



City of Clayton
Montgomery County, Ohio

Report on Internal Controls and Compliance
For Year Ended December 31, 2016



Dave Yost • Auditor of State

Members of City Council
City of Clayton
P. O. Box 280
Clayton, Ohio 45315

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, 2016 through December 31, 2016. 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

July 12, 2017

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**INDEPENDENT AUDITORS' 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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Clayton, Ohio (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 12, 2017

Finding Number 2015-001: Audit Adjustments

There was an audit adjustment related to EMS receivable and charges for services which was material to the City's financial statements and were subsequently posted to the financial statements by the City. Other, less significant, audit adjustments were noted which were not posted to the financial statements.

Status: *Partially corrected – comment for audit adjustments noted in current year management letter.*





City of Clayton, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2016

Prepared by: **Department of Finance**
Kevin Schweitzer, CPA, CGFM **Director of Finance**
Teri Birchfield, **Assistant to the Director of Finance**



CITY OF CLAYTON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

ISSUED BY:

THE DEPARTMENT OF FINANCE

KEVIN SCHWEITZER, CPA
CGFM DIRECTOR OF FINANCE

TERI BIRCHFIELD
ASSISTANT TO THE DIRECTOR OF FINANCE

CITY OF CLAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016**

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CITY OF CLAYTON, OHIO

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CITY OF CLAYTON, OHIO

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CITY OF CLAYTON, OHIO

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June 12, 2017

Citizens of Clayton
Members of Council
City of Clayton, Ohio

We are pleased to present the thirteenth Comprehensive Annual Financial Report (CAFR) for the City of Clayton. This report, for the year ended December 31, 2016, 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, 2016.

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 unmodified ("clean") opinion on the City of Clayton's financial statements for the year ended December 31, 2016. 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 Auditor's 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 Public Entitles Pool of Ohio, a risk-sharing pool available to Ohio local governments. 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 five parks covering 216.27 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. Meadowbrook at Clayton golf course is an 18 hole course with a driving range and a full service banquet facility that the City has owned since 2015.

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 ninth full year of collection, generated \$2,958,434 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, the City reached an agreement with Caterpillar Logistics Inc. to build a parts distribution center on the site of the current commerce park. The distribution center created an additional 684 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 during 2010 and used the monies to purchase the additional land to expand the commerce park for the Caterpillar Logistics Inc. parts distribution center.

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 some trends of improving;
- The housing market has seen a stabilization 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, and working with construction contractors on zoning related issues to ease the housing development process.

FINANCIAL PLANNING AND POLICIES

The Finance Department updated the investment policy in 2014. 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 Central Collection Agency (CCA) to administer the tax ordinances and collect the City income taxes by the authority of those ordinances. This was the first year for collections utilizing CCA as the City of Vandalia was contracted to perform these functions in previous years. The credit given to residents who work outside of the City and pay taxes to those cities was also reduced from one hundred percent to fifty percent for 2016.

The City of Clayton also continues to maintain a Moody's "Aa2" bond rating.

The following items are the goals established by City Council during their 2014 Goal Setting Workshop and were in place starting in 2015. These goals provide a plan for the City to continue the consistent, reliable service to the citizens, providing a safe and secure community as well as aiding in a solid economic development plan for the present and future. These goals directly affect the long-term financial planning and budgeting and are reviewed throughout the year as to the measure of striving or reaching these goals.

GOALS

A. Maintain Financial Stability

Priorities:

- Broaden the tax base by expanding commercial and retail economic opportunities
 - Pursue grants and new revenue sources for essential services
- Only take on debt to fund essential projects that have no other funding source

B. Broaden the economic base to reduce the financial burden and increase urban amenities

Priorities:

- Develop a five-year Economic Development Plan to include commercial and retail development
- Cultivate diverse business, including North Clayton
- Develop a business attraction and retention strategy
- Work with the Joint Economic Development District to generate business and housing for additional City income
- Update the City's economic development statistics
- Contract for a property that can be "shovel ready" for economic development purposes
-

C. Make Clayton a better place to live (including improving and expanding the infrastructure)

Priorities:

- Improve the appearance of the City
 - Main Street – streets, curbs, gutters and sidewalks
 - Salem Avenue – streets, curbs and gutters
 - Develop a budget to support the priorities
- Develop a Comprehensive Road Revitalization Plan and schedule
- Reach a decision about bringing sewer service to the Village area of Old Clayton
- Plan more community engagement activities
- Support the pathway from the YMCA to the High School

MAJOR INITIATIVES

The City received a donation of golf course that was previously a country club in 2015. The City has established a three year plan to make this property a viable, self-supporting asset that adds to the amenities of the City of Clayton. If the facility does not perform at a level that is self-sufficient, activities will be moved to the General fund to account for the golf course if operations are continued after the three years.

During 2016, six million dollars of bonds were issued to fund a three-year road, curb and gutter construction project throughout the city. The bonds are outstanding for fifteen years and will be repaid with the additional income generated from the income tax credit reduction initiated in 2016.

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, 2015. This was the thirteenth 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 Julian & Grube, Inc. for their guidance and assistance in preparing this report.

Respectively Submitted,



Richard C. Rose
City Manager



Kevin A. Schweitzer, CPA
Finance Director



Government Finance Officers Association

**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, 2015

Executive Director/CEO

City of Clayton, Ohio

*Principal Officials
December 31, 2016*

Elected

Mayor Joyce Deitering
Vice-Mayor Tim Gorman
Council Dennis Lieberman
Council Mike Stevens
Council Kenneth C. Henning
Council Greg Merkle
Council Tina Kelly

Appointed

City Manager Richard C. Rose
Director of Finance Kevin A. Schweitzer, CPA
Clerk of Council Barbara Seim
Law Director Martina Dillon
Director of Economic Development Jack Kuntz
Chief of Police Matt Hamlin
Chief of Fire Brian Garver

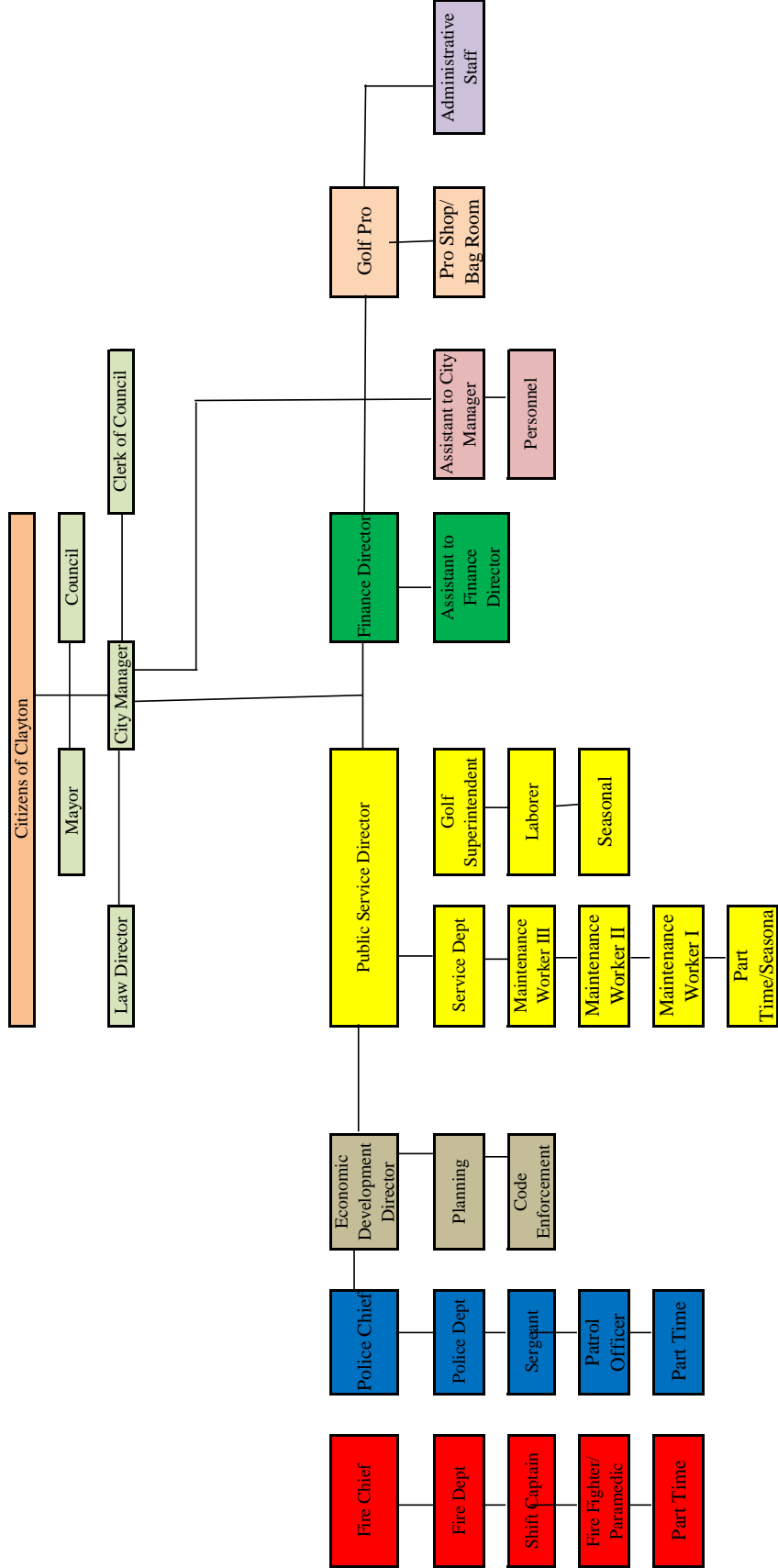
CITY OF CLAYTON ORGANIZATIONAL CHART

ADMINISTRATIVE OFFICES MISSION

The administration offices of the City of Clayton will have high standards of excellence in delivering City services. Tending to public health, safety, morals, comfort, general welfare, and supporting and guiding future City developments. 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

Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General, Police, and Fire Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (page 3 - 17) and the schedules of the City's proportionate share of net pension liabilities and contributions (page 87 – 92) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 12, 2017

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

The management's discussion and analysis of the City of Clayton's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2016. 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

Key financial highlights for 2016 are as follows:

- The total net position of the City increased \$267,150. Net position of governmental activities decreased \$305,107 or 2.34 % from 2015 and net position of business-type activities increased \$572,257 or 23.37% from 2015. This increase is due to an increase in transfers-in from the governmental activities and a special item in the Water fund.
- General revenues accounted for \$7,654,919 or 79.11% of total governmental activities revenue. Program specific revenues accounted for \$2,021,474 or 20.89% of total governmental activities revenue.
- The City had \$9,528,306 in expenses related to governmental activities; \$2,021,474 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$7,506,832 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$7,654,919.
- The general fund had revenues of \$4,159,967 in 2016. This represents an increase of \$684,181 from 2015. Additional income tax was collected due to the credit for taxes paid to other cities being reduced to fifty percent in 2016 and grant opportunities were taken advantage of at a higher rate than in 2015. The expenditures and other financing uses of the general fund, which totaled \$4,337,784 in 2016, increased \$1,085,846 from 2015. This increase was mainly the addition of a multi-use path to the capital assets. Expenditures excluding transfers increased \$563,881. The net decrease in fund balance for the general fund was \$177,817 or 3.41% compared with the 2015 balance.
- The police fund had revenues and other financing sources of \$1,910,539 in 2016. This represents a decrease of \$44,373 from 2015 revenues and other sources. The expenditures of the police fund, which totaled \$1,900,189 in 2016, decreased \$22,792 from 2015. The net increase in fund balance for the police fund was \$10,350 or 82.56%. The decrease in transfers-in and reduction in personal services contributed to this increase in fund balance.
- The fire fund had revenues and other financing sources of \$848,162 in 2016. This represents an increase of \$14,909 from 2015 revenues. The expenditures of the fire fund, which totaled \$970,663 in 2016, decreased \$78,421 from 2015. The decrease can be explained by the reduction of capital outlay in 2016. The net decrease in the fund balance for the fire fund was \$122,501 or 82.19%.
- The capital improvement fund had revenues and other financing sources of \$7,219,321 in 2016. The expenditures of the capital improvement fund totaled \$2,663,741 in 2016. The net increase in the fund balance for the capital improvement fund was \$4,555,580 or 924.91%. The City issued \$6,000,000 in roadway improvement bonds in fiscal year 2016 to be utilized for road improvements over three years.
- Net position for the business-type activities, which are made up of the water department, sewer operating, and golf course enterprise funds, increased in 2016 by \$572,257.

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

- In the general fund, the actual revenues came in \$41,803 more than they were in the final budget and actual expenditures and other financing uses were \$1,284,657 less than the amount in the final budget. Final budgeted revenues were \$342,020 more than the original and budgeted expenditures and other financing uses increased \$984,047 from the original to the final budget.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. 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 what remains for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire, street department, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water department, sewer operating, and golf course operations are reported here.

The City's statement of net position and statement of activities can be found on pages 19-21 of this report.

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 12.

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, fire fund, police fund, and capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 22-31 of this report.

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and golf course management functions. All of the City's enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City reports no internal service funds. The basic proprietary fund financial statements can be found on pages 32-35 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 36-37 of this report.

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 39-85 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability. The required supplementary information can be found on pages 87-92 of this report.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position for 2016 compared to 2015.

| | Net Position | | | | | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | <u>Governmental</u> | <u>Governmental</u> | <u>Business-type</u> | <u>Business-type</u> | <u>Total</u> | <u>Total</u> |
| | <u>Activities</u> | <u>Activities</u> | <u>Activities</u> | <u>Activities</u> | | |
| <u>Assets</u> | | | | | | |
| Current and other assets | \$ 17,480,499 | \$ 12,369,444 | \$ 30,197 | \$ (7,901) | \$ 17,510,696 | \$ 12,361,543 |
| Capital assets, net | <u>13,104,988</u> | <u>12,039,215</u> | <u>5,866,514</u> | <u>9,442,295</u> | <u>18,971,502</u> | <u>21,481,510</u> |
| Total assets | <u>30,585,487</u> | <u>24,408,659</u> | <u>5,896,711</u> | <u>9,434,394</u> | <u>36,482,198</u> | <u>33,843,053</u> |
| <u>Deferred outflows</u> | <u>2,312,396</u> | <u>986,558</u> | <u>140,348</u> | <u>16,698</u> | <u>2,452,744</u> | <u>1,003,256</u> |
| <u>Liabilities</u> | | | | | | |
| Current liabilities | 494,306 | 347,959 | 29,815 | 33,936 | 524,121 | 381,895 |
| Long-term liabilities: | | | | | | |
| Due within one year | 912,305 | 614,851 | 106,070 | 98,521 | 1,018,375 | 713,372 |
| Net pension liability | 5,622,813 | 4,266,008 | 306,010 | - | 5,928,823 | 4,266,008 |
| Other liabilities | <u>9,990,176</u> | <u>4,737,324</u> | <u>2,566,341</u> | <u>6,870,259</u> | <u>12,556,517</u> | <u>11,607,583</u> |
| Total liabilities | <u>17,019,600</u> | <u>9,966,142</u> | <u>3,008,236</u> | <u>7,002,716</u> | <u>20,027,836</u> | <u>16,968,858</u> |
| <u>Deferred inflows</u> | <u>3,149,996</u> | <u>2,395,681</u> | <u>8,190</u> | <u>-</u> | <u>3,158,186</u> | <u>2,395,681</u> |
| <u>Net Position</u> | | | | | | |
| Net investment in capital assets | 6,497,189 | 7,410,232 | 3,206,675 | 2,481,770 | 9,703,864 | 9,892,002 |
| Restricted | 3,378,498 | 3,420,732 | - | - | 3,378,498 | 3,420,732 |
| Unrestricted (deficit) | <u>2,852,600</u> | <u>2,202,430</u> | <u>(186,042)</u> | <u>(33,394)</u> | <u>2,666,558</u> | <u>2,169,036</u> |
| Total net position | <u>\$ 12,728,287</u> | <u>\$ 13,033,394</u> | <u>\$ 3,020,633</u> | <u>\$ 2,448,376</u> | <u>\$ 15,748,920</u> | <u>\$ 15,481,770</u> |

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

In 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and during 2016, the City adopted GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

CITY OF CLAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2016, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$15,748,920. At year-end, net position was \$12,728,287 and \$3,020,633 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets net represented 52.00% of total assets. Capital assets include land, construction in progress, buildings, improvements other than buildings, furniture, fixtures and equipment, vehicles, and infrastructure. The City's net investment in capital assets at December 31, 2016, was \$6,497,189 and \$3,206,675 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending.

A portion of the City's net position, \$3,378,498 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is \$2,852,600

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CITY OF CLAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

The table below shows the changes in net position for years 2016 and 2015.

Change in Net Position

| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>Governmental</u> | <u>Governmental</u> | <u>Business-Type</u> | <u>Business-Type</u> | <u>2016</u> | <u>2015</u> |
| | <u>Activities</u> | <u>Activities</u> | <u>Activities</u> | <u>Activities</u> | <u>Total</u> | <u>Total</u> |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,358,112 | \$ 1,292,397 | \$ 534,957 | \$ 536,286 | \$ 1,893,069 | \$ 1,828,683 |
| Operating grants, contributions, and interest | 663,362 | 1,168,499 | - | - | 663,362 | 1,168,499 |
| Capital grants and contributions | <u>-</u> | <u>78,557</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>78,557</u> |
| Total program revenues | <u>2,021,474</u> | <u>2,539,453</u> | <u>534,957</u> | <u>536,286</u> | <u>2,556,431</u> | <u>3,075,739</u> |
| General revenues: | | | | | | |
| Property taxes | 2,339,868 | 2,314,475 | - | - | 2,339,868 | 2,314,475 |
| Other local taxes | 366,029 | 296,470 | - | - | 366,029 | 296,470 |
| Unrestricted grants and entitlements | 926,747 | 248,671 | - | - | 926,747 | 248,671 |
| Payment in lieu of taxes | 408,841 | 402,260 | - | - | 408,841 | 402,260 |
| Municipal income taxes | 3,454,144 | 2,844,916 | - | - | 3,454,144 | 2,844,916 |
| Investment earnings | 93,215 | (21,121) | - | - | 93,215 | (21,121) |
| Investment in joint venture | 55,830 | 1,349 | - | - | 55,830 | 1,349 |
| Miscellaneous | <u>10,245</u> | <u>110,967</u> | <u>38,036</u> | <u>6,113</u> | <u>48,281</u> | <u>117,080</u> |
| Total general revenues | <u>7,654,919</u> | <u>6,197,987</u> | <u>38,036</u> | <u>6,113</u> | <u>7,692,955</u> | <u>6,204,100</u> |
| Total revenues | <u>9,676,393</u> | <u>8,737,440</u> | <u>572,993</u> | <u>542,399</u> | <u>10,249,386</u> | <u>9,279,839</u> |
| Expenses: | | | | | | |
| General government | 3,876,815 | 2,928,788 | - | - | 3,876,815 | 2,928,788 |
| Security of persons and property | 3,631,194 | 3,630,121 | - | - | 3,631,194 | 3,630,121 |
| Public health and welfare | 5,898 | 6,873 | - | - | 5,898 | 6,873 |
| Economic Development | 1,107 | 10,277 | - | - | 1,107 | 10,277 |
| Transportation | 1,651,932 | 1,812,643 | - | - | 1,651,932 | 1,812,643 |
| Interest and fiscal charges | 361,360 | 164,670 | - | - | 361,360 | 164,670 |
| Water | - | - | 49,439 | 153,496 | 49,439 | 153,496 |
| Sewer | - | - | 208,162 | 202,948 | 208,162 | 202,948 |
| Golf course | <u>-</u> | <u>-</u> | <u>995,042</u> | <u>669,535</u> | <u>995,042</u> | <u>669,535</u> |
| Total expenses | <u>9,528,306</u> | <u>8,553,372</u> | <u>1,252,643</u> | <u>1,025,979</u> | <u>10,780,949</u> | <u>9,579,351</u> |
| Change in net position before transfers and special item | 148,087 | 184,068 | (679,650) | (483,580) | (531,563) | (299,512) |
| Special item/Extraordinary item | - | - | 798,713 | 3,001,850 | 798,713 | 3,001,850 |
| Transfers | <u>(453,194)</u> | <u>(251,193)</u> | <u>453,194</u> | <u>251,193</u> | <u>-</u> | <u>-</u> |
| Change in net position | (305,107) | (67,125) | 572,257 | 2,769,463 | 267,150 | 2,702,338 |
| Net position at beginning of year | <u>13,033,394</u> | <u>13,100,519</u> | <u>2,448,376</u> | <u>(321,087)</u> | <u>15,481,770</u> | <u>12,779,432</u> |
| Net position at end of year | <u>\$ 12,728,287</u> | <u>\$ 13,033,394</u> | <u>\$ 3,020,633</u> | <u>\$ 2,448,376</u> | <u>\$ 15,748,920</u> | <u>\$ 15,481,770</u> |

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

Governmental Activities

Governmental activities net position decreased 2.34% or \$305,107 in 2016.

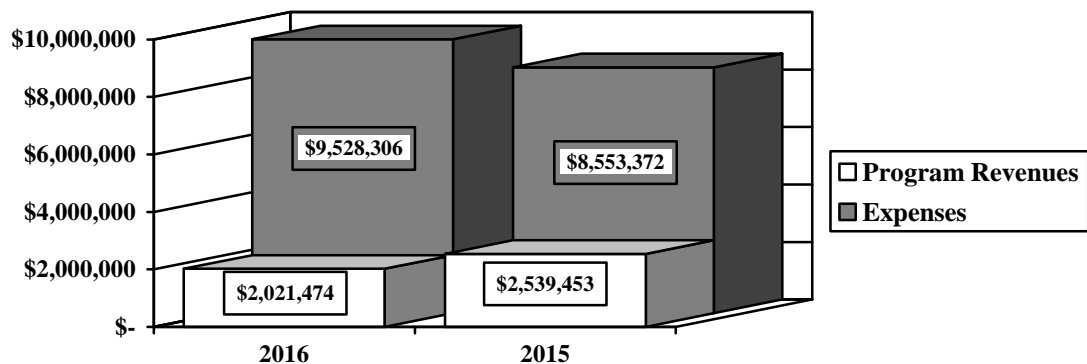
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$3,631,194 of the total governmental expenses of the City. These expenses were partially funded by \$507,810 in direct charges to users of the services and \$351 in operating grants and contributions. Transportation expenses totaled \$1,651,932. Transportation expenses were partially funded by \$25,734 in direct charges to users of the services and \$613,011 in operating grants and contributions. General government expenses totaled \$3,876,815. General government expenses were partially funded by \$818,718 in direct charges to users of the services and \$50,000 in operating grants and contributions.

The state and federal government contributed to the City a total of \$663,362 in operating grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$7,654,919, and amounted to 79.11% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$5,794,012. Unrestricted grants and entitlements of \$926,747, which includes local government funds, is the other primary source of general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities - Program Revenues vs. Total Expenses



CITY OF CLAYTON, OHIO

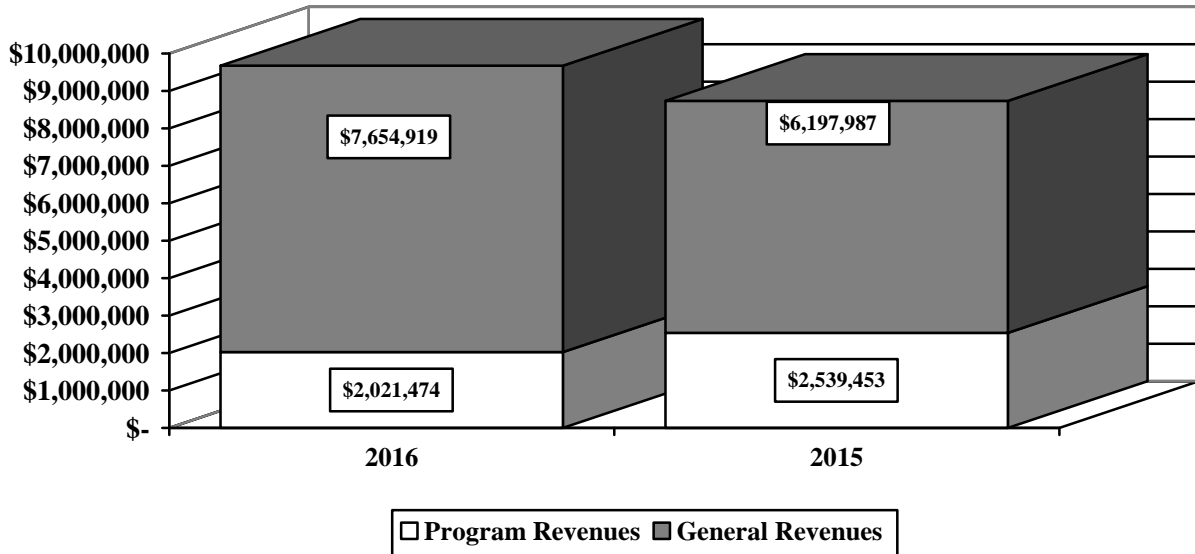
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

Governmental Activities

| | Total Cost of Services <u>2016</u> | Total Cost of Services <u>2015</u> | Net Cost of Services <u>2016</u> | Net Cost of Services <u>2015</u> |
|----------------------------------|--|--|--|--|
| Program Expenses: | | | | |
| General government | \$ 3,876,815 | \$ 2,928,788 | \$ 3,008,097 | \$ 2,132,914 |
| Security of persons and property | 3,631,194 | 3,630,121 | 3,123,033 | 2,743,948 |
| Public health and welfare | 5,898 | 6,873 | 48 | (8,402) |
| Economic Development | 1,107 | 10,277 | 1,107 | (10,995) |
| Transportation | 1,651,932 | 1,812,643 | 1,013,187 | 991,784 |
| Interest and Fiscal Charges | <u>361,360</u> | <u>164,670</u> | <u>361,360</u> | <u>164,670</u> |
| Total Expenses | <u>\$ 9,528,306</u> | <u>\$ 8,553,372</u> | <u>\$ 7,506,832</u> | <u>\$ 6,013,919</u> |

The dependence upon general revenues for governmental activities is apparent, with 78.78% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues



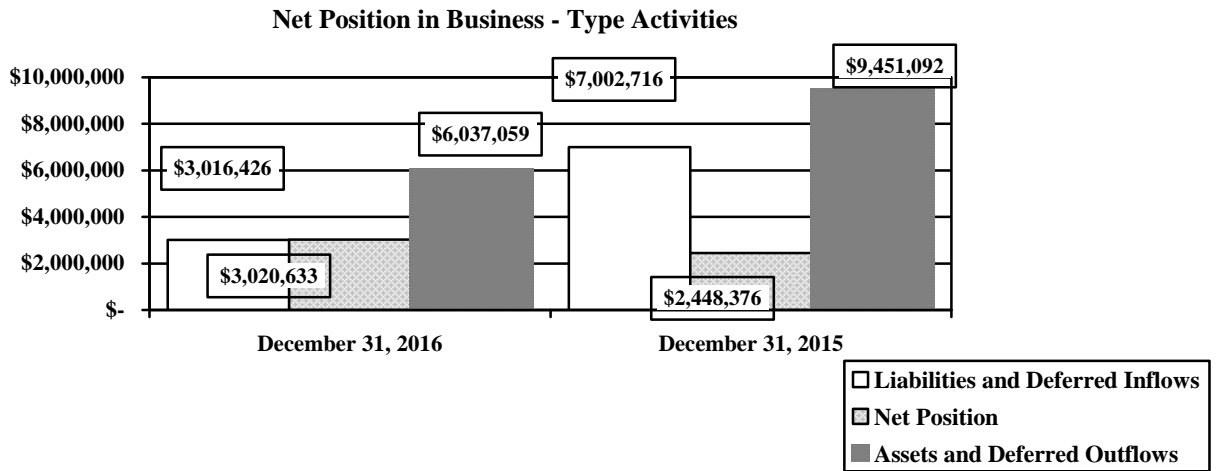
CITY OF CLAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

Business-type Activities

Business-type activities include the water department, sewer operating, and golf course enterprise funds. These programs had program revenues of \$534,957, general revenues of \$38,036, and expenses of \$1,252,643 for 2016.

