
**City of Clayton
Montgomery County, Ohio**

Independent Auditors' Report on
Internal Controls and Compliance

December 31, 2011



Dave Yost • Auditor of State

City Council
City of Clayton
6996 Taywood Road
Englewood, Ohio

We have reviewed the *Independent Auditors' Report* of the City of Clayton, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Clayton is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 4, 2012

~~City Council~~

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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

City Council
City of Clayton, Ohio
6996 Taywood Road
Englewood, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, Ohio (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2012. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As 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 financial statement amounts. However, providing an opinion on compliance with those

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provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings and responses as item 2011-001.

We noted certain matters that we reported to management of the City in a separate letter dated June 27, 2012.

The City's response to the finding identified in our audit is described in the accompanying schedule of audit findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the City Council, the management, others within the City, the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Clark, Schaefer, Hachett & Co." The signature is written in a cursive style with a large initial 'C' and a stylized ampersand at the end.

Springfield, Ohio
June 27, 2012

Finding Number 2011-001

The City's investment policy, as amended July 19, 2007, states "the following investments will be permitted by this policy and those defined by state and local law where applicable having a maximum maturity of five years unless otherwise noted: US Treasury obligations which carry the full faith and credit guarantee of the United States government; US government agency and instrumentality obligations that have a liquid market with a readily available determinable market that are direct issuance of federal government agencies or instrumentalities; certificates of deposits at eligible financial institutions, maturing not more than one year from deposit date; savings or deposit accounts at eligible financial institutions; bonds or other obligations of the State of Ohio; no-load money market mutual funds consisting exclusively of US Treasury obligations and US government agency and instrumentality obligations and repurchase agreements secured by the same obligations; STAR Ohio; bankers acceptances that are eligible for purchase by the Federal Reserve System; and commercial paper that is rated in the highest tier by at least two nationally recognized rating agencies."

At December 31, 2011, the City held numerous investments within its portfolio managed by a financial institution, totaling \$556,822, which did not meet the definition of eligible investments under the City's policy as noted above. Once notified, the City worked with the financial institution to divest itself of the ineligible investments, as well as having the new investment manager acknowledge his understanding of the investment policy requirements by obtaining a newly signed copy of the policy for the financial institution. As of April 30, 2012 the City held only eligible investments as defined by City policy.

The City should ensure financial institutions that are capable of making investment decisions are properly notified of eligible investments options permitted by the City's investment policy and implement timely review procedures to ensure compliance with applicable investment requirements is maintained.

Management Response: Management acknowledges the noncompliance noted above and has taken appropriate steps to educate the investment managers of the City's investment portfolio regarding the compliance requirements associated with investments under the City's investment policy and Ohio Revised Code. The Finance Director will periodically monitor all investments purchased on the City's behalf to ensure compliance is maintained in the future.



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success



CITY OF CLAYTON, OHIO

Montgomery County

Comprehensive Annual Financial Report

For the Year Ended December 31, 2011



Prepared by: **Finance Department**

Kevin A. Schweitzer, CPA, Finance Director

Teri Birchfield, Assistant to the Finance Director

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City of Clayton, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2011
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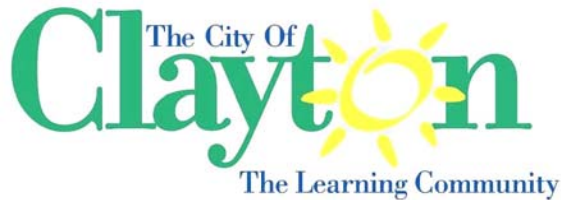
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June 28, 2012

Citizens of Clayton
Members of Council
City of Clayton, Ohio

We are pleased to present the eighth Comprehensive Annual Financial Report (CAFR) for the City of Clayton. This report, for the year ended December 31, 2011, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Clayton (the "City").

State law requires that every general-purpose local government file with the Auditor of State of Ohio and publish the availability of the financial statements within 150 days of the close of each year. The general purpose external financial statements from this report were filed to fulfill that requirement for the year ended December 31, 2011.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Clark Schaefer Hackett has issued an unqualified ("clean") opinion on the City of Clayton's financial statements for the year ended December 31, 2011. The Independent Auditors' Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Accountants' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

CITY OVERVIEW

Randolph Township was formed in 1802 out of the Northwest Territory. Hipple's Mill, later known as Salem, was platted in 1814 as the unincorporated Village of Salem. In 1940, Salem was briefly changed to West Salem and about one year later it was incorporated as the Village of Clayton (there was already an incorporated Village of Salem). On January 1, 1998, Randolph Township and the Village of Clayton merged to form the current boundary lines of the City of Clayton. In November of that year, as a result of the Village of Clayton having more than 5,000 electors registered in the Village at the 1998 General Election, the Secretary of State proclaimed the Village of Clayton to be a city effective December 31, 1998.

The City of Clayton is the newest city in the Northmont community. It is just minutes from Interstates 70 and 75, major shopping areas, and the Dayton International Airport. The City of Clayton is located in central western Ohio just north of Dayton. It is located within Montgomery County, Ohio approximately midway between Indianapolis and Columbus.

CITY ORGANIZATION AND REPORTING ENTITY

The current charter provides for a Council-Manager form of government. The City Council consists of seven members elected from the community to serve staggered four year terms. Three are elected at-large, three are from wards, and the Mayor is elected at large. As a Council member, the Mayor has the right to vote on all issues before the Council. Council appoints the City Manager. The City Manager appoints all department managers of the City.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading.

The primary government consists of all funds and departments which provide various services including police and fire/EMS protection, water services, sewer services, street maintenance and repair, zoning, and staff to provide support services (i.e., payroll processing and accounts payable). The City Manager has direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves their budget, the issuance of their debt or the levying of their taxes. Currently, the City does not have any component units.

The City participates in a joint venture, the Clay Township-City of Clayton Joint Economic Development District (the "District") with Clay Township. The District was established for the purpose of facilitating economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the District. The District will permit the City and the Township to share income tax revenues from the development of business operations within the District. The Miami Valley Regional Planning Commission is a jointly governed organization. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. The City is also a member of the Economic Development/Government Equity Program (ED/GE), a jointly governed organization which promotes developing plans and programs designed to assure that City resources are efficiently used, that economic growth is properly balanced, and that City economic development is coordinated with that of the State of Ohio and other local governments. The City belongs to the Ohio Plan, an unincorporated non-profit self-insurance risk management program. These organizations are presented in Notes 17, 18 and 19.

Council adopts an annual budget prior to the beginning of the year. Upon the presentation by the City Manager of a proposed budget document to Council, Council calls and publicizes a public hearing. Council will subsequently adopt such budget, as it may have been amended, as the City's annual budget effective for the year beginning January 1.

This annual budget serves as the foundation for the City of Clayton's financial planning and control. The budget is prepared by fund, program, personal services and all other objects level for all funds. Department heads may transfer resources within a department as they see fit.

ITEMS OF LOCAL INTEREST

Parks and Recreation

The City contains four parks covering 45.27 acres and provides year-round recreational and educational programs for its citizens. Hardscrabble Park is a 21.1 acre park that provides outdoor playing fields and is the home of the Clayton Hardscrabble Baseball League. Northview Playground is a 6.37 acre park with playground equipment, a picnic shelter and basketball courts. Westbrook Park is a 17.8 acre park with walking trails and tennis courts.

Culture and Education

The City has many nearby educational facilities, churches, cultural resources, parks and playgrounds. Numerous colleges and universities in the surrounding metropolitan area provide excellent opportunities and facilities for higher educational study to the citizens of Clayton.

The Miami Valley Career-Technology Center offers various areas of study, primarily to provide education in the industrial and commercial field. In addition, an adult education program offers courses in a wide variety of subjects.

Transportation

The Dayton International Airport is located five miles east of the City and offers full commercial air passenger and freight service by many major airlines.

Several motor transport companies are based in the area and, together with those of the adjacent metropolitan areas, provide reliable freight transportation to and from the City.

An extensive network of interstate and State highways, including I-75, I-675, I-70 and State Routes 49, 40 and 48 serve the City and surrounding communities.

ECONOMIC CONDITIONS AND OUTLOOK

In November of 2003, the Clayton voters approved a 1.5 percent income tax which, in its eighth full year of collection, generated \$2,292,298 in governmental fund revenue. In January 2005, in an attempt to increase the number of jobs within the City limits, the City of Clayton exercised its eight year-old option to purchase 143 acres of prime industrial land adjacent to I-70 for a commerce park. During 2006, the installation of the infrastructure for the commerce park was completed. During 2011, Caterpillar Logistics Inc., a parts distribution center, opened for business at the current commerce park. During 2012 and 2013, the distribution center is expected to gradually create up to 500-600 jobs and additional income to the area.

Major reconstruction of the I-70/I-75 interchange has been completed. This project has a direct impact on the City due to the location of the City to the new interchange and the added benefits of a safer, more modern and efficient crossroad. The new interchange accommodates increased traffic flow and eliminates weaving of traffic at the interchange. The new interchange easily accommodates the increased traffic and keeps goods, services and people moving. All of these factors enhance the quality of life within the City and promote economic development and growth for the City as a whole.

To further enhance potential economic development opportunities, City Council continues to belong to the Montgomery County ED/GE program. The ED/GE program is a combined economic development/tax-sharing program whose participants include Montgomery County and its townships, villages and cities. The City was approved for an ED/GE program grant in the past and used the monies to purchase additional land to expand the commerce park for the Caterpillar Logistics Inc. parts distribution center, which was later sold.

The Dayton region is in an era of uncertainty; the following items are facing the City Council in operating the City:

- The economic environment in the area has shown no trends of improving;
- The housing market has seen an increase in foreclosures and a decrease in new construction; and
- The financial and credit markets' instability have added to the unpredictability of the economy.

Despite these challenges, City Council is addressing the identified areas by attempting to attract new businesses to the City into the Commerce Park, and working with construction contractors on zoning related issues to ease the housing development process.

FINANCIAL PLANNING AND POLICIES

The Finance Department has developed a five year plan for the City of Clayton. It consists of an analysis of revenues and expenditures using the last five years as an indicator of future trends. Those numbers are combined to make estimates of funds available and carryover balances moving into the subsequent years.

The Finance Department updated the investment policy in 2007. Its primary objectives are safety, liquidity and yield. Policies on Capital Assets, Budgeting, Accounting, Debt, Fund Reserves, and Capital Improvements were also completed.

The City of Clayton contracts with the Regional Income Tax Agency (R.I.T.A.) to administer the tax ordinances and collect the City income taxes by the authority of those ordinances.

The Finance Department acquired the billing and collection services from Allied National Collection Agency for waste collection during the second half of 2009. This will aid in reducing the delinquent accounts.

The City of Clayton maintains a Moody's "Aa2" bond rating.

MAJOR INITIATIVES

The Commerce Park, which is a 143 acre parcel of land on Hoke Road that is adjacent to I-70, was purchased at the end of 2010 by Caterpillar Logistics Inc.. The construction of a 1.5 million square foot parts distribution center was completed in early 2011 and is currently operating with employment of 294 employees.

OTHER INFORMATION

Independent Audit

An audit team from Clark Schaefer Hackett has performed this year's audit. The results of the audit are presented in the Independent Auditors' Report.

Awards

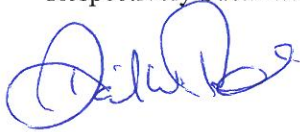
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clayton for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2010. This was the seventh year that the City of Clayton achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. Teri Birchfield, Assistant to the Finance Director, is to be commended for her continued contribution, effort and commitment. We would also like to express appreciation to the Montgomery County Auditor's office for their continued effort in helping gather the information presented in the report. Finally, we would like to express appreciation to Mr. Dave Yost, Auditor of State, and his Local Government Services staff for their guidance and assistance in preparing this report.

Respectively Submitted,



David W. Rowlands
City Manager



Kevin A. Schweitzer, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clayton
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emsw

Executive Director

City of Clayton, Ohio

Principal Officials

December 31, 2011

Elected Officials

Name	Title	Term Expires
Joyce Deitering	Mayor	12/31/2013
Tim Gorman	Vice-Mayor	12/31/2011
Robert Peters	Council	12/31/2013
Beverly Smith	Council	12/31/2013
Joe Litvin	Council	12/31/2011
G. Malcom Treon	Council	12/31/2011
Greg Merkle	Council	12/31/2013

Appointed Officials

Name	Title	Appointing Authority
David W. Rowlands	City Manager	Pleasure of Council
Debbie L. Manns	Assistant City Manager	Pleasure of City Manager
Kevin A. Schweitzer, CPA	Finance Director	Pleasure of City Manager
Barbara Seim	Clerk of Council	Pleasure of Council
Robert E. Portune	Law Director	Pleasure of Council
Joseph Klosterman	Community Services Director	Pleasure of City Manager
Gwen Eberly	Economic Development Director	Pleasure of City Manager

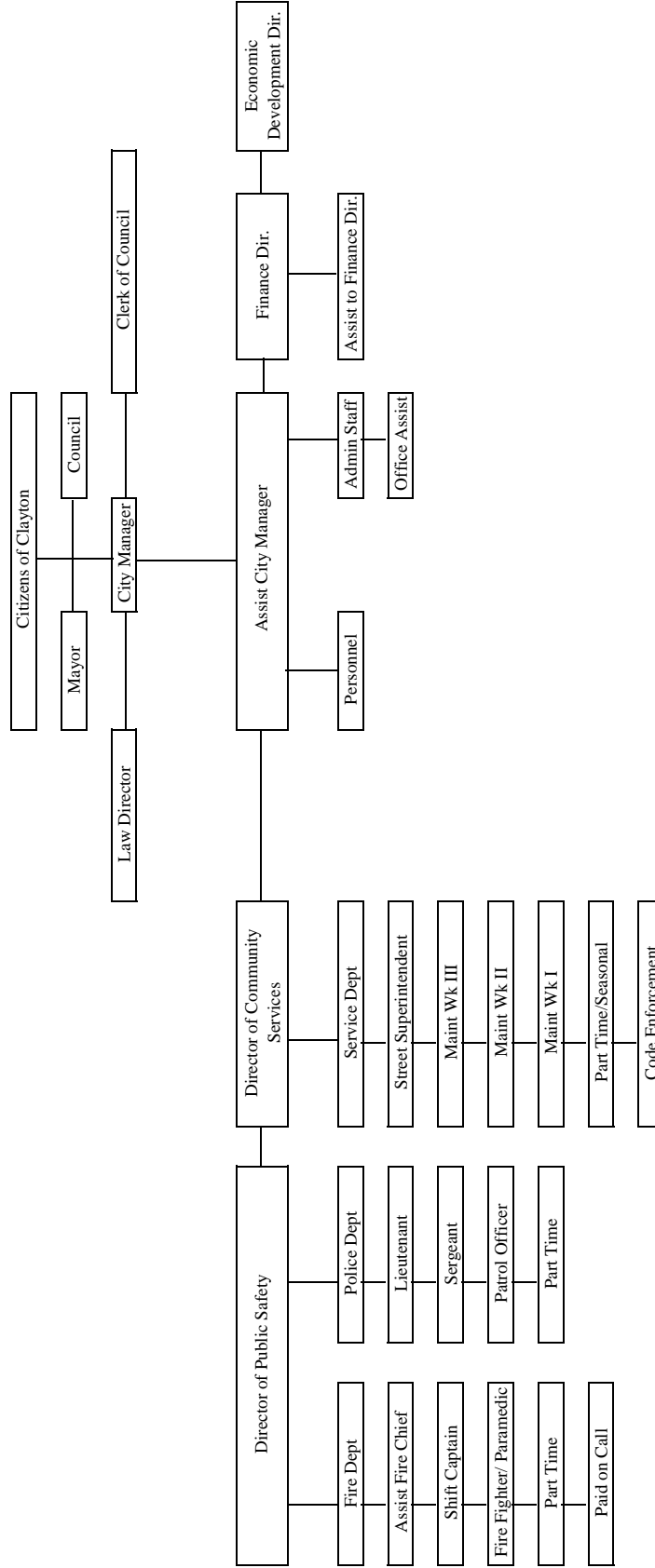
CITY OF CLAYTON ORGANIZATIONAL CHART

ADMINISTRATIVE OFFICES' MISSION

The administrative offices of the City of Clayton will have high standards of excellence in delivering City services in tending to public health, safety, morals, comfort, general welfare, and supporting and guiding future City developments. The City is undertaking this mission to promote economic prosperity and enhanced quality of life to make a difference in our community for future generations.

SERVICE DEPARTMENT MISSION

The Service Department will strive to provide the highest quality service possible to the City of Clayton. We will strive to provide the highest quality service for all seasonal activities and general maintenance of both facilities and equipment.



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INDEPENDENT AUDITORS' REPORT

City Council
City of Clayton, Ohio
6996 Taywood Road
Englewood, Ohio 45322

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, Ohio (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, Ohio as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General, Police, Street Department, and Fire Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with accounting principles generally accepted in the United States of America, which consisted of inquires 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Clark, Schufer, Hackett & Co.

Springfield, Ohio
June 27, 2012

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Clayton's discussion and analysis of the annual financial report provides an overview of the City's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- During 2011, Caterpillar Logistics began operations, on a reduced basis, at the newly constructed facility in the City.
- During 2011, the City retired bond anticipation notes issued for the Hoke Road project in the amount of \$1,517,416, including interest.
- For governmental activities, revenues exceeded expenditures again this year primarily due municipal income taxes relating to Caterpillar Logistics beginning operation during 2011.
- Through closely monitoring budgeted expenses throughout the year, the City was able to increase unrestricted net assets, which represents the amount of resources available for daily operations, over the prior year during these tough economic times.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Clayton's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the City as a whole begins with the Statement of Net Assets and the Statement of Activities. These statements provide information that will help the reader to determine if the City of Clayton is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes to those assets. These changes inform the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

Governmental Activities – Most of the City's services are reported here including police, fire, EMS, public health, transportation, and general government.

Business-Type Activities – These services consist of fees for water and sewer customers and payments for water to the City of Dayton. The intent is that the fees charged recoup operating costs.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page eight. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law. Other funds may be established by the Finance Director, with the approval of the City Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City of Clayton's major funds are the General, Police, Street Department, Fire, Capital Improvement, Water Department, and Sewer Operating Funds.

Governmental Funds

Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Proprietary Funds

The proprietary funds use the same measurement focus and basis of accounting as the business-type activities. When the City charges citizens for the services it provides, with the intent of recapturing operating costs, those services are generally reported in enterprise funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the City's programs.

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2011 compared to 2010.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and Other Assets	\$10,899,210	\$11,199,247	\$215,396	\$230,547	\$11,114,606	\$11,429,794
Capital Assets, Net	12,239,575	11,792,440	7,076,587	7,238,939	19,316,162	19,031,379
<i>Total Assets</i>	<u>23,138,785</u>	<u>22,991,687</u>	<u>7,291,983</u>	<u>7,469,486</u>	<u>30,430,768</u>	<u>30,461,173</u>
Liabilities:						
Current and Other Liabilities	2,927,226	4,722,709	442	589	2,927,668	4,723,298
Long-Term Liabilities	5,940,241	6,161,970	7,317,970	7,393,466	13,258,211	13,555,436
<i>Total Liabilities</i>	<u>8,867,467</u>	<u>10,884,679</u>	<u>7,318,412</u>	<u>7,394,055</u>	<u>16,185,879</u>	<u>18,278,734</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt (Deficit)	6,887,562	6,188,910	(241,383)	(154,527)	6,646,179	6,034,383
Restricted for:						
Capital Outlay	981,268	1,049,551	0	0	981,268	1,049,551
Other Purposes	1,935,746	1,605,681	0	0	1,935,746	1,605,681
Unrestricted	4,466,742	3,262,866	214,954	229,958	4,681,696	3,492,824
<i>Total Net Assets (Deficit)</i>	<u>\$14,271,318</u>	<u>\$12,107,008</u>	<u>(\$26,429)</u>	<u>\$75,431</u>	<u>\$14,244,889</u>	<u>\$12,182,439</u>

Current and other assets of governmental funds decreased because of a decrease in receivables. Total receivables, which include accounts, interest, due from other governments, increment taxes, municipal income taxes, property taxes, other local taxes, and special assessments, experienced a net decrease of \$264,384.

