

**CITY OF DAYTON, OHIO**  
**SINGLE AUDIT REPORTS**  
**for the year ended December 31, 2004**





**Auditor of State  
Betty Montgomery**

City Commission  
City of Dayton  
101 West Third St.  
P.O. Box 22  
Dayton, OH 45401-0022

We have reviewed the *Independent Auditors' Report* of the City of Dayton, Montgomery County, prepared by Foxx and Company, for the audit period January 1, 2004 through December 31, 2004. 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 Dayton is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

October 10, 2006

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**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Members of the City Commission  
City of Dayton, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio, (City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2005. We did not audit the financial statements of the CityWide Development Corporation, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the financial statements, insofar as it relates to amounts included for the discretely presented component unit, are based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

*Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the City of Dayton, Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Dayton, Ohio's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings and responses as Item 04-01, Item 04-02 and Item 04-03.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions that are also considered to be material weaknesses. However, we consider Item 04-01, Item 04-02 and Item 04-03 to be material weaknesses. We also noted other immaterial matters involving the internal control over financial reporting that we have reported to the management of the City of Dayton, Ohio in a separate letter dated June 24, 2005.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the City of Dayton, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Dayton, Ohio in a separate letter dated June 24, 2005 and March 31, 2006.

As discussed in Note B to the Schedule of Expenditures of Federal Awards subsequent to the completion of our audit field work, the City of Dayton informed us that they had inadvertently not provided us with expenditures for a major federal program in both calendar year 2003 and 2004. Because the calendar year 2004 Single Audit had not been issued, the major program was audited in CY 2003 and the Single Audit report was re-issued. In addition, this delayed the issuance of the Calendar Year 2004 Single Audit.

This report is intended for the information of management, the Ohio Auditor of State and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Fox & Company". The signature is written in a cursive, flowing style.

Cincinnati, Ohio  
June 24, 2005  
March 31, 2006  
(For the RTA expenditures on Schedule  
of Federal Awards)

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH *OMB CIRCULAR A-133* AND ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

The Honorable Members of the City Commission,  
the Audit Committee, and the Management of the City of Dayton  
City of Dayton, Ohio

*Compliance*

We have audited the compliance of the City of Dayton, Ohio with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The City of Dayton, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Dayton, Ohio's management. Our responsibility is to express an opinion on the City of Dayton, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City of Dayton, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Dayton, Ohio's compliance with those requirements.

In our opinion, the City of Dayton, Ohio complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.



### *Internal Control Over Compliance*

The management of the City of Dayton, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, grants applicable to federal programs. In planning and performing our audit, we considered the City of Dayton, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### *Schedule of Expenditures of Federal Awards*

We have audited the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio, as of and for the year ended December 31, 2004, and have issued our report thereon dated, June 24, 2005.

We did not audit the financial statements of the CityWide Development Corporation, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the financial statements, insofar as it relates to amounts included for the discretely presented component unit, is based on the report of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Dayton's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the City. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

As discussed in Note B to the Schedule of Federal Expenditures subsequent to the completion of our audit field work, the City of Dayton informed us that they had inadvertently failed to provide us with expenditures for a major federal program in both calendar year 2003 and 2004. Because the calendar year 2004 Single Audit had not been issued, the major program was audited in CY 2003 and the Single Audit report was re-issued.

This report is intended for the information of management, the Ohio Auditor of State and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Foxx & Company*

Cincinnati, Ohio

June 24, 2005

March 31, 2006

(For the RTA expenditures on Schedule  
of Federal Awards)

**CITY OF DAYTON, OHIO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**for the year ended December 31, 2004**

<u>Grantor Agency/Program</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>2004 Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Community Development Block Grants/Entitlements Grants	14.218	CB-03-MC-39-0010 CB-04-MC-39-0010	\$ 2,906,590 <u>7,123,783</u>
Subtotal			<u>10,030,373</u>
Emergency Shelter Grants Program	14.231	CS-98-MC-39-0010	<u>236,314</u>
Shelter Plus Care	14.238	OH-16-C-93-1122	<u>1,379,791</u>
HOME Investment Partnerships	14.239	M-93-MC-39-0205 M-94-MC-39-0205 M-95-MC-39-0205 M-98-MC-39-0205 M-00-MC-39-0205 M-01-MC-39-0205 M-02-MC-39-0205 M-03-MC-39-0205	574,899 22,503 202,656 61,911 600 953,719 100,241 <u>351,756</u>
Subtotal			<u>2,268,285</u>
Fair Housing Assistance Programs-State and Local Tool Town Project	14.401	FF-205-K-96-5019	14,892
Main Street Historic Area Kings Crossing Demolition	14.401	B-03-SP-OH-0609 H.U.D Contract	348,374 <u>663,526</u>
Subtotal			<u>1,026,792</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>\$ 14,941,555</u></b>

**CITY OF DAYTON, OHIO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**for the year ended December 31, 2004**

<u>Grantor Agency/Program</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>2004 Federal Expenditures</u>
<b><u>U.S. Department Of Justice</u></b>			
<i>Passed through Ohio Emergency Management Agency</i>			
CERT Montgomery County	16.007	S04-HXP-DOH058	\$ 17,559
Homeland Security Exercise Pass-thru	16.007	2003-MUP-30015-K-539	<u>8,000</u>
Subtotal			<u>25,559</u>
<i>Passed through Ohio Office of Criminal Justice Services</i>			
Byrne Formula Grant Program			
Command Centers	16.579	03-DG-H1-7254	13,500
04-05 Safehouse SCLC	16.579	04-VP-003-4068	3,018
Community Based Corrections	16.579	02-DG-D02-4085	<u>108,258</u>
Subtotal			<u>124,776</u>
03-05 Reducing Gun Violence	16.609	2003-PS-PSN-301	<u>3,808</u>
Domestic Violence Against Women	16.590	97-WE-VX-0070	<u>282,726</u>
Local Law Enforcement Block Grants Program	16.592	04-LB-BX-1031	<u>159,683</u>
03 Local Law Enforcement Block Grnat			
<b>Total U.S. Department of Justice</b>			<b><u><u>\$ 596,552</u></u></b>

**CITY OF DAYTON, OHIO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**for the year ended December 31, 2004**

<u>Grantor Agency/Program</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>2004 Federal Expenditures</u>
<b>U.S. Department of Transportation</b>			
Airport Improvement Program	20.106	3-39-0029-34-00	\$ 57,918
		3-39-0029-35-00	509,647
		3-39-0029-39-01	1,295
		3-39-0029-37-01	224,157
		3-39-0030-05-02	16,425
		3-39-0030-06-04	164,241
		3-39-0029-43-02	157,329
		3-39-0029-44-02	48,696
		3-39-0029-41-01	424,918
		3-39-0029-46-03	456,668
		3-39-0029-47-03	926,994
		3-39-0029-48-03	1,740,145
		3-39-0029-50-04	<u>270,929</u>
	Subtotal		<u>4,999,362</u>
 <i>Passed-Through Greater Dayton Regional Transit Authority</i>			
Zion Gateway Park Wright Dunbar	20.500	OH-03-0217-00	450,000
RTA Park and Ride	20.500	OH-03-0217-00	<u>464,916</u>
	Subtotal		<u>914,916</u>
 <i>Passed-through Ohio Department of Transportation</i>			
Highway Planning and Construction	20.205	PID 22500	462,709
		PID 21560	675,000
		PID 22498	499,533
		PID 22530	1,100,000
		PID 23747	202,122
		PID 75415	44,648
		PID 8224	632,762
		PID 16254	6,317
		PID 22501	103,496
		PID 22422	842,315
		PID	<u>95,913</u>
	Subtotal		<u>4,664,815</u>
<b>Total U.S. Department Of Transportation</b>			<u><u>\$ 10,579,093</u></u>

**CITY OF DAYTON, OHIO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**for the year ended December 31, 2004**

<u>Grantor Agency/Program</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>2004 Federal Expenditures</u>
<b><u>U.S. Department of Commerce</u></b>			
GH&R Foundry	11.300	06-01-04632	\$ <u>348,504</u>
<b>Total U.S. Department of Commerce</b>			<b>\$ <u>348,504</u></b>
<b><u>U.S. Department of the Interior</u></b>			
Rehabilitation Grant	15.919	39-CTY-2090-01-01	195,371
Northwest Community Center	15.919	39-CTY-2090-02-01	<u>382,733</u>
<b>Total U.S. Department of the Interior</b>			<b>\$ <u>578,104</u></b>
<b><u>Federal Emergency Management Agency</u></b>			
FEMA-Fire Exhaust System Grant	83.554	EMW-2003-FG-	354,200
FEMA-Fire Prevention	83.554	EMW-2002-FG-	<u>102,865</u>
<b>Total Federal Emergency Management Agency</b>			<b>\$ <u>457,065</u></b>
<b>Total Federal Financial Assistance</b>			<b>\$ <u>27,500,873</u></b>

**CITY OF DAYTON, OHIO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**for the year ended December 31, 2004**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of City of Dayton, Ohio's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – SUBSEQUENT EVENT**

Subsequent to the completion of our fieldwork for the Calendar Year 2004 Single Audit, the City of Dayton informed us that they had not provided us with the Federal expenditures for pass through funds from the Dayton Regional Transit Authority for Calendar Years 2004 and 2003. The funding had been inadvertently misclassified as non federal by the City. Because the pass through funding expenditures qualified as a major program and it was the first year for the grant program, it was determined that the 2003 "RTA Park and Ride" expenditures of \$1,161,751 of the total \$1,274,216 pass through funds should be audited. This determination was concurred with by the City's federal oversight agency, the U.S. Department of Labor, Office of Inspector General. As a result of the audit of this project, no expenditures were questioned. However, the Schedule of Expenditures of Federal Awards was restated by including Pass Through federal expenditures of \$1,274,216 under the *Greater Dayton Regional Transit Authority*. Accordingly, it was necessary to re-issue the Calendar Year 2003 Single Audit. For Calendar Year 2004, we have included the pass through expenditure for the Greater Dayton Regional Transit Authority in the Schedule of Expenditures of Federal Awards. Since this program was audited in Calendar Year 2003; the program was not audited in Calendar Year 2004.

**CITY OF DAYTON, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**for the year ended December 31, 2004**

**1. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:  
Material weakness(es) identified?  yes  no  
Reportable condition(s) identified not  
considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal Control over major programs:  
Material weakness(es) identified?  yes  no  
Reportable condition(s) identified not  
considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to  
be reported in accordance with Circular A-133, Section .510(a)?  yes  no

Identification of major programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
14.218	Community Development Block Grant
14.239	HOME Investment Partnerships
14.401	Tool Town Project
20.106	Airport Improvement Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$825,026

Auditee qualified as low-risk auditee  yes  no



**CITY OF DAYTON, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**for the year ended December 31, 2004**

**2. Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

<i>Finding Number</i>	04-01
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**Reconciliation of Cash Balances**

*Criteria* - Good internal controls require that cash accounts used in the monthly reconciliation process to the bank accounts are complete and accurate.

*Condition* - The City performed monthly bank account reconciliations during calendar year 2004. However, our review of the December 31, 2004 bank account reconciliation noted that unallocated deposits used in the reconciliation process could not be traced to support documentation.

*Effect* - There was no assurance that monthly bank reconciliation balances were accurate.

*Cause* - The accounting system is unable to generate a report that identifies unallocated deposits.

*Recommendation* - We recommend that the City implement a system to identify its unallocated deposits to ensure accuracy and completeness of the monthly bank reconciliations.

**3. Findings and Questioned Costs for Federal Awards**

None

**CITY OF DAYTON, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**for the year ended December 31, 2004**

**2. Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

<i>Finding Number</i>	04-02
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**Municipal Courts - Civil Division**

*Criteria* - Good internal controls require that monthly cash bank reconciliations are complete and accurate. All reconciling items used in the monthly reconciliation process should be agreed to support documentation.

*Condition* - The Civil Division of the Municipal Court's cash account bank reconciliation disclosed an unreconcilable difference of \$26,710 for the year.

*Effect* - There was no assurance that the final cash balance in the Municipal Court's cash account was correct.

*Cause* - Personnel in the Municipal Courts Civil Division stated that its accounting system could not produce the necessary documents to support the December 31, 2004 cashbook balance.

*Recommendation* - We recommend that the Civil Division of the Municipal Court ensure that all numbers reported for its cash account book balances are supported by the necessary documents to ensure accuracy and completeness of the monthly bank reconciliations.

**3. Findings and Questioned Costs for Federal Awards**

None

**CITY OF DAYTON, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**for the year ended December 31, 2004**

**2. Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

<i>Finding Number</i>	04-03
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**Water/Sewer Subsidiary Receivable**

*Criteria* - Good internal control procedures dictate that entities should be aware of outstanding accounts receivable and have the ability to readily access the data.

*Condition* - The City's water/sewer subsidiary receivable system did not produce monthly aging trial balance reports listings by customer name and account.

*Effect* - The City could not readily determine, on a monthly basis, the outstanding accounts receivable balance due to the City for the water, sewer, stormwater, wellfield, container and disposal fees.

*Cause* - The City does not separate water, sewer, stormwater, wellfield, container and disposal receipts when received. Instead, all receipts are placed in the water fund and manually distributed to the appropriate fund.

*Recommendation* - We recommend that the City take immediate steps to ensure its water/sewer subsidiary receivable system produces monthly aging trial balance reports.

**3. Findings and Questioned Costs for Federal Awards**

None

**CITY OF DAYTON, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

**for the year ended December 31, 2004**

There were no audit findings or questioned costs relative to Federal awards for the audit of the City of Dayton, Ohio for the year ended December 31, 2004.

**CITY OF DAYTON, OHIO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

**for the year ended December 31, 2004**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Or Finding No Longer Valid; Explain:</b>
03-01	Reconciliation of Cash Balances	No	Partially corrected, see Finding Number 04-01
03-02	Municipal Courts	No	Partially corrected, see Finding Number 04-02
03-03	Water/Sewer Subsidiary Receivable	No	Not corrected, see Finding Number 04-03

**CITY OF DAYTON, OHIO**

**CORRECTIVE ACTION PLAN**

**for the year ended December 31, 2004**

**Finding Number 04-01**

*Cash* - The cash reconciliation process consists of 6 components - Fifth Third Bank, Portfolio, Payroll, Accounts Payable, ZBA Accounts and Unallocated Deposits. Supporting documentation was provided for all components except for unallocated deposits. Currently, the Finance Department is working with the City's Information and Technology Department to develop a reconciliation report to identify unallocated deposits. In total, cash does balance at year-end.

Contact Person: Ms. Cheryl J. Garrett, Director of Finance

Date: December 31, 2005

**CITY OF DAYTON, OHIO**

**CORRECTIVE ACTION PLAN**

**for the year ended December 31, 2004**

**Finding Number 04-02**

*Civil Division Bank Reconciliations* - The Clerk of Courts office closed this account on December 31, 2004, to allow ease in resolving the known discrepancies, and to allow a fresh start for 2005 bank reconciliations.

The Clerk of Courts office has also since made changes to its bookkeeping procedures to prevent such problems from occurring in the new account. Some of these changes included: developing control procedures, developing a cash journal to summarize daily activity, establishing month ending procedures, and defining the separation of bookkeeping duties. It is also in the process of developing a new computer program that will generate the supporting documents needed to support reconciliations.

The Clerk of Courts office is also working to identify where the unexplained difference is on the 2004 year-end bank reconciliation. There are several areas where that money could belong: outstanding checks that were inadvertently taken off the outstanding check list, checks that have cleared but were not taken off the outstanding check list, checks that cleared for more or less than they were written, open items that have been paid but were not taken off the open item list, open items that were never added to the open item list, and payments made to the City at the month's end were miscalculated. These items are currently being researched.

Contact Person: Ms. Cheryl J. Garrett, Director of Finance  
Date: December 31, 2005

**CITY OF DAYTON, OHIO**

**CORRECTIVE ACTION PLAN**

**for the year ended December 31, 2004**

**Finding Number 04-03**

*Accounts Receivable Aging Trial Balance Reports* - The City has hired an outside contractor to develop and incorporate an interface between Banner and the Water System to insure that transactions will be automated instead of keeping manual records. Also, the contractor has developed a program to report an Accounts Receivable Aging Analysis Report. Staff is analyzing the report to tie to the Banner System for validation. The contractor is currently working with staff to automate this feature.

Contact Person: Ms. Cheryl J. Garrett, Director of Finance

Date: December 31, 2005



**CITY OF DAYTON, OHIO**

**PASSENGER FACILITY CHARGE  
PROGRAM REPORT**

**for the year ended December 31, 2004**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH *THE PFC AUDIT GUIDE FOR PUBLIC AGENCIES AND  
SCHEDULE OF EXPENDITURES OF PFCs***

The Honorable Members of the City Commission, Audit Committee,  
and the Management of the City of Dayton  
City of Dayton, Ohio

*Compliance*

We have audited the compliance of the City of Dayton, Ohio with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its Passenger Facility Charge (PFC) program for the year ended December 31, 2004. Compliance with the requirements of laws and regulations applicable to its PFC program is the responsibility of the City of Dayton, Ohio's management. Our responsibility is to express an opinion on the City of Dayton, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the PFC program occurred. An audit includes examining, on a test basis, evidence about the City of Dayton, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Dayton, Ohio's compliance with those requirements.

In our opinion, the City of Dayton, Ohio complied, in all material respects, with the requirements referred to above that are applicable to its PFC program for the year ended December 31, 2004.

### *Internal Control Over Compliance*

The management of the City of Dayton, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to the PFC program. In planning and performing our audit, we considered the City of Dayton, Ohio's internal control over compliance with requirements that could have a direct and material effect on the PFC program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the PFC program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### *Schedule of Expenditures of PFCs*

We have audited the basic financial statements of City of Dayton, Ohio, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 24, 2005. We did not audit the financial statements of the CityWide Development Corporation, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the financial statements, insofar as it relates to amounts included for the discretely presented component unit, is based on the report of the other auditors. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of PFCs is presented for purposes of additional analysis as specified in the Guide and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of the audit committee of the City of Dayton management, the Ohio Auditor of State and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

Cincinnati, Ohio  
June 24, 2005

A handwritten signature in black ink that reads "Fox & Company". The signature is written in a cursive, flowing style.

**CITY OF DAYTON, OHIO**  
**SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES**  
**for the year ended December 31, 2004**

<u>Grantor Agency/Program</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>PFC Receipts</u>	<u>PFC Expenditures</u>
<b><u>U. S. Department of Transportation</u></b>				
Passenger Facility Charges	N/A	Application 2	\$5,802,066	\$5,435,638
Interest Earned			108,223	-
<b>Total U.S. Department of Transportation</b>			<u>\$5,910,289</u>	<u>\$5,435,638</u>

**CITY OF DAYTON, OHIO**

**NOTES TO SCHEDULE OF EXPENDITURES OF  
PASSENGER FACILITY CHARGES**

**for the year ended December 31, 2004**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Passenger Facility Charges is a summary of the activity of City of Dayton, Ohio Passenger Facility Charges. The schedule has been prepared on the cash basis of accounting. Passenger Facility Charges collected by the City of Dayton are legally restricted for capital projects and related expenditures, and cannot be used for any other purpose. Receipts reported consist of the following:

PFC Charges	\$5,802,066
Interest Income	<u>108,223</u>
Total	<u><u>\$5,910,289</u></u>



**CITY OF DAYTON, OHIO**  
**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2004**

PREPARED BY:

***Department of Finance***

Cheryl J. Garrett, Director

Candy H. Carr, Acting Accounting and Treasury Manager

***MISSION STATEMENT***

as stewards of the public trust,  
our mission is to provide leadership,  
excellent services and participatory government  
to enhance the quality of life and  
sense of community for all who live, work,  
raise families, or conduct business in Dayton.

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**CITY OF DAYTON, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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**CITY OF DAYTON, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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**CITY OF DAYTON, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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July 29, 2005

Mr. James T. Dinneen  
City Manager  
Dayton, Ohio

Dear Mr. Dinneen:

With this letter, I transmit the City of Dayton's (the City) Comprehensive Annual Financial Report (CAFR) for 2004 to you, the Mayor and Commissioners, the citizens of this City, the investment community, and to all other interested parties. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The CAFR was prepared using accounting principals generally accepted in the United States of America (GAAP) as applied to governmental units and contains all disclosures necessary to enable the reader to understand the City's financial affairs. Responsibility for both the accuracy of the data and completeness and fairness of the presentation rests with management of the City.

The City's accounting system provides reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits require estimates and judgments by management.

The City's Charter, Sections 44 and 78, prescribes the required accounting, audit and examination procedures for the City of Dayton. Foxx & Company, Certified Public Accountants, studies the City's system of internal control, conducts such tests as are necessary under the circumstances and renders an opinion based upon the statements when taken in whole. The City has again received an unqualified opinion from the independent auditor that the financial statements are presented fairly. The opinion letter is included in the Financial Section of this report.

This transmittal letter is designed to provide historical information about the City, as well as compliment the required Management's Discussion and Analysis (MD&A). Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The City's MD&A, which focuses on the government-wide statements, can be found immediately following the report of the independent auditors.

### **PROFILE OF THE CITY OF DAYTON**

In 1913, Dayton was the first large city to adopt the Council-Manager form of government. The Dayton City commission is comprised of the Mayor and four City Commissioners. They are elected at-large on a non-partisan basis for four-year overlapping terms. All policy items are decided by the City Commission, which is empowered by the City Charter to pass ordinances and resolutions, adopt regulations and appoint the City Manager. The City Manager manages 16 City Departments employing 2,560 people.

The City provides a full range of services that include water supply and treatment, sewer and storm water maintenance, wastewater treatment, airport services, fire and emergency medical services, police protection, convention center, building inspection, neighborhood support, recreation and parks, golf, street and bridge maintenance, waste collection, and a municipal court system.

The City has included in the CAFR all of the funds for which it is financially accountable. The City has two component units: Citywide Development Corporation that is shown as a separate discrete component unit; and the Sister City Committee that is shown as a blended component unit of the nonmajor special revenue funds. Both are included as part of the reporting entity because the primary government appoints all members of their board of trustees and is able to impose its will on the organizations. The City is associated with six jointly governed organizations. They include the Miami Valley Regional Planning Commission, the Miami Valley Fire/EMS Alliance, the Economic Development/Government Equity Program, the Montgomery County Family and Children First Council, the Hazardous Material Response Team and the Miami Valley Emergency Management Agency.

The annual budget serves as the foundation for the City of Dayton's financial planning and control. The council is required to adopt a final budget by no later than the close of the fiscal year. The budget is prepared by fund, function and department. Department heads may make transfers within a department.

### **LOCAL ECONOMY**

City inventors have given the world the airplane, the automobile self-starter, the cash register, food for the astronauts, micro-encapsulation and major components for the Gemini and Apollo flights. The City's area is known as a leader in the production of many products, including business machines, business forms and automotive parts. The area has one of the highest per capita concentrations of scientific and technical personnel in the State.

The City's geographic location in southwestern Ohio makes it accessible to some of the largest markets in North America. From the City's area it is possible to reach more than half of the United States population within 90 minutes by air. Interstates 70 and 75 intersect just north of the City. This intersection is the nucleus of a national network of 25 interstate highways and major state routes. The I-675 bypass has increased access to both of the Cities of Cincinnati and Columbus and the communities east and south of the City.

Because of the City's strategic location near the intersection of Interstates 70 and 75 and only minutes from the Airport facilities, over 20 trucking firm terminals are located in the City's area, including contract haulers, heavy and light haulers, liquid or dry bulk and motor freight carriers. The City also has two major rail systems, CSX Transportation and Conrail. CSX has a 2,500 car-switching yard and Conrail has a 1,000 car switching yard located within the County which can service trailer and flat cars.

The City's strategic location gives the region an important advantage in that its "second morning market" encompasses a 600-mile radius and services approximately 138 million people.

The aerospace and high technology industries are integral to the City's economy. The City's support of research and development firms is one reason it boasts one of the highest concentrations of engineers and patents in the country.

Because of the regions varied economic base, unemployment has declined. During the past 10 years, the unemployment rate has decreased from 8.5% in 1994 to 7.1% in 2004.

### **LONG-TERM FINANCIAL PLANNING**

Faced with the challenges of reduced revenues from the Local Government Fund, it is important for the City to be prudent in its spending. The Civil Service Board, the Human Relations Council, the Southwest Priority Board and the Dayton Mediation Center each combined offices into a City-owned facility, saving taxpayers about \$240,000 a year in lease payments.

## RELEVANT FINANCIAL POLICIES

The City's long-standing policy is to maintain a General Fund reserve (unrestricted, GAAP) from 10% to 20% of revenues. During the previous 10 years, the City's General Fund GAAP reserve has averaged 27% of revenues. The City Commission's policy is to apply the General Fund balance only to the following limited purposes: one-time strategic investments yielding a significant number of jobs; one-time strategic investments in technology to reduce operating costs; and, to weather a recession or economic shock during a maximum 18-month period. The City experienced a decline in General Fund revenues in 2002 and 2003 as a result of general economic conditions and reductions in State funds. Consistent with City policy to maintain the General Fund reserve and not increase the City income tax, City management took action to increase General Fund revenues and reduce General Fund expenses. Among other actions taken, the City closed its Dayton Human Rehabilitation Center in 2002. While this closure reduced revenues from fees for services by approximately \$6 million, it also reduced expenses by approximately \$12 million.

## MAJOR INITIATIVES

Projects at the Dayton International Airport include improvements to its concourse facilities, new passenger loading bridges, the construction of a new parking garage, along with the construction of a new air traffic control tower, which will cost \$4 million, which is being financed by the Federal Aviation Administration.

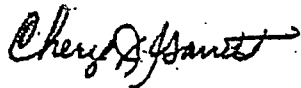
## AWARDS AND ACKNOWLEDGEMENTS

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 Dayton for its comprehensive annual report for the year ended December 31, 2003. This was the 22<sup>nd</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report whose contents conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

My appreciation is extended to the various elected officials, the City Manager, department heads, and employees responsible for contributing to the sound financial position of the City. I would like to acknowledge the efforts of the Accounting and Treasury staff, other members of the Finance Department and our consultant, Julian and Grube, Inc., all of whom contributed to the development of the CAFR.

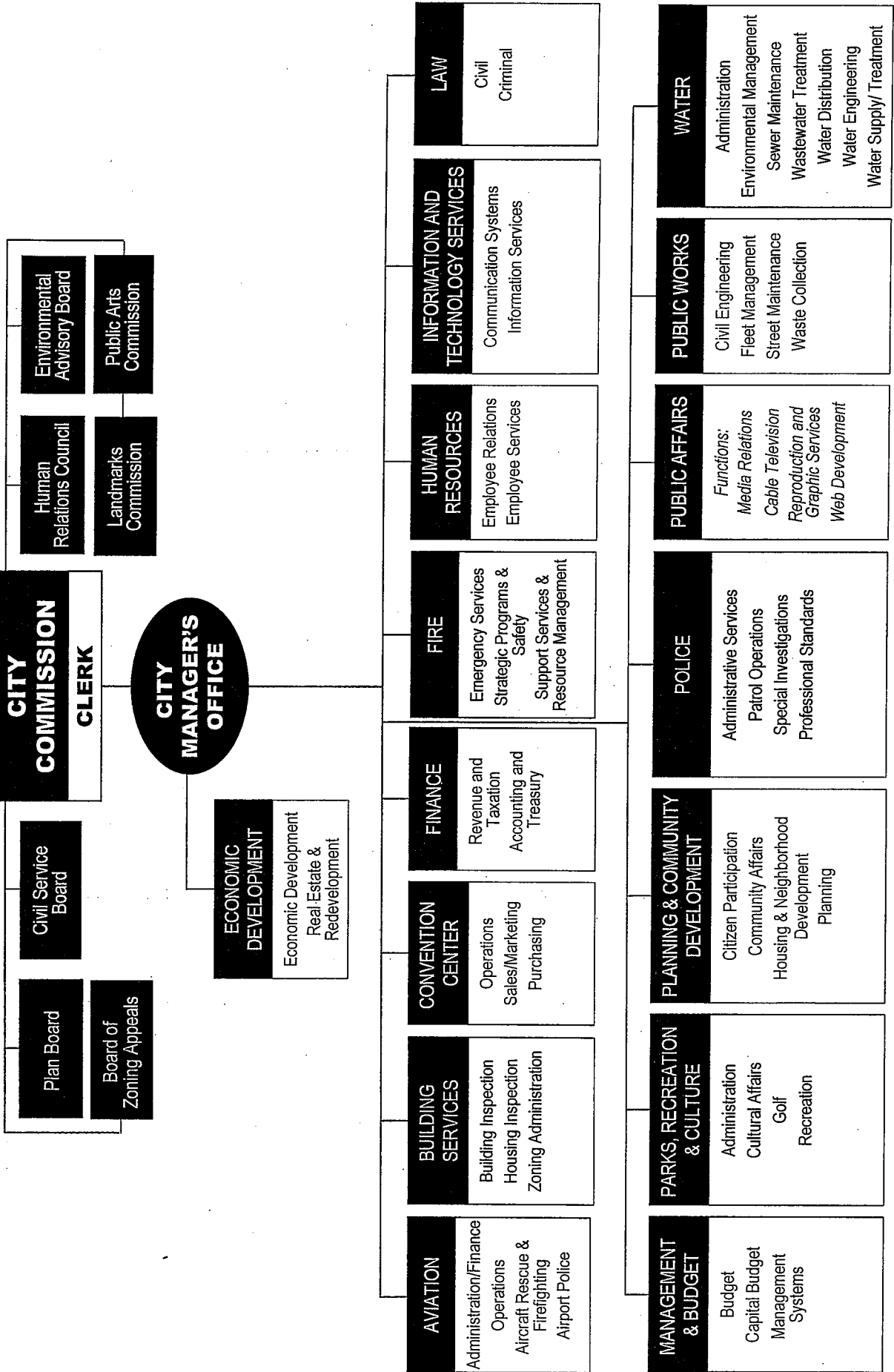
Respectively submitted,



Cheryl J. Garrett  
Finance Director  
Secretary of the Board of Sinking Fund Trustees

# Organization of the City of Dayton

## Citizens of Dayton





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dayton,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

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



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director

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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Members of the City Commission  
City of Dayton, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Dayton, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the CityWide Development Corporation, which represent all the assets and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2004 on our consideration of the City of Dayton, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 13-29 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dayton, Ohio's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on these sections.