The graph below shows the business-type activities assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at year-end 2016 and 2015.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

CITY OF CLAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

The City's governmental funds (as presented on the balance sheet on page 22-23) reported a combined fund balance of \$12,079,571 which is \$4,349,491 above last year's balance of \$7,730,080. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2016 for all major and nonmajor governmental funds.

| | <u>Balances</u> <u>12/31/16</u> | <u>Balances</u> <u>12/31/15</u> | <u>Increase</u> <u>(Decrease)</u> |
|-----------------------------------|------------------------------------|------------------------------------|--------------------------------------|
| Major Funds: | | | |
| General | \$ 5,039,173 | \$ 5,216,990 | \$ (177,817) |
| Police | 22,887 | 12,537 | 10,350 |
| Fire | 26,541 | 149,042 | (122,501) |
| Capital improvement | 5,048,123 | 492,543 | 4,555,580 |
| Other nonmajor governmental funds | <u>1,942,847</u> | <u>1,858,968</u> | <u>83,879</u> |
| Total | <u>\$ 12,079,571</u> | <u>\$ 7,730,080</u> | <u>\$ 4,349,491</u> |

General Fund

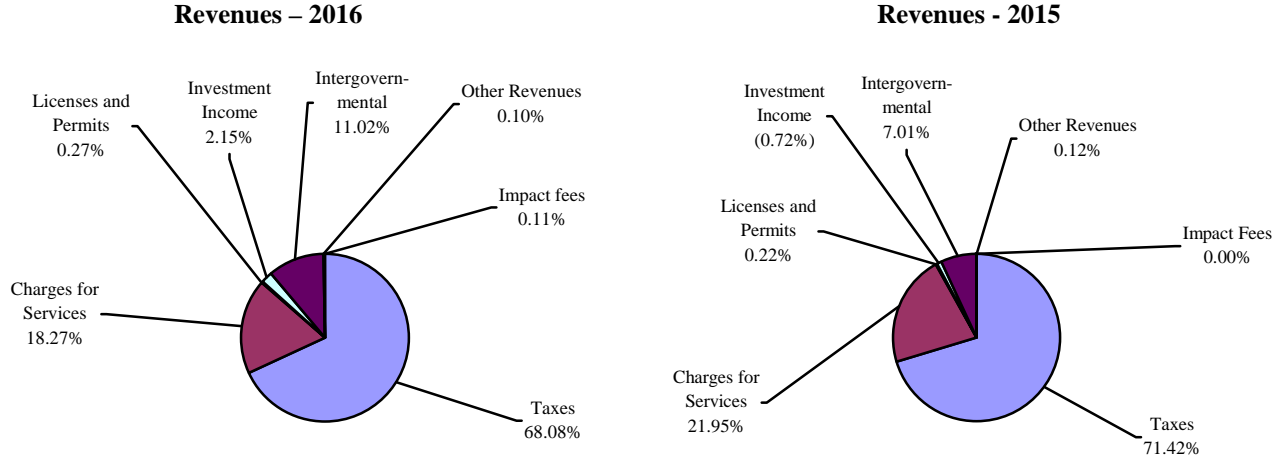
The City's general fund balance decreased \$177,817. The table that follows assists in illustrating the revenues of the general fund.

| | <u>2016</u> <u>Amount</u> | <u>2015</u> <u>Amount</u> | <u>Percentage</u> <u>Change</u> |
|------------------------|------------------------------|------------------------------|------------------------------------|
| <u>Revenues</u> | | | |
| Taxes | \$ 2,832,217 | \$ 2,482,319 | 14.10 % |
| Charges for services | 760,019 | 762,811 | (0.37) % |
| Licenses and permits | 11,244 | 7,605 | 47.85 % |
| Investment income | 89,569 | (25,094) | 456.93 % |
| Intergovernmental | 458,488 | 243,783 | 88.07 % |
| Other | <u>8,430</u> | <u>4,362</u> | 93.26 % |
| Total | <u>\$ 4,159,967</u> | <u>\$ 3,475,786</u> | 19.68 % |

Tax revenue represents 68.08% of all general fund revenue. The increase in investment income is an indication of fluctuation in the investment market at year end.

CITY OF CLAYTON, OHIO

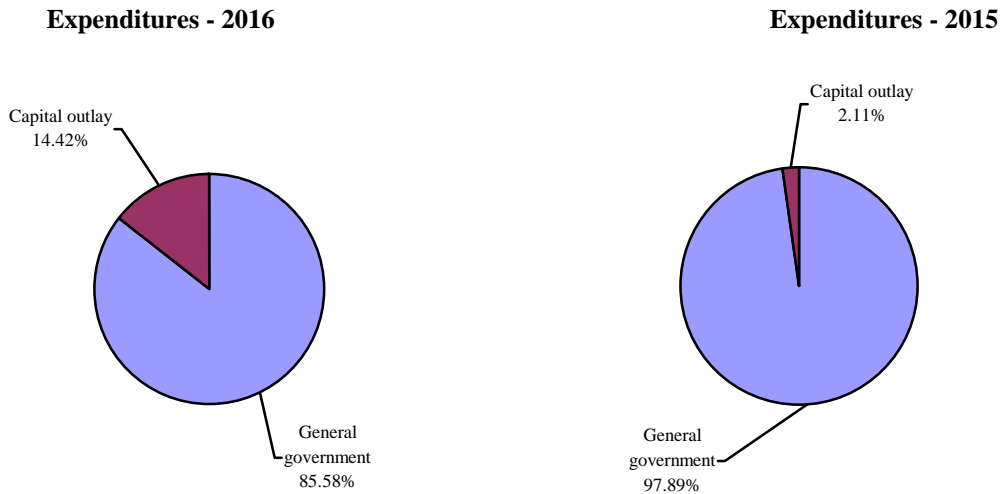
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**



The table that follows assists in illustrating the expenditures of the general fund.

| | <u>2016</u> <u>Amount</u> | <u>2015</u> <u>Amount</u> | <u>Percentage</u> <u>Change</u> |
|----------------------------|------------------------------|------------------------------|------------------------------------|
| <u>Expenditures</u> | | | |
| General government | \$ 2,142,724 | \$ 1,898,905 | 12.84 % |
| Capital outlay | <u>361,026</u> | <u>40,964</u> | 781.33 % |
| Total | <u><u>\$ 2,503,750</u></u> | <u><u>\$ 1,939,869</u></u> | 29.07 % |

Total expenditures increased 29.07% from 2015. The largest expenditure line item, general government, increased 12.84%.



CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

Police Fund

The police fund had revenues and other financing sources of \$1,910,539 in 2016. This represents a decrease of \$44,373 from 2015 revenues and other sources. The expenditures of the police fund, which totaled \$1,900,189 in 2016, decreased \$22,792 from 2015. The net increase in fund balance for the police fund was \$10,350 or 82.56%. The decrease in transfers-in and reduction in personal services contributed to this increase in fund balance.

Fire Fund

The fire fund had revenues and other financing sources of \$848,162 in 2016. This represents an increase of \$14,909 from 2015 revenues. The expenditures of the fire fund, which totaled \$970,663 in 2016, decreased \$78,421 from 2015. The decrease can be explained by the reduction of capital outlay in 2016. The net decrease in the fund balance for the fire fund was \$122,501 or 82.19%.

Capital Improvement Fund

The capital improvement fund had revenues and other financing sources of \$7,219,321 in 2016. The expenditures of the capital improvement fund totaled \$2,663,741 in 2016. The net increase in the fund balance for the capital improvement fund was \$4,555,580 or 924.91%. The City issued \$6,000,000 in roadway improvement bonds during 2016 to be utilized for road improvements over three years.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC), as well as the City of Clayton Charter and Administrative Code. Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund, fire fund and police fund. In the general fund, the actual revenues came in \$41,803 more than they were in the final budget and actual expenditures and other financing uses were \$1,284,657 less than the amount in the final budget. Final budgeted revenues were \$342,020 more than the original and budgeted expenditures and other financing uses increased \$984,047 from the original to the final budget.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements is related to interfund activity.. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

The Water Department fund's net position increased \$830,197 from a deficit of \$749,053 to a balance of \$81,144. During 2016, the City entered into an agreement with the City of Dayton to transfer water line ownership from Clayton to Dayton, in exchange for forgiveness of an outstanding waterline note payable owed to Dayton. This transfer resulted in a special item of \$798,713.

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

The Sewer operating fund had a decrease in net position of \$3,870. The Sewer fund receives impact fees and operating transfers to pay an outstanding OWDA loan associated with sewer line construction.

The Golf Course Fund had a decrease in net position of \$254,070 during the year. In addition, the City transferred \$252,000 to the fund to support operations.

Capital Assets and Debt Administration

Capital Assets

At the end of 2016, the City had \$18,971,502 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, improvements other than buildings, equipment, vehicles, and infrastructure. Of this total, \$13,104,988 was reported in governmental activities and \$5,866,514 was reported in business-type activities. See Note 10 in the basic financial statements for additional capital asset disclosure. The following table shows 2016 balances compared to 2015:

**Capital Assets at December 31
(Net of Depreciation)**

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|------------------------------|--------------------------------|----------------------|---------------------------------|---------------------|----------------------|----------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Land | \$ 4,069,825 | \$ 4,069,825 | \$ 1,527,200 | \$ 1,527,200 | \$ 5,597,025 | \$ 5,597,025 |
| Land improvements (I.O.T.B.) | 155,274 | 90,283 | - | - | 155,274 | 90,283 |
| Buildings and improvements | 283,978 | 221,594 | 1,400,918 | 1,474,650 | 1,684,896 | 1,696,244 |
| Equipment | 751,356 | 522,817 | - | - | 751,356 | 522,817 |
| Vehicles | 1,606,301 | 1,627,517 | 11,367 | 13,262 | 1,617,668 | 1,640,779 |
| Infrastructure | 4,862,577 | 5,507,179 | 2,927,029 | 6,427,183 | 7,789,606 | 11,934,362 |
| Construction in progress | <u>1,375,677</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,375,677</u> | <u>-</u> |
| Totals | <u>\$ 13,104,988</u> | <u>\$ 12,039,215</u> | <u>\$ 5,866,514</u> | <u>\$ 9,442,295</u> | <u>\$ 18,971,502</u> | <u>\$ 21,481,510</u> |

The City's largest general capital asset category is infrastructure which includes bridges, thoroughfares, curbs, gutters, sidewalks, storm sewers, traffic signals and street signs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 37.10% of the City's total governmental capital assets.

The City's largest business-type capital asset category is infrastructure which primarily includes sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 49.89% of the City's total business-type capital assets.

CITY OF CLAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2016 and 2015:

| | <u>Governmental Activities</u> | |
|-----------------------------|---------------------------------|---------------------|
| | <u>2016</u> | <u>2015</u> |
| General obligation bonds | \$ 10,432,132 | \$ 4,751,408 |
| Promissory notes | 38,786 | 120,649 |
| Capital lease obligation | <u>129,224</u> | <u>191,337</u> |
| Total long-term obligations | <u>\$ 10,600,142</u> | <u>\$ 5,063,394</u> |
| | <u>Business-type Activities</u> | |
| | <u>2016</u> | <u>2015</u> |
| Water line loans | \$ - | \$ 4,208,656 |
| OWDA loans | <u>2,659,839</u> | <u>2,751,869</u> |
| Total long-term obligations | <u>\$ 2,659,839</u> | <u>\$ 6,960,525</u> |

See Note 15 to the basic financial statements for detail on the City's long-term obligations.

Current Financial Issues

The City of Clayton continues to provide services to residents at levels they are accustomed to even though revenues remain relatively flat while State funding continually is reduced by the State of Ohio. The department heads have continued the fiscal restraint which ultimately led to the under spending of appropriations once again this year.

Also, the cash management and budgetary policies of the Department of Finance encourage the growth in fund carryovers. It has been the intent of Council to only utilize current revenues to fund budgeted expenditures, but this is has not been possible in recent years. Greater utilization of grants, where possible, have also assisted in supporting the operations of the City. These actions have aided the City in ending with higher fund balances than projected for 2016.

Contacting the City's Financial Management

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.

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**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2016

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| Assets: | | | |
| Equity in pooled cash and cash equivalents . . . | \$ 11,844,032 | \$ 186,358 | \$ 12,030,390 |
| Receivables: | | | |
| Income taxes | 908,056 | - | 908,056 |
| Real and other taxes | 2,731,255 | - | 2,731,255 |
| Accounts | 499,629 | 8,519 | 508,148 |
| Payment in lieu of taxes receivable | 376,946 | - | 376,946 |
| Special assessments | 61,052 | - | 61,052 |
| Accrued interest | 27,010 | - | 27,010 |
| Due from other governments | 679,167 | - | 679,167 |
| Prepayments | 72,427 | 29,232 | 101,659 |
| Inventory held for resale | - | 3,780 | 3,780 |
| Investment in joint venture | 64,628 | - | 64,628 |
| Net pension asset | 16,297 | 2,308 | 18,605 |
| Internal balance | 200,000 | (200,000) | - |
| Capital assets: | | | |
| Land and construction in progress | 5,445,502 | 1,527,200 | 6,972,702 |
| Depreciable capital assets, net | 7,659,486 | 4,339,314 | 11,998,800 |
| Total capital assets, net | <u>13,104,988</u> | <u>5,866,514</u> | <u>18,971,502</u> |
| Total assets | <u>30,585,487</u> | <u>5,896,711</u> | <u>36,482,198</u> |
| Deferred outflows of resources: | | | |
| Unamortized deferred charges on debt refunding | 336,426 | - | 336,426 |
| Pension - Ohio Police and Fire | 985,059 | - | 985,059 |
| Pension - OPERS | 990,911 | 140,348 | 1,131,259 |
| Total deferred outflows of resources | <u>2,312,396</u> | <u>140,348</u> | <u>2,452,744</u> |
| Liabilities: | | | |
| Accounts payable | 98,145 | 9,475 | 107,620 |
| Contracts payable | 165,207 | - | 165,207 |
| Accrued wages and benefits payable | 129,084 | 5,836 | 134,920 |
| Due to other governments | 79,547 | 5,717 | 85,264 |
| Accrued interest payable | 22,323 | 8,787 | 31,110 |
| Long-term liabilities: | | | |
| Due within one year | 912,305 | 106,070 | 1,018,375 |
| Due greater than one year: | | | |
| Net pension liability | 5,622,813 | 306,010 | 5,928,823 |
| Other amounts due in more than one year | 9,990,176 | 2,566,341 | 12,556,517 |
| Total liabilities | <u>17,019,600</u> | <u>3,008,236</u> | <u>20,027,836</u> |
| Deferred inflows of resources: | | | |
| Property taxes levied for the next fiscal year . . . | 2,615,198 | - | 2,615,198 |
| Payment in lieu of taxes | 313,072 | - | 313,072 |
| Pension - Ohio Police and Fire | 163,904 | - | 163,904 |
| Pension - OPERS | 57,822 | 8,190 | 66,012 |
| Total deferred inflows of resources | <u>3,149,996</u> | <u>8,190</u> | <u>3,158,186</u> |
| Net position: | | | |
| Net investment in capital assets | 6,497,189 | 3,206,675 | 9,703,864 |
| Restricted for: | | | |
| Debt service | 172,259 | - | 172,259 |
| Road improvements | 400,806 | - | 400,806 |
| Capital projects | 1,633,868 | - | 1,633,868 |
| Cemetery operations | 51,417 | - | 51,417 |
| Drug and alcohol enforcement | 37,707 | - | 37,707 |
| Street lighting | 81,114 | - | 81,114 |
| Economic development | 1,001,327 | - | 1,001,327 |
| Unrestricted (deficit) | 2,852,600 | (186,042) | 2,666,558 |
| Total net position | <u>\$ 12,728,287</u> | <u>\$ 3,020,633</u> | <u>\$ 15,748,920</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Program Revenues | | |
|--|-------------------------|---|---|
| | Expenses | Charges for Services and Sales | Operating Grants and Contributions |
| Governmental activities: | | | |
| General government. | \$ 3,876,815 | \$ 818,718 | \$ 50,000 |
| Security of persons and property . . . | 3,631,194 | 507,810 | 351 |
| Public health and welfare | 5,898 | 5,850 | - |
| Transportation. | 1,651,932 | 25,734 | 613,011 |
| Economic development | 1,107 | - | - |
| Interest and fiscal charges. | 361,360 | - | - |
| Total governmental activities | <u>9,528,306</u> | <u>1,358,112</u> | <u>663,362</u> |
| Business-type activities: | | | |
| Water Department. | 49,439 | 78,590 | - |
| Sewer Department. | 208,162 | - | - |
| Golf Course. | 995,042 | 456,367 | - |
| Total business-type activities | <u>1,252,643</u> | <u>534,957</u> | <u>-</u> |
| Total primary government | <u>\$ 10,780,949</u> | <u>\$ 1,893,069</u> | <u>\$ 663,362</u> |

General revenues:

- Property taxes levied for:
 - General purposes
 - Police.
 - Fire.
 - EMS.
- Other Local Taxes.
- Income taxes levied for:
 - General purposes
 - Capital outlay
- Payments in lieu of taxes
- Grants and entitlements not restricted
to specific programs
- Investment in joint venture.
- Investment earnings
- Miscellaneous

Total general revenues

Special items

Transfers

Total general revenues,
transfers and special items

Change in net position

Net position at beginning of year

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

| Governmental Activities | Business-type Activities | Total |
|------------------------------------|-------------------------------------|----------------------|
| \$ (3,008,097) | \$ - | \$ (3,008,097) |
| (3,123,033) | - | (3,123,033) |
| (48) | - | (48) |
| (1,013,187) | - | (1,013,187) |
| (1,107) | - | (1,107) |
| <u>(361,360)</u> | <u>-</u> | <u>(361,360)</u> |
| <u>(7,506,832)</u> | <u>-</u> | <u>(7,506,832)</u> |
| - | 29,151 | 29,151 |
| - | (208,162) | (208,162) |
| - | <u>(538,675)</u> | <u>(538,675)</u> |
| - | <u>(717,686)</u> | <u>(717,686)</u> |
| <u>(7,506,832)</u> | <u>(717,686)</u> | <u>(8,224,518)</u> |
| 323,244 | - | 323,244 |
| 1,130,372 | - | 1,130,372 |
| 705,553 | - | 705,553 |
| 180,699 | - | 180,699 |
| 366,029 | - | 366,029 |
| 2,308,409 | - | 2,308,409 |
| 1,145,735 | - | 1,145,735 |
| 408,841 | - | 408,841 |
| 926,747 | - | 926,747 |
| 55,830 | - | 55,830 |
| 93,215 | - | 93,215 |
| 10,245 | 38,036 | 48,281 |
| <u>7,654,919</u> | <u>38,036</u> | <u>7,692,955</u> |
| - | 798,713 | 798,713 |
| <u>(453,194)</u> | <u>453,194</u> | <u>-</u> |
| <u>7,201,725</u> | <u>1,289,943</u> | <u>8,491,668</u> |
| (305,107) | 572,257 | 267,150 |
| <u>13,033,394</u> | <u>2,448,376</u> | <u>15,481,770</u> |
| <u>\$ 12,728,287</u> | <u>\$ 3,020,633</u> | <u>\$ 15,748,920</u> |

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

| | General | Police Fund | Fire Fund | Capital Improvement Fund |
|---|---------------------|------------------------|----------------------|---|
| Assets: | | | | |
| Equity in pooled cash and cash equivalents . . . | \$ 4,629,669 | \$ 79,067 | \$ 92,366 | \$ 5,133,128 |
| Receivables: | | | | |
| Income taxes. | 605,397 | - | - | 302,659 |
| Real and other taxes | 415,828 | 1,298,087 | 809,585 | - |
| Accounts. | 183,940 | - | - | - |
| Payments in lieu of taxes. | - | - | - | - |
| Special assessments | - | - | - | - |
| Interfund loans. | 200,000 | - | - | - |
| Accrued interest | 25,879 | - | - | - |
| Due from other governments. | 152,699 | 132,591 | 63,017 | - |
| Prepayments | 25,831 | 21,229 | 4,583 | - |
| Total assets | <u>\$ 6,239,243</u> | <u>\$ 1,530,974</u> | <u>\$ 969,551</u> | <u>\$ 5,435,787</u> |
| Liabilities: | | | | |
| Accounts payable. | \$ 9,022 | \$ 14,935 | \$ 21,127 | \$ 25,452 |
| Contracts payable. | - | - | - | 165,207 |
| Accrued wages and benefits payable | 20,995 | 45,658 | 30,708 | - |
| Due to other governments | 17,482 | 18,540 | 18,573 | 297 |
| Total liabilities | <u>47,499</u> | <u>79,133</u> | <u>70,408</u> | <u>190,956</u> |
| Deferred inflows of resources: | | | | |
| Property taxes levied for the next fiscal year. | 361,471 | 1,262,458 | 788,864 | - |
| Delinquent property tax revenue not available. | 9,877 | 35,629 | 20,721 | - |
| Accrued interest not available | 18,681 | - | - | - |
| Special assessments revenue not available. | - | - | - | - |
| Miscellaneous revenue not available. | 228,420 | 31,401 | - | - |
| Income tax revenue not available | 393,467 | - | - | 196,708 |
| Intergovernmental revenue not available | 140,655 | 99,466 | 63,017 | - |
| Payment in lieu of taxes levied for the next fiscal year. | - | - | - | - |
| Delinquent payment in lieu of tax revenue not available. | - | - | - | - |
| Total deferred inflows of resources | <u>1,152,571</u> | <u>1,428,954</u> | <u>872,602</u> | <u>196,708</u> |
| Fund balances: | | | | |
| Nonspendable | 25,831 | 21,229 | 4,583 | - |
| Restricted. | - | 1,658 | 21,958 | 5,048,123 |
| Committed | 62,403 | - | - | - |
| Assigned | 658,950 | - | - | - |
| Unassigned. | 4,291,989 | - | - | - |
| Total fund balances. | <u>5,039,173</u> | <u>22,887</u> | <u>26,541</u> | <u>5,048,123</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 6,239,243</u> | <u>\$ 1,530,974</u> | <u>\$ 969,551</u> | <u>\$ 5,435,787</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Other Governmental Funds | Total Governmental Funds |
|---|---|
| \$ 1,909,802 | \$ 11,844,032 |
| - | 908,056 |
| 207,755 | 2,731,255 |
| 315,689 | 499,629 |
| 376,946 | 376,946 |
| 61,052 | 61,052 |
| - | 200,000 |
| 1,131 | 27,010 |
| 330,860 | 679,167 |
| 20,784 | 72,427 |
| <u>\$ 3,224,019</u> | <u>\$ 17,399,574</u> |

| | |
|---------------|----------------|
| \$ 27,609 | \$ 98,145 |
| - | 165,207 |
| 31,723 | 129,084 |
| 24,655 | 79,547 |
| <u>83,987</u> | <u>471,983</u> |

| | |
|------------------|------------------|
| 202,405 | 2,615,198 |
| 5,350 | 71,577 |
| 816 | 19,497 |
| 61,052 | 61,052 |
| 280,493 | 540,314 |
| - | 590,175 |
| 270,123 | 573,261 |
| 313,072 | 313,072 |
| 63,874 | 63,874 |
| <u>1,197,185</u> | <u>4,848,020</u> |

| | |
|---------------------|----------------------|
| 20,784 | 72,427 |
| 1,918,233 | 6,989,972 |
| - | 62,403 |
| 3,830 | 662,780 |
| - | 4,291,989 |
| <u>1,942,847</u> | <u>12,079,571</u> |
| <u>\$ 3,224,019</u> | <u>\$ 17,399,574</u> |

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016

| | | | |
|---|----|--------------|--------------|
| Total governmental fund balances | | \$ | 12,079,571 |
| <i>Amounts reported for governmental activities on the statement of net position are different because:</i> | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | | 13,104,988 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds. | | | |
| Income taxes receivable | \$ | 590,175 | |
| Real and other taxes receivable | | 179,931 | |
| Accounts receivable | | 495,834 | |
| Intergovernmental receivable | | 573,261 | |
| Special assessments receivable | | 61,052 | |
| Accrued interest receivable | | 19,497 | |
| Total | | 1,919,750 | 1,919,750 |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | | | (22,323) |
| 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. | | | 64,628 |
| Unamortized deferred amounts on refundings are not recognized in the governmental funds. | | | 336,426 |
| Unamortized premiums on bond issuances are not recognized in the funds. | | | (499,240) |
| The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds. | | | 16,297 |
| The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds. | | | (3,868,569) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | | |
| Compensated absences | | (302,339) | |
| Capital lease payable | | (129,224) | |
| General obligation bonds payable | | (9,932,892) | |
| Promissory notes | | (38,786) | |
| Total | | (10,403,241) | (10,403,241) |
| Net position of governmental activities | | \$ | 12,728,287 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | General | Police Fund | Fire Fund | Capital Improvement Fund |
|---|---------------------|------------------------|----------------------|---|
| Revenues: | | | | |
| Income taxes | \$ 2,316,827 | \$ - | \$ - | \$ 1,156,058 |
| Real and other taxes. | 324,138 | 1,132,651 | 707,492 | - |
| Other local taxes. | 191,252 | - | - | - |
| Payments in lieu of taxes. | - | - | - | - |
| Charges for services. | 760,019 | 94,218 | - | - |
| Licenses and permits | 11,244 | - | - | - |
| Fines and forfeitures | - | 27,042 | 1,394 | - |
| Intergovernmental. | 458,488 | 210,378 | 129,834 | - |
| Special assessments | - | - | - | - |
| Investment income. | 89,569 | - | - | - |
| Contributions and donations. | - | 88 | 263 | - |
| Impact fees. | 4,696 | - | - | 17,923 |
| Other | 3,734 | 2,162 | 9,134 | 41,595 |
| Total revenues | 4,159,967 | 1,466,539 | 848,117 | 1,215,576 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,142,724 | - | - | 1,815,548 |
| Security of persons and property | - | 1,889,190 | 965,756 | - |
| Public health and welfare. | - | - | - | - |
| Transportation | - | - | - | - |
| Economic development. | - | - | - | - |
| Capital outlay | 361,026 | 10,999 | 4,907 | 577,034 |
| Debt service: | | | | |
| Principal retirement. | - | - | - | 218,976 |
| Interest and fiscal charges | - | - | - | 52,183 |
| Bond issuance costs | - | - | - | - |
| Total expenditures | 2,503,750 | 1,900,189 | 970,663 | 2,663,741 |
| Excess (deficiency) of revenues over (under) expenditures. | 1,656,217 | (433,650) | (122,546) | (1,448,165) |
| Other financing sources (uses): | | | | |
| Bond issuance. | - | - | - | 6,000,000 |
| Sale of capital assets. | - | - | 45 | 3,745 |
| Transfers in | - | 444,000 | - | - |
| Transfers out. | (1,834,034) | - | - | - |
| Premium on bond issuance | - | - | - | - |
| Total other financing sources (uses) | (1,834,034) | 444,000 | 45 | 6,003,745 |
| Net change in fund balances | (177,817) | 10,350 | (122,501) | 4,555,580 |
| Fund balances at beginning of year | 5,216,990 | 12,537 | 149,042 | 492,543 |
| Fund balances at end of year | \$ 5,039,173 | \$ 22,887 | \$ 26,541 | \$ 5,048,123 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| Other Governmental Funds | Total Governmental Funds |
|---|---|
| \$ - | \$ 3,472,885 |
| 181,161 | 2,345,442 |
| 108,089 | 299,341 |
| 398,182 | 398,182 |
| 407,352 | 1,261,589 |
| - | 11,244 |
| 1,240 | 29,676 |
| 790,483 | 1,589,183 |
| 27,687 | 27,687 |
| 5,310 | 94,879 |
| - | 351 |
| - | 22,619 |
| 12,297 | 68,922 |
| 1,931,801 | 9,622,000 |
| 419,212 | 4,377,484 |
| 653,070 | 3,508,016 |
| 5,898 | 5,898 |
| 1,161,223 | 1,161,223 |
| 1,107 | 1,107 |
| 28,971 | 982,937 |
| 620,000 | 838,976 |
| 182,914 | 235,097 |
| 90,491 | 90,491 |
| 3,162,886 | 11,201,229 |
| (1,231,085) | (1,579,229) |
| - | 6,000,000 |
| - | 3,790 |
| 1,138,034 | 1,582,034 |
| (201,194) | (2,035,228) |
| 378,124 | 378,124 |
| 1,314,964 | 5,928,720 |
| 83,879 | 4,349,491 |
| 1,858,968 | 7,730,080 |
| \$ 1,942,847 | \$ 12,079,571 |