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Overall, liabilities of governmental funds decreased because of the retirement of short-term bond anticipation notes and general obligation bonds.

Net assets of governmental activities increased 18 percent from the prior year. Invested in capital assets net of related debt increased \$698,652 due to additions exceeding current year deletions. Unrestricted net assets increased \$1,203,876, due to an increase in municipal income tax collections and the City was able to reduce expenses.

Net assets of business-type activities decreased \$101,860, resulting mainly from current year depreciation.

Table 2 shows the changes in net assets for the year ended December 31, 2011 compared to 2010.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	\$1,204,840	\$1,149,237	\$64,024	\$68,755	\$1,268,864	\$1,217,992
Operating Grants, Contributions and Interest	1,063,694	1,567,345	0	0	1,063,694	1,567,345
Capital Grants, Contributions and Interest	0	1,231,631	0	0	0	1,231,631
<i>Total Program Revenues</i>	<u>2,268,534</u>	<u>3,948,213</u>	<u>64,024</u>	<u>68,755</u>	<u>2,332,558</u>	<u>4,016,968</u>
General Revenues:						
Property Taxes	2,572,816	2,563,604	0	0	2,572,816	2,563,604
Other Local Taxes	266,767	224,968	0	0	266,767	224,968
Increment Taxes	327,951	187,734	0	0	327,951	187,734
Municipal Income Taxes	2,477,779	2,127,078	0	0	2,477,779	2,127,078
Grants and Entitlements not Restricted to Specific Programs	923,046	1,043,924	0	0	923,046	1,043,924
Investment Income	37,286	10,657	0	0	37,286	10,657
Investment in Joint Venture	84	4,121	0	0	84	4,121
Other	78,716	84,781	0	0	78,716	84,781
<i>Total General Revenues</i>	<u>6,684,445</u>	<u>6,246,867</u>	<u>0</u>	<u>0</u>	<u>6,684,445</u>	<u>6,246,867</u>
<i>Total Revenues</i>	<u>\$8,952,979</u>	<u>\$10,195,080</u>	<u>\$64,024</u>	<u>\$68,755</u>	<u>\$9,017,003</u>	<u>\$10,263,835</u>

(continued)

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Table 2
Change in Net Assets
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program Expenses:						
General Government	1,995,391	3,078,190	0	0	1,995,391	3,078,190
Security of Persons and Property	3,309,160	3,314,654	0	0	3,309,160	3,314,654
Public Health	591	4,576	0	0	591	4,576
Economic Development	400	7,935	0	0	400	7,935
Transportation	1,033,701	1,413,580	0	0	1,033,701	1,413,580
Interest and Fiscal Charges	248,233	234,683	0	0	248,233	234,683
Water Department	0	0	151,169	149,372	151,169	149,372
Sewer Operating	0	0	215,908	218,839	215,908	218,839
<i>Total Expenses</i>	<u>6,587,476</u>	<u>8,053,618</u>	<u>367,077</u>	<u>368,211</u>	<u>6,954,553</u>	<u>8,421,829</u>
<i>Increase (Decrease) in Net Assets before Transfers</i>	2,365,503	2,141,462	(303,053)	(299,456)	2,062,450	1,842,006
Transfers	<u>(201,193)</u>	<u>(201,193)</u>	<u>201,193</u>	<u>201,193</u>	<u>0</u>	<u>0</u>
<i>Change in Net Assets (Deficit)</i>	2,164,310	1,940,269	(101,860)	(98,263)	2,062,450	1,842,006
<i>Net Assets at Beginning of Year</i>	<u>12,107,008</u>	<u>10,166,739</u>	<u>75,431</u>	<u>173,694</u>	<u>12,182,439</u>	<u>10,340,433</u>
<i>Net Assets at End of Year (Deficit)</i>	<u>\$14,271,318</u>	<u>\$12,107,008</u>	<u>(\$26,429)</u>	<u>\$75,431</u>	<u>\$14,244,889</u>	<u>\$12,182,439</u>

Governmental Activities

Total revenues decreased \$1,242,101, or 12 percent. Program revenues, which are revenues that directly offset the cost of certain program expenses, decreased 43 percent. The majority of this decrease is due to the City no longer receiving grant monies on the completed Hoke Road project.

The largest revenue sources for the City are property taxes and municipal income taxes, accounting for 56 percent of total revenues. Property taxes revenue remained consistent with the prior year. Municipal income taxes increased \$350,701 due to Caterpillar Logistics beginning operations during 2011.

Expenses reported for Governmental Activities for 2011 decreased \$1.4 million compared with those reported for 2010 as there were certain construction related expenses incurred during 2010 which did not meet the City's capitalization policy; the majority of these expenses were reported within the general government function.

City of Clayton, Ohio
Management's Discussion and Analysis
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Business – Type Activities

The City's water and sewer operating system operations constitute the only business-type activities. Business-type activities are projects or funds in which revenues offset or nearly offset the costs of providing the services. Net assets of the business-type activities decreased \$101,860, due to depreciation expenses of \$162,352.

Expenses decreased \$1,134 due mainly to a decrease in maintenance costs associated with water testing and equipment repair in the Water Department.

THE CITY'S FUNDS

Major governmental funds for the City for 2011 are the General, Police, Street Department, Fire, and Capital Improvement Funds. These funds are reported using the modified accrual basis of accounting.

The General Fund balance increased \$1,300,538, which is a 51 percent increase. The increase in fund balance was mainly due to municipal income tax revenue, as a result of Caterpillar Logistics starting operations in 2011. Charges for services also increased due to nuisance property maintenance services and a full year of collections for real estate pre-sale inspections.

The Police Fund balance decreased \$13,342. Overall revenue decreased from 2010, due primarily to a decrease of \$35,623 in state and federal grants, while expenditure increased \$31,365. Expenditures exceeded revenues by \$213,192 and the City transferred \$199,850 from the General Fund to help offset expenditures.

The Street Department Fund had total revenues of \$569,308, mainly intergovernmental revenues in the form of State imposed gasoline taxes and motor vehicle license registration fees. Expenditures decreased 13 percent from 2010 due to a decrease in personal services and benefits totaling \$49,394. Transfers-in from the General Fund are also necessary to subsidize the activity in this fund. During 2011, the transfer amount was \$121,350, an increase of \$21,350 from 2010.

The Fire Fund had an increase in fund balance of \$126,415 during 2011. Revenues, primarily property taxes, increased \$77,098 and expenditures increased \$86,444.

The Capital Improvement Fund decreased \$131,346. The decrease in fund balance for 2011 is due to the Hoke Road project being completed in 2011.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund, program, personal services, and all other objects level.

During 2011, final estimated revenues were \$25,894 higher than original estimated revenues in the General Fund. Final appropriations and other financing uses were \$229,418 more than original appropriations and other financing uses.

City of Clayton, Ohio
Management's Discussion and Analysis
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Actual revenues of \$4,008,611 were higher than the final estimated budget basis revenues of \$3,436,493, resulting in a difference of \$572,118. The City received more estate tax than expected during 2011. Actual expenditures of \$1,962,932 were \$179,102 lower than final appropriations due to the City constantly analyzing expenditures during the year and exercising fiscal restraint.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2011, the City's book value of capital assets for governmental activities (net of accumulated depreciation) amounted to \$12,239,575. Additions included construction in progress, vehicles, furniture, fixtures and equipment and infrastructure. Deletions consisted of construction in progress, vehicles and furniture, fixtures and equipment. Overall assets of governmental activities (net of accumulated depreciation) increased \$447,135.

At December 31, 2011, the City's book value of capital assets for business-type activities (net of accumulated depreciation) amounted to \$7,076,587. Overall assets of business-type activities (net of accumulated depreciation) decreased \$162,352.

See Note 8 for more information about the City's capital assets at December 31, 2011.

Debt Administration

At December 31, 2011, the City's governmental activities had \$5,270,723 in general obligation bonds outstanding, \$215,000 of which is due within one year. The City's governmental activities had \$95,397 in a promissory note outstanding, \$216,187 in capital leases outstanding, \$12,303 and \$126,315 of which is due within one year, respectively. On February 9, 2011, the City retired the \$1,505,000 in bond anticipation notes.

At December 31, 2011, the City's business-type activities had \$7,317,970 in outstanding loans, \$78,546 of which is due within one year.

See Notes 12, 13 and 14 of the Basic Financial Statements for more detailed information.

CURRENT FINANCIAL ISSUES

The City of Clayton has continued to strive to maintain the fiscal position from 2010. The real estate taxes have showed signs of the economic times by having a decrease in collections. Delinquencies of refuse collection are also on the rise. The department heads have continued the fiscal restraint which ultimately led to the under spending of appropriations.

Also, the cash management and budgetary policies of the Department of Finance encourage the growth in fund carryovers. It is the intent of Council to only utilize current revenues to fund budgeted expenditures. These actions have aided the City in enduring the financial environment that existed during 2011.

The City experienced growth of new business construction in 2011. Caterpillar Logistics Inc., opened during the first quarter of 2011. Income taxes have seen an increase due to the related wages and will continue to see positive results once the facility is at full operational capacity as an estimated 600 people will be employed by Caterpillar Logistics Inc.

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

The City will be concentrating heavily on maintaining revenue sources while limiting expenses as 2012 begins in an effort to preserve services to the residents while operating in uncertain economic times.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kevin A. Schweitzer, CPA, Finance Director, City of Clayton, P.O. Box 280, Clayton, Ohio 45315.

City of Clayton, Ohio
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business- Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$5,912,958	\$204,561	\$6,117,519
Accrued Interest Receivable	7,891	0	7,891
Accounts Receivable	383,450	10,659	394,109
Municipal Income Taxes Receivable	1,051,289	0	1,051,289
Due from Other Governments	617,599	0	617,599
Prepaid Items	88,979	176	89,155
Other Local Taxes Receivable	52,541	0	52,541
Property Taxes Receivable	2,351,460	0	2,351,460
Increment Taxes Receivable	237,666	0	237,666
Deferred Charges	144,571	0	144,571
Special Assessments Receivable - Current	37,095	0	37,095
Special Assessments Receivable - Delinquent	5,207	0	5,207
Investment in Joint Venture	8,504	0	8,504
Nondepreciable Capital Assets	4,069,825	0	4,069,825
Depreciable Capital Assets, net	8,169,750	7,076,587	15,246,337
<i>Total Assets</i>	<u>23,138,785</u>	<u>7,291,983</u>	<u>30,430,768</u>
Liabilities:			
Accounts Payable	191,427	142	191,569
Accrued Wages Payable	46,791	0	46,791
Due to Other Governments	209,587	300	209,887
Deferred Revenue	2,460,996	0	2,460,996
Accrued Interest Payable	18,425	0	18,425
Long-Term Liabilities:			
Due Within One Year	495,956	78,546	574,502
Due in More Than One Year	5,444,285	7,239,424	12,683,709
<i>Total Liabilities</i>	<u>8,867,467</u>	<u>7,318,412</u>	<u>16,185,879</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt (Deficit)	6,887,562	(241,383)	6,646,179
Restricted for Capital Outlay	981,268	0	981,268
Restricted for Security of Persons and Property	684,543	0	684,543
Restricted for Transportation	595,428	0	595,428
Restricted for Public Health	24,332	0	24,332
Restricted for Legislative and Executive	528,728	0	528,728
Restricted for Economic Development	102,715	0	102,715
Unrestricted	4,466,742	214,954	4,681,696
<i>Total Net Assets (Deficit)</i>	<u>\$14,271,318</u>	<u>(\$26,429)</u>	<u>\$14,244,889</u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Activities
For the Year Ended December 31, 2011

	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions and Interest
Governmental Activities:			
General Government	\$1,995,391	\$717,170	\$47,215
Security of Persons and Property	3,309,160	483,120	454,260
Public Health	591	1,400	0
Economic Development	400	0	0
Transportation	1,033,701	3,150	562,219
Interest and Fiscal Charges	248,233	0	0
<i>Total Governmental Activities</i>	<u>6,587,476</u>	<u>1,204,840</u>	<u>1,063,694</u>
Business-Type Activities:			
Water Department	151,169	63,449	0
Sewer Operating	215,908	575	0
<i>Total Business-Type Activities</i>	<u>367,077</u>	<u>64,024</u>	<u>0</u>
Totals	<u><u>\$6,954,553</u></u>	<u><u>\$1,268,864</u></u>	<u><u>\$1,063,694</u></u>

General Revenues:

Property Taxes Levied For:
General Purposes
Police
Fire
EMS
Other Local Taxes
Increment Taxes
Municipal Income Taxes Levied For:
General Purposes
Capital Outlay
Grants and Entitlements not
Restricted to Specific Programs
Investment Income
Investment in Joint Venture
Other
Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year (Deficit)

See accompanying notes to the basic financial statements

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
(\$1,231,006)	\$0	(\$1,231,006)
(2,371,780)	0	(2,371,780)
809	0	809
(400)	0	(400)
(468,332)	0	(468,332)
(248,233)	0	(248,233)
<u>(4,318,942)</u>	<u>0</u>	<u>(4,318,942)</u>
0	(87,720)	(87,720)
<u>0</u>	<u>(215,333)</u>	<u>(215,333)</u>
0	(303,053)	(303,053)
<u>(4,318,942)</u>	<u>(303,053)</u>	<u>(4,621,995)</u>
369,143	0	369,143
1,224,218	0	1,224,218
799,508	0	799,508
179,947	0	179,947
266,767	0	266,767
327,951	0	327,951
1,651,397	0	1,651,397
826,382	0	826,382
923,046	0	923,046
37,286	0	37,286
84	0	84
78,716	0	78,716
(201,193)	201,193	0
<u>6,483,252</u>	<u>201,193</u>	<u>6,684,445</u>
2,164,310	(101,860)	2,062,450
<u>12,107,008</u>	<u>75,431</u>	<u>12,182,439</u>
<u>\$14,271,318</u>	<u>(\$26,429)</u>	<u>\$14,244,889</u>

City of Clayton, Ohio
Balance Sheet
Governmental Funds
December 31, 2011

	General	Police	Street Department
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,412,025	\$71,762	\$39,408
Receivables:			
Property Taxes	330,120	1,129,192	0
Other Local Taxes	44,835	0	0
Municipal Income Taxes	695,090	0	0
Increment Taxes	0	0	0
Interfund	323,000	0	0
Accounts	205,095	0	1,480
Special Assessments - Current	0	0	0
Special Assessments - Delinquent	0	0	0
Accrued Interest	7,312	0	47
Due from Other Governments	146,825	111,796	253,848
Prepaid Items	25,236	24,388	14,646
<i>Total Assets</i>	<u>\$5,189,538</u>	<u>\$1,337,138</u>	<u>\$309,429</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$43,545	\$22,754	\$4,985
Interfund Payable	0	198,000	0
Accrued Wages Payable	9,420	17,895	6,414
Due to Other Governments	20,256	62,696	16,757
Deferred Revenue	1,289,515	1,232,632	210,620
<i>Total Liabilities</i>	<u>1,362,736</u>	<u>1,533,977</u>	<u>238,776</u>
Fund Balances:			
Nonspendable	25,236	24,388	14,646
Restricted	0	0	56,007
Assigned	57,008	0	0
Unassigned (Deficit)	3,744,558	(221,227)	0
<i>Total Fund Balances (Deficit)</i>	<u>3,826,802</u>	<u>(196,839)</u>	<u>70,653</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,189,538</u>	<u>\$1,337,138</u>	<u>\$309,429</u>

See accompanying notes to the basic financial statements

Fire	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$362,579	\$722,445	\$1,304,739	\$5,912,958
716,294	0	175,854	2,351,460
0	0	7,706	52,541
0	356,199	0	1,051,289
0	0	237,666	237,666
0	0	0	323,000
0	0	176,875	383,450
0	0	37,095	37,095
0	0	5,207	5,207
103	0	429	7,891
67,642	0	37,488	617,599
15,465	0	9,244	88,979
<u>\$1,162,083</u>	<u>\$1,078,644</u>	<u>\$1,992,303</u>	<u>\$11,069,135</u>
\$14,055	\$97,376	\$8,712	\$191,427
100,000	0	25,000	323,000
13,062	0	0	46,791
13,490	0	96,388	209,587
784,039	297,273	660,235	4,474,314
<u>924,646</u>	<u>394,649</u>	<u>790,335</u>	<u>5,245,119</u>
15,465	0	9,244	88,979
221,972	683,995	1,092,724	2,054,698
0	0	100,000	157,008
0	0	0	3,523,331
<u>237,437</u>	<u>683,995</u>	<u>1,201,968</u>	<u>5,824,016</u>
<u>\$1,162,083</u>	<u>\$1,078,644</u>	<u>\$1,992,303</u>	<u>\$11,069,135</u>

City of Clayton, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2011*

Total Governmental Fund Balances \$5,824,016

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital Assets:

Land	4,069,825
Depreciable Capital Assets	12,891,982
Accumulated Depreciation	<u>(4,722,232)</u>

Total 12,239,575

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.

Deferred Charges	144,571
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The investment in joint venture represents the City's equity interest in the Joint Economic Development District. The equity interest is not a financial resource and therefore not presented in the funds

8,504

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

Property Taxes	34,591
Increment Taxes	61,427
Other Local Taxes	76,947
Municipal Income Taxes	874,333
Intergovernmental	543,015
Special Assessments	42,302
Charges for Services	375,437
Accrued Interest	<u>5,266</u>

Total 2,013,318

In the Statement of Activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due

Accrued Interest Payable	(18,425)
--------------------------	----------

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Premium on Debt Issued	(130,383)
General Obligation Bonds	(5,270,723)
Promisory Note	(95,397)
Capital Leases Payable	(216,187)
Compensated Absences Payable	<u>(227,551)</u>

Total (5,940,241)

Net Assets of Governmental Activities \$14,271,318

See accompanying notes to the basic financial statements

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City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Police	Street Department
Revenues:			
Property Taxes	\$376,276	\$1,247,770	\$0
Increment Taxes	0	0	0
Other Local Taxes	232,613	0	0
Municipal Income Taxes	1,528,979	0	0
Intergovernmental	996,122	227,728	540,144
Charges for Services	707,241	5,175	2,830
Licenses and Permits	30,925	0	0
Fines and Forfeitures	0	15,333	0
Contributions and Donations	0	0	0
Investment Income	32,438	0	168
Special Assessments	0	0	0
Impact Fees	973	0	0
Other	15,510	6,400	26,166
<i>Total Revenues</i>	<u>3,921,077</u>	<u>1,502,406</u>	<u>569,308</u>
Expenditures:			
Current:			
General Government	1,850,780	0	0
Security of Persons and Property	0	1,715,335	0
Public Health	0	0	0
Economic Development	0	0	0
Transportation	0	0	687,862
Capital Outlay	34,111	263	8,176
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>1,884,891</u>	<u>1,715,598</u>	<u>696,038</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,036,186</u>	<u>(213,192)</u>	<u>(126,730)</u>
Other Financing Sources (Uses):			
Notes Issued	0	0	0
Transfers-In	0	199,850	121,350
Transfers-Out	(735,648)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(735,648)</u>	<u>199,850</u>	<u>121,350</u>
<i>Net Change in Fund Balances</i>	1,300,538	(13,342)	(5,380)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>2,526,264</u>	<u>(183,497)</u>	<u>76,033</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$3,826,802</u></u>	<u><u>(\$196,839)</u></u>	<u><u>\$70,653</u></u>

See accompanying notes to the basic financial statements

Fire	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$814,663	\$0	\$183,355	\$2,622,064
0	0	327,951	327,951
0	0	102,622	335,235
0	763,319	0	2,292,298
196,676	0	105,788	2,066,458
0	0	319,770	1,035,016
0	0	0	30,925
0	0	1,524	16,857
425	0	0	425
9	0	1,592	34,207
0	0	68,284	68,284
0	1,409	0	2,382
11,973	15,356	3,311	78,716
1,023,746	780,084	1,114,197	8,910,818
0	588,783	55,351	2,494,914
827,420	0	583,889	3,126,644
0	0	591	591
0	0	400	400
0	0	164,001	851,863
69,911	142,536	30,965	285,962
0	214,660	140,000	354,660
0	60,848	168,438	229,286
897,331	1,006,827	1,143,635	7,344,320
126,415	(226,743)	(29,438)	1,566,498
0	95,397	0	95,397
0	0	213,255	534,455
0	0	0	(735,648)
0	95,397	213,255	(105,796)
126,415	(131,346)	183,817	1,460,702
111,022	815,341	1,018,151	4,363,314
\$237,437	\$683,995	\$1,201,968	\$5,824,016

City of Clayton, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011*

Net Change in Fund Balances - Total Governmental Funds \$1,460,702

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 as depreciation expense. In the current period, these amounts are:

Capital Outlay	1,101,899	
Depreciation	(638,646)	
Excess of Capital Outlay over Depreciation Expense		463,253

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.