A handwritten signature in cursive script that reads "Fox & Company". The signature is written in black ink and is positioned to the right of the typed name.

Cincinnati, Ohio  
June 24, 2005

## CITY OF DAYTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED

The management's discussion and analysis of the City of Dayton's (the "City") financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2004. 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 2004 are as follows:

- The total net assets of the City increased \$25,849,321. Net assets of governmental activities increased \$16,638,896 or 5.48% over 2003 and net assets of business-type activities increased \$9,210,425 or 2.16% over 2003.
- General revenues accounted for \$152,003,533 of total governmental activities revenue. Program specific revenues accounted for \$56,917,921 or 27.14% of total governmental activities revenue. The City had a special item of \$781,586 for the sale of capital assets.
- The City had \$193,064,144 in expenses related to governmental activities; \$56,917,921 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$136,146,223 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$152,003,533.
- The general fund had revenues of \$162,531,493 in 2004. This represents a decrease of \$2,327,555 from 2003 revenues. The expenditures of the general fund, which totaled \$150,473,141 in 2004, increased \$2,509,206 from 2003. The net decrease in fund balance for the general fund was \$3,291,174 or 8.29%.
- Net assets for the business-type activities, which are made up of the Dayton International Airport, Water, Sewer, Storm Water and Golf enterprise funds, increased in 2004 by \$9,210,425. This increase in net assets was due primarily to capital contributions received from passenger facility charges and intergovernmental grants and subsidies coupled with adequate charges for services revenue to cover operating expenses.
- In the general fund, the actual revenues came in \$948,361 lower than they were in the final budget and actual expenditures were \$6,210,588 less than the amount in the final budget. Budgeted revenues increased \$5,365,000 from the original to the final budget due primarily to an increase in projected income tax revenue and state shared taxes. Budgeted expenditures decreased \$414,400 from the original to the final budget as a result of projected decreases in public safety costs by the City.

#### Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those 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 Assets and Statement of Activities provide information about the activities of the whole City, 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 nonmajor funds presented in total in one column.

**CITY OF DAYTON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**UNAUDITED**

**Reporting the City as a Whole**

***Statement of Net Assets 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 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities 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 *assets* and changes in those assets. This change in net assets 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 Assets 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 and highway maintenance, HUD program operations, community and economic development 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 airport, water, sewer, storm water and golf operations are reported here.

**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 20.

***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.

## CITY OF DAYTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED

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 and nonmajor funds. The City's major governmental funds are the General fund, Debt service 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 36-40 of this report and further detail on the City's major and nonmajor governmental funds can be found on pages 59-60 of this report.

#### ***Proprietary Funds***

The City maintains two different types of 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 airport, water, sewer, storm water and golf operations. The City reports the Airport fund, Water fund and Sewer fund as major enterprise funds. These major funds are presented separately in the proprietary fund financial statements. The Storm Water fund and the Golf fund are considered nonmajor funds and are combined into a single, aggregated presentation in the proprietary fund financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages 42-51 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. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statement can be found on page 52 of this report.

#### ***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 53-102 of this report.

#### **Government-Wide Financial Analysis**

The Statement of Net Assets provides the perspective of the City as a whole. The table below provides a summary of the City's net assets for 2004 compared to 2003:

**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED**

**Net Assets**

	Governmental Activities <u>2004</u>	Restated Governmental Activities <u>2003</u>	Business-Type Activities <u>2004</u>	Restated Business-Type Activities <u>2003</u>	Total <u>2004</u>	Total <u>2003</u>
<b><u>Assets</u></b>						
Current and other assets	\$ 166,815,938	\$ 162,962,878	\$ 140,970,641	\$ 146,223,464	\$ 307,786,579	\$ 309,186,342
Capital assets	<u>286,424,283</u>	<u>270,373,520</u>	<u>425,526,088</u>	<u>416,477,726</u>	<u>711,950,371</u>	<u>686,851,246</u>
Total assets	<u>453,240,221</u>	<u>433,336,398</u>	<u>566,496,729</u>	<u>562,701,190</u>	<u>1,019,736,950</u>	<u>996,037,588</u>
<b><u>Liabilities</u></b>						
Long-term liabilities						
outstanding	100,571,490	82,097,984	109,736,764	112,702,829	210,308,254	194,800,813
Other liabilities	<u>32,137,297</u>	<u>47,345,876</u>	<u>20,566,443</u>	<u>23,015,264</u>	<u>52,703,740</u>	<u>70,361,140</u>
Total liabilities	<u>132,708,787</u>	<u>129,443,860</u>	<u>130,303,207</u>	<u>135,718,093</u>	<u>263,011,994</u>	<u>265,161,953</u>
<b><u>Net Assets</u></b>						
Invested in capital						
assets, net of related debt	207,581,135	188,610,596	309,060,125	293,481,592	516,641,260	482,092,188
Restricted	63,442,672	53,916,504	-	-	63,442,672	53,916,504
Unrestricted	<u>49,507,627</u>	<u>61,365,438</u>	<u>127,133,397</u>	<u>133,501,505</u>	<u>176,641,024</u>	<u>194,866,943</u>
Total net assets	<u>\$ 320,531,434</u>	<u>\$ 303,892,538</u>	<u>\$ 436,193,522</u>	<u>\$ 426,983,097</u>	<u>\$ 756,724,956</u>	<u>\$ 730,875,635</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2004, the City's assets exceeded liabilities by \$756,724,956. At year-end, net assets were \$320,531,434 and \$436,193,522 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 assets. At year-end, capital assets represented 69.82% of total assets. Capital assets include land, construction in progress (CIP), land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2004, were \$207,581,135 and \$309,060,125 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. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2004, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$63,442,672, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$49,507,627 may be used to meet the government's ongoing obligations to citizens and creditors.



**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
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The table below shows the changes in net assets for fiscal years 2004 and 2003.

	<b>Change in Net Assets</b>					
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 28,523,521	\$ 30,102,580	\$ 115,856,533	\$ 116,882,670	\$ 144,380,054	\$ 146,985,250
Operating grants and contributions	18,789,989	19,791,048	-	-	18,789,989	19,791,048
Capital grants and contributions	9,604,411	10,307,490	14,794,084	14,845,098	24,398,495	25,152,588
Total program revenues	<u>56,917,921</u>	<u>60,201,118</u>	<u>130,650,617</u>	<u>131,727,768</u>	<u>187,568,538</u>	<u>191,928,886</u>
General revenues:						
Property taxes	19,496,591	18,641,542	-	-	19,496,591	18,641,542
Income taxes	108,438,846	108,520,891	-	-	108,438,846	108,520,891
Unrestricted grants	20,377,849	19,081,383	-	-	20,377,849	19,081,383
Interest	1,706,199	3,579,657	1,032,922	3,604,829	2,739,121	7,184,486
Miscellaneous	1,984,048	2,952,997	-	-	1,984,048	2,952,997
Total general revenues	<u>152,003,533</u>	<u>152,776,470</u>	<u>1,032,922</u>	<u>3,604,829</u>	<u>153,036,455</u>	<u>156,381,299</u>
Special item:						
Gain from sale of assets	781,586	-	-	-	781,586	-
Total revenues	<u>209,703,040</u>	<u>212,977,588</u>	<u>131,683,539</u>	<u>135,332,597</u>	<u>341,386,579</u>	<u>348,310,185</u>
<b>Expenses:</b>						
Downtown	5,031,993	5,418,423	-	-	5,031,993	5,418,423
Youth, education and human services	2,208,479	2,535,385	-	-	2,208,479	2,535,385
Community development	20,163,040	21,769,149	-	-	20,163,040	21,769,149
Economic development	6,411,508	10,494,459	-	-	6,411,508	10,494,459
Leadership and quality of life	45,891,870	45,111,428	-	-	45,891,870	45,111,428
Corporate responsibility	15,950,738	17,020,585	-	-	15,950,738	17,020,585
Public safety and justice	92,954,582	89,976,989	-	-	92,954,582	89,976,989
Other	507,896	986,660	-	-	507,896	986,660
Interest and fiscal charges	3,944,038	3,430,708	-	-	3,944,038	3,430,708
Dayton International Airport	-	-	39,961,191	35,502,289	39,961,191	35,502,289
Water	-	-	47,152,642	45,628,781	47,152,642	45,628,781
Sewer	-	-	28,903,051	27,210,776	28,903,051	27,210,776
Other enterprise funds:						
Golf	-	-	2,472,685	3,118,857	2,472,685	3,118,857
Storm water	-	-	3,983,545	2,636,386	3,983,545	2,636,386
Total expenses	<u>193,064,144</u>	<u>196,743,786</u>	<u>122,473,114</u>	<u>114,097,089</u>	<u>315,537,258</u>	<u>310,840,875</u>
Increase in net assets before transfers	16,638,896	16,233,802	9,210,425	21,235,508	25,849,321	37,469,310
Transfers	-	(913,666)	-	913,666	-	-
Change in net assets	<u>\$ 16,638,896</u>	<u>\$ 15,320,136</u>	<u>\$ 9,210,425</u>	<u>\$ 22,149,174</u>	<u>\$ 25,849,321</u>	<u>\$ 37,469,310</u>

**CITY OF DAYTON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**UNAUDITED**

**Governmental Activities**

Governmental activities net assets increased \$16,638,896 in 2004. This increase is a result of slightly decreasing revenues and expenses versus amounts reported in the prior year.

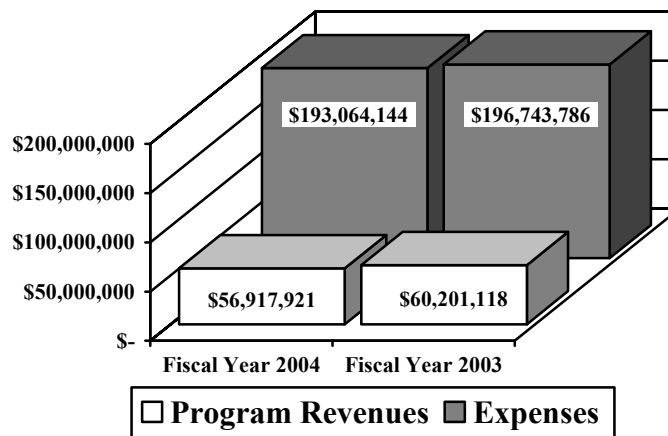
Public safety and justice, which primarily supports the operations of the police and fire departments accounted for \$92,954,582 of the total expenses of the City. These expenses were partially funded by \$15,049,321 in direct charges to users of the services. Leadership and quality of life expenses totaled \$45,891,870. Leadership and quality of life expenses were partially funded by \$6,769,017 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$18,789,989 in operating grants and contributions and \$9,604,411 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total capital grants and contributions, \$8,491,921, subsidized leadership and quality of life programs and \$1,063,955 subsidized economic development programs.

General revenues totaled \$152,003,533, and amounted to 72.49% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$127,935,437. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$20,377,849.

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 DAYTON, OHIO**

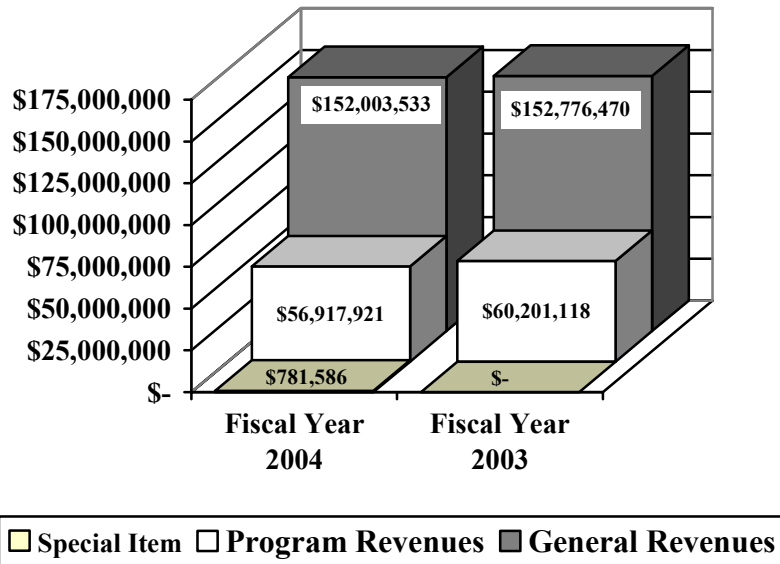
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED**

**Governmental Activities**

	Total Cost of Services 2004	Net Cost of Services 2004	Total Cost of Services 2003	Net Cost of Services 2003
Program Expenses:				
Downtown	\$ 5,031,993	\$ 4,526,784	\$ 5,418,423	\$ 4,959,409
Youth, education and human services	2,208,479	371,537	2,535,385	205,662
Community development and neighborhoods	20,163,040	11,083,753	21,769,149	10,771,182
Economic development	6,411,508	2,569,952	10,494,459	1,724,151
Leadership and quality of life	45,891,870	23,341,683	45,111,428	27,230,352
Corporate responsibility	15,950,738	13,535,781	17,020,585	14,572,819
Public safety and justice	92,954,582	76,828,405	89,976,989	73,259,082
Other	507,896	456,800	986,660	893,483
Interest and fiscal charges	3,944,038	3,431,528	3,430,708	2,926,528
<b>Total Expenses</b>	<b>\$ 193,064,144</b>	<b>\$ 136,146,223</b>	<b>\$ 196,743,786</b>	<b>\$ 136,542,668</b>

The dependence upon general revenues for governmental activities is apparent, with 70.52% of expenses supported through taxes and other general revenues.

**Governmental Activities – General and Program Revenues**



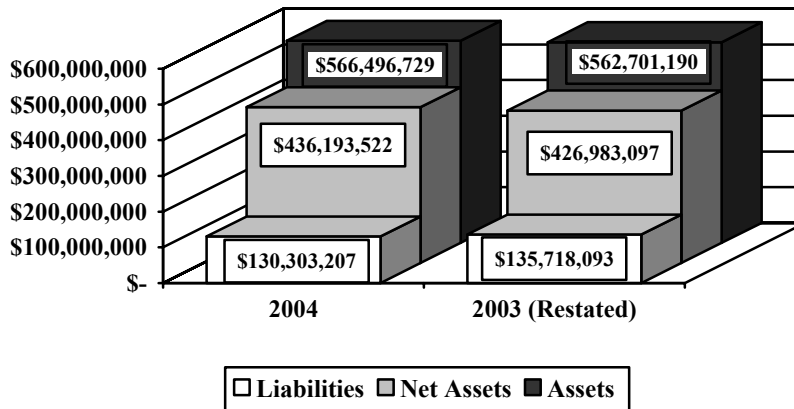
**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
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**Business-Type Activities**

Business-type activities include the airport, water, sewer, storm water and golf enterprise funds. These programs had program revenues of \$130,650,617, general revenues of \$1,032,922 and expenses of \$122,473,114 for 2004. The graph below shows the business-type activities assets, liabilities and net assets at year-end.

**Net Assets in Business – Type Activities**



**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, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds (as presented on the balance sheet on page 36) reported a combined fund balance of \$94,172,565 which is \$5,262,060 above last year's total of \$88,910,505 (as restated). The December 31, 2003 fund balances have been restated as described in Note 3 to the basic financial statements. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2004 for all major and nonmajor governmental funds.

	Fund Balances 12/31/04	Restated Fund Balances 12/31/03	Increase (Decrease)
Major Funds:			
General	\$ 36,407,607	\$ 39,698,781	\$ (3,291,174)
Debt service	15,333,393	17,839,709	(2,506,316)
Capital improvement	24,124,850	12,969,121	11,155,729
Other Nonmajor Governmental Funds	18,306,715	18,402,894	(96,179)
<b>Total</b>	<b>\$ 94,172,565</b>	<b>\$ 88,910,505</b>	<b>\$ 5,262,060</b>

**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED**

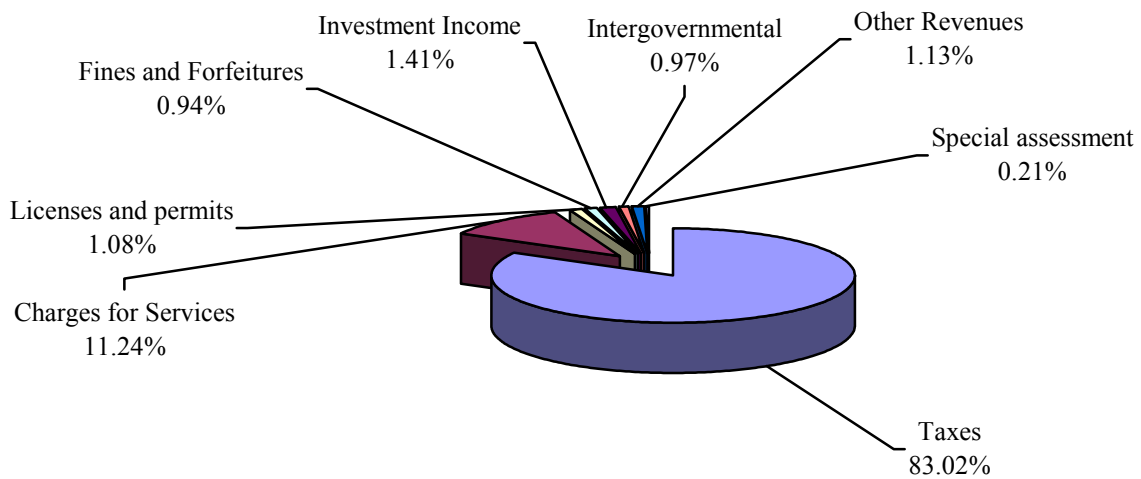
**General Fund**

The City's general fund balance decreased \$3,291,174, primarily due to a decrease in revenues from 2003 in the amount of \$2,327,555 and an increase in expenditures from 2003 in the amount of \$2,509,206. The table that follows assists in illustrating the revenues of the general fund.

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues			
Taxes	\$ 134,946,711	\$ 133,795,158	0.86 %
Charges for services	18,261,799	19,682,367	(7.22) %
Licenses and permits	1,750,643	2,014,392	(13.09) %
Fines and forfeitures	1,535,094	1,420,200	8.09 %
Investment income	2,286,681	3,365,179	(32.05) %
Special assessments	339,721	327,656	3.68 %
Intergovernmental	1,579,154	1,453,282	8.66 %
Other	<u>1,831,690</u>	<u>2,800,814</u>	(34.60) %
Total	<u>\$ 162,531,493</u>	<u>\$ 164,859,048</u>	(1.41) %

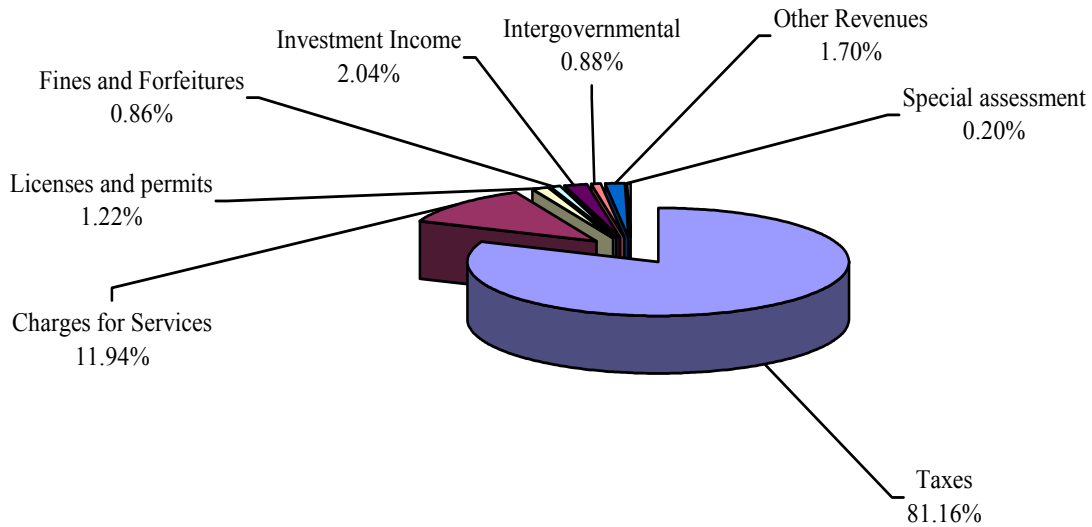
Licenses and permits revenue decreased \$263,749 or 13.09% from the prior year. This decrease is attributed to a decrease in the number of licenses and permits issued by the City of Dayton in 2004. The decrease in other revenue is due to a decrease in the miscellaneous items collected by the City. All other revenue remained comparable to 2003.

**Revenues – Fiscal Year 2004**



**CITY OF DAYTON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Revenues – Fiscal Year 2003**



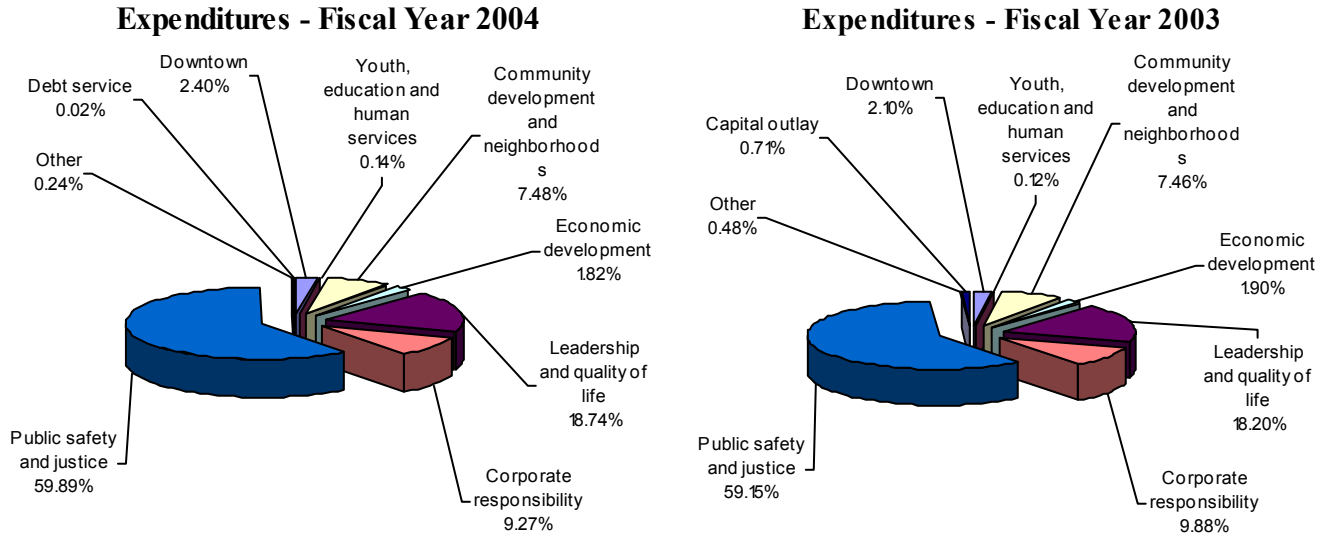
The table that follows assists in illustrating the expenditures of the general fund.

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>			
Downtown	\$ 3,606,582	\$ 3,112,343	15.88 %
Youth, education and human services	214,881	181,204	18.59 %
Community development and neighborhoods	11,248,295	11,032,510	1.96 %
Economic development	2,739,633	2,817,334	(2.76) %
Leadership and quality of life	28,193,800	26,935,463	4.67 %
Corporate responsibility	13,944,134	14,619,628	(4.62) %
Public safety and justice	90,124,997	87,506,358	2.99 %
Other expenses	366,142	711,570	(48.54) %
Capital outlay	-	1,047,525	(100.00) %
Debt service	34,677	-	100.00 %
<b>Total</b>	<b><u>\$ 150,473,141</u></b>	<b><u>\$ 147,963,935</u></b>	<b>1.70 %</b>

The most significant increase was in the areas of youth, education and human services, downtown and debt service. While these increases are significant as a percentage the individual amounts are not significant compared to the whole. Capital outlay expenditures decreased due to the City not entering into any capital leases during 2004. The amount reported for 2004 is representative of what is expected in the future. All other expenditures remained comparable to 2003.

**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
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**Debt Service**

The City's debt service fund balance decreased \$2,506,316 primarily due to a reduction in the amount of property tax revenue allocated to the fund. The following table illustrates the revenues of the debt service fund.

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b>Revenues</b>			
Taxes	\$ 324,391	\$ 3,665,441	(91.15) %
Intergovernmental	974,855	404,071	141.26 %
Special assessments	246,528	222,686	10.71 %
Other	<u>150,000</u>	<u>150,000</u>	- %
Total	<u>\$ 1,695,774</u>	<u>\$ 4,442,198</u>	(61.83) %

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b>Expenditures</b>			
Downtown	\$ 560,000	\$ 560,000	- %
Leadership and quality of life	6,922	-	100.00 %
Corporate responsibility	345,442	325,728	6.05 %
Other	123,982	247,269	(49.86) %
Principal retirement	8,192,386	7,310,173	12.07 %
Interest and fiscal charges	<u>4,048,914</u>	<u>3,253,644</u>	24.44 %
Total	<u>\$ 13,277,646</u>	<u>\$ 11,696,814</u>	13.52 %

**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
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***Capital Improvements***

The City's capital improvements fund balance increased \$11,155,729 due to an increase in revenues and a decrease in capital outlay expenditures.

	<u>2004</u>	<u>2003</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 9,067,071	\$ 3,057,484	196.55 %
Charges for services	352,486	412,051	(14.46) %
Licenses and permits	66,579	105,751	(37.04) %
Intergovernmental	8,108,424	6,445,829	25.79 %
Special assessments	383,497	405,334	(5.39) %
Investment income	-	193,487	(100.00) %
Other	<u>560,484</u>	<u>226,343</u>	147.63 %
<b>Total</b>	<b><u>\$ 18,538,541</u></b>	<b><u>\$ 10,846,279</u></b>	70.92 %

	<u>2004</u>	<u>2003</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Expenditures</u></b>			
Capital outlay	\$ 17,055,356	\$ 21,646,434	(21.21) %
Other	365	-	100.00 %
Interest and fiscal charges	<u>85,388</u>	<u>176,480</u>	(51.62) %
<b>Total</b>	<b><u>\$ 17,141,109</u></b>	<b><u>\$ 21,822,914</u></b>	(21.45) %

***Budgeting Highlights - General Fund***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). 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. In the general fund, one of the significant changes was between the original and final budgeted amount in the area of revenues, which increased \$5,365,000 from \$161,654,200 to \$167,019,200. Actual revenues of \$166,070,839 were lower than final budgeted revenues by \$948,361. The most significant change was between the final budgeted expenditures and actual expenditures. Actual expenditures came in \$6,210,588 lower than the final budgeted amounts.

***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 are interfund eliminations between proprietary funds. The only interfund activities 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.



**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
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**Capital Assets and Debt Administration**

**Capital Assets**

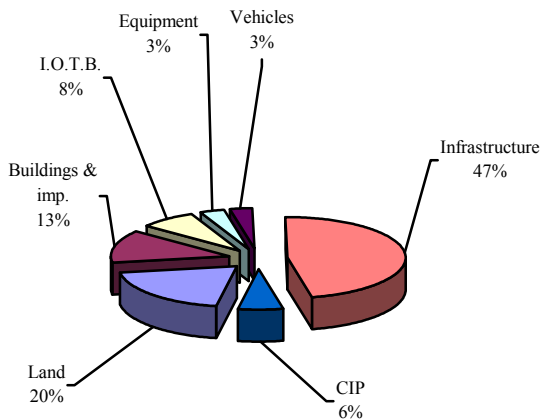
At the end of fiscal 2004, the City had \$711,950,371 (net of accumulated depreciation) invested in land, buildings and improvements, improvements other than buildings, equipment, vehicles, infrastructure and construction in progress (CIP). Of this total, \$286,424,283 was reported in governmental activities and \$425,526,088 was reported in business-type activities. See Note 10 in the basic financial statements for additional capital asset disclosure. The following table shows fiscal 2004 balances compared to 2003:

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

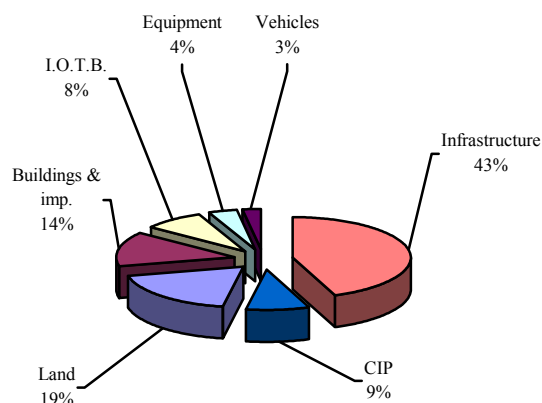
	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>	Business-Type Activities <u>2004</u>	Business-Type Activities <u>2003</u>	Total <u>2004</u>	Total <u>2003</u>
Land	\$ 56,366,622	\$ 50,694,937	\$ 37,785,039	\$ 37,076,438	\$ 94,151,661	\$ 87,771,375
Buildings and improvements	37,476,314	36,933,640	88,304,489	89,974,886	125,780,803	126,908,526
Improvements other than buildings	22,376,504	22,923,262	243,679,130	247,680,217	266,055,634	270,603,479
Equipment	9,797,365	10,458,724	3,756,216	4,114,991	13,553,581	14,573,715
Vehicles	8,136,640	6,857,016	12,659,963	12,308,753	20,796,603	19,165,769
Infrastructure	134,372,592	119,034,857	-	-	134,372,592	119,034,857
Construction in progress	<u>17,898,246</u>	<u>23,471,084</u>	<u>39,341,251</u>	<u>25,322,441</u>	<u>57,239,497</u>	<u>48,793,525</u>
Total	<u>\$ 286,424,283</u>	<u>\$ 270,373,520</u>	<u>\$ 425,526,088</u>	<u>\$ 416,477,726</u>	<u>\$ 711,950,371</u>	<u>\$ 686,851,246</u>

The following graphs show the breakdown of governmental capital assets by category for 2004 and 2003.

