

City of Dayton, Texas

Water and Wastewater Impact Fees Report

Agreed-Upon Procedures

Period Beginning October 1, 2021, and
Ending September 30, 2024

City of Dayton, Texas

Table of Contents

Period Beginning October 1, 2021, and Ending September 30, 2024

	<u>Page</u>
Independent Accountants' Report	1
Attachments	4

Independent Accountants' Report

Honorable Mayor and City Council
Derek Woods, City Manager
City of Dayton, Texas

We have performed the procedures enumerated below for this agreed-upon procedures engagement to assist management of the City of Dayton, Texas (the City), with the requirement set forth in Section 395.059 of the Texas Local Government Code (the Code) which requires that "before a political subdivision may increase an existing impact fee or adopt a new impact fee for a service area where an impact fee had previously been adopted, the political subdivision must conduct an independent financial audit in accordance with this section". As such, we have performed the procedures identified below, solely to assist users in evaluation of the City's compliance with the Code for the period beginning October 1, 2021, and ending September 30, 2024. The City is responsible for compliance with all legislative requirements defined by the Code.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement which is determining compliance with Section 395.059 of the Code. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

- Procedure: We obtained from the City a detailed listing of impact fee funds collected by category, service area, and year. We then compared this listing to the general ledger detail, the annual audited financial statements, the summary of collections provided by the City (Attachment 1), and a detailed listing of building permits issued. We then selected a sample of these transactions, consisting of 10% of the population (26 permits in total) and selected 13 from each type of fee (water and wastewater), and performed the following: 1) Agreed the category and service area assigned to supporting documentation. 2) Agreed the amounts charged to the impact fee schedule passed by City ordinance. 3) Traced the amounts charged to the bank statements.
 - No exceptions or findings noted.
- Procedure: We obtained from the City a summary of interest income earned on impact fee funds by year, by type (Attachment 2). We then agreed this summary to the general ledger detail, annual audited financial statements, and the bank statements. We confirmed that there were no unallowable journal entries or transfers of these amounts to other funds. We agreed the amount of interest accumulated related to refunds in Attachment 2 to supporting documentation and recalculated the amount disbursed compared to Section 395.025(d).
 - No exceptions or findings noted.

- Procedure: We obtained from the City a listing of projects by category/service area, identifying if each has been completed or not (Attachment 3). We compared the list to the capital improvements plan(s) included in the impact fee study. We then selected a sample of the completed projects to trace to supporting documentation to confirm the status of completion. For projects not completed, we confirmed if the impact fees were refunded, if required by Section 395.025. As there were no expenditures as of September 30, 2024, the planned procedures above related to selecting a sample were not applicable to complete.
 - No exceptions or findings noted.
- Procedure: We agreed the balance of unspent funds at the end of each year provided by the City (Attachment 1 and 5) to the annual audited financial statements and bank statements. We recalculated the ending balances and observed that the amounts were shown as restricted net position in the annual audited financial statements.
 - Finding Number One: The balance at the end of each fiscal year under testing was not shown as restricted net position in the annual audited financial statements.
- Procedure: We obtained from the City a detailed listing of expenditures, by category and service area, funded by impact fees. We then compared this listing to the general ledger detail, the annual audited financial statements, and the summary of project spending provided by the City (Attachment 1). We selected a sample of these expenditures to trace to an approved project in the capital improvements plan(s), compared the category and service area assigned to supporting documentation, and confirmed that it was an allowable expenditure per Section 395.012. As there were no expenditures as of September 30, 2024, the planned procedures above related to selecting a sample were not applicable to complete.
 - No exceptions or findings noted.
- Procedure: We obtained from the City a listing of waived impact fees under Section 395.016(g) and compared this to the listing of building permits obtained in the first procedure that had their impact fees waived. We then selected a sample from this listing and inspected documentation confirming its qualification as affordable housing under 42 U.S.C Section 12745 and under any applicable City ordinance(s). As there were no waived impact fees as of September 30, 2024, the planned procedures above related to selecting a sample were not applicable to complete.
 - No exceptions or findings noted.
- Procedure: We obtained from the City a detailed listing of any requested refunds of impact fees under Section 395.025 and compared the total to Attachment 4. We then selected a sample (the sample consisted of one transaction as the population of refunds was one) from this detailed listing and compared to the City's records related to the decision of disposition to both Section 395.025 and any applicable City ordinance(s).
 - No exceptions or findings noted.
- Procedure: We obtained from the City a detail listing of impact fees refunded under Section 395.025 and compared the total to Attachment 4 as well as the general ledger detail. We then selected a sample (the sample consisted of one transaction as the population of refunds was one) from this detailed listing and inspected documentation confirming its qualification under Section 395.025 and any applicable City ordinance(s).
 - No exceptions or findings noted.