Loss on Disposal of Capital Assets		(16,118)
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The City's share of the income or loss of the Joint Economic Development District is presented as an addition to or a reduction of the equity interest in the Statement of Activities.

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Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

General Obligation Bonds Payable	215,000	
Capital Leases Payable	139,660	
		354,660

Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts:

Property Taxes	(49,248)	
Other Local Taxes	(68,468)	
Municipal Income Taxes	185,481	
Intergovernmental	(82,330)	
Special Assessments	(2,759)	
Charges for Services	54,135	
Accrued Interest	5,266	
		42,077

The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Assets, the debt is reported as a liability.

Promissory Note Issued		(95,397)
------------------------	--	----------

In the Statement of Activities, interest accrued on outstanding bonds and bond accretion, bond premium, and bond issuance costs are amortized over the terms of the bonds, whereas in the governmental funds the expenditure is reported when the bonds are issued:

Net Decrease in Accrued Interest	329	
Accretion of Capital Appreciation Bonds	(18,527)	
Amortization of Premium on General Obligation Bonds	6,997	
Net Amortization of Bond Issuance Costs (Deferred Charges)	(7,746)	
		(18,947)

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Increase in Compensated Absences		(26,004)
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Change in Net Assets of Governmental Activities \$2,164,310

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$396,986	\$400,000	\$376,276	(\$23,724)
Other Local Taxes	104,209	105,000	232,613	127,613
Municipal Income Taxes	1,463,390	1,474,500	1,484,378	9,878
Intergovernmental	692,348	697,604	1,106,239	408,635
Charges for Services	715,319	720,750	707,241	(13,509)
Licenses and Permits	10,211	10,289	30,675	20,386
Investment Income	5,458	5,500	52,954	47,454
Other	22,678	22,850	18,235	(4,615)
<i>Total Revenues</i>	3,410,599	3,436,493	4,008,611	572,118
Expenditures:				
Current:				
General Government	2,007,931	2,142,034	1,962,932	179,102
<i>Excess of Revenues Over Expenditures</i>	1,402,668	1,294,459	2,045,679	751,220
Other Financing Uses:				
Transfers-Out	(1,079,185)	(1,174,500)	(710,648)	463,852
<i>Net Change in Fund Balance</i>	323,483	119,959	1,335,031	1,215,072
<i>Fund Balance at Beginning of Year</i>	1,942,533	1,942,533	1,942,533	0
<i>Prior Year Encumbrances Appropriated</i>	75,997	75,997	75,997	0
<i>Fund Balance at End of Year</i>	\$2,342,013	\$2,138,489	\$3,353,561	\$1,215,072

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$1,232,020	\$1,256,453	\$1,247,770	(\$8,683)
Intergovernmental	208,858	213,000	221,930	8,930
Charges for Services	1,226	1,250	4,792	3,542
Fines and Forfeitures	14,708	15,000	14,853	(147)
Other	3,187	3,250	6,480	3,230
<i>Total Revenues</i>	1,459,999	1,488,953	1,495,825	6,872
Expenditures:				
Current:				
Security of Persons and Property	1,922,032	1,930,532	1,785,303	145,229
<i>Excess of Revenues Under Expenditures</i>	(462,033)	(441,579)	(289,478)	152,101
Other Financing Sources:				
Transfers-In	302,501	308,500	174,850	(133,650)
<i>Net Change in Fund Balance</i>	(159,532)	(133,079)	(114,628)	18,451
<i>Fund Balance at Beginning of Year</i>	61,009	61,009	61,009	0
<i>Prior Year Encumbrances Appropriated</i>	72,070	72,070	72,070	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$26,453)</u>	<u>\$0</u>	<u>\$18,451</u>	<u>\$18,451</u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Department Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$457,480	\$510,000	\$542,267	\$32,267
Licenses and Permits	561	625	1,670	1,045
Investment Income	359	400	301	(99)
Other	14,352	16,000	26,166	10,166
<i>Total Revenues</i>	472,752	527,025	570,404	43,379
Expenditures:				
Current:				
Transportation	858,904	844,820	734,811	110,009
<i>Excess of Revenues Under Expenditures</i>	(386,152)	(317,795)	(164,407)	153,388
Other Financing Sources:				
Transfers-In	224,973	250,800	121,350	(129,450)
<i>Net Change in Fund Balance</i>	(161,179)	(66,995)	(43,057)	23,938
<i>Fund Balance at Beginning of Year</i>	43,570	43,570	43,570	0
<i>Prior Year Encumbrances Appropriated</i>	23,426	23,426	23,426	0
<i>Fund Balance (Deficit) at End of Year</i>	(\$94,183)	\$1	\$23,939	\$23,938

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$724,087	\$810,000	\$814,663	\$4,663
Intergovernmental	186,689	208,839	196,676	(12,163)
Contributions and Donations	0	0	425	425
Other	0	4,712	6,345	1,633
<i>Total Revenues</i>	<u>910,776</u>	<u>1,023,551</u>	<u>1,018,109</u>	<u>(5,442)</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>887,717</u>	<u>1,006,016</u>	<u>975,243</u>	<u>30,773</u>
<i>Excess of Revenues Over Expenditures</i>	<u>23,059</u>	<u>17,535</u>	<u>42,866</u>	<u>25,331</u>
Other Financing Sources:				
Proceeds from Sale of Capital Assets	5,006	5,600	5,628	28
Transfers-In	<u>41,567</u>	<u>46,500</u>	<u>0</u>	<u>(46,500)</u>
<i>Total Other Financing Sources</i>	<u>46,573</u>	<u>52,100</u>	<u>5,628</u>	<u>(46,472)</u>
<i>Net Change in Fund Balance</i>	69,632	69,635	48,494	(21,141)
<i>Fund Balance at Beginning of Year</i>	248,827	248,827	248,827	0
<i>Prior Year Encumbrances Appropriated</i>	<u>30,228</u>	<u>30,228</u>	<u>30,228</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$348,687</u></u>	<u><u>\$348,690</u></u>	<u><u>\$327,549</u></u>	<u><u>(\$21,141)</u></u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Fund Net Assets
Enterprise Funds
December 31, 2011

	Water Department	Sewer Operating	Total
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$114,321	\$90,240	\$204,561
Receivables:			
Accounts	10,659	0	10,659
Prepaid Items	176	0	176
<i>Total Current Assets</i>	125,156	90,240	215,396
Non-current Assets:			
Depreciable Capital Assets, Net	3,698,503	3,378,084	7,076,587
<i>Total Assets</i>	3,823,659	3,468,324	7,291,983
Liabilities:			
Current:			
Accounts Payable	142	0	142
Due to Other Governments	300	0	300
OWDA Loan Payable	0	78,546	78,546
<i>Total Current Liabilities</i>	442	78,546	78,988
Long-Term Liabilities:			
Loan Payable	4,232,359	0	4,232,359
OWDA Loan Payable	0	3,007,065	3,007,065
<i>Total Long-Term Liabilities</i>	4,232,359	3,007,065	7,239,424
<i>Total Liabilities</i>	4,232,801	3,085,611	7,318,412
Net Assets:			
Invested in Capital Assets, Net of Related Debt (Deficit)	(533,856)	292,473	(241,383)
Unrestricted	124,714	90,240	214,954
<i>Total Net Assets (Deficit)</i>	(\$409,142)	\$382,713	(\$26,429)

See accompanying notes to the basic financial statements

City of Clayton, Ohio
*Statement of Revenues, Expenses and
Changes in Fund Net Assets
Enterprise Funds
For the Year Ended December 31, 2011*

	Water Department	Sewer Operating	Total
Operating Revenues:			
Charges for Services	\$62,761	\$0	\$62,761
Tap-In Fees	76	0	76
Impact Fees	612	575	1,187
<i>Total Operating Revenues</i>	<u>63,449</u>	<u>575</u>	<u>64,024</u>
Operating Expenses:			
Personal Services	30,643	0	30,643
Contractual Services	1,558	0	1,558
Materials and Supplies	46,827	0	46,827
Depreciation	72,141	90,211	162,352
<i>Total Operating Expenses</i>	<u>151,169</u>	<u>90,211</u>	<u>241,380</u>
<i>Operating Loss</i>	(87,720)	(89,636)	(177,356)
Non-Operating Expenses:			
Interest and Fiscal Charges	0	(125,697)	(125,697)
Net Loss Before Transfers	(87,720)	(215,333)	(303,053)
Transfers-In	0	201,193	201,193
<i>Change in Net Assets</i>	(87,720)	(14,140)	(101,860)
<i>Net Assets (Deficit) at Beginning of Year</i>	<u>(321,422)</u>	<u>396,853</u>	<u>75,431</u>
<i>Net Assets (Deficit) at End of Year</i>	<u><u>(\$409,142)</u></u>	<u><u>\$382,713</u></u>	<u><u>(\$26,429)</u></u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2011

	Water Department	Sewer Operating	Total
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received From Customers	\$69,370	\$575	\$69,945
Cash Payments for Employee Services and Benefits	(30,932)	0	(30,932)
Cash Payments to Suppliers	(48,243)	0	(48,243)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(9,805)	575	(9,230)
Cash Flows from Noncapital Financing Activities:			
Transfers-In	0	201,193	201,193
Cash Flows from Capital and Related Financing Activities:			
Loan Principal Payments	0	(75,496)	(75,496)
Loan Interest Payments	0	(125,697)	(125,697)
<i>Net Cash Used for Capital and Related Financing Activities</i>	0	(201,193)	(201,193)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(9,805)	575	(9,230)
<i>Cash and Cash Equivalents at Beginning of Year</i>	124,126	89,665	213,791
<i>Cash and Cash Equivalents at End of Year</i>	\$114,321	\$90,240	\$204,561
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:			
Operating Loss	(\$87,720)	(\$89,636)	(\$177,356)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	72,141	90,211	162,352
Decrease in Accounts Receivable	5,921	0	5,921
Increase in Accounts Payable	142	0	142
Increase in Due to Other Governments	58	0	58
Decrease in Accrued Wages Payable	(347)	0	(347)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$9,805)	\$575	(\$9,230)

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2011

	Janice Paulus Fire Victim	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$10,996	\$75,610
Liabilities:		
Due to Other Governments	0	56,944
Undistributed Monies	0	18,666
<i>Total Liabilities</i>	0	\$75,610
Net Assets:		
Held in Trust for Private Purposes	\$10,996	

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Year Ended December 31, 2011

	<u>Janice Paulus Fire Victim</u>
Additions:	
Investment Earnings	\$346
Deductions:	<u>0</u>
<i>Change in Net Assets</i>	346
<i>Net Assets at Beginning of Year</i>	<u>10,650</u>
<i>Net Assets at End of Year</i>	<u><u>\$10,996</u></u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Clayton (The “City”) was formed January 1, 1998, as a result of a merger approved by the voters of Randolph Township and the Village of Clayton in an election held November 1997. Randolph Township was founded in 1802 from the original Elizabeth Township. The Village of Clayton was incorporated in 1942. The newly merged City continued as a statutory village until the 1998 General Election when Clayton became a city. The voters of the City approved a charter in May 1999 under which the City continues to operate.

The City charter calls for a Council-Manager form of government. The Council consists of seven members: a Mayor, three at-large Council members and three ward representatives. The City elects the three ward representatives in one election cycle, with the Mayor and the at-large members elected two years later. They serve as the legislative body and are governed by the provisions of the charter. All council members, including the Mayor, are elected to four year terms.

The Council, by majority vote, appoints the City Manager who serves as chief executive officer. The City Manager is responsible for appointing and removing all other full and part-time City employees.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, and activities that are not legally separate from the City. They comprise the City’s legal entity which provides various services including police, fire, emergency medical, planning and zoning, street construction, maintenance and repair, administrative services, water services and the introduction of sewer services. Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization’s budget, the issuance of its debt or the levying of its taxes. The City has no component units.

The City participates in the Clay Township-City of Clayton Joint Economic Development District (the “District”) with Clay Township, which is defined as a joint venture. A joint venture is a legal entity or other organization that results from a contractual arrangement, and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility. This organization is presented in Note 17 to the Basic Financial Statements.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY (continued)

The City participates in two jointly governed organizations, the Miami Valley Regional Planning Commission and the Economic Development/Government Equity Program. A jointly governed organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. These organizations are presented in Note 18 to the Basic Financial Statements.

The City participates in one risk sharing pool, the Ohio Plan. This organization is presented in Note 19 to the Basic Financial Statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Clayton have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City does not apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities or enterprise funds. The more significant of the City's accounting policies are described below.

Basis of Presentation

The City's Basic Financial Statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business segment is self-financing or draws from the general revenues of the City.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary Funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the City: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund – The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Police Fund – The Police Fund is used to account for and report revenues received from a City-wide voted property tax levy and fines and forfeitures that are restricted to expenditures of the police department.

Street Department Fund – The Street Department Fund is used to account for and report that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the City.

Fire Fund – The Fire Fund is used to account for and report revenues received from a City-wide voted property tax levy restricted to expenditures of the fire department.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Improvement Fund – The Capital Improvement Fund is used to account for and report the portion of the voted municipal income tax, restricted for improving, constructing, maintaining, and purchasing those items necessary to enhance the operation of the City.

The other governmental funds of the City account for grants and other resources whose use is restricted, committed, or assigned for a particular purpose.

Proprietary Funds

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. The City's proprietary funds are two enterprise funds.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Department Fund – This fund is used to account for revenue received from user charges for water services provided to certain residents and businesses within the City.

Sewer Operating Fund – This fund is used to account for revenue received from user charges for sewer services provided to certain residents and businesses within the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds are to be used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is a private purpose trust fund which accounts for a bequest to aid needy families who experience a fire or other calamity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has three agency funds. One accounts for fees collected for Montgomery County, the City of Dayton, and the City of Clayton from individuals who develop land within the Clayton Improvement District for the purpose of expanding and upgrading water, sanitary sewer, road, and municipal park systems and related infrastructure improvements due to the land development. The second agency fund accounts for collecting and distributing the Clay Township-City of Clayton Joint Economic Development District income taxes for which the City is fiscal agent. The third agency fund accounts for insurance proceeds arising from destruction by fire of an insured building or structure for providing the municipality with security for the expenses in removing, repairing or securing the building or structure.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its enterprise activities.

The Private Purpose Trust Fund is reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; the enterprise and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 31 days of year-end.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, municipal income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from municipal income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: municipal income taxes, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance) fines and forfeitures, and grants.

Deferred Revenue

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but were levied to finance 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During 2011, the City invested in the following: State Treasury Asset Reserve of Ohio (STAROhio), Federal Home Loan Mortgage Corporation Bonds, Americredit Auto, CFRE Commercial Mortgage, CNH Equipment, Commercial Mortgage, CSFB Commercial Mortgage, Federal Farm Credit Bank Debenture, Federal Home Loan Debenture, Federal Home Loan Mortgage Corporation REMIC Series, Federal National Mortgage Association REMIC Trust, Ford Credit, GE Capital, Government National Mortgage Association REMIC Trust, Honda Auto, Hyundai Auto, JP Morgan Chase, Petrodrill Four Limited, Private Export Funding, Tennessee Valley Authority, and U.S. Treasury Notes.

The City has invested in the State Treasury Asset Reserve of Ohio (STAROhio) during 2011. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value per share which is the price the investment could be sold at December 31, 2011.

The City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2011 amounted to \$32,438, which includes \$16,795 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

Interfund Receivables/Payables

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Receivable" and "Interfund Payable". Interfund balances are eliminated on the government-wide Statement of Net Assets.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

General capital assets are capital assets that are associated with and generally rise from governmental activities. They usually result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide Statement of Net Assets and in the respective funds.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values on the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	30-40 years
Improvements Other Than Buildings	10 years
Vehicles	5-25 years
Furniture, Fixtures and Equipment	2-20 years
Infrastructure	10-60 years

The City's infrastructure system consists of streets, curbs, gutters, sidewalks, street lights, and water and sewer lines. General infrastructure assets acquired prior to January 1, 2004 are not reported in the Basic Financial Statements. General infrastructure assets include all streets and other infrastructure assets acquired subsequent to January 1, 2004.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term bonds, notes, and capital leases are recognized as liabilities on the governmental fund financial statements when due.

Compensated Absences

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation and compensatory time when earned for all employees with more than one year of service.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after 10 years of service with the City.

Bond Premium/Issuance Costs

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line (bonds outstanding) method, which approximates the effective interest method. Bond premiums are presented as additions/reductions to the face amount of bonds payable. Issuance costs are amortized on a straight-line basis over the term of the bonds and are reported as deferred charges.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the period when the debt is issued.

As permitted by State statute, the City paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. The nonspendable fund balances for the City includes prepaid items.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted – The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Council. Those committed amounts cannot be used for any other purpose unless Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The City had no committed fund balance.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Council or a City official delegated that authority by City charter or ordinance.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, these revenues are charges for services for water and sewer services. Operating expenses are the necessary costs incurred to provide the services that are the primary activities of these funds. Revenues and expenses that do not meet these definitions are reported as non-operating.

Estimates

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

Budgetary Process

All funds, other than the agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control has been established by Council at the fund, program, personal services and all other objects level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations of a fund cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year, including all supplemental appropriations.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, and results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis) for the General, Police, Street Department, and Fire Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Cash is held by the agency fund on behalf of the City on a budget basis and allocated and reported on the balance sheet (GAAP basis) in the appropriate City funds.
5. Transfers-In and Transfers-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Investments are reported at fair value (GAAP basis) rather than at cost (budget basis).

