Next 25,000 gallons  | 6.25   | 9.25  |
| All other            | 6.44   | 9.38  |

#### Industrial Rate 2 Guidelines/Requirements:

- 1 Must purchase a minimum of 100,000 gallons of water per day.
- 2 Must have only one discharge point to the City's sewer system.
- 3 Must have an approved sampling/metering station on their discharge.
- 4 Must be located within the corporate limits of the City of Dayton.

The following rates were in effect as of June 30, 2023, for residents which had formerly been served by the Summer City Utility District and the Evensville Utility District (rates per 1,000 gallons):

#### Summer City District:

|                     | <u>(per 1,000 gallons)</u> |
|---------------------|----------------------------|
| Residential         |                            |
| First 1,000 gallons | \$ 34.78 minimum           |
| Next 4,000 gallons  | 11.91                      |
| Next 20,000 gallons | 12.50                      |
| Next 25,000 gallons | 12.69                      |
| All other           | 12.88                      |
| Commercial          |                            |
| First 1,000 gallons | \$ 52.16 minimum           |
| Next 4,000 gallons  | 11.91                      |
| Next 20,000 gallons | 12.50                      |
| Next 25,000 gallons | 12.69                      |
| All other           | 12.88                      |

**City of Dayton, Tennessee**  
Schedule of Utility Rates (continued)  
June 30, 2024

The following rates were in effect as of June 30, 2024, for residents which had formerly been served by the Summer City Utility District and the Evensville Utility District (rates per 1,000 gallons)(continued):

**Evensville District:**

|                     | <b>(per 1,000 gallons)</b> |
|---------------------|----------------------------|
| Residential         |                            |
| First 1,000 gallons | \$ 31.25 minimum           |
| Next 4,000 gallons  | 9.00                       |
| Next 20,000 gallons | 9.19                       |
| Next 25,000 gallons | 9.38                       |
| All other           | 9.69                       |
| Commercial          |                            |
| First 1,000 gallons | \$ 43.75 minimum           |
| Next 4,000 gallons  | 9.00                       |
| Next 20,000 gallons | 9.19                       |
| Next 25,000 gallons | 9.38                       |
| All other           | 9.69                       |

The following sewer rates were in effect at June 30, 2024

| <b>Sewer Rates</b>             | <b>Rate per Gallon</b> |                      |
|--------------------------------|------------------------|----------------------|
|                                | <b>Inside City*</b>    | <b>Outside City*</b> |
| Residential                    |                        |                      |
| First 1,000 gallons            | \$ 22.45               | \$ 33.75             |
| Per gallon after 1,000 gallons | \$ 10.90               | \$ 16.25             |
| Commercial                     |                        |                      |
| First 1,000 gallons            | \$ 33.75               | \$ 50.60             |
| Per gallon after 1,000 gallons | \$ 10.90               | \$ 16.25             |
| Industrial (I1)                |                        |                      |
| First 1,000 gallons            | \$ 44.95               | \$ 67.50             |
| Per gallon after 1,000 gallons | \$ 10.90               | \$ 16.25             |
| Industrial (I2)                |                        |                      |
| First 1,000 gallons            | \$ 67.50               |                      |
| Per gallon after 1,000 gallons | \$ 4.10                |                      |

**Industrial Rate 2 Guidelines/Requirements:**

- 1 Must purchase a minimum of 100,000 gallons of water per day.
- 2 Must have only one discharge point to the City's sewer system.
- 3 Must have an approved sampling/metering station on their discharge.
- 4 Must be located within the corporate limits of the City of Dayton.

At June 30, 2024, there were approximately 9,551 water customers and 2,718 sewer customers.