**Capital Assets - Governmental Activities 2004**



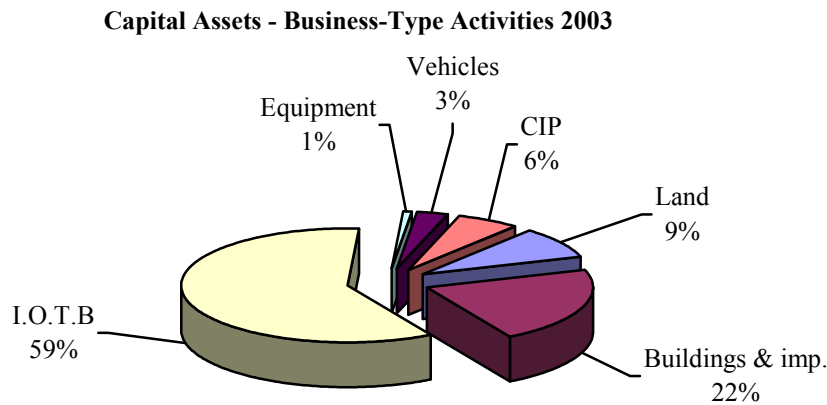
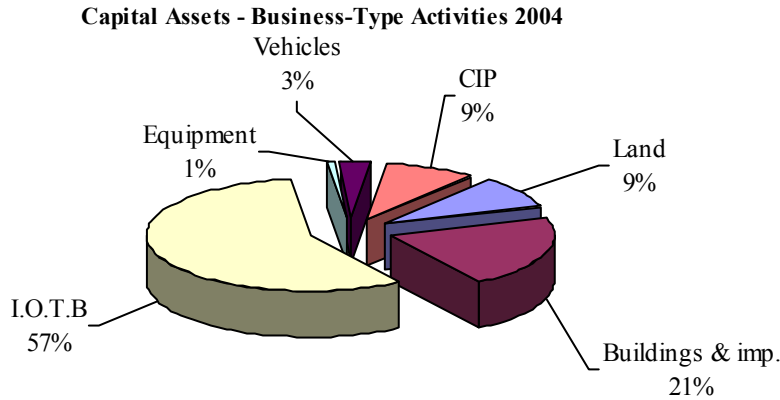
**Capital Assets - Governmental Activities 2003**



The City's largest capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks, curbs, annexed roadways, right-of-way, street lighting, and traffic signals. 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 47% of the City's total governmental capital assets.

**CITY OF DAYTON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**  
**UNAUDITED**

The following graphs show the breakdown of business-type capital assets by category for 2004 and 2003.



The City's largest business-type capital asset category is improvements other than buildings (I.O.T.B) which primarily includes runways for the airport, water lines, sewer lines and storm water catch basins. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's I.O.T.B (cost less accumulated depreciation) represents approximately 57% of the City's total business-type capital assets.

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2004 and 2003:

	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>
General obligation bonds	\$ 62,429,997	\$ 58,635,798
Revenue bonds	11,385,000	11,790,000
Special assessment bonds	<u>1,244,721</u>	<u>1,095,285</u>
Total bonds	<u>75,059,718</u>	<u>71,521,083</u>
Capital lease obligations	<u>3,730,742</u>	<u>332,660</u>
Total long-term obligations	<u>\$ 78,790,460</u>	<u>\$ 71,853,743</u>

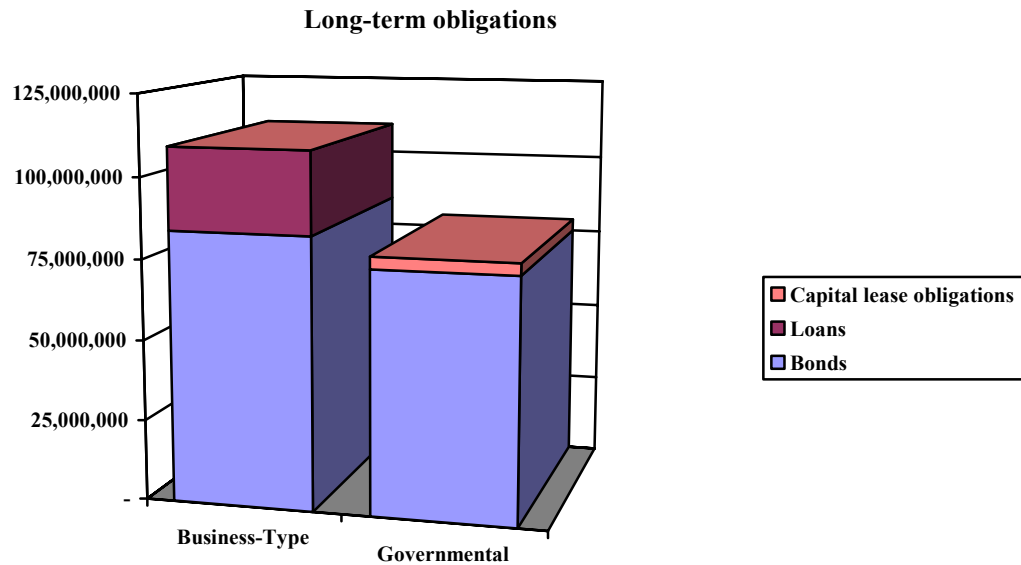
**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004  
UNAUDITED**

	Business-type Activities <u>2004</u>	Business-type Activities <u>2003</u>
General obligation bonds	\$ 2,640,003	\$ 3,104,190
Revenue bonds	<u>81,455,000</u>	<u>89,345,000</u>
Total bonds	<u>84,095,003</u>	<u>92,449,190</u>
OWDA loans	24,529,685	27,401,011
OPWC loans	<u>800,000</u>	<u>850,000</u>
Total loans	<u>25,329,685</u>	<u>28,251,011</u>
Capital lease obligations	<u>-</u>	<u>110,127</u>
Total long-term obligations	<u><u>\$ 109,424,688</u></u>	<u><u>\$120,810,328</u></u>

See Notes 11, 12 and 13 in the basic financial statements for additional disclosures and detail regarding the City's debt activity.

A comparison of the long-term obligations by category is depicted in the chart below.



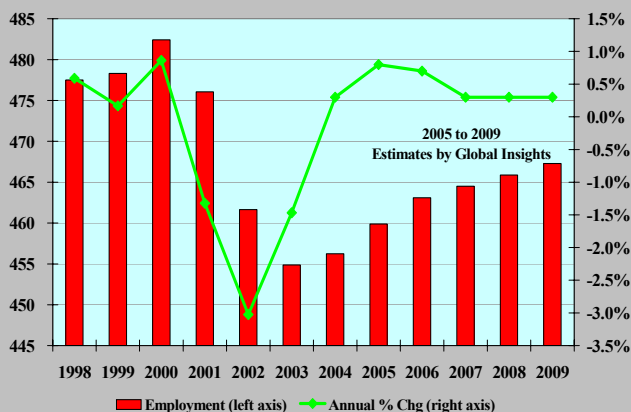
**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004  
UNAUDITED**

**Economic Factors and the 2005 Budget**

The national economy has enjoyed three years of solid economic growth as evidenced by the \$1.4 trillion increase in national income and 9.6% climb in real output. Yet, what is true of the whole is not necessarily true of its constituent parts. The Wall Street Journal noted this divide in its March 14, 2005 article entitled "Ohio Offers Clues on Cause of Low Growth". Statistics suggest that the Ohio economy is a major laggard with respect to job growth. In fact, by end of 2004, the national economy had all but erased the 2.7 million jobs lost during the economic downturn. The state of Ohio did not fare as well; total employment fell by 249,000 from June of 2000 until November of 2004. Since that time, the state has managed to restore only 11% of the jobs lost. For the Dayton region, only 15% of the jobs lost during the recession were added back.

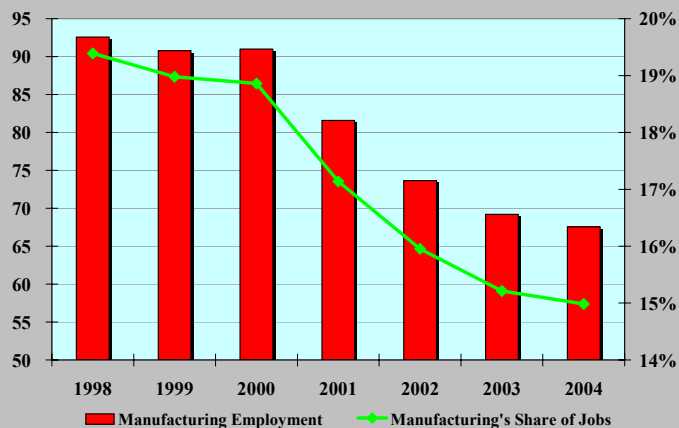
**Dayton-Springfield MSA Employment**  
(in thousands)



In a study commissioned by the U.S. Conference of Mayors, the pre-eminent economic forecasting firm Global Insights projected that employment in the Dayton region would grow by 0.8% in 2005 and by 0.7% in the year after. Over the next 5 years, employment would grow at an average rate of just 0.3% annually and would not eclipse pre-recession levels until after 2009. Announcements, such as the one recently made by UPS that it will close its Dayton Hub idling 1,400 workers, provide names and faces to these abstract statistics.

Dayton's long heralded prominence in manufacturing is a strong contributing factor to its economic doldrums. With GM and its major parts manufacturer, Delphi Automotive, struggling with profitability, the future of the local manufacturing sector is of great concern. In fact, from 1998 to 2004, the Dayton region lost a total of 25,000 manufacturing jobs, representing a 27% decline in manufacturing employment. The percentage of workers employed in the manufacturing sector fell from 19.4% in 1998 to 15% in 2004. Even before the economic downturn, in fact for the last three decades, Dayton has seen dramatic declines in its traditional manufacturing base. Technology-driven productivity improvements along with competition underlie these changes. According to Cleveland State economist, Edward Hill, output per manufacturing employee more than doubled from 1983 to 2003; consequently, it would take half as many employees to produce the same level of output. And of course, there is the issue of off-shoring. With wages in Mexico and China at a fraction of the cost in the U.S., many manufacturing firms have moved their production facilities off-shore.

**Dayton-Springfield MSA  
Manufacturing's Share of Employment**  
(Not Seasonally Adjusted, In Thousands)



## CITY OF DAYTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004 UNAUDITED

But it is not just the fact that Dayton has a proportionately larger concentration in manufacturing. It is also the case that the type of goods manufactured in Ohio and in the Dayton region, specifically, belong to the same industry groups that are most sensitive to import pressure. Among these vulnerable groups is auto parts. At the same time that benefit costs have skyrocketed, many firms have improved their operating margins by substituting the foreign production of goods for those previously produced domestically. And although the falling dollar has helped to bolster U.S. exports abroad, the fact that the Chinese yuan is pegged to the dollar, means that there has been little effect on trade flows between the two countries.

Though not directly under their control, the City Commission and administration are responding to the changing economy in many ways. To be sure, the protracted economic downturn has dealt a serious blow to the City of Dayton and its tax base. General Fund revenues in 2004 have fallen to levels not seen since 1999, despite the introduction of over \$7 million in new and enhanced sources. Yet, the City Commission has remained resolute in dealing with these fiscal challenges by cutting tens of millions of dollars in expenditures while at the same time investing in the future of the City. Procuring abandoned and dilapidated factories and redeveloping them for appropriate re-use like what is being done at Tech Town is just one example. The Tech Town concept incorporates a high-tech business district with unique housing and a variety of leisure options. The district will serve as a setting where business, academia and government can work together strategically to build the region's economic infrastructure.

The City's vision is not limited just to Tech Town. Dayton can be proud of progress in many areas, especially housing development, improved neighborhoods and downtown revitalization. The City with its sizable infrastructure including public facilities, parks, roads and bridges, is the urban core and central city of the region. The City is also the employment and entertainment hub assimilating some 80,000 to 100,000 daily commuters and entertainment goers. Dayton is home to about 17% of the region's population while hosting nearly 26% of the region's employment base.

As we advance into the 21<sup>st</sup> century, the City is forging ahead with the same spirit that inspired the great Daytonians of the 20<sup>th</sup> century. Our economy is in transition and the path to the future is marked with both opportunities and threats. Recognizing these challenges, an 18-member committee of business, civic and union leaders along with City administration officials was convened and charged with developing a multi-year plan to strengthen the City's financial position. Rather than approaching the City's fiscal challenges in one year increments through the annual budget cycle, a Strategic Financial Plan is being crafted that will address the structural imbalance between revenue and expenditures. Additionally, the plan will incorporate funding priorities, which include increasing the efficiency of service delivery through technology as well as continued investment in capital infrastructure, economic and neighborhood development. City leadership is not sitting by idly; rather, together with its many partners it is proactively shaping a brighter tomorrow.

#### **Contacting the City's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Cheryl Garrett, Finance Director, City of Dayton, 101 West Third Street, P.O. box 22, Dayton, OH 45401-0022, or visit our website at [www.ci.dayton.oh.us](http://www.ci.dayton.oh.us).

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BASIC  
FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 84,482,687	\$ 101,005,190	\$ 185,487,877	\$ 1,280,164
Cash and cash equivalents in segregated accounts. . . . .	26,046	-	26,046	-
Investments . . . . .	84,746	-	84,746	1,020,822
Receivables (net of allowances for uncollectibles):				
Property and other local taxes. . . . .	21,664,854	-	21,664,854	-
Municipal income taxes . . . . .	13,503,531	-	13,503,531	-
Accounts . . . . .	3,410,979	17,851,987	21,262,966	158,761
Contracts . . . . .	-	-	-	378,852
Special assessments. . . . .	2,059,557	902,192	2,961,749	-
Accrued interest . . . . .	694,809	781,572	1,476,381	1,952,419
Loans. . . . .	8,400,000	-	8,400,000	22,159,585
Other . . . . .	-	-	-	76,428
Internal balances. . . . .	(870,970)	870,970	-	-
Due from other governments . . . . .	19,136,407	770,323	19,906,730	-
Prepayments. . . . .	763,933	126,517	890,450	88,828
Materials and supplies inventory. . . . .	-	1,220,652	1,220,652	-
Inventory held for resale . . . . .	771,639	-	771,639	-
Other assets . . . . .	-	-	-	10,704
Deferred charges. . . . .	193,064	2,761,596	2,954,660	-
Advances to component unit. . . . .	12,085,665	2,801,458	14,887,123	-
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	-	8,042,386	8,042,386	-
Cash with fiscal and escrow agents . . . . .	408,991	3,745,798	4,154,789	-
Cash and cash equivalents in segregated accounts . . . . .	-	-	-	1,782,626
Equity investments. . . . .	-	-	-	2,133,388
Deferred bond costs . . . . .	-	-	-	354,571
Judgements receivable . . . . .	-	90,000	90,000	-
Capital assets:				
Land and construction in progress. . . . .	74,264,868	77,126,290	151,391,158	-
Depreciable capital assets, net . . . . .	212,159,415	348,399,798	560,559,213	26,872,545
Total capital assets. . . . .	<u>286,424,283</u>	<u>425,526,088</u>	<u>711,950,371</u>	<u>26,872,545</u>
Total assets. . . . .	<u>453,240,221</u>	<u>566,496,729</u>	<u>1,019,736,950</u>	<u>58,269,693</u>

-- Continued

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF DAYTON, OHIO**

STATEMENT OF NET ASSETS (CONTINUED)  
DECEMBER 31, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities:</b>				
Accounts payable . . . . .	4,017,339	3,451,139	7,468,478	3,055,608
Contracts payable . . . . .	1,690,952	4,182,403	5,873,355	-
Accrued wages and benefits . . . . .	4,002,755	1,418,343	5,421,098	-
Retainage payable . . . . .	187,672	348,923	536,595	-
Grants payable . . . . .	-	-	-	415,410
Due to other governments . . . . .	3,545,157	660,687	4,205,844	-
Deferred revenue . . . . .	18,344,282	-	18,344,282	-
Accrued interest payable . . . . .	296,452	826,337	1,122,789	85,016
Accrued liabilities and other payables . . . . .	-	-	-	761,282
Advances from primary government . . . . .	-	-	-	14,887,123
Notes payable . . . . .	52,688	9,350,000	9,402,688	-
Payable from restricted assets:				
Utility deposits . . . . .	-	42,386	42,386	-
Accrued interest payable . . . . .	-	286,225	286,225	-
Long-term liabilities:				
Due within one year . . . . .	13,019,976	12,792,065	25,812,041	1,305,992
Due in more than one year . . . . .	87,551,514	96,944,699	184,496,213	21,079,722
<b>Total liabilities . . . . .</b>	<b>132,708,787</b>	<b>130,303,207</b>	<b>263,011,994</b>	<b>41,590,153</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt . . . . .	207,581,135	309,060,125	516,641,260	6,848,059
Restricted for:				
Capital projects . . . . .	24,951,149	-	24,951,149	-
Debt service . . . . .	19,104,132	-	19,104,132	-
Housing and urban development . . . . .	4,634,020	-	4,634,020	-
Special projects . . . . .	7,769,565	-	7,769,565	-
Bond proceeds restricted for construction . . . . .	-	-	-	1,846,719
Other purposes . . . . .	6,983,806	-	6,983,806	-
Unrestricted . . . . .	49,507,627	127,133,397	176,641,024	7,984,762
<b>Total net assets . . . . .</b>	<b>\$ 320,531,434</b>	<b>\$ 436,193,522</b>	<b>\$ 756,724,956</b>	<b>\$ 16,679,540</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Program Revenues</b>			
<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Downtown . . . . .	\$ 5,031,993	\$ 504,472	\$ 737	\$ -
Youth, education and human services . . . . .	2,208,479	29,987	1,806,955	-
Community development and neighborhoods . . . . .	20,163,040	1,762,861	7,316,426	-
Economic development . . . . .	6,411,508	1,689,779	1,087,822	1,063,955
Leadership and quality of life . . . . .	45,891,870	6,769,017	7,289,249	8,491,921
Corporate responsibility . . . . .	15,950,738	2,203,013	211,944	-
Public safety and justice . . . . .	92,954,582	15,049,321	1,076,856	-
Other . . . . .	507,896	51,096	-	-
Interest and fiscal charges . . . . .	3,944,038	463,975	-	48,535
Total governmental activities . . . . .	193,064,144	28,523,521	18,789,989	9,604,411
<b>Business-type Activities:</b>				
Dayton International Airport . . . . .	39,961,191	42,943,773	-	14,794,084
Water . . . . .	47,152,642	37,709,426	-	-
Sewer . . . . .	28,903,051	28,143,643	-	-
Other enterprise funds:				
Golf . . . . .	2,472,685	4,273,982	-	-
Storm Water . . . . .	3,983,545	2,785,709	-	-
Total business-type activities . . . . .	122,473,114	115,856,533	-	14,794,084
Total primary government . . . . .	<u>\$ 315,537,258</u>	<u>\$ 144,380,054</u>	<u>\$ 18,789,989</u>	<u>\$ 24,398,495</u>
<b>Component Unit:</b>				
CityWide Development Corporation . . . . .	\$ 8,053,995	\$ 4,729,113	\$ -	\$ 113,671

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	. . . . .
Debt service . . . . .	. . . . .
Special purposes . . . . .	. . . . .
Capital projects . . . . .	. . . . .
Income taxes levied for:	
General purposes . . . . .	. . . . .
Grants and entitlements not restricted to specific programs . . . . .	
Investment earnings . . . . .	
Interest rate swap mark-to-market adjustment . . . . .	
Miscellaneous . . . . .	
Total general revenues . . . . .	. . . . .

**Special item:**

Gain on sale of capital assets . . . . .	. . . . .
Total general revenues and special items . . . . .	. . . . .

Change in net assets . . . . .

**Net assets, January 1 (restated)** . . . . .

**Net assets, December 31** . . . . .

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (4,526,784)	\$ -	\$ (4,526,784)	\$ -
(371,537)	-	(371,537)	-
(11,083,753)	-	(11,083,753)	-
(2,569,952)	-	(2,569,952)	-
(23,341,683)	-	(23,341,683)	-
(13,535,781)	-	(13,535,781)	-
(76,828,405)	-	(76,828,405)	-
(456,800)	-	(456,800)	-
(3,431,528)	-	(3,431,528)	-
<u>(136,146,223)</u>	<u>-</u>	<u>(136,146,223)</u>	<u>-</u>
-	17,776,666	17,776,666	-
-	(9,443,216)	(9,443,216)	-
-	(759,408)	(759,408)	-
-	1,801,297	1,801,297	-
<u>-</u>	<u>(1,197,836)</u>	<u>(1,197,836)</u>	<u>-</u>
-	8,177,503	8,177,503	-
<u>(136,146,223)</u>	<u>8,177,503</u>	<u>(127,968,720)</u>	<u>-</u>
-	-	-	<u>(3,211,211)</u>
9,385,540	-	9,385,540	-
1,262,439	-	1,262,439	-
303,527	-	303,527	-
8,545,085	-	8,545,085	-
108,438,846	-	108,438,846	-
20,377,849	-	20,377,849	-
1,706,199	1,032,922	2,739,121	206,885
-	-	-	884
1,984,048	-	1,984,048	-
<u>152,003,533</u>	<u>1,032,922</u>	<u>153,036,455</u>	<u>207,769</u>
781,586	-	781,586	-
<u>152,785,119</u>	<u>1,032,922</u>	<u>153,818,041</u>	<u>207,769</u>
16,638,896	9,210,425	25,849,321	(3,003,442)
<u>303,892,538</u>	<u>426,983,097</u>	<u>730,875,635</u>	<u>19,682,982</u>
<u>\$ 320,531,434</u>	<u>\$ 436,193,522</u>	<u>\$ 756,724,956</u>	<u>\$ 16,679,540</u>

**CITY OF DAYTON, OHIO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2004**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 27,207,589	\$ 6,543,012	\$ 13,328,450	\$ 12,649,908	\$ 59,728,959
Cash and cash equivalents in segregated accounts. . .	-	-	-	26,046	26,046
Investments . . . . .	-	-	-	84,746	84,746
Receivables (net of allowance for uncollectibles):					
Property and other local taxes. . . . .	10,846,386	10,102,493	-	715,975	21,664,854
Municipal income taxes. . . . .	13,503,531	-	-	-	13,503,531
Accounts . . . . .	3,176,918	-	-	195,117	3,372,035
Special assessments. . . . .	-	1,747,569	-	311,988	2,059,557
Accrued interest . . . . .	642,841	-	42,652	9,316	694,809
Loans . . . . .	-	8,400,000	-	-	8,400,000
Interfund loans . . . . .	1,183,320	-	-	-	1,183,320
Prepayments. . . . .	759,288	-	267	963	760,518
Due from other funds . . . . .	41,755	-	-	-	41,755
Due from other governments . . . . .	8,382,599	486,374	5,013,688	5,253,746	19,136,407
Advances to component unit . . . . .	-	-	6,631,709	5,453,956	12,085,665
Restricted assets:					
Cash and cash equivalents with fiscal agents . . .	-	408,991	-	-	408,991
<b>Total assets . . . . .</b>	<b><u>\$ 65,744,227</u></b>	<b><u>\$ 27,688,439</u></b>	<b><u>\$ 25,016,766</u></b>	<b><u>\$ 24,701,761</u></b>	<b><u>\$ 143,151,193</u></b>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 2,601,890	\$ 15,667	\$ 128,961	\$ 1,073,991	\$ 3,820,509
Contracts payable . . . . .	240,213	-	501,785	948,954	1,690,952
Accrued wages and benefits. . . . .	3,370,547	2,943	17,883	458,476	3,849,849
Compensated absences payable. . . . .	124,369	-	-	-	124,369
Retainage payable. . . . .	-	-	150,430	37,242	187,672
Due to other funds . . . . .	423,634	-	312	130,187	554,133
Due to other governments. . . . .	3,524,027	-	-	21,130	3,545,157
Interfund payable . . . . .	-	-	-	1,183,320	1,183,320
Notes payable . . . . .	-	-	52,688	-	52,688
Claims payable . . . . .	104,849	-	-	-	104,849
Judgements payable. . . . .	3,811	-	-	-	3,811
Deferred revenue . . . . .	18,943,280	12,336,436	39,857	2,541,746	33,861,319
<b>Total liabilities . . . . .</b>	<b><u>29,336,620</u></b>	<b><u>12,355,046</u></b>	<b><u>891,916</u></b>	<b><u>6,395,046</u></b>	<b><u>48,978,628</u></b>
<b>Fund Balances:</b>					
Reserved for encumbrances. . . . .	3,188,229	37,704	16,576,846	7,154,070	26,956,849
Reserved for prepayments . . . . .	759,288	-	267	963	760,518
Reserved for claimants . . . . .	503,676	-	-	-	503,676
Reserved for advances to component unit. . . . .	-	-	6,631,709	5,453,956	12,085,665
Reserved for debt service. . . . .	-	6,895,689	-	-	6,895,689
Reserved for contributions to permanent fund . . . .	-	-	-	102,228	102,228
Reserved for loans . . . . .	-	8,400,000	-	-	8,400,000
Unreserved, designated for, reported in:					
General fund . . . . .	2,161,198	-	-	-	2,161,198
Special revenue funds. . . . .	-	-	-	400,000	400,000
Unreserved, undesignated, reported in:					
General fund . . . . .	29,795,216	-	-	-	29,795,216
Special revenue funds . . . . .	-	-	-	4,402,528	4,402,528
Permanent fund . . . . .	-	-	-	53,439	53,439
Capital projects funds . . . . .	-	-	916,028	739,531	1,655,559
<b>Total fund balances . . . . .</b>	<b><u>36,407,607</u></b>	<b><u>15,333,393</u></b>	<b><u>24,124,850</u></b>	<b><u>18,306,715</u></b>	<b><u>94,172,565</u></b>
<b>Total liabilities and fund balances . . . . .</b>	<b><u>\$ 65,744,227</u></b>	<b><u>\$ 27,688,439</u></b>	<b><u>\$ 25,016,766</u></b>	<b><u>\$ 24,701,761</u></b>	<b><u>\$ 143,151,193</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2004

**Total governmental fund balances** \$ 94,172,565

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

Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds. 285,089,920

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

Property taxes	\$	3,290,783
Income tax		1,527,325
Special assessments		2,059,557
State shared taxes		5,421,592
Charges for services		1,479,434
Accrued interest		649,284
Intergovernmental revenues		<u>1,089,062</u>

Total 15,517,037

Unamortized premiums on bond issuance is not recognized in the funds. (236,604)

Unamortized bond issuance costs are not recognized in the funds. 193,064

Internal service funds are used by management to charge the costs of fleet management, fire fleet management, stores and reproduction, workers' compensation, and plumbing to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net assets of the internal service funds, including internal balances of \$(1,060,635), are: 14,936,363

Long-term liabilities, including bonds, accrued interest, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable		296,452
Special assessment bonds		1,244,721
General obligation bonds		62,429,997
Revenue bonds		11,385,000
Compensated absences		10,249,457
Capital lease payable		<u>3,535,284</u>

Total (89,140,911)

**Net assets of governmental activities** \$ 320,531,434

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>General</b>	<b>Debt Service</b>	<b>Capital Improvement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Municipal income taxes . . . . .	\$ 107,737,232	\$ -	\$ -	\$ -	\$ 107,737,232
Property and other taxes . . . . .	9,664,733	324,391	9,067,071	609,449	19,665,644
State shared taxes . . . . .	17,544,746	-	-	4,978,757	22,523,503
Charges for services . . . . .	18,261,799	-	352,486	1,681,590	20,295,875
Licenses and permits . . . . .	1,750,643	-	66,579	-	1,817,222
Fines and forfeitures . . . . .	1,535,094	-	-	297,616	1,832,710
Intergovernmental . . . . .	1,579,154	974,855	8,108,424	14,671,019	25,333,452
Special assessments . . . . .	339,721	246,528	383,497	64,669	1,034,415
Investment income . . . . .	2,286,681	-	-	2,222	2,288,903
Increase in FMV of investments . . . . .	-	-	-	14,276	14,276
Other . . . . .	1,831,690	150,000	560,484	2,210,919	4,753,093
<b>Total revenues . . . . .</b>	<b>162,531,493</b>	<b>1,695,774</b>	<b>18,538,541</b>	<b>24,530,517</b>	<b>207,296,325</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Downtown . . . . .	3,606,582	560,000	-	825	4,167,407
Youth, education and human services . . . . .	214,881	-	-	2,022,349	2,237,230
Community development and neighborhoods . . . . .	11,248,295	-	312	9,063,068	20,311,675
Economic development . . . . .	2,739,633	-	-	3,670,740	6,410,373
Leadership and quality of life . . . . .	28,193,800	6,922	53	13,119,000	41,319,775
Corporate responsibility . . . . .	13,944,134	345,442	-	580,713	14,870,289
Public safety and justice . . . . .	90,124,997	-	-	2,548,275	92,673,272
Other . . . . .	366,142	123,982	-	16,766	506,890
Capital outlay . . . . .	-	-	17,055,356	6,291,109	23,346,465
<b>Debt service:</b>					
Principal retirement . . . . .	34,427	8,192,386	-	1,002,000	9,228,813
Interest and fiscal charges . . . . .	250	3,849,379	85,388	27,929	3,962,946
Bond issuance costs . . . . .	-	199,535	-	-	199,535
<b>Total expenditures . . . . .</b>	<b>150,473,141</b>	<b>13,277,646</b>	<b>17,141,109</b>	<b>38,342,774</b>	<b>219,234,670</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	12,058,352	(11,581,872)	1,397,432	(13,812,257)	(11,938,345)
<b>Other financing sources (uses):</b>					
Sale of capital assets . . . . .	-	100,000	183,797	541,052	824,849
Bonds issued . . . . .	-	8,731,021	3,000,000	-	11,731,021
Premium on bonds sold . . . . .	-	244,535	-	-	244,535
Capital lease transactions . . . . .	-	-	-	4,500,000	4,500,000
Transfers in . . . . .	-	-	6,574,500	8,675,026	15,249,526
Transfers out . . . . .	(15,349,526)	-	-	-	(15,349,526)
<b>Total other financing sources (uses) . . . . .</b>	<b>(15,349,526)</b>	<b>9,075,556</b>	<b>9,758,297</b>	<b>13,716,078</b>	<b>17,200,405</b>
Net change in fund balances . . . . .	(3,291,174)	(2,506,316)	11,155,729	(96,179)	5,262,060
<b>Fund balances at beginning of year (restated) . . . . .</b>	<b>39,698,781</b>	<b>17,839,709</b>	<b>12,969,121</b>	<b>18,402,894</b>	<b>88,910,505</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 36,407,607</b>	<b>\$ 15,333,393</b>	<b>\$ 24,124,850</b>	<b>\$ 18,306,715</b>	<b>\$ 94,172,565</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, 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, 2004