- Procedure: We obtained all capital improvements plans from the City and confirmed that they contained a credit under Section 395.014 (7)(A) or (7)(B) of the code. If Section 395.014(A) was used, we then compared this calculation to supporting documents and recalculated the credit.
 - No exceptions or findings noted.
- Procedure: We obtained from the City a listing of improvements constructed or financed by developers under Sections 395.019(2), 395.023, or 395.0231 of the code. We then selected a sample of these improvements to compare the credit provided off the impact fee otherwise due to supporting documentation. As there were no improvements by developers under Sections 395.019(2), 395.023, or 395.0231 of the code as of September 30, 2024, the planned procedures above related to selecting a sample were not applicable to complete.
 - No exceptions or findings noted.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the Code for the period beginning October 1, 2021, and ending September 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for and the use of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly US, LLP

Madison, Wisconsin
December 30, 2025

City of Dayton, Texas

Attachments

Period Beginning October 1, 2021, and Ending September 30, 2024

Attachment #1 – Summary

	Fiscal Year-Ending		
	9/30/2022	9/30/2023	9/30/2024
Beginning Balance	\$ -	\$ 37,105	\$ 820,240
Add:			
Collections:			
Water Impact Fee	19,518	319,784	243,216
Sewer Impact Fee	17,587	468,352	362,725
Interest Income	-	6,098	33,438
Less:			
Project Spending:			
Water Impact Fee	-	-	-
Sewer Impact Fee	-	-	-
Refunds	-	11,099	-
Ending Balance (unspent)	<u>\$ 37,105</u>	<u>\$ 820,240</u>	<u>\$ 1,459,619</u>

Attachment #2 – Interest Income

	9/30/2022	9/30/2023	9/30/2024
Interest Income (normal)	\$ -	\$ 6,098	\$ 33,438
Interest Income (refund related - not disbursed)	-	-	-
Interest Income (refund related - disbursed)	-	-	-
Total	<u>\$ -</u>	<u>\$ 6,098</u>	<u>\$ 33,438</u>

City of Dayton, Texas

Attachments

Period Beginning October 1, 2021, and Ending September 30, 2024

Attachment #3 – Capital Projects and Current Status

- The list of projects below was taken from the 2021 Water and Wastewater Impact Fee Study. There have been no expenditures to date.

Water and Wastewater Impact Fee Study
City of Dayton



Table 4-1: Cost Allocation for Water Impact Fee Calculation

Water Project No.	Description of Project	Percent Utilization			Costs Based on 2021 Dollars		
		2021 ⁽¹⁾	2031	2021-2031	Capital Cost	Current Development	10-Year (2021-2031)
Existing	A FM 1960 Water Line Extension	5%	65%	60%	\$395,376	\$19,769	\$237,226
	B Rosewood Water Well and Booster Pump Expansion	5%	100%	95%	\$641,980	\$32,099	\$609,881
	C Highway 146 Utility Extension	25%	65%	40%	\$1,115,586	\$278,897	\$446,234
	D Water and Wastewater Master Plan and Impact Fee Study	0%	50%	50%	\$148,850	\$0	\$74,425
Sub Total					\$2,301,792	\$330,764	\$1,367,766
Proposed	1 New FM 1960 Water Plant (Phase I) with 2,000 gpm well, 3.6 MGD firm service pumping, and 1.2 MG GST	0%	90%	90%	\$18,341,000	\$0	\$16,506,900
	2 New 12-inch Water Line along County Road 6021	0%	55%	55%	\$4,629,800	\$0	\$2,546,390
	3 Tram Road 8-inch Water Line and FM 1008 8-inch Water Line	15%	55%	40%	\$1,678,200	\$251,730	\$671,280
	4 New 16-inch Water Line along US Hwy 90	5%	30%	25%	\$3,911,000	\$195,550	\$977,750
	5 New 12-inch Water Line along Old River	0%	40%	40%	\$3,833,200	\$0	\$1,533,280
	6 New South Water Plant with 2,100 gpm well, 3.0 MGD service pumping, 1.1 MG GST, 0.75 MG EST, and 12-inch water line	0%	65%	65%	\$22,340,800	\$0	\$14,521,520
	7 FM 1960 Water Plant Expansion (Phase II) with additional 2,000 gpm well, 3.6 MGD firm service pumping, and 1.2 MG GST	0%	25%	25%	\$21,055,400	\$0	\$5,263,850
	8 New Northwest Water Plant with 1,500 gpm well, 4.6 MGD service pumping, 1.6 MG GST, 0.75 MG EST, and 12-inch water line	0%	50%	50%	\$30,632,200	\$0	\$15,316,100
	9 New 8-inch Water Line to Liberty MUD 5 along Tram Road	5%	90%	85%	\$2,093,000	\$104,650	\$1,779,050
	10 Additional 1.0 MG EST at Tram Well Site	0%	35%	35%	\$5,616,000	\$0	\$1,965,600
	11 New 12-inch Water Line along FM 1960 and 12-inch Water Line along Grand Parkway	0%	50%	50%	\$8,899,800	\$0	\$4,449,900
Sub Total					\$123,030,400	\$551,930	\$65,531,620
Total					\$125,332,192	\$882,694	\$66,899,386

(1) Utilization in 2021 accounts for the portion of the project that serves existing customers and is not impact fee eligible.