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (continued)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

	Net Change in Fund Balance			
	General	Police	Street Department	Fire
GAAP Basis	\$1,300,538	(\$13,342)	(\$5,380)	\$126,415
Revenue Accruals	109,438	(6,581)	1,245	(18)
Expenditure Accruals	(10,284)	(16,394)	(23,155)	(42,891)
Encumbrances	(67,757)	(53,311)	(15,618)	(35,021)
Agency Fund Allocation 2011	13,584	0	0	0
Agency Fund Allocation 2010	(12,611)	0	0	0
Change in Value of Investments	(22,877)	0	(149)	9
Transfers	25,000	(25,000)	0	0
Budget Basis	<u>\$1,335,031</u>	<u>(\$114,628)</u>	<u>(\$43,057)</u>	<u>\$48,494</u>

NOTE 4 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the City's Treasury. Active monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Interim monies held by the City may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Commercial paper and bankers acceptances if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2); and
7. The State Treasurer's investment pool (STAROhio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2011, the City had the following investments:

	Fair Value	Investment Maturities (in Years)		Percentage of Total Investments	S&P/ Moody's Ratings	Call Date
		Less than 1	More than 1			
STAROhio	\$480,797	\$480,797	\$0	-	AAAm	-
Federal Home Loan Mortgage Corporation						
Bonds	10,019	0	10,019	-	Aaa	3/15/12
Americredit Auto	19,968	0	19,968	-	Aaa	-
CFRE Comercial Mortgage	21,987	0	21,987	-	Aaa	-
CNH Equipment	54,927	0	54,927	-	AAA	-
Commercial Mortgage	20,711	0	20,711	-	Aaa	-
CSFB Commercial Mortgage	19,839	0	19,839	-	Aaa	-
Federal Farm Credit Bank Debenture	131,794	0	131,794	5.11%	Aaa	-
Federal Home Loan Bank Debenture	107,688	0	107,688	-	Aaa	-
Federal Home Loan Mortgage Corporation REMIC Series	479,218	0	479,218	18.57%	not rated	-
Federal National Mortgage Association REMIC Trust	254,936	0	254,936	9.88%	not rated	-
Ford Credit	21,956	0	21,956	-	Aaa	-
GE Capital	21,331	0	21,331	-	Aaa	-
Government National Mortgage Association REMIC Trust	204,552	0	204,552	7.93%	not rated	-
Honda Auto	20,988	0	20,988	-	Aaa	-
Hyundai Auto	25,042	0	25,042	-	Aaa	-
JP Morgan Chase	148,765	127,339	21,426	5.76%	Aaa	-
Petrodrill Four Limited	\$31,289	\$0	\$31,289	-	not rated	-

(continued)

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

	(Continued)					
	Fair Value	Investment Maturities (in Years)		Percentage of Total Investments	S&P/ Moody's Ratings	Call Date
		Less than 1	More than 1			
Private Export Funding Tennessee Valley Authority	\$214,409	\$0	\$214,409	8.31%	Aaa	-
US Treasury Notes	84,376	0	84,376	-	Aaa	-
Totals	<u>\$2,581,051</u>	<u>\$608,136</u>	<u>\$1,972,915</u>	8.00%	-	-

The City has money on deposit with their bank to use for investment purposes. The bank purchased several investments that do not comply with the investment policy that was established by Council. As of the end of April 2012, these investments have been disposed of and the bank is now compliant with the City's policy.

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that the investment portfolio remain sufficiently liquid to enable the City to meet all operating requirements by investing in an adequate amount of short-term investments in the portfolio to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily.

Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy limits investments to those authorized by State statute. State statute only addresses credit risk by limiting the investments that may be purchased to those offered by specifically identified issuers. See the table above for the investment ratings.

Concentration of Credit Risk

The City has no policy placing a limit on the amount it may invest in any one financial institution. The percentage that each investment represents of total investments is listed in the above table.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes were levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2011, was \$12.78 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>	<u>Percent</u>
Real Property	\$266,088,650	98.11%
Public Utility Personal	5,121,640	1.89%
Totals	<u>\$271,210,290</u>	<u>100.00%</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Clayton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2011, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as revenue while on the modified accrual basis the revenue has been deferred.

NOTE 6 – MUNICIPAL INCOME TAX

The City levies a municipal income tax of 1.5 percent on all salaries, wages, commissions, other compensation and net profits earned within the City as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 6 – MUNICIPAL INCOME TAX (continued)

Income tax proceeds are distributed to the General Fund and the Capital Improvement Fund as required by a City ordinance.

NOTE 7 – RECEIVABLES

Receivables at December 31, 2011, consisted of property taxes, other local taxes, municipal income taxes, increment taxes, interfund, accounts, special assessments, interest and amounts due from other governments arising from grants, entitlements and shared revenues. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, income taxes, increment taxes, and special assessments. Property, income, and increment taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. In the business-type activities, the water line tap-in fees are assessed. Special assessments expected to be collected within one year in the Street Lights Fund amount to \$37,095. The City has \$5,207 of delinquent special assessments at December 31, 2011.

A summary of the principal items of amounts due from other governments follows:

<u>Governmental Activities:</u>	<u>Amount</u>
Local Government	\$117,228
Homestead Exemption and Rollbacks	210,325
Gasoline Tax	228,547
Motor Vehicle Tax	46,783
FEMA Grant	3,095
Northmont School District	383
City of Dayton	8,093
Bullet Proof Vest Grant	3,145
Total Due from Other Governments	<u><u>\$617,599</u></u>

Increment Taxes Receivable

The City granted real property tax exemptions to landowners for improvements made to their properties. The City requires the owners to make an annual payment to the City in lieu of taxes in the amount that would be payable on the increase in the value of the property if not for the exemption. The City then uses these monies to pay for public infrastructure improvements benefiting the owners. Additional payments are made to the School District since it is impacted by the tax exemption for a period of up to 30 years. The City accrues a receivable for the amounts measurable at December 31, 2011. The City is not able to measure the receivable for all future payments because the payments are based upon projected tax collections.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 8 – CAPITAL ASSETS

Changes in general capital assets during the year ended December 31, 2011, were as follows:

	<u>Balance At</u> <u>12/31/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance At</u> <u>12/31/2011</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$4,069,825	\$0	\$0	\$4,069,825
Construction in Progress	2,007,770	345,742	(2,353,512)	0
Total Capital Assets, Not Being Depreciated	6,077,595	345,742	(2,353,512)	4,069,825
Depreciable Capital Assets:				
Buildings	1,475,170	0	0	1,475,170
Improvements Other Than Buildings	100,332	0	0	100,332
Vehicles	2,852,665	61,121	(17,341)	2,896,445
Furniture, Fixtures and Equipment	1,099,681	156,152	(25,793)	1,230,040
Infrastructure	4,297,599	2,892,396	0	7,189,995
Total Depreciable Capital Assets	9,825,447	3,109,669	(43,134)	12,891,982
Less Accumulated Depreciation:				
Buildings	(1,210,494)	(25,788)	0	(1,236,282)
Improvements Other Than Buildings	(38,787)	(4,744)	0	(43,531)
Vehicles	(1,300,103)	(165,955)	17,341	(1,448,717)
Furniture, Fixtures and Equipment	(723,855)	(74,725)	9,675	(788,905)
Infrastructure	(837,363)	(367,434)	0	(1,204,797)
Total Accumulated Depreciation	(4,110,602)	(638,646)	27,016	(4,722,232)
Depreciable Capital Assets, Net	5,714,845	2,471,023	(16,118)	8,169,750
Governmental Activities Capital Assets, Net	\$11,792,440	\$2,816,765	(\$2,369,630)	\$12,239,575

Capital assets activity of the business-type activities for the year ended December 31, 2011, was as follows:

	<u>Balance at</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/11</u>
Business-Type Activities:				
Depreciable Capital Assets:				
Infrastructure	\$8,261,897	\$0	\$0	\$8,261,897
Less Accumulated Depreciation:				
Infrastructure	(1,022,958)	(162,352)	0	(1,185,310)
Business-Type Activities Capital Assets, Net	\$7,238,939	(\$162,352)	\$0	\$7,076,587

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 8 – CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental programs as follows:

General Government	\$42,830
Security of Persons and Property	169,269
Transportation	<u>426,547</u>
Total Depreciation Expense	<u><u>\$638,646</u></u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 9 – DEFINED BENEFIT PENSION PLANS (continued)

The City's 2011 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$166,415, \$163,072, and \$158,828, respectively. For 2011, 88.58 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$3,778 made by the City and \$2,699 made by plan members.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$57,565 and \$71,286 for the year ended December 31, 2011, \$58,099 and \$82,865 for the year ended December 31, 2010, and \$46,927 and \$72,169 for the year ended December 31, 2009, respectively. For 2011, 68.99 percent for police and 67.66 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

NOTE 10 – POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 10 – POST-EMPLOYMENT BENEFITS (continued)

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$69,000, \$94,013, and \$93,387, respectively. For 2011, 88.58 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 10 – POST-EMPLOYMENT BENEFITS (continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 10 – POST-EMPLOYMENT BENEFITS (continued)

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$30,476 and \$27,895 for the year ended December 31, 2011, \$30,758 and \$32,425 for the year ended December 31, 2010, and \$24,844 and \$28,240 for the year ended December 31, 2009. For 2011, 68.99 percent has been contributed for police and 67.66 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

NOTE 11 – OTHER EMPLOYEE BENEFITS

Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Compensated Absences

City employees earn vacation leave at varying rates based upon length of service up to a maximum of 320 hours. Upon departure from City employment, an employee (or their estate) will be paid for unused vacation leave.

City employees earn sick leave at the rate of one and one-fourth days per month. In the case of retirement, employees with 10 years of service with the City will be paid one hour of pay for each four hours of their accumulated sick leave up to a payment of 240 hours, based on the union agreements and the City's personnel policy.

City employees can also earn compensatory time. Compensatory time is paid at one and one-half times an employee's regular rate. Employees with time remaining upon termination of their employment will be paid for any unused compensatory time.

Insurance

Medical/surgical and vision benefits are provided to full-time City employees through United Health Care. The City pays 100 percent of the single plan monthly premiums and 90 percent of the additional cost of the family plan premiums. Police and fire employees pay seven percent of the cost of all plans offered by the City. The premium varies with each employee depending on the plan and coverage selected. Life insurance is provided through Anthem Life. All employees of the City receive \$50,000 in life insurance. Group dental insurance is provided through Dental Care Plus.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 12 – CAPITAL LEASES – LESSEE DISCLOSURE

In prior years, the City entered into lease agreements for the purchase of equipment and vehicles. Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases"*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by leases have been capitalized in the Statement of Net Assets for governmental activities in the amount of \$907,578. A corresponding liability was recorded on the Statement of Net Assets for governmental activities. Principal payments in 2011 totaled \$139,660.

The assets acquired through capital leases are as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value December 31, 2011</u>
Asset:			
Furniture, Fixtures and Equipment	\$260,000	(\$129,152)	\$130,848
Vehicles	647,578	(143,347)	504,231
Total	<u>\$907,578</u>	<u>(\$272,499)</u>	<u>\$635,079</u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2011.

<u>December 31,</u>	<u>Total Payments</u>
2012	\$134,990
2013	32,245
2014	32,245
2015	32,245
Total	<u>231,725</u>
Less: Amount Representing Interest	<u>(15,538)</u>
Present Value of Minimum Lease Payments	<u>\$216,187</u>

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 13 – LONG-TERM OBLIGATIONS

Changes in long-term obligations during 2011 were as follows:

	Amount Outstanding 12/31/10	Additions	Deductions	Amount Outstanding 12/31/11	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
2005 Various Purpose					
Serial Bonds - 3.25 to 3.75%	\$425,000	\$0	\$140,000	\$285,000	\$140,000
Term Bonds - 4.25 to 5.00%	3,270,000	0	0	3,270,000	0
Capital Appreciation Bonds - 4.977%	190,000	0	0	190,000	0
Accretion on Capital Appreciation Bonds	66,839	14,222	0	81,061	0
Premium on Debt Issue	76,130	0	3,921	72,209	0
2010 Roadway Improvement					
Serial Bonds - 2.0 to 3.25%	600,000	0	75,000	525,000	75,000
Term Bonds - 4.0 to 4.5%	880,000	0	0	880,000	0
Capital Appreciation Bonds - 4.1 to 4.35%	35,000	0	0	35,000	0
Accretion on Capital Appreciation Bonds	357	4,305	0	4,662	0
Premium on Debt Issue	61,250	0	3,076	58,174	0
Total General Obligation Bonds	<u>5,604,576</u>	<u>18,527</u>	<u>221,997</u>	<u>5,401,106</u>	<u>215,000</u>
2011 Backhoe Promissory Note	0	95,397	0	95,397	12,303
Capital Leases Payable	355,847	0	139,660	216,187	126,315
Compensated Absences	201,547	161,009	135,005	227,551	142,338
Total Governmental Activities	<u>\$6,161,970</u>	<u>\$274,933</u>	<u>\$496,662</u>	<u>\$5,940,241</u>	<u>\$495,956</u>
Business-Type Activities:					
2004 Water Line Loan - 0%	\$4,232,359	\$0	\$0	\$4,232,359	\$0
2005 OWDA Loan - 4%	3,161,107	0	75,496	3,085,611	78,546
Total Business-Type Activities	<u>\$7,393,466</u>	<u>\$0</u>	<u>\$75,496</u>	<u>\$7,317,970</u>	<u>\$78,546</u>

The 2005 Various Purpose Bonds were issued June 1, 2005, in the amount of \$4,500,000 in unvoted general obligation bonds that were issued for improving State Route 48 and acquiring land. Current interest bonds were issued in an aggregate principal amount of \$4,310,000. Of these bonds, \$1,040,000 were serial bonds and \$3,270,000 were term bonds. \$190,000 were issued as capital appreciation bonds. The bonds were issued for a 25 year period with final maturity in December of 2030. The bonds will be retired from the Bond Retirement Fund and the Tax Increment Fund.

The serial bonds, issued at \$1,040,000 with maturity dates of December 1, 2006 to December 1, 2013, are subject to optional redemption, in whole or in part on any date at the option of the issuer on or after December 1, 2013, at a redemption price equal to the par amount of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (continued)

The term bonds issued at \$3,270,000 and maturing on December 1, 2030, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2016	\$155,000
2017	155,000
2018	170,000
2019	180,000
2020	185,000
2021-2025	1,075,000
2026-2030	<u>1,350,000</u>
Total	<u>\$3,270,000</u>

The capital appreciation bonds, issued at \$190,000, are not subject to prior redemption. The capital appreciation bonds will mature in years 2014 and 2015, with a maturity amount of \$155,000 each year, including interest. For 2011, the capital appreciation bonds were accreted \$14,222.

The 2010 Road Improvement Bonds were issued December 2, 2010, in the amount of \$1,515,000 in unvoted general obligation bonds that were issued for the purpose of constructing, rebuilding, widening and making drainage improvements to roadways in the City of Clayton. Current interest bonds were issued in an aggregate principal amount of \$1,480,000. Of these bonds, \$600,000 were serial bonds and \$880,000 were term bonds. \$35,000 were issued as capital appreciation bonds. The bonds were issued for a 20 year period with final maturity in December of 2030. The bonds will be retired from the Capital Improvement Fund.

The term bonds issued at \$880,000 and maturing on December 1, 2030, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2021	\$75,000
2022	75,000
2023	75,000
2024	80,000
2025	85,000
2026-2030	<u>490,000</u>
Total	<u>\$880,000</u>

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (continued)

The capital appreciation bonds, issued at \$35,000, are not subject to prior redemption. The capital appreciation bonds will mature in years 2019 and 2020, with a maturity amount of \$75,000 each year, including interest. For 2011, the capital appreciation bonds were accreted \$4,305.

The 2011 Backhoe Promissory Note was issue on December 7, 2011, at a rate of 2.99 percent. The total amount of the note is \$95,397. The note was issued for a five year period with the final payment due on December 7, 2016. The note was used for the purchase of a backhoe.

Compensated absences will be paid from the General, Police, Fire, EMS, and Street Department Funds. Capital lease obligations will be paid from the Capital Improvement Fund.

The 2004 Water Line Loan was a project through the City of Dayton that was completed in May 2004. The loan was issued for \$4,464,247, with a zero percent interest rate and payable from user charges from the Water Department Fund. A per acre fee is charged to new users who tap into the water lines. This fee is collected by the City of Clayton and paid to the City of Dayton as principal payments. Therefore, a final payment schedule is not available and the amount due within one year is unable to be determined. No per acre fee was collected during 2011. The initial term of the agreement is 20 years. At the end of 20 years, any amount outstanding is payable immediately, or the agreement may be renewed for an additional 20 years.

The City has an OWDA Loan outstanding at December 31, 2011, which was issued during 2005 at a rate of four percent. The total amount of the loan is \$3,481,913. The loan was for a 30 year period with the final payment due in January 2036. The loan was issued for the construction of the sewer system expansion phase I and sewer lines.

The City’s overall legal debt margin was \$23,292,080 at December 31, 2011, and the unvoted debt margin was \$9,731,566.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2011, are as follows:

Governmental Activities						
	Serial Bonds Principal	Serial Bonds Interest	Term Bonds Principal	Term Bonds Interest	Capital Appreciation Bonds Principal	Capital Appreciation Bonds Interest
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$215,000	\$23,076	\$0	\$191,225	\$0	\$0
2013	220,000	16,501	0	191,225	0	0
2014	75,000	9,563	0	191,225	97,333	57,667
2015	75,000	8,063	0	191,225	92,667	62,333
2016	75,000	6,563	155,000	191,225	0	0
2017-2021	150,000	7,126	960,000	833,625	35,000	115,000
2022-2026	0	0	1,530,000	542,213	0	0
2027-2030	0	0	1,505,000	165,539	0	0
Total	\$810,000	\$70,892	\$4,150,000	\$2,497,502	\$225,000	\$235,000

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (continued)

December 31,	Governmental Activities		Business-Type Activities	
	Promissory Note Principal	Promissory Note Interest	OWDA Loan Principal	OWDA Loan Interest
2012	\$12,303	\$2,697	\$78,546	\$122,647
2013	12,656	2,344	81,720	119,473
2014	13,045	1,955	85,021	116,172
2105	13,446	1,554	88,456	112,737
2016	43,947	1,144	92,030	109,164
2017-2021	0	0	519,015	486,951
2022-2026	0	0	632,676	373,290
2027-2031	0	0	771,229	234,737
2032-2035	0	0	736,918	67,854
Total	<u>\$95,397</u>	<u>\$9,694</u>	<u>\$3,085,611</u>	<u>\$1,743,025</u>

NOTE 14 - SHORT-TERM OBLIGATION

A summary of the short-term notes transactions for the year ended December 31, 2011, follows:

<i>Types / Issues</i>	<i>Balance 12/31/10</i>	<i>Issued</i>	<i>Retired</i>	<i>Balance 12/31/11</i>
2010 - 1.5% Road Improvement Notes \$1,505,000	<u>\$1,505,000</u>	<u>\$0</u>	<u>\$1,505,000</u>	<u>\$0</u>

On February 9, 2011, the City retired the 1.5 percent Road Improvement Bond Anticipation Notes, in the amount of \$1,505,000.

NOTE 15 – INTERFUND ASSETS/LIABILITIES

Interfund balances at December 31, 2011, consisted of the following amounts and result from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be paid within one year.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 15 – INTERFUND ASSETS/LIABILITIES (continued)

		<u>Interfund Receivable</u>
		<u>General</u>
		<u>Fund</u>
Interfund Payable	Police Fund	\$198,000
	Fire Fund	100,000
	Nonmajor Governmental Funds	25,000
	Total	\$323,000

Transfers made during the year ended December 31, 2011, were as follows:

		<u>Transfers From</u>
		<u>General Fund</u>
Transfers To	Police Fund	\$199,850
	Street Department Fund	121,350
	Nonmajor Governmental Funds	213,255
	Sewer Operating Fund	201,193
	Total	\$735,648

Transfers are used to move General Fund revenues that are used to subsidize various programs into other funds and for repayment of debt.

NOTE 16 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage through the Ohio Plan (the “Plan”) (See Note 19) with building contents, vehicles, general liability, public official and police professional liability. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

The City pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated on accident history and administrative costs.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 17 – JOINT VENTURE

Clay Township – City of Clayton Joint Economic Development District

On July 1, 2007, the City entered into a contract for the creation of the Clay Township-City of Clayton Joint Economic Development District (the “District”) with Clay Township in Montgomery County. The contract was entered into under the authority of the Ohio Revised Code Sections 715.72 – 715.83. The District was established for the purpose of facilitating economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the District. The District will permit the City and the Township to share income tax revenues from the development of business operations within the District. After the payment of the District’s obligations, the District shall distribute 85 percent of any remaining income tax receipts, at 60 percent to the Township and 40 percent to the City. The contract will terminate on December 31, 2037, and can be renewed for two additional ten year periods. Upon contract termination, all assets and liabilities of the District will be distributed 60 percent to the Township and 40 percent to the City. The Board of Directors is made up of five individuals: a representative of the City, a representative of the Township, a representative of the business owners located within the District, a representative of the people working within the District, and a representative appointed by the other four representatives who will serve as the Chairperson of the Board.