**CITY OF CLAYTON
MONTGOMERY COUNTY, 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, 2016

| | | |
|---|--------------|------------------|
| Net change in fund balances - total governmental funds | \$ | 4,349,491 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| 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. This is the amount by which capital outlays exceeds depreciation expense in the current period. | | |
| Capital asset additions | \$ 1,983,794 | |
| Current year depreciation | (918,021) | |
| Total | | 1,065,773 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Income taxes | (18,741) | |
| Real and other taxes | 1,855 | |
| Intergovernmental revenues | 61,794 | |
| Special assessments | 7,956 | |
| Investment income | 3,805 | |
| Other | (61,896) | |
| Total | | (5,227) |
| Proceeds of bonds are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position. | | |
| | | (6,000,000) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. | | |
| | | 838,976 |
| Premiums on general obligation bonds are recognized as other financing sources in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. | | |
| | | (378,124) |
| Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. | | |
| | | 474,037 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. | | |
| | | (656,533) |
| The City's share of the income of the Joint Economic Development District is presented as an addition to the equity interest in the statement of activities. | | |
| | | 55,830 |
| In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due. | | |
| Increase in accrued interest payable | (11,077) | |
| Accreted interest on capital appreciation bonds | (27,876) | |
| Amortization of deferred amounts on refunding | (27,095) | |
| Amortization of bond premiums | 30,276 | |
| Total | | (35,772) |
| Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| | | (13,558) |
| Change in net position of governmental activities | \$ | (305,107) |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Municipal income taxes | \$ 2,040,177 | \$ 2,226,966 | \$ 2,249,796 | \$ 22,830 |
| Property taxes | 293,937 | 320,849 | 324,138 | 3,289 |
| Charges for services | 689,206 | 752,307 | 760,019 | 7,712 |
| Licenses and permits | 10,654 | 11,630 | 11,749 | 119 |
| Intergovernmental | 415,965 | 454,048 | 458,703 | 4,655 |
| Investment income | 108,911 | 118,882 | 120,101 | 1,219 |
| Other local tax | 173,433 | 189,311 | 191,252 | 1,941 |
| Other | 3,386 | 3,696 | 3,734 | 38 |
| Total revenues | <u>3,735,669</u> | <u>4,077,689</u> | <u>4,119,492</u> | <u>41,803</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,454,462 | 2,957,967 | 2,300,649 | 657,318 |
| Capital outlay | 385,871 | 465,028 | 361,690 | 103,338 |
| Total expenditures | <u>2,840,333</u> | <u>3,422,995</u> | <u>2,662,339</u> | <u>760,656</u> |
| Excess of revenues over expenditures | <u>895,336</u> | <u>654,694</u> | <u>1,457,153</u> | <u>802,459</u> |
| Other financing uses: | | | | |
| Transfers out | <u>(1,956,650)</u> | <u>(2,358,035)</u> | <u>(1,834,034)</u> | <u>524,001</u> |
| Total other financing sources uses | <u>(1,956,650)</u> | <u>(2,358,035)</u> | <u>(1,834,034)</u> | <u>524,001</u> |
| Net change in fund balances | (1,061,314) | (1,703,341) | (376,881) | 1,326,460 |
| Fund balances at beginning of year (restated) . . | 4,218,279 | 4,218,279 | 4,218,279 | - |
| Prior year encumbrances appropriated . . . | 539,289 | 539,289 | 539,289 | - |
| Fund balance at end of year | <u>\$ 3,696,254</u> | <u>\$ 3,054,227</u> | <u>\$ 4,380,687</u> | <u>\$ 1,326,460</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|-------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | \$ 1,321,230 | \$ 1,321,230 | \$ 1,132,651 | \$ (188,579) |
| Charges for services. | 111,077 | 111,077 | 95,223 | (15,854) |
| Fines and forfeitures | 31,505 | 31,505 | 27,008 | (4,497) |
| Intergovernmental. | 247,178 | 247,178 | 211,898 | (35,280) |
| Contributions and donations. | 103 | 103 | 88 | (15) |
| Other | 2,522 | 2,522 | 2,162 | (360) |
| Total revenues | <u>1,713,615</u> | <u>1,713,615</u> | <u>1,469,030</u> | <u>(244,585)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | 2,109,856 | 2,109,856 | 1,927,988 | 181,868 |
| Capital outlay | 12,037 | 12,037 | 10,999 | 1,038 |
| Total expenditures | <u>2,121,893</u> | <u>2,121,893</u> | <u>1,938,987</u> | <u>182,906</u> |
| Excess (deficiency) of revenues over (under) expenditures. | <u>(408,278)</u> | <u>(408,278)</u> | <u>(469,957)</u> | <u>(61,679)</u> |
| Other financing sources: | | | | |
| Transfers in | 517,923 | 517,923 | 444,000 | (73,923) |
| Total other financing sources. | <u>517,923</u> | <u>517,923</u> | <u>444,000</u> | <u>(73,923)</u> |
| Net change in fund balances | 109,645 | 109,645 | (25,957) | (135,602) |
| Fund balances at beginning of year | 70,601 | 70,601 | 70,601 | - |
| Prior year encumbrances appropriated | 17,389 | 17,389 | 17,389 | - |
| Fund balance at end of year | <u>\$ 197,635</u> | <u>\$ 197,635</u> | <u>\$ 62,033</u> | <u>\$ (135,602)</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | \$ 825,533 | \$ 825,533 | \$ 707,492 | \$ (118,041) |
| Fines and forfeitures | 1,627 | 1,627 | 1,394 | (233) |
| Intergovernmental | 151,496 | 151,496 | 129,834 | (21,662) |
| Contributions and donations | 307 | 307 | 263 | (44) |
| Other | 10,663 | 10,663 | 9,138 | (1,525) |
| Total revenues | <u>989,626</u> | <u>989,626</u> | <u>848,121</u> | <u>(141,505)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of persons and property | 1,027,988 | 1,027,988 | 966,052 | 61,936 |
| Capital outlay | 12,500 | 12,500 | 11,747 | 753 |
| Total expenditures | <u>1,040,488</u> | <u>1,040,488</u> | <u>977,799</u> | <u>62,689</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(50,862)</u> | <u>(50,862)</u> | <u>(129,678)</u> | <u>(78,816)</u> |
| Other financing sources: | | | | |
| Sale of capital assets | 52 | 52 | 45 | (7) |
| Total other financing sources | <u>52</u> | <u>52</u> | <u>45</u> | <u>(7)</u> |
| Net change in fund balances | (50,810) | (50,810) | (129,633) | (78,823) |
| Fund balances at beginning of year | 169,466 | 169,466 | 169,466 | - |
| Prior year encumbrances appropriated . . . | 23,874 | 23,874 | 23,874 | - |
| Fund balance at end of year | <u>\$ 142,530</u> | <u>\$ 142,530</u> | <u>\$ 63,707</u> | <u>\$ (78,823)</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

| | Business-type Activities - Enterprise Funds | | | Total |
|--|--|-------------------------------------|---------------------------------|---------------------|
| | Water Department Fund | Sewer Operating Fund | Golf Course Fund | |
| Assets: | | | | |
| Current assets: | | | | |
| Equity in pooled cash and cash equivalents . . . | \$ 81,144 | \$ 84,742 | \$ 20,472 | \$ 186,358 |
| Receivables: | | | | |
| Accounts | - | - | 8,519 | 8,519 |
| Prepayments | - | - | 29,232 | 29,232 |
| Inventory held for resale | - | - | 3,780 | 3,780 |
| Total current assets | <u>81,144</u> | <u>84,742</u> | <u>62,003</u> | <u>227,889</u> |
| Noncurrent assets: | | | | |
| Net pension asset | - | - | 2,308 | 2,308 |
| Capital assets: | | | | |
| Land and construction in progress | - | - | 1,527,200 | 1,527,200 |
| Depreciable capital assets, net | - | 2,927,029 | 1,412,285 | 4,339,314 |
| Total capital assets, net | <u>-</u> | <u>2,927,029</u> | <u>2,939,485</u> | <u>5,866,514</u> |
| Total noncurrent assets | <u>-</u> | <u>2,927,029</u> | <u>2,941,793</u> | <u>5,868,822</u> |
| Total assets | <u>81,144</u> | <u>3,011,771</u> | <u>3,003,796</u> | <u>6,096,711</u> |
| Deferred outflows of resources: | | | | |
| Pension OPERS | - | - | 140,348 | 140,348 |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>140,348</u> | <u>140,348</u> |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | - | 9,475 | 9,475 |
| Accrued wages and benefits payable | - | - | 5,836 | 5,836 |
| Due to other governments | - | - | 5,717 | 5,717 |
| Interfund loans payable | - | - | 200,000 | 200,000 |
| Accrued interest payable | - | 8,787 | - | 8,787 |
| Compensated absences payable - current | - | - | 10,322 | 10,322 |
| OWDA loans payable | - | 95,748 | - | 95,748 |
| Total current liabilities | <u>-</u> | <u>104,535</u> | <u>231,350</u> | <u>335,885</u> |
| Long-term liabilities: | | | | |
| Compensated absences payable | - | - | 2,250 | 2,250 |
| OWDA loans payable | - | 2,564,091 | - | 2,564,091 |
| Net pension liability | - | - | 306,010 | 306,010 |
| Total long-term liabilities | <u>-</u> | <u>2,564,091</u> | <u>308,260</u> | <u>2,872,351</u> |
| Total liabilities | <u>-</u> | <u>2,668,626</u> | <u>539,610</u> | <u>3,208,236</u> |
| Deferred inflows of resources: | | | | |
| Pension OPERS | - | - | 8,190 | 8,190 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>8,190</u> | <u>8,190</u> |
| Net position: | | | | |
| Net investment in capital assets | - | 267,190 | 2,939,485 | 3,206,675 |
| Unrestricted (deficit) | 81,144 | 75,955 | (343,141) | (186,042) |
| Total net position | <u>\$ 81,144</u> | <u>\$ 343,145</u> | <u>\$ 2,596,344</u> | <u>\$ 3,020,633</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Business-type Activities - Enterprise Funds | | | Total |
|--|--|-------------------------------------|---------------------------------|---------------------|
| | Water Department Fund | Sewer Operating Fund | Golf Course Fund | |
| Operating revenues: | | | | |
| Charges for services | \$ 78,590 | \$ - | \$ 456,367 | \$ 534,957 |
| Other operating revenues | - | - | 32,605 | 32,605 |
| Impact fees. | 2,333 | 3,098 | - | 5,431 |
| Total operating revenues. | <u>80,923</u> | <u>3,098</u> | <u>488,972</u> | <u>572,993</u> |
| Operating expenses: | | | | |
| Personal services | 6,218 | - | 535,675 | 541,893 |
| Contract services. | 870 | - | 318,702 | 319,572 |
| Materials and supplies. | 42,351 | - | 65,038 | 107,389 |
| Depreciation. | - | 90,211 | 75,627 | 165,838 |
| Total operating expenses. | <u>49,439</u> | <u>90,211</u> | <u>995,042</u> | <u>1,134,692</u> |
| Operating income (loss) | <u>31,484</u> | <u>(87,113)</u> | <u>(506,070)</u> | <u>(561,699)</u> |
| Nonoperating expenses: | | | | |
| Interest and fiscal charges | - | (117,951) | - | (117,951) |
| Total nonoperating expenses. | <u>-</u> | <u>(117,951)</u> | <u>-</u> | <u>(117,951)</u> |
| Income (loss) before special item and transfers | 31,484 | (205,064) | (506,070) | (679,650) |
| Transfer in | - | 201,194 | 252,000 | 453,194 |
| Special item - agreement with City of Dayton. | 798,713 | - | - | 798,713 |
| Change in net position | 830,197 | (3,870) | (254,070) | 572,257 |
| Net position (deficit) at beginning of year | <u>(749,053)</u> | <u>347,015</u> | <u>2,850,414</u> | <u>2,448,376</u> |
| Net position at end of year | <u>\$ 81,144</u> | <u>\$ 343,145</u> | <u>\$ 2,596,344</u> | <u>\$ 3,020,633</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Business-type Activities - Enterprise Funds | | | Total |
|--|--|-------------------------------------|---------------------------------|-------------------|
| | Water Department Fund | Sewer Operating Fund | Golf Course Fund | |
| Cash flows from operating activities: | | | | |
| Cash received from customers. | \$ 78,590 | \$ - | \$ 455,976 | \$ 534,566 |
| Cash received from other operations | 2,333 | 3,098 | 27,227 | 32,658 |
| Cash payments for employee services. | (6,460) | - | (343,445) | (349,905) |
| Cash payments for goods and services. | (57,658) | - | (394,516) | (452,174) |
| Net cash provided by (used in) operating activities | 16,805 | 3,098 | (254,758) | (234,855) |
| Cash flows from noncapital financing activities: | | | | |
| Cash received from transfers in | - | 201,194 | 252,000 | 453,194 |
| Net cash provided by (used in) noncapital financing activities. | - | 201,194 | 252,000 | 453,194 |
| Cash flows from capital and related financing activities: | | | | |
| Principal retirement on OWDA loans | - | (92,030) | - | (92,030) |
| Interest and fiscal charges | - | (109,164) | - | (109,164) |
| Net cash used in capital and related financing activities. | - | (201,194) | - | (201,194) |
| Net increase (decrease) in cash and cash equivalents | 16,805 | 3,098 | (2,758) | 17,145 |
| Cash and cash equivalents at beginning of year . . . | 64,339 | 81,644 | 23,230 | 169,213 |
| Cash and cash equivalents at end of year | \$ 81,144 | \$ 84,742 | \$ 20,472 | \$ 186,358 |

(Continued)

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Business-type Activities - Enterprise Funds | | | |
|--|--|-------------------------------------|---------------------------------|---------------------|
| | Water Department Fund | Sewer Operating Fund | Golf Course Fund | Total |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 31,484 | \$ (87,113) | \$ (506,070) | \$ (561,699) |
| Adjustments: | | | | |
| Depreciation. | - | 90,211 | 75,627 | 165,838 |
| Changes in assets and liabilities: | | | | |
| Increase in inventory held for resale. | - | - | (3,780) | (3,780) |
| Increase in accounts receivable. | - | - | (5,769) | (5,769) |
| Increase in net pension asset. | - | - | (2,308) | (2,308) |
| Increase in prepayments. | - | - | (9,096) | (9,096) |
| Increase in accounts payable. | - | - | 9,475 | 9,475 |
| Increase (decrease) in accrued wages and benefits | (53) | - | 1,430 | 1,377 |
| Decrease in intergovernmental payable. | (14,626) | - | (9,134) | (23,760) |
| Increase in compensated absences payable. | - | - | 4,317 | 4,317 |
| Increase in net pension liability. | - | - | 306,010 | 306,010 |
| Increase in deferred inflows - pension. | - | - | 8,190 | 8,190 |
| Increase in deferred outflows - pension. | - | - | (123,650) | (123,650) |
| Net cash provided by (used in) operating activities | <u>\$ 16,805</u> | <u>\$ 3,098</u> | <u>\$ (254,758)</u> | <u>\$ (234,855)</u> |

Noncash Capital Financing Activities:

During 2016, the Water Department transferred capital assets of \$4,608,704 and accumulated depreciation of \$1,198,761 to the City of Dayton. The City of Dayton forgave an outstanding loan of \$4,208,656.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016

| | Janice Paulus Fire Victim Fund | Agency Funds |
|---|---|-------------------------|
| | | |
| Assets: | | |
| Current assets: | | |
| Equity in pooled cash and cash equivalents | \$ 11,477 | \$ 29,638 |
| Receivables: | | |
| Accounts | - | 49,865 |
| Total current assets | 11,477 | 79,503 |
| Liabilities: | | |
| Accounts payable | \$ - | \$ 745 |
| Intergovernmental payable. | - | 36,895 |
| Undistributed monies. | - | 41,863 |
| Total liabilities | - | \$ 79,503 |
| Net position: | | |
| Held in trust for fire victims. | 11,477 | |
| Total net position | \$ 11,477 | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Janice Paulus Fire Victim Fund |
|---|---|
| Additions: | |
| Investment income. | \$ 154 |
| Total additions | 154 |
| Change in net position | 154 |
| Net position at beginning of year. | 11,323 |
| Net position at end of year | \$ 11,477 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 - DESCRIPTION OF THE CITY

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

A. 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, sewer services, and golf course. 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.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 18 to the Basic Financial Statements.

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 19 to the Basic Financial Statements.

The City participates in one risk sharing pool, the Public Entities Pool of Ohio. This organization is presented in Notes 17 and 20 to the Basic Financial Statements.

B. Basis of Presentation

The City's Basic Financial Statements consist of government-wide statements, including a Statement of Net Position 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 Position 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 Position 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.

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.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. 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: 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 deferred outflow of resources and liabilities and deferred inflow of resources 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 Citywide voted property tax levy and fines and forfeitures that are restricted to expenditures of the police department.

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.

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 nonmajor 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 position, financial position, and cash flows. The City's proprietary funds are three enterprise funds.

Enterprise funds - The 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 and report revenue received from user charges for water services provided to certain residents and businesses within the City.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Sewer Operating Fund - This fund is used to account for and report resources used for sewer expansion debt from user charges for sewer services provided to certain residents and businesses within the City. This fund had no cash activity this year. Therefore, no budgetary schedule is presented.

Golf Course Fund - This fund is used to account for and report revenues received from user charges for the operation of Meadowbrook at Clayton Golf Course.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. 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 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 association fees received from various homeowners within the North Clayton development which are then distributed to the North Clayton Development Association.

D. Measurement Focus and Basis of Accounting

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

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, current liabilities, and current deferred inflows of resources 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.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Like the government-wide statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets, deferred inflows, liabilities, and deferred outflow of resources associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total Net Position. 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.

E. 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 outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange 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.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, other local taxes, payment in lieu of 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 6). 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, accrued interest, and grants.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Note 11 for deferred outflows of resources related the City's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Note 11 for deferred inflows of resources related to the City's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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.

F. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. 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".

During 2016, the City's investments included Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Bonds, Federal Home Loan Mortgage Corporation REMIC Series Bonds, Federal National Mortgage Association REMIC Trust Bonds, Federal National Mortgage Association Bonds, Government National Mortgage Association REMIC Trust Bonds, U.S. Treasury Notes and Negotiable Certificates of Deposit.

Interest income and gains or losses on investments are distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue and gains or losses on investments credited to the General Fund during 2016 amounted to \$89,569, of which \$45,642 was assign from other City funds. Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, 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.

I. 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 Position, 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 Position and in the respective funds.

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 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.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 equally, each year of the asset’s life starting the year after acquisition using the straight-line method over the following useful lives:

| Description | Estimated Lives |
|-----------------------------------|-----------------|
| 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.

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as “Interfund Receivable/Payable.” Long-term interfund loan receivables, reported as "Advances to Other Funds" or "Advances from Other Funds," are classified as nonspendable fund balance, which indicates that they are not in spendable form even though it is a component of net current assets. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. 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 and net pension liability 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.

L. 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, 2016

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.

M. Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

N. Net Position

Net Position represents the difference between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use 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 position are available.

O. Fund Balances

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.

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).

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) 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 City 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.

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 amount that assigned for capital asset replacement. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City charter or ordinance. The future appropriations amount assigned in the General Fund represents 2017 appropriations that exceed estimated resources. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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. The City has not adopted a formal fund balance policy.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. 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.

Q. 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, tap-in fees, and impact fees for water and sewer services, as well as golf operations. 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.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. The City recognized a special item in the transfer of capital assets with a cost of \$4,608,704 and accumulated depreciation of \$1,198,761 to the City of Dayton. In exchange, the City of Dayton forgave the outstanding waterline loan of \$4,208,656. The result is the recognition of a special item of \$798,713.

S. 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.

T. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

U. 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.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations 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 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

For 2016, the City has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the City's fiscal year 2016 financial statements (see Note 5); however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the City.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the City.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in the City's fiscal year 2016 financial statements (see Note 8); however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the City.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the City.

B. Budgetary Restatement

The beginning balance of the Statement of Revenues, Expenditures and Changes in Fund Balance (Non-GAAP Budgetary Basis) was restated by \$205,117 from \$4,423,396 to \$4,218,279. The emergency fund is a legally separate fund that is combined with the general fund on a GAAP basis. The restatement removed the emergency fund from the the general fund on a budgetary basis. The emergency fund did not have budgeted or actual revenues and expenditures during 2016.

NOTE 4 - 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, and Fire Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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. Unrecorded cash represents amounts received, but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.
5. 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.
6. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).
7. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

| | <u>General Fund</u> | <u>Police Fund</u> | <u>Fire Fund</u> |
|---|-------------------------|------------------------|----------------------|
| Budget basis | \$ (376,881) | \$ (25,957) | \$ (129,633) |
| Net adjustment for revenue accruals | 40,475 | (2,491) | (4) |
| Net adjustment for expenditure accruals | (328) | 21,764 | (21,523) |
| Adjustment for encumbrances | <u>158,917</u> | <u>17,034</u> | <u>28,659</u> |
| GAAP basis | <u>\$ (177,817)</u> | <u>\$ 10,350</u> | <u>\$ (122,501)</u> |

NOTE 5 - DEPOSITS AND INVESTMENTS

Monies held by the City are classified by State statute into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the City 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.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Inactive deposits are public deposits that 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 can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, 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;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one-hundred-eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and,
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

As of December 31, 2016, the City had the following investments:

| <u>Measurement/ Investment type</u> | <u>Measurement Amount</u> | <u>6 months or less</u> | <u>7 to 12 months</u> | <u>13 to 18 months</u> | <u>19 to 24 months</u> | <u>Greater than 24 months</u> |
|---|-------------------------------|-----------------------------|---------------------------|----------------------------|----------------------------|-----------------------------------|
| Fair Value: | | | | | | |
| Negotiable CDs | \$ 7,908,697 | \$ 250,043 | \$ 750,103 | \$ 1,652,368 | \$ 150,794 | \$ 5,105,389 |
| FHLMC Notes | 2,151,318 | 2,151,318 | - | - | - | - |
| FNMA Notes | 298,737 | - | - | 298,737 | - | - |
| FNMA REMIC | 78,040 | - | - | - | - | 78,040 |
| FNMA CTFS | 24,728 | - | - | - | - | 24,728 |
| FHLMC CTFS | 24,192 | - | - | - | - | 24,192 |
| GNMA REMIC | 38,681 | - | - | - | - | 38,681 |
| Total | <u>\$ 10,524,393</u> | <u>\$ 2,401,361</u> | <u>\$ 750,103</u> | <u>\$ 1,951,105</u> | <u>\$ 150,794</u> | <u>\$ 5,271,030</u> |

The City's investments in federal agency securities are valued using quoted market prices (Level 1 inputs). The weighted average maturity of investments is 2.28 years.

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.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of City funds shall be required to pledge security for repayment of all public moneys. The City has no investment policy dealing with deposit custodial risk beyond the requirement in State statute that requires securities purchased pursuant to this division shall be delivered into the custody of the Finance Director or an agent designated by the Finance Director.

Concentration of Credit Risk

The City has no policy placing a limit on the amount it may invest in any one financial institution.

| <u>Measurement/ Investment type</u> | <u>Measurement Amount</u> | <u>% of total</u> |
|---|-------------------------------|-------------------|
| Negotiable CDs | \$ 7,908,697 | 75.15 |
| FHLMC Notes | 2,151,318 | 20.44 |
| FNMA Notes | 298,737 | 2.84 |
| FNMA REMIC | 78,040 | 0.74 |
| FNMA CTFS | 24,728 | 0.23 |
| FHLMC CTFS | 24,192 | 0.23 |
| GNMA REMIC | <u>38,681</u> | <u>0.37</u> |
| Total | <u>\$ 10,524,393</u> | <u>100.00</u> |

Reconciliation of Cash to the Statement of Net Position

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of December 31, 2016:

| | |
|---|----------------------|
| <u>Cash per note</u> | |
| Carrying amount of deposits | \$ 1,547,112 |
| Investments | <u>10,524,393</u> |
| Total | <u>\$ 12,071,505</u> |
| <u>Cash per statement of net position</u> | |
| Governmental activities | \$ 11,844,032 |
| Business type activities | 186,358 |
| Private-purpose trust funds | 11,477 |
| Agency funds | <u>29,638</u> |
| Total | <u>\$ 12,071,505</u> |

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. 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 real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County 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 property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2016 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2016 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2016 was \$13.78 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2016 property tax receipts were based are as follows:

| | |
|--------------------------|-----------------------|
| <u>Real property</u> | |
| Residential/agricultural | \$ 216,181,640 |
| Commercial/industrial | 14,688,040 |
| <u>Public utility</u> | |
| Personal | <u>6,940,490</u> |
| Total assessed value | <u>\$ 237,810,170</u> |

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 7 - 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 50 percent of the City's current tax rate for 2016.

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.