**City of Dayton, Tennessee**  
Schedule of Utility Rates (continued)  
June 30, 2024

The following electric rates were in effect as of June 30, 2024:

|  |    |           |
|--|----|-----------|
| Residential rate schedule                          |    |           |
| Customer charge, per delivery point per month      | \$ | 16.29     |
| Energy charge per kWh                              | \$ | 0.10584   |
| General power - GSA                                |    |           |
| Part 1 (Under 50kW demand & less than 15,000 kWh)  |    |           |
| Customer charge, per delivery point per month      | \$ | 31.35     |
| Energy charge, cents per kWh                       | \$ | 0.11999   |
| Part 2 (51-1,000 kW demand or mor than 15,000 kWh) |    |           |
| Customer charge, per delivery point per month      | \$ | 158.40    |
| Demand   |    |           |
| First 50kW   |    | No charge |
| Excess over 50 Kw                                  | \$ | 16.24     |
| Energy   |    |           |
| First 15,000 kWh per month                         | \$ | 0.11807   |
| Additional kWh per month                           | \$ | 0.08400   |
| Part 3 (1,000 - 5,000 kW demand)                   |    |           |
| Customer charge, per delivery point                | \$ | 349.80    |
| Demand   |    |           |
| First 1,000 kW                                     | \$ | 15.29     |
| Excess over 1,000 kW                               | \$ | 18.70     |
| Energy   |    |           |
| All kWh  | \$ | 0.07333   |
| MSB (5,000 - 15,000 kW)                            |    |           |
| Minimum charge                                     | \$ | 1,500.00  |
| Administrative charge                              |    | 350.00    |
| Demand charges:                                    |    |           |
| On-peak  |    | 10.70     |
| Maximum  |    | 2.29      |
| Excess over contract                               |    | 10.70     |
| Energy charges:                                    |    |           |
| On-peak  |    | 0.08005   |
| Offpeak first 200 hours                            |    | 0.05392   |
| Offpeak next 200 hours                             |    | 0.02290   |
| Offpeak additional kwh                             |    | 0.02024   |
| Outdoor lighting - LS                              |    |           |
| Customer charge, per delivery point                | \$ | 2.50      |
| Energy charge (cents per kWh)                      | \$ | 0.07333   |

At June 30, 2024, there were approximately 11,294 electric customers.

**City of Dayton, Tennessee**  
Property Tax Rates, Assessments, and Collections - Last Ten Years  
June 30, 2024

| <b>Tax<br/>Year</b> | <b>Tax<br/>Rate</b> | <b>Tax<br/>Assessment</b> | <b>Cumulative<br/>Property<br/>Tax<br/>Adjustments</b> | <b>Adjusted<br/>Tax<br/>Assessment</b> | <b>Tax<br/>Collections<br/>During<br/>Current Year</b> | <b>Cumulative<br/>Write-Off of<br/>Delinquent Taxes</b> | <b>Cumulative<br/>Tax<br/>Collections</b> | <b>Outstanding<br/>Delinquent<br/>Taxes</b> |
|---------------------|---------------------|---------------------------|--|--|--|---|---|---|
| 2023                | 0.58                | \$ 1,739,848              | \$ 51,505  | \$ 1,791,353                           | \$ 1,647,860   | \$ -  | \$ 1,647,860                              | \$ 143,493                                  |
| 2022                | 0.58                | 1,215,891                 | 48,587   | 1,240,187                              | 57,169   | -   | 1,238,622                                 | 26,506                                      |
| 2021                | 0.58                | 1,186,095                 | 32,286   | 1,218,381                              | 5,199  | -   | 1,208,120                                 | 10,261                                      |
| 2020                | 0.58                | 1,160,635                 | 30,732   | 1,191,367                              | 1,994  | -   | 1,183,446                                 | 7,921                                       |
| 2019                | 0.58                | 1,140,998                 | 28,496   | 1,169,494                              | 7,928  | -   | 1,169,065                                 | 429   |
| 2018                | 0.64                | 1,012,623                 | 141,272  | 1,153,895                              | 5,752  | -   | 1,153,520                                 | 375   |
| 2017                | 0.54                | 905,592                   | 115,545  | 1,021,137                              | 68   | -   | 1,020,234                                 | 903   |
| 2016                | 0.48                | 883,838                   | 21,983   | 905,821                                | 51   | -   | 905,150                                   | 671   |
| 2015                | 0.48                | 867,200                   | 17,489   | 884,689                                | -  | -   | 883,899                                   | 790   |
| 2014                | 0.48                | 817,863                   | 50,656   | 868,549                                | -  | -   | 865,927                                   | 16,106                                      |