<b>Net change in fund balances - total governmental funds</b>	\$ 5,262,060
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$24,327,555) exceeded depreciation expense (\$8,955,189) in the current period.	15,372,366
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(43,263)
Premiums on debt issuances are recongnized as revenues in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities.	(236,604)
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities.	193,064
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,625,129
Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(16,231,021)
Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	9,228,813
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	35,957
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.	(496,614)
Internal service funds used by management to charge the costs of fleet management, fire fleet management, stores and reproduction, worker's compensation, and plumbing to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service funds revenues are eliminated. The net revenue (expense) of the internal service funds including internal balances of \$(302,845), is allocated among the governmental activities.	1,929,009
<b>Change in net assets of governmental activities</b>	<u><u>\$ 16,638,896</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, 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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Municipal income taxes . . . . .	\$ 108,211,000	\$ 109,481,600	\$ 108,794,693	\$ (686,907)
Property and other local taxes . . . . .	10,873,700	10,762,200	10,905,262	143,062
State shared taxes . . . . .	15,344,900	17,483,100	17,558,581	75,481
Charges for services . . . . .	17,849,200	18,510,200	18,987,857	477,657
Licenses and permits. . . . .	1,589,100	2,000,100	1,750,643	(249,457)
Fines and forfeitures. . . . .	1,615,000	1,617,400	1,558,903	(58,497)
Special assessments . . . . .	-	319,800	339,720	19,920
Investment income . . . . .	3,728,300	4,160,600	3,663,909	(496,691)
Other . . . . .	2,443,000	2,684,200	2,511,271	(172,929)
Total revenues. . . . .	<u>161,654,200</u>	<u>167,019,200</u>	<u>166,070,839</u>	<u>(948,361)</u>
<b>Expenditures:</b>				
Current:				
Downtown . . . . .	3,657,490	3,647,879	3,503,840	144,039
Youth, education and human services. . . . .	239,962	239,331	229,881	9,450
Community development and neighborhoods. . . . .	11,396,001	11,366,055	10,917,259	448,796
Economic development . . . . .	2,827,707	2,820,276	2,708,916	111,360
Leadership and quality of life . . . . .	28,385,490	28,310,901	27,193,027	1,117,874
Corporate responsibility. . . . .	15,174,093	15,134,219	14,536,635	597,584
Public safety and justice . . . . .	95,449,634	95,198,816	91,439,831	3,758,985
Other . . . . .	571,323	569,823	547,323	22,500
Total expenditures. . . . .	<u>157,701,700</u>	<u>157,287,300</u>	<u>151,076,712</u>	<u>6,210,588</u>
Excess of revenues over expenditures. . . . .	<u>3,952,500</u>	<u>9,731,900</u>	<u>14,994,127</u>	<u>5,262,227</u>
<b>Other financing uses:</b>				
Transfers in . . . . .	677,700	124,224	124,224	-
Transfers out . . . . .	(10,683,400)	(19,626,700)	(15,349,527)	4,277,173
Total other financing uses . . . . .	<u>(10,005,700)</u>	<u>(19,502,476)</u>	<u>(15,225,303)</u>	<u>4,277,173</u>
Net change in fund balance. . . . .	(6,053,200)	(9,770,576)	(231,176)	9,539,400
<b>Fund balance at beginning of year (restated). . . . .</b>	18,420,816	18,420,816	18,420,816	-
<b>Prior year encumbrances appropriated. . . . .</b>	4,603,923	4,603,923	4,603,923	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ 16,971,539</u>	<u>\$ 13,254,163</u>	<u>\$ 22,793,563</u>	<u>\$ 9,539,400</u>



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**CITY OF DAYTON, OHIO**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2004

	<b>Business-type Activities -</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and cash equivalents . . . . .	\$ 46,321,119	\$ 24,482,038	\$ 28,842,574
Receivables (net of allowance for uncollectibles):			
Special Assessments . . . . .	-	-	902,192
Accounts . . . . .	5,246,204	5,852,117	5,276,039
Accrued interest . . . . .	221,125	340,344	220,103
Due from other funds . . . . .	-	3,980,219	56,134
Due from other governments . . . . .	615,382	-	98,981
Prepayments . . . . .	75,788	50,729	-
Materials and supplies inventory . . . . .	20,571	1,200,081	-
Inventory held for resale . . . . .	-	-	-
Advances to component unit . . . . .	-	2,801,458	-
Restricted assets:			
Equity in pooled cash and cash equivalents . . . . .	-	8,042,386	-
Cash with fiscal and escrow agents . . . . .	3,728,581	17,217	-
Total current assets	<u>56,228,770</u>	<u>46,766,589</u>	<u>35,396,023</u>
Noncurrent assets:			
Judgment receivable . . . . .	-	90,000	-
Unamortized bond issuance costs . . . . .	2,560,465	162,035	-
Capital assets:			
Land and construction in progress . . . . .	54,421,797	15,637,250	6,268,878
Depreciable capital assets, net . . . . .	130,116,919	105,877,010	96,802,104
Total capital assets . . . . .	<u>184,538,716</u>	<u>121,514,260</u>	<u>103,070,982</u>
Total noncurrent assets	<u>187,099,181</u>	<u>121,766,295</u>	<u>103,070,982</u>
Total assets . . . . .	<u>243,327,951</u>	<u>168,532,884</u>	<u>138,467,005</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Other Enterprise</b>	<b>Total</b>	
\$ 1,359,459	\$ 101,005,190	\$ 24,753,728
-	902,192	-
1,477,627	17,851,987	38,944
-	781,572	-
14,906	4,051,259	704,280
55,960	770,323	-
-	126,517	3,415
-	1,220,652	-
-	-	771,639
-	2,801,458	-
-	8,042,386	-
-	3,745,798	-
<u>2,907,952</u>	<u>141,299,334</u>	<u>26,272,006</u>
-	90,000	-
39,096	2,761,596	-
798,365	77,126,290	75,000
<u>15,603,765</u>	<u>348,399,798</u>	<u>1,259,363</u>
<u>16,402,130</u>	<u>425,526,088</u>	<u>1,334,363</u>
<u>16,441,226</u>	<u>428,377,684</u>	<u>1,334,363</u>
<u>19,349,178</u>	<u>569,677,018</u>	<u>27,606,369</u>

- - Continued

**CITY OF DAYTON, OHIO**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS (CONTINUED)  
 DECEMBER 31, 2004

	<b>Business-type Activities</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable . . . . .	1,039,828	1,700,740	667,069
Contracts payable . . . . .	3,200,034	410,003	554,894
Accrued wages and benefits . . . . .	516,878	612,822	209,656
Compensated absences - current . . . . .	239,271	350,762	157,440
Retainage payable . . . . .	289,577	17,563	41,783
Accrued interest payable . . . . .	92,055	-	726,098
Due to other funds . . . . .	81,694	96,974	3,384,043
Due to other governments . . . . .	517,074	138,890	4,230
Claims payable - current . . . . .	-	-	-
General obligation notes payable . . . . .	9,350,000	-	-
General obligation bonds payable - current . . . . .	-	-	-
OWPC loan payable - current . . . . .	-	-	50,000
OWDA loan payable - current . . . . .	-	-	2,962,995
Capital lease payable - current . . . . .	-	-	-
Payable from restricted assets:			
Utility deposits . . . . .	-	42,386	-
Accrued interest payable . . . . .	229,627	56,598	-
Revenue bonds - current . . . . .	3,005,000	5,620,000	-
Total current liabilities . . . . .	<u>18,561,038</u>	<u>9,046,738</u>	<u>8,758,208</u>
Noncurrent liabilities:			
Compensated absences . . . . .	538,339	789,187	354,228
Claims payable . . . . .	-	-	-
General obligation bonds payable . . . . .	59,640,625	-	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding) . . . . .	-	10,870,650	-
OPWC loan payable . . . . .	-	-	750,000
OWDA loan payable . . . . .	-	-	21,576,690
Capital lease obligation . . . . .	-	-	-
Total noncurrent liabilities . . . . .	<u>60,178,964</u>	<u>11,659,837</u>	<u>22,680,918</u>
Total liabilities . . . . .	<u>78,740,002</u>	<u>20,706,575</u>	<u>31,439,126</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt . . . . .	112,517,682	105,023,610	77,731,297
Unrestricted . . . . .	52,070,267	42,802,699	29,296,582
Total net assets . . . . .	<u>\$ 164,587,949</u>	<u>\$ 147,826,309</u>	<u>\$ 107,027,879</u>

Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.

Net assets of business-type activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Enterprise Funds</b>		<b>Governmental</b>
<b>Other</b>		<b>Activities -</b>
<b>Enterprise</b>	<b>Total</b>	<b>Internal</b>
		<b>Service Funds</b>
43,502	3,451,139	196,830
17,472	4,182,403	-
78,987	1,418,343	152,907
58,947	806,421	112,689
-	348,923	-
8,184	826,337	-
678,213	4,240,924	2,237
493	660,687	-
-	-	174,181
-	9,350,000	-
347,649	347,649	-
-	50,000	-
-	2,962,995	-
-	-	70,927
-	42,386	-
-	286,225	-
-	8,625,000	-
<u>1,233,447</u>	<u>37,599,432</u>	<u>709,771</u>
132,627	1,814,380	177,150
-	-	10,597,919
2,292,354	61,932,979	-
-	10,870,650	-
-	750,000	-
-	21,576,690	-
-	-	124,531
<u>2,424,981</u>	<u>96,944,699</u>	<u>10,899,600</u>
<u>3,658,428</u>	<u>134,544,131</u>	<u>11,609,371</u>
13,762,127	309,034,716	1,138,905
1,928,623	126,098,171	14,858,093
<u>\$ 15,690,750</u>	<u>435,132,887</u>	<u>\$ 15,996,998</u>
	<u>1,060,635</u>	
	<u>\$ 436,193,522</u>	

**CITY OF DAYTON, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>Business-type Activities -</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 38,438,018	\$ 34,836,303	\$ 28,143,643
Other . . . . .	4,505,755	2,873,123	-
Total operating revenues . . . . .	<u>42,943,773</u>	<u>37,709,426</u>	<u>28,143,643</u>
<b>Operating expenses:</b>			
Personal services . . . . .	10,917,123	15,725,799	5,821,206
Benefit payments . . . . .	3,550,513	5,273,935	1,955,186
Contractual services . . . . .	8,510,166	7,894,063	8,104,255
Materials and supplies . . . . .	1,528,328	3,776,845	1,448,869
Utilities . . . . .	1,823,061	5,948,471	2,078,552
Cost of sales . . . . .	-	-	-
Depreciation . . . . .	7,283,775	5,585,217	6,956,746
Claims expense . . . . .	-	-	-
Other . . . . .	2,808,091	2,096,381	866,395
Total operating expenses . . . . .	<u>36,421,057</u>	<u>46,300,711</u>	<u>27,231,209</u>
Operating income (loss) . . . . .	<u>6,522,716</u>	<u>(8,591,285)</u>	<u>912,434</u>
<b>Nonoperating revenues (expenses):</b>			
Interest revenue . . . . .	1,032,922	-	-
Interest expense and fiscal charges . . . . .	(3,611,752)	(985,409)	(1,725,355)
Total nonoperating revenues (expenses) . . . . .	<u>(2,578,830)</u>	<u>(985,409)</u>	<u>(1,725,355)</u>
Income (loss) before capital contributions and transfers . . . . .	3,943,886	(9,576,694)	(812,921)
Capital contributions . . . . .	14,794,084	-	-
Transfers in . . . . .	-	-	-
Changes in net assets . . . . .	18,737,970	(9,576,694)	(812,921)
<b>Net assets, January 1 (restated) . . . . .</b>	<u>145,849,979</u>	<u>157,403,003</u>	<u>107,840,800</u>
<b>Net assets, December 31 . . . . .</b>	<u>\$ 164,587,949</u>	<u>\$ 147,826,309</u>	<u>\$ 107,027,879</u>

Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.  
Changes in net assets of business-type activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Other Enterprise</b>	<b>Total</b>	
\$ 7,027,695	\$ 108,445,659	\$ 14,947,704
31,996	7,410,874	80,865
<u>7,059,691</u>	<u>115,856,533</u>	<u>15,028,569</u>
2,873,236	35,337,364	3,884,066
903,301	11,682,935	1,326,811
1,054,065	25,562,549	1,017,130
501,919	7,255,961	479,047
222,797	10,072,881	18,152
-	-	3,189,483
585,297	20,411,035	234,422
-	-	3,585,828
222,078	5,992,945	17,191
<u>6,362,693</u>	<u>116,315,670</u>	<u>13,752,130</u>
<u>696,998</u>	<u>(459,137)</u>	<u>1,276,439</u>
-	1,032,922	-
(137,773)	(6,460,289)	(18,509)
<u>(137,773)</u>	<u>(5,427,367)</u>	<u>(18,509)</u>
559,225	(5,886,504)	1,257,930
-	14,794,084	873,924
-	-	100,000
<u>559,225</u>	<u>8,907,580</u>	<u>2,231,854</u>
<u>15,131,525</u>		<u>13,765,144</u>
<u>\$ 15,690,750</u>		<u>\$ 15,996,998</u>
	<u>302,845</u>	
	<u>\$ 9,210,425</u>	

CITY OF DAYTON, OHIO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>Business-type Activities -</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers . . . . .	\$ 39,350,827	\$ 35,277,855	\$ 27,344,352
Cash received from other operating revenues . . . . .	4,872,796	2,860,895	37,354
Cash payments for personal services . . . . .	(10,725,541)	(15,487,310)	(5,751,582)
Cash payments for fringe benefits . . . . .	(3,503,435)	(5,217,233)	(1,936,661)
Cash payments for contract services. . . . .	(8,861,967)	(4,529,713)	(8,258,451)
Cash payments for materials and supplies. . . . .	(1,533,794)	(7,479,650)	(1,427,146)
Cash payments for cost of goods sold. . . . .	-	-	-
Cash payments for utilities . . . . .	(1,765,939)	(5,753,113)	(2,237,286)
Cash payments for claims . . . . .	-	-	-
Cash payments for other operating expenses . . . . .	(2,473,081)	(2,366,104)	(906,520)
Net cash provided by (used in) operating activities.	<u>15,359,866</u>	<u>(2,694,373)</u>	<u>6,864,060</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from advance to component unit . . . . .	-	472,934	-
Cash payments from advance to component unit . . . . .	-	(44,879)	-
Transfers in. . . . .	-	-	-
Net cash provided by (used in) noncapital financing activities . . . . .	<u>-</u>	<u>428,055</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets . . . . .	(15,196,189)	(7,194,839)	(5,771,323)
Capital contributions . . . . .	17,574,541	-	-
Proceeds from notes . . . . .	9,350,000	-	-
Principal paid on notes . . . . .	(4,850,000)	-	-
Interest paid on notes. . . . .	(97,000)	-	-
Principal paid on bonds. . . . .	(2,485,000)	(5,405,000)	-
Interest paid on bonds . . . . .	(3,196,801)	(893,310)	-
Proceeds from loans . . . . .	-	-	453,006
Principal paid on loans . . . . .	-	-	(3,364,332)
Interest paid on loans. . . . .	-	-	(1,562,095)
Principal paid on capital leases . . . . .	-	-	-
Interest paid on capital leases. . . . .	-	-	-
Net cash provided by (used in) capital and related financing activities . . . . .	<u>1,099,551</u>	<u>(13,493,149)</u>	<u>(10,244,744)</u>
<b>Cash flows from investing activities:</b>			
Interest received . . . . .	1,022,743	-	-
Net cash provide by investing activities . . . . .	<u>1,022,743</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents . . . . .	17,482,160	(15,759,467)	(3,380,684)
<b>Cash and cash equivalents at beginning of year (Restated). . . . .</b>	<u>32,567,540</u>	<u>48,301,108</u>	<u>32,223,258</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u>\$ 50,049,700</u>	<u>\$ 32,541,641</u>	<u>\$ 28,842,574</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Other Enterprise</b>	<b>Total</b>	
\$ 6,301,021	\$ 108,274,055	\$ 14,893,845
18,745	7,789,790	18,314
(2,845,583)	(34,810,016)	(3,832,848)
(901,536)	(11,558,865)	(1,312,183)
(950,937)	(22,601,068)	(843,496)
(559,157)	(10,999,747)	(386,876)
-	-	(3,153,724)
(212,786)	(9,969,124)	(13,837)
-	-	(4,161,382)
(222,591)	(5,968,296)	(17,589)
<u>627,176</u>	<u>20,156,729</u>	<u>1,190,224</u>
-	472,934	(319,229)
-	(44,879)	-
-	-	100,000
-	428,055	(219,229)
(79,943)	(28,242,294)	(82,158)
-	17,574,541	-
-	9,350,000	-
-	(4,850,000)	-
-	(97,000)	-
(464,199)	(8,354,199)	-
(127,953)	(4,218,064)	-
-	453,006	-
-	(3,364,332)	-
-	(1,562,095)	-
(110,127)	(110,127)	(65,491)
(7,337)	(7,337)	(18,509)
<u>(789,559)</u>	<u>(23,427,901)</u>	<u>(166,158)</u>
-	1,022,743	-
-	1,022,743	-
(162,383)	(1,820,374)	804,837
<u>1,521,842</u>	<u>114,613,748</u>	<u>23,948,891</u>
<u>\$ 1,359,459</u>	<u>\$ 112,793,374</u>	<u>\$ 24,753,728</u>

- - continued

**CITY OF DAYTON, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>Business-type Activities -</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss) . . . . .	\$ 6,522,716	\$ (8,591,285)	\$ 912,434
Adjustments:			
Depreciation . . . . .	7,283,775	5,585,217	6,956,746
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable . . . . .	1,592,066	632,609	22,593
Increase in due from other funds . . . . .	-	(270,934)	(56,134)
Increase in prepaid assets . . . . .	(75,788)	(50,729)	-
Increase in special assessments receivable . . . . .	-	-	(902,192)
Increase in due from other governments . . . . .	-	-	(98,981)
Decrease in judgments receivable . . . . .	-	60,000	-
Increase in materials and supplies inventory . . . . .	(5,838)	(161,399)	-
Decrease in inventory held for resale . . . . .	-	-	-
Increase (decrease) in accounts payable . . . . .	(818,070)	570,581	184,026
Increase (decrease) in contracts payable . . . . .	568,975	(294,652)	(659,759)
Increase (decrease) in retainage payable . . . . .	32,626	(95,999)	24,585
Increase in accrued wages and benefits . . . . .	202,183	178,834	63,564
Increase (decrease) in due to other funds . . . . .	45,172	(380,252)	511,987
Increase (decrease) in due to other governments . . . . .	(24,428)	(370)	397
Increase in utility deposits . . . . .	-	7,649	-
Increase (decrease) in compensated absences payable . . . . .	36,477	116,357	(95,206)
Increase in claims payable . . . . .	-	-	-
Net cash provided by (used in) operating activities . . . . .	<u>\$ 15,359,866</u>	<u>\$ (2,694,373)</u>	<u>\$ 6,864,060</u>

**Non-cash transactions:**

During 2004, the Dayton International Airport received \$2,189,924 in capital grants, which was recognized as a receivable in 2003. A receivable in the amount of \$3,090,446 has been recorded for capital grants in 2003.

At December 31, 2003, the Water, Sewer, Dayton International Airport and Storm Water (reported as an other enterprise fund) enterprise funds purchased \$476,588, \$457,836, \$1,139,193 and \$6,715, respectively, in capital assets on account. At December 31, 2004, the Water, Sewer, Dayton International Airport and Storm Water (reported as an other enterprise fund) enterprise funds purchased \$237,244, \$362,019, \$2,554,927 and \$15,434, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Other Enterprise</b>	<b>Total</b>	
\$ 696,998	\$ (459,137)	\$ 1,276,439
585,297	20,411,035	234,422
(680,205)	1,567,063	(30,701)
(14,906)	(341,974)	(85,709)
-	(126,517)	(3,415)
-	(902,192)	-
(55,960)	(154,941)	-
-	60,000	-
-	(167,237)	-
-	-	35,759
(60,002)	(123,465)	(31,894)
3,493	(381,943)	-
2,758	(36,030)	-
13,298	457,879	54,573
119,577	296,484	(509)
14	(24,387)	(2,045,099)
-	7,649	-
16,814	74,442	11,273
-	-	1,775,085
<u>\$ 627,176</u>	<u>\$ 20,156,729</u>	<u>\$ 1,190,224</u>

**CITY OF DAYTON, OHIO**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2004**

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 5,187,087
Cash and cash equivalents with fiscal agent . . . . .	503,399
Investments with fiscal agent . . . . .	1,102,170
Due from other governments. . . . .	<u>762,775</u>
Total assets . . . . .	<u>\$ 7,555,431</u>
<b>Liabilities:</b>	
Due to other governments . . . . .	\$ 1,767,441
Due to others. . . . .	212,061
Withholdings and deposits . . . . .	<u>5,575,929</u>
Total liabilities . . . . .	<u>\$ 7,555,431</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

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## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

#### **NOTE 1 - DESCRIPTION OF THE CITY**

The City of Dayton (the "City") is located in Montgomery County in southwestern Ohio approximately seventy-six miles west of Columbus and fifty-four miles north of Cincinnati. The City charter was approved in 1913 and the City became the first large community in the United States to adopt the Commission-Manager Plan form of government. Subsequent amendments to the charter have been made. Legislative power is vested in a five-member commission, one of the members being the Mayor. The City Manager is the chief executive officer and the head of the administrative agencies of the City. The City Manager appoints all department heads, except the Secretary of the Civil Service Board and the Director of the Human Relations Council, who are appointed by the City Commission.

#### **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 City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply these FASB Statements and Interpretations. 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 of the City are not misleading. The primary government consists of all funds, departments and agencies that are not legally separate from the City. For the City, this includes providing water supply and treatment, sewer and storm water maintenance, wastewater treatment, airport services, fire and emergency medical services, police protection, a convention center, building inspection, neighborhood support, recreation and parks, golf, street and bridge maintenance, waste collection, and a municipal court.

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 their budget, the issuance of their debt or the levying of their taxes for the organization.

Based on the foregoing criteria, the financial activities of the following potential component units have been reflected in the accompanying BFS as follows:

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

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

##### *DISCRETELY PRESENTED COMPONENT UNIT*

The City has included one discretely presented component unit, the CityWide Development Corporation (CWDC), as part of this report. CWDC was established in 1972 as a private, non-profit development organization which supports the City in a number of ways - primarily as its development financing arm. CWDC's relationship with the City is established via its stated mission: fostering economic development through creating and retaining jobs for City residents, providing administrative support to assist in neighborhood development, increasing tax revenues, and improving the Dayton area economy. Because the City appoints all members of CWDC's board of trustees and is empowered to remove them at will, CWDC is a component unit of the City. CWDC issues separately audited financial statements with a December 31 year-end. Its most recently audited financial statements may be obtained from CityWide Development Corporation, 8 North Main Street, Dayton, Ohio 45402-1916. Further disclosures for the discretely presented component unit can be found in Note 22.

##### *BLENDED COMPONENT UNIT*

The City of Dayton Sister City Committee (DSCC) is a blended component unit shown as a special revenue fund of the City of Dayton. The DSCC was created as a not for profit organization under Ohio Revised Code Section 1702.01 in 1966. The DSCC is governed by twenty six committee members, four of which are City of Dayton employees. The Dayton City Commission appoints all board members and provides all financial support or has solicited contributions on behalf of the DSCC. The DSCC provides services solely for the City, including the promotion of youth and adult exchanges, development of business ties and exchanges of professional and cultural programs between the City of Dayton and five other cities around the world. Financial information can be obtained for the DSCC by contacting Marion Sweeney at P.O. Box 97, Dayton, Ohio, 45402-0097.

##### *JOINTLY GOVERNED ORGANIZATIONS*

*Miami Valley Regional Planning Commission* - The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami, and Montgomery Counties, the City of Dayton, City of Riverside, City of New Carlisle, and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the general fund. The City did not contribute to the operation of the Commission during 2004. Financial information can be obtained from Nora Lake, Executive Director, at 40 West Fourth Street, Dayton, Ohio 45402.



## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

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

*Miami Valley Fire/EMS Alliance* - The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS Services by volunteers, two representatives appointed by the members who are provided Fire/EMS Services by a combination of full time employees and volunteers, and a representative appointed by the members who are provided Fire/EMS Services by full time employees. Payments to the Alliance are made from the general fund. The City contributed \$39,883 for the operation of the Alliance during 2004. Financial information can be obtained from Mike Hoverland, Director, at 444 W. Third Street, Suite 13-204, 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, township, 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. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued, and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the general fund.

The City did not contribute to the operation of ED/GE during 2004. Financial information can be obtained from Linda Gum, Administrative Assistant, at 451 West Third Street, Dayton, Ohio 45402.

*Montgomery County Family and Children First Council* - The City participates in the Montgomery County Family and Children First Council. The Council coordinates and integrates those services within Montgomery County which are available for families and children and establishes a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children. The Council is governed by a board of nineteen trustees, one of which is the Mayor of the City of Dayton. The City did not contribute to the operation of the Council during 2004. Financial information can be obtained from Sue Daily, Executive Director, at 451 West Third Street, P.O. Box 972, Dayton, Ohio 4522-3100.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

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

Hazardous Material Response Team - The City is a member of a Hazardous Material Response Team ("HAZ MAT") which is a jointly governed organization with other local governments. The organization was created to provide hazardous material response protection and mutual assistance in the event of a hazardous material incident.

The HAZ MAT Advisory Board oversees the operation of HAZ MAT and consists of representatives from sixteen organizations. The City's ability to affect operations is limited to its representation on the board.

The Board established hazardous materials incident response guidelines to provide for response procedures in the event of an incident. In the event of a hazardous material incident within any local government that is a member of this organization, the other members will respond to render assistance. The funding for the operation of the response team is through contributions from each entity. In addition, the persons or company responsible for any hazardous materials emergency is required by state law to reimburse the team any costs associated with clean up. There is no explicit and measurable equity interest in HAZ MAT. During 2004, the City contributed \$16,618 to HAZ MAT. Financial information can be obtained from Edwin Kovar, Executive Director at 4200 Lake Center Drive, Trotwood, Ohio 45426.

Miami Valley Emergency Management Agency - The Miami Valley Emergency Management Agency (the Agency) is a jointly governed organization between various political subdivisions in Montgomery and Greene Counties. The purpose of the Agency is to help provide emergency management preparedness which includes training and incident mitigation. The fourteen member Board of the Agency is made up of a representative appointed by the City of Dayton.

The funding for the operation of the Agency is through contributions from each participating entity. Payments to the Agency are made from the general fund. The City contributed \$26,589 for the operation of the Agency during 2004. Financial information can be obtained from Edwin Kovar, Executive Director at 4200 Lake Center Drive, Trotwood, Ohio 45426.

#### **B. Basis of Presentation-Fund Accounting**

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide Financial Statements** - The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function 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. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

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

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - To account for various revenues collected for payment of general obligation debt principal, interest and related costs.

Capital Improvements Fund - To account for resources used to purchase equipment and construct capital assets.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

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

Other governmental funds of the City are used to account for grants and other resources whose use is restricted to a particular purpose. These funds are nonmajor funds whose activity has been aggregated and presented in a single column in the BFS.

**Proprietary Funds** - Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

**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:

Dayton International Airport - To account for the provision of air traffic, primarily commercial, including air freight. Revenues are derived from landing fees, concessionaire fees, and space rentals. The Dayton-Wright Brothers Airport is included in this fund.

Water - To account for the provision of water service and water pollution control activities of the City. The Department also provides water services to several areas outside the City. Revenue is generated by charges for services including those to other departments of the City. The water supply is maintained through the development of well fields, storage facilities, and pumping stations.

Sewer - To account for the provision of sanitary sewer service to the residential, commercial, and industrial consumers of the City and various communities within the Dayton Metropolitan area. The charges for services are based on the City's needs for the cost of service and expenses of improvements to expand the capacity to meet the Environmental Protection Agency (EPA) standards.