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

NOTE 8 – TAX ABATEMENTS

The City was part of one Enterprise Zone (EZ) tax abatement agreement with a local business. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The taxes forgone for this agreement in 2016 totaled \$84,416.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2016, consisted of property taxes, other local taxes, municipal income taxes, payment in lieu of 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, payment in lieu of taxes, and special assessments. Property, income, and payment in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

Special assessments expected to be collected within one year in the Street Lights Fund amount to \$32,221. The City has \$28,831 of delinquent Street Light special assessments at December 31, 2016.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 9 – RECEIVABLES – (Continued)

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

| <u>Governmental activities:</u> | <u>Amount</u> |
|--|----------------------|
| Local Government | \$ 73,814 |
| Homestead Exemption and Rollbacks | 215,688 |
| Gasoline Tax | 240,397 |
| Motor Vehicle Tax | 49,838 |
| Permissive Tax | 8,079 |
| Grants | 50,000 |
| Charges for services | 31,401 |
| Fines and forfeitures | 1,774 |
| JEDD - Income Tax | 8,176 |
| Total Due from Other Governments | <u>\$ 679,167</u> |

Payment in Lieu of 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, 2016. 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, 2016

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

| | Balance 12/31/15 | Additions | Deductions | Balance 12/31/16 |
|---|---------------------|--------------|------------|---------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,069,825 | \$ - | \$ - | \$ 4,069,825 |
| Construction in progress | - | 1,375,677 | - | 1,375,677 |
| Total capital assets, not being depreciated | 4,069,825 | 1,375,677 | - | 5,445,502 |
| Capital assets, being depreciated: | | | | |
| Buildings | 1,542,370 | 83,966 | - | 1,626,336 |
| Improvements Other Than Building | 156,169 | 72,645 | - | 228,814 |
| Vehicles | 3,111,190 | 152,946 | - | 3,264,136 |
| Furniture, Fixtures and Equipment | 1,332,828 | 298,560 | - | 1,631,388 |
| Infrastructure | 8,864,291 | - | - | 8,864,291 |
| Total capital assets, being depreciated | 15,006,848 | 608,117 | - | 15,614,965 |
| Less accumulated depreciation: | | | | |
| Buildings | (1,320,776) | (21,582) | - | (1,342,358) |
| Improvements Other Than Building | (65,886) | (7,654) | - | (73,540) |
| Vehicles | (1,483,673) | (174,162) | - | (1,657,835) |
| Furniture, Fixtures and Equipment | (810,011) | (70,021) | - | (880,032) |
| Infrastructure | (3,357,112) | (644,602) | - | (4,001,714) |
| Total accumulated depreciation | (7,037,458) | (918,021) | - | (7,955,479) |
| Total capital assets, being depreciated, net | 7,969,390 | (309,904) | - | 7,659,486 |
| Governmental activities capital assets, net | \$ 12,039,215 | \$ 1,065,773 | \$ - | \$ 13,104,988 |

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------------|-------------------|
| General government | \$ 33,941 |
| Security of persons and property | 153,655 |
| Transportation | 730,425 |
| Total depreciation expense | <u>\$ 918,021</u> |

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 10 - CAPITAL ASSETS (Continued)

Capital asset activity of the business-type activities for the year ended December 31, 2016, was as follows:

| | Balance 12/31/15 | Additions | Deductions | Balance 12/31/16 |
|---|---------------------|--------------|----------------|---------------------|
| Business-type activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,527,200 | \$ - | \$ - | \$ 1,527,200 |
| Total capital assets, not being depreciated | 1,527,200 | - | - | 1,527,200 |
| Capital assets, being depreciated: | | | | |
| Building | 1,474,650 | - | - | 1,474,650 |
| Vehicles | 13,262 | - | - | 13,262 |
| Infrastructure | 8,261,897 | - | (4,608,704) | 3,653,193 |
| Total capital assets, being depreciated | 9,749,809 | - | (4,608,704) | 5,141,105 |
| Less accumulated depreciation: | | | | |
| Building | - | (73,732) | - | (73,732) |
| Vehicles | - | (1,895) | - | (1,895) |
| Infrastructure | (1,834,714) | (90,211) | 1,198,761 | (726,164) |
| Total accumulated depreciation | (1,834,714) | (165,838) | 1,198,761 | (801,791) |
| Total capital assets, being depreciated, net | 7,915,095 | (165,838) | (3,409,943) | 4,339,314 |
| Business-type activities capital assets, net | \$ 9,442,295 | \$ (165,838) | \$ (3,409,943) | \$ 5,866,514 |

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The net pension liability/asset represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits or overfunded benefits is presented as a long-term *net pension liability* or *net pension asset*, respectively, on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *due to other governments/pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate 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 and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

| Group A | Group B | Group C |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | State and Local |
|--|--------------------|
| 2016 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee | 10.0 % |
| 2016 Actual Contribution Rates | |
| Employer: | |
| Pension | 12.0 % |
| Post-employment Health Care Benefits | 2.0 % |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$254,662 for 2016. Of this amount, \$37,619 is reported as due to other governments.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | Police | Firefighters |
|--|---------|--------------|
| 2016 Statutory Maximum Contribution Rates | | |
| Employer | 19.50 % | 24.00 % |
| Employee | 12.25 % | 12.25 % |
| 2016 Actual Contribution Rates | | |
| Employer: | | |
| Pension | 19.00 % | 23.50 % |
| Post-employment Health Care Benefits | 0.50 % | 0.50 % |
| Total Employer | 19.50 % | 24.00 % |
| Employee | 12.25 % | 12.25 % |

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$250,969 for 2016. Of this amount \$39,503 is reported as due to other governments..

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2015, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

| | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|--|--------------------|--------------------|--------------|
| Proportion of the net pension liability prior measurement date | 0.01265000% | 0.05289600% | |
| Proportion of the net pension liability current measurement date | <u>0.01424000%</u> | <u>0.05382000%</u> | |
| Change in proportionate share | <u>0.00159000%</u> | <u>0.00092400%</u> | |
| Proportion of the net pension asset prior measurement date | 0.00000000% | | |
| Proportion of the net pension asset current measurement date | <u>0.04770300%</u> | | |
| Change in proportionate share | <u>0.04770300%</u> | | |
| Proportionate share of the net pension liability | \$ 2,466,548 | \$ 3,462,275 | \$ 5,928,823 |
| Proportionate share of the net pension asset | 18,605 | - | 18,605 |
| Pension expense | 379,003 | 497,366 | 876,369 |

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|--|---------------------|-------------------|---------------------|
| Deferred outflows of resources | | | |
| Differences between expected and actual experience | \$ 252 | \$ - | \$ 252 |
| Net difference between projected and actual earnings on pension plan investments | 733,089 | 563,526 | 1,296,615 |
| Changes in employer's proportionate percentage/ difference between employer contributions | 143,256 | 170,564 | 313,820 |
| City contributions subsequent to the measurement date | <u>254,662</u> | <u>250,969</u> | <u>505,631</u> |
| Total deferred outflows of resources | <u>\$ 1,131,259</u> | <u>\$ 985,059</u> | <u>\$ 2,116,318</u> |
| Deferred inflows of resources | | | |
| Differences between expected and actual experience | 56,133 | 9,722 | 65,855 |
| Changes in employer's proportionate percentage/ difference between employer contributions | <u>9,879</u> | <u>154,182</u> | <u>164,061</u> |
| Total deferred inflows of resources | <u>\$ 66,012</u> | <u>\$ 163,904</u> | <u>\$ 229,916</u> |

\$505,631 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2017.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

| Year Ending December 31: | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|--------------------------|-------------------|-------------------|---------------------|
| 2017 | \$ 217,238 | \$ 173,667 | \$ 390,905 |
| 2018 | 235,878 | 173,667 | 409,545 |
| 2019 | 196,647 | 173,666 | 370,313 |
| 2020 | 164,882 | 86,770 | 251,652 |
| 2021 | (1,038) | (31,580) | (32,618) |
| Thereafter | <u>(3,022)</u> | <u>(6,004)</u> | <u>(9,026)</u> |
| Total | <u>\$ 810,585</u> | <u>\$ 570,186</u> | <u>\$ 1,380,771</u> |

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--|
| Wage inflation | 3.75 percent |
| Future salary increases, including inflation COLA or ad hoc COLA | 4.25 to 10.05 percent including wage inflation Pre 1/7/2013 retirees: 3 percent, simple Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.80% simple |
| Investment rate of return | 8 percent |
| Actuarial cost method | Individual entry age |

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 401 (h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|------------------------|------------------------------|---|
| Fixed income | 23.00 % | 2.31 % |
| Domestic equities | 20.70 | 5.84 |
| Real estate | 10.00 | 4.25 |
| Private equity | 10.00 | 9.25 |
| International equities | 18.30 | 7.40 |
| Other investments | 18.00 | 4.59 |
| Total | <u>100.00 %</u> | <u>5.27 %</u> |

Discount Rate - The discount rate used to measure the total pension liability/asset was 8 percent for both the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

| | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
|--|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net pension liability (asset): | | | |
| Traditional Pension Plan | \$ 3,929,813 | \$ 2,466,548 | \$ 1,232,330 |
| Combined Plan | (382) | (18,569) | (33,199) |
| Member-Directed Plan | 95 | (36) | (95) |

Changes between Measurement Date and Report Date – In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net position liability is expected to be significant.

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

| | |
|----------------------------|------------------------------|
| Valuation date | January 1, 2015 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 8.25 percent |
| Projected salary increases | 4.25 percent to 11 percent |
| Payroll increases | 3.75 percent |
| Inflation assumptions | 3.25 percent |
| Cost of living adjustments | 2.60 and 3.00 percent simple |

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The most recent experience study was completed for the five-year period ended December 31, 2011. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2012 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2015 are summarized below:

| Asset Class | Target Allocation | 10 Year Expected Real Rate of Return ** | 30 Year Expected Real Rate of Return ** |
|-----------------------------|----------------------|--|--|
| Cash and Cash Equivalents | - % | | |
| Domestic Equity | 16.00 | 6.50 % | 7.80 % |
| Non-US Equity | 16.00 | 6.70 | 8.00 |
| Core Fixed Income * | 20.00 | 3.50 | 5.35 |
| Global Inflation | | | |
| Protected Securities * | 20.00 | 3.50 | 4.73 |
| High Yield | 15.00 | 6.35 | 7.21 |
| Real Estate | 12.00 | 5.80 | 7.43 |
| Private Markets | 8.00 | 9.50 | 10.73 |
| Timber | 5.00 | 6.55 | 7.35 |
| Master Limited Partnerships | 8.00 | 9.65 | 10.75 |
| Total | 120.00 % | | |

* levered 2x

** numbers include inflation

OPF's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

| | 1% Decrease (7.25%) | Current Discount Rate (8.25%) | 1% Increase (9.25%) |
|--|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net pension liability | \$ 4,566,281 | \$ 3,462,275 | \$ 2,527,079 |

NOTE 12 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB 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 healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2016 was 2.00%.

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 healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$41,780, \$45,738, and \$26,757, respectively; 87.31% has been contributed for 2016 and 100% has been contributed for 2015 and 2014. The remaining 2016 post-employment health care benefits liability has been reported as due to other governments/pension and postemployment benefits payable on the basic financial statements.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare 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-employment health care coverage to 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 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 statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

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 to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 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 into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2016 thru December 31, 2016. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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 healthcare benefits for police officers and firefighters were \$2,975 and \$2,935 for the year ended December 31, 2016, \$5,429 for the year ended December 31, 2015, and \$5,114, for the year ended December 31, 2014. 100% has been contributed for 2015 and 2014. 90.29% has been contributed for police and 79.96% has been contributed for firefighters for 2016. The remaining 2016 post-employment health care benefits liability has been reported as due to other governments/pension and postemployment benefits payable on the basic financial statements.

NOTE 13 - 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 universal 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 one hour of pay for each four hours of their accumulated universal leave up to a payment of 320 hours, based on the union agreements and the City's personnel policy.

City employees are allowed to place any hours over 320 hours into an extended universal leave balance. 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 extended universal leave up to a payment of 240 hours, based on the union agreements and the City's personnel policy.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 13 - OTHER EMPLOYEE BENEFITS - (Continued)

Insurance

Medical/surgical benefits are provided to full-time City employees through Anthem Blue Cross in conjunction with a Health Savings Account. The City pays 100 percent of the single plan monthly premiums and 90 percent of the additional cost of the family plan premiums. All employees pay at least 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. New hires pay 20 percent for single or family plans. Life insurance is provided through Anthem Life. All employees of the City receive \$50,000 in life insurance. Group dental insurance is provided through Superior Dental.

NOTE 14 - LEASES - LESSEE DISCLOSURE

Capital

In prior years, the City entered into lease agreements for the purchase of equipment and a vehicle. The lease meets the criteria of a capital lease as benefits and risks of ownership have transferred 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 Position for governmental activities in the amount of \$695,389. A corresponding liability was recorded on the Statement of Net Position for governmental activities. Principal payments during 2016 totaled \$62,113.

The assets acquired through capital leases are as follows:

| | Asset Value | Accumulated Depreciation | Net Book Value December 31, 2016 |
|-----------------------------------|-------------------|-----------------------------|--|
| Asset: | | | |
| Furniture, Fixtures and Equipment | \$ 260,000 | \$ (260,000) | \$ - |
| Vehicles | 435,389 | (87,076) | 348,313 |
| Total | <u>\$ 695,389</u> | <u>\$ (347,076)</u> | <u>\$ 348,313</u> |

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 14 - LEASES - LESSEE DISCLOSURE - (Continued)

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, 2016.

| <u>Year Ending December 31,</u> | <u>Total Payments</u> |
|---|---------------------------|
| 2017 | \$ 67,203 |
| 2018 | 67,199 |
| Total minimum lease payments | 134,402 |
| Less: amount representing interest | (5,178) |
| Present value of future minimum lease payments | \$ 129,224 |

Operating

The City leases golf course equipment under noncancelable operating leases. Operating lease payments are reported as expenses in enterprise funds and on the Statement of Net Position. Total operating lease payments in 2016 were \$52,108 which were paid from the Golf Course Fund.

The following is a schedule of the future minimum operating lease payments:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|-------------------------------------|---------------|
| 2017 | \$ 52,084 |
| 2018 | 49,200 |
| 2019 | 16,400 |
| Total | \$ 117,684 |

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - LONG-TERM OBLIGATIONS

Changes in long-term obligations during 2016 were as follows:

| | Balance | | | Balance | Amounts |
|---|---------------------|--------------------|----------------------|---------------------|-------------------|
| <u>Governmental Activities:</u> | <u>12/31/15</u> | <u>Additions</u> | <u>Reductions</u> | <u>12/31/16</u> | <u>Due in</u> |
| | | | | | <u>One Year</u> |
| General Obligation Bonds: | | | | | |
| 2010 Roadway Improvement | | | | | |
| Serial Bonds - 2.0-3.25% | \$ 225,000 | \$ - | \$ (75,000) | \$ 150,000 | \$ 75,000 |
| Term Bonds - 4.0-4.5% | 880,000 | - | - | 880,000 | - |
| Capital Appreciation Bonds - 4.1-4.35% | 35,000 | - | - | 35,000 | - |
| Accretion on Capital Appreciation Bonds | 25,016 | 27,876 | - | 52,892 | - |
| Premium on Debt Issue | 45,874 | - | (3,075) | 42,799 | - |
| 2013 Various Purpose Refunding Bonds | | | | | |
| Serial Bonds - 1.25-3% | 2,900,000 | - | (220,000) | 2,680,000 | 215,000 |
| Term Bonds - 3.25% | 535,000 | - | - | 535,000 | - |
| Premium on Debt Issue | 105,518 | - | (7,865) | 97,653 | - |
| 2016 Road Improvement Bonds | | | | | |
| Serial Bonds - 1.0 - 4% | - | 6,000,000 | (400,000) | 5,600,000 | 350,000 |
| Premium on Debt Issue | - | 378,124 | (19,336) | 358,788 | - |
| Total General Obligation Bonds | <u>4,751,408</u> | <u>6,406,000</u> | <u>(725,276)</u> | <u>10,432,132</u> | <u>640,000</u> |
| Other Governmental Obligations: | | | | | |
| 2011 Backhoe Promissory Note | 43,947 | - | (43,947) | - | - |
| 2012 Plow/Freightliner Promissory Note | 76,702 | - | (37,916) | 38,786 | 38,786 |
| Capital Leases Payable | 191,337 | - | (62,113) | 129,224 | 63,766 |
| Compensated Absences | 288,781 | 191,499 | (177,941) | 302,339 | 169,753 |
| Total Other Governmental Obligations | <u>600,767</u> | <u>191,499</u> | <u>(321,917)</u> | <u>470,349</u> | <u>272,305</u> |
| Net pension liability | <u>4,266,008</u> | <u>1,356,805</u> | <u>-</u> | <u>5,622,813</u> | <u>-</u> |
| Total Governmental Activities | | | | | |
| Long-Term Obligations | <u>\$ 9,618,183</u> | <u>\$7,954,304</u> | <u>\$(1,047,193)</u> | <u>\$16,525,294</u> | <u>\$ 912,305</u> |

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

| | Balance | | Balance | Amounts | |
|---|---------------------|-------------------|-----------------------|--------------------|-------------------|
| <u>Business-Type Activities:</u> | <u>12/31/15</u> | <u>Additions</u> | <u>Reductions</u> | <u>12/31/16</u> | <u>Due in</u> |
| | | | | | <u>One Year</u> |
| 2004 Water Line Loan - 0% | \$ 4,208,656 | \$ - | \$ (4,208,656) | \$ - | \$ - |
| 2005 OWDA Loan - 4% | 2,751,869 | - | (92,030) | 2,659,839 | 95,748 |
| Compensated Absences | 8,255 | 9,374 | (5,057) | 12,572 | 10,322 |
| Net Pension Liability | <u>-</u> | <u>306,010</u> | <u>-</u> | <u>306,010</u> | <u>-</u> |
| Total Business-Type Activities | | | | | |
| Long-Term Obligations | <u>\$ 6,968,780</u> | <u>\$ 315,384</u> | <u>\$ (4,305,743)</u> | <u>\$2,978,421</u> | <u>\$ 106,070</u> |

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 Ending</u> <u>December 31,</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, 2016**

NOTE 15 - 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 2016, the capital appreciation bonds were accreted \$27,876.

In 2013, the City issued various purpose refunding bonds, in the amount of \$3,665,000, to refund bonds previously issued in 2005 for various purposes. Of these bonds, \$3,130,000, are serial bonds and \$535,000 are term bonds. The bonds were issued with interest rates varying from 1.25 to 3.25 percent. The bonds were issued for a seventeen year period with final maturity during 2029. The bonds are retired through the Bond Retirement Fund.

The term bonds portion of the 2013 various purpose refunding bonds 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 (with the balance of \$250,000 to be paid at maturity on December 1, 2029):

| <u>Year</u> | <u>Principal Amount</u> |
|-------------|-----------------------------|
| 2028 | \$ 285,000 |

The bonds maturing after December 1, 2022 are subject to redemption at the option of the City, either in whole, or in part in such order of maturity as the City shall determine, on any date on or after December 1, 2022, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

In 2016, the City issued road improvement bonds, in the amount of \$6,000,000, for the purpose of constructing, reconstructing, resurfacing, widening, opening and improving roadways. The bonds were issued with interest rates varying from 1.00 to 4.00 percent. The bonds were issued for a fifteen-year period with final maturity during 2030. The bonds are retired through the Bond Retirement Fund

The 2011 Backhoe Promissory Note was issued on December 7, 2011, at a rate of 2.99 percent. The total amount of the note was \$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 and will be paid from the Capital Improvement Capital Projects Fund.

The 2012 Plow/Freightliner Promissory Note was issued in November 2012, at a rate of 2.25 percent. The total amount of the note was \$185,433. The note was issued for a five year period with final payment due in November 2017. The note was used to purchase a new truck and plow equipment and will be paid from the Capital Improvement Capital Projects Fund.

Compensated absences will be paid from the General, Police, Fire, EMS, Street Department, and Golf Course Funds. Capital lease obligations will be paid from the Capital Improvement Fund. The City pays obligations relating to employee compensation from the funds benefitting their service. For additional information related to the net pension liability see note 10.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

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. During 2016, the City of Dayton forgave the outstanding balance of the Water Line Loan in exchange for ownership of the water line infrastructure.

The City has an OWDA Loan outstanding at December 31, 2016, which was issued during 2005 at a rate of four percent. The total original amount of the loan was \$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 and will be paid from the Debt Service and Tax Increment Funds.

The City's overall legal debt margin was \$14,728,973 at December 31, 2016, and the unvoted debt margin was \$2,838,464.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2016, are as follows:

| Year Ending | Governmental Activities | | | | | |
|--------------|-------------------------|---------------------|---------------------|-------------------|----------------------------|----------------------------|
| | Serial Bonds | | Term Bonds | | Capital Appreciation Bonds | Capital Appreciation Bonds |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| December 31, | | | | | | |
| 2017 | \$ 640,000 | \$ 220,763 | \$ - | \$ 47,112 | \$ - | \$ - |
| 2018 | 655,000 | 208,963 | - | 47,112 | - | - |
| 2019 | 590,000 | 196,700 | - | 47,112 | 18,841 | 56,159 |
| 2020 | 595,000 | 186,702 | - | 47,112 | 16,159 | 58,841 |
| 2021 | 610,000 | 175,712 | 75,000 | 44,112 | - | - |
| 2022 - 2026 | 3,245,000 | 689,788 | 400,000 | 189,148 | - | - |
| 2027 - 2030 | 2,095,000 | 202,788 | 940,000 | 72,549 | - | - |
| Totals | <u>\$ 8,430,000</u> | <u>\$ 1,881,416</u> | <u>\$ 1,415,000</u> | <u>\$ 494,257</u> | <u>\$ 35,000</u> | <u>\$ 115,000</u> |

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

| Year Ending | Promissory Note | Promissory Note | OWDA Loan | OWDA Loan |
|---------------------|--------------------|--------------------|---------------------|---------------------|
| <u>December 31.</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2017 | \$ 38,786 | \$ 668 | \$ 95,748 | \$ 105,446 |
| 2018 | - | - | 99,616 | 101,577 |
| 2019 | - | - | 103,640 | 97,553 |
| 2020 | - | - | 107,828 | 93,366 |
| 2021 | - | - | 112,184 | 89,010 |
| 2022 - 2026 | - | - | 632,677 | 373,289 |
| 2027 - 2031 | - | - | 771,229 | 234,736 |
| 2032 - 2035 | - | - | 736,917 | 67,855 |
| Totals | <u>\$ 38,786</u> | <u>\$ 668</u> | <u>\$ 2,659,839</u> | <u>\$ 1,162,832</u> |

NOTE 16 - INTERFUND ACTIVITY

Interfund Transfers

Interfund transfers for the year ended December 31, 2016, consisted of the following, as reported in the fund financial statements:

| <u>Transfers to</u> | <u>Transfers from</u> | | |
|-----------------------------|-----------------------|--|---------------------|
| | <u>General</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
| Police Fund | \$ 444,000 | \$ - | \$ 444,000 |
| Nonmajor Governmental Funds | 1,138,034 | - | 1,138,034 |
| Sewer Operating Fund | - | 201,194 | 201,194 |
| Golf Course Fund | 252,000 | - | 252,000 |
| Total | <u>\$ 1,834,034</u> | <u>\$ 201,194</u> | <u>\$ 2,035,228</u> |

Transfers are made to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers from the nonmajor governmental funds to the Sewer Operating Fund were for the repayment of debt. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 17 - RISK MANAGEMENT

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 17 - RISK MANAGEMENT - (Continued)

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool (see Note 20) available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Services Group, Inc. (York), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2016 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

The Pool's membership increased from 499 members in 2015 to 520 members in 2016.

Financial Position

PEP's financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 and 2015:

| Casualty and Property Coverage | 2016 | 2015 |
|--------------------------------|--------------|--------------|
| Assets | \$42,182,281 | \$38,307,677 |
| Liabilities | 13,396,700 | 12,759,127 |
| Net Assets - Unrestricted | \$28,785,581 | \$25,548,550 |

The casualty coverage assets and net position above include approximately \$11.5 million and \$11.0 million of unpaid claims to be billed to approximately 520 member governments in the future, as of December 31, 2016 and 2015, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The City's share of these unpaid claims collectible in future years is approximately \$106,152. This payable includes the subsequent year's contribution due if the City terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership. The contribution for this year is:

| Contributions to PEP | Amount |
|----------------------|----------|
| 2016 | \$98,806 |

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 17 - RISK MANAGEMENT - (Continued)

Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE 18 - 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 \$64,628 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 onetime 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 19 - 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.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

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. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to representation on the Board. Payments to the Commission are made from the General Fund.

The City contributed \$6,076 for the operation of the Commission during 2016. Financial information may be obtained by writing to Donald Spang, Executive Director, One South Main Street, Suite 260, Dayton, Ohio 45402.

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. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to representation on the Board. 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 20 - RISK SHARING POOL

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081, of the Ohio Revised Code, by the execution of an intergovernmental contract ("Participation Agreements"). PEP enables the subscribing subdivisions to pool risk for property, liability and public official liability. PEP has no employees, rather it is administered through contracts with various professionals.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 20 - RISK SHARING POOL (Continued)

Pursuant to a contract, the firm of Wells Fargo Insurance Services administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative and claims functions to a “Pool Operator,” currently Pottering Insurance. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP and others as required.

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The City makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio, 45402.

NOTE 21 - FUND BALANCE

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 resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund balance | General | Police Fund | Fire Fund | Capital Improvement Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------|---------------------|------------------|------------------|--------------------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | | | | |
| Prepays | \$ 25,831 | \$ 21,229 | \$ 4,583 | \$ - | \$ 20,784 | \$ 72,427 |
| Restricted: | | | | | | |
| Road Improvements | - | - | - | - | 504,863 | 504,863 |
| Capital Improvements | - | - | - | 5,048,123 | - | 5,048,123 |
| Fire Operations | - | - | 21,958 | - | - | 21,958 |
| Police Operations | - | 1,658 | - | - | - | 1,658 |
| Cemetery Operations | - | - | - | - | 51,417 | 51,417 |
| Drug and Alcohol Enforcement | - | - | - | - | 37,707 | 37,707 |
| Street Lighting | - | - | - | - | 20,062 | 20,062 |
| Economic development | - | - | - | - | 929,346 | 929,346 |
| Emergency Medical Services | - | - | - | - | 183,801 | 183,801 |
| Debt Service | - | - | - | - | 191,037 | 191,037 |
| Total restricted | - | 1,658 | 21,958 | 5,048,123 | 1,918,233 | 6,989,972 |
| Committed: | | | | | | |
| General Government | 62,403 | - | - | - | - | 62,403 |
| Total committed | 62,403 | - | - | - | - | 62,403 |
| Assigned: | | | | | | |
| General government | 87,717 | - | - | - | - | 87,717 |
| Capital projects | 664 | - | - | - | 3,830 | 4,494 |
| Subsequent appropriations | 570,569 | - | - | - | - | 570,569 |
| Total assigned | 658,950 | - | - | - | 3,830 | 662,780 |
| Unassigned | 4,291,989 | - | - | - | - | 4,291,989 |
| Total fund balances | \$ 5,039,173 | \$ 22,887 | \$ 26,541 | \$ 5,048,123 | \$ 1,942,847 | \$ 12,079,571 |

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 22 - SIGNIFICANT COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

| | |
|-----------------------------|-------------------|
| General Fund | \$ 150,784 |
| Police Fund | 8,944 |
| Fire Fund | 11,851 |
| Capital Improvement Fund | 192,923 |
| Nonmajor Governmental Funds | <u>73,102</u> |
| Total | <u>\$ 437,604</u> |

NOTE 23 - CONTINGENT LIABILITIES

A. Federal and State Grants

For the period January 1, 2016, to December 31, 2016, 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.

B. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City the resolution of these matters will not have a material adverse effect on the financial condition of the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST THREE YEARS

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|--------------|
| <i>Traditional Plan:</i> | | | |
| City's proportion of the net pension liability | 0.014240% | 0.012650% | 0.012650% |
| City's proportionate share of the net pension liability | \$ 2,466,548 | \$ 1,525,764 | \$ 1,491,301 |
| City's covered-employee payroll | \$ 1,643,903 | \$ 1,426,339 | \$ 1,662,184 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 150.04% | 106.97% | 89.72% |
| Plan fiduciary net position as a percentage of the total pension liability | 81.08% | 86.45% | 86.36% |
| <i>Combined Plan:</i> | | | |
| City's proportion of the net pension asset | 0.038160% | | |
| City's proportionate share of the net pension asset | \$ 18,569 | | |
| City's covered-employee payroll | \$ 55,633 | | |
| City's proportionate share of the net pension asset as a percentage of its covered-employee payroll | 33.38% | | |
| Plan fiduciary net position as a percentage of the total pension asset | 116.90% | | |
| <i>Member Directed Plan:</i> | | | |
| City's proportion of the net pension asset | 0.053820% | | |
| City's proportionate share of the net pension asset | \$ 36 | | |
| City's covered-employee payroll | \$ 53,142 | | |
| City's proportionate share of the net pension asset as a percentage of its covered-employee payroll | 0.07% | | |
| Plan fiduciary net position as a percentage of the total pension asset | 103.91% | | |

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST THREE YEARS

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|--------------|
| City's proportion of the net pension liability | 0.05382000% | 0.05289620% | 0.05289620% |
| City's proportionate share of the net pension liability | \$ 3,462,275 | \$ 2,740,244 | \$ 2,576,211 |
| City's covered-employee payroll | \$ 1,075,317 | \$ 1,061,660 | \$ 1,025,136 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 321.98% | 258.11% | 251.30% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.77% | 71.71% | 73.00% |

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR YEARS (1)

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|------------------|------------------|------------------|------------------|
| <i>Traditional Plan:</i> | | | | |
| Contractually required contribution | \$ 229,681 | \$ 212,804 | \$ 186,993 | \$ 232,872 |
| Contributions in relation to the contractually required contribution | <u>(229,681)</u> | <u>(212,804)</u> | <u>(186,993)</u> | <u>(232,872)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City/County's covered-employee payroll | \$ 1,914,008 | \$ 1,643,274 | \$ 1,426,339 | \$ 1,662,184 |
| Contributions as a percentage of covered-employee payroll | 12.00% | 12.95% | 13.11% | 14.01% |
| <i>Combined Plan:</i> | | | | |
| Contractually required contribution | \$ 19,472 | | | |
| Contributions in relation to the contractually required contribution | <u>(19,472)</u> | | | |
| Contribution deficiency (excess) | <u>\$ -</u> | | | |
| City/County's covered-employee payroll | \$ 162,267 | | | |
| Contributions as a percentage of covered-employee payroll | 12.00% | | | |
| <i>Member Directed Plan:</i> | | | | |
| Contractually required contribution | \$ 5,509 | | | |
| Contributions in relation to the contractually required contribution | <u>(5,509)</u> | | | |
| Contribution deficiency (excess) | <u>\$ -</u> | | | |
| City/County's covered-employee payroll | \$ 57,989 | | | |
| Contributions as a percentage of covered-employee payroll | 9.50% | | | |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

(1) Information prior to 2013 is not available. Beginning in 2016, the City is disclosing combined plan and member directed plan separately.

CITY OF CLAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 250,969 | \$ 227,419 | \$ 221,367 | \$ 185,592 |
| Contributions in relation to the contractually required contribution | <u>(250,969)</u> | <u>(227,419)</u> | <u>(221,367)</u> | <u>(185,592)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 1,181,873 | \$ 1,075,267 | \$ 1,061,712 | \$ 1,025,370 |
| Contributions as a percentage of covered-employee payroll | 21.23% | 21.15% | 20.85% | 18.10% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 142,302 | \$ 128,851 | \$ 140,964 | \$ 119,096 | \$ 130,884 | \$ 120,918 |
| <u>(142,302)</u> | <u>(128,851)</u> | <u>(140,964)</u> | <u>(119,096)</u> | <u>(130,884)</u> | <u>(120,918)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 945,528 | \$ 864,772 | \$ 936,016 | \$ 786,631 | \$ 874,893 | \$ 784,672 |
| 15.05% | 14.90% | 15.06% | 15.14% | 14.96% | 15.41% |

CITY OF CLAYTON, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

CITY OF CLAYTON, OHIO

FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

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

Enforcement and Education Fund

To account for and report fines imposed by the courts which are restricted for programs aimed at further education and enforcement of OVI laws.

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 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.

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.

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 additional motor vehicle license tax levied by the City and restricted for routine street maintenance and

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.

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.

CITY OF CLAYTON, OHIO

FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds - (continued)

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 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.

Nonmajor 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.

Bond Retirement Fund

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

Nonmajor Capital Projects Fund

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.

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, 2016

| | <u>Nonmajor Special Revenue Funds</u> | <u>Nonmajor Debt Service Fund</u> | <u>Nonmajor Capital Projects Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|---|---|---|---|--|
| Assets: | | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 1,714,935 | \$ 191,037 | \$ 3,830 | \$ 1,909,802 |
| Receivables: | | | | |
| Real and other taxes | 207,755 | - | - | 207,755 |
| Accounts | 315,689 | - | - | 315,689 |
| Payment in lieu of taxes | 376,946 | - | - | 376,946 |
| Special assessments | 61,052 | - | - | 61,052 |
| Accrued interest | 1,131 | - | - | 1,131 |
| Due from other governments | 330,860 | - | - | 330,860 |
| Prepayments | 20,784 | - | - | 20,784 |
| Total assets | <u>\$ 3,029,152</u> | <u>\$ 191,037</u> | <u>\$ 3,830</u> | <u>\$ 3,224,019</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 27,609 | \$ - | \$ - | \$ 27,609 |
| Accrued wages and benefits | 31,723 | - | - | 31,723 |
| Due to other governments | 24,655 | - | - | 24,655 |
| Total liabilities | <u>83,987</u> | <u>-</u> | <u>-</u> | <u>83,987</u> |
| Deferred inflows of resources: | | | | |
| Property taxes levied for the next fiscal year | 202,405 | - | - | 202,405 |
| Delinquent property tax revenue not available | 5,350 | - | - | 5,350 |
| Accrued interest not available | 816 | - | - | 816 |
| Special assessments revenue not available | 61,052 | - | - | 61,052 |
| Miscellaneous revenue not available | 280,493 | - | - | 280,493 |
| Intergovernmental revenue not available | 270,123 | - | - | 270,123 |
| PILOTs levied for next fiscal year | 313,072 | - | - | 313,072 |
| Delinquent PILOT revenue not available | 63,874 | - | - | 63,874 |
| Total deferred inflows of resources | <u>1,197,185</u> | <u>-</u> | <u>-</u> | <u>1,197,185</u> |
| Fund balances: | | | | |
| Nonspendable | 20,784 | - | - | 20,784 |
| Restricted | 1,727,196 | 191,037 | - | 1,918,233 |
| Assigned | - | - | 3,830 | 3,830 |
| Total fund balances | <u>1,747,980</u> | <u>191,037</u> | <u>3,830</u> | <u>1,942,847</u> |
| Total liabilities, deferred inflows of resources & fund balance | <u>\$ 3,029,152</u> | <u>\$ 191,037</u> | <u>\$ 3,830</u> | <u>\$ 3,224,019</u> |

CITY OF CLAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Fund | Total Nonmajor Governmental Funds |
|---|---|---|---|--|
| Revenues: | | | | |
| Real and other taxes | \$ 181,161 | \$ - | \$ - | \$ 181,161 |
| Other local taxes | 108,089 | - | - | 108,089 |
| Payment in lieu of taxes | 398,182 | - | - | 398,182 |
| Charges for services | 407,352 | - | - | 407,352 |
| Fines and forfeitures | 1,240 | - | - | 1,240 |
| Intergovernmental | 790,483 | - | - | 790,483 |
| Special assessments | 27,687 | - | - | 27,687 |
| Investment income | 5,310 | - | - | 5,310 |
| Other | 9,576 | 2,721 | - | 12,297 |
| Total revenues | <u>1,929,080</u> | <u>2,721</u> | <u>-</u> | <u>1,931,801</u> |
| Expenditures: | | | | |
| <i>Current:</i> | | | | |
| General government | 419,212 | - | - | 419,212 |
| Security of persons and property | 653,070 | - | - | 653,070 |
| Public health and welfare | 5,898 | - | - | 5,898 |
| Transportation | 1,161,223 | - | - | 1,161,223 |
| Economic development | 1,107 | - | - | 1,107 |
| Capital outlay | 3,971 | - | 25,000 | 28,971 |
| <i>Debt service:</i> | | | | |
| Principal retirement | 77,000 | 543,000 | - | 620,000 |
| Interest and fiscal charges | 30,376 | 152,538 | - | 182,914 |
| Bond issuance costs | - | 90,491 | - | 90,491 |
| Total expenditures | <u>2,351,857</u> | <u>786,029</u> | <u>25,000</u> | <u>3,162,886</u> |
| Excess of revenues over expenditures | <u>(422,777)</u> | <u>(783,308)</u> | <u>(25,000)</u> | <u>(1,231,085)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 405,000 | 733,034 | - | 1,138,034 |
| Transfers out | (64,381) | (136,813) | - | (201,194) |
| Premium on bond issued | - | 378,124 | - | 378,124 |
| Total other financing sources/(uses) | <u>340,619</u> | <u>974,345</u> | <u>-</u> | <u>1,314,964</u> |
| Net change in fund balances | (82,158) | 191,037 | (25,000) | 83,879 |
| Fund balances at beginning of year | <u>1,830,138</u> | <u>-</u> | <u>28,830</u> | <u>1,858,968</u> |
| Fund balances at end of year | <u>\$ 1,747,980</u> | <u>\$ 191,037</u> | <u>\$ 3,830</u> | <u>\$ 1,942,847</u> |

CITY OF CLAYTON, OHIO
COMBINING BALANCE SHEET
INDIVIDUAL NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

| | Enforcement and Education Fund | Drug Law Enforcement Fund | Law Enforcement Trust Fund | EMS Fund | Street Fund | State Highway Fund |
|--|---|--|---|---------------------|------------------------|-----------------------------------|
| Assets: | | | | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 2,501 | \$ 11,376 | \$ 23,780 | \$ 184,120 | \$ 98,554 | \$ 302,789 |
| Receivables: | | | | | | |
| Real and other taxes | - | - | - | 207,755 | - | - |
| Accounts | - | - | - | 315,689 | - | - |
| Payment in lieu of taxes | - | - | - | - | - | - |
| Special assessments | - | - | - | - | - | - |
| Accrued interest | - | - | - | - | 258 | 669 |
| Due from other governments | 50 | - | - | 16,213 | 264,768 | 25,467 |
| Prepayments | - | - | - | - | 20,784 | - |
| Total assets | \$ 2,551 | \$ 11,376 | \$ 23,780 | \$ 723,777 | \$ 384,364 | \$ 328,925 |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 10,010 | \$ 14,468 | \$ 628 |
| Accrued wages and benefits | - | - | - | 14,003 | 17,720 | - |
| Due to other governments | - | - | - | 11,502 | 13,153 | - |
| Total liabilities | - | - | - | 35,515 | 45,341 | 628 |
| Deferred inflows of resources: | | | | | | |
| Property taxes levied for the next fiscal year | - | - | - | 202,405 | - | - |
| Delinquent property tax revenue not available | - | - | - | 5,350 | - | - |
| Accrued interest not available | - | - | - | - | 186 | 483 |
| Special assessments revenue not available | - | - | - | - | - | - |
| Miscellaneous revenue not available | - | - | - | 280,493 | - | - |
| Intergovernmental revenue not available | - | - | - | 16,213 | 223,668 | 22,135 |
| PILOTs levied for next fiscal year | - | - | - | - | - | - |
| Delinquent PILOT revenue not available | - | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | 504,461 | 223,854 | 22,618 |
| Fund balances: | | | | | | |
| Nonspendable | - | - | - | - | 20,784 | - |
| Restricted | 2,551 | 11,376 | 23,780 | 183,801 | 94,385 | 305,679 |
| Total fund balances | 2,551 | 11,376 | 23,780 | 183,801 | 115,169 | 305,679 |
| Total liabilities, deferred inflows of resources & fund balance | \$ 2,551 | \$ 11,376 | \$ 23,780 | \$ 723,777 | \$ 384,364 | \$ 328,925 |

| Permissive Motor Vehicle License Tax Fund | Street Lights Fund | Cemetary Fund | Tax Increment Fund | Joint Economic Development District Fund | Tax Increment Financing Towne Center Fund | Total Nonmajor Special Revenue Funds |
|--|-------------------------------|--------------------------|-----------------------------------|---|--|---|
| \$ 97,733 | \$ 20,062 | \$ 51,417 | \$ 427,041 | \$ 275,827 | \$ 219,735 | \$ 1,714,935 |
| - | - | - | - | - | - | 207,755 |
| - | - | - | - | - | - | 315,689 |
| - | - | - | 208,565 | - | 168,381 | 376,946 |
| - | 61,052 | - | - | - | - | 61,052 |
| 204 | - | - | - | - | - | 1,131 |
| 8,079 | - | - | 8,107 | 8,176 | - | 330,860 |
| - | - | - | - | - | - | 20,784 |
| <u>\$ 106,016</u> | <u>\$ 81,114</u> | <u>\$ 51,417</u> | <u>\$ 643,713</u> | <u>\$ 284,003</u> | <u>\$ 388,116</u> | <u>\$ 3,029,152</u> |
| \$ 1,070 | \$ - | \$ - | \$ 1,433 | \$ - | \$ - | \$ 27,609 |
| - | - | - | - | - | - | 31,723 |
| - | - | - | - | - | - | 24,655 |
| <u>1,070</u> | <u>-</u> | <u>-</u> | <u>1,433</u> | <u>-</u> | <u>-</u> | <u>83,987</u> |
| - | - | - | - | - | - | 202,405 |
| - | - | - | - | - | - | 5,350 |
| 147 | - | - | - | - | - | 816 |
| - | 61,052 | - | - | - | - | 61,052 |
| - | - | - | - | - | - | 280,493 |
| - | - | - | 8,107 | - | - | 270,123 |
| - | - | - | 173,223 | - | 139,849 | 313,072 |
| - | - | - | 35,342 | - | 28,532 | 63,874 |
| <u>147</u> | <u>61,052</u> | <u>-</u> | <u>216,672</u> | <u>-</u> | <u>168,381</u> | <u>1,197,185</u> |
| - | - | - | - | - | - | 20,784 |
| <u>104,799</u> | <u>20,062</u> | <u>51,417</u> | <u>425,608</u> | <u>284,003</u> | <u>219,735</u> | <u>1,727,196</u> |
| <u>104,799</u> | <u>20,062</u> | <u>51,417</u> | <u>425,608</u> | <u>284,003</u> | <u>219,735</u> | <u>1,747,980</u> |
| <u>\$ 106,016</u> | <u>\$ 81,114</u> | <u>\$ 51,417</u> | <u>\$ 643,713</u> | <u>\$ 284,003</u> | <u>\$ 388,116</u> | <u>\$ 3,029,152</u> |

CITY OF CLAYTON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
INDIVIDUAL NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Enforcement and Education Fund | Drug Law Enforcement Fund | Law Enforcement Trust Fund | EMS Fund | Street Fund |
|--|---|--|---|---------------------|------------------------|
| Revenues: | | | | | |
| Real and other taxes | \$ - | \$ - | \$ - | \$ 181,161 | \$ - |
| Other local taxes | - | - | - | - | - |
| Payment in lieu of taxes | - | - | - | - | - |
| Charges for services | - | - | - | 383,447 | 18,055 |
| Fines and forfeitures | 573 | 50 | 617 | - | - |
| Intergovernmental | - | - | - | 37,053 | 552,122 |
| Special assessments | - | - | - | - | - |
| Investment income | - | - | - | - | 854 |
| Other | - | - | - | 1,897 | 7,679 |
| Total revenues | 573 | 50 | 617 | 603,558 | 578,710 |
| Expenditures: | | | | | |
| <i>Current:</i> | | | | | |
| General government | - | - | - | - | - |
| Security of persons and property | - | - | - | 622,898 | - |
| Public health and welfare | - | - | - | - | - |
| Transportation | - | - | - | - | 1,030,957 |
| Economic development | - | - | - | - | - |
| Capital outlay | - | - | - | - | 3,971 |
| <i>Debt service:</i> | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | - | - | - | 622,898 | 1,034,928 |
| Excess (deficiency) of revenues over/(under) expenditures | 573 | 50 | 617 | (19,340) | (456,218) |
| Other financing sources (uses): | | | | | |
| Transfer in | - | - | - | - | 405,000 |
| Transfer out | - | - | - | - | - |
| Total other financing sources/(uses) | - | - | - | - | 405,000 |
| Net change in fund balances | 573 | 50 | 617 | (19,340) | (51,218) |
| Fund balances at beginning of year | 1,978 | 11,326 | 23,163 | 203,141 | 166,387 |
| Fund balances at end of year | \$ 2,551 | \$ 11,376 | \$ 23,780 | \$ 183,801 | \$ 115,169 |

| State Highway Fund | Permissive Motor Vehicle License Tax Fund | Street Lights Fund | Cemetary Fund | Tax Increment Fund | Joint Economic Development District Fund | Tax Increment Financing Towne Center Fund | Total Nonmajor Special Revenue Funds |
|--------------------|---|--------------------|------------------|--------------------|--|---|--------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 181,161 |
| - | 108,089 | - | - | - | - | - | 108,089 |
| - | - | - | - | 220,315 | - | 177,867 | 398,182 |
| - | - | - | 5,850 | - | - | - | 407,352 |
| - | - | - | - | - | - | - | 1,240 |
| 48,508 | - | - | - | 45,829 | 66,688 | 40,283 | 790,483 |
| - | - | 27,687 | - | - | - | - | 27,687 |
| 3,129 | 1,327 | - | - | - | - | - | 5,310 |
| - | - | - | - | - | - | - | 9,576 |
| <u>51,637</u> | <u>109,416</u> | <u>27,687</u> | <u>5,850</u> | <u>266,144</u> | <u>66,688</u> | <u>218,150</u> | <u>1,929,080</u> |
| - | - | - | - | 150,147 | - | 269,065 | 419,212 |
| - | - | 30,172 | - | - | - | - | 653,070 |
| - | - | - | 5,898 | - | - | - | 5,898 |
| 25,973 | 104,293 | - | - | - | - | - | 1,161,223 |
| - | - | - | - | - | 1,107 | - | 1,107 |
| - | - | - | - | - | - | - | 3,971 |
| - | - | - | - | 77,000 | - | - | 77,000 |
| - | - | - | - | 30,376 | - | - | 30,376 |
| <u>25,973</u> | <u>104,293</u> | <u>30,172</u> | <u>5,898</u> | <u>257,523</u> | <u>1,107</u> | <u>269,065</u> | <u>2,351,857</u> |
| <u>25,664</u> | <u>5,123</u> | <u>(2,485)</u> | <u>(48)</u> | <u>8,621</u> | <u>65,581</u> | <u>(50,915)</u> | <u>(422,777)</u> |
| - | - | - | - | - | - | - | 405,000 |
| - | - | - | - | - | - | (64,381) | (64,381) |
| - | - | - | - | - | - | (64,381) | 340,619 |
| 25,664 | 5,123 | (2,485) | (48) | 8,621 | 65,581 | (115,296) | (82,158) |
| <u>280,015</u> | <u>99,676</u> | <u>22,547</u> | <u>51,465</u> | <u>416,987</u> | <u>218,422</u> | <u>335,031</u> | <u>1,830,138</u> |
| <u>\$ 305,679</u> | <u>\$ 104,799</u> | <u>\$ 20,062</u> | <u>\$ 51,417</u> | <u>\$ 425,608</u> | <u>\$ 284,003</u> | <u>\$ 219,735</u> | <u>\$ 1,747,980</u> |

CITY OF CLAYTON, OHIO

FUND DESCRIPTIONS - FIDUCIARY FUNDS

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.

These funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

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.

North Clayton Development Fund

To account for association fees received from various homeowners within the North Clayton development which are then distributed to the North Clayton Development Association.