Water and Wastewater Impact Fee Study
City of Dayton



Table 4-2: Cost Allocation for Wastewater Impact Fee Calculation

Water Project No.	Description of Project	Percent Utilization			Costs Based on 2021 Dollars		
		2021 ⁽¹⁾	2031	2021-2031	Capital Cost	Current Development	10-Year (2021-2031)
Existing	A Wastewater Treatment Plant Expansion	10%	100%	90%	\$6,880,000	\$688,000	\$6,192,000
	B Highway 146 Utility Extension	5%	10%	5%	\$1,115,586	\$55,779	\$55,779
	C Water and Wastewater Master Plan and Impact Fee Study	0%	50%	50%	\$148,850	\$0	\$74,425
Sub Total					\$8,144,436	\$743,779	\$6,322,204
Proposed	1 New Relocated 12 MGD Sawmill Lift Station, 48-inch Gravity Line and Microtunnel, and Inflow WWTP Lift Station Consolidation	65%	70%	5%	\$13,584,200	\$8,829,730	\$679,210
	2 Replacement 48-inch Waco Street Gravity Line and Thrifree, Clayton, Burger King, and Houston at Cleveland Lift Station Consolidations	35%	40%	5%	\$9,154,700	\$3,204,145	\$457,735
	3 Replacement 36/42-Inch Waco Street Gravity Line	40%	45%	5%	\$7,416,600	\$2,966,640	\$370,830
	4 Cherry Creek Lift Station Expansion to 2.8 MGD	45%	90%	45%	\$1,592,800	\$716,760	\$716,760
	5 Overpass Lift Station Phase I Expansion to 2.5 MGD (Expandable to 6.0 MGD) and New 10-Inch Gravity Line	15%	45%	30%	\$3,928,000	\$589,200	\$1,178,400
	6 Replacement 48-inch Gravity Line Between Highway 146 and the Railroad	25%	45%	20%	\$3,662,600	\$915,650	\$732,520
	7 Highway 146 Lift Station Phase I Expansion to 2.0 MGD (Expandable to 5.2 MGD), Lift Station Relocation, New 15/18/30-Inch Gravity Line, and New 12-Inch Force Main	5%	65%	60%	\$13,520,600	\$676,030	\$8,112,360
	8 New 18-inch and Replacement 18/21-Inch Highway 90 and Sunset Heights Gravity Line	5%	75%	70%	\$4,147,600	\$207,380	\$2,903,320
	9 New 24-Inch Gravity Line Along Highway 146 Flowing North to Southwest WWTP	0%	60%	60%	\$4,585,200	\$0	\$2,751,120
	10 New 2.0 MGD South Wastewater Treatment Plant and New 15/27-Inch Gravity Line Along Highway 146	0%	55%	55%	\$54,969,800	\$0	\$30,233,390
	11 Southwest WWTP 2.0 MGD Expansion to 6.0 MGD (Phase I)	0%	55%	55%	\$39,007,500	\$0	\$21,454,125
	12 Sawmill Lift Station Phase II 10 MGD Expansion to 22 MGD	0%	100%	100%	\$6,494,300	\$0	\$6,494,300
	13 New 1.0 MGD North Wastewater Treatment Plant and 24-inch Gravity Line	0%	55%	55%	\$24,309,900	\$0	\$13,370,445
14 Replacement 18/27-Inch Luke Street Gravity Line	45%	55%	10%	\$3,971,600	\$1,787,220	\$397,160	
15 Replacement 12/15-Inch Slover Street and Cherry Creek Road Gravity Line	20%	75%	55%	\$1,160,200	\$232,040	\$638,110	
16 Prater Lift Station Expansion to 0.4 MGD and 6-inch Force Main Re-route	0%	85%	85%	\$1,354,100	\$0	\$1,150,985	
Sub Total					\$192,859,700	\$20,124,795	\$91,640,770
Total					\$201,004,136	\$20,868,574	\$97,962,974

(1) Utilization in 2021 accounts for the portion of the project that serves existing customers and is not impact fee eligible.

City of Dayton, Texas

Attachments

Period Beginning October 1, 2021, and Ending September 30, 2024

Attachment #4 – Refunds

	9/30/2022	9/30/2023	9/30/2024
Requested Refunds	\$ -	\$ 11,099	\$ -
Amount Refunded	-	11,099	-
Refunds Owed, Not Yet Paid			<u>\$ -</u>

Attachment #5 – Ending Balance, by Type

	9/30/2022	9/30/2023	9/30/2024
Ending Balance:			
Water Impact Fee	\$ 19,518	\$ 337,246	\$ 593,982
Sewer Impact Fee	17,587	482,994	865,637
Total Ending Balance	<u>\$ 37,105</u>	<u>\$ 820,240</u>	<u>\$ 1,459,619</u>