Other enterprise funds of the City are used to account for the provision of storm sewers to the residents of the City and to account for the operations of the City's six golf courses. These funds are nonmajor funds whose activity has been aggregated and presented in a single column in the BFS.

**Internal Service Funds** - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds include programs for fleet maintenance, fire fleet maintenance, plumbing services, workers' compensation, and stores and reproduction services.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds which are used to account for items such as building permit surcharge, prisoner's personal accounts, performance bonds, and as well as other situations where the City's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, and other governments.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

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

##### **D. Measurement Focus**

***Government-wide Financial Statements*** - The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

***Fund Financial Statements*** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

##### **E. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide and proprietary fund financial statements are prepared using the accrual basis of accounting. The governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Non-exchange Transactions*** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). 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 a modified accrual basis, revenue from nonexchange 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: income tax, state-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, interest, grants, fees and rentals.

***Deferred Revenue*** - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

***Expenses/Expenditures*** - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

**F. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, except agency funds, are legally required to be budgeted. Capital Projects funds and the HUD Programs special revenue fund, pursuant to the City's charter, are not required to be budgeted annually. These funds' appropriations, after their initial appropriations by Council at the time capital monies/grants are received (bond proceeds, etc.), remain intact until they are expended or modified by Council. Such monies are appropriated on a project level with specific identification of each project being budgeted.

In addition, the Dayton Sister Cities special revenue fund is not budgeted because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain separate budgetary information. Budget basis financial statements for these funds are not, therefore, presented in this report because such statements would not be meaningful, nor are they required.

The City prepares its budget on a non-GAAP budgetary basis which is the modified accrual basis with exceptions. The legal level of budgetary control is at the department level. Budgetary modifications at this level may only be made by resolution of the City Commission.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenues of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2004.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

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

Appropriations - A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund and department level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations between line items within a department may be modified with approval of the City Manager. All other modifications may only be made by ordinance of City Commission. During the year, several supplemental appropriation measures were passed, however none of them were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding calendar year.

#### G. Cash and Cash Equivalents

Cash balances of the City's funds, except cash and cash equivalents and investments held by fiscal agents and cash and cash equivalents and investments in segregated accounts, are pooled and invested in order to provide improved cash management. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" and "Investments" on the Statement of Net Assets. The HUD nonmajor special revenue fund had expended amounts greater than its share of pooled cash and cash equivalents. This fund had a negative cash balance at year-end that was eliminated by a short-term loan from the general fund. This loan is classified as an "interfund receivable" and "interfund payable" on the fund financial statements.

During 2004, investments were limited to commercial paper, federal agency securities, U.S. Treasury Notes, City owned debt, U.S. Government money market mutual funds, Dayton Power and Light stock, non-negotiable certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for non-participating investment contracts, investments are stated at fair value which is based on quoted market prices. For U.S. Government money market mutual funds, fair value is determined by the fund's share price at December 31, 2004. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2004.



## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

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

For purposes of the statement of cash flows and for presentation on the combined balance sheet, the City's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents. Investments not part of the cash management pool, with an initial maturity of more than three months, are reported as investments.

The City utilizes a financial institution to service bonded debt as principal and interest payments become due. The balance in these accounts along with reserves held for replacement and improvement for enterprise funds, money held by the municipal court and money in the executive savings plan are shown as "Cash and Cash Equivalents with Fiscal Agents" and "Investments with Fiscal Agents".

Cash and cash equivalents that are held separately by CityWide Development Corporation, the discretely presented component unit, and the City of Dayton Sister Cities Committee, the blended component unit, are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts".

Interest income is distributed to the funds according to City Ordinance and statutory requirements. Interest revenue earned during 2004 was \$2,286,681 in the general fund, which includes \$1,814,523 assigned from other City funds. The nonmajor governmental funds and enterprise funds also received interest in the amount of \$2,222 and \$1,032,922, respectively.

#### **H. Inventory of Supplies**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used. The City had no material inventory balances to report on the governmental fund financial statements.

#### **I. Restricted Assets**

Restricted assets are those which are legally restricted in their use by bond indentures, or other legal instruments. Restricted assets in the enterprise funds include "Equity in Pooled Cash and Cash Equivalents" and "Cash with Fiscal and Escrow Agents". "Equity in Pooled Cash and Cash Equivalents" represent utility deposits held by the City. "Cash with Fiscal and Escrow Agents" are the proceeds from revenue bond issues that are required by the bond indenture to be held by a financial services corporation. Restricted assets in the debt service fund include "Cash and Cash Equivalents with Fiscal Agents". This represents the residual proceeds from baseball bonds issued during 2000 after the loan was made to Riverfront Area Redevelopment Enterprises, Inc., that are being held in U.S. Government money market mutual funds. This money is restricted for the interest payments on the new baseball revenue bonds.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

**J. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of bridges, curbs, lighting, sidewalks, and roads. 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 not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated except for land and construction in progress. 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 replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Improvements other than buildings	10 - 25 years	10 - 25 years
Buildings and improvements	30 - 50 years	30 - 50 years
Furniture, fixtures and equipment	3 - 15 years	3 - 15 years
Vehicles	3 - 10 years	3 - 10 years
Infrastructure	20 - 50 years	20 - 50 years

**K. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." On fund financial statements, long-term interfund loans are classified as "advances to/from other funds" on the balance sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. Advances made from the City to its discretely presented component unit are reported on both the government-wide and fund financial statements.

**L. Compensated Absences**

The City follows the provisions of Governmental Accounting Standards Board Statement No. 16 "Accounting for 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 time and compensatory time when earned for all employees with more than one year of service.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

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

Sick leave benefits are accrued using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

#### **M. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations payable from governmental funds are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary 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, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.

#### **N. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Issuance costs are recorded as deferred charges.

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt reported in the proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction from the face amount of the new debt.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

**O. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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 nonoperating 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 basic financial statements.

**P. Fund Balance Reserves**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The City reports amounts representing encumbrances outstanding, prepayments, amounts due to claimants, advances to component unit, debt service, contributions to permanent fund, and loans receivable as reservations of fund balance in the governmental fund financial statements.

**Q. Fund Designations**

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designations reflect the City's intentions and are subject to change. Designations are reported as part of unreserved fund balance. The City Commission has designated the following amounts within the general fund:

<u>Project</u>	<u>Amount Designated</u>
Unemployment	\$ 532,748
Unclaimed money	486,450
Future payroll expenses	<u>1,142,000</u>
Subtotal General Fund	<u>2,161,198</u>
Roadway Maintenance Equipment	<u>400,000</u>
Subtotal Special Revenue Funds	<u>400,000</u>
Total	<u>\$ 2,561,198</u>

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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

**R. Estimates**

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

**S. Contributed Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements.

**T. Net Assets**

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

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

**U. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for the airport, water, sewer, storm water and golf enterprise funds and charges for services to other departments for goods and services provided by the internal service funds for fleet management, fire fleet management, stores and reproduction services, a Workers' Compensation program and plumbing shop services. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**V. 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. During fiscal year 2004, the City sold land. This transaction is classified as a special item.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Prior Period Adjustment**

**Budgetary Statement - General Fund** - The beginning fund balance as reported on Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General fund has been restated from \$22,938,252 to \$18,420,816 to properly reflect the balance of the fund at December 31, 2003.

**Governmental Activities - Restatement of Fund Balance - and Net Assets** - The fund balance and net assets of the general fund, capital improvements fund and other nonmajor governmental funds have been restated at December 31, 2004 to properly report revenue due from other governments and accounts receivable at December 31, 2004. A prior period adjustment will be made to properly state the fund balance of the general fund, capital improvements fund and other governmental funds at December 31, 2003

The adjustments had the following effect on fund balance of the governmental activities as previously reported:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balance as previously reported	\$ 40,088,113	\$ 17,839,709	\$ 11,578,225	\$ 19,793,790	\$ 89,299,837
Adjustment to properly report due from other governments	-	-	1,390,896	(1,390,896)	-
Adjustment to properly state accounts receivable	<u>(389,332)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(389,332)</u>
Restated fund balance as of January 1, 2004	<u>\$ 39,698,781</u>	<u>\$ 17,839,709</u>	<u>\$ 12,969,121</u>	<u>\$ 18,402,894</u>	<u>\$ 88,910,505</u>

The adjustments had the following effect on net assets of the governmental activities as previously reported:

	<u>Governmental Activities</u>
Net assets as previously reported	\$ 304,281,870
Adjustment to properly state accounts receivable	<u>(389,332)</u>
Restated net assets of January 1, 2004	<u>\$ 303,892,538</u>

**Business-Type Activities - Restatement of Net Assets** - The net assets of the sewer, water, and nonmajor enterprise funds have been restated at December 31, 2003 to properly state accounts receivable. In previous years, revenue intended for the storm water nonmajor enterprise fund was improperly recorded in the sewer fund. A prior period adjustment is required to properly state the cash balances in these funds. A prior period adjustment will be made to properly state the net assets of the business-type at December 31, 2003.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)**

The adjustments had the following effect on net assets of the business-type activities as previously reported:

	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds	Internal Service Fund Allocation	Total Enterprise Fund
Net assets as previously reported	\$ 145,849,979	\$ 166,618,832	\$ 114,358,671	\$ 19,322,114	\$ 757,790	\$ 446,907,386
Adjustment to revenue posting	-	-	(1,203,565)	1,203,565	-	-
Adjustment to properly state accounts receivable	-	(9,215,829)	(5,314,306)	(5,394,154)	-	(19,924,289)
Restated net assets as of January 1, 2004	<u>\$ 145,849,979</u>	<u>\$ 157,403,003</u>	<u>\$ 107,840,800</u>	<u>\$ 15,131,525</u>	<u>\$ 757,790</u>	<u>\$ 426,983,097</u>

**B. Compliance**

Contrary to Ohio Revised Code Section 5705.10, the City had a negative cash balance in the HUD special revenue fund of \$1,183,320. For GAAP purposes, these amounts have been reported as fund liabilities in the respective funds.

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

The investment and deposit of City monies are governed by City Ordinance and the Ohio Revised Code. State statutes classify monies held by the City into three categories.

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

Inactive deposits are public deposits that the City Commission has identified as not required for use within the current two 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.

Protection of City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

According to City Ordinance, interim monies can be invested in the following obligations which mature within five years from the date the investments were completed:

1. U. S. Treasury bills, notes, and bonds;
2. U.S. Government agency and instrumentality coupon and discount securities;
3. Certificates of Deposit;
4. Repurchase agreements with institutions having a signed master repurchase agreement on file with the Director of Finance;
5. Securities lending agreements with institutions having a signed securities lending agreement on file with the Director of Finance;
6. Bankers' Acceptances;
7. NOW accounts;
8. Money Market Mutual Funds (open ended investment companies) registered with the Securities and Exchange Commission;
9. State of Ohio Treasurer's investment pool (STAR Ohio);
10. Securities of any of the states of the United States or any of their political sub-divisions rated "A" or better by Moody's or Standard and Poor's;
11. Prime commercial paper; and
12. Corporate notes rated at least AA (not to exceed 15% of the portfolio).

The City may also invest in the following instruments within the indicated maturities:

1. Repurchase agreements that do not exceed ninety days;
2. Money Market Mutual Funds with an average portfolio maturity which does not exceed 120 days;
3. Investments matched to a specific cash flow requirement; and
4. City of Dayton notes or bonds up to twenty years maturity.

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 finance director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.



**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

*Deposits:* At year-end, the carrying amount of the City's deposits was \$20,623,380 and the related bank balance was \$23,960,919. Of the bank balance:

1. \$426,046 was covered by federal depository insurance; and
2. \$23,534,873 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by third party trustees pursuant to Section 135.81, Ohio Revised Code. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

*Investments:* Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. STAR Ohio, an investment fund operated by the Ohio State Treasurer, and U.S. Government money market mutual fund investments are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 1</u>	<u>Category 3</u>	<u>Fair Value</u>
FHLMC notes	\$ 16,721,870	\$ 123,649	\$ 16,845,519
FNMA notes	19,775,100	-	19,775,100
FHLB	8,859,420	124,414	8,983,834
U.S. Treasury notes	123,820,980	247,075	124,068,055
City owned debt	5,317,409	-	5,317,409
Dayton Power and Light stock	84,746	-	84,746
STAR Ohio	4,128,636	-	4,128,636
U.S. government money market mutual fund	4,460,810	-	4,460,810
Commercial paper	-	301,011	301,011
<b>Total</b>	<u>\$ 183,168,971</u>	<u>\$ 796,149</u>	<u>\$ 183,965,120</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The reconciliation between classifications of cash and investments on the basic financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash <u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 203,401,584	\$ 1,186,916
Investments of the cash management pool:		
FHLMC notes	(16,721,870)	16,721,870
FNMA notes	(19,775,100)	19,775,100
FHLB	(8,859,420)	8,859,420
U.S. treasury notes	(123,820,980)	123,820,980
City owned debt	(5,317,409)	5,317,409
STAR Ohio	(4,128,636)	4,128,636
U.S. Government money market mutual fund	<u>(4,154,789)</u>	<u>4,154,789</u>
 GASB Statement No. 3	 <u>\$ 20,623,380</u>	 <u>\$ 183,965,120</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Due from/to other funds consisted of the following at December 31, 2004, as reported on the fund statements:

	<u>General</u>	Capital <u>Improvements</u>	Nonmajor Special <u>Revenue</u>	Dayton International <u>Airport</u>	<u>Water</u>	<u>Sewer</u>	Nonmajor <u>Enterprise</u>	Internal <u>Service</u>	<u>Total</u>
General	\$ -	\$ -	\$ -	\$ 21,478	\$ -	\$ 20,277	\$ -	\$ -	\$ 41,755
Internal Service	408,728	74	128,659	4,326	96,974	37,301	26,159	2,059	704,280
Water	-	238	-	1,284	-	3,326,465	652,054	178	3,980,219
Sewer	-	-	1,528	54,606	-	-	-	-	56,134
Nonmajor Enterprise	<u>14,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,906</u>
Total	<u>\$ 423,634</u>	<u>\$ 312</u>	<u>\$ 130,187</u>	<u>\$ 81,694</u>	<u>\$ 96,974</u>	<u>\$ 3,384,043</u>	<u>\$ 678,213</u>	<u>\$ 2,237</u>	<u>\$ 4,797,294</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B.** Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2004, consist of the following individual fund loan receivable and payable as reported on the fund statements:

<u>Interfund Payable to</u>	<u>Nonmajor Special Revenue</u>
General	<u>\$ 1,183,320</u>

The interfund loan payable in the nonmajor special revenue to the general fund is to cover negative cash balances at year-end.

- C.** Advances to component unit and advances from primary government consisted of the following at December 31, 2004, as reported on the fund statements:

<u>Advance To</u>	<u>Advance From</u>			
	<u>Capital Improvement</u>	<u>Nonmajor Special Revenue</u>	<u>Water</u>	<u>Total</u>
Component Unit	<u>\$ 6,631,709</u>	<u>\$ 5,453,956</u>	<u>\$ 2,801,458</u>	<u>\$ 14,887,123</u>

- D.** Interfund transfers for the year ended December 31, 2004, consisted of the following, as reported on the fund statements:

<u>Transfer From</u>	<u>Capital Improvement</u>	<u>Nonmajor Special Revenue</u>	<u>Internal Service Funds</u>	<u>Total</u>
General	<u>\$ 6,574,500</u>	<u>\$ 8,675,026</u>	<u>\$ 100,000</u>	<u>\$ 15,349,526</u>
Total	<u>\$ 6,574,500</u>	<u>\$ 8,675,026</u>	<u>\$ 100,000</u>	<u>\$ 15,349,526</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2004 for real and public utility property taxes represents collections of 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) is for 2004 taxes.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 6 - PROPERTY TAXES – (Continued)**

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2004.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2002. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2004, was \$10.00 per \$ 1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

	<u>Amount</u>	<u>Percent</u>
Real property	\$ 1,618,667,120	79.20%
Public utility real property	106,951,010	5.23%
Tangible personal property	<u>318,067,610</u>	<u>15.57%</u>
Total assessed value	<u>\$ 2,043,685,740</u>	<u>100.00%</u>

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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Dayton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2004 operations. The receivable is therefore offset by a credit to deferred revenue.

**NOTE 7 - INCOME TAX**

On March 27, 1984, the City Commission levied a municipal income tax of 1.75 percent on substantially all income earned within the City. In addition, during 2000, the City renewed their additional .50 percent levy through December 31, 2006. The City income tax also applies to the net income of businesses located or doing business within the City. The residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

#### NOTE 7 - INCOME TAX – (Continued)

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City of Dayton at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City of Dayton administers the collection of income taxes and the assessment of interest and penalties. Income tax proceeds are to be used to pay the cost of administering the tax and are recorded in the general fund. Income tax revenue for 2004, as reported in the governmental fund financial statements on the modified accrual basis of accounting, was \$107,737,232.

#### NOTE 8 - RECEIVABLES

Receivables at December 31, 2004, consisted of taxes, accounts (billings for user charged services), special assessments, accrued interest, loans, internal balances and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “Due From Other Governments” on the basic financial statements. Receivables have been recorded to the extent that they are both measurable and available at December 31, 2004, as well as intended to finance fiscal 2004 operations.

A summary of the principal items of receivables reported on the Statement of Net Assets follows:

##### **Governmental Activities:**

Income taxes	\$ 13,503,531
Real and other taxes	21,664,854
Accounts	3,410,979
Special assessments	2,059,557
Accrued interest	694,809
Loans	8,400,000
Due from other governments	19,136,407

##### **Business-Type Activities:**

Accounts	\$ 17,851,987
Special assessment	902,192
Accrued interest	781,572
Due from other governments	770,323
Internal balance	870,970

Receivables have been disaggregated on the face of the basic financial statements. Amounts reported as “Due from Other Governments” in the governmental activities include local government and local government revenue assistance from the State of Ohio, motor vehicle license and gasoline taxes, homestead and rollback, and estate taxes. The amounts reported as “Due from Other Governments” in the business-type activities include various state and federal grants whose eligibility requirements have been met by year-end. The only receivables not expected to be collected within the subsequent year are the special assessments and the loans. The special assessments are collected over the term of the assessment and the loans receivable which will be collected annually through 2020 (see Note 9).

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 9 - LOANS RECEIVABLE**

During 1999, the City issued taxable economic development revenue bonds payable from nontax revenues of the City, in the amount of \$12,190,000 (see Note 13.A.) and loaned \$11,200,000 of the proceeds to Riverfront Area Redevelopment Enterprises, Inc. (the "Stadium Owner") to assist in financing the costs of constructing a baseball stadium. In consideration of the repayment of the loan, the Stadium Owner shall make loan payments in the amount of \$560,000 on April 1 of each year for twenty years, commencing April 1, 2000. All loan payments received will be credited against the outstanding principal amount of the loan, there being no interest payable on the loan.

The obligations of the stadium owner to make a loan payment on any loan payment date shall be forgiven if neither the stadium owner nor the team owner has materially breached, violated, or failed to fully perform any provision contained in the ground lease, the stadium lease, or the plaza lease (see Note 12) and the team owner has committed to play all club home games at the stadium during the then current calendar year. At December 31, 2004, the amount owed to the City was \$8,400,000.

**NOTE 10 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended December 31, 2004, was as follows:

	Balance			Balance
<b><u>Governmental Activities:</u></b>	<u>12/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/04</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 50,694,937	\$ 5,714,948	\$ (43,263)	\$ 56,366,622
Construction in progress	<u>23,471,084</u>	<u>7,205,343</u>	<u>(12,778,181)</u>	<u>17,898,246</u>
Total capital assets, not being depreciated	<u>74,166,021</u>	<u>12,920,291</u>	<u>(12,821,444)</u>	<u>74,264,868</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	89,769,666	2,640,841	-	92,410,507
Improvements other than buildings	50,732,825	958,875	-	51,691,700
Equipment	20,020,639	445,371	-	20,466,010
Vehicles	40,248,484	2,369,941	(63,630)	42,554,795
Infrastructure	<u>155,378,446</u>	<u>18,726,499</u>	<u>-</u>	<u>174,104,945</u>
Total capital assets, being depreciated	<u>356,150,060</u>	<u>25,141,527</u>	<u>(63,630)</u>	<u>381,227,957</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(52,836,026)	(2,098,167)	-	(54,934,193)
Improvements other than buildings	(27,809,563)	(1,505,633)	-	(29,315,196)
Equipment	(9,561,915)	(1,106,730)	-	(10,668,645)
Vehicles	(33,391,468)	(1,090,317)	63,630	(34,418,155)
Infrastructure	<u>(36,343,589)</u>	<u>(3,388,764)</u>	<u>-</u>	<u>(39,732,353)</u>
Total accumulated depreciation	<u>(159,942,561)</u>	<u>(9,189,611)</u>	<u>63,630</u>	<u>(169,068,542)</u>
Total capital assets, being depreciated net	<u>196,207,499</u>	<u>15,951,916</u>	<u>-</u>	<u>212,159,415</u>
Governmental activities capital assets, net	<u>\$ 270,373,520</u>	<u>\$ 28,872,207</u>	<u>\$ (12,821,444)</u>	<u>\$ 286,424,283</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 10 - CAPITAL ASSETS - (Continued)**

	Balance			Balance
	<u>12/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/04</u>
<b><u>Business-Type Activities:</u></b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 37,076,438	\$ 708,601	\$ -	\$ 37,785,039
Construction in progress	<u>25,322,441</u>	<u>21,138,416</u>	<u>(7,119,606)</u>	<u>39,341,251</u>
Total capital assets, not being depreciated	<u>62,398,879</u>	<u>21,847,017</u>	<u>(7,119,606)</u>	<u>77,126,290</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	146,498,109	1,398,065	-	147,896,174
Improvements other than buildings	483,267,841	11,374,762	-	494,642,603
Equipment	9,734,583	308,750	-	10,043,333
Vehicles	<u>33,260,961</u>	<u>1,670,533</u>	<u>(352,040)</u>	<u>34,579,454</u>
Total capital assets, being depreciated:	<u>672,761,494</u>	<u>14,752,110</u>	<u>(352,040)</u>	<u>687,161,564</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(56,523,223)	(3,068,462)	-	(59,591,685)
Improvements other than buildings	(235,587,624)	(15,375,849)	-	(250,963,473)
Equipment	(5,619,592)	(667,525)	-	(6,287,117)
Vehicles	<u>(20,952,208)</u>	<u>(1,299,199)</u>	<u>331,916</u>	<u>(21,919,491)</u>
Total accumulated depreciation	<u>(318,682,647)</u>	<u>(20,411,035)</u>	<u>331,916</u>	<u>(338,761,766)</u>
Total capital assets, being depreciated net	<u>354,078,847</u>	<u>(5,658,925)</u>	<u>(20,124)</u>	<u>348,399,798</u>
Business-type activities capital assets, net	<u>\$ 416,477,726</u>	<u>\$ 16,188,092</u>	<u>\$ (7,139,730)</u>	<u>\$ 425,526,088</u>

Depreciation expense was charged to functions of the primary government as follows:

<b><u>Governmental Activities:</u></b>	
Downtown	\$ 890,812
Youth, education and human services	2,075
Community development and neighborhoods	158,894
Economic development	76,375
Leadership and quality of life	5,054,917
Corporate responsibility	1,514,162
Public safety and justice	<u>1,492,376</u>
Total depreciation expense - governmental activities	<u>\$ 9,189,611</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 10 - CAPITAL ASSETS - (Continued)**

Construction-in-progress reported in the governmental funds is composed of the following:

	<u>Project Authorization</u>	<u>Expended at 12/31/04</u>	<u>Committed</u>
Facility Improvement	\$ 2,173,675	\$ 572,548	\$ 1,601,127
CBD Signal Restorations	1,062,500	722,682	339,818
Germantown Street Resurfacing	3,728,603	684,465	3,044,138
Zion Church Stabilization	1,163,768	619,598	544,170
Public Facility Improvement	885,200	593,728	291,472
One Stop Shop	1,767,200	1,501,309	265,891
Recreation and Parks	660,600	278,547	382,053
Zion Gateway Park	1,330,783	904,911	425,872
Reibold Block Transportation	2,585,071	1,057,335	1,527,736
Convention Center Improvements	3,572,430	3,196,263	376,167
Signal Upgrade, Phase V	1,393,000	265,529	1,127,471
Recreation and Parks Improvements	1,628,453	923,638	704,815
Stuart Patterson Rec.	90,000	69,564	20,436
Brown Warren Shared Parking Lot	60,000	-	60,000
Development - Demolition	1,500,950	337,892	1,163,058
Washington Street Bridge	7,700,000	227,437	7,472,563
Findlay Street Bridge	4,400,000	252,049	4,147,951
GHR Foundry	2,752,363	1,803,182	949,181
Wright Dunbar Village Plan	411,965	298,343	113,622
Issue 2 Projects	432,176	-	432,176
TIP Project Funds	100,000	-	100,000
Riverside Dr. Reconstruction	410,502	244,232	166,270
McGee Blvd.	2,122,200	-	2,122,200
Fire Facility Improvements	183,635	-	183,635
Signal Upgrade, Phase 4	1,061,500	-	1,061,500
ODD Dayton Supply & Treatment	500,000	-	500,000
Underground Storage	402,533	24,820	377,713
Philadelphia Dr. Widening	2,001,844	-	2,001,844
Dayton Technology Campus	6,681,000	55,800	6,625,200
Permissive License Tax	1,340,902	767,357	573,545
N. Gettysburg Ave. Resurface	2,716,990	2,314,908	402,082
McCall Drive and Parking Lot	314,359	182,109	132,250
Valley Street Greenway - Phase II	356,500	-	356,500
Demolition Program - Land Clean-up	399,830	-	399,830
Real Estate Capital	158,433	-	158,433
Great Miami blvd. Renewal	51,888	-	51,888
	<u>58,100,853</u>	<u>17,898,246</u>	<u>40,202,607</u>
Total	<u>\$ 58,100,853</u>	<u>\$ 17,898,246</u>	<u>\$ 40,202,607</u>



**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 10 - CAPITAL ASSETS - (Continued)**

Construction-in-progress reported in the enterprise funds is composed of the following:

<u>Dayton International Airport</u>	<u>Project Authorization</u>	<u>Expended at 12/31/04</u>	<u>Committed</u>
ED Dev - GACZ Development	\$ 206,000	\$ 201,686	\$ 4,314
Parking Garage Concept Design	7,450,718	5,097,928	2,352,790
Parking Lot Rehabilitation	30,000	19,972	10,028
Taxiway W Phase II	360,774	-	360,774
Terminal Apron Expansion	200,000	-	200,000
Aviation 9/11 Security Enhancement	3,636,000	419,704	3,216,296
Security Grant	3,448,541	1,658,592	1,789,949
EIS Phase I	2,958,903	560,935	2,397,968
Terminal Road/Parking Lot Improvement	7,308,467	3,442,267	3,866,200
Snow Removal Building	1,438,842	668,254	770,588
Parking lot expansion	4,269,000	873,243	3,395,757
Perimeter Rd. Phase I	1,569,038	1,236,223	332,815
Reservation Center Purchase	575,000	-	575,000
Air Traffic Control Tower	482,799	-	482,799
NE Deicing Airport Extension	581,375	-	581,375
DWBA Runway Rehab	68,718	56,631	12,087
DWBA Taxiway A/Ruinway 2/20	505,000	204,157	300,843
Air Traffic Control Tower	5,520,300	2,906,227	2,614,073
Terminal Road Access Rehab	5,876,112	462,030	5,414,082
Cargo Road Parking Lot	1,899,016	-	1,899,016
Terminal Gate Enhancements	11,931,829	8,942,720	2,989,109
D/A Airport Parking Structure	617,592	19,608	597,984
Architectural Work, misc.	186,500	162,905	23,595
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 61,120,524</u>	<u>\$ 26,933,082</u>	<u>\$ 34,187,442</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 10 - CAPITAL ASSETS - (Continued)**

<u>Water</u>	<u>Project Authorization</u>	<u>Expended at 12/31/04</u>	<u>Committed</u>
Ottawa Yard Complex I	\$ 2,500,000	\$ 1,283,778	\$ 1,216,222
Trotwood Water Main	5,791,500	12,406	5,779,094
Warehouse Roof Replacement	88,986	33,728	55,258
Well Rehabilitation	1,000,000	752,977	247,023
Water Treatment Plant Improvement	2,570,439	108,689	2,461,750
Replacement of Equipment	3,923,884	471,924	3,451,960
Water Administration Building			
Security System	83,634	63,928	19,706
Mulberry Water Main Installation	1,354,400	532,694	821,706
Water Dist Mains/Clayton	1,369,170	1,222,840	146,330
Water Meter	217,280	80,348	136,932
Wellsfield Development	1,558,506	1,191,977	366,529
Ottawa SCADA Treatment System Imp.	500,000	100,931	399,069
Clayton Water Distribution	2,100,000	1,813,682	286,318
Ottawa Treatment Plant	674,499	331,198	343,301
Chlorine Feed System Modification	500,000	-	500,000
Arcadia Blvd. Water Main Improvement	600,000	-	600,000
Findlay St. Water Main Improvement	100,000	-	100,000
Storm Sewer Discharge - Route 4 Lagoon	75,000	-	75,000
Paving Improvements	175,000	-	175,000
Washwater Lagoon	848,602	-	848,602
Culvert and Bridge Replacements	250,000	-	250,000
SCADA Services	50,000	21,919	28,081
Water Storage Tanks Evaluation	1,090,854	18,770	1,072,084
	<u>1,090,854</u>	<u>18,770</u>	<u>1,072,084</u>
Total	<u>\$ 27,421,754</u>	<u>\$ 8,041,789</u>	<u>\$ 19,379,965</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 10 - CAPITAL ASSETS - (Continued)**

<u>Sewer</u>	<u>Project Authorization</u>	<u>Expended at 12/31/04</u>	<u>Committed</u>
AWT Improvement Phase III	\$ 979,200	\$ 632,981	\$ 346,219
Philadelphia Sewer Replacement	950,000	898,228	51,772
MacGregor Pike Sewer Replacement	110,000	42,750	67,250
Cone Court Sewer Replacement	60,000	255	59,745
Sanitary Sewer Repair	3,251,375	1,205,710	2,045,665
Roof Replacement - WWTP	156,199	127,385	28,814
Sanitary Force Main Rehabilitation	2,000,000	432,321	1,567,679
Kings Highway Sanitary Sewer	33,000	-	33,000
Kiser Street Sanitary Sewer	80,000	67,713	12,287
Oak & Cross St. Sanitary Sewer	138,500	115,002	23,498
Dwight Ave. Sanitary Sewer	40,000	29,396	10,604
Kensington Drive Sanitary Sewer	65,000	53,070	11,930
AWT Facilities Improvement	10,450,000	-	10,450,000
SW Trunk Sanitary Sewer Improvement	4,418,497	-	4,418,497
WWTP Improvements	489,483	-	489,483
WINS Upgrade - Sanitary	495,838	-	495,838
Sanitary Master Plan	500,000	-	500,000
Web-based O&M Manual	500,000	-	500,000
Sanitary Flow Monitoring	850,000	381,820	468,180
Wagoner Ford Sewer Cleaning	500,000	-	500,000
Basement Flooding Abatement	500,000	-	500,000
Roof Replacement	594,000	111,700	482,300
Dewatering Pad Replacements	125,000	64,612	60,388
	<u>27,286,092</u>	<u>4,162,943</u>	<u>23,123,149</u>
Total	<u>\$ 27,286,092</u>	<u>\$ 4,162,943</u>	<u>\$ 23,123,149</u>
	<u>Project Authorization</u>	<u>Expended at 12/31/04</u>	<u>Committed</u>
<u>Storm Water</u>			
Storm Pump Station Improvement	\$ 150,000	\$ 123,494	\$ 26,506
Centurion Street Sweeper	156,000	-	156,000
Storm Sewer Master Plan	170,306	-	170,306
Blanche St. Storm Sewer Replacement	324,152	79,943	244,209
	<u>800,458</u>	<u>203,437</u>	<u>597,021</u>
Total	<u>\$ 800,458</u>	<u>\$ 203,437</u>	<u>\$ 597,021</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE**

In the current year, the City entered into a capitalized lease for land. In a prior year, the City entered into capitalized leases for copiers, and a golf course mower. Also in a prior year, the City entered into a lease purchase agreement for the acquisition of 100 golf carts.