The percentage of equity interest for the City is based on the amount that will be distributed to the City if the contract is terminated. The City’s equity interest of \$8,504 represents 40 percent of the total equity of the District. The District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City of Clayton paid a one-time contribution of \$25,000 to pay mutual start-up costs. Additional information can be obtained from Joe Tuss, President, at 451 West Third Street, Dayton, Ohio 45422.

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission

The Miami Valley Regional Planning Commission (the “Commission”) is a jointly governed organization between Preble, Warren, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Clayton, the City of Huber Heights, the City of Riverside, the City of New Carlisle, and the City of Dayton. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses which affect the development of the region.

The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$6,140 for the operation of the Commission during 2011. Financial information may be obtained by writing to Donald Spang, Executive Director, One South Main Street, Suite 260, Dayton, Ohio 45402.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS (continued)

Economic Development/Government Equity Program

The Economic Development/Government Equity Program (“ED/GE”) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced, and that county economic development is coordinated with that of the State of Ohio and other local governments.

Members include villages, townships, and cities within Montgomery County, and Montgomery County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the County.

The ED/GE Advisory Committee, made up of alternating member entities’ representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. The City has agreed to be a member for 10 years, ending December 31, 2019. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued, and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from and received in the General Fund. Financial information may be obtained by writing to Pamela Frannin, Secretary, 451 West Third Street, Dayton, Ohio, 45422.

NOTE 19 – RISK SHARING POOL

Ohio Plan

The City belongs to the Ohio Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures with A-VII or better rated carriers, except for a five percent portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of five percent or \$25,000 for casualty losses up to the coverage limit and the lesser of five percent or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 20 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Police	Street Department	Fire	Capital Improvement	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>							
Prepaid Items	\$25,236	\$24,388	\$14,646	\$15,465	\$0	\$9,244	\$88,979
<u>Restricted for:</u>							
Road Improvements	0	0	56,007	0	0	347,550	403,557
Police and Fire Operations	0	0	0	221,972	0	13,488	235,460
Cemetery Operations	0	0	0	0	0	23,162	23,162
Drug and Alcohol Enforcement	0	0	0	0	0	10,904	10,904
Street Lighting	0	0	0	0	0	25,676	25,676
Economic Development	0	0	0	0	0	570,016	570,016
Construction and Improvement of City Facilities	0	0	0	0	683,995	0	683,995
Emergency Medical Services	0	0	0	0	0	101,928	101,928
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>56,007</u>	<u>221,972</u>	<u>683,995</u>	<u>1,092,724</u>	<u>2,054,698</u>
<u>Assigned to:</u>							
Capital Asset Replacement	0	0	0	0	0	100,000	100,000
Other Purposes	57,008	0	0	0	0	0	57,008
<i>Total Assigned</i>	<u>57,008</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>157,008</u>
<u>Unassigned (Deficit):</u>	<u>3,744,558</u>	<u>(221,227)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,523,331</u>
Total Fund Balances (Deficit)	<u>\$3,826,802</u>	<u>(\$196,839)</u>	<u>\$70,653</u>	<u>\$237,437</u>	<u>\$683,995</u>	<u>\$1,201,968</u>	<u>\$5,824,016</u>

NOTE 21 – ACCOUNTABILITY AND COMPLIANCE

Accountability

The Police Special Revenue Fund had a deficit fund balance at December 31, 2011, of \$196,839. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Water Department Fund had deficit net assets of \$409,142 at December 31, 2011. The City anticipates increased revenues in charges for services and a corresponding decrease in the net assets deficit in future years.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 21 – ACCOUNTABILITY AND COMPLIANCE (continued)

Compliance

The Police and Street Department Special Revenue Funds had original appropriation in excess of original budgeted revenues and other financing sources plus fund balance in the amount of \$26,453 and \$94,183, respectively.

The City has money on deposit with their bank to use for investment purposes. The bank purchased several investments that do not comply with the investment policy that was established by Council.

NOTE 22 – CONTINGENT LIABILITIES

Federal and State Grants

For the period January 1, 2011, to December 31, 2011, the City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Litigation

The City is party to legal proceedings. The City is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the City.

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COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

City of Clayton, Ohio
Nonmajor Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Funds

Drug Law Enforcement Fund

To account for and report fines and costs collected for felonious drug trafficking convictions. This money is restricted to drug law enforcement activities.

Law Enforcement Trust Fund

To account for and report fines and forfeitures revenue and proceeds from the sale of confiscated property restricted to law enforcement training and equipment.

EMS Fund

To account for and report revenues received from a voted property tax levy and fees for services restricted to pay for the cost of the EMS department.

State Highway Fund

To account for and report gasoline tax and motor vehicle license fees restricted for routine maintenance of State highways within the City.

Permissive Motor Vehicle License Tax Fund

To account for and report the additional motor vehicle license tax levied by the City and restricted for routine street maintenance and repairs.

Street Lights Fund

To account for and report special assessments restricted to expenditures for street lighting within the City.

Cemetery Fund

To account for and report revenues received from the sale of lots, charges for burial services, and foundations, restricted to operating and maintaining the City cemetery.

Joint Economic Development District Fund

To account for and report the City's share of the income tax levied by the Clay Township-City of Clayton Joint Economic Development District restricted to economic development and the benefit and welfare of the properties located within the Joint Economic Development District.

Tax Increment Fund

To account for and report service fees received from various business owners restricted for City-owned infrastructure improvements that will benefit the business owners' property.

Tax Increment Financing Towne Center Fund

To account for and report service fees received from property owners to be used to reimburse the developers at the Towne Center for City capital assets constructed by the developer.

(continued)

City of Clayton, Ohio
Nonmajor Fund Descriptions
(continued)

Debt Service Fund

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Nonmajor Debt Service Fund

Bond Retirement Fund

To account for and report the accumulation of resources assigned to the payment of principal and interest.

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds or assets that will be held in trust funds.

Nonmajor Capital Projects Funds

Federal Stimulus Fund

To account for and report restricted federal grants used to finance handicap ramps on City sidewalks.

Asset Replacement Fund

To account for and report transfers from the General Fund assigned to the purchase or replacement of capital assets.

City of Clayton, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,204,739	\$100,000	\$1,304,739
Receivables:			
Property Taxes	175,854	0	175,854
Other Local Taxes	7,706	0	7,706
Increment Taxes	237,666	0	237,666
Accounts	176,875	0	176,875
Special Assessments - Current	37,095	0	37,095
Special Assessments - Delinquent	5,207	0	5,207
Accrued Interest	429	0	429
Due from Other Governments	37,488	0	37,488
Prepaid Items	9,244	0	9,244
<i>Total Assets</i>	<u>\$1,892,303</u>	<u>\$100,000</u>	<u>\$1,992,303</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$8,712	\$0	\$8,712
Interfund Payable	25,000	0	25,000
Due to Other Governments	96,388	0	96,388
Deferred Revenue	660,235	0	660,235
<i>Total Liabilities</i>	<u>790,335</u>	<u>0</u>	<u>790,335</u>
Fund Balances:			
Nonspendable	9,244	0	9,244
Restricted	1,092,724	0	1,092,724
Assigned	0	100,000	100,000
<i>Total Fund Balances</i>	<u>1,101,968</u>	<u>100,000</u>	<u>1,201,968</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,892,303</u>	<u>\$100,000</u>	<u>\$1,992,303</u>

City of Clayton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$183,355	\$0	\$0	\$183,355
Increment Taxes	327,951	0	0	327,951
Other Local Taxes	102,622	0	0	102,622
Intergovernmental	105,788	0	0	105,788
Charges for Services	319,770	0	0	319,770
Fines and Forfeitures	1,524	0	0	1,524
Investment Income	1,592	0	0	1,592
Special Assesments	68,284	0	0	68,284
Other	3,311	0	0	3,311
<i>Total Revenues</i>	<u>1,114,197</u>	<u>0</u>	<u>0</u>	<u>1,114,197</u>
Expenditures:				
Current:				
General Government	55,351	0	0	55,351
Security of Persons and Property	583,889	0	0	583,889
Public Health	591	0	0	591
Economic Development	400	0	0	400
Transportation	164,001	0	0	164,001
Capital Outlay	10,201	0	20,764	30,965
Debt Service:				
Principal Retirement	50,000	90,000	0	140,000
Interest and Fiscal Charges	59,963	108,475	0	168,438
<i>Total Expenditures</i>	<u>924,396</u>	<u>198,475</u>	<u>20,764</u>	<u>1,143,635</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	189,801	(198,475)	(20,764)	(29,438)
Other Financing Sources:				
Transfers-In	<u>0</u>	<u>192,491</u>	<u>20,764</u>	<u>213,255</u>
<i>Net Change in Fund Balances</i>	189,801	(5,984)	0	183,817
<i>Fund Balances at Beginning of Year</i>	<u>912,167</u>	<u>5,984</u>	<u>100,000</u>	<u>1,018,151</u>
<i>Fund Balances at End of Year</i>	<u><u>\$1,101,968</u></u>	<u><u>\$0</u></u>	<u><u>\$100,000</u></u>	<u><u>\$1,201,968</u></u>

City of Clayton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Drug Law Enforcement	Law Enforcement Trust	EMS	State Highway	Permissive Motor Vehicle License Tax
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$10,784	\$13,488	\$170,022	\$243,763	\$97,223
Receivables:					
Property Taxes	0	0	175,854	0	0
Other Local Taxes	0	0	0	0	7,706
Increment Taxes	0	0	0	0	0
Accounts	0	0	176,875	0	0
Special Assessments - Current	0	0	0	0	0
Special Assessments - Delinquent	0	0	0	0	0
Accrued Interest	0	0	0	304	125
Due from Other Governments	120	0	15,886	21,482	0
Prepaid Items	0	0	8,074	0	0
<i>Total Assets</i>	<u>\$10,904</u>	<u>\$13,488</u>	<u>\$546,711</u>	<u>\$265,549</u>	<u>\$105,054</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	\$0	\$0	\$3,892	\$1,528	\$3,292
Interfund Payable	0	0	25,000	0	0
Due to Other Governments	0	0	45,783	0	0
Deferred Revenue	0	0	362,034	18,150	83
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>436,709</u>	<u>19,678</u>	<u>3,375</u>
Fund Balances:					
Nonspendable	0	0	8,074	0	0
Restricted	10,904	13,488	101,928	245,871	101,679
<i>Total Fund Balances</i>	<u>10,904</u>	<u>13,488</u>	<u>110,002</u>	<u>245,871</u>	<u>101,679</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$10,904</u>	<u>\$13,488</u>	<u>\$546,711</u>	<u>\$265,549</u>	<u>\$105,054</u>

Street Lights	Cemetery	Joint Economic Development District	Tax Increment	Tax Increment Financing Towne Center	Total Nonmajor Special Revenue Funds
\$25,676	\$23,162	\$102,715	\$319,687	\$198,219	\$1,204,739
0	0	0	0	0	175,854
0	0	0	0	0	7,706
0	0	0	157,486	80,180	237,666
0	0	0	0	0	176,875
37,095	0	0	0	0	37,095
5,207	0	0	0	0	5,207
0	0	0	0	0	429
0	0	0	0	0	37,488
0	1,170	0	0	0	9,244
<u>\$67,978</u>	<u>\$24,332</u>	<u>\$102,715</u>	<u>\$477,173</u>	<u>\$278,399</u>	<u>\$1,892,303</u>
\$0	\$0	\$0	\$0	\$0	\$8,712
0	0	0	0	0	25,000
0	0	0	33,365	17,240	96,388
42,302	0	0	157,486	80,180	660,235
<u>42,302</u>	<u>0</u>	<u>0</u>	<u>190,851</u>	<u>97,420</u>	<u>790,335</u>
0	1,170	0	0	0	9,244
25,676	23,162	102,715	286,322	180,979	1,092,724
<u>25,676</u>	<u>24,332</u>	<u>102,715</u>	<u>286,322</u>	<u>180,979</u>	<u>1,101,968</u>
<u>\$67,978</u>	<u>\$24,332</u>	<u>\$102,715</u>	<u>\$477,173</u>	<u>\$278,399</u>	<u>\$1,892,303</u>

City of Clayton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

	Drug Law Enforcement	Law Enforcement Trust	EMS	State Highway	Permissive Motor Vehicle License Tax
Revenues:					
Property Taxes	\$0	\$0	\$183,355	\$0	\$0
Increment Taxes	0	0	0	0	0
Other Local Taxes	0	0	0	0	102,622
Intergovernmental	0	0	34,652	43,795	0
Charges for Services	0	0	318,370	0	0
Fines and Forfeitures	524	1,000	0	0	0
Investment Income	0	0	0	1,086	506
Special Assessments	0	0	0	0	0
Other	0	0	3,311	0	0
<i>Total Revenues</i>	<u>524</u>	<u>1,000</u>	<u>539,688</u>	<u>44,881</u>	<u>103,128</u>
Expenditures:					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	6,118	535,437	0	0
Public Health	0	0	0	0	0
Economic Development	0	0	0	0	0
Transportation	0	0	0	24,700	139,301
Capital Outlay	0	0	0	0	10,201
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>6,118</u>	<u>535,437</u>	<u>24,700</u>	<u>149,502</u>
<i>Net Change in Fund Balances</i>	524	(5,118)	4,251	20,181	(46,374)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>10,380</u>	<u>18,606</u>	<u>105,751</u>	<u>225,690</u>	<u>148,053</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$10,904</u>	<u>\$13,488</u>	<u>\$110,002</u>	<u>\$245,871</u>	<u>\$101,679</u>

Street Lights	Cemetery	Joint Economic Development District	Tax Increment	Tax Increment Financing Towne Center	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$183,355
0	0	0	218,276	109,675	327,951
0	0	0	0	0	102,622
0	0	27,341	0	0	105,788
0	1,400	0	0	0	319,770
0	0	0	0	0	1,524
0	0	0	0	0	1,592
68,284	0	0	0	0	68,284
0	0	0	0	0	3,311
<u>68,284</u>	<u>1,400</u>	<u>27,341</u>	<u>218,276</u>	<u>109,675</u>	<u>1,114,197</u>
0	0	0	36,482	18,869	55,351
42,334	0	0	0	0	583,889
0	591	0	0	0	591
0	0	400	0	0	400
0	0	0	0	0	164,001
0	0	0	0	0	10,201
0	0	0	50,000	0	50,000
0	0	0	59,963	0	59,963
<u>42,334</u>	<u>591</u>	<u>400</u>	<u>146,445</u>	<u>18,869</u>	<u>924,396</u>
25,950	809	26,941	71,831	90,806	189,801
(274)	23,523	75,774	214,491	90,173	912,167
<u>\$25,676</u>	<u>\$24,332</u>	<u>\$102,715</u>	<u>\$286,322</u>	<u>\$180,979</u>	<u>\$1,101,968</u>

City of Clayton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011

	Federal Stimulus	Asset Replacement	Total Nonmajor Capital Projects Funds
Revenues:	\$0	\$0	\$0
Expenditures:			
Current:			
Capital Outlay	20,764	0	20,764
<i>Excess of Revenues Under Expenditures</i>	(20,764)	0	(20,764)
Other Financing Sources:			
Transfers-In	20,764	0	20,764
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balances at Beginning of Year</i>	0	100,000	100,000
<i>Fund Balances at End of Year</i>	<u>\$0</u>	<u>\$100,000</u>	<u>\$100,000</u>

City of Clayton, Ohio
Agency Fund Descriptions

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, and/or other funds.

Impact Fee Fund

To account for fees collected for Montgomery County, the City of Dayton, and the City of Clayton from individuals who develop land within the Clayton Improvement District for the purpose of expanding and upgrading water, sanitary sewer, road, and municipal park systems and related infrastructure improvements due to the land development.

Joint Economic Development District Fund

To account for income tax monies received from various business owners within the Clay Township-City of Clayton Joint Economic Development District which are then distributed to Clay Township, the City of Clayton and the District.

Fire Insurance

To account for insurance proceeds arising from destruction by fire of an insured building or structure within the municipality for the purpose of providing the municipality with security for the expenses in removing, repairing or securing the building or structure.

City of Clayton, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011

	Balance at 12/31/2010	Additions	Reductions	Balance at 12/31/2011
<u>IMPACT FEE</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$56,780	\$9,534	\$9,370	\$56,944
Liabilities:				
Due to Other Governments	\$56,780	\$9,534	\$9,370	\$56,944
<u>JOINT ECONOMIC DEVELOPMENT DISTRICT</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$100,766	\$100,766	\$0
Liabilities:				
Due to Other Governments	\$0	\$100,766	\$100,766	\$0
<u>Fire Insurance</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$18,666	\$0	\$18,666
Liabilities:				
Undistributed Monies	\$0	\$18,666	\$0	\$18,666
<u>TOTAL AGENCY FUNDS</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$56,780	\$128,966	\$110,136	\$75,610
Liabilities:				
Due to Other Governments	56,780	110,300	110,136	56,944
Undistributed Monies	0	18,666	0	18,666
Total Liabilities	\$56,780	\$128,966	\$110,136	\$75,610