**City of Dayton, Tennessee**  
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years  
June 30, 2024

|      | Estimated Actual Value |                   |                |                |                |
|------|------------------------|-------------------|----------------|----------------|----------------|
|      | Real Property          |                   | Personal       | Total          | Assessed Value |
|      | Land Value             | Improvement Value | Property Value |                |                |
| 2023 | \$ 112,539,900         | \$ 443,474,200    | \$ 129,423,363 | \$ 685,437,463 | \$ 209,616,209 |
| 2022 | 111,369,700            | 429,656,600       | 114,784,708    | 655,811,008    | 209,425,637    |
| 2021 | 111,574,700            | 420,111,000       | 113,011,904    | 644,697,604    | 210,051,749    |
| 2020 | 110,385,600            | 395,485,800       | 115,314,754    | 621,186,154    | 204,493,202    |
| 2019 | 110,300,100            | 391,065,840       | 108,963,757    | 610,329,697    | 200,534,543    |
| 2018 | 99,084,400             | 342,317,200       | 111,813,215    | 553,214,815    | 179,452,777    |
| 2017 | 99,477,400             | 341,312,939       | 132,799,909    | 573,590,248    | 187,294,456    |
| 2016 | 98,992,900             | 330,795,400       | 142,974,341    | 572,762,641    | 186,931,383    |
| 2015 | 98,753,800             | 324,502,200       | 136,141,318    | 559,397,318    | 182,585,135    |
| 2014 | 98,246,600             | 320,166,800       | 129,554,304    | 547,967,704    | 179,072,193    |

Source: Rhea County Tax Assessor's Office

## **SINGLE AUDIT**

**CITY OF DAYTON, TENNESSEE**  
Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2024

| Federal Agency/Pass-Through Agency or Cluster Title     | Assistance<br>Listing<br>Number | Pass-through<br>Entity Identifying<br>Number | Expenditures |
|---|---------------------------------|--|--------------|
| <b>Federal Awards</b>                                   |                                 |  |              |
| <b>U.S Department of Agriculture</b>                    |                                 |  |              |
| Passed through Tennessee Department of Education        |                                 |  |              |
| Child Nutrition Cluster:                                |                                 |  |              |
| National School Lunch Program                           | 10.555                          | N/A  | 375,495      |
| Supply Chain Assistance Grant                           | 10.555                          | N/A  | 25,311       |
| School Breakfast Program                                | 10.553                          | N/A  | 128,676      |
| Total Child Nutrition Cluster:                          |                                 |  | 529,482      |
| PEBT Local Level Admin Cost                             | 10.649                          | N/A  | 653          |
| Passed through Tennessee Department of Agriculture      |                                 |  |              |
| Food Distribution                                       | 10.565                          | N/A  | 41,001       |
|   |                                 |  | 571,136      |
| <b>U.S Department of Education</b>                      |                                 |  |              |
| Passed through Tennessee Department of Education        |                                 |  |              |
| Education Stabilization Fund Subprograms:               |                                 |  |              |
| COVID-19 - Elementary and Secondary School              |                                 |  |              |
| Emergency Relief (ESSER II) Funds                       | 84.425D                         | N/A  | 544,031      |
| COVID-19 - Elementary and Secondary School              |                                 |  |              |
| Emergency Relief (ESSER III) Funds                      | 84.425D                         | N/A  | 2,142,844    |
| COVID-19 - Fiscal Pre-Monitoring Support                | 84.425D                         | N/A  | 9,812        |
| COVID-19 - Math Implementation Grant                    | 84.425                          | N/A  | 70,000       |
| COVID-19 - TN All Corp                                  | 84.425                          | N/A  | 100,674      |
|   |                                 |  | 2,867,361    |
| Special Education Cluster:                              |                                 |  |              |
| Special Education - Grants to States                    | 84.027                          | N/A  | 158,323      |
| COVID-19 - American Rescue Plan IDEA Part B             | 84.027X                         | N/A  | 650          |
| Special Education - Preschool Grants                    | 84.173                          | N/A  | 22,740       |
| COVID-19 - American Rescue Plan IDEA Preschool          | 84.173X                         | N/A  | 2,191        |
|   |                                 |  | 183,904      |
| Title I Grants to Local Educational Agencies            | 84.010                          | N/A  | 397,294      |
| Title IV Grants to Local Educational Agencies           | 84.424                          | N/A  | 26,471       |
|   |                                 |  | 3,475,030    |
| <b>Institute Of Museum and Library Services</b>         |                                 |  |              |
| Passed through Tennessee Libraries and Archives         |                                 |  |              |
| Library Grant   | 45.31                           | 30501-00824-17                               | 1,408        |
| <b>U.S Department of Commerce</b>                       |                                 |  |              |
| Investments for Public Works and Economic               |                                 |  |              |
| Development Facilities                                  | 11.300                          | 04-01-07221                                  | 1,115,860    |
| <b>U.S Department of Commerce</b>                       |                                 |  |              |
| State Revolving Fund Loan Program                       | 66.458                          | SRF 2021-454                                 | 4,786,152    |
| State Revolving Fund Loan Program                       | 66.458                          | CW8 202-453                                  | 225,000      |
| State Revolving Fund Loan Program                       | 66.458                          | CW20 2023-345                                | 3,381,704    |
|   |                                 |  | 8,392,856    |
| <b>U.S Department of Transportation</b>                 |                                 |  |              |
| Passed through Tennessee Department of Transportation   |                                 |  |              |
| Tennessee Highway Safety Office:                        |                                 |  |              |
| Enforcement of TN Driving Under the Influence Laws      | 20.607                          | Z-24-THS-079                                 | 29,984       |
| Alcohol Open Container                                  | 20.607                          | Z-23-THS-077                                 | 1,692        |
| State and Community Highway Safety                      | 20.600                          | Z-24-THS078                                  | 12,500       |
| COVID-19. - Access road and Utilities-Design            | 20.106                          | AERO-22-404-00                               | 15,800       |
| COVID-19 -American Rescue Plan Act Funding for Airports | 20.106                          | AERO-23-270-00                               | 71,906       |
|   |                                 |  | 131,882      |