The leases meet the criteria of capital leases as defined by Statement of Financial Accounting Standard No. 13 “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Fund fixed assets acquired by capital lease and the related liability and interest expense have been reported in the Golf enterprise fund (nonmajor enterprise fund) and Stores and Reproduction internal service fund. Principal payments in 2004 totaled \$34,427 for the general fund, \$1,002,000 for nonmajor governmental funds, \$110,127 for the Golf enterprise fund and \$65,491 for the Stores and Reproduction internal service fund.

The following is an analysis of assets leased under capital leases as of December 31, 2004:

	<u>Governmental Activities</u>		<u>Enterprise</u>	<u>Internal Service</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Golf Fund</u>	<u>Stores and Reproduction Fund</u>
Equipment	\$ 112,090	\$ -	\$ 77,872	\$ 343,990
Motorized vehicles	-	-	347,500	-
Land	-	4,500,000	-	-
Total	<u>\$ 112,090</u>	<u>\$ 4,500,000</u>	<u>\$ 425,372</u>	<u>\$ 343,990</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2004:

Year Ending December 31	<u>Governmental Activities</u>		<u>Internal Service</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Stores and Reproduction Fund</u>
2005	\$ 40,379	\$ 501,000	\$ 84,000
2006	-	501,000	84,000
2007	-	501,000	49,000
2008	-	501,000	-
2009	-	1,494,000	-
Total	40,379	3,498,000	217,000
Less: amount representing interest	<u>(3,095)</u>	<u>-</u>	<u>(21,542)</u>
Present value of minimum lease payments	<u>\$ 37,284</u>	<u>\$ 3,498,000</u>	<u>\$ 195,458</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 12 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE**

The City is the lessor of land and space (through Dayton International Airport enterprise fund) under noncancellable leases. Leases have varying terms from three to sixty five years. The future minimum lease payments as of December 31, 2004, are as follows:

<u>Year Ending December 31</u>	<u>Minimum Lease Payments</u>
2005	\$ 2,016,484
2006	1,960,990
2007	1,878,014
2008	1,795,038
2009	1,712,062
2010 - 2042	<u>20,003,355</u>
Totals	<u>\$ 29,365,943</u>

The City is also the lessor of land and space to the Riverfront Area Redevelopment Enterprises, Inc. The ground lease is \$9,000 per year and the plaza lease is \$1,000 per year, both payable in annual installments before or on April 1 each year for the next 20 years. Both of these payments must be made each year for the \$560,000 loan payment to be forgiven each year (see Note 9). The future minimum lease payments as of December 31, 2004, are as follows:

<u>Year Ending December 31</u>	<u>Minimum Lease Payments</u>
2005	\$ 10,000
2006	10,000
2007	10,000
2008	10,000
2009	10,000
2010 - 2014	50,000
2015 - 2019	<u>50,000</u>
Totals	<u>\$ 150,000</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 13 - LONG-TERM OBLIGATIONS**

A. The balance of the City's governmental activities long-term obligations at December 31, 2003 has been restated to include claims and judgements of \$9,050,194. The effect on the total governmental activities long-term obligations at January 1, 2004 was an increase of \$9,060,194 from \$82,097,984 to \$91,158,178. The City's governmental activities long-term obligations at year-end and a schedule of current year activity are as follows:

<i>Governmental Activities:</i>	<u>Issue</u>	<u>Maturity</u>	<u>Interest</u>	<u>Original</u>	<u>Restated</u>			<u>Balance</u>	<u>Amounts</u>
	<u>Date</u>	<u>Date</u>	<u>Rate (%)</u>	<u>Issue</u>	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/04</u>	<u>Due in</u>
				<u>Amount</u>	<u>12/31/03</u>				<u>One Year</u>
<b>General Obligation Bonds:</b>									
Western Avenue Improvement	06/01/86	12/01/06	7.650	\$ 9,000,000	\$ 1,350,000	\$ -	\$ (450,000)	\$ 900,000	\$ 450,000
Wegerzyn Center Improvement	06/01/86	12/01/06	7.625	1,000,000	150,000	-	(50,000)	100,000	50,000
Exhibition Center Improvement	06/01/86	12/01/06	7.625	6,200,000	930,000	-	(310,000)	620,000	310,000
Road Improvements	06/01/89	12/01/09	7.000	5,200,000	1,560,000	-	(260,000)	1,300,000	260,000
Human Rehabilitation Center	06/01/89	12/01/09	7.000	2,425,000	745,000	-	(120,000)	625,000	125,000
Police District Facilities	06/01/89	12/01/09	7.000	1,815,000	555,000	-	(90,000)	465,000	90,000
Capital Facilities	10/01/93	11/01/13	4.5 to 4.75	7,465,000	3,590,000	-	(355,000)	3,235,000	355,000
Taxable Housing Improvements	10/01/93	11/01/13	5.35 to 6.5	3,035,000	1,535,000	-	(150,000)	1,385,000	150,000
Capital Facilities	10/01/94	11/01/14	4.5 to 8.0	3,280,000	1,680,000	-	(150,000)	1,530,000	150,000
Capital Facilities	05/01/98	12/01/08	4.6 to 5.0	15,630,000	11,695,000	-	(815,000)	10,880,000	820,000
Capital Facilities	12/01/98	12/01/20	3.1 to 5.125	22,200,000	14,645,000	-	(1,795,000)	12,850,000	1,795,000
Capital Facilities	02/01/01	12/01/14	3.75 to 4.65	24,911,861	20,200,798	-	(3,020,801)	17,179,997	2,262,351
Capital Facilities	06/09/04	12/01/19	3.0 to 5.25	11,360,000	-	11,360,000	-	11,360,000	580,000
Total general obligation bonds					<u>58,635,798</u>	<u>11,360,000</u>	<u>(7,565,801)</u>	<u>62,429,997</u>	<u>7,397,351</u>
<b>Revenue Bonds:</b>									
Baseball Revenue bonds	03/01/99	12/01/19	5.69 to 6.85	12,190,000	10,790,000	-	(405,000)	10,385,000	430,000
Economic Development Revenue Bonds	12/11/02	11/01/12	5.5	1,000,000	<u>1,000,000</u>	-	-	<u>1,000,000</u>	-
Total revenue bonds					<u>11,790,000</u>	-	<u>(405,000)</u>	<u>11,385,000</u>	<u>430,000</u>

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Restated Balance 12/31/03	Increase	Decrease	Balance 12/31/04	Amounts Due in One Year
<b>Special Assessment Bonds:</b>									
Sidewalk Construction	11/01/94	11/01/04	6.000	15,219	\$ 1,500	\$ -	\$ (1,500)	\$ -	\$ -
Sidewalk Construction	11/01/95	11/01/05	6.000	30,459	6,000	-	(3,000)	3,000	3,000
Sidewalk Construction	11/01/96	11/01/06	6.000	29,566	9,000	-	(3,000)	6,000	3,000
Ornamental Lighting	11/01/97	11/01/07	6.000	71,270	28,400	-	(7,100)	21,300	7,100
Sidewalk Construction	11/01/97	11/01/07	6.000	10,141	4,000	-	(1,000)	3,000	1,000
Sidewalk Construction	11/01/98	11/01/08	6.000	9,098	4,500	-	(900)	3,600	900
Sidewalk Construction	11/01/00	11/01/05	6.000	112,082	44,800	-	(22,400)	22,400	22,400
Sidewalk Construction	11/01/00	11/01/10	6.000	127,575	89,600	-	(12,800)	76,800	12,800
Sidewalk Construction	12/01/01	12/01/04	6.000	24,299	8,000	-	(8,000)	-	-
Sidewalk Construction	12/01/01	12/01/06	6.000	23,528	14,100	-	(4,700)	9,400	4,700
Sidewalk Construction	12/01/01	12/01/11	6.000	11,089	8,800	-	(1,100)	7,700	1,100
Sidewalk Construction	11/01/02	11/01/05	6.000	54,198	36,000	-	(18,000)	18,000	18,000
Sidewalk Construction	11/01/02	11/01/07	6.000	174,863	140,000	-	(35,000)	105,000	35,000
Sidewalk Construction	11/01/02	11/01/12	6.000	251,050	225,900	-	(25,100)	200,800	25,100
Ornamental Lighting	11/01/02	11/01/12	6.000	88,276	79,200	-	(8,800)	70,400	8,800
Sidewalk Construction	12/01/03	12/01/06	6.000	54,813	54,813	-	(18,813)	36,000	18,000
Sidewalk Construction	12/01/03	12/01/08	6.000	172,725	172,725	-	(32,725)	140,000	35,000
Sidewalk Construction	12/01/03	12/01/13	6.000	167,947	167,947	-	(17,647)	150,300	16,700
Sidewalk Construction	12/01/04	12/01/07	6.000	26,559	-	26,559	-	26,559	8,959
Sidewalk Construction	12/01/04	12/01/09	6.000	112,047	-	112,047	-	112,047	22,447
Sidewalk Construction	12/01/04	12/01/14	6.000	232,415	-	232,415	-	232,415	23,615
Total special assessment bonds					<u>1,095,285</u>	<u>371,021</u>	<u>(221,585)</u>	<u>1,244,721</u>	<u>267,621</u>
<b>Other long-term obligations</b>									
Claims and judgements					9,060,194	4,671,864	(2,851,298)	10,880,760	282,841
Compensated absences					10,244,241	3,826,530	(3,407,105)	10,663,666	4,032,952
Capital lease obligations					<u>332,660</u>	<u>4,500,000</u>	<u>(1,101,918)</u>	<u>3,730,742</u>	<u>609,211</u>
Total other long-term obligations					<u>19,637,095</u>	<u>12,998,394</u>	<u>(7,360,321)</u>	<u>25,275,168</u>	<u>4,925,004</u>
Total governmental activities					<u>\$ 91,158,178</u>	<u>\$ 24,729,415</u>	<u>\$ (15,552,707)</u>	<u>100,334,886</u>	<u>\$ 13,019,976</u>
Add: unamortized bond premium								<u>236,604</u>	
Total on statement of net assets								<u>\$ 100,571,490</u>	

General obligation bonds were used to construct street improvements and government construction projects. All general obligation bonds will be paid through the debt service fund from property tax revenues and other revenue sources of the City.

Special assessment bond issues represent assessments for sidewalk, curb and gutter reconstruction, and lighting. They are payable from tax assessments against the property owner whose benefits from the improvements exceed that of the general public. The special assessment bond issues are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt. These bonds will be paid from the debt service fund.

Compensated absences will be paid from the fund from which the employees' salaries are paid.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

As of December 31, 2004, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$202,513,967 and unvoted legal debt margin was \$100,329,680.

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2004 for the governmental activities:

Year	General Obligation Bonds			Revenue Bonds			Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 7,467,351	\$ 2,927,408	\$ 10,394,759	\$ 430,000	\$ 752,666	\$ 1,182,666	\$ 267,621	\$ 74,683	\$ 342,304
2006	5,234,874	2,584,656	7,819,530	455,000	726,092	1,181,092	223,600	58,626	282,226
2007	4,537,548	2,325,102	6,862,650	528,183	697,746	1,225,929	197,900	45,210	243,110
2008	4,643,890	2,120,943	6,764,833	601,367	663,725	1,265,092	146,000	33,336	179,336
2009	4,957,280	1,910,756	6,868,036	631,367	626,376	1,257,743	110,100	24,576	134,676
2010-2014	22,649,054	6,272,153	28,921,207	4,104,083	2,411,108	6,515,191	299,500	44,070	343,570
2015-2019	11,965,000	1,954,735	13,919,735	4,635,000	994,278	5,629,278	-	-	-
2020-2021	975,000	45,825	1,020,825	-	-	-	-	-	-
Totals	<u>\$ 62,429,997</u>	<u>\$ 20,141,578</u>	<u>\$ 82,571,575</u>	<u>\$ 11,385,000</u>	<u>\$ 6,871,991</u>	<u>\$ 18,256,991</u>	<u>\$ 1,244,721</u>	<u>\$ 280,501</u>	<u>\$ 1,525,222</u>

**B. Changes during 2004 in the City's long-term business-type obligations were as follows:**

Business Type Activities:	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 12/31/03	Increase	Decrease	Balance 12/31/04	Amounts
									Due in One Year
<b>General Obligation Bonds:</b>									
Golf renovations	02/01/01	12/14/14	3.30 to 4.65	\$ 3,828,139	\$ 3,104,190	\$ -	\$ (464,187)	\$ 2,640,003	\$ 347,649
Total general obligation bonds					<u>3,104,190</u>	<u>-</u>	<u>(464,187)</u>	<u>2,640,003</u>	<u>347,649</u>
<b>Revenue Bonds:</b>									
Dayton International Airport	10/01/95	12/15/15	3.85 to 5.5	35,510,000	21,675,000	-	(1,335,000)	20,340,000	1,410,000
Refunding Waterworks	03/01/99	12/01/07	variable	46,690,000	22,065,000	-	(5,405,000)	16,660,000	5,620,000
Dayton International Airport	10/31/03	12/01/32	variable	6,085,000	6,085,000	-	(95,000)	5,990,000	120,000
Dayton International Airport	10/31/03	12/01/11	variable	9,330,000	9,330,000	-	(710,000)	8,620,000	1,030,000
Dayton International Airport	10/31/03	12/01/32	variable	30,190,000	30,190,000	-	(345,000)	29,845,000	445,000
Total revenue bonds					<u>89,345,000</u>	<u>-</u>	<u>(7,890,000)</u>	<u>81,455,000</u>	<u>8,625,000</u>



**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 12/31/03	Increase	Decrease	Balance 12/31/04	Amounts Due in One Year
<b>Other long-term obligations</b>									
Ohio Water Development Authority Loan	12/20/88	07/01/23	3.80 to 8.3	\$ 73,198,476	\$ 27,401,011	\$ 453,006	\$ (3,314,332)	\$ 24,539,685	\$ 2,962,995
Ohio Public Works Commission Loan	07/01/97	01/01/20	0.00	1,000,000	850,000	-	(50,000)	800,000	50,000
Compensated absences payable					2,426,568	1,159,262	(965,029)	2,620,801	806,421
Capital lease obligations					<u>110,127</u>	<u>-</u>	<u>(110,127)</u>	<u>-</u>	<u>-</u>
Total other long-term obligations					<u>30,787,706</u>	<u>1,612,268</u>	<u>(4,439,488)</u>	<u>27,960,486</u>	<u>3,819,416</u>
Total business-type activities					<u>\$ 123,236,896</u>	<u>\$ 1,612,268</u>	<u>\$ (12,793,675)</u>	<u>112,055,489</u>	<u>\$ 12,792,065</u>
Less: unamortized deferred charge on refunding								(1,697,630)	
Less: unamortized bond discount								<u>(621,095)</u>	
Total on statement of net assets								<u>\$ 109,736,764</u>	

Enterprise fund general obligation bonds were used for the Dayton International Airport improvements and golf renovations. The bonds will be paid from the respective enterprise fund.

Revenue bonds were issued for various projects at the Dayton International Airport and for water system improvements. The revenue bonds are pledged against the revenue generated by the specific enterprise fund, and will be paid from the respective enterprise fund.

On October 31, 2003, the City issued general obligation bonds (Series 2003 Bonds). A portion of the proceeds of the 2003 bonds will be issued to retire \$8,000,000 in general obligation bond anticipation notes that the City issued to pay costs of Airport improvements and to prepay the City's obligations for the lease-purchase agreement entered into to finance the terminal environment restoration project. Portions of the bonds will also be used to improve the Airport by the acquisition, construction, furnishing and equipping of parking, roadway, airfield and terminal improvements and providing all necessary and related improvements. A portion of the proceeds was used to advance refund the Series 1992 bonds (principal \$8,235,000) and variable interest rates. The issuance proceeds were deposited into a special escrow trust fund, which consists of cash and direct or guaranteed non-callable government obligations. The principal of this escrow trust, when due, will be sufficient to pay on the redemption date the principal of, redemption premium and interest on the Series 1992 bonds. This refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$76,720. This amount is being netted against new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The advance refunding was undertaken to reduce total debt service payments over the next thirty years by \$295,676 and resulted in an economic gain of \$284,481. The unamortized bond discount for the Series 2004 bonds was \$364,244.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

The 1995 revenue bonds in the Dayton International Airport enterprise fund are reported at carrying value. Face value of the bond was \$33,960,000. The unamortized bond discount was \$303,550 and the unamortized deferred charge on the 1995 refunding was \$1,727,758. The deferred charge is being amortized as part of interest expense over the life of the new debt.

The revenue bonds in the Water enterprise fund are reported at carrying value. Face value of the bond was \$32,260,000. The unamortized deferred charge on the 1999 refunding was \$169,350. The deferred charge is being amortized as part of interest expense over the life of the new debt.

The City of Dayton's Wastewater Treatment Plant capital improvement project is funded through the joint efforts of the United States Environmental Protection Agency (EPA) and the Ohio Water Development Authority (OWDA). Repayment amounts include capital expenses, administration fees, and accrued interest. The Ohio Water Development Authority Loan will be paid from the Sewer enterprise fund. At December 31, 2004, the City had outstanding borrowings of \$24,539,685 through OWDA. The future annual debt service principal and interest requirements for OWDA loans include only those loans that are finalized and all monies related to the projects are disbursed. As of December 31, 2004, the future annual debt service principal and interest payments for two OWDA loans were unavailable because monies related to the projects are still being disbursed and the loans are not finalized.

During 1997, the City of Dayton was granted a \$1,000,000 loan from the Ohio Public Works Commission. The purpose of the loan is to finance and reimburse the costs of replacing a wastewater treatment laboratory facility to meet Ohio Environmental Protection Agency and the Occupational Safety and Health Association requirements. The loan is being paid out of the Sewer fund over 20 years, with semi-annual payments of \$25,000. There is no interest on this loan.

Compensated absences will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the Dayton International Airport and Golf enterprise funds. The claims payable liability will be paid from the Workers' Compensation internal service fund.

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2004 for the business-type activities:

Year	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 347,649	\$ 110,790	\$ 458,439	\$ 8,625,000	\$ 3,762,825	\$ 12,387,825
2006	205,126	97,753	302,879	9,125,000	3,418,276	12,543,276
2007	212,452	89,855	302,307	8,580,000	3,052,514	11,632,514
2008	221,110	81,463	302,573	3,535,000	2,698,913	6,233,913
2009	277,720	72,509	350,229	3,670,000	2,559,000	6,229,000
2010-2014	1,375,946	174,312	1,550,258	17,640,000	10,287,471	27,927,471
2015-2019	-	-	-	7,780,000	6,888,089	14,668,089
2020-2024	-	-	-	6,940,000	5,234,365	12,174,365
2025-2029	-	-	-	8,960,000	3,221,358	12,181,358
2030-2032	-	-	-	6,600,000	713,276	7,313,276
Totals	<u>\$ 2,640,003</u>	<u>\$ 626,682</u>	<u>\$ 3,266,685</u>	<u>\$ 81,455,000</u>	<u>\$ 41,836,087</u>	<u>\$ 123,291,087</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

<u>Year</u>	<u>OWDA Loans</u>			<u>OPWC Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 2,962,995	\$ 872,378	\$ 3,835,373	\$ 50,000	\$ -	\$ 50,000
2006	2,806,233	634,727	3,440,960	50,000	-	50,000
2007	2,649,471	412,721	3,062,192	50,000	-	50,000
2008	2,649,471	206,361	2,855,832	50,000	-	50,000
2009	-	-	-	50,000	-	50,000
2010-2014	-	-	-	250,000	-	250,000
2015-2019	-	-	-	250,000	-	250,000
2020	-	-	-	50,000	-	50,000
Totals	<u>\$ 11,068,170</u>	<u>\$ 2,126,187</u>	<u>\$ 13,194,357</u>	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ 800,000</u>

**NOTE 14 - NOTES PAYABLE**

A. A summary of the governmental-activities notes payable transactions for the year ended December 31, 2004, follows:

<i>Governmental Activities:</i>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance 12/31/03</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 12/31/04</u>
<b>General Obligation Notes:</b>							
Series 2003	12/17/03	06/17/04	2.00	\$ 8,250,000	\$ -	\$ (8,250,000)	\$ -
Total G.O. Notes				<u>8,250,000</u>	<u>-</u>	<u>(8,250,000)</u>	<u>-</u>
<b>Special Assessment Notes:</b>							
Sidewalk Construction	12/01/03	12/01/04	6.00	1,416	-	(1,416)	-
Grafton Hill Lighting	12/01/03	12/01/04	6.00	2,126	-	(2,126)	-
Central Business Lighting	12/01/03	12/01/04	6.00	44,588	-	(44,588)	-
Sidewalk Construction	12/01/04	12/01/05	6.00	-	242	-	242
Grafton Hill Lighting	12/01/04	12/01/05	6.00	-	2,699	-	2,699
Central Business Lighting	12/01/04	12/01/05	6.00	-	49,747	-	49,747
Total special assessment notes				<u>48,130</u>	<u>52,688</u>	<u>(48,130)</u>	<u>52,688</u>
Total governmental activities				<u>\$ 8,298,130</u>	<u>\$ 52,688</u>	<u>\$ (8,298,130)</u>	<u>\$ 52,688</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 14 - NOTES PAYABLE - (Continued)**

- B.** A summary of the business-type activities notes payable transactions for the year ended December 31, 2004, follows:

<i>Business-type Activities:</i>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Balance</u> <u>12/31/03</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/04</u>
<b>General Obligation Notes:</b>							
Airport Notes Series A	05/28/03	02/26/04	2.00	\$ 4,850,000	\$ -	\$ (4,850,000)	\$ -
Airport Notes Series B	07/07/04	07/07/05	2.00	-	8,000,000	-	8,000,000
Airport Notes Series C	08/24/04	08/24/05	2.00	-	1,350,000	-	1,350,000
Total G.O. notes				<u>\$ 4,850,000</u>	<u>\$ 9,350,000</u>	<u>\$ (4,850,000)</u>	<u>\$ 9,350,000</u>

The special assessment note represents an assessment for sidewalk improvements. It is payable from tax assessments against the property owner whose benefits from the improvements exceed that of the general public. The special assessment note is backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt. This note will be repaid from the Capital Improvement capital projects fund.

**NOTE 15 - SEGMENT INFORMATION - NONMAJOR ENTERPRISE FUNDS**

The City's maintains two nonmajor enterprise funds to account for Storm Water and Golf activities. Neither of these activities is supported by revenue bonds or other revenue-backed debt instruments, therefore, segment information is not required. See the combining statements included as part of this CAFR for detailed fund activity of the nonmajor enterprise funds.

**NOTE 16 - RISK MANAGEMENT**

**A. Property and Liability**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 2004, the City contracted with various insurance companies to provide the following coverages:

<u>Type of Coverage</u>	<u>Coverage</u>
Primary and Excess Airport Liability	\$100,000,000
Per Occurrence	50,000,000
Property	618,755,962
General Liability (North West Railway)	5,000,000
Commercial Liability (Convention Center)	1,000,000
Errors and Omissions (Ambulance Attendants)	500,000
Garagekeepers/Operators Liability	3,000,000
Comprehensive/Catastrophic Fleet	20,000,000
Air Show Liability	95,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 16 - RISK MANAGEMENT - (Continued)**

**B. Workers' Compensation**

The City has elected to take advantage of the workers' compensation plan being offered by the State of Ohio. This plan, called retrospective rating, allows the City to pay a fraction of the premium it would pay as an experience-rated risk.

Retrospective rating constitutes a step closer to self-insurance. In the retrospective rating plan, the City agrees to assume a portion of the risk in return for a possible reduction in premiums. The greater the percentage of the risk the City assumes, the greater the potential reduction in the premium. If the City's loss experience is better than predicted by the experience-rating system, its premium obligation will be less than what it would have paid under experience rating. If its experience is worse than predicted, its premium obligation will be more than it would have been assessed under experience rating, limited to a maximum premium. The City has assumed the risk for individual claims up to a maximum of \$300,000.

The City has agreed to pay all claims up to a maximum of 200% of what the City would have paid had the City remained an experience-rated risk. Claims exceeding these limits will be paid by the State. Each year, the City pays the State a "minimum premium" for retaining the risk of having to pay claims which exceeds the City's maximum claim limits. Ten years after each year the City elected the retrospective plan for workers' compensation, the City settles up for the reserve on any claims that are still open. The City has established a Workers' Compensation Internal Service Fund to account for and finance its uninsured risks of loss in this program.

The claims liability of \$10,772,100 reported at December 31, 2004, as estimated by the third party administrator, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Of the \$10,772,100 claims liability, \$174,181 of the liability is due within one year and is reported as a current liability in the statement of net assets for the proprietary funds. The remaining portion is a noncurrent liability of \$10,597,919. The estimate was not affected by non-incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the funds' claims liability amount in 2003 and 2004 were:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2004	\$ 8,997,015	\$ 5,936,467	\$ (4,161,382)	\$ 10,772,100
2003	9,556,179	2,228,985	(2,788,149)	8,997,015

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 17 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation, compensatory time and sick leave components are derived from negotiated agreements and State laws. Vacation time is accrued at the rate of one day per month, plus one to nine additional days per year for all employees except police, who receive up to 12 additional days per year, depending upon the length of service. The maximum accrual which can be carried forward into January is thirty days. Accumulated unused vacation time is paid to employees upon termination or retirement.

Compensatory time off in lieu of overtime pay is an option given to uniformed Police under union contract. It is given on the basis of time and one-half for actual hours worked. Police officers, sergeants, and lieutenants may accumulate up to 136 hours. Currently, overtime pay is paid as overtime hours worked by those uniformed employees who have already accumulated the maximum hours allowed.

All uniformed employees of the Fire Department also have the option to choose compensatory time in lieu of overtime pay, and they may accumulate up to one hundred twenty hours of compensatory time. Employees who have accumulated the maximum hours are paid overtime as overtime hours are worked.

Sick leave is accrued at the rate of one and one-fourth days per month. The maximum sick leave accrual which can be carried forward into January is 125 days. Accrued sick leave in excess of 125 days must be converted to vacation days in January at the rate of two sick leave days for one vacation day. Upon retirement, payment is made for one-half of the total sick leave accumulation, up to a maximum of 140 days.

**B. Insurance Benefits**

Medical insurance is provided to employees through Anthem Blue Cross/Blue Shield Health Maintenance insurance plans. Dental insurance is provided to employees through MetLife and Ohio AFSCME Care. Group Life and Accidental Death and Dismemberment insurance is provided to employees through Aetna Life Insurance. Life insurance coverage amounts range from \$12,000 to \$300,000 according to employee position.

**C. Deferred Compensation Plans**

City employees and elected officials participate in either the International City Managers Association (ICMA) Deferred Compensation Plan, or the Ohio Public Employees Deferred Compensation Plan. These plans are created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

#### NOTE 18 - DEFINED BENEFIT PENSION PLANS

##### A. Ohio Public Employees Retirement System

All City full-time employees, other than uniformed employees, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2004 was 8.5% for employees other than law enforcement and public safety. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. Public safety division members contribute at 9%. The employer contribution rate for employees other than law enforcement and public safety division was 13.55% of covered payroll and 9.55% was the portion used to fund pension obligations for 2003. The employer contribution rate for law enforcement and public safety divisions was 16.70% of covered payroll and 12.70% was the portion used to fund pension obligations for 2004. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The City's contributions to OPERS to fund pensions for the years ended December 31, 2004, 2003, and 2002 were \$7,916,399, \$7,201,948, and \$8,056,838, respectively; 100% has been contributed for 2004, 2003, and 2002.