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$400,000	\$376,276	(\$23,724)
Other Local Taxes	105,000	232,613	127,613
Municipal Income Taxes	1,474,500	1,484,378	9,878
Intergovernmental	697,604	1,106,239	408,635
Charges for Services	720,750	707,241	(13,509)
Licenses and Permits	10,289	30,675	20,386
Investment Income	5,500	52,954	47,454
Other	22,850	18,235	(4,615)
<i>Total Revenues</i>	<u>3,436,493</u>	<u>4,008,611</u>	<u>572,118</u>
Expenditures:			
Current:			
General Government			
Personal Services	905,186	825,321	79,865
Contractual Services	1,178,947	1,086,014	92,933
Materials and Supplies	21,483	17,486	3,997
Capital Outlay	36,418	34,111	2,307
<i>Total Expenditures</i>	<u>2,142,034</u>	<u>1,962,932</u>	<u>179,102</u>
<i>Excess of Revenues Over Expenditures</i>	1,294,459	2,045,679	751,220
Other Financing Uses:			
Transfers-Out	(1,174,500)	(710,648)	463,852
<i>Net Change in Fund Balance</i>	119,959	1,335,031	1,215,072
<i>Fund Balance at Beginning of Year</i>	1,942,533	1,942,533	0
<i>Prior Year Encumbrances Appropriated</i>	<u>75,997</u>	<u>75,997</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$2,138,489</u></u>	<u><u>\$3,353,561</u></u>	<u><u>\$1,215,072</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$1,256,453	\$1,247,770	(\$8,683)
Intergovernmental	213,000	221,930	8,930
Charges for Services	1,250	4,792	3,542
Fines and Forfeitures	15,000	14,853	(147)
Other	3,250	6,480	3,230
<i>Total Revenues</i>	<u>1,488,953</u>	<u>1,495,825</u>	<u>6,872</u>
Expenditures:			
Current:			
Security of Persons and Property			
Personal Services	1,612,016	1,500,674	111,342
Contractual Services	239,544	210,842	28,702
Materials and Supplies	78,571	73,524	5,047
Capital Outlay	401	263	138
<i>Total Expenditures</i>	<u>1,930,532</u>	<u>1,785,303</u>	<u>145,229</u>
<i>Excess of Revenues Under Expenditures</i>	(441,579)	(289,478)	152,101
Other Financing Sources:			
Transfers-In	308,500	174,850	(133,650)
<i>Net Change in Fund Balance</i>	(133,079)	(114,628)	18,451
<i>Fund Balance at Beginning of Year</i>	61,009	61,009	0
<i>Prior Year Encumbrances Appropriated</i>	<u>72,070</u>	<u>72,070</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$18,451</u>	<u>\$18,451</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Department Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$510,000	\$542,267	\$32,267
Licenses and Permits	625	1,670	1,045
Investment Income	400	301	(99)
Other	16,000	26,166	10,166
<i>Total Revenues</i>	<u>527,025</u>	<u>570,404</u>	<u>43,379</u>
Expenditures:			
Current:			
Transportation			
Personal Services	424,648	397,474	27,174
Contractual Services	345,147	279,324	65,823
Materials and Supplies	65,293	48,632	16,661
Capital Outlay	9,732	9,381	351
<i>Total Expenditures</i>	<u>844,820</u>	<u>734,811</u>	<u>110,009</u>
<i>Excess of Revenues Under Expenditures</i>	(317,795)	(164,407)	153,388
Other Financing Sources:			
Transfers-In	250,800	121,350	(129,450)
<i>Net Change in Fund Balance</i>	(66,995)	(43,057)	23,938
<i>Fund Balance at Beginning of Year</i>	43,570	43,570	0
<i>Prior Year Encumbrances Appropriated</i>	23,426	23,426	0
<i>Fund Balance at End of Year</i>	<u>\$1</u>	<u>\$23,939</u>	<u>\$23,938</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$810,000	\$814,663	\$4,663
Intergovernmental	208,839	196,676	(12,163)
Contributions and Donations	0	425	425
Other	4,712	6,345	1,633
<i>Total Revenues</i>	<u>1,023,551</u>	<u>1,018,109</u>	<u>(5,442)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Personal Services	723,484	700,161	23,323
Contractual Services	177,702	171,221	6,481
Materials and Supplies	25,498	24,739	759
Capital Outlay	79,332	79,122	210
<i>Total Expenditures</i>	<u>1,006,016</u>	<u>975,243</u>	<u>30,773</u>
<i>Excess of Revenues Over Expenditures</i>	<u>17,535</u>	<u>42,866</u>	<u>25,331</u>
Other Financing Sources:			
Proceeds from Sale of Capital Assets	5,600	5,628	28
Transfers-In	46,500	0	(46,500)
<i>Total Other Financing Sources</i>	<u>52,100</u>	<u>5,628</u>	<u>(46,472)</u>
<i>Net Change in Fund Balance</i>	69,635	48,494	(21,141)
<i>Fund Balance at Beginning of Year</i>	248,827	248,827	0
<i>Prior Year Encumbrances Appropriated</i>	<u>30,228</u>	<u>30,228</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$348,690</u></u>	<u><u>\$327,549</u></u>	<u><u>(\$21,141)</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Capital Improvement Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Municipal Income Taxes	\$727,000	\$741,052	\$14,052
Intergovernmental	20,000	0	(20,000)
Other	250	15,356	15,106
<i>Total Revenues</i>	<u>747,250</u>	<u>756,408</u>	<u>9,158</u>
Expenditures:			
Current:			
General Government			
Contractual Services	960,606	644,049	316,557
Capital Outlay	438,667	368,300	70,367
Debt Service:			
Principal Retirement	1,719,660	1,719,660	0
Interest and Fiscal Charges	92,774	78,975	13,799
<i>Total Expenditures</i>	<u>3,211,707</u>	<u>2,810,984</u>	<u>400,723</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,464,457)</u>	<u>(2,054,576)</u>	<u>409,881</u>
Other Financing Sources:			
Proceeds of Notes	123,596	95,397	(28,199)
Transfers-In	155,000	0	(155,000)
<i>Total Other Financing Sources</i>	<u>278,596</u>	<u>95,397</u>	<u>(183,199)</u>
<i>Net Change in Fund Balance</i>	(2,185,861)	(1,959,179)	226,682
<i>Fund Balance at Beginning of Year</i>	1,808,510	1,808,510	0
<i>Prior Year Encumbrances Appropriated</i>	<u>530,535</u>	<u>530,535</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$153,184</u>	<u>\$379,866</u>	<u>\$226,682</u>

City of Clayton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Water Department Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$55,000	\$68,682	\$13,682
Tap-In Fees	250	76	(174)
<i>Total Revenues</i>	<u>55,250</u>	<u>68,758</u>	<u>13,508</u>
Expenses:			
Personal Services	32,578	31,232	1,346
Contractual Services	9,190	9,016	174
Materials and Supplies	47,010	46,961	49
<i>Total Expenses</i>	<u>88,778</u>	<u>87,209</u>	<u>1,569</u>
<i>Net Change in Fund Equity</i>	(33,528)	(18,451)	15,077
<i>Fund Equity at Beginning of Year</i>	98,387	98,387	0
<i>Prior Year Encumbrances Appropriated</i>	<u>895</u>	<u>895</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$65,754</u></u>	<u><u>\$80,831</u></u>	<u><u>\$15,077</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Sewer Operating Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenses:	0	0	0
<i>Net Change in Fund Equity</i>	0	0	0
<i>Fund Equity at Beginning of Year</i>	59,298	59,298	0
<i>Fund Equity at End of Year</i>	<u>\$59,298</u>	<u>\$59,298</u>	<u>\$0</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Drug Law Enforcement Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$0	\$464	\$464
Expenditures:	0	0	0
<i>Net Change in Fund Balance</i>	0	464	464
<i>Fund Balance at Beginning of Year</i>	10,320	10,320	0
<i>Fund Balance at End of Year</i>	\$10,320	\$10,784	\$464

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Law Enforcement Trust Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$6,767	\$1,000	(\$5,767)
Expenditures:			
Current:			
Security of Persons and Property			
Materials and Supplies	6,767	6,118	649
<i>Net Change in Fund Balance</i>	0	(5,118)	(5,118)
<i>Fund Balance at Beginning of Year</i>	18,606	18,606	0
<i>Fund Balance at End of Year</i>	<u>\$18,606</u>	<u>\$13,488</u>	<u>(\$5,118)</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
EMS Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$180,000	\$183,355	\$3,355
Intergovernmental	35,450	34,652	(798)
Charges for Services	350,000	340,224	(9,776)
Other	3,000	3,311	311
<i>Total Revenues</i>	<u>568,450</u>	<u>561,542</u>	<u>(6,908)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Personal Services	548,394	503,275	45,119
Contractual Services	52,918	40,425	12,493
Materials and Supplies	14,854	13,134	1,720
Capital Outlay	4,311	3,915	396
<i>Total Expenditures</i>	<u>620,477</u>	<u>560,749</u>	<u>59,728</u>
<i>Net Change in Fund Balance</i>	(52,027)	793	52,820
<i>Fund Balance at Beginning of Year</i>	98,239	98,239	0
<i>Prior Year Encumbrances Appropriated</i>	<u>33,836</u>	<u>33,836</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$80,048</u></u>	<u><u>\$132,868</u></u>	<u><u>\$52,820</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
State Highway Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$42,000	\$43,968	\$1,968
Investment Income	200	1,950	1,750
<i>Total Revenues</i>	<u>42,200</u>	<u>45,918</u>	<u>3,718</u>
Expenditures:			
Current:			
Transportation			
Contractual Services	33,060	27,084	5,976
Materials and Supplies	13,603	7,500	6,103
Capital Outlay	1,085	0	1,085
<i>Total Expenditures</i>	<u>47,748</u>	<u>34,584</u>	<u>13,164</u>
<i>Net Change in Fund Balance</i>	(5,548)	11,334	16,882
<i>Fund Balance at Beginning of Year</i>	220,632	220,632	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,249</u>	<u>2,249</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$217,333</u></u>	<u><u>\$234,215</u></u>	<u><u>\$16,882</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Permissive Motor Vehicle License Tax Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other Local Taxes	\$100,000	\$102,578	\$2,578
Investment Income	500	861	361
<i>Total Revenues</i>	<u>100,500</u>	<u>103,439</u>	<u>2,939</u>
Expenditures:			
Current:			
Transportation			
Personal Services	70,854	43,957	26,897
Contractual Services	47,333	42,374	4,959
Materials and Supplies	72,536	53,902	18,634
Capital Outlay	16,275	10,201	6,074
<i>Total Expenditures</i>	<u>206,998</u>	<u>150,434</u>	<u>56,564</u>
<i>Net Change in Fund Balance</i>	(106,498)	(46,995)	59,503
<i>Fund Balance at Beginning of Year</i>	133,215	133,215	0
<i>Prior Year Encumbrances Appropriated</i>	<u>7,870</u>	<u>7,870</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$34,587</u></u>	<u><u>\$94,090</u></u>	<u><u>\$59,503</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Lights Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$42,000	\$68,284	\$26,284
Expenditures:			
Current:			
Security of Persons and Property			
Other	50,000	42,334	7,666
<i>Excess of Revenues Over (Under) Expenditures</i>	(8,000)	25,950	33,950
Other Financing Sources:			
Transfers-In	20,000	0	(20,000)
<i>Net Change in Fund Balance</i>	12,000	25,950	13,950
<i>Fund Balance (Deficit) at Beginning of Year</i>	(274)	(274)	0
<i>Fund Balance at End of Year</i>	<u>\$11,726</u>	<u>\$25,676</u>	<u>\$13,950</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Cemetery Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$1,450	\$1,400	(\$50)
Expenditures:			
Current:			
Public Health			
Contractual Services	2,300	1,602	698
Materials and Supplies	500	159	341
<i>Total Expenditures</i>	2,800	1,761	1,039
<i>Net Change in Fund Balance</i>	(1,350)	(361)	989
<i>Fund Balance at Beginning of Year</i>	23,523	23,523	0
<i>Fund Balance at End of Year</i>	\$22,173	\$23,162	\$989

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Joint Economic Development District Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$40,000	\$27,341	(\$12,659)
Expenditures:			
Current:			
Economic Development			
Contractual Services	28,000	400	27,600
<i>Net Change in Fund Balance</i>	12,000	26,941	14,941
<i>Fund Balance at Beginning of Year</i>	75,774	75,774	0
<i>Fund Balance at End of Year</i>	\$87,774	\$102,715	\$14,941

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Tax Increment Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Increment Taxes	\$110,000	\$218,276	\$108,276
Expenditures:			
Current:			
General Government			
Contractual Services	180,925	160,608	20,317
Debt Service:			
Principal Retirement	50,000	50,000	0
Interest and Fiscal Charges	59,963	59,963	0
<i>Total Expenditures</i>	<u>290,888</u>	<u>270,571</u>	<u>20,317</u>
<i>Net Change in Fund Balance</i>	(180,888)	(52,295)	128,593
<i>Fund Balance at Beginning of Year</i>	112,732	112,732	0
<i>Prior Year Encumbrances Appropriated</i>	<u>137,125</u>	<u>137,125</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$68,969</u></u>	<u><u>\$197,562</u></u>	<u><u>\$128,593</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Tax Increment Financing Towne Center Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Increment Taxes	\$90,000	\$109,675	\$19,675
Expenditures:			
Current:			
General Government			
Contractual Services	21,871	21,871	0
<i>Net Change in Fund Balance</i>	68,129	87,804	19,675
<i>Fund Balance at Beginning of Year</i>	107,041	107,041	0
<i>Prior Year Encumbrances Appropriated</i>	372	372	0
<i>Fund Balance at End of Year</i>	<u>\$175,542</u>	<u>\$195,217</u>	<u>\$19,675</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Bond Retirement Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:			
Debt Service:			
Principal Retirement	165,496	165,496	0
Interest and Fiscal Charges	234,172	234,172	0
<i>Total Expenditures</i>	399,668	399,668	0
<i>Excess of Revenues Under Expenditures</i>	(399,668)	(399,668)	0
Other Financing Sources:			
Transfers-In	393,700	393,684	(16)
<i>Net Change in Fund Balance</i>	(5,968)	(5,984)	(16)
<i>Fund Balance at Beginning of Year</i>	5,984	5,984	0
<i>Fund Balance at End of Year</i>	\$16	\$0	(\$16)

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Federal Stimulus Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:			
Current:			
General Government			
Capital Outlay	20,764	20,764	0
<i>Excess of Revenues Under Expenditures</i>	(20,764)	(20,764)	0
Other Financing Sources:			
Transfers-In	20,764	20,764	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Asset Replacement Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance at Beginning of Year</i>	100,000	100,000	0
<i>Fund Balance at End of Year</i>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$0</u>

STATISTICAL TABLES

This part of the City of Clayton’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	98-109
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	110-119
These schedules contain information to help the reader assess the City’s most significant local revenue sources, property taxes and income taxes.	
Debt Capacity	120-126
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	127-129
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating information	130-135
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial reports relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented *GASB Statement No. 34* in 2004. Schedules presenting government-wide information include information beginning in that year.

City of Clayton, Ohio
Net Assets by Component
Last Eight Years
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:			
Invested in Capital Assets, Net of Related Debt	\$3,952	\$1,096,146	\$2,385,015
Restricted	1,937,007	2,283,572	2,418,788
Unrestricted	<u>1,835,685</u>	<u>2,535,512</u>	<u>2,604,083</u>
<i>Total Governmental Activities Net Assets</i>	<u>3,776,644</u>	<u>5,915,230</u>	<u>7,407,886</u>
Business-Type Activities:			
Invested in Capital Assets, Net of Related Debt	(102,187)	(46,429)	(78,683)
Unrestricted (Deficit)	<u>164,623</u>	<u>(145,701)</u>	<u>18,068</u>
<i>Total Business-Type Activities</i>	<u>62,436</u>	<u>(192,130)</u>	<u>(60,615)</u>
Primary Government:			
Invested in Capital Assets, Net of Related Debt	(98,235)	1,049,717	2,306,332
Restricted	1,937,007	2,283,572	2,418,788
Unrestricted	<u>2,000,308</u>	<u>2,389,811</u>	<u>2,622,151</u>
<i>Total Primary Government Net Assets</i>	<u>\$3,839,080</u>	<u>\$5,723,100</u>	<u>\$7,347,271</u>

2007	2008	2009	2010	2011
\$3,399,360	\$4,534,717	\$4,985,791	\$6,188,910	\$6,887,562
2,976,984	1,863,244	3,028,063	2,655,232	2,917,014
2,478,642	2,167,933	2,152,885	3,262,866	4,466,742
8,854,986	8,565,894	10,166,739	12,107,008	14,271,318
(80,021)	(57,466)	(64,741)	(154,527)	(241,383)
184,759	292,602	238,435	229,958	214,954
104,738	235,136	173,694	75,431	(26,429)
3,319,339	4,477,251	4,921,050	6,034,383	6,646,179
2,976,984	1,863,244	3,028,063	2,655,232	2,917,014
2,663,401	2,460,535	2,391,320	3,492,824	4,681,696
\$8,959,724	\$8,801,030	\$10,340,433	\$12,182,439	\$14,244,889

City of Clayton, Ohio
Changes in Net Assets
Last Eight Years
(accrual basis of accounting)

	2004	2005	2006
Program Revenues:			
Governmental Activities:			
Charges for Services:			
General Government	\$26,772	\$38,031	\$169,787
Security of Persons and Property	314,897	345,607	296,703
Public Health	800	4,625	4,125
Transportation	0	0	0
Operating Grants, Contributions and Interest	552,811	817,692	908,004
Capital Grants, Contributions and Interest	0	276,069	572,922
<i>Total Governmental Activities Program Revenues</i>	<u>895,280</u>	<u>1,482,024</u>	<u>1,951,541</u>
Business-Type Activities:			
Charges for Services:			
Water Department (1)	31,303	27,111	66,812
Sewer Operating (2)	0	0	21,505
Capital Grants, Contributions and Interest	0	107,149	269,452
<i>Total Business-Type Activities Program Revenues</i>	<u>31,303</u>	<u>134,260</u>	<u>357,769</u>
<i>Total Primary Government Program Revenues</i>	<u>926,583</u>	<u>1,616,284</u>	<u>2,309,310</u>
Expenses:			
Governmental Activities:			
Current:			
General Government	1,368,528	2,370,105	2,549,858
Security of Persons and Property	2,407,965	1,801,658	2,252,398
Leisure Time Activities	667	0	0
Public Health	5,376	4,549	4,136
Economic Development	0	0	0
Transportation	537,134	261,669	947,510
Interest and Fiscal Charges	34,215	180,251	226,533
<i>Total Governmental Activities Expenses</i>	<u>4,353,885</u>	<u>4,618,232</u>	<u>5,980,435</u>
Business-Type Activities:			
Water Department	118,331	333,428	288,508
Sewer Operating	0	56,548	140,098
<i>Total Business-Type Activities Expenses</i>	<u>118,331</u>	<u>389,976</u>	<u>428,606</u>
<i>Total Primary Government Expenses</i>	<u>\$4,472,216</u>	<u>\$5,008,208</u>	<u>\$6,409,041</u>

2007	2008	2009	2010	2011
\$132,499	\$102,638	\$318,580	\$760,819	\$717,170
352,411	445,672	438,413	380,730	483,120
2,350	1,340	8,650	5,650	1,400
1,325	1,925	1,225	2,038	3,150
1,003,649	1,093,240	1,207,084	1,567,345	1,063,694
389,589	317,078	884,827	1,231,631	0
1,881,823	1,961,893	2,858,779	3,948,213	2,268,534
193,040	112,285	48,037	66,178	63,449
6,384	8,986	828	2,577	575
0	0	98,773	0	0
199,424	121,271	147,638	68,755	64,024
2,081,247	2,083,164	3,006,417	4,016,968	2,332,558
1,699,954	1,665,425	2,102,857	3,078,190	1,995,391
3,081,544	3,181,958	3,103,331	3,314,654	3,309,160
0	0	0	0	0
5,101	4,591	3,557	4,576	591
0	0	16,883	7,935	400
1,174,423	1,292,387	1,201,965	1,413,580	1,033,701
229,427	230,230	226,296	234,683	248,233
6,190,449	6,374,591	6,654,889	8,053,618	6,587,476
120,237	113,795	161,076	149,372	151,169
137,465	139,324	233,626	218,839	215,908
257,702	253,119	394,702	368,211	367,077
\$6,448,151	\$6,627,710	\$7,049,591	\$8,421,829	\$6,954,553

(continued)

City of Clayton, Ohio
Changes in Net Assets (continued)
Last Eight Years
(accrual basis of accounting)

	2004	2005	2006
Net (Expense) / Revenue:			
Governmental Activities	(\$3,458,605)	(\$3,136,208)	(\$4,028,894)
Business-Type Activities	(87,028)	(255,716)	(70,837)
<i>Total Primary Government Net Assets</i>	<u>(3,545,633)</u>	<u>(3,391,924)</u>	<u>(4,099,731)</u>
General Revenues and Transfers:			
Governmental Activities:			
Property Taxes Levied for General Purposes	342,712	364,204	383,670
Property Taxes Levied for Police	1,022,788	1,098,323	1,105,558
Property Taxes Levied for Fire	405,506	421,057	443,579
Property Taxes Levied for EMS	176,307	184,599	193,639
Other Local Taxes	336,326	262,708	507,230
Increment Taxes	0	0	0
Municipal Income Taxes Levied for General Purposes	852,187	1,459,448	1,578,201
Municipal Income Taxes Levied for Capital Outlay	429,971	698,190	811,251
Grants and Entitlements not Restricted to Specific Programs	820,270	579,344	514,987
Contributions	12,331	0	0
Investment Income	2,622	98,999	173,067
Investment in Joint Venture	0	0	0
Other	90,905	107,922	107,846
Transfers	0	0	(202,352)
<i>Total Governmental Activities General Revenues and Transfers</i>	<u>4,491,925</u>	<u>5,274,794</u>	<u>5,616,676</u>
Business-Type Activities:			
Other	0	1,150	0
Transfers	0	0	202,352
<i>Total Business-Type Activities General Revenues and Transfers</i>	<u>0</u>	<u>1,150</u>	<u>202,352</u>
Prior Year Restatement of Governmental Type Net Assets	0	0	(95,126)
Prior Year Restatement of Business-Type Net Assets	0	0	0
Change in Net Assets:			
Governmental Activities	1,033,320	2,138,586	1,492,656
Business-Type Activities	(87,028)	(254,566)	131,515
<i>Total Primary Government</i>	<u>\$946,292</u>	<u>\$1,884,020</u>	<u>\$1,624,171</u>

- (1) Charges for services in the Water Department increased in 2007 as operations expanded.
(2) Charges for services for Sewer Operations decreased in 2007 due to a decrease in impact fee revenue.