See notes to schedules of expenditures of federal awards and state financial assistance.



**CITY OF DAYTON, TENNESSEE**

Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2024

| Federal Agency/Pass-Through Agency or Cluster Title  | Assistance<br>Listing<br>Number | Pass-through<br>Entity Identifying<br>Number | Expenditures         |
|--|---------------------------------|--|----------------------|
| <b>Federal Awards (continued)</b>  |                                 |  |                      |
| <b>U.S Department of Justice</b>   |                                 |  |                      |
| Passed through Tennessee Department of Environment & Conservation:<br>Edward Byrne Memorial Justice Assistance Grant | 16.738                          | N/A  | \$ 3,473             |
| <b>U.S Department of Interior</b>  |                                 |  |                      |
| Body Worn Camera Policy and Implementation   | 16.835                          | N/A  | 21,334               |
| <b>U.S Department of the Treasury</b>  |                                 |  |                      |
| Passed through the State of Tennessee:<br>COVID-19 - ARP - Wastewater Improvements - Rhea County                     | 21.027                          | N/A  | 228,300              |
| <b>U.S Department of Homeland Security</b>   |                                 |  |                      |
| Passed through the State of Tennessee:<br>FEMA - Public Assistance Grant   | 97.036                          | 34101-13325                                  | 138,571              |
| <b>Total Federal Awards</b>  |                                 |  | <u>14,079,850</u>    |
| <b>State Awards</b>  |                                 |  |                      |
| Tennessee Department of Education:   |                                 |  |                      |
| Early Childhood Education - Lottery  |                                 |  | 198,155              |
| Innovative School Model  |                                 |  | 109,014              |
| Public School Security Grant   |                                 |  | 32,562               |
| State Special Education Preschool Grant  |                                 |  | 1,870                |
| Participant Literacy Network   |                                 |  | 113,169              |
| Learning Camps - Summer Learning Camps   |                                 |  | 124,517              |
| Tennessee Investment in Student Achievement  |                                 |  | 6,406,217            |
| <b>Total State Awards</b>  |                                 |  | <u>6,985,504</u>     |
| <b>Total Awards</b>  |                                 |  | <u>\$ 21,065,354</u> |

**Notes to Schedule**

**Note 1. Basis of Presentation**

This schedule of expenditures of federal awards and state financial assistance summarizes the expenditures of the City under programs of the federal and state year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations not intended to and does not present the financial position, change in net position, or cash flows of the City. Expenditures reported on the schedule are reported on the accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable as to reimbursement.