##### B. Ohio Police and Fire Pension Fund

Full-time uniformed employees of the City participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. The OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.0% for police officers and firefighters, respectively. The City's contributions to OP&F for the years ended December 31, 2004, 2003, and 2002 were \$8,864,735, \$6,729,504, and \$7,155,301, respectively; 78.09% has been contributed for 2004 and 100% for the years 2003 and 2002. \$1,942,509, representing the unpaid contributions for 2004, is recorded as a liability within the respective funds.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

#### NOTE 19 - POSTRETIREMENT BENEFIT PLANS

##### A. Ohio Public Employees Retirement System

OPERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2004 employer contribution rate for local government employers was 13.55% of covered payroll and 4.00% was the portion that was used to fund health care. For both the public safety and law enforcement divisions the 2003 employer rate was 16.70% of covered payroll and 4.00% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The City's contribution actually made to fund postemployment benefits was \$3,315,769.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. OPEB's are advance funded on an actuarially determined basis.

As of December 31, 2003 (the latest information available), the actuarial value of the Retirement System's net assets available for future OPEB payments were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively, at December 31, 2003 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 2003 (the latest information available) was 369,885.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.



## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

#### NOTE 19 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

#### **B. Ohio Police and Fire Pension Fund**

The OP&F provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24.0% of covered payroll. The Ohio Revised Code provides the authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.75% of covered payroll in 2003 and 2004. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2003 (the latest information available), is 13,662 for police officers and 10,474 for firefighters. The amount of employer contributions used to pay postemployment benefits for police officers and firefighters were \$2,847,296 and \$2,168,982, respectively. OP&F's total health care expense for the year ending December 31, 2003 (the latest information available), was \$150.853 million, which was net of member contributions of \$17.207 million.

#### NOTE 20 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, 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 modified accrual basis with exceptions. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The adjustments necessary to convert the results of operations for the year ended December 31, 2004, on the GAAP basis to the budget basis are as follows:

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 20 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

**Net Change in Fund Balance**

		<u>General</u>
Budget basis	\$	(231,176)
Net adjustment for revenues		(3,539,346)
Net adjustment for expenditures		603,571
Net adjustment for other sources/uses		(124,223)
GAAP basis	\$	(3,291,174)

**NOTE 21 - CONDUIT DEBT OBLIGATIONS**

The City has the following conduit debt obligations at December 31, 2004:

	<u>Original Issue Amount</u>	<u>Amount Outstanding</u>
Emery Revenue Refunding - 1998	\$ 46,000,000	\$ 46,000,000
Emery Revenue Refunding - 1996	17,000,000	17,000,000
Emery Revenue Refunding - 1996	13,000,000	13,000,000
Emery Revenue Refunding - 1996	16,000,000	16,000,000
Emery Revenue Refunding - 1996	16,000,000	16,000,000
Ohio Special Facilities Revenue - 1999	7,015,000	6,515,000
Economic Development Revenue Bond - 2002	1,000,000	1,000,000

These bonds do not constitute a general obligation, debt or bonded indebtedness of the City. Neither is the full faith and credit or taxing power of the City pledged to make repayment, and therefore they have been excluded entirely from the City's debt presentation. There has not been and is not any condition of default under the bond or the related financing documents.

**NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT**

**A. Basis of Accounting**

CityWide prepares its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement Number 29, "The Use of Not-for-Profit Accounting and Financial Accounting Principles by Governmental Entities". CityWide elected to use the not-for-profit model, which includes the accounting and financial reporting principles contained in Statement of Position 78-10 as modified by all applicable Financial Accounting Standards Board pronouncements issued through November 30, 1989, and as modified by all GASB pronouncements issued after GASB Statement Number 1, "Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide".

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)**

**B. Deposits and Investments**

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits:

The carrying amount of CityWide Development Corporation deposits was \$2,773,154 and the related bank balance was \$1,846,362. Of the bank balance \$894,132 was covered by federal depository insurance, and \$952,230 was uncollateralized and uninsured.

Investments:

Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Mutual funds and money markets are unclassified since they are not evidenced by securities that exist in physical or book entry form. The following is a schedule of CityWide's investments according to GASB 3 Categorization:

	<u>Category 1</u>	<u>Fair Value</u>
Money markets	\$ -	\$ 304,620
Commercial paper	1,020,822	1,020,822
Total Investments	\$ 1,020,822	\$ 1,325,442

A reconciliation to the Statement of Net Assets follows:

Cash and equivalents	\$ 1,280,164
Investments	1,020,822
Restricted cash	1,782,626
Total per statement of net assets	\$ 4,083,612
Deposits	2,773,154
Investments	1,310,458
Total per GASB Statement No. 3	\$ 4,083,612

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)**

**C. Notes Payable Advance from Primary Government**

Notes payable/advance from primary government at December 31, 2004, consisted of the following:

<u>Note</u>	<u>Payable to</u>	<u>Amount</u>
Noninterest-bearing Note for Landing Project	City of Dayton	\$ 5,433,600
Noninterest-bearing Note for Wellfield Project	City of Dayton	2,801,457
Note for Renovation of Western Manor	City of Dayton and the Dayton Montgomery County Housing Authority	86,700
Note for redevelopment of Hawthorn School Building	City of Dayton	704,116
Note for Webster Street Project	City of Dayton	200,000
Note for renovation of Ice Avenue Units	City of Dayton	100,000
Note for renovation of 119 North Main Street	City of Dayton	136,250
Note for development of West 3rd Street	City of Dayton	4,425,000
Other advance R&R TAC Building	City of Dayton	<u>1,000,000</u>
Total advance from primary government		<u>14,887,123</u>
Note for redevelopment of Hawthorne School Building Development Corporation, Inc.	McPherson Town Neighborhood	250,000
Note for Housing Loans	Third-Party Insurance Company	526,410
Other Notes Payable	Not disclosed	<u>207,217</u>
Total Notes Payable		<u>983,627</u>
Total Advance from primary government/notes payable		<u>\$ 15,870,750</u>

The amounts payable to the City are shown on the Statement of Net Assets as "Advance from Primary Government".

**D. Bonds Payable**

In fiscal year 2003, CityWide issued \$13,600,000 in Floating Rate Option notes. The proceeds of these bonds were used for the redevelopment of the Reynolds and Reynolds Technical Assistance Center. During 2003, the City also issued \$1,000,000 in Economic Development Revenue bonds with an interest rate of 5 percent.

During 1996, CityWide issued \$2,560,000 County of Montgomery Ohio, Adjustable Rate Industrial Development Revenue Bonds, Series 1996. Also during 1996, CityWide issued \$2,420,000 in Montgomery County Series, 1996A Industrial Development Revenue Bonds. The Series 1996A Indenture refunded a Trust Indenture dated as of December 1, 1988. Proceeds of the bonds were used to construct a building and an addition to an existing building to be rented to Advanced Assembly Automation, Inc.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)**

Principal maturities due under these agreements are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2005	\$ 630,000
2006	685,000
2007	763,183
2008	851,367
2009	896,367
Thereafter	<u>13,834,083</u>
Total	<u>\$ 17,660,000</u>

**E. Loans Payable**

CityWide has a real estate loan with a financial institution, with stated interest of 8.75% and an effective rate of approximately 3% less through Montgomery County linked program. This agreement contains a subjective acceleration clause. The loan is collateralized by property and income from property. The balance of the loan at December 31, 2004 is \$270,886. CityWide has a real estate loan with an individual with stated interest of 11.445% payable in monthly installments of \$8,107. This loan is collateralized by property and matures on September 1, 2006. The balance of the loan at December 31, 2004 is \$850,000.

During 2004, CityWide borrowed \$1,243,599 for a real estate loan with a financial institution. This loan has a variable interest rate equal to the prime rate and matures on May 1, 2006. This loan is collateralized by property.

The debt service requirements to maturity are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2005	\$ 144,214
2006	1,996,544
2007	25,783
2008	27,373
2009	29,061
Thereafter	<u>141,510</u>
Total	<u>\$ 2,364,485</u>

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 23 - CONTINGENCIES**

**A. Litigation**

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

**B. Grants**

For the period January 1, 2004, to December 31, 2004, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. 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.

COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

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## CITY OF DAYTON, OHIO

### COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

#### **Nonmajor Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. The following are the nonmajor special revenue funds which the City of Dayton operates:

##### ***Street***

To account for monies for all street and road repairs and general upkeep to ensure safe, smooth transportation for all users of Dayton roadways. Funds are provided by shared tax revenues and registration fees from the State of Ohio and Montgomery County, respectively.

##### ***Highway Maintenance***

To account for lighting the freeways through Dayton. Funds are provided by shared tax revenues and registration fees from the State of Ohio and Montgomery County, respectively.

##### ***HUD Programs***

To account for various program funds administered by the Department of Housing and Urban Development. Such monies are appropriated on a project level with specific identification of each project being budgeted. Budget basis financial statements for these funds are not, therefore, presented in this report because such statements would not be meaningful. The first three programs listed below are entitlement grants. Funds are granted annually using a statutory formula.

The Community Development Block Grant Program (CDBG) was established in 1974 to assist in the development of viable urban communities, to conserve and renew older urban areas, to improve the living environment of low and moderate income families, and to develop opportunities for economic growth.

Emergency Shelter Grant Program (EMRG) was established in 1987 to provide for the creation and operations of emergency shelters for the homeless.

HOME Program was established in 1990 to expand the supply of decent and affordable housing for low income families.

Urban Development Action Grants (UDAG) are granted on a project basis. The City has used these funds for projects such as the renovation of the Arcade and The Landing rental housing downtown.

##### ***Law Enforcement***

To account for the fines generated from the prosecution of those in possession of contraband and the proceeds gained from the sale of confiscated contraband. This money may be spent for any law enforcement activity.

##### ***Miscellaneous Grants***

To account for miscellaneous grant projects. These projects include food service for children at child care and recreation centers, additional police patrol in high density traffic areas, juvenile court mediation services, and drug rehabilitation programs. Funding sources include the United States Departments of Justice, Housing and Urban Development, Agriculture, Education, Interior and Transportation and the Ohio Departments of Education, Development, Highway Safety, and Natural Resources.

## CITY OF DAYTON, OHIO

### COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

#### **Nonmajor Special Revenue Funds (Continued)**

##### ***Other Special Revenue***

To account for probation fees and municipal court fees that are used for victim witness assistance and operation of the probation department, also to account for monies restricted by City Ordinance to finance various special projects undertaken by the City.

##### ***Dayton Sister Cities***

To account for financial activity of the City of Dayton's blended component unit.

#### **Nonmajor Capital Projects Funds**

Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the proprietary or nonexpendable trust funds. The following is a description of all the City's nonmajor capital projects funds:

##### ***Economic Development/Government Equity Improvement***

To account for grant revenues received from the County and used to develop and promote economic development.

##### ***Issue II***

To account for Issue II funds received from the State of Ohio for each project awarded through this program and local matching funds.

The above capital projects funds appropriate monies on a project level with specific identification of each project being budgeted. Budget basis financial statements for these funds are not, therefore, presented in this report because such statements would not be meaningful.

#### **Nonmajor Permanent Fund**

Permanent funds are used to account for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support City programs. Included in the permanent fund is the Schantz Waldruhe Park Trust which accounts for interest earned on Dayton Power & Light stock that is used for the improvement, care and maintenance of Waldruhe Park and the Forrest B. Lucas Foundation which accounts for interest earned on a contribution made by Forrest B. Lucas that is to be used for fire department training purposes.

The City reports only one permanent fund to account for the above activity. No combining schedules are required.

**CITY OF DAYTON, 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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Municipal Income Taxes . . . . .	\$ 108,211,000	\$ 109,481,600	\$ 108,794,693	\$ (686,907)
Property and Other Local Taxes . . . . .	10,873,700	10,762,200	10,905,262	143,062
State Shared Taxes . . . . .	15,344,900	17,483,100	17,558,581	75,481
Charges for Services . . . . .	17,849,200	18,510,200	18,987,857	477,657
Licenses and Permits . . . . .	1,589,100	2,000,100	1,750,643	(249,457)
Fines and Forfeitures . . . . .	1,615,000	1,617,400	1,558,903	(58,497)
Special Assessments . . . . .	-	319,800	339,720	19,920
Investment Income . . . . .	3,728,300	4,160,600	3,663,909	(496,691)
Other . . . . .	2,443,000	2,684,200	2,511,271	(172,929)
Total Revenues . . . . .	<u>161,654,200</u>	<u>167,019,200</u>	<u>166,070,839</u>	<u>(948,361)</u>
<b>Expenditures:</b>				
General Operating:				
Clerk of Commission . . . . .	1,081,200	1,034,200	929,143	105,057
Civil Service Board . . . . .	1,108,700	1,018,700	889,574	129,126
Human Relations Council . . . . .	867,800	867,800	795,042	72,758
City Manager's Office . . . . .	831,800	905,300	829,035	76,265
Department of Public Affairs . . . . .	732,900	782,400	698,079	84,321
Cable TV Operations . . . . .	369,900	386,900	377,884	9,016
Department of Planning & Community Development . . . . .	2,389,200	2,305,500	2,249,555	55,945
Department of Building Services . . . . .	2,261,500	2,154,200	2,132,731	21,469
Clerk of Courts . . . . .	3,192,400	3,251,400	3,225,825	25,575
Municipal Court . . . . .	3,750,000	3,453,900	3,436,698	17,202
Office of Economic Development . . . . .	678,400	659,200	628,741	30,459
Department of Management and Budget . . . . .	935,600	875,600	793,013	82,587
Department of Water . . . . .	73,300	75,300	73,345	1,955
Department of Law . . . . .	1,757,600	1,976,400	1,887,980	88,420
Department of Finance . . . . .	3,734,300	3,556,400	3,390,307	166,093
Department of Human Resources . . . . .	1,074,400	1,077,800	1,024,841	52,959
Department of Information and Technology Services . . . . .	7,693,100	7,824,200	7,546,097	278,103
Department of Police . . . . .	47,727,200	48,411,600	47,760,112	651,488
Department of Fire . . . . .	35,744,300	35,384,100	34,979,437	404,663
Department of Public Works . . . . .	26,915,800	27,086,900	26,422,270	664,630
Department of Parks, Recreation and Culture . . . . .	5,664,600	6,019,500	5,788,050	231,450
Non-Departmental . . . . .	2,593,500	1,156,000	402,958	753,042
Convention Center Operating . . . . .	3,694,200	3,604,200	3,524,806	79,394
Special Assessments . . . . .	330,000	319,800	301,528	18,272
Special Projects . . . . .	2,500,000	3,100,000	989,661	2,110,339
Total Expenditures . . . . .	<u>157,701,700</u>	<u>157,287,300</u>	<u>151,076,712</u>	<u>6,210,588</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>3,952,500</u>	<u>9,731,900</u>	<u>14,994,127</u>	<u>5,262,227</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	677,700	124,224	124,224	-
Transfers out . . . . .	(10,683,400)	(19,626,700)	(15,349,527)	4,277,173
Total other financing sources (uses) . . . . .	<u>(10,005,700)</u>	<u>(19,502,476)</u>	<u>(15,225,303)</u>	<u>4,277,173</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	<u>(6,053,200)</u>	<u>(9,770,576)</u>	<u>(231,176)</u>	<u>9,539,400</u>
Fund balance at beginning of year (restated) . . . . .	18,420,816	18,420,816	18,420,816	-
Prior year encumbrances appropriated . . . . .	4,603,923	4,603,923	4,603,923	-
Fund balance at end of year . . . . .	<u>\$ 16,971,539</u>	<u>\$ 13,254,163</u>	<u>\$ 22,793,563</u>	<u>\$ 9,539,400</u>

**CITY OF DAYTON, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2004**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Nonmajor Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 11,825,500	\$ 753,487	\$ 70,921	\$ 12,649,908
Cash and cash equivalents in segregated accounts . . . . .	26,046	-	-	26,046
Investments . . . . .	-	-	84,746	84,746
Receivables (net of allowances of uncollectibles):				
Property and other local taxes . . . . .	715,975	-	-	715,975
Accounts . . . . .	155,117	40,000	-	195,117
Special assessments . . . . .	311,988	-	-	311,988
Accrued interest . . . . .	9,316	-	-	9,316
Due from other governments . . . . .	4,740,246	513,500	-	5,253,746
Prepayments . . . . .	963	-	-	963
Advances to component unit . . . . .	5,453,956	-	-	5,453,956
Total assets . . . . .	<u>\$ 23,239,107</u>	<u>\$ 1,306,987</u>	<u>\$ 155,667</u>	<u>\$ 24,701,761</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 1,069,511	\$ 4,480	\$ -	\$ 1,073,991
Contracts payable . . . . .	698,598	250,356	-	948,954
Accrued wages and benefits . . . . .	458,476	-	-	458,476
Retainage payable . . . . .	35,564	1,678	-	37,242
Due to other funds . . . . .	130,187	-	-	130,187
Due to other governments . . . . .	21,130	-	-	21,130
Interfund payable . . . . .	1,183,320	-	-	1,183,320
Deferred revenue . . . . .	2,541,746	-	-	2,541,746
Total liabilities . . . . .	<u>6,138,532</u>	<u>256,514</u>	<u>-</u>	<u>6,395,046</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	6,843,128	310,942	-	7,154,070
Reserved for prepayments . . . . .	963	-	-	963
Reserved for advances to component unit . . . . .	5,453,956	-	-	5,453,956
Reserved for contributions to permanent fund . . . . .	-	-	102,228	102,228
Unreserved, designated, reported in:				
Special revenue funds . . . . .	400,000	-	-	400,000
Undesignated, reported in:				
Special revenue funds . . . . .	4,402,528	-	-	4,402,528
Permanent funds . . . . .	-	-	53,439	53,439
Capital projects funds . . . . .	-	739,531	-	739,531
Total fund balances . . . . .	<u>17,100,575</u>	<u>1,050,473</u>	<u>155,667</u>	<u>18,306,715</u>
Total liabilities and fund balances . . . . .	<u>\$ 23,239,107</u>	<u>\$ 1,306,987</u>	<u>\$ 155,667</u>	<u>\$ 24,701,761</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Nonmajor Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 609,449	\$ -	\$ -	\$ 609,449
State shared taxes. . . . .	4,978,757	-	-	4,978,757
Charges for services . . . . .	1,591,590	90,000	-	1,681,590
Fines and forfeitures . . . . .	297,616	-	-	297,616
Intergovernmental . . . . .	13,558,529	1,112,490	-	14,671,019
Special assessments . . . . .	64,669	-	-	64,669
Investment income . . . . .	2,222	-	-	2,222
Increase in FMV of investments . . . . .	-	-	14,276	14,276
Other . . . . .	2,177,236	31,325	2,358	2,210,919
<b>Total revenues . . . . .</b>	<b>23,280,068</b>	<b>1,233,815</b>	<b>16,634</b>	<b>24,530,517</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Downtown. . . . .	825	-	-	825
Youth, education and human services. . . . .	2,022,349	-	-	2,022,349
Community development and neighborhoods. . . . .	9,063,068	-	-	9,063,068
Economic development . . . . .	3,670,740	-	-	3,670,740
Leadership and quality of life . . . . .	13,119,000	-	-	13,119,000
Corporate responsibility. . . . .	580,713	-	-	580,713
Public safety and justice. . . . .	2,548,275	-	-	2,548,275
Other. . . . .	16,766	-	-	16,766
Capital outlay . . . . .	4,689,700	1,601,409	-	6,291,109
<b>Debt service:</b>				
Principal retirement . . . . .	1,002,000	-	-	1,002,000
Interest and fiscal charges. . . . .	-	27,929	-	27,929
<b>Total expenditures. . . . .</b>	<b>36,713,436</b>	<b>1,629,338</b>	<b>-</b>	<b>38,342,774</b>
Excess (deficiency) of revenues over (under) expenditures. . . . .	(13,433,368)	(395,523)	16,634	(13,812,257)
<b>Other financing sources:</b>				
Sale of capital assets. . . . .	541,052	-	-	541,052
Capital lease transactions. . . . .	4,500,000	-	-	4,500,000
Transfers in . . . . .	8,675,026	-	-	8,675,026
<b>Total other financing sources. . . . .</b>	<b>13,716,078</b>	<b>-</b>	<b>-</b>	<b>13,716,078</b>
Net change in fund balances . . . . .	282,710	(395,523)	16,634	(96,179)
<b>Fund balances at beginning of year (restated).</b>	<b>16,817,865</b>	<b>1,445,996</b>	<b>139,033</b>	<b>18,402,894</b>
<b>Fund balances at end of year. . . . .</b>	<b>\$ 17,100,575</b>	<b>\$ 1,050,473</b>	<b>\$ 155,667</b>	<b>\$ 18,306,715</b>

**CITY OF DAYTON, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004

	<u>Street</u>	<u>Highway Maintenance</u>	<u>HUD Programs</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 1,934,022	\$ 349,574	\$ -
Cash and cash equivalents in segregated accounts . .	-	-	-
Receivables (net of allowances of uncollectibles):			
Property and other local taxes . . . . .	715,975	-	-
Accounts. . . . .	90,933	-	-
Special assessments, net. . . . .	-	-	311,988
Accrued interest . . . . .	-	-	-
Due from other governments . . . . .	2,172,859	173,391	828,765
Prepayments. . . . .	-	-	-
Advances to component unit . . . . .	-	-	5,453,956
Total assets. . . . .	<u>\$ 4,913,789</u>	<u>\$ 522,965</u>	<u>\$ 6,594,709</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 395,883	\$ -	\$ 89,971
Contracts payable. . . . .	-	-	188,633
Accrued wages and benefits . . . . .	256,727	-	182,961
Retainage payable . . . . .	-	-	-
Due to other funds . . . . .	121,107	-	3,816
Due to other governments . . . . .	-	-	-
Interfund loan payable . . . . .	-	-	1,183,320
Deferred revenue. . . . .	<u>2,110,749</u>	<u>110,303</u>	<u>311,988</u>
Total liabilities. . . . .	<u>2,884,466</u>	<u>110,303</u>	<u>1,960,689</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	299,890	-	5,212,218
Reserved for prepayments . . . . .	-	-	-
Reserved for advances to component unit . . . . .	-	-	5,453,956
Unreserved:			
Designated . . . . .	400,000	-	-
Undesignated (deficit) . . . . .	<u>1,329,433</u>	<u>412,662</u>	<u>(6,032,154)</u>
Total fund balances . . . . .	<u>2,029,323</u>	<u>412,662</u>	<u>4,634,020</u>
Total liabilities and fund balances. . . . .	<u>\$ 4,913,789</u>	<u>\$ 522,965</u>	<u>\$ 6,594,709</u>

<u>Law Enforcement</u>	<u>Miscellaneous Grants</u>	<u>Other Special Revenue</u>	<u>Dayton Sister Cities</u>	<u>Total</u>
\$ 1,499,205	\$ 180,219	\$ 7,862,480	\$ -	\$ 11,825,500
-	-	-	26,046	26,046
-	-	-	-	715,975
-	-	64,184	-	155,117
-	-	-	-	311,988
9,316	-	-	-	9,316
39,504	1,525,727	-	-	4,740,246
-	-	963	-	963
-	-	-	-	5,453,956
<u>\$ 1,548,025</u>	<u>\$ 1,705,946</u>	<u>\$ 7,927,627</u>	<u>\$ 26,046</u>	<u>\$ 23,239,107</u>
\$ 88,849	\$ 432,030	\$ 62,778	\$ -	\$ 1,069,511
14,861	422,307	72,797	-	698,598
2,282	15,149	1,357	-	458,476
-	35,564	-	-	35,564
5,150	114	-	-	130,187
-	-	21,130	-	21,130
-	-	-	-	1,183,320
8,706	-	-	-	2,541,746
<u>119,848</u>	<u>905,164</u>	<u>158,062</u>	<u>-</u>	<u>6,138,532</u>
192,842	735,564	402,614	-	6,843,128
-	-	963	-	963
-	-	-	-	5,453,956
-	-	-	-	400,000
1,235,335	65,218	7,365,988	26,046	4,402,528
<u>1,428,177</u>	<u>800,782</u>	<u>7,769,565</u>	<u>26,046</u>	<u>17,100,575</u>
<u>\$ 1,548,025</u>	<u>\$ 1,705,946</u>	<u>\$ 7,927,627</u>	<u>\$ 26,046</u>	<u>\$ 23,239,107</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Street</u>	<u>Highway Maintenance</u>	<u>HUD Programs</u>
<b>Revenues:</b>			
Property and other local taxes . . . . .	\$ 609,449	\$ -	\$ -
State shared taxes . . . . .	4,605,414	373,343	-
Charges for services . . . . .	415,962	-	-
Fines and forfeitures . . . . .	-	-	-
Intergovernmental . . . . .	68,032	-	10,766,135
Special assessments . . . . .	-	-	64,669
Investment income . . . . .	-	-	-
Other . . . . .	129,875	-	326,770
Total revenues . . . . .	<u>5,828,732</u>	<u>373,343</u>	<u>11,157,574</u>
<b>Expenditures:</b>			
Current:			
Downtown . . . . .	-	-	825
Youth, education and human services . . . . .	-	-	2,022,349
Community development and neighborhoods . . . . .	150	-	7,834,126
Economic development . . . . .	-	-	985,116
Leadership and quality of life . . . . .	9,637,318	366,667	1,367,960
Corporate responsibility . . . . .	-	-	163,500
Public safety and justice . . . . .	-	-	-
Other . . . . .	16,766	-	-
Capital outlay . . . . .	189,700	-	-
Debt service:			
Principal retirement . . . . .	-	-	-
Total expenditures . . . . .	<u>9,843,934</u>	<u>366,667</u>	<u>12,373,876</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(4,015,202)</u>	<u>6,676</u>	<u>(1,216,302)</u>
<b>Other financing sources (uses):</b>			
Sale of capital assets . . . . .	-	-	-
Capital lease transactions . . . . .	-	-	-
Transfers in . . . . .	4,400,000	-	568,796
Total other financing sources (uses) . . . . .	<u>4,400,000</u>	<u>-</u>	<u>568,796</u>
Net change in fund balances . . . . .	384,798	6,676	(647,506)
<b>Fund balances at beginning of year (restated).</b>	<u>1,644,525</u>	<u>405,986</u>	<u>5,281,526</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 2,029,323</u>	<u>\$ 412,662</u>	<u>\$ 4,634,020</u>