CITY OF CLAYTON, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

| Impact Fee Fund | Balance 1/1/2016 | Additions | Reductions | Balance 12/31/2016 |
|---|-----------------------------|-------------------|-------------------|-------------------------------|
| Assets: | | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 28,740 | \$ 15,959 | \$ 40,117 | \$ 4,582 |
| Total assets | <u>\$ 28,740</u> | <u>\$ 15,959</u> | <u>\$ 40,117</u> | <u>\$ 4,582</u> |
| Liabilities: | | | | |
| Due to other governments | \$ 28,740 | \$ 15,959 | \$ 40,117 | \$ 4,582 |
| Total liabilities | <u>\$ 28,740</u> | <u>\$ 15,959</u> | <u>\$ 40,117</u> | <u>\$ 4,582</u> |
| Joint Economic Development District Fund | | | | |
| Assets: | | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 63,373 | \$ 185,217 | \$ 224,280 | \$ 24,310 |
| Receivables: | | | | |
| Accounts | - | 8,266 | - | 8,266 |
| Total assets | <u>\$ 63,373</u> | <u>\$ 193,483</u> | <u>\$ 224,280</u> | <u>\$ 32,576</u> |
| Liabilities: | | | | |
| Due to other governments | \$ 63,373 | \$ 193,220 | \$ 224,280 | \$ 32,313 |
| Undistributed monies | - | 263 | - | 263 |
| Total liabilities | <u>\$ 63,373</u> | <u>\$ 193,483</u> | <u>\$ 224,280</u> | <u>\$ 32,576</u> |
| North Clayton Development Fund | | | | |
| Assets: | | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 459 | \$ 19,791 | \$ 19,504 | \$ 746 |
| Receivables: | | | | |
| Accounts | 33,591 | 41,599 | 33,591 | 41,599 |
| Total assets | <u>\$ 34,050</u> | <u>\$ 61,390</u> | <u>\$ 53,095</u> | <u>\$ 42,345</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 745 | \$ - | \$ 745 |
| Undistributed monies | 34,050 | 60,645 | 53,095 | 41,600 |
| Total liabilities | <u>\$ 34,050</u> | <u>\$ 61,390</u> | <u>\$ 53,095</u> | <u>\$ 42,345</u> |
| TOTAL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Equity in pooled cash, cash equivalents and investments | \$ 92,572 | \$ 220,967 | \$ 283,901 | \$ 29,638 |
| Receivables: | | | | |
| Accounts | 33,591 | 49,865 | 33,591 | 49,865 |
| Total assets | <u>\$ 126,163</u> | <u>\$ 270,832</u> | <u>\$ 317,492</u> | <u>\$ 79,503</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 745 | \$ - | \$ 745 |
| Due to other governments | 92,113 | 209,179 | 264,397 | 36,895 |
| Undistributed monies | 34,050 | 60,908 | 53,095 | 41,863 |
| Total liabilities | <u>\$ 126,163</u> | <u>\$ 270,832</u> | <u>\$ 317,492</u> | <u>\$ 79,503</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|---------------------|---------------------|---|
| Revenues: | | | |
| Municipal income taxes | \$ 2,226,966 | \$ 2,249,796 | \$ 22,830 |
| Property taxes | 320,849 | 324,138 | 3,289 |
| Charges for services | 752,307 | 760,019 | 7,712 |
| Licenses and permits | 11,630 | 11,749 | 119 |
| Intergovernmental | 454,048 | 458,703 | 4,655 |
| Investment income | 118,882 | 120,101 | 1,219 |
| Other local taxes | 189,311 | 191,252 | 1,941 |
| Other | 3,696 | 3,734 | 38 |
| <i>Total revenues</i> | <u>4,077,689</u> | <u>4,119,492</u> | <u>41,803</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | | | |
| Personal services | 1,107,040 | 861,034 | 246,006 |
| Contractual services | 1,826,694 | 1,420,767 | 405,927 |
| Materials and supplies | 24,233 | 18,848 | 5,385 |
| Total general government | <u>2,957,967</u> | <u>2,300,649</u> | <u>657,318</u> |
| Capital outlay | 465,028 | 361,690 | 103,338 |
| <i>Total expenditures</i> | <u>3,422,995</u> | <u>2,662,339</u> | <u>760,656</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>654,694</u> | <u>1,457,153</u> | <u>802,459</u> |
| Other financing uses: | | | |
| Transfers out | (2,358,035) | (1,834,034) | 524,001 |
| <i>Total other financing uses</i> | <u>(2,358,035)</u> | <u>(1,834,034)</u> | <u>524,001</u> |
| <i>Net change in fund balance</i> | (1,703,341) | (376,881) | 1,326,460 |
| <i>Fund balance at beginning of year (restated)</i> | 4,218,279 | 4,218,279 | - |
| <i>Prior year encumbrances appropriated</i> | 539,289 | 539,289 | - |
| <i>Fund balance at end of year</i> | <u>\$ 3,054,227</u> | <u>\$ 4,380,687</u> | <u>\$ 1,326,460</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|---------------------|------------------|---|
| Revenues: | | | |
| Property taxes | \$ 1,321,230 | \$ 1,132,651 | \$ (188,579) |
| Charges for services | 111,077 | 95,223 | (15,854) |
| Fines and forfeitures | 31,505 | 27,008 | (4,497) |
| Intergovernmental | 247,178 | 211,898 | (35,280) |
| Contributions and donations | 103 | 88 | (15) |
| Other | 2,522 | 2,162 | (360) |
| <i>Total revenues</i> | <u>1,713,615</u> | <u>1,469,030</u> | <u>(244,585)</u> |
| Expenditures: | | | |
| Current: | | | |
| Security of persons and property | | | |
| Personal services | 1,748,724 | 1,597,985 | 150,739 |
| Contractual services | 308,101 | 281,543 | 26,558 |
| Materials and supplies | 53,031 | 48,460 | 4,571 |
| Total security of persons and property | <u>2,109,856</u> | <u>1,927,988</u> | <u>181,868</u> |
| Capital outlay | <u>12,037</u> | <u>10,999</u> | <u>1,038</u> |
| <i>Total expenditures</i> | <u>2,121,893</u> | <u>1,938,987</u> | <u>182,906</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(408,278)</u> | <u>(469,957)</u> | <u>(61,679)</u> |
| Other financing sources: | | | |
| Transfers in | <u>517,923</u> | <u>444,000</u> | <u>(73,923)</u> |
| <i>Net change in fund balance</i> | 109,645 | (25,957) | (135,602) |
| <i>Fund balance at beginning of year</i> | 70,601 | 70,601 | - |
| <i>Prior year encumbrances appropriated</i> | <u>17,389</u> | <u>17,389</u> | <u>-</u> |
| <i>Fund balance at end of year</i> | <u>\$ 197,635</u> | <u>\$ 62,033</u> | <u>\$ (135,602)</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|---------------------|------------------|---|
| Revenues: | | | |
| Property taxes | \$ 825,533 | \$ 707,492 | \$ (118,041) |
| Fines and forfeitures | 1,627 | 1,394 | (233) |
| Intergovernmental | 151,496 | 129,834 | (21,662) |
| Contributions and donations | 307 | 263 | (44) |
| Other | 10,663 | 9,138 | (1,525) |
| <i>Total revenues</i> | <u>989,626</u> | <u>848,121</u> | <u>(141,505)</u> |
| Expenditures: | | | |
| Current: | | | |
| Security of persons and property | | | |
| Personal services | 795,408 | 747,485 | 47,923 |
| Contractual services | 203,490 | 191,230 | 12,260 |
| Materials and supplies | 29,090 | 27,337 | 1,753 |
| Total security of persons and property | <u>1,027,988</u> | <u>966,052</u> | <u>61,936</u> |
| Capital outlay | <u>12,500</u> | <u>11,747</u> | <u>753</u> |
| <i>Total expenditures</i> | <u>1,040,488</u> | <u>977,799</u> | <u>62,689</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(50,862)</u> | <u>(129,678)</u> | <u>(78,816)</u> |
| Other financing sources: | | | |
| Sale of capital assets | <u>52</u> | <u>45</u> | <u>(7)</u> |
| <i>Total other financing sources</i> | <u>52</u> | <u>45</u> | <u>(7)</u> |
| <i>Net change in fund balance</i> | (50,810) | (129,633) | (78,823) |
| <i>Fund balance at beginning of year</i> | 169,466 | 169,466 | - |
| <i>Prior year encumbrances appropriated</i> | <u>23,874</u> | <u>23,874</u> | <u>-</u> |
| <i>Fund balance at end of year</i> | <u>\$ 142,530</u> | <u>\$ 63,707</u> | <u>\$ (78,823)</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---|
| Revenues: | | | |
| Municipal income taxes | \$ 1,258,333 | \$ 1,124,752 | \$ (133,581) |
| Other | - | 41,595 | 41,595 |
| <i>Total revenues</i> | <u>1,258,333</u> | <u>1,166,347</u> | <u>(91,986)</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | | | |
| Contractual services | 2,406,225 | 1,920,943 | 485,282 |
| Capital outlay | 638,860 | 510,016 | 128,844 |
| Debt service: | | | |
| Principal retirement | 287,478 | 218,976 | 68,502 |
| Interest and fiscal charges | 52,183 | 52,183 | - |
| <i>Total expenditures</i> | <u>3,384,746</u> | <u>2,702,118</u> | <u>682,628</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(2,126,413)</u> | <u>(1,535,771)</u> | <u>590,642</u> |
| Other financing sources: | | | |
| Transfers in | 227,000 | - | (227,000) |
| Bond issuance | 6,000,000 | 6,000,000 | - |
| Sale of capital assets | - | 3,745 | 3,745 |
| <i>Total other financing sources</i> | <u>6,227,000</u> | <u>6,003,745</u> | <u>(223,255)</u> |
| <i>Net change in fund balance</i> | 4,100,587 | 4,467,974 | 367,387 |
| <i>Fund balance at beginning of year</i> | 69,393 | 69,393 | - |
| <i>Prior year encumbrances appropriated</i> | <u>292,587</u> | <u>292,587</u> | <u>-</u> |
| <i>Fund balance at end of year</i> | <u>\$ 4,462,567</u> | <u>\$ 4,829,954</u> | <u>\$ 367,387</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER DEPARTMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|---------------------|------------------|---|
| Revenues: | | | |
| Charges for services | \$ 62,100 | \$ 78,590 | \$ 16,490 |
| Expenditures: | | | |
| Personal services | 8,382 | 6,461 | 1,921 |
| Contractual services | 1,129 | 870 | 259 |
| Materials and supplies | 73,677 | 56,788 | 16,889 |
| <i>Total expenditures</i> | <u>83,188</u> | <u>64,119</u> | <u>19,069</u> |
| <i>Net change in fund balance</i> | (21,088) | 14,471 | 35,559 |
| <i>Fund balance at beginning of year</i> | 33,983 | 33,983 | - |
| <i>Prior year encumbrances appropriated</i> | <u>14,578</u> | <u>14,578</u> | <u>-</u> |
| <i>Fund balance at end of year</i> | <u>\$ 27,473</u> | <u>\$ 63,032</u> | <u>\$ 35,559</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GOLF COURSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Revenues: | | | |
| Charges for services | \$ 649,700 | \$ 455,976 | \$ (193,724) |
| Other | - | 27,227 | 27,227 |
| <i>Total revenues</i> | <u>649,700</u> | <u>483,203</u> | <u>(166,497)</u> |
| Expenditures: | | | |
| Personal services | 410,511 | 346,211 | 64,300 |
| Contractual services | 403,306 | 340,135 | 63,171 |
| Materials and supplies | 81,920 | 69,089 | 12,831 |
| <i>Total expenditures</i> | <u>895,737</u> | <u>755,435</u> | <u>140,302</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(246,037)</u> | <u>(272,232)</u> | <u>(26,195)</u> |
| Other financing sources: | | | |
| Transfers in | 225,000 | 252,000 | 27,000 |
| <i>Net change in fund balance</i> | (21,037) | (20,232) | 805 |
| <i>Fund balance at beginning of year</i> | 1,847 | 1,847 | - |
| <i>Prior year encumbrances appropriated</i> | 21,384 | 21,384 | - |
| <i>Fund balance at end of year</i> | <u>\$ 2,194</u> | <u>\$ 2,999</u> | <u>\$ 805</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENFORCEMENT AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|---------------------|-----------------|---|
| Revenues: | | | |
| Fines and forfeitures | \$ 150 | \$ 548 | \$ 398 |
| <i>Net change in fund balance</i> | 150 | 548 | 398 |
| <i>Fund balance at beginning of year</i> | <u>1,953</u> | <u>1,953</u> | <u>-</u> |
| <i>Fund balance at end of year</i> | <u>\$ 2,103</u> | <u>\$ 2,501</u> | <u>\$ 398</u> |

CITY OF CLAYTON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG LAW ENFORCEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|---------------------|------------------|---|
| Revenues: | | | |
| Fines and forfeitures | \$ - | \$ 50 | \$ 50 |
| <i>Net change in fund balance</i> | - | 50 | 50 |
| <i>Fund balance at beginning of year</i> | 11,326 | 11,326 | - |
| <i>Fund balance at end of year</i> | <u>\$ 11,326</u> | <u>\$ 11,376</u> | <u>\$ 50</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|---------------------|------------------|---|
| Revenues: | | | |
| Fines and forfeitures | \$ 500 | \$ 617 | \$ 117 |
| <i>Net change in fund balance</i> | 500 | 617 | 117 |
| <i>Fund balance at beginning of year</i> | <u>23,163</u> | <u>23,163</u> | <u>-</u> |
| <i>Fund balance at end of year</i> | <u>\$ 23,663</u> | <u>\$ 23,780</u> | <u>\$ 117</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|---|
| Revenues: | | | |
| Property taxes | \$ 213,093 | \$ 181,161 | \$ (31,932) |
| Charges for services | 416,223 | 353,852 | (62,371) |
| Intergovernmental | 43,584 | 37,053 | (6,531) |
| Other | <u>2,232</u> | <u>1,897</u> | <u>(335)</u> |
| <i>Total revenues</i> | <u>675,132</u> | <u>573,963</u> | <u>(101,169)</u> |
| Expenditures: | | | |
| Current: | | | |
| Security of persons and property | | | |
| Personal services | 656,166 | 568,701 | 87,465 |
| Contractual services | 33,461 | 29,001 | 4,460 |
| Materials and supplies | <u>14,886</u> | <u>12,902</u> | <u>1,984</u> |
| Total security of persons and property | 704,513 | 610,604 | 93,909 |
| Capital outlay | <u>8,077</u> | <u>7,000</u> | <u>1,077</u> |
| <i>Total expenditures</i> | <u>712,590</u> | <u>617,604</u> | <u>94,986</u> |
| <i>Net change in fund balance</i> | (37,458) | (43,641) | (6,183) |
| <i>Fund balance at beginning of year</i> | 205,402 | 205,402 | - |
| <i>Prior year encumbrances appropriated</i> | <u>4,762</u> | <u>4,762</u> | <u>-</u> |
| <i>Fund balance at end of year</i> | <u>\$ 172,706</u> | <u>\$ 166,523</u> | <u>\$ (6,183)</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET DEPARTMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|---------------------|------------------|---|
| Revenues: | | | |
| Charges for services | \$ 24,500 | \$ 18,055 | \$ (6,445) |
| Intergovernmental | 542,500 | 553,966 | 11,466 |
| Investment income | 150 | 1,199 | 1,049 |
| Other | - | 7,679 | 7,679 |
| <i>Total revenues</i> | <u>567,150</u> | <u>580,899</u> | <u>13,749</u> |
| Expenditures: | | | |
| Current: | | | |
| Transportation | | | |
| Personal services | 815,301 | 757,426 | 57,875 |
| Contractual services | 143,735 | 133,532 | 10,203 |
| Materials and supplies | 225,428 | 209,426 | 16,002 |
| Total transportation | <u>1,184,464</u> | <u>1,100,384</u> | <u>84,080</u> |
| Capital outlay | <u>4,275</u> | <u>3,971</u> | <u>304</u> |
| <i>Total expenditures</i> | <u>1,188,739</u> | <u>1,104,355</u> | <u>84,384</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(621,589)</u> | <u>(523,456)</u> | <u>98,133</u> |
| Other financing sources: | | | |
| Transfers in | <u>500,000</u> | <u>405,000</u> | <u>(95,000)</u> |
| <i>Net change in fund balance</i> | (121,589) | (118,456) | 3,133 |
| <i>Fund balance at beginning of year</i> | 76,469 | 76,469 | - |
| <i>Prior year encumbrances appropriated</i> | <u>100,457</u> | <u>100,457</u> | <u>-</u> |
| <i>Fund balance at end of year</i> | <u>\$ 55,337</u> | <u>\$ 58,470</u> | <u>\$ 3,133</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|---------------------|-------------------|---|
| Revenues: | | | |
| Intergovernmental | \$ 42,500 | \$ 48,658 | \$ 6,158 |
| Investment income | 350 | 3,107 | 2,757 |
| <i>Total revenues</i> | <u>42,850</u> | <u>51,765</u> | <u>8,915</u> |
| Expenditures: | | | |
| Current: | | | |
| Transportation | | | |
| Contractual services | 20,366 | 8,665 | 11,701 |
| Materials and supplies | 89,824 | 38,217 | 51,607 |
| <i>Total expenditures</i> | <u>110,190</u> | <u>46,882</u> | <u>63,308</u> |
| <i>Net change in fund balance</i> | (67,340) | 4,883 | 72,223 |
| <i>Fund balance at beginning of year</i> | 270,795 | 270,795 | - |
| <i>Prior year encumbrances appropriated</i> | 18,690 | 18,690 | - |
| <i>Fund balance at end of year</i> | <u>\$ 222,145</u> | <u>\$ 294,368</u> | <u>\$ 72,223</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMISSIVE MOTOR VEHICLE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|---------------------|------------------|---|
| Revenues: | | | |
| Other local taxes | \$ 103,000 | \$ 108,727 | \$ 5,727 |
| Investment income | 350 | 948 | 598 |
| <i>Total revenues</i> | <u>103,350</u> | <u>109,675</u> | <u>6,325</u> |
| Expenditures: | | | |
| Current: | | | |
| Transportation | | | |
| Personal services | 53,570 | 51,360 | 2,210 |
| Contractual services | 34,190 | 32,779 | 1,411 |
| Materials and supplies | 25,357 | 24,311 | 1,046 |
| <i>Total expenditures</i> | <u>113,117</u> | <u>108,450</u> | <u>4,667</u> |
| <i>Net change in fund balance</i> | (9,767) | 1,225 | 10,992 |
| <i>Fund balance at beginning of year</i> | 91,760 | 91,760 | - |
| <i>Prior year encumbrances appropriated</i> | <u>2,164</u> | <u>2,164</u> | <u>-</u> |
| <i>Fund balance at end of year</i> | <u>\$ 84,157</u> | <u>\$ 95,149</u> | <u>\$ 10,992</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET LIGHTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|---------------------|------------------|---|
| Revenues: | | | |
| Special assessments | \$ 30,500 | \$ 27,687 | \$ (2,813) |
| Expenditures: | | | |
| Current: | | | |
| Security of persons and property | | | |
| Contractual services | 34,500 | 30,172 | 4,328 |
| <i>Net change in fund balance</i> | (4,000) | (2,485) | 1,515 |
| <i>Fund balance at beginning of year</i> | 22,547 | 22,547 | - |
| <i>Fund balance at end of year</i> | <u>\$ 18,547</u> | <u>\$ 20,062</u> | <u>\$ 1,515</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|---------------------|------------------|---|
| Revenues: | | | |
| Charges for services | \$ 5,500 | \$ 6,550 | \$ 1,050 |
| Expenditures: | | | |
| Current: | | | |
| Public health | | | |
| Contractual services | 10,690 | 5,590 | 5,100 |
| Materials and supplies | 310 | 308 | 2 |
| <i>Total expenditures</i> | <u>11,000</u> | <u>5,898</u> | <u>5,102</u> |
| <i>Net change in fund balance</i> | (5,500) | 652 | 6,152 |
| <i>Fund balance at beginning of year</i> | 47,515 | 47,515 | - |
| <i>Prior year encumbrances appropriated</i> | <u>3,250</u> | <u>3,250</u> | - |
| <i>Fund balance at end of year</i> | <u>\$ 45,265</u> | <u>\$ 51,417</u> | <u>\$ 6,152</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
JOINT ECONOMIC DEVELOPMENT DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------|---|
| Revenues: | | | |
| Intergovernmental | \$ 138,700 | \$ 58,512 | \$ (80,188) |
| Expenditures: | | | |
| Current: | | | |
| Economic development | | | |
| Contractual services | 9,036 | 1,309 | 7,727 |
| <i>Net change in fund balance</i> | 129,664 | 57,203 | (72,461) |
| <i>Fund balance at beginning of year</i> | 217,588 | 217,588 | - |
| <i>Prior year encumbrances appropriated</i> | 1,036 | 1,036 | - |
| <i>Fund balance at end of year</i> | \$ 348,288 | \$ 275,827 | \$ (72,461) |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TAX INCREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|---|
| Revenues: | | | |
| Payment in lieu of taxes | \$ 230,000 | \$ 220,315 | \$ (9,685) |
| Intergovernmental | - | 45,829 | 45,829 |
| <i>Total revenues</i> | <u>230,000</u> | <u>266,144</u> | <u>36,144</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | | | |
| Contractual services | 230,300 | 170,129 | 60,171 |
| <i>Debt service:</i> | | | |
| Principal retirement | 77,000 | 77,000 | - |
| Interest and fiscal charges | 30,376 | 30,376 | - |
| <i>Total expenditures</i> | <u>337,676</u> | <u>277,505</u> | <u>60,171</u> |
| <i>Net change in fund balance</i> | (107,676) | (11,361) | 96,315 |
| <i>Fund balance at beginning of year</i> | 300,161 | 300,161 | - |
| <i>Prior year encumbrances appropriated</i> | <u>136,800</u> | <u>136,800</u> | - |
| <i>Fund balance at end of year</i> | <u>\$ 329,285</u> | <u>\$ 425,600</u> | <u>\$ 96,315</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TAX INCREMENT FINANCING TOWNE CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|---|
| Revenues: | | | |
| Payment in lieu of taxes | \$ 145,000 | \$ 177,867 | \$ 32,867 |
| Intergovernmental | - | 40,283 | 40,283 |
| <i>Total revenues</i> | <u>145,000</u> | <u>218,150</u> | <u>73,150</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | | | |
| Contractual services | 301,841 | 298,016 | 3,825 |
| <i>Debt service:</i> | | | |
| Principal retirement | 29,450 | 29,449 | 1 |
| Interest and fiscal charges | 34,932 | 34,932 | - |
| <i>Total expenditures</i> | <u>366,223</u> | <u>362,397</u> | <u>3,826</u> |
| <i>Net change in fund balance</i> | (221,223) | (144,247) | 76,976 |
| <i>Fund balance at beginning of year</i> | 111,705 | 111,705 | - |
| <i>Prior year encumbrances appropriated</i> | <u>234,341</u> | <u>234,341</u> | <u>-</u> |
| <i>Fund balance at end of year</i> | <u>\$ 124,823</u> | <u>\$ 201,799</u> | <u>\$ 76,976</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BOND RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|---|
| Revenues: | | | |
| Other | \$ - | \$ 668 | \$ 668 |
| <i>Total revenues</i> | <u>-</u> | <u>668</u> | <u>668</u> |
| Expenditures: | | | |
| <i>Debt service:</i> | | | |
| Bond issuance costs | \$ 90,491 | \$ 90,491 | |
| Principal retirement | 605,581 | 605,580 | 1 |
| Interest and fiscal charges | 228,825 | 198,566 | 30,259 |
| <i>Total expenditures</i> | <u>924,897</u> | <u>894,637</u> | <u>30,260</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(924,897)</u> | <u>(893,969)</u> | <u>30,928</u> |
| Other financing sources: | | | |
| Transfers in | 736,225 | 733,034 | (3,191) |
| Bond Premium | 380,177 | 351,972 | (28,205) |
| <i>Total other financing sources</i> | <u>1,116,402</u> | <u>1,085,006</u> | <u>(31,396)</u> |
| <i>Net change in fund balance</i> | 191,505 | 191,037 | (468) |
| <i>Fund balance at beginning of year</i> | - | - | - |
| <i>Prior year encumbrances appropriated</i> | - | - | - |
| <i>Fund balance at end of year</i> | <u>\$ 191,505</u> | <u>\$ 191,037</u> | <u>\$ (468)</u> |

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ASSET REPLACEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|---------------------|-----------------|---|
| Expenditures: | | | |
| Capital outlay | \$ 25,000 | \$ 25,000 | \$ - |
| <i>Net change in fund balance</i> | (25,000) | (25,000) | - |
| <i>Fund balance at beginning of year</i> | 3,830 | 3,830 | - |
| <i>Prior year encumbrances appropriated</i> | 25,000 | 25,000 | - |
| <i>Fund balance at end of year</i> | <u>\$ 3,830</u> | <u>\$ 3,830</u> | <u>\$ -</u> |

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STATISTICAL SECTION

THE FOLLOWING UNAUDITED STATISTICAL TABLES
REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND
FISCAL CAPACITY OF THE CITY

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CITY OF CLAYTON, OHIO

STATISTICAL SECTION

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.

Contents

Page

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

128

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the income tax, property tax and special assessments.

138

Debt Capacity

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.

148

Demographic and Economic Information

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

155

Operating Information

This schedule contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Sources: Sources are noted on the individual schedules. The City implemented GASB Statement 63 in 2012; schedules presenting net position begin in that year.

CITY OF CLAYTON, OHIO

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | 2007 | 2008 | 2009 | 2010 |
|---|---------------------|---------------------|----------------------|----------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 3,399,360 | \$ 4,534,717 | \$ 4,985,791 | \$ 6,188,910 |
| Restricted | 2,976,984 | 1,863,244 | 3,028,063 | 2,655,232 |
| Unrestricted | 2,478,642 | 2,167,933 | 2,152,885 | 3,262,866 |
| Total governmental activities net assets/position | \$ 8,854,986 | \$ 8,565,894 | \$ 10,166,739 | \$ 12,107,008 |
| Business-type activities | | | | |
| Net investment in capital assets | \$ (80,021) | \$ (57,466) | \$ (64,741) | \$ (154,527) |
| Unrestricted | 184,759 | 292,602 | 238,435 | 229,958 |
| Total business-type activities net assets/position | \$ 104,738 | \$ 235,136 | \$ 173,694 | \$ 75,431 |
| Primary government | | | | |
| Net investment in capital assets | \$ 3,319,339 | \$ 4,477,251 | \$ 4,921,050 | \$ 6,034,383 |
| Restricted | 2,976,984 | 1,863,244 | 3,028,063 | 2,655,232 |
| Unrestricted | 2,663,401 | 2,460,535 | 2,391,320 | 3,492,824 |
| Total primary government net assets/position | \$ 8,959,724 | \$ 8,801,030 | \$ 10,340,433 | \$ 12,182,439 |

(1) The City reported the impact of GASB Statement No.68 beginning in 2014

| 2011 | 2012 | 2013 | 2014 (1) | 2015 | 2016 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 6,887,562 | \$ 7,027,755 | \$ 7,073,297 | \$ 7,273,119 | \$ 7,410,232 | \$ 6,497,189 |
| 2,942,250 | 2,823,290 | 3,329,404 | 3,742,366 | 3,420,732 | 3,378,498 |
| 4,441,506 | 4,950,535 | 5,679,868 | 2,085,034 | 2,202,430 | 2,852,600 |
| <u>\$ 14,271,318</u> | <u>\$ 14,801,580</u> | <u>\$ 16,082,569</u> | <u>\$ 13,100,519</u> | <u>\$ 13,033,394</u> | <u>\$ 12,728,287</u> |
| \$ (53,739) | \$ (325,188) | \$ (427,817) | \$ (459,447) | \$ 2,481,770 | \$ 3,206,675 |
| 27,310 | 173,204 | 106,735 | 138,360 | (33,394) | (186,042) |
| <u>\$ (26,429)</u> | <u>\$ (151,984)</u> | <u>\$ (321,082)</u> | <u>\$ (321,087)</u> | <u>\$ 2,448,376</u> | <u>\$ 3,020,633</u> |
| \$ 6,833,823 | \$ 6,702,567 | \$ 6,645,480 | \$ 6,813,672 | \$ 9,892,002 | \$ 9,703,864 |
| 2,942,250 | 2,823,290 | 3,329,404 | 3,742,366 | 3,420,732 | 3,378,498 |
| 4,468,816 | 5,123,739 | 5,786,603 | 2,223,394 | 2,169,036 | 2,666,558 |
| <u>\$ 14,244,889</u> | <u>\$ 14,649,596</u> | <u>\$ 15,761,487</u> | <u>\$ 12,779,432</u> | <u>\$ 15,481,770</u> | <u>\$ 15,748,920</u> |

CITY OF CLAYTON, OHIO

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

| | 2007 | 2008 | 2009 | 2010 |
|--|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| Charges for Services | | | | |
| General Government | \$ 1,699,954 | \$ 1,665,425 | \$ 2,102,857 | \$ 3,078,190 |
| Security of Persons and Property | 3,081,544 | 3,181,958 | 3,103,331 | 3,314,654 |
| Public Health | 5,101 | 4,591 | 3,557 | 4,576 |
| Economic Development | - | - | 16,883 | 7,935 |
| Transportation | 1,174,423 | 1,292,387 | 1,201,965 | 1,413,580 |
| Interest and Fiscal Charges | 229,427 | 230,230 | 226,296 | 234,683 |
| Total governmental activities expenses | <u>6,190,449</u> | <u>6,374,591</u> | <u>6,654,889</u> | <u>8,053,618</u> |
| Business type activities: | | | | |
| Water | 120,237 | 113,795 | 161,076 | 149,372 |
| Sewer | 137,465 | 139,324 | 233,626 | 218,839 |
| Golf | - | - | - | - |
| Total business-type activities expenses | <u>257,702</u> | <u>253,119</u> | <u>394,702</u> | <u>368,211</u> |
| Total primary government expenses | <u>\$ 6,448,151</u> | <u>\$ 6,627,710</u> | <u>\$ 7,049,591</u> | <u>\$ 8,421,829</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General Government | \$ 132,499 | \$ 102,638 | \$ 318,580 | \$ 760,819 |
| Security of Persons and Property | 352,411 | 445,672 | 438,413 | 380,730 |
| Public Health | 2,350 | 1,340 | 8,650 | 5,650 |
| Transportation | 1,325 | 1,925 | 1,225 | 2,038 |
| Operating grants and contributions | 1,003,649 | 1,093,240 | 1,207,084 | 1,567,345 |
| Capital grants and contributions | 389,589 | 317,078 | 884,827 | 1,231,631 |
| Total governmental activities program revenue | <u>1,881,823</u> | <u>1,961,893</u> | <u>2,858,779</u> | <u>3,948,213</u> |
| Business type activities: | | | | |
| Charges for services: | | | | |
| Water (1) | 193,040 | 112,285 | 48,037 | 66,178 |
| Sewer (2) | 6,384 | 8,986 | 828 | 2,577 |
| Golf | - | - | - | - |
| Capital grants and contributions | - | - | 98,773 | - |
| Total business-type activities program revenue | <u>199,424</u> | <u>121,271</u> | <u>147,638</u> | <u>68,755</u> |
| Total primary government program revenue | <u>\$ 2,081,247</u> | <u>\$ 2,083,164</u> | <u>\$ 3,006,417</u> | <u>\$ 4,016,968</u> |

| | 2011 | 2012 | 2013 | 2014 (3) | 2015 | 2016 |
|----|------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| \$ | 1,995,391 | \$ 2,671,295 | \$ 2,026,231 | \$ 2,335,282 | \$ 2,928,788 | \$ 3,876,815 |
| | 3,309,160 | 3,490,585 | 3,513,534 | 3,531,717 | 3,630,121 | 3,631,194 |
| | 591 | 1,792 | 1,662 | 390 | 6,873 | 5,898 |
| | 400 | 10,138 | 20,952 | 15,303 | 10,277 | 1,107 |
| | 1,033,701 | 1,466,901 | 1,521,183 | 1,490,066 | 1,812,643 | 1,651,932 |
| | 248,233 | 388,039 | 249,304 | 182,614 | 164,670 | 361,360 |
| | <u>6,587,476</u> | <u>8,028,750</u> | <u>7,332,866</u> | <u>7,555,372</u> | <u>8,553,372</u> | <u>9,528,306</u> |
| | 151,169 | 174,608 | 140,683 | 152,186 | 153,496 | 49,439 |
| | 215,908 | 22,426 | 209,360 | 206,708 | 202,948 | 208,162 |
| | - | - | - | - | 669,535 | 995,042 |
| | <u>367,077</u> | <u>197,034</u> | <u>350,043</u> | <u>358,894</u> | <u>1,025,979</u> | <u>1,252,643</u> |
| \$ | <u>6,954,553</u> | <u>\$ 8,225,784</u> | <u>\$ 7,682,909</u> | <u>\$ 7,914,266</u> | <u>\$ 9,579,351</u> | <u>\$ 10,780,949</u> |
| \$ | 717,170 | \$ 787,659 | 778,361 | \$ 735,784 | \$ 752,368 | \$ 818,718 |
| | 483,120 | 424,854 | 693,824 | 363,014 | 499,638 | 507,810 |
| | 1,400 | 6,225 | 8,650 | 7,700 | 15,275 | 5,850 |
| | 3,150 | 2,170 | 8,318 | 5,330 | 25,116 | 25,734 |
| | 1,063,694 | 1,012,553 | 1,016,512 | 1,049,206 | 1,168,499 | 663,362 |
| | - | 136,168 | 0 | 100,000 | 78,557 | - |
| | <u>2,268,534</u> | <u>2,369,629</u> | <u>2,505,665</u> | <u>2,261,034</u> | <u>2,539,453</u> | <u>2,021,474</u> |
| | 63,449 | 69,363 | 68,432 | 52,659 | 74,248 | 78,590 |
| | 575 | 923 | 20 | 4 | - | - |
| | - | - | - | - | 462,038 | 456,367 |
| | - | - | - | - | - | - |
| | <u>64,024</u> | <u>70,286</u> | <u>68,452</u> | <u>52,663</u> | <u>536,286</u> | <u>534,957</u> |
| \$ | <u>2,332,558</u> | <u>\$ 2,439,915</u> | <u>\$ 2,574,117</u> | <u>\$ 2,313,697</u> | <u>\$ 3,075,739</u> | <u>\$ 2,556,431</u> |