2007	2008	2009	2010	2011
(\$4,308,626)	(\$4,412,698)	(\$3,796,110)	(\$4,105,405)	(\$4,318,942)
(58,278)	(131,848)	(247,064)	(299,456)	(303,053)
(4,366,904)	(4,544,546)	(4,043,174)	(4,404,861)	(4,621,995)
374,624	374,000	391,904	368,775	369,143
1,085,879	1,076,541	1,228,963	1,217,195	1,224,218
423,706	421,228	814,478	798,572	799,508
184,206	183,452	180,448	179,062	179,947
335,198	206,438	216,829	224,968	266,767
0	0	199,876	187,734	327,951
1,311,919	1,280,281	1,364,296	1,422,784	1,651,397
607,727	727,648	686,419	704,294	826,382
534,113	550,153	297,537	1,043,924	923,046
0	0	0	0	0
178,584	85,905	23,668	10,657	37,286
0	12,955	(8,656)	4,121	84
168,012	217,289	186,815	84,781	78,716
(202,234)	(262,233)	(185,622)	(201,193)	(201,193)
5,001,734	4,873,657	5,396,955	6,045,674	6,483,252
0	13	0	0	0
202,234	262,233	185,622	201,193	201,193
202,234	262,246	185,622	201,193	201,193
753,992	(750,051)	0	0	0
21,397	0	0	0	0
1,447,100	(289,092)	1,600,845	1,940,269	2,164,310
165,353	130,398	(61,442)	(98,263)	(101,860)
\$1,612,453	(\$158,694)	\$1,539,403	\$1,842,006	\$2,062,450

City of Clayton, Ohio
Program Revenues by Function/Program
Last Eight Years
(accrual basis of accounting)

Function / Program:	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:			
General Government	\$54,892	\$357,923	\$783,323
Security of Persons and Property	353,681	623,878	624,108
Public Health	800	4,625	4,125
Transportation	485,907	495,598	539,985
<i>Total Governmental Activities Program Revenues</i>	<u>895,280</u>	<u>1,482,024</u>	<u>1,951,541</u>
Business-Type Activities:			
Water Department	31,303	130,227	112,469
Sewer Operating	0	4,033	245,300
<i>Total Business-Type Activities Program Revenues</i>	<u>31,303</u>	<u>134,260</u>	<u>357,769</u>
<i>Total Primary Government Program Revenues</i>	<u><u>\$926,583</u></u>	<u><u>\$1,616,284</u></u>	<u><u>\$2,309,310</u></u>

2007	2008	2009	2010	2011
\$606,334	\$595,918	\$1,295,181	\$2,488,113	\$764,385
613,690	769,283	966,548	840,695	937,380
2,350	1,340	8,650	5,650	1,400
659,449	595,352	588,400	613,755	565,369
1,881,823	1,961,893	2,858,779	3,948,213	2,268,534
193,040	112,285	146,810	66,178	63,449
6,384	8,986	828	2,577	575
199,424	121,271	147,638	68,755	64,024
\$2,081,247	\$2,083,164	\$3,006,417	\$4,016,968	\$2,332,558

City of Clayton, Ohio
Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2002	2003	2004	2005
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	68,376	128,863	77,786	141,169
Unreserved	1,056,776	687,905	1,322,683	1,917,869
<i>Total General Fund</i>	1,125,152	816,768	1,400,469	2,059,038
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Assigned	0	0	0	0
Unassigned (Deficit)	0	0	0	0
Reserved	243,079	408,995	243,191	136,530
Unreserved, Undesignated (Deficit) Reported in:				
Special Revenue Funds	650,808	733,282	1,077,057	1,328,413
Debt Service Fund	0	0	0	4,431
Capital Projects Funds	(497,824)	96,248	3,093,024	454,323
<i>Total All Other Governmental Funds</i>	396,063	1,238,525	4,413,272	1,923,697
<i>Total Governmental Funds</i>	\$1,521,215	\$2,055,293	\$5,813,741	\$3,982,735

(1) Beginning in 2009, fund balances were classified in accordance with *GASB Statement No. 54*.

2006	2007	2008	2009(1)	2010	2011
\$0	\$0	\$19,893	\$20,339	\$3,770	\$25,236
0	0	0	48,086	69,572	57,008
0	0	1,519,538	1,451,057	2,452,922	3,744,558
142,351	59,053	0	0	0	0
1,789,609	1,734,915	0	0	0	0
<u>1,931,960</u>	<u>1,793,968</u>	<u>1,539,431</u>	<u>1,519,482</u>	<u>2,526,264</u>	<u>3,826,802</u>
0	0	45,297	45,122	2,131	63,743
0	0	1,320,123	1,559,714	1,912,706	2,054,698
0	0	110,257	115,464	105,984	100,000
0	0	(352,411)	(233,760)	(183,771)	(221,227)
210,896	110,316	0	0	0	0
1,090,855	945,875	0	0	0	0
5,617	10,257	0	0	0	0
506,205	681,450	0	0	0	0
<u>1,813,573</u>	<u>1,747,898</u>	<u>1,123,266</u>	<u>1,486,540</u>	<u>1,837,050</u>	<u>1,997,214</u>
<u>\$3,745,533</u>	<u>\$3,541,866</u>	<u>\$2,662,697</u>	<u>\$3,006,022</u>	<u>\$4,363,314</u>	<u>\$5,824,016</u>

City of Clayton, Ohio
Changes in Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2002	2003	2004	2005
Revenues:				
Property Taxes	\$2,239,105	\$2,222,997	\$2,341,468	\$2,434,127
Increment Taxes (1)	0	0	0	0
Other Local Taxes (2)	0	0	0	0
Municipal Income Taxes	0	0	1,184,355	1,882,105
Intergovernmental	1,696,953	1,648,301	1,294,237	1,639,988
Charges for Services	240,292	264,812	301,520	341,039
Licenses and Permits	31,918	27,589	7,960	8,315
Fines and Forfeitures	0	0	22,263	13,624
Contributions and Donations	77,712	400	12,331	0
Investment Income	81,178	28,500	32,442	142,245
Special Assessments	31,056	22,765	22,128	22,124
Impact Fees	0	0	0	0
Other	38,011	43,869	95,932	107,554
<i>Total Revenues</i>	<u>4,436,225</u>	<u>4,259,233</u>	<u>5,314,636</u>	<u>6,591,121</u>
Expenditures:				
Current:				
General Government	788,044	762,008	1,572,028	5,647,391
Security of Persons and Property	2,127,539	2,362,097	2,388,868	2,454,231
Leisure Time Activities	0	0	667	0
Public Health	3,410	6,910	5,376	4,549
Economic Development	0	0	0	0
Community Environment	86,588	106,591	0	0
Transportation	785,432	663,815	586,560	753,543
Intergovernmental	0	0	0	0
Capital Outlay	805,690	1,370,997	0	0
Debt Service:				
Principal Retirement	83,493	33,255	1,616,253	69,973
Interest and Fiscal Charges	21,548	19,482	21,449	182,830
Issuance Costs	0	0	0	98,022
<i>Total Expenditures</i>	<u>4,701,744</u>	<u>5,325,155</u>	<u>6,191,201</u>	<u>9,210,539</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(265,519)</u>	<u>(1,065,922)</u>	<u>(876,565)</u>	<u>(2,619,418)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	4,074	0	0	0
General Obligation Bonds Issued	0	0	0	4,500,000
Proceeds from Refunding Notes	0	0	0	1,600,000
Premium on Debt Issued	0	0	0	98,022
Notes Issued	0	1,600,000	4,500,000	0
Proceeds of Loan	0	0	0	198,390
Proceeds from Capital Lease	0	0	135,013	492,000
Transfers-In	337,500	524,052	278,442	793,605
Current Refunding	0	0	0	(6,100,000)
Transfers-Out	(337,500)	(524,052)	(278,442)	(793,605)
<i>Total Other Financing Sources (Uses)</i>	<u>4,074</u>	<u>1,600,000</u>	<u>4,635,013</u>	<u>788,412</u>
<i>Net Change in Fund Balances</i>	<u>(\$261,445)</u>	<u>\$534,078</u>	<u>\$3,758,448</u>	<u>(\$1,831,006)</u>
<i>Debt Service as a Percentage of Noncapital Expenditures (3)</i>	2.8%	1.4%	28.3%	6.6%

(1) Prior to 2008 the City did not separate Increment and Other Local Taxes.

(2) Prior to 2006 the City did not separate Property and Other Local Taxes.

(3) Between 2004 and 2009, the City was tracking capital outlay in the functions for which the items were acquired. The capital expenditures within the various functions can be obtained from the Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

2006	2007	2008	2009	2010	2011
\$2,132,002	\$2,071,635	\$2,063,329	\$2,558,467	\$2,547,791	\$2,622,064
0	0	115,173	138,449	187,734	327,951
406,845	371,060	199,928	213,638	220,051	335,235
2,072,428	2,000,105	2,003,061	1,998,627	2,105,083	2,292,298
1,917,568	1,736,282	1,923,306	1,801,731	4,023,219	2,066,458
360,292	379,355	393,877	648,425	1,001,862	1,035,016
10,626	10,144	11,806	4,658	6,816	30,925
13,526	20,519	17,851	17,231	20,512	16,857
0	0	0	0	0	425
235,838	246,821	97,086	27,644	11,676	34,207
22,228	22,718	28,991	28,576	38,026	68,284
63,032	40,350	18,264	2,427	6,721	2,382
108,214	104,369	217,289	186,515	85,081	78,716
<u>7,342,599</u>	<u>7,003,358</u>	<u>7,089,961</u>	<u>7,626,388</u>	<u>10,254,572</u>	<u>8,910,818</u>
3,627,015	2,673,903	3,018,325	2,594,614	1,983,546	2,494,914
2,806,686	2,906,093	2,996,332	3,025,428	3,139,635	3,126,644
0	0	0	0	0	0
4,136	5,101	4,591	3,557	4,576	591
0	0	0	16,883	7,935	400
0	0	0	0	0	0
879,686	1,015,617	1,035,123	925,970	1,020,519	851,863
0	0	44,342	0	0	0
0	0	0	0	3,549,111	285,962
357,611	347,434	389,680	317,089	273,999	354,660
211,590	222,743	218,504	213,900	216,766	229,286
0	0	0	0	76,506	0
<u>7,886,724</u>	<u>7,170,891</u>	<u>7,706,897</u>	<u>7,097,441</u>	<u>10,272,593</u>	<u>7,344,320</u>
<u>(544,125)</u>	<u>(167,533)</u>	<u>(616,936)</u>	<u>528,947</u>	<u>(18,021)</u>	<u>1,566,498</u>
0	0	0	0	0	0
0	0	0	0	1,515,000	0
0	0	0	0	0	0
0	0	0	0	61,506	0
0	0	0	0	0	95,397
0	0	0	0	0	0
509,275	166,100	0	0	0	0
1,648,523	1,470,804	1,163,496	785,583	496,215	534,455
0	0	0	0	0	0
<u>(1,850,875)</u>	<u>(1,673,038)</u>	<u>(1,425,729)</u>	<u>(971,205)</u>	<u>(697,408)</u>	<u>(735,648)</u>
<u>306,923</u>	<u>(36,134)</u>	<u>(262,233)</u>	<u>(185,622)</u>	<u>1,375,313</u>	<u>(105,796)</u>
<u>(\$237,202)</u>	<u>(\$203,667)</u>	<u>(\$879,169)</u>	<u>\$343,325</u>	<u>\$1,357,292</u>	<u>\$1,460,702</u>
9.5%	9.3%	9.7%	9.2%	6.3%	9.4%

City of Clayton, Ohio
Tax Revenues by Source - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

Year	Property and Other Local Taxes	Municipal Income Taxes	Total
2002	\$2,239,105	\$0	\$2,239,105
2003	2,222,997	0	2,222,997
2004 (1)	2,341,468	1,184,355	3,525,823
2005	2,434,127	1,882,105	4,316,232
2006	2,538,847	2,072,428	4,611,275
2007	2,442,695	2,000,105	4,442,800
2008	2,378,430	2,003,061	4,381,491
2009	2,772,105	1,998,627	4,770,732
2010	2,767,842	2,105,083	4,872,925
2011	2,957,299	2,292,298	5,249,597

(1) Beginning in 2004, the City started collecting a voter approved 1.5 percent municipal income tax.

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City of Clayton, Ohio
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2002	\$198,251,620	\$12,087,280	\$600,968,286	\$6,811,490	\$7,740,330
2003	220,594,270	14,047,960	670,406,371	6,969,700	7,920,114
2004	223,733,540	13,378,050	677,461,686	6,750,130	7,670,602
2005	227,078,110	13,559,680	687,536,543	5,979,780	6,795,205
2006	245,417,110	14,684,510	743,147,486	5,940,090	6,750,102
2007	246,309,620	14,803,000	746,036,057	5,689,890	6,465,784
2008	248,450,750	14,818,730	752,198,514	4,879,900	5,545,341
2009	250,616,410	16,233,890	762,429,429	4,970,690	5,648,511
2010	250,090,550	16,288,460	761,082,886	4,912,150	5,581,989
2011	249,250,080	16,838,570	760,253,286	5,121,640	5,820,045

Source: Montgomery County Auditor

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers, except telephone companies whose last year to pay tangible personal property tax is 2010. The percentages for telecommunications are 10.0 percent for 2009, 5.0 percent for 2010 and zero for 2011.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent rollback, 2 1/2 percent rollback, and homestead exemption before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property was eliminated.

Tangible Personal Property					Weighted Average Tax Rate (per \$1,000 of assessed value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$2,144,783	\$8,579,132	\$219,295,173	\$599,187,353	36.60	\$9.30
2,287,021	9,148,084	243,898,951	664,021,629	36.73	9.29
2,422,986	9,691,944	246,284,706	694,824,232	35.45	9.28
2,368,147	9,472,588	248,985,717	703,804,335	35.38	9.27
1,812,688	9,667,669	267,854,398	759,565,257	35.26	8.79
1,629,718	13,037,744	268,432,228	765,539,585	35.06	8.79
1,300,056	10,400,448	269,449,436	768,144,303	35.08	8.76
760,410	6,083,280	272,581,400	774,161,220	35.21	11.10
111,170	889,360	271,402,330	767,554,234	35.36	10.34
0	0	271,210,290	766,073,331	35.40	11.75

City of Clayton, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	2002	2003	2004	2005
Unvoted Millage				
Operating	\$1.6000	\$1.6000	\$1.6000	\$1.6000
Voted Millage - by levy				
1976 Police				
Residential/Agricultural Real	0.6100	0.6100	0.6084	0.6074
Commercial/Industrial and Public Utility Real	1.0753	1.0753	1.0767	1.0766
General Business and Public Utility Personal	2.6800	2.6800	2.6800	2.6800
1998 Police				
Residential/Agricultural Real	1.2507	1.2507	1.2475	1.2454
Commercial/Industrial and Public Utility Real	1.2708	1.2708	1.2725	1.2724
General Business and Public Utility Personal	1.5000	1.5000	1.5000	1.5000
1998 Police - Replaced in 2008				
Residential/Agricultural Real	2.9183	2.9183	2.9107	2.9059
Commercial/Industrial and Public Utility Real	2.9652	2.9652	2.9691	2.9688
General Business and Public Utility Personal	3.5000	3.5000	3.5000	3.5000
1998 Fire District - Fire and EMS - Replaced in 2008				
Residential/Agricultural Real	1.9179	1.9179	1.9129	1.9097
Commercial/Industrial and Public Utility Real	1.9490	1.9490	1.9515	1.9514
General Business and Public Utility Personal	2.3000	2.3000	2.3000	2.3000
1998 Fire District				
Residential/Agricultural Real	0.8339	0.8339	0.8317	0.8303
Commercial/Industrial and Public Utility Real	0.8474	0.8474	0.8485	0.8484
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
Total Voted Millage by Type of Property				
Residential/Agricultural Real	7.5308	7.5308	7.5112	7.4987
Commercial/Industrial and Public Utility Real	8.1077	8.1077	8.1183	8.1176
General Business and Public Utility Personal	10.9800	10.9800	10.9800	10.9800
Total Millage by Type of Property				
Residential/Agricultural Real	9.1308	9.1308	9.1112	9.0987
Commercial/Industrial and Public Utility Real	9.7077	9.7077	9.7183	9.7176
General Business and Public Utility Personal	12.5800	12.5800	12.5800	12.5800

2006	2007	2008	2009	2010	2011
\$1.6000	\$1.6000	\$1.6000	\$1.6000	\$1.6000	\$1.6000
0.5715	0.5716	0.5700	0.5651	0.5682	0.6301
0.9983	1.0043	1.0038	0.9484	0.9357	0.9533
2.6800	2.6800	2.6800	2.6800	2.6800	2.6800
1.1717	1.1719	1.1687	1.1585	1.1650	1.2918
1.1798	1.1869	1.1862	1.1208	1.1570	1.1265
1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
2.7340	2.7344	2.7269	3.4695	3.4888	3.5000
2.7528	2.7693	2.7678	3.3069	3.2625	3.3239
3.5000	3.5000	3.5000	3.5000	3.5000	3.5000
1.7969	1.7971	1.7922	3.4697	3.4697	3.5000
1.8086	1.8194	1.8184	3.3064	3.3064	3.3233
2.3000	2.3000	2.3000	3.5000	3.5000	3.5000
0.7813	0.7814	0.7792	0.7768	0.7791	0.8615
0.7863	0.7911	0.7906	0.7369	0.7293	0.7507
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
7.0554	7.0564	7.0370	9.4396	8.6917	8.9219
7.5258	7.5710	7.5668	9.4194	8.6616	8.7270
10.9800	10.9800	10.9800	12.1800	11.1800	11.1800
8.6554	8.6564	8.6370	11.0396	10.2917	10.5219
9.1258	9.1710	9.1668	11.0194	10.2616	10.3270
12.5800	12.5800	12.5800	13.7800	12.7800	12.7800

(continued)

City of Clayton, Ohio
Property Tax Rates - Direct and Overlapping Governments (continued)
(Per \$1,000 of Assessed Valuation)
Last Ten Years

Overlapping Rates by Taxing District	2002	2003	2004	2005
Northmont School District				
Residential/Agricultural Real	\$30.7310	\$28.0041	\$33.6824	\$33.5861
Commercial/Industrial and Public Utility Real	35.6492	31.4708	37.2891	37.6443
General Business and Public Utility Personal	58.8000	58.3500	64.1500	64.1500
Trotwood-Madison School District				
Residential/Agricultural Real	39.6467	47.4226	47.2126	47.1064
Commercial/Industrial and Public Utility Real	45.2203	51.6159	51.5069	51.7235
General Business and Public Utility Personal	52.9100	61.0500	60.8500	60.7000
Brookville School District				
Residential/Agricultural Real	29.9119	35.8699	35.8140	35.6903
Commercial/Industrial and Public Utility Real	36.0303	40.7727	40.4013	40.4597
General Business and Public Utility Personal	57.0800	65.0600	65.0600	65.0600
Sinclair Community College				
Residential/Agricultural Real	0.0000	0.0000	2.0190	2.0144
Commercial/Industrial and Public Utility Real	0.0000	0.0000	2.1749	2.1806
General Business and Public Utility Personal	0.0000	0.0000	2.5000	2.5000
Montgomery County				
Residential/Agricultural Real	14.1053	12.7219	13.1094	13.0835
Commercial/Industrial and Public Utility Real	15.8389	14.5574	14.1786	14.1955
General Business and Public Utility Personal	17.2400	17.2400	15.7400	15.7400
Special Taxing Districts (1)				
Residential/Agricultural Real	2.2361	2.5161	2.5049	3.5228
Commercial/Industrial and Public Utility Real	2.5084	2.5632	2.5676	3.5987
General Business and Public Utility Personal	2.8400	2.8400	2.8400	3.8300

Source: Montgomery County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Real property is reappraised every six years and property values are updated in the third year of each reappraisal.

Overlapping rates are those of local and county governments that apply to property owners within the City.

(1) Library, Joint Vocational School

2006	2007	2008	2009	2010	2011
\$31.8522	\$31.7846	\$37.6076	\$37.8629	\$37.9403	\$49.6344
36.5464	36.5338	42.4345	40.2311	40.7000	42.4559
64.1500	64.1500	70.0500	70.0500	70.0500	75.9500
43.9139	43.9060	43.9211	44.7575	45.4855	48.7887
49.8603	50.1742	50.7206	47.6358	49.7925	54.3168
60.0600	60.0600	60.0600	60.0600	60.0600	60.0600
33.5760	33.6254	33.4836	37.4278	37.4905	37.8787
40.2386	40.4653	40.5158	43.3680	43.6010	42.6548
65.0400	65.0400	65.0400	69.0300	69.0300	69.0300
1.8234	1.8224	1.8199	3.2000	3.2000	3.2000
2.0774	2.0840	2.0737	3.1026	3.1409	3.2000
2.5000	2.5000	2.5000	3.2000	3.2000	3.2000
12.0043	11.9987	16.0261	16.1213	16.4987	17.0340
13.6040	13.6420	16.6010	16.1475	16.5949	17.2213
15.7400	15.7400	17.7400	17.7400	17.7400	17.7400
3.2372	3.2262	3.1931	3.1847	3.8033	4.1938
3.4506	3.4641	3.4395	3.3231	3.9407	4.2613
3.8300	3.8300	3.8300	3.8300	4.3300	4.3300

City of Clayton, Ohio
Principal Property Tax Payers
2011 and 2006 (1)

Taxpayer	2011	
	Total Assessed Valuation	Percentage of Total Assessed Valuation
Dayton Power and Light	\$4,729,480	1.74%
Tilak Nagar/Stoneridge	2,370,270	0.87%
Pleasant Real Estate LLC	1,658,390	0.61%
Garden Woods Apartments	1,313,450	0.48%
LGH Properties	1,304,060	0.48%
Randolph Investments LLC	933,290	0.34%
Caterpillar	872,480	0.32%
Greenglen Apartments of Dayton	626,520	0.23%
Vectren Energy	501,630	0.18%
Jakes Unlimited	405,250	0.15%
Total Real and Personal Property	14,714,820	5.43%
All Others	256,495,470	94.57%
Total Assessed Valuation	\$271,210,290	100.00%
Taxpayer	2006	
	Total Assessed Valuation	Percentage of Total Assessed Valuation
Dayton Power and Light	\$3,989,200	1.49%
Tilak Nagar/Stoneridge	1,945,370	0.73%
Garden Woods Apartments	1,661,670	0.62%
LGH Properties	1,265,480	0.47%
Pleasant Real Estate LLC	944,870	0.35%
Verizon North	940,820	0.35%
Randolph Investments LLC	911,850	0.34%
Louis Fanty A. Jr.	781,110	0.29%
Greenglen Apartments of Dayton	622,350	0.23%
MB Hussain LLC	496,020	0.19%
Total Real and Personal Property	13,558,740	5.06%
All Others	254,295,658	94.94%
Total Assessed Valuation	\$267,854,398	100.00%

Source: Montgomery County Auditor

(1) Information prior to 2006 is unavailable.

City of Clayton, Ohio
Property Tax Levies and Collections
Last Ten Years

<u>Collection Year</u>	<u>Total Tax Levied (1)</u>	<u>Current Tax Collection (1)</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Tax Collection (2)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections To Total Levy</u>
2002	\$2,356,324	\$2,279,078	96.72%	\$62,215	\$2,341,293	99.36%
2003	2,362,074	2,333,517	98.79%	77,248	2,410,765	102.06%
2004	2,305,743	2,218,299	96.21%	54,778	2,273,077	98.58%
2005	2,191,528	2,100,921	95.87%	80,491	2,181,412	99.54%
2006	2,353,436	2,287,521	97.20%	90,414	2,377,935	101.04%
2007	2,294,131	2,193,496	95.61%	72,473	2,265,969	98.77%
2008	2,362,233	2,340,682	99.09%	73,306	2,413,988	102.19%
2009	2,588,041	2,605,623	100.68%	67,864	2,673,487	103.30%
2010	2,575,774	2,650,164	102.89%	70,537	2,720,701	105.63%
2011	3,020,260	2,937,182	97.25%	103,660	3,040,842	100.68%

Source: Montgomery County Auditor

- (1) Current taxes levied and current tax collections do not include rollback and homestead amounts.
- (2) Delinquent tax collections include amounts collected from penalties, interest, and other delinquent collections. The County does not identify delinquent collections by the year for which the tax was levied.

City of Clayton, Ohio
Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year	Governmental Activities			Business-Type Activities		Total Outstanding Debt	
	Promissory and Improvement Notes	General Obligation Bonds	Communication Equipment Loan	Capital Leases	Water Line Loan		OWDA Loan
2002	\$650,000	\$0	\$0	\$35,163	\$0	\$0	\$685,163
2003	1,600,000	0	0	1,908	0	0	1,601,908
2004	4,500,000	0	0	120,668	4,464,274	0	9,084,942
2005	0	4,601,904	198,390	542,695	4,444,874	1,242,895	11,030,758
2006	0	4,498,269	132,260	875,489	4,397,685	3,283,377	13,187,080
2007	0	4,381,389	66,130	880,285	4,261,676	3,354,891	12,944,371
2008	0	4,264,567	0	681,735	4,232,359	3,287,506	12,466,167
2009	0	4,148,415	0	489,646	4,232,359	3,233,672	12,104,092
2010	1,505,000	5,604,576	0	355,847	4,232,359	3,161,107	14,858,889
2011	95,397	5,401,106	0	216,187	4,232,359	3,085,611	13,030,660

(1) Computation of per capita personal income multiplied by population - See Demographic and Economic Statistical Table, Page 127

(2) Source: 2010 Census

Total Personal Income (1)	Population (2)	Percentage of Debt to Total Personal Income	Debt Per Capita
\$390,546,567	13,347	0.18%	\$51.33
390,546,567	13,347	0.41%	120.02
390,546,567	13,347	2.33%	680.67
390,546,567	13,347	2.82%	826.46
390,546,567	13,347	3.38%	988.02
390,546,567	13,347	3.31%	969.83
390,546,567	13,347	3.19%	934.01
390,546,567	13,347	3.10%	906.88
392,056,329	13,209	3.79%	1,124.91
392,677,152	13,209	3.32%	986.50

City of Clayton, Ohio
*Ratio of General Obligation Bonded Debt to
Estimated Actual Value and General Obligation Bonded Debt Per Capita
Last Seven Years*

Fiscal Year	General Bonded Debt (1)	Estimated Actual Value (2)	Population (3)	Percentage of Debt to Estimated Actual Value	General Obligation Bonded Debt Per Capita
2005	\$4,601,904	\$703,804,335	13,347	0.65%	\$344.79
2006	4,498,269	759,565,257	13,347	0.59%	337.02
2007	4,381,389	765,539,585	13,347	0.57%	328.27
2008	4,264,567	768,144,303	13,347	0.56%	319.52
2009	4,148,415	774,161,220	13,347	0.54%	310.81
2010	5,604,576	767,554,234	13,209	0.73%	424.30
2011	5,401,106	766,073,331	13,209	0.71%	408.90

Source: (1) The City of Clayton did not have General Bonded Debt prior to January 1, 2005.
(2) Montgomery County Auditor
(3) 2010 Census

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City of Clayton, Ohio
Legal Debt Margin Information
Last Ten Years

	2002	2003	2004	2005
Total Assessed Valuation	\$219,295,173	\$243,898,951	\$246,284,706	\$248,985,717
Overall debt limitation - 10.5% of assessed valuation	23,025,993	25,609,390	25,859,894	26,143,500
Gross indebtedness authorized by the City	650,000	1,600,000	8,964,274	10,386,159
Less Exempt Debt				
State Route 48 Improvement Note	650,000	1,600,000	1,600,000	0
2011 Backhoe Note	0	0	0	0
Road Improvement Notes	0	0	0	0
Water Line Loan	0	0	4,464,274	4,444,874
Various Purpose Bond - State Route 48 Improvement Portion	0	0	0	1,600,000
OWDA Loan	0	0	0	1,242,895
Total Exempt Debt	650,000	1,600,000	6,064,274	7,287,769
Net Debt Subject to Limitation	0	0	2,900,000	3,098,390
Less amount available in the Debt Service Fund	0	0	0	4,431
Total Net Debt Subject to Limitation	0	0	2,900,000	3,093,959
Legal debt margin within 10.5% limitation	\$23,025,993	\$25,609,390	\$22,959,894	\$23,049,541
Legal Debt Margin as a Percentage of the Debt Limit	100.0%	100.0%	88.8%	88.2%
Unvoted debt limitation 5.5% of assessed valuation	\$12,061,235	\$13,414,442	\$13,545,659	\$13,694,214
Gross indebtedness authorized by the City	650,000	1,600,000	8,964,274	10,386,159
Less Exempt Debt				
State Route 48 Improvement Note	650,000	1,600,000	1,600,000	0
2011 Backhoe Note	0	0	0	0
Road Improvement Notes	0	0	0	0
Water Line Loan	0	0	4,464,274	4,444,874
Various Purpose Bond - State Route 48 Improvement Portion	0	0	0	1,600,000
OWDA Loan	0	0	0	1,242,895
Total Exempt Debt	650,000	1,600,000	6,064,274	7,287,769
Net Debt Subject to Limitation	0	0	2,900,000	3,098,390
Less amount available in the Debt Service Fund	0	0	0	4,431
Total Net Debt Subject to Limitation	0	0	2,900,000	3,093,959
Legal debt margin within 5.5% limitation	\$12,061,235	\$13,414,442	\$10,645,659	\$10,600,255
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.0%	100.0%	78.6%	77.4%

Ohio Bond Law sets a limit of 10.5 percent for voted debt and 5.5 percent for unvoted debt.

2006	2007	2008	2009	2010	2011
\$267,854,398	\$268,432,228	\$269,449,436	\$272,581,400	\$271,402,330	\$271,210,290
28,124,712	28,185,384	28,292,191	28,621,047	28,497,245	28,477,080
12,198,322	11,947,694	11,659,865	11,481,031	14,298,466	12,598,367
0	0	0	0	0	0
0	0	0	0	0	95,397
0	0	0	0	1,505,000	0
4,397,685	4,261,676	4,232,359	4,232,359	4,232,359	4,232,359
0	0	0	0	0	0
3,283,377	3,354,891	3,287,506	3,233,672	3,161,107	3,085,611
7,681,062	7,616,567	7,519,865	7,466,031	8,898,466	7,413,367
4,517,260	4,331,127	4,140,000	4,015,000	5,400,000	5,185,000
5,617	10,257	10,257	15,464	5,984	0
4,511,643	4,320,870	4,129,743	3,999,536	5,394,016	5,185,000
\$23,613,069	\$23,864,514	\$24,162,448	\$24,621,511	\$23,103,229	\$23,292,080
84.0%	84.7%	85.4%	86.0%	81.1%	81.8%

\$14,731,992	\$14,763,773	\$14,819,719	\$14,991,977	\$14,927,128	\$14,916,566
12,198,322	11,947,694	11,659,865	11,481,031	14,298,466	12,598,367
0	0	0	0	0	0
0	0	0	0	0	95,397
0	0	0	0	1,505,000	0
4,397,685	4,261,676	4,232,359	4,232,359	4,232,359	4,232,359
0	0	0	0	0	0
3,283,377	3,354,891	3,287,506	3,233,672	3,161,107	3,085,611
7,681,062	7,616,567	7,519,865	7,466,031	8,898,466	7,413,367
4,517,260	4,331,127	4,140,000	4,015,000	5,400,000	5,185,000
5,617	10,257	10,257	15,464	5,984	0
4,511,643	4,320,870	4,129,743	3,999,536	5,394,016	5,185,000
\$10,220,349	\$10,442,903	\$10,689,976	\$10,992,441	\$9,533,112	\$9,731,566
69.4%	70.7%	72.1%	73.3%	63.9%	65.2%

City of Clayton, Ohio
Direct and Overlapping Governmental Activities Debt
 December 31, 2011

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Clayton (1)	Amount Applicable to the City of Clayton
Direct Debt:			
City of Clayton			
General Obligation Bonds	\$5,401,106	100.00%	\$5,401,106
Backhoe Promissory Note	95,397	100.00%	95,397
Capital Lease Obligations	216,187	100.00%	216,187
	<hr/>		<hr/>
Total Direct Debt	5,712,690		5,712,690
	<hr/>		<hr/>
Overlapping Debt:			
Montgomery County			
General Obligation Bonds	59,114,498	2.88%	1,702,498
Special Assessment Bonds	1,908,959	2.88%	54,978
Trotwood-Madison School District (2)			
School Improvement Bonds, Refunding	33,106,709	2.97%	983,269
Energy Conservation Note Payable	9,294,358	2.97%	276,042
Brookville School District (2)			
School Construction Bonds, Refunding	21,012,247	2.02%	424,447
Greater Dayton Regional Transit Authority			
Capital Facility Bonds	920,000	2.88%	26,496
	<hr/>		<hr/>
Total Overlapping Debt	125,356,771		3,467,730
	<hr/>		<hr/>
Grand Total	\$131,069,461		\$9,180,420
	<hr/> <hr/>		<hr/> <hr/>

Source: Montgomery County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

(2) The debt outstanding is as of June 30, 2011.

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

City of Clayton, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Median Household Income (1)	Median Age (1)	Percent of High School or Higher Graduates (1)	Unemployment Rate (3)	Total Assessed Property Value (4)
2002	13,347	\$390,546,567	\$29,261	\$60,625	39.2	91.5%	2.9%	\$219,295,173
2003	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	243,898,951
2004	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	246,284,706
2005	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	248,985,717
2006	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	267,854,398
2007	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.8%	268,432,228
2008	13,347	390,546,567	29,261	60,625	39.2	91.5%	5.8%	269,449,436
2009	13,347	354,616,443	26,569	60,625	39.2	91.5%	7.4%	272,581,400
2010	13,209	392,056,329	29,681	66,148	42.6	95.3%	9.5%	271,402,330
2011	13,209	392,677,152	29,728	67,033	42.6	95.3%	9.3%	271,210,290

Source: (1) 2010 Census
(2) Computation of per capita personal income multiplied by population
(3) Ohio Department of Job and Family Services
(4) Montgomery County Auditor

City of Clayton, Ohio

Principal Employers

2011 and 2006 (1)

Employer	2011	
	Total Employees	Percentage of Total Employees
Northmont Board of Education	334	9.82%
Caterpillar	294	8.65%
Stillwater Center	203	5.97%
Dayton Meadowbrook	76	2.24%
City of Clayton	72	2.12%
Landes Meats, Inc.	72	2.12%
Anchor Fabricating	42	1.24%
Cottages of Clayton	39	1.15%
Salem Christian Academy	20	0.59%
Studebaker Electric	13	0.38%
Total Employees	1,165	34.26%
All Other Employers	2,235	65.74%
Total Employees	3,400	100.00%

Source: City's records

(1) Information prior to 2006 is unavailable.

Employer	2006	
	Total Employees	Percentage of Total Employees
Northmont Board of Education	720	19.32%
Stillwater Center	182	4.88%
City of Clayton	90	2.41%
Studebaker Electric	53	1.42%
Dayton Meadowbrook	50	1.35%
Anchor Fabricating	42	1.13%
Crapsey & Gilles	31	0.83%
Caffe Anticoli	20	0.54%
United Dairy Farmers	19	0.51%
Dennis E. McClure MD Inc.	18	0.48%
Total Employees	1,225	32.87%
All Other Employers	2,502	67.13%
Total Employees	3,727	100.00%

City of Clayton, Ohio
City Government Employees by Function/Program
Last Ten Years

Governmental Activities:	2002		2003		2004		2005	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government:								
Administration	9	13	7	17	7	19	9	11
Police	15	26	15	23	15	22	13	18
Fire/EMS	6	50	6	49	5	52	4	44
Street	7	8	8	13	8	14	10	11
<i>Total Number of Employees</i>	<u>37</u>	<u>97</u>	<u>36</u>	<u>102</u>	<u>35</u>	<u>107</u>	<u>36</u>	<u>84</u>

Source: City's records

2006		2007		2008		2009		2010		2011	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
10	11	8	17	8	17	9	17	7	16	7	16
13	24	16	25	17	22	14	21	18	24	13	20
7	44	7	40	7	41	7	39	7	29	7	25
8	11	7	10	8	11	8	11	8	12	8	12
<u>38</u>	<u>90</u>	<u>38</u>	<u>92</u>	<u>40</u>	<u>91</u>	<u>38</u>	<u>88</u>	<u>40</u>	<u>81</u>	<u>35</u>	<u>73</u>

City of Clayton, Ohio
Operating Indicators by Function/Program
Last Nine Years (1)

	2003	2004	2005	2006
Police				
Police Calls	12,892	11,203	10,263	10,233
Fire/EMS				
Fire and EMS Calls	1,376	1,494	1,788	1,739
Street				
Dollars for Road Improvement	\$119,823	\$150,285	\$130,240	\$520,368
Miles of Roads	197	197	197	197
Tons of Salt Spread	791	700	400	350
Tons of Grit Spread	1,037	1,500	200	118

Source: City's records

(1) Information prior to 2002 is not available.

2007	2008	2009	2010	2011
10,178	7,146	7,136	6,829	9,546
1,710	1,959	1,287	1,825	1,808
\$861,720	\$1,034,836	\$499,180	\$2,614,371	\$616,111
197	197	212	212	212
350	930	490	1,918	724
118	220	0	20	10

City of Clayton, Ohio
Capital Assets Statistics by Function/Program
Last Eight Years (1)

	2004	2005	2006	2007
General Government				
Government Center	1	1	1	1
Community Center	1	1	1	1
Gazebo	1	1	1	1
Parks	3	3	3	3
Cemeteries	2	2	2	2
Vehicles	2	2	2	2
Police				
Stations	1	1	1	1
Patrol Vehicles				
Active	7	7	9	8
Auxilliary	8	5	6	5
Support Vehicles/Trailers	2	1	1	1
Fire				
Stations	3	3	3	3
Response Vehicles	12	6	6	6
Support Vehicles	2	3	3	3
EMS				
Medics Vehicles	5	4	4	4
Street				
Buildings	2	2	2	2
Trucks	14	10	10	11
Pickups	3	3	3	3
Mowers	7	5	5	5

Source: City's records

(1) Information prior to 2004 is not available.

2008	2009	2010	2011
1	1	1	1
1	1	1	1
1	1	1	1
4	4	4	4
2	2	2	2
1	1	1	1
1	1	1	1
8	8	8	8
4	4	4	4
1	1	1	1
3	3	3	3
6	6	6	6
3	3	3	3
3	3	3	3
2	2	2	2
8	8	9	10
5	5	5	5
5	5	5	5

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Dave Yost • Auditor of State

CITY OF CLAYTON

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 18, 2012**