<b>Law Enforcement</b>	<b>Miscellaneous Grants</b>	<b>Other Special Revenue</b>	<b>Dayton Sister City</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ 609,449
-	-	-	-	4,978,757
7,252	720,697	447,679	-	1,591,590
297,616	-	-	-	297,616
216,416	2,507,946	-	-	13,558,529
-	-	-	-	64,669
-	-	2,165	57	2,222
6,929	1,070,107	641,575	1,980	2,177,236
<u>528,213</u>	<u>4,298,750</u>	<u>1,091,419</u>	<u>2,037</u>	<u>23,280,068</u>
-	-	-	-	825
-	-	-	-	2,022,349
-	1,184,857	43,935	-	9,063,068
-	405,607	2,262,035	17,982	3,670,740
2,139	1,499,325	245,591	-	13,119,000
-	128,655	288,558	-	580,713
846,737	1,680,892	20,646	-	2,548,275
-	-	-	-	16,766
-	-	4,500,000	-	4,689,700
-	-	1,002,000	-	1,002,000
<u>848,876</u>	<u>4,899,336</u>	<u>8,362,765</u>	<u>17,982</u>	<u>36,713,436</u>
<u>(320,663)</u>	<u>(600,586)</u>	<u>(7,271,346)</u>	<u>(15,945)</u>	<u>(13,433,368)</u>
-	-	541,052	-	541,052
-	-	4,500,000	-	4,500,000
<u>78,869</u>	<u>71,453</u>	<u>3,555,908</u>	<u>-</u>	<u>8,675,026</u>
<u>78,869</u>	<u>71,453</u>	<u>8,596,960</u>	<u>-</u>	<u>13,716,078</u>
(241,794)	(529,133)	1,325,614	(15,945)	282,710
<u>1,669,971</u>	<u>1,329,915</u>	<u>6,443,951</u>	<u>41,991</u>	<u>16,817,865</u>
<u>\$ 1,428,177</u>	<u>\$ 800,782</u>	<u>\$ 7,769,565</u>	<u>\$ 26,046</u>	<u>\$ 17,100,575</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 STREET FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 703,655	\$ 672,548	\$ 677,481	\$ 4,933
State shared taxes . . . . .	4,332,557	4,440,306	4,450,429	10,123
Charges for services . . . . .	348,521	315,101	412,499	97,398
Other . . . . .	16,479	14,899	19,503	4,604
Total revenues . . . . .	<u>5,401,212</u>	<u>5,442,854</u>	<u>5,559,912</u>	<u>117,058</u>
<b>Expenditures:</b>				
Department of Public Works . . . . .	9,187,600	9,704,600	9,570,123	134,477
Total expenditures . . . . .	<u>9,187,600</u>	<u>9,704,600</u>	<u>9,570,123</u>	<u>134,477</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(3,786,388)</u>	<u>(4,261,746)</u>	<u>(4,010,211)</u>	<u>251,535</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	3,350,000	4,511,684	4,511,684	-
Total other financing sources . . . . .	<u>3,350,000</u>	<u>4,511,684</u>	<u>4,511,684</u>	<u>-</u>
Net change in fund balance . . . . .	(436,388)	249,938	501,473	251,535
<b>Fund balance at beginning of year (restated) . . . .</b>	696,844	696,844	696,844	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>486,002</u>	<u>486,002</u>	<u>486,002</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 746,458</u>	<u>\$ 1,432,784</u>	<u>\$ 1,684,319</u>	<u>\$ 251,535</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 HIGHWAY MAINTENANCE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State shared taxes . . . . .	\$ 351,288	\$ 360,025	\$ 360,776	\$ 751
Total revenues . . . . .	<u>351,288</u>	<u>360,025</u>	<u>360,776</u>	<u>751</u>
<b>Expenditures:</b>				
Department of Public Works . . . . .	400,000	400,000	400,000	-
Total expenditures . . . . .	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balance . . . . .	(48,712)	(39,975)	(39,224)	751
<b>Fund balance at beginning of year (restated) . . . . .</b>	<u>355,465</u>	<u>355,465</u>	<u>355,465</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 306,753</u>	<u>\$ 315,490</u>	<u>\$ 316,241</u>	<u>\$ 751</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 LAW ENFORCEMENT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for services . . . . .	\$ 7,263	\$ 13,514	\$ 7,252	\$ (6,262)
Fines and forfeitures . . . . .	298,090	554,625	297,616	(257,009)
Intergovernmental . . . . .	192,302	357,796	191,997	(165,799)
Investment income . . . . .	25,851	48,098	25,810	(22,288)
Other . . . . .	11,253	20,937	11,235	(9,702)
Total revenues . . . . .	<u>534,759</u>	<u>994,970</u>	<u>533,910</u>	<u>(461,060)</u>
<b>Expenditures:</b>				
Department of Police . . . . .	<u>1,920,600</u>	<u>2,212,800</u>	<u>1,122,832</u>	<u>1,089,968</u>
Total expenditures . . . . .	<u>1,920,600</u>	<u>2,212,800</u>	<u>1,122,832</u>	<u>1,089,968</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(1,385,841)</u>	<u>(1,217,830)</u>	<u>(588,921)</u>	<u>628,908</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	<u>129,440</u>	<u>240,836</u>	<u>129,234</u>	<u>(111,602)</u>
Total other financing sources . . . . .	<u>129,440</u>	<u>240,836</u>	<u>129,234</u>	<u>(111,602)</u>
Net change in fund balance . . . . .	<u>(1,256,401)</u>	<u>(976,994)</u>	<u>(459,687)</u>	<u>517,306</u>
<b>Fund balance at beginning of year (restated) . . . . .</b>	<u>1,343,043</u>	<u>1,343,043</u>	<u>1,343,043</u>	<u>-</u>
<b>Prior year encumbrances appropriated . . . . .</b>	<u>717,416</u>	<u>717,416</u>	<u>717,416</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 804,058</u>	<u>\$ 1,083,465</u>	<u>\$ 1,600,772</u>	<u>\$ 517,306</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 MISCELLANEOUS GRANTS FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services . . . . .	\$ 1,625,879	\$ 2,397,505	\$ 720,697	\$ (1,676,808)
Intergovernmental . . . . .	3,344,863	4,932,303	1,482,664	(3,449,639)
Other . . . . .	<u>1,967,161</u>	<u>2,900,757</u>	<u>871,976</u>	<u>(2,028,781)</u>
Total revenues . . . . .	<u>6,937,903</u>	<u>10,230,565</u>	<u>3,075,337</u>	<u>(7,155,228)</u>
<b>Expenditures:</b>				
Other Grants . . . . .	<u>4,820,055</u>	<u>8,019,237</u>	<u>5,549,349</u>	<u>2,469,888</u>
Total expenditures . . . . .	<u>4,820,055</u>	<u>8,019,237</u>	<u>5,549,349</u>	<u>2,469,888</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>2,117,848</u>	<u>2,211,328</u>	<u>(2,474,012)</u>	<u>(4,685,340)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	161,197	237,699	71,453	(166,246)
Transfers out . . . . .	<u>(60,445)</u>	<u>(100,563)</u>	<u>(69,590)</u>	<u>30,973</u>
Total other financing sources (uses) . . . . .	<u>100,752</u>	<u>137,136</u>	<u>1,863</u>	<u>(135,273)</u>
Net change in fund balance . . . . .	2,218,600	2,348,464	(2,472,149)	(4,820,613)
<b>Fund balance at beginning of year (restated) . . . .</b>	(960,633)	(960,633)	(960,633)	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>2,104,055</u>	<u>2,104,055</u>	<u>2,104,055</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 3,362,022</u>	<u>\$ 3,491,886</u>	<u>\$ (1,328,727)</u>	<u>\$ (4,820,613)</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 OTHER SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for services . . . . .	\$ 206,528	\$ 442,985	\$ 442,985	\$ -
Licenses and permits . . . . .	2,189	4,694	4,694	-
Investment income . . . . .	1,009	2,165	2,165	-
Other . . . . .	645,830	1,385,253	1,385,253	-
Total revenues . . . . .	<u>855,556</u>	<u>1,835,097</u>	<u>1,835,097</u>	<u>-</u>
<b>Expenditures:</b>				
Various Departments . . . . .	4,067,200	6,172,900	4,186,278	1,986,622
Total expenditures . . . . .	<u>4,067,200</u>	<u>6,172,900</u>	<u>4,186,278</u>	<u>1,986,622</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(3,211,644)</u>	<u>(4,337,803)</u>	<u>(2,351,181)</u>	<u>1,986,622</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	1,686,444	3,617,286	3,617,286	-
Total other financing sources . . . . .	<u>1,686,444</u>	<u>3,617,286</u>	<u>3,617,286</u>	<u>-</u>
Net change in fund balance . . . . .	(1,525,200)	(720,517)	1,266,105	1,986,622
<b>Fund balance at beginning of year (restated) . . .</b>	5,567,881	5,567,881	5,567,881	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>1,097,823</u>	<u>1,097,823</u>	<u>1,097,823</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 5,140,504</u>	<u>\$ 5,945,187</u>	<u>\$ 7,931,809</u>	<u>\$ 1,986,622</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 DEBT SERVICE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 9,587,870	\$ 9,587,382	\$ 9,587,382	\$ -
State shared taxes . . . . .	12,094	12,094	12,094	-
Special assessments . . . . .	246,541	246,529	246,529	-
Other . . . . .	150,008	150,000	150,000	-
Total revenues . . . . .	<u>9,996,513</u>	<u>9,996,005</u>	<u>9,996,005</u>	<u>-</u>
<b>Expenditures:</b>				
Department of Finance . . . . .	<u>20,811,400</u>	<u>21,348,400</u>	<u>21,514,746</u>	<u>(166,346)</u>
Total expenditures . . . . .	<u>20,811,400</u>	<u>21,348,400</u>	<u>21,514,746</u>	<u>(166,346)</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(10,814,887)</u>	<u>(11,352,395)</u>	<u>(11,518,741)</u>	<u>(166,346)</u>
<b>Other financing sources:</b>				
Sale of capital assets. . . . .	100,005	100,000	100,000	-
Sale of bonds. . . . .	8,411,473	8,411,045	8,411,045	-
Total other financing sources. . . . .	<u>8,511,478</u>	<u>8,511,045</u>	<u>8,511,045</u>	<u>-</u>
Net change in fund balance . . . . .	(2,303,409)	(2,841,350)	(3,007,696)	(166,346)
<b>Fund balance at beginning of year (restated). . . .</b>	3,327,524	3,327,524	3,327,524	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>30,120</u>	<u>30,120</u>	<u>30,120</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,054,235</u>	<u>\$ 516,294</u>	<u>\$ 349,948</u>	<u>\$ (166,346)</u>

**CITY OF DAYTON, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**DECEMBER 31, 2004**

	<b>Economic Development/ Government Equity Improvement</b>	<b>Issue II</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 455,813	\$ 297,674	\$ 753,487
Receivables (net of allowances of uncollectibles):			
Accounts. . . . .	40,000	-	40,000
Due from other governments . . . . .	513,500	-	513,500
Total assets. . . . .	<u>\$ 1,009,313</u>	<u>\$ 297,674</u>	<u>\$ 1,306,987</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 4,480	\$ -	\$ 4,480
Contracts payable. . . . .	249,880	476	250,356
Retainage payable . . . . .	1,678	-	1,678
Total liabilities. . . . .	<u>256,038</u>	<u>476</u>	<u>256,514</u>
<b>Fund Balances:</b>			
Reserved for encumbrances. . . . .	210,942	100,000	310,942
Unreserved, undesignated. . . . .	542,333	197,198	739,531
Total fund balances . . . . .	<u>753,275</u>	<u>297,198</u>	<u>1,050,473</u>
Total liabilities and fund balances. . . . .	<u>\$ 1,009,313</u>	<u>\$ 297,674</u>	<u>\$ 1,306,987</u>



**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>Economic Development/ Government Equity Improvement</b>	<b>Issue II</b>	<b>Total</b>
<b>Revenues:</b>			
Charges for services . . . . .	\$ 90,000	\$ -	\$ 90,000
Intergovernmental . . . . .	1,063,955	48,535	1,112,490
Other . . . . .	31,325	-	31,325
<b>Total revenues . . . . .</b>	<u>1,185,280</u>	<u>48,535</u>	<u>1,233,815</u>
<b>Expenditures:</b>			
Current:			
Capital outlay . . . . .	1,366,815	234,594	1,601,409
Debt service:			
Interest and fiscal charges . . . . .	-	27,929	27,929
<b>Total expenditures . . . . .</b>	<u>1,366,815</u>	<u>262,523</u>	<u>1,629,338</u>
Net changes in fund balances. . . . .	(181,535)	(213,988)	(395,523)
<b>Fund balances at beginning of year (restated).</b>	<u>934,810</u>	<u>511,186</u>	<u>1,445,996</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 753,275</u>	<u>\$ 297,198</u>	<u>\$ 1,050,473</u>

**CITY OF DAYTON, OHIO**

**COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS**

**Nonmajor Enterprise Funds**

The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered primarily through user charges, or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income in appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following are the nonmajor enterprise funds which the City of Dayton operates:

***Storm Water***

To account for the provision of storm sewers to the residents of the City of Dayton. Charges for services are used to maintain the storm sewers throughout the City.

***Golf***

To account for the operations of the City's six golf courses. Revenue is generated by golf fees charged for the use of the facilities. The six golf courses provide needed green space inside the City with three providing scenic cover to the City's north well field.

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2004

	<b>Storm Water</b>	<b>Golf</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 1,315,489	\$ 43,970	\$ 1,359,459
Receivables (net of allowances of uncollectibles):			
Accounts . . . . .	1,477,627	-	1,477,627
Due from other funds . . . . .	-	14,906	14,906
Due from other governments . . . . .	55,960	-	55,960
Unamortized bond issuance costs . . . . .	-	39,096	39,096
Capital assets:			
Land and construction in progress . . . . .	203,438	594,927	798,365
Depreciable capital assets, net . . . . .	10,269,526	5,334,239	15,603,765
Total capital assets . . . . .	10,472,964	5,929,166	16,402,130
Total assets . . . . .	13,322,040	6,027,138	19,349,178
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 22,981	\$ 20,521	\$ 43,502
Contracts payable . . . . .	17,472	-	17,472
Accrued wages and benefits . . . . .	50,204	28,783	78,987
Compensated absences payable . . . . .	91,546	100,028	191,574
Accrued interest payable . . . . .	-	8,184	8,184
Due to other funds . . . . .	675,696	2,517	678,213
Due to other governments . . . . .	-	493	493
General obligation bonds payable . . . . .	-	2,640,003	2,640,003
Total liabilities . . . . .	857,899	2,800,529	3,658,428
<b>Net assets:</b>			
Invested in capital assets, net of related debt . . . . .	10,472,964	3,289,163	13,762,127
Unrestricted . . . . .	1,991,177	(62,554)	1,928,623
Total net assets . . . . .	\$ 12,464,141	\$ 3,226,609	\$ 15,690,750

**CITY OF DAYTON, OHIO**  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>Storm Water</b>	<b>Golf</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 4,271,408	\$ 2,756,287	\$ 7,027,695
Other . . . . .	2,574	29,422	31,996
Total operating revenues . . . . .	<u>4,273,982</u>	<u>2,785,709</u>	<u>7,059,691</u>
<b>Operating expenses:</b>			
Personal services . . . . .	1,694,653	1,178,583	2,873,236
Benefit payments . . . . .	569,291	334,010	903,301
Contract services . . . . .	970,041	84,024	1,054,065
Materials and supplies. . . . .	195,653	306,266	501,919
Utilities . . . . .	53,840	168,957	222,797
Depreciation. . . . .	357,826	227,471	585,297
Other. . . . .	163,432	58,646	222,078
Total operating expenses . . . . .	<u>4,004,736</u>	<u>2,357,957</u>	<u>6,362,693</u>
Operating income (loss) . . . . .	<u>269,246</u>	<u>427,752</u>	<u>696,998</u>
<b>Nonoperating expenses:</b>			
Interest and fiscal charges . . . . .	-	(137,773)	(137,773)
Total nonoperating expenses. . . . .	<u>-</u>	<u>(137,773)</u>	<u>(137,773)</u>
Change in net assets. . . . .	269,246	289,979	559,225
<b>Net assets, January 1 (restated) . . . . .</b>	<u>12,194,895</u>	<u>2,936,630</u>	<u>15,131,525</u>
<b>Net assets, December 31 . . . . .</b>	<u>\$ 12,464,141</u>	<u>\$ 3,226,609</u>	<u>\$ 15,690,750</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers . . . . .	\$ 3,544,734	\$ 2,756,287	\$ 6,301,021
Cash received from other operating revenues . . . . .	2,574	16,171	18,745
Cash payments for personal services . . . . .	(1,682,834)	(1,162,749)	(2,845,583)
Cash payments for fringe benefits . . . . .	(569,291)	(332,245)	(901,536)
Cash payments for contract services . . . . .	(821,120)	(129,817)	(950,937)
Cash payments for materials and supplies . . . . .	(215,709)	(343,448)	(559,157)
Cash payments for utilities . . . . .	(57,620)	(155,166)	(212,786)
Cash payments for other operating expenses . . . . .	<u>(163,243)</u>	<u>(59,348)</u>	<u>(222,591)</u>
Net cash provided by operating activities . . . . .	<u>37,491</u>	<u>589,685</u>	<u>627,176</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets . . . . .	(79,943)	-	(79,943)
Principal paid on bonds . . . . .	-	(464,199)	(464,199)
Interest paid on bonds . . . . .	-	(127,953)	(127,953)
Principal paid on capital leases . . . . .	-	(110,127)	(110,127)
Interest paid on capital leases . . . . .	<u>-</u>	<u>(7,337)</u>	<u>(7,337)</u>
Net cash used in capital and related financing activities . . . . .	<u>(79,943)</u>	<u>(709,616)</u>	<u>(789,559)</u>
Net decrease in cash and cash equivalents . . . . .	(42,452)	(119,931)	(162,383)
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>1,357,941</u>	<u>163,901</u>	<u>1,521,842</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u>\$ 1,315,489</u>	<u>\$ 43,970</u>	<u>\$ 1,359,459</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income . . . . .	\$ 269,246	\$ 427,752	\$ 696,998
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation . . . . .	357,826	227,471	585,297
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable . . . . .	(681,860)	1,655	(680,205)
Increase in due from other funds . . . . .	-	(14,906)	(14,906)
Increase in due from other governments . . . . .	(55,960)	-	(55,960)
Decrease in accounts payable . . . . .	(30,429)	(29,573)	(60,002)
Increase (decrease) in contracts payable . . . . .	13,160	(9,667)	3,493
Increase in retainage payable . . . . .	-	2,758	2,758
Increase in accrued wages and benefits . . . . .	13,298	-	13,298
Increase (decrease) in due to other funds . . . . .	150,237	(30,660)	119,577
Increase in due to other governments . . . . .	-	14	14
Increase in compensated absences payable . . . . .	<u>1,973</u>	<u>14,841</u>	<u>16,814</u>
Net cash provided by operating activities . . . . .	<u>\$ 37,491</u>	<u>\$ 589,685</u>	<u>\$ 627,176</u>

## CITY OF DAYTON, OHIO

### COMBINING STATEMENTS - INTERNAL SERVICE FUNDS

The internal service funds account for the financing of goods or services provided by one department or agency to other departments of the City of Dayton on a cost-reimbursement basis. Accounting for these funds is designed to accumulate all of the costs incurred by the internal service funds in providing goods and services to other departments. However, charges to the other departments are not intended to produce a significant profit in the long run, but to recover the total costs of providing goods or services.

#### ***Fleet Management***

To account for the maintenance of City vehicles. Revenues are derived from direct charges to other departments for fuel usage and repairs. General maintenance is charged to the other funds on a pro-rated basis.

#### ***Fire Fleet Management***

To account for the maintenance of City fire vehicles and to charge for maintenance of fire vehicles from other municipalities. A majority of the maintenance will be provided to City fire vehicles. Revenues are derived from direct charges to the fire department within the general fund and from fees charged to other municipalities.

#### ***Stores and Reproduction***

Stores is used in purchasing and storage of office materials and supplies for the entire organization. The other departments are charged the cost of the materials and supplies plus an average of fifteen percent markup to cover the overhead cost of operating this fund. Reproduction is used to account for the reproducing of written material, and the print, binding and distribution of the City's various publications. All costs are recouped from charges to other departments within the organization on a per-job basis.

#### ***Workers' Compensation***

To account for claims and administrative payments to cover risks due to job-related injuries to City employees. Revenues are derived from pro-rated charges against personnel costs of each department to cover claim payments and costs of administering the fund.

#### ***Plumbing Shop***

To account for plumbing services to departments within the City.

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2004

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>	<u>Plumbing Shop</u>	<u>Total</u>
<b>Assets:</b>						
Equity in pooled cash and cash equivalents. . . . .	\$ 704,471	\$ 208,766	\$ 33,651	\$ 23,636,413	\$ 170,427	\$ 24,753,728
Receivables (net of allowances of uncollectibles):						
Accounts. . . . .	6,761	32,183	-	-	-	38,944
Prepayments. . . . .	-	3,415	-	-	-	3,415
Due from other funds. . . . .	628,096	56,818	19,366	-	-	704,280
Advances to component unit . . . . .	543,182	215,730	12,727	-	-	771,639
Capital assets:						
Land	-	75,000	-	-	-	75,000
Depreciable capital assets, net	239,903	778,951	176,011	-	64,498	1,259,363
Total capital assets. . . . .	<u>239,903</u>	<u>853,951</u>	<u>176,011</u>	<u>-</u>	<u>64,498</u>	<u>1,334,363</u>
Total assets. . . . .	<u>2,122,413</u>	<u>1,370,863</u>	<u>241,755</u>	<u>23,636,413</u>	<u>234,925</u>	<u>27,606,369</u>
<b>Liabilities:</b>						
Accounts payable. . . . .	\$ 124,139	\$ 12,231	\$ 11,700	\$ 8,507	\$ 40,253	\$ 196,830
Accrued wages and benefits . . . . .	99,458	9,904	7,409	25,014	11,122	152,907
Compensated absences payable . . . . .	195,626	-	12,712	38,460	43,041	289,839
Due to other funds . . . . .	-	255	-	88	1,894	2,237
Claims payable . . . . .	-	-	-	10,772,100	-	10,772,100
Capital lease obligation . . . . .	-	-	195,458	-	-	195,458
Total liabilities. . . . .	<u>419,223</u>	<u>22,390</u>	<u>227,279</u>	<u>10,844,169</u>	<u>96,310</u>	<u>11,609,371</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt . . . . .	239,903	853,951	(19,447)	-	64,498	1,138,905
Unrestricted . . . . .	<u>1,463,287</u>	<u>494,522</u>	<u>33,923</u>	<u>12,792,244</u>	<u>74,117</u>	<u>14,858,093</u>
Total net assets. . . . .	<u>\$ 1,703,190</u>	<u>\$ 1,348,473</u>	<u>\$ 14,476</u>	<u>\$ 12,792,244</u>	<u>\$ 138,615</u>	<u>\$ 15,996,998</u>

**CITY OF DAYTON, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>	<u>Plumbing Shop</u>	<u>Total</u>
<b>Operating revenues:</b>						
Charges for services . . . . .	\$ 7,527,505	\$ 872,657	\$ 368,100	\$ 5,562,553	\$ 616,889	\$ 14,947,704
Other . . . . .	24,027	56,818	-	20	-	80,865
Total operating revenues . . . . .	<u>7,551,532</u>	<u>929,475</u>	<u>368,100</u>	<u>5,562,573</u>	<u>616,889</u>	<u>15,028,569</u>
<b>Operating expenses:</b>						
Personal services . . . . .	2,545,458	346,997	135,838	463,016	392,757	3,884,066
Contract services . . . . .	418,049	91,066	-	492,866	15,149	1,017,130
Materials and supplies . . . . .	153,047	163,111	4,382	75,198	83,309	479,047
Utilities . . . . .	1,496	11,022	-	-	5,634	18,152
Benefit payment . . . . .	877,433	119,506	52,408	164,325	113,139	1,326,811
Depreciation . . . . .	64,872	19,973	143,363	-	6,214	234,422
Claims expense . . . . .	-	-	-	3,585,828	-	3,585,828
Administrative costs . . . . .	3,052,022	51,026	86,435	-	-	3,189,483
Other . . . . .	-	420	-	16,771	-	17,191
Total operating expenses . . . . .	<u>7,112,377</u>	<u>803,121</u>	<u>422,426</u>	<u>4,798,004</u>	<u>616,202</u>	<u>13,752,130</u>
Operating income (loss) . . . . .	<u>439,155</u>	<u>126,354</u>	<u>(54,326)</u>	<u>764,569</u>	<u>687</u>	<u>1,276,439</u>
<b>Nonoperating expenses:</b>						
Interest and fiscal charges . . . . .	-	-	(18,509)	-	-	(18,509)
Total nonoperating expenses . . . . .	<u>-</u>	<u>-</u>	<u>(18,509)</u>	<u>-</u>	<u>-</u>	<u>(18,509)</u>
Income (loss) before capital contributions and transfers . . . . .	439,155	126,354	(72,835)	764,569	687	1,257,930
Capital contributions . . . . .	-	873,924	-	-	-	873,924
Transfers in . . . . .	-	-	100,000	-	-	100,000
Change in net assets . . . . .	439,155	1,000,278	27,165	764,569	687	2,231,854
<b>Net assets, January 1 . . . . .</b>	<u>1,264,035</u>	<u>348,195</u>	<u>(12,689)</u>	<u>12,027,675</u>	<u>137,928</u>	<u>13,765,144</u>
<b>Net assets, December 31 . . . . .</b>	<u>\$ 1,703,190</u>	<u>\$ 1,348,473</u>	<u>\$ 14,476</u>	<u>\$ 12,792,244</u>	<u>\$ 138,615</u>	<u>\$ 15,996,998</u>



**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>	<u>Plumbing Shop</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>						
Cash received from quasi-external operating transactions with other funds . . . . .	\$ 7,503,923	\$ 847,689	\$ 362,791	\$ 5,562,553	\$ 616,889	\$ 14,893,845
Cash received from other operating revenues . . . . .	18,294	-	-	20	-	18,314
Cash payments for personal services . . . . .	(2,511,119)	(344,915)	(133,086)	(455,949)	(387,779)	(3,832,848)
Cash payments for fringe benefits . . . . .	(867,344)	(118,874)	(51,752)	(162,021)	(112,192)	(1,312,183)
Cash payments for contract services. . . . .	(522,190)	(113,295)	(6,323)	(188,389)	(13,299)	(843,496)
Cash payments for materials and supplies. . . . .	(85,642)	(164,319)	(6,766)	(80,390)	(49,759)	(386,876)
Cash payments for cost of goods sold . . . . .	(3,070,740)	-	(82,984)	-	-	(3,153,724)
Cash payments for utilities. . . . .	(1,496)	(12,341)	-	-	-	(13,837)
Cash payments for claims . . . . .	-	-	-	(4,161,382)	-	(4,161,382)
Cash payments for other operating expenses . . . . .	-	(165)	-	(17,424)	-	(17,589)
Net cash provided by operating activities. . . . .	<u>463,686</u>	<u>93,780</u>	<u>81,880</u>	<u>497,018</u>	<u>53,860</u>	<u>1,190,224</u>
<b>Cash flows from noncapital financing activities:</b>						
Cash used in repayment of interfund loans . . . . .	(255,000)	-	(64,229)	-	-	(319,229)
Transfers in from other funds. . . . .	-	-	100,000	-	-	100,000
Net cash provided by (used in) noncapital financing activities . . . . .	<u>(255,000)</u>	<u>-</u>	<u>35,771</u>	<u>-</u>	<u>-</u>	<u>(219,229)</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition of capital assets . . . . .	(51,050)	-	-	-	(31,108)	(82,158)
Principal paid on capital leases . . . . .	-	-	(65,491)	-	-	(65,491)
Interest paid on capital leases. . . . .	-	-	(18,509)	-	-	(18,509)
Net cash used in capital and related financing activities . . . . .	<u>(51,050)</u>	<u>-</u>	<u>(84,000)</u>	<u>-</u>	<u>(31,108)</u>	<u>(166,158)</u>
Net increase in cash and cash equivalents. . . . .	157,636	93,780	33,651	497,018	22,752	804,837
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>546,835</u>	<u>114,986</u>	<u>-</u>	<u>23,139,395</u>	<u>147,675</u>	<u>23,948,891</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u>\$ 704,471</u>	<u>\$ 208,766</u>	<u>\$ 33,651</u>	<u>\$ 23,636,413</u>	<u>\$ 170,427</u>	<u>\$ 24,753,728</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss) . . . . .	\$ 439,155	\$ 126,354	\$ (54,326)	\$ 764,569	\$ 687	\$ 1,276,439
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation . . . . .	64,872	19,973	143,363	-	6,214	234,422
Changes in assets and liabilities:						
Increase in accounts receivable. . . . .	(5,733)	(24,968)	-	-	-	(30,701)
Increase in due from other funds . . . . .	(23,582)	(56,818)	(5,309)	-	-	(85,709)
Increase in prepaid assets . . . . .	-	(3,415)	-	-	-	(3,415)
(Increase) decrease in inventory held for resale. . . . .	(18,718)	51,026	3,451	-	-	35,759
Increase (decrease) in accounts payable . . . . .	(35,551)	(21,181)	(8,707)	(6,708)	40,253	(31,894)
Increase in accrued wages and benefits . . . . .	41,266	2,714	1,719	6,302	2,572	54,573
Increase (decrease) in due to other funds . . . . .	(1,185)	-	-	(105)	781	(509)
Increase (decrease) in due to other governments . . . . .	-	95	-	(2,045,194)	-	(2,045,099)
Increase in compensated absences payable . . . . .	3,162	-	1,689	3,069	3,353	11,273
Increase in claims payable. . . . .	-	-	-	1,775,085	-	1,775,085
Net cash provided by operating activities. . . . .	<u>\$ 463,686</u>	<u>\$ 93,780</u>	<u>\$ 81,880</u>	<u>\$ 497,018</u>	<u>\$ 53,860</u>	<u>\$ 1,190,224</u>

**CITY OF DAYTON, OHIO**

**COMBINING STATEMENTS - FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, other governmental units, and/or funds. The following are the City's fiduciary fund types:

**Agency Funds**

Agency funds are custodial in nature, and thus, do not recognize revenues or expenditures, only changes in assets and liabilities. These funds are used to record the collection and payment of employee payroll, withholdings, medical and life insurance premiums, refundable deposits, PERS, Police and Fire Pension funds, taxes collected for other governments, and municipal court.

- |                                    |                           |
|------------------------------------|---------------------------|
| Guaranty                           | Building Permit Surcharge |
| Performance Bond                   | CompCare                  |
| Deposit of Taxes/Courthouse Square | Payroll Withholding       |
| Dependent Care                     | Municipal Courts          |
| Fire Proceeds                      | Executive Severance       |
| Urban Renewal Comp Dep             |                           |

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 DECEMBER 31, 2004

	<u>Balance</u> <u>12/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/04</u>
<b>Guaranty</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 49,649	\$ -	\$ -	\$ 49,649
Total assets. . . . .	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 49,649	\$ -	\$ -	\$ 49,649
Total liabilities. . . . .	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
<b>Performance Bond</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 14,119	\$ -	\$ -	\$ 14,119
Total assets. . . . .	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
<b>Liabilities:</b>				
Withholdings and deposits. . . . .	\$ 14,119	\$ -	\$ -	\$ 14,119
Total liabilities. . . . .	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
<b>Deposit of Taxes/Courthouse Square</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 137,869	\$ -	\$ -	\$ 137,869
Taxes levied for other governments. . . . .	555,623	762,775	555,623	762,775
Total assets. . . . .	<u>\$ 693,492</u>	<u>\$ 762,775</u>	<u>\$ 555,623</u>	<u>\$ 900,644</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 693,492	\$ 762,775	\$ 555,623	\$ 900,644
Total liabilities. . . . .	<u>\$ 693,492</u>	<u>\$ 762,775</u>	<u>\$ 555,623</u>	<u>\$ 900,644</u>
<b>Dependent Care</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 13,678	\$ -	\$ 1,064	\$ 12,614
Total assets. . . . .	<u>\$ 13,678</u>	<u>\$ -</u>	<u>\$ 1,064</u>	<u>\$ 12,614</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 13,678	\$ -	\$ 1,064	\$ 12,614
Total liabilities. . . . .	<u>\$ 13,678</u>	<u>\$ -</u>	<u>\$ 1,064</u>	<u>\$ 12,614</u>

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**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS (CONTINUED)  
 DECEMBER 31, 2004

	<u>Balance</u> <u>12/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/04</u>
<b>Fire Proceeds</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 547,782	\$ 449,892	\$ 547,782	\$ 449,892
Total assets. . . . .	<u>\$ 547,782</u>	<u>\$ 449,892</u>	<u>\$ 547,782</u>	<u>\$ 449,892</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 547,782	\$ 449,892	\$ 547,782	\$ 449,892
Total liabilities. . . . .	<u