**Note 2. Indirect Cost Rate**

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Board of Mayor and Council  
City of Dayton, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each of the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dayton, Tennessee (the City), as of and for the year ended June 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 and have issued our report thereon dated July 18, 2025.

## **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As a part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Matlock Clements, P.C." in a cursive script.

Matlock Clements, P.C.  
July 18, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

Honorable Mayor and City Council  
City of Dayton, Tennessee

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Dayton, Tennessee's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

Eric Clements, CPA, CFE • Andy Matlock, CPA

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

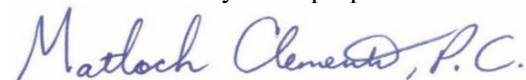
### Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Matlock Clements, P.C.

July 18, 2025

**CITY OF DAYTON, TENNESSEE**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2024**

**I. Summary of Auditor's Results**

*Financial Statements*

|   |               |
|---|---------------|
| Type of auditor's report issued:                      | Unmodified    |
| Internal control over financial reporting:            |               |
| • Material weaknesses identified?                     | No            |
| • Significant deficiencies identified?                | None reported |
| Noncompliance material to financial statements noted? | No            |

*Federal Awards*

|  |               |
|--|---------------|
| Type of auditor's report issued on compliance for major programs:                              | Unmodified    |
| Internal control over major federal programs:  |               |
| • Material weaknesses identified?  | No            |
| • Significant deficiencies identified?   | None reported |
| Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |

Identification of Major Programs:

FAL # 66.458                      State Revolving Fund Loan Program

Child Nutrition Cluster

- FAL # 10.555              National School Lunch Program
- FAL # 10.555              Supply Chain Assistance Grant
- FAL # 10.553              School Breakfast Program

COVID 19 – Education Stabilization Fund Cluster

- FAL # 84.425D              Elementary and Secondary School Emergency Relief (ESSER II) Funds
- FAL # 84.425D              Elementary and Secondary School Emergency Relief (ESSER III) Funds
- FAL # 84.425D              Fiscal Pre-Monitoring Support
- FAL # 84.425              Math Implementation Grant
- FAL # 84.425              TN All Corp

|  |           |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
|--|-----------|

|  |    |
|--|----|
| Auditee qualified as low-risk auditee? | No |
|--|----|

**CITY OF DAYTON, TENNESSEE**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2024**

**II. Financial Statement Findings – Required to be reported in Accordance  
With Government Auditing Standards.**

No matters were reported.

**III. Federal Award Findings – Required to be reported in Accordance  
with 2 CFR 200.516(a) of the Uniform Guidance**

No matters were reported.

**CITY OF DAYTON, TENNESSEE**  
**Summary Schedule of Prior Year Findings**  
**For the Year Ended June 30, 2024**

**I. Prior Year Financial Statement Findings – Required to be reported in Accordance with Government Auditing Standards.**

| <b>Prior Year Finding Number</b> | <b>Finding Title</b>   | <b>Status/Current Year Finding Number</b> |
|----------------------------------|--|---|
| 2023-001                         | Inadequate Controls over Preparation of Financial Statements<br>(Original Finding # 2022-001)          | Corrected                                 |
| 2023-002                         | Accounting for Capital Assets<br>(Original Finding # 2022-002)   | Corrected                                 |
| 2023-003                         | Improper Controls over Grant Transactions<br>(Original Finding # 2022-005)                             | Corrected                                 |
| 2023-004                         | Lack of Controls over Cash Account and Reconciliation of Cash<br>(Original Finding # 2022-007)         | Corrected                                 |
| 2023-005                         | Prior Year Audit Adjusting Entries Not Recorded and Erroneously Recorded (Original Finding # 2022-008) | Corrected                                 |
| 2023-006                         | Compliance with State Budgetary Requirements<br>(Original Finding # 2022-009)                          | Corrected                                 |

**II. Prior Year Federal Award Findings – Required to be reported in Accordance with 2 CFR 200.516(a) of the Uniform Guidance.**

There were no prior findings reported.