-- Continued

CITY OF CLAYTON, OHIO

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(CONTINUED)
(ACCRUAL BASIS OF ACCOUNTING)

| | 2007 | 2008 | 2009 | 2010 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (4,308,626) | \$ (4,412,698) | \$ (3,796,110) | \$ (4,105,405) |
| Business-type activities | (58,278) | (131,848) | (247,064) | (299,456) |
| Total primary government net expense | <u>\$ (4,366,904)</u> | <u>\$ (4,544,546)</u> | <u>\$ (4,043,174)</u> | <u>\$ (4,404,861)</u> |
| General Revenues and Other Changes in Net Assets/Position | | | | |
| Governmental activities: | | | | |
| Property taxes Levied For General Purposes | \$ 374,624 | \$ 374,000 | \$ 391,904 | \$ 368,775 |
| Property taxes Levied For Police | 1,085,879 | 1,076,541 | 1,228,963 | 1,217,195 |
| Property taxes Levied For General Fire | 423,706 | 421,228 | 814,478 | 798,572 |
| Property taxes Levied For EMS | 184,206 | 183,452 | 180,448 | 179,062 |
| Other Local Taxes | 335,198 | 206,438 | 216,829 | 224,968 |
| Payment in Lieu of Taxes | - | - | 199,876 | 187,734 |
| Municipal Income Taxes Levied for General Purposes | 1,311,919 | 1,280,281 | 1,364,296 | 1,422,784 |
| Municipal Income Taxes Levied for Capital Outlay | 607,727 | 727,648 | 686,419 | 704,294 |
| Grants and entitlements not specific to Specific Programs | 534,113 | 550,153 | 297,537 | 1,043,924 |
| Investment Income | 178,584 | 85,905 | 23,668 | 10,657 |
| Investment in Joint Venture | - | 12,955 | (8,656) | 4,121 |
| Other | 168,012 | 217,289 | 186,815 | 84,781 |
| Transfers | (202,234) | (262,233) | (185,622) | (201,193) |
| Total governmental activities general revenues | <u>5,001,734</u> | <u>4,873,657</u> | <u>5,396,955</u> | <u>6,045,674</u> |
| Business type activities: | | | | |
| Other | - | 13 | - | - |
| Extraordinary Item/Special Item | - | - | - | - |
| Transfers | 202,234 | 262,233 | 185,622 | 201,193 |
| <i>Total Business-Type Activities General Revenues, Extraordinary Items and Transfers</i> | <u>\$ 202,234</u> | <u>\$ 262,246</u> | <u>\$ 185,622</u> | <u>\$ 201,193</u> |
| Prior Year Restatement of Governmental Type Net Position | \$ 753,992 | \$ (750,051) | \$ - | \$ - |
| Prior Year Restatement of Business-Type Net Position | 21,397 | - | - | - |
| Changes in Net Assets/Position | | | | |
| Governmental activities | \$ 1,447,100 | \$ (289,092) | \$ 1,600,845 | \$ 1,940,269 |
| Business-type activities | 165,353 | 130,398 | (61,442) | (98,263) |
| Total primary government | <u>\$ 1,612,453</u> | <u>\$ (158,694)</u> | <u>\$ 1,539,403</u> | <u>\$ 1,842,006</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
- (3) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015

| 2011 | 2012 | 2013 | 2014 (3) | 2015 | 2016 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ (4,318,942) (303,053) | \$ (5,659,121) (126,748) | \$ (4,827,201) (281,591) | \$ (5,294,338) (306,231) | \$ (6,013,919) (489,693) | \$ (7,506,832) (717,686) |
| <u>\$ (4,621,995)</u> | <u>\$ (5,785,869)</u> | <u>\$ (5,108,792)</u> | <u>\$ (5,600,569)</u> | <u>\$ (6,503,612)</u> | <u>\$ (8,224,518)</u> |
| \$ 369,143 | \$ 331,825 | \$ 333,899 | \$ 330,846 | \$ 319,977 | \$ 323,244 |
| 1,224,218 | 1,137,084 | 1,146,874 | 1,139,035 | 1,117,627 | 1,130,372 |
| 799,508 | 721,683 | 726,977 | 720,557 | 698,407 | 705,553 |
| 179,947 | 177,758 | 179,153 | 178,301 | 178,464 | 180,699 |
| 266,767 | 284,333 | 281,529 | 291,372 | 296,470 | 366,029 |
| 327,951 | 359,430 | 413,584 | 336,282 | 402,260 | 408,841 |
| 1,651,397 | 1,914,037 | 1,578,366 | 1,889,466 | 1,897,729 | 2,308,409 |
| 826,382 | 957,739 | 788,569 | 944,136 | 947,187 | 1,145,735 |
| 923,046 | 307,054 | 401,933 | 223,988 | 248,671 | 926,747 |
| 37,286 | 34,456 | 109,373 | 117,739 | (21,121) | 93,215 |
| 84 | (568) | (5,678) | 5,191 | 1,349 | 55,830 |
| 78,716 | 165,745 | 254,207 | 96,317 | 110,967 | 10,245 |
| (201,193) | (201,193) | (100,596) | (301,790) | (251,193) | (453,194) |
| <u>6,483,252</u> | <u>6,189,383</u> | <u>6,108,190</u> | <u>5,971,440</u> | <u>5,946,794</u> | <u>7,201,725</u> |
| - | - | 11,897 | 4,436 | 6,113 | 38,036 |
| - | - | - | - | 3,001,850 | 798,713 |
| <u>201,193</u> | <u>201,193</u> | <u>100,596</u> | <u>301,790</u> | <u>251,193</u> | <u>453,194</u> |
| \$ 201,193 | \$ 201,193 | \$ 112,493 | \$ 306,226 | \$ 3,259,156 | \$ 1,289,943 |
| \$ - | \$ - | \$ - | \$ (3,659,152) | \$ - | \$ - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| \$ 2,164,310 | \$ 530,262 | \$ 1,280,989 | \$ 677,102 | \$ (67,125) | \$ (305,107) |
| (101,860) | 74,445 | (169,098) | (5) | 2,769,463 | 572,257 |
| <u>\$ 2,062,450</u> | <u>\$ 604,707</u> | <u>\$ 1,111,891</u> | <u>\$ 677,097</u> | <u>\$ 2,702,338</u> | <u>\$ 267,150</u> |

CITY OF CLAYTON, OHIO

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | 2007 | 2008 | 2009 (1) | 2010 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | |
| Nonspendable | \$ - | \$ 19,893 | \$ 20,339 | \$ 3,770 |
| Committed | - | - | - | - |
| Assigned | - | - | 48,086 | 69,572 |
| Unassigned | - | 1,519,538 | 1,451,057 | 2,452,922 |
| Reserved | 59,053 | - | - | - |
| Unreserved | 1,734,915 | - | - | - |
| Total general fund | <u>\$ 1,793,968</u> | <u>\$ 1,539,431</u> | <u>\$ 1,519,482</u> | <u>\$ 2,526,264</u> |
| All Other Governmental Funds | | | | |
| Nonspendable | \$ - | \$ 45,297 | \$ 45,122 | \$ 2,131 |
| Restricted | - | 1,320,123 | 1,559,714 | 1,912,706 |
| Assigned | - | 110,257 | 115,464 | 105,984 |
| Unassigned | - | (352,411) | (233,760) | (183,771) |
| Reserved | 110,316 | - | - | - |
| Unreserved (deficit), reported in: | | | | |
| Special Revenue Funds | 945,875 | - | - | - |
| Debt Service | 10,257 | - | - | - |
| Capital Projects Funds | 681,450 | - | - | - |
| Total All Other Governmental Funds | <u>\$ 1,747,898</u> | <u>\$ 1,123,266</u> | <u>\$ 1,486,540</u> | <u>\$ 1,837,050</u> |
| Total Governmental Funds | <u>\$ 3,541,866</u> | <u>\$ 2,662,697</u> | <u>\$ 3,006,022</u> | <u>\$ 4,363,314</u> |

(1) The City implemented GASB Statement No. 54 in 2009.

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----|------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| \$ | 25,236 | \$ 27,652 | \$ 13,342 | \$ 26,785 | \$ 34,762 | \$ 25,831 |
| | - | - | - | - | - | 62,403 |
| | 57,008 | 132,142 | 786,246 | 1,007,559 | 1,091,413 | 658,950 |
| | 3,744,558 | 4,019,975 | 4,215,425 | 3,958,798 | 4,090,815 | 4,291,989 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| \$ | <u>3,826,802</u> | <u>\$ 4,179,769</u> | <u>\$ 5,015,013</u> | <u>\$ 4,993,142</u> | <u>\$ 5,216,990</u> | <u>\$ 5,039,173</u> |
| \$ | 63,743 | \$ 53,154 | \$ 10,476 | \$ 38,595 | \$ 38,074 | \$ 46,596 |
| | 2,054,698 | 2,327,503 | 2,132,183 | 2,796,535 | 2,446,186 | 6,989,972 |
| | 100,000 | 100,000 | 168,105 | 100,000 | 28,830 | 3,830 |
| | (221,227) | 185,247 | (240,845) | (29,579) | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| \$ | <u>1,997,214</u> | <u>\$ 2,665,904</u> | <u>\$ 2,069,919</u> | <u>\$ 2,905,551</u> | <u>\$ 2,513,090</u> | <u>\$ 7,040,398</u> |
| \$ | <u>5,824,016</u> | <u>\$ 6,845,673</u> | <u>\$ 7,084,932</u> | <u>\$ 7,898,693</u> | <u>\$ 7,730,080</u> | <u>\$ 12,079,571</u> |

CITY OF CLAYTON, OHIO
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | 2007 | 2008 | 2009 | 2010 |
|---|---------------------|---------------------|-------------------|---------------------|
| Revenues | | | | |
| Property Taxes | \$ 2,071,635 | \$ 2,063,329 | \$ 2,558,467 | \$ 2,547,791 |
| Other Local Taxes | 371,060 | 199,928 | 213,638 | 220,051 |
| Municipal Income Taxes | 2,000,105 | 2,003,061 | 1,998,627 | 2,105,083 |
| Payment in Lieu of Taxes (1) | - | 115,173 | 138,449 | 187,734 |
| Intergovernmental | 1,736,282 | 1,923,306 | 1,801,731 | 4,023,219 |
| Charges for Services | 379,355 | 393,877 | 648,425 | 1,001,862 |
| Licenses and Permits | 10,144 | 11,806 | 4,658 | 6,816 |
| Fines and Forfeitures | 20,519 | 17,851 | 17,231 | 20,512 |
| Contributions and Donations | - | - | - | - |
| Investment income | 246,821 | 97,086 | 27,644 | 11,676 |
| Special Assessments | 22,718 | 28,991 | 28,576 | 38,026 |
| Impact Fees | 40,350 | 18,264 | 2,427 | 6,721 |
| Other | 104,369 | 217,289 | 186,515 | 85,081 |
| Total revenues | <u>7,003,358</u> | <u>7,089,961</u> | <u>7,626,388</u> | <u>10,254,572</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 2,673,903 | 3,018,325 | 2,594,614 | 1,983,546 |
| Security of Persons and Property | 2,906,093 | 2,996,332 | 3,025,428 | 3,139,635 |
| Public Health | 5,101 | 4,591 | 3,557 | 4,576 |
| Economic Development | - | - | 16,883 | 7,935 |
| Transportation | 1,015,617 | 1,035,123 | 925,970 | 1,020,519 |
| Intergovernmental | - | 44,342 | - | - |
| Capital outlay | - | - | - | 3,549,111 |
| Debt service: | | | | |
| Principal retirement | 347,434 | 389,680 | 317,089 | 273,999 |
| Interest and fiscal charges | 222,743 | 218,504 | 213,900 | 216,766 |
| Issuance Costs | - | - | - | 76,506 |
| Capital Appreciation Bond Interest | - | - | - | - |
| Total expenditures | <u>7,170,891</u> | <u>7,706,897</u> | <u>7,097,441</u> | <u>10,272,593</u> |
| Excess of revenues | | | | |
| Over (Under) expenditures | (167,533) | (616,936) | 528,947 | (18,021) |
| Other Financing Sources (Uses) | | | | |
| Refunding bonds issued | - | - | - | - |
| Proceeds from Sale of Capital Assets | - | - | - | - |
| General Obligation Bonds Issued | - | - | - | 1,515,000 |
| Premium on Debt Issued | - | - | - | 61,506 |
| Notes Issued | - | - | - | - |
| Inception of Capital Lease | 166,100 | - | - | - |
| Transfers-In | 1,470,804 | 1,163,496 | 785,583 | 496,215 |
| Payment to Refunded Escrow Agent | - | - | - | - |
| Transfers-Out | (1,673,038) | (1,425,729) | (971,205) | (697,408) |
| Total other financing sources (uses) | <u>(36,134)</u> | <u>(262,233)</u> | <u>(185,622)</u> | <u>1,375,313</u> |
| Net change in fund balance | <u>\$ (203,667)</u> | <u>\$ (879,169)</u> | <u>\$ 343,325</u> | <u>\$ 1,357,292</u> |

| | | | | |
|--|------|------|------|------|
| Debt service as a percentage of noncapital expenditures (2) | 9.3% | 9.7% | 9.2% | 6.3% |
|--|------|------|------|------|

(1) Prior to 2008, the City did not separate Payment in Lieu of Taxes and Other Local Taxes.

(2) Between 2007 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.

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----|------------------|--------------------|-------------------|--------------------|---------------------|---------------------|
| \$ | 2,622,064 | \$ 2,374,876 | \$ 2,376,210 | \$ 2,367,292 | \$ 2,309,641 | \$ 2,345,442 |
| | 335,235 | 284,328 | 282,234 | 287,697 | 296,570 | 299,341 |
| | 2,292,298 | 2,682,476 | 2,617,576 | 2,924,160 | 2,958,434 | 3,472,885 |
| | 327,951 | 332,380 | 343,127 | 456,042 | 388,219 | 398,182 |
| | 2,066,458 | 1,487,288 | 1,402,068 | 1,380,501 | 1,490,170 | 1,589,183 |
| | 1,035,016 | 1,078,970 | 1,134,310 | 1,196,793 | 1,242,095 | 1,261,589 |
| | 30,925 | 5,572 | 3,754 | 7,625 | 7,605 | 11,244 |
| | 16,857 | 25,488 | 27,163 | 30,987 | 27,495 | 29,676 |
| | 425 | 675 | 4,410 | 1,346 | 480 | 351 |
| | 34,207 | 31,129 | 112,403 | 115,848 | (27,856) | 94,879 |
| | 68,284 | 34,419 | 40,385 | 28,352 | 27,484 | 27,687 |
| | 2,382 | 2,564 | 56 | 12 | 70 | 22,619 |
| | 78,716 | 165,745 | 254,207 | 96,317 | 110,967 | 68,922 |
| | <u>8,910,818</u> | <u>8,505,910</u> | <u>8,597,903</u> | <u>8,892,972</u> | <u>8,831,374</u> | <u>9,622,000</u> |
| | 2,494,914 | 2,753,703 | 2,689,597 | 2,612,744 | 2,874,076 | 4,377,484 |
| | 3,126,644 | 3,287,908 | 3,358,850 | 3,364,352 | 3,449,030 | 3,508,016 |
| | 591 | 1,792 | 1,662 | 390 | 6,873 | 5,898 |
| | 400 | 10,138 | 20,952 | 15,303 | 10,277 | 1,107 |
| | 851,863 | 853,572 | 895,671 | 873,304 | 1,105,680 | 1,161,223 |
| | - | - | - | - | - | - |
| | 285,962 | 715,456 | 293,233 | 327,248 | 719,956 | 982,937 |
| | 354,660 | 420,821 | 459,187 | 428,157 | 374,923 | 838,976 |
| | 229,286 | 230,986 | 290,218 | 155,923 | 145,647 | 235,097 |
| | - | - | - | - | - | 90,491 |
| | - | - | - | - | 62,332 | - |
| | <u>7,344,320</u> | <u>8,274,376</u> | <u>8,009,370</u> | <u>7,777,421</u> | <u>8,686,462</u> | <u>11,201,229</u> |
| | 1,566,498 | 231,534 | 588,533 | 1,115,551 | 144,912 | (1,579,229) |
| | - | - | 3,665,000 | - | - | - |
| | - | - | 34,496 | - | - | 3,790 |
| | - | - | - | - | - | 6,000,000 |
| | - | - | 125,836 | - | - | 378,124 |
| | 95,397 | 185,433 | - | - | - | - |
| | - | 435,389 | - | - | - | - |
| | 534,455 | 871,050 | 703,047 | 1,470,778 | 1,262,069 | 1,582,034 |
| | - | - | (3,703,516) | - | - | - |
| | <u>(735,648)</u> | <u>(1,072,243)</u> | <u>(803,643)</u> | <u>(1,772,568)</u> | <u>(1,513,262)</u> | <u>(2,035,228)</u> |
| | <u>(105,796)</u> | <u>419,629</u> | <u>21,220</u> | <u>(301,790)</u> | <u>(251,193)</u> | <u>5,928,720</u> |
| \$ | <u>1,460,702</u> | <u>\$ 651,163</u> | <u>\$ 609,753</u> | <u>\$ 813,761</u> | <u>\$ (106,281)</u> | <u>\$ 4,349,491</u> |
| | 9.4% | 8.8% | 10.7% | 8.2% | 7.3% | 11.7% |

CITY OF CLAYTON, OHIO

TAX REVENUE BY SOURCE- GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MODIFIED ACCURAL BASIS OF ACCOUNTING

| <u>Year</u> | <u>Property and Other Local Taxes</u> | <u>Percent Change</u> | <u>Municipal Income Taxes</u> | <u>Percent Change</u> | <u>Total</u> |
|-------------|---|-----------------------|-----------------------------------|-----------------------|--------------|
| 2007 | \$ 2,442,695 | -3.79% | \$ 2,000,105 | -3.49% | \$ 4,442,800 |
| 2008 | 2,378,430 | -2.63% | 2,003,061 | 0.15% | 4,381,491 |
| 2009 | 2,772,105 | 16.55% | 1,998,627 | -0.22% | 4,770,732 |
| 2010 | 2,767,842 | -0.15% | 2,105,083 | 5.33% | 4,872,925 |
| 2011 | 2,957,299 | 6.84% | 2,292,298 | 8.89% | 5,249,597 |
| 2012 | 2,991,584 | 1.16% | 2,682,476 | 17.02% | 5,674,060 |
| 2013 | 2,658,444 | -11.14% | 2,617,576 | -2.42% | 5,276,020 |
| 2014 | 2,654,989 | 0.13% | 2,924,160 | 11.71% | 5,579,149 |
| 2015 | 2,606,211 | -1.84% | 2,958,434 | 1.17% | 5,564,645 |
| 2016 | 2,644,783 | 1.48% | 3,472,885 | 17.39% | 6,117,668 |

Source: City of Clayton

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CITY OF CLAYTON, OHIO

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

| Collection Year | Real Property | | | Tangible Personal Property | |
|--------------------|------------------------------|-----------------------------|---------------------------|----------------------------|---------------------------|
| | Assesed Value | | Estimated Actual Value | Public Utility | |
| | Residential/ Agricultural | Commercial Industrial/PU | | Assessed Value | Estimated Actual Value |
| 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 |
| 2012 | 225,433,280 | 25,206,480 | 716,113,600 | 5,238,780 | 5,953,159 |
| 2013 | 224,482,070 | 15,447,940 | 685,514,314 | 6,156,620 | 6,996,159 |
| 2014 | 224,482,070 | 15,447,940 | 685,514,314 | 6,156,620 | 6,996,159 |
| 2015 | 216,243,130 | 14,856,990 | 660,286,057 | 6,364,640 | 7,232,545 |
| 2016 | 216,181,640 | 14,688,040 | 659,627,657 | 6,940,490 | 7,886,920 |

Source: County Auditor; Montgomery County, Ohio

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 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.

| <u>Tangible Personal Property</u> | | | | | Weighted Average Tax Rate (per \$1,000 of assessed value) |
|-----------------------------------|-------------------------------|-----------------------|-------------------------------|--------------|---|
| General Business | | Total | | | |
| <u>Assessed Value</u> | <u>Estimated Actual Value</u> | <u>Assessed Value</u> | <u>Estimated Actual Value</u> | <u>Ratio</u> | |
| \$ 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 | 767,554,235 | 35.36 | 10.34 |
| - | - | 271,210,290 | 766,073,331 | 35.40 | 11.75 |
| - | - | 255,878,540 | 722,066,759 | 35.44 | 11.43 |
| - | - | 246,086,630 | 692,510,473 | 35.54 | 11.45 |
| - | - | 246,086,630 | 692,510,473 | 35.54 | 11.57 |
| - | - | 237,464,760 | 667,518,602 | 35.57 | 11.57 |
| - | - | 237,810,170 | 667,514,577 | 35.63 | 11.59 |

CITY OF CLAYTON, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN FISCAL YEARS

| | 2007 | 2008 | 2009 | 2010 |
|--|-----------|-----------|-----------|-----------|
| Unvoted Millage | | | | |
| Operating | \$ 1.6000 | \$ 1.6000 | \$ 1.6000 | \$ 1.6000 |
| Voted Millage- By Levy | | | | |
| 1976 Police | | | | |
| Residential/Agricultural Real | 0.5716 | 0.5700 | 0.5651 | 0.5682 |
| Commercial/Industrial and Public Utility Real | 1.0043 | 1.0038 | 0.9484 | 0.9357 |
| General Business and Public Utility Personal | 2.6800 | 2.6800 | 2.6800 | 2.6800 |
| 1998 Police | | | | |
| Residential/Agricultural Real | 1.1719 | 1.1687 | 1.1585 | 1.1650 |
| Commercial/Industrial and Public Utility Real | 1.1869 | 1.1862 | 1.1208 | 1.1570 |
| General Business and Public Utility Personal | 1.5000 | 1.5000 | 1.5000 | 1.5000 |
| 1998 Police- Replaced in 2008 | | | | |
| Residential/Agricultural Real | 2.7344 | 2.7269 | 3.4695 | 3.4888 |
| Commercial/Industrial and Public Utility Real | 2.7693 | 2.7678 | 3.3069 | 3.2625 |
| 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 | 1.7971 | 1.7922 | 3.4697 | 3.4697 |
| Commercial/Industrial and Public Utility Real | 1.8194 | 1.8184 | 3.3064 | 3.3064 |
| General Business and Public Utility Personal | 2.3000 | 2.3000 | 3.5000 | 3.5000 |
| 1998 Fire District | | | | |
| Residential/Agricultural Real | 0.7814 | 0.7792 | 0.7768 | 0.7791 |
| Commercial/Industrial and Public Utility Real | 0.7911 | 0.7906 | 0.7369 | 0.7293 |
| General Business and Public Utility Personal | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| <hr/> | | | | |
| <i>Total Voted Millage by Type of Property</i> | | | | |
| Residential/Agricultural Real | 7.0564 | 7.0370 | 9.4396 | 9.4708 |
| Commercial/Industrial and Public Utility Real | 7.5710 | 7.5668 | 9.4194 | 9.3909 |
| General Business and Public Utility Personal | 10.9800 | 10.9800 | 12.1800 | 12.1800 |
| <hr/> | | | | |
| <i>Total Millage by Type of Property</i> | | | | |
| Residential/Agricultural Real | 8.6564 | 8.6370 | 11.0396 | 11.0708 |
| Commercial/Industrial and Public Utility Real | 9.1710 | 9.1668 | 11.0194 | 10.9909 |
| General Business and Public Utility Personal | 12.5800 | 12.5800 | 13.7800 | 13.7800 |
| <hr/> | | | | |
| Weighted Average | 8.79 | 8.76 | 11.10 | 10.34 |

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----|---------|-----------|-----------|-----------|-----------|-----------|
| \$ | 1.6000 | \$ 1.6000 | \$ 1.6000 | \$ 1.6000 | \$ 1.6000 | \$ 1.6000 |
| | 0.6301 | 0.6320 | 0.6335 | 0.6563 | 0.6581 | 0.6589 |
| | 0.9533 | 0.9753 | 0.9758 | 1.0277 | 1.0299 | 1.0327 |
| | 2.6800 | 2.6800 | 2.6800 | 2.6800 | 2.6800 | 2.6800 |
| | 1.2918 | 1.2958 | 1.2989 | 1.3456 | 1.3493 | 1.3508 |
| | 1.1265 | 1.1525 | 1.1531 | 1.2146 | 1.2117 | 1.2205 |
| | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 |
| | 3.5000 | 3.5000 | 3.5000 | 3.5000 | 3.5000 | 3.5000 |
| | 3.3239 | 3.4007 | 3.4024 | 3.5000 | 3.5000 | 3.5000 |
| | 3.5000 | 3.5000 | 3.5000 | 3.5000 | 3.5000 | 3.5000 |
| | 3.5000 | 3.5000 | 3.5000 | 3.5000 | 3.5000 | 3.5000 |
| | 3.3233 | 3.4002 | 3.4002 | 3.5000 | 3.5000 | 3.5000 |
| | 3.5000 | 3.5000 | 3.5000 | 3.5000 | 3.5000 | 3.5000 |
| | 0.8615 | 0.8641 | 0.8661 | 0.8970 | 0.8895 | 0.9005 |
| | 0.7507 | 0.7681 | 0.7685 | 0.8095 | 0.8112 | 0.8134 |
| | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| | 9.7834 | 9.7919 | 9.7985 | 9.8989 | 9.8970 | 9.9103 |
| | 9.4777 | 9.6968 | 9.7000 | 10.0518 | 10.0528 | 10.0666 |
| | 12.1800 | 12.1800 | 12.1800 | 12.1800 | 12.1800 | 12.1800 |
| | 11.3834 | 11.3919 | 11.3985 | 11.4989 | 11.4970 | 11.5103 |
| | 11.0777 | 11.2968 | 11.3000 | 11.6518 | 11.6528 | 11.6666 |
| | 13.7800 | 13.7800 | 13.7800 | 13.7800 | 13.7800 | 13.7800 |
| | 11.75 | 11.4300 | 11.4500 | 11.5700 | 11.5700 | 11.5700 |

CITY OF CLAYTON, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN FISCAL YEARS
(continued)

| | 2007 | 2008 | 2009 | 2010 |
|---|------------|------------|------------|------------|
| Overlapping Rates by Taxing District | | | | |
| Northmont School District | | | | |
| Residential/Agricultural Real | \$ 31.7846 | \$ 37.6076 | \$ 37.8629 | \$ 37.9403 |
| Commercial/Industrial and Public Utility Real | 36.5338 | 42.4345 | 40.2311 | 40.7000 |
| General Business and Public Utility Personal | 64.1500 | 70.0500 | 70.0500 | 70.0500 |
| Trotwood-Madison School District | | | | |
| Residential/Agricultural Real | 43.9060 | 43.9211 | 44.7575 | 45.4855 |
| Commercial/Industrial and Public Utility Real | 50.1742 | 50.7206 | 47.6358 | 49.7925 |
| General Business and Public Utility Personal | 60.0600 | 60.0600 | 60.0600 | 60.0600 |
| Brookville School District | | | | |
| Residential/Agricultural Real | 33.6254 | 33.4836 | 37.4278 | 37.4905 |
| Commercial/Industrial and Public Utility Real | 40.4653 | 40.5158 | 43.3680 | 43.6010 |
| General Business and Public Utility Personal | 65.0400 | 65.0400 | 69.0300 | 69.0300 |
| Sinclair Community College | | | | |
| Residential/Agricultural Real | 1.8224 | 1.8199 | 3.2000 | 3.2000 |
| Commercial/Industrial and Public Utility Real | 2.0840 | 2.0737 | 3.1026 | 3.1409 |
| General Business and Public Utility Personal | 2.5000 | 2.5000 | 3.2000 | 3.2000 |
| Montgomery County | | | | |
| Residential/Agricultural Real | 11.9987 | 16.0261 | 16.1213 | 16.4987 |
| Commercial/Industrial and Public Utility Real | 13.6420 | 16.6010 | 16.1475 | 165.5949 |
| General Business and Public Utility Personal | 15.7400 | 17.7400 | 17.7400 | 17.7400 |
| Special Taxing Districts (1) | | | | |
| Residential/Agricultural Real | 3.2262 | 3.1931 | 3.1847 | 3.8033 |
| Commercial/Industrial and Public Utility Real | 3.4641 | 3.4395 | 3.3231 | 3.9047 |
| General Business and Public Utility Personal | 3.8300 | 3.8300 | 3.8300 | 4.3300 |

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----|---------|------------|------------|------------|------------|------------|
| \$ | 49.6344 | \$ 49.6918 | \$ 49.7128 | \$ 50.4860 | \$ 50.5216 | \$ 56.4221 |
| | 42.5590 | 52.5985 | 52.7101 | 52.4390 | 52.9312 | 58.9066 |
| | 75.9500 | 75.9500 | 75.9500 | 75.9500 | 75.9500 | 81.8500 |
| | 48.7887 | 48.8357 | 49.9155 | 52.0057 | 52.5911 | 52.6248 |
| | 54.3168 | 54.8667 | 56.4753 | 58.3794 | 52.0576 | 59.4426 |
| | 60.0600 | 60.0600 | 61.0600 | 61.5600 | 62.0600 | 62.0600 |
| | 37.8787 | 37.9266 | 37.9222 | 42.6383 | 42.7465 | 42.7427 |
| | 42.6548 | 41.9525 | 42.1393 | 48.3030 | 47.8145 | 46.9535 |
| | 69.0300 | 69.0300 | 69.0000 | 74.2500 | 74.2500 | 74.2500 |
| | 3.2000 | 3.2000 | 3.2000 | 3.2000 | 4.2000 | 4.2000 |
| | 3.2000 | 3.2000 | 3.2000 | 3.2000 | 4.2000 | 4.1739 |
| | 3.2000 | 3.2000 | 3.2000 | 3.2000 | 4.2000 | 4.2000 |
| | 17.0340 | 17.0348 | 17.0355 | 18.0498 | 18.0510 | 18.0511 |
| | 17.2213 | 17.2360 | 17.2391 | 18.2547 | 18.2569 | 18.1539 |
| | 17.7400 | 17.7400 | 17.7400 | 18.7400 | 18.7400 | 18.7400 |
| | 4.1938 | 4.1947 | 5.7660 | 5.9500 | 5.6926 | 5.6686 |
| | 4.2613 | 4.2675 | 5.8209 | 6.1800 | 5.8383 | 5.8068 |
| | 4.3300 | 4.3300 | 5.8900 | 6.2900 | 5.8900 | 5.8900 |

CITY OF CLAYTON, OHIO

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

| Fiscal Year 2016 | | |
|---|-----------------------------|--|
| Taxpayer | Total Assessed Valuation | Percentage of Total Assessed Valuation |
| Dayton Power and Light | \$ 6,052,960 | 2.55% |
| DBC Stoneridge Limited Partner | 2,353,210 | 0.99% |
| Pleasant Real Estate LLC | 1,925,560 | 0.81% |
| Garden Woods Apartment LLC | 1,343,380 | 0.56% |
| Vectren Energy Delivery of Ohio | 936,070 | 0.39% |
| Randolph Investments LLC | 920,140 | 0.39% |
| Caterpillar Inc | 917,860 | 0.39% |
| Foundation Capital Resources | 686,350 | 0.29% |
| CF Ohio Owner LLC | 608,040 | 0.26% |
| Heck Ohio Investments LTD | 411,240 | 0.17% |
| Total Real and Personal Property | 16,154,810 | 6.79% |
| All Others | 221,655,360 | 93.21% |
| Total Assessed Valuation | 237,810,170 | 100.00% |

| Fiscal Year 2007 | | |
|---|-----------------------------|--|
| Taxpayer | Total Assessed Valuation | Percentage of Total Assessed Valuation |
| Dayton Power and Light Company | \$ 3,991,750 | 1.49% |
| Tiltak Nagar/Stoneridge | 1,993,010 | 0.74% |
| Garden Woods Apartment LLC | 1,661,660 | 0.62% |
| Verizon North | 1,484,590 | 0.55% |
| LGH Properties | 1,065,480 | 0.40% |
| Pleasant Real Estate LLC | 944,780 | 0.35% |
| Randolph Investments LLC | 907,510 | 0.34% |
| Louis Fanty A. Jr. | 781,110 | 0.29% |
| Greenglen Apartments of Dayton | 622,350 | 0.23% |
| MB Hussain LLC | 496,020 | 0.18% |
| Total Real and Personal Property | \$ 13,948,260 | 5.19% |
| All Others | 254,483,968 | 94.81% |
| Total Assessed Valuation | \$ 268,432,228 | 100.00% |

Source: Montgomery County Auditor

CITY OF CLAYTON, OHIO

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

| <u>Fiscal year</u> | <u>Total tax levy (1)</u> | <u>Current tax collections (1)</u> | <u>Percent of levy collected</u> | <u>Delinquent tax collections (2)</u> | <u>Total tax collections</u> | <u>Percent of total tax collections to tax levy</u> |
|--------------------------|---------------------------|------------------------------------|----------------------------------|---------------------------------------|------------------------------|---|
| <u>Montgomery County</u> | | | | | | |
| 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% |
| 2012 | 2,809,823 | 2,730,420 | 97.17% | 65,689 | 2,796,109 | 99.51% |
| 2013 | 2,808,964 | 2,739,126 | 97.51% | 64,294 | 2,803,420 | 99.80% |
| 2014 | 2,815,417 | 2,741,054 | 97.36% | 58,001 | 2,799,055 | 99.42% |
| 2015 | 2,742,527 | 2,664,660 | 97.16% | 65,213 | 2,729,873 | 99.54% |
| 2016 | 2,740,319 | 2,677,350 | 97.70% | 85,783 | 2,763,133 | 100.83% |

(1) Current taxes levied and current tax collections do not include rollback and homestead amounts.
(2) The County's current reporting system does not track delinquency tax collections by tax year. Outstanding delinquencies are tacked in total by the date the parcel is first certified delinquent. Penalties and interest are applied to the total outstanding delinquent balance. The presentation will be updated as new information becomes available.

CITY OF CLAYTON, OHIO

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | Total Outstanding Debt |
|-------------|----------------------------------|--------------------------|----------------------------------|----------------|--------------------------|--------------|------------------------|
| | Promissory and Improvement Notes | General Obligation Bonds | Communication and Equipment Loan | Capital Leases | Water Line Loan | OWDA Loans | |
| 2007 | \$ - | \$ 4,381,389 | \$ 66,130 | \$ 880,285 | \$ 4,261,676 | \$ 3,354,891 | \$ 12,944,371 |
| 2008 | - | 4,264,567 | - | 681,735 | 4,232,359 | 3,287,506 | 12,466,167 |
| 2009 | - | 4,148,415 | - | 489,646 | 4,232,359 | 3,233,672 | 12,104,092 |
| 2010 | 1,505,000 | 5,604,576 | - | 355,847 | 4,232,359 | 3,161,107 | 14,858,889 |
| 2011 | 95,397 | 5,401,106 | - | 216,187 | 4,232,359 | 3,085,611 | 13,030,660 |
| 2012 | 268,527 | 5,198,620 | - | 458,058 | 4,232,359 | 3,007,065 | 13,164,629 |
| 2013 | 220,445 | 5,344,159 | - | 371,953 | 4,213,092 | 2,966,610 | 13,116,259 |
| 2014 | 171,163 | 5,054,111 | - | 283,078 | 4,208,656 | 2,840,325 | 12,557,333 |
| 2015 | 120,649 | 4,751,408 | - | 191,337 | 4,208,656 | 2,751,869 | 12,023,919 |
| 2016 | 38,786 | 10,432,132 | - | 129,224 | - | 2,659,839 | 13,259,981 |

- (1) Computation of per capita personal income multiplied by population-
See Demographic and Economic Statistical Table
- (2) Source: 2000 and 2010 Census

| Total Personal Income (1) | Population (2) | Ratio of Debt to Personal Income | Debt Per Capita |
|------------------------------|-------------------|---|--------------------|
| \$ 390,546,567 | 13,347 | 3.31% | \$ 969.83 |
| 390,546,567 | 13,347 | 3.19% | 934.01 |
| 354,616,443 | 13,347 | 3.41% | 906.88 |
| 392,056,329 | 13,209 | 3.79% | 1,124.91 |
| 392,677,152 | 13,209 | 3.32% | 986.50 |
| 387,248,253 | 13,209 | 3.40% | 996.64 |
| 409,624,299 | 13,209 | 3.20% | 992.98 |
| 402,491,439 | 13,209 | 3.12% | 950.66 |
| 407,756,370 | 13,170 | 2.95% | 912.98 |
| 406,159,684 | 13,196 | 3.26% | 1,004.85 |

CITY OF CLAYTON, OHIO
RATIOS OF GENERAL OBLIGATION BONDED DEBT TO
ESTIMATED ACTUAL VALUE AND GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

| Fiscal Year | General Bonded Debt | Estimated Actual Value (1) | Population (2) | Ratio of Debt to Estimated Actual Value | General Obligation Bonded Debt Per Capita |
|-------------|------------------------|-------------------------------|----------------|--|--|
| 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 | 767,554,235 | 13,209 | 0.73% | 424.30 |
| 2011 | 5,401,106 | 766,073,331 | 13,209 | 0.71% | 408.90 |
| 2012 | 5,198,620 | 722,066,759 | 13,209 | 0.72% | 393.57 |
| 2013 | 5,344,159 | 692,510,473 | 13,209 | 0.77% | 404.58 |
| 2014 | 5,054,111 | 692,510,473 | 13,209 | 0.73% | 382.63 |
| 2015 | 4,751,408 | 667,518,602 | 13,170 | 0.71% | 360.78 |
| 2016 | 10,432,132 | 667,514,577 | 13,196 | 1.56% | 790.55 |

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CITY OF CLAYTON, OHIO

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Total Assessed Valuation | \$ 268,432,228 | \$ 269,449,436 | \$ 272,581,400 | \$ 271,402,330 |
| Overall debt limitation- 10.5% of assessed valuation | <u>28,185,384</u> | <u>28,292,191</u> | <u>28,621,047</u> | <u>28,497,245</u> |
| Gross indebtedness authorized by the City | 11,947,694 | 11,659,865 | 11,481,031 | 14,298,466 |
| Less: Exempt Debt | | | | |
| Road Improvement Notes | - | - | - | 1,505,000 |
| Backhoe Promissory Note | - | - | - | - |
| Plow/Frieghtliner Promissory Note | - | - | - | - |
| Water Line Loan | 4,261,676 | 4,232,359 | 4,232,359 | 4,232,359 |
| OWDA Loan | <u>3,354,891</u> | <u>3,287,506</u> | <u>3,233,672</u> | <u>3,161,107</u> |
| Total Exempt Debt | <u>7,616,567</u> | <u>7,519,865</u> | <u>7,466,031</u> | <u>8,898,466</u> |
| Net Debt Subject to Limitation | 4,331,127 | 4,140,000 | 4,015,000 | 5,400,000 |
| Less Amount available in the Debt Service Fund | <u>10,257</u> | <u>10,257</u> | <u>15,464</u> | <u>5,984</u> |
| Total Net Debt Subject to Limitation | <u>4,320,870</u> | <u>4,129,743</u> | <u>3,999,536</u> | <u>5,394,016</u> |
| Legal debt margin within 10.5% limitation | <u>23,864,514</u> | <u>24,162,448</u> | <u>24,621,511</u> | <u>23,103,229</u> |
| Legal Debt Margin as a Percentage of the Debt limit | 84.7% | 85.4% | 86.0% | 81.1% |

| | | | | |
|---|-------------------|-------------------|-------------------|------------------|
| Total Assessed Valuation | \$ 268,432,228 | \$ 269,449,436 | \$ 272,581,400 | \$ 271,402,330 |
| Overall debt limitation- 5.5% of assessed valuation | 14,763,773 | 14,819,719 | 14,991,977 | 14,927,128 |
| Gross indebtedness authorized by the City | 11,947,694 | 11,659,865 | 11,481,031 | 14,298,466 |
| Less: Exempt Debt | | | | |
| State Route 48 Improvement Note | | | - | - |
| Road Improvement Notes | - | - | - | 1,505,000 |
| Backhoe Promissory Note | - | - | - | - |
| Plow/Frieghtliner Promissory Note | - | - | - | - |
| Water Line Loan | 4,261,676 | 4,232,359 | 4,232,359 | 4,232,359 |
| Various Purpose Bond- State Route 48 Improvement | - | - | - | - |
| OWDA Loan | <u>3,354,891</u> | <u>3,287,506</u> | <u>3,233,672</u> | <u>3,161,107</u> |
| Total Exempt Debt | <u>7,616,567</u> | <u>7,519,865</u> | <u>7,466,031</u> | <u>8,898,466</u> |
| Net Debt Subject to Limitation | 4,331,127 | 4,140,000 | 4,015,000 | 5,400,000 |
| Less Amount available in the Debt Service Fund | <u>10,257</u> | <u>10,257</u> | <u>15,464</u> | <u>5,984</u> |
| Total Net Debt Subject to Limitation | <u>4,320,870</u> | <u>4,129,743</u> | <u>3,999,536</u> | <u>5,394,016</u> |
| Legal debt margin within 5.5% limitation | <u>10,442,903</u> | <u>10,689,976</u> | <u>10,992,441</u> | <u>9,533,112</u> |
| Legal Debt Margin as a Percentage of the Debt limit | 70.7% | 72.1% | 73.3% | 63.9% |

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

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 271,210,290 | \$ 255,878,540 | \$ 246,086,630 | \$ 246,086,630 | \$ 237,464,760 | \$ 237,810,170 |
| 28,477,080 | 26,867,247 | 25,839,096 | 25,839,096 | 24,933,800 | 24,970,068 |
| 12,598,367 | 12,477,951 | 12,440,147 | 12,274,255 | 11,681,190 | 13,130,757 |
| 95,397 | - | - | - | - | - |
| - | 83,094 | 70,438 | 57,393 | 43,947 | - |
| - | 185,433 | 150,007 | 113,770 | 76,702 | 38,786 |
| 4,232,359 | 4,232,359 | 4,213,092 | 4,208,656 | 4,208,656 | - |
| 3,085,611 | 3,007,065 | 2,966,610 | 2,840,325 | 2,751,869 | 2,659,839 |
| <u>7,413,367</u> | <u>7,507,951</u> | <u>7,400,147</u> | <u>7,220,144</u> | <u>7,081,174</u> | <u>2,698,625</u> |
| 5,185,000 | 4,970,000 | 5,040,000 | 5,054,111 | 4,600,016 | 10,432,132 |
| - | - | - | - | - | 191,037 |
| <u>5,185,000</u> | <u>4,970,000</u> | <u>5,040,000</u> | <u>5,054,111</u> | <u>4,600,016</u> | <u>10,241,095</u> |
| <u>23,292,080</u> | <u>21,897,247</u> | <u>20,799,096</u> | <u>20,784,985</u> | <u>20,333,784</u> | <u>14,728,973</u> |
| 81.8% | 81.5% | 80.5% | 80.4% | 81.6% | 59.0% |

| | | | | | |
|------------------|------------------|------------------|------------------|------------------|-------------------|
| \$ 271,210,290 | \$ 255,878,540 | \$ 246,086,630 | \$ 246,086,630 | \$ 237,464,760 | \$ 237,810,170 |
| 14,916,566 | 14,073,320 | 13,534,765 | 13,534,765 | 13,060,562 | 13,079,559 |
| 12,598,367 | 12,477,951 | 12,440,147 | 12,274,255 | 11,681,190 | 13,130,757 |
| - | - | - | - | - | - |
| 95,397 | - | - | - | - | - |
| - | 83,094 | 70,438 | 57,393 | 43,947 | - |
| - | 185,433 | 150,007 | 113,770 | 76,702 | 38,786 |
| 4,232,359 | 4,232,359 | 4,213,092 | 4,208,656 | 4,208,656 | - |
| - | - | - | - | - | - |
| 3,085,611 | 3,007,065 | 2,966,610 | 2,840,325 | 2,751,869 | 2,659,839 |
| <u>7,413,367</u> | <u>7,507,951</u> | <u>7,400,147</u> | <u>7,220,144</u> | <u>7,081,174</u> | <u>2,698,625</u> |
| 5,185,000 | 4,970,000 | 5,040,000 | 5,054,111 | 4,600,016 | 10,432,132 |
| - | - | - | - | - | 191,037 |
| <u>5,185,000</u> | <u>4,970,000</u> | <u>5,040,000</u> | <u>5,054,111</u> | <u>4,600,016</u> | <u>10,241,095</u> |
| <u>9,731,566</u> | <u>9,103,320</u> | <u>8,494,765</u> | <u>8,480,654</u> | <u>8,460,546</u> | <u>2,838,464</u> |
| 65.2% | 64.7% | 62.8% | 62.7% | 64.8% | 21.7% |

CITY OF CLAYTON, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2016

| Political subdivision of State of Ohio | Debt Outstanding | Percentage applicable to Clayton (1) | Amount applicable to Clayton |
|--|-----------------------|--------------------------------------|------------------------------|
| Direct | | | |
| City of Clayton | \$ 10,432,132 | 100.00% | \$ 10,432,132 |
| Promissory Notes | 38,786 | 100.00% | 38,786 |
| Capital Lease Obligations | 129,224 | 100.00% | 129,224 |
| Total Direct Debt | <u>10,600,142</u> | | <u>10,600,142</u> |
| Overlapping | | | |
| Montgomery County | | | |
| General Obligation | 30,863,000 | 2.61% | 805,451 |
| Special Assesment Bonds | 3,981,165 | 2.61% | 103,899 |
| Northmont School District (2) | | | |
| General Obligation | 52,771,703 | 6.86% | 3,620,139 |
| Trotwood-Madison (2) | | | |
| School Improvement Bonds, Refunding | 31,736,194 | 2.55% | 809,273 |
| Energy Conservation Note Payable | 8,735,851 | 2.55% | 222,764 |
| Brookville School District (2) | | | |
| School Contruction Bonds, Refunding | 17,126,323 | 2.08% | 356,228 |
| Total Overlapping Debt | <u>145,214,236</u> | | <u>5,917,754</u> |
| Total Direct and Overlapping Debt | <u>\$ 155,814,378</u> | | <u>\$ 6,046,978</u> |

Source: County Auditor; Montgomery County

(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, 2016.

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 FISCAL YEARS**

| <u>Year</u> | <u>Population (1)</u> | <u>Total Personal Income (2)</u> | <u>Per Capita Personal Income (1)</u> | <u>Median Household Income (1)</u> | <u>Median Age (1)</u> | <u>Percent of High School or Higher Graduates (1)</u> | <u>Unemployment Rate (3)</u> | <u>Total Assessed Property Value (4)</u> |
|-------------|-----------------------|--------------------------------------|---|--|-----------------------|---|----------------------------------|--|
| 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 |
| 2012 | 13,209 | 387,248,253 | 29,317 | 63,151 | 42.6 | 93.7% | 7.8% | 255,878,540 |
| 2013 | 13,209 | 409,624,299 | 31,011 | 64,436 | 42.6 | 93.1% | 8.0% | 246,086,630 |
| 2014 | 13,209 | 402,491,439 | 30,471 | 65,187 | 42.6 | 93.8% | 4.6% | 246,086,630 |
| 2015 | 13,170 | 407,756,370 | 30,961 | 66,427 | 43.9 | 93.7% | 4.7% | 237,464,760 |
| 2016 | 13,196 | 406,159,684 | 30,779 | 68,406 | 42.2 | 94.9% | 4.9% | 237,810,170 |

Source: (1) prior to 2010 the 2000 US Census data was used. The City now uses the US Census Bureau American Fact Finder web site.

(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
CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

| | 2007 | | 2008 | | 2009 | | 2010 | |
|---------------------------------|-----------|-----|-----------|-----|-----------|-----|-----------|-----|
| | Full-Time | All | Full-Time | All | Full-Time | All | Full-Time | All |
| Governmental activities: | | | | | | | | |
| Administration | 10 | 11 | 8 | 17 | 8 | 17 | 7 | 16 |
| Police | 13 | 24 | 16 | 25 | 17 | 22 | 18 | 24 |
| Fire/EMS | 7 | 44 | 7 | 40 | 7 | 41 | 7 | 29 |
| Street | 8 | 11 | 7 | 10 | 8 | 11 | 8 | 12 |
| Total Number of Employees | 38 | 90 | 38 | 92 | 40 | 91 | 40 | 81 |

Source: City's Records

| 2011 | | 2012 | | 2013 | | 2014 | | 2015 | | 2016 | |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Full-Time | All | Full-Time | All | Full-Time | All | Full-Time | All | Full-Time | All | Full-Time | All |
| 7 | 16 | 7 | 16 | 7 | 15 | 7 | 15 | 7 | 15 | 8 | 16 |
| 13 | 20 | 15 | 20 | 15 | 20 | 14 | 20 | 15 | 21 | 14 | 20 |
| 7 | 25 | 7 | 33 | 7 | 33 | 7 | 26 | 7 | 35 | 10 | 35 |
| 8 | 12 | 8 | 12 | 8 | 12 | 8 | 10 | 9 | 14 | 11 | 16 |
| <u>35</u> | <u>73</u> | <u>37</u> | <u>81</u> | <u>37</u> | <u>80</u> | <u>36</u> | <u>71</u> | <u>38</u> | <u>85</u> | <u>43</u> | <u>87</u> |

CITY OF CLAYTON, OHIO

OPERATING INDICATORS BY FUNCTION AND PROGRAM
LAST TEN FISCAL YEARS

| | 2007 | 2008 | 2009 | 2010 |
|------------------------------|------------|--------------|------------|--------------|
| <i>Police</i> | | | | |
| Police Calls | 10,178 | 7,146 | 7,136 | 6,829 |
| <i>Fire/EMS</i> | | | | |
| Fire and EMS Calls | 1,739 | 1,959 | 1,287 | 1,825 |
| <i>Street</i> | | | | |
| Dollars for Road Improvement | \$ 861,720 | \$ 1,034,836 | \$ 499,180 | \$ 2,614,371 |
| Miles of Roads | 197 | 197 | 212 | 212 |
| Tons of Salt Spread | 350 | 350 | 490 | 1,918 |
| Tons of Grit Spread | 118 | 118 | - | 20 |

Source: City's records

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------|------------|------------|------------|------------|--------------|
| 9,546 | 6,677 | 7,446 | 8,363 | 8,394 | 8,802 |
| 1,808 | 1,881 | 1,879 | 1,885 | 2,090 | 2,051 |
| \$ 616,111 | \$ 545,732 | \$ 545,732 | \$ 412,960 | \$ 105,889 | \$ 1,607,068 |
| 212 | 212 | 212 | 212 | 212 | 212 |
| 724 | 400 | 1,143 | 1,206 | 914 | 1,112 |
| 10 | - | - | - | - | - |

CITY OF CLAYTON, OHIO

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------|------|------|------|------|------|
| General Government | | | | | |
| Government Center | 1 | 1 | 1 | 1 | 1 |
| Community Center | 1 | 1 | 1 | 1 | 1 |
| Gazebo | 1 | 1 | 1 | 1 | 1 |
| Parks | 3 | 3 | 3 | 3 | 3 |
| Cemeteries | 2 | 2 | 2 | 2 | 2 |
| Golf Course | 0 | 0 | 0 | 0 | 0 |
| Vehicles | 2 | 1 | 1 | 1 | 1 |
| Police | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Patrol Vehicles | | | | | |
| Active | 8 | 8 | 8 | 8 | 8 |
| Auxilliary | 5 | 4 | 4 | 4 | 4 |
| Support Vehicles/Trailers | 1 | 1 | 1 | 1 | 1 |
| Fire | | | | | |
| Stations | 3 | 3 | 3 | 3 | 3 |
| Response Vehicles | 6 | 6 | 6 | 6 | 6 |
| Support Vehicles | 3 | 3 | 3 | 3 | 3 |
| EMS | | | | | |
| Medics Vehicles | 4 | 3 | 3 | 3 | 3 |
| Street | | | | | |
| Buildings | 2 | 2 | 2 | 2 | 2 |
| Trucks | 11 | 8 | 8 | 9 | 10 |
| Pickups | 3 | 5 | 5 | 5 | 5 |
| Mowers | 5 | 5 | 5 | 5 | 5 |

Source: City's records

| 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 3 | 3 | 3 | 4 | 4 |
| 2 | 2 | 2 | 2 | 2 |
| 0 | 0 | 0 | 1 | 1 |
| 1 | 1 | 1 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 |
| 8 | 8 | 8 | 7 | 6 |
| 4 | 4 | 4 | 4 | 2 |
| 1 | 1 | 1 | 1 | 1 |
| 3 | 3 | 3 | 3 | 3 |
| 5 | 5 | 5 | 5 | 5 |
| 2 | 2 | 2 | 2 | 2 |
| 3 | 2 | 2 | 2 | 2 |
| 2 | 2 | 2 | 2 | 2 |
| 10 | 11 | 11 | 12 | 12 |
| 4 | 4 | 4 | 4 | 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
JULY 25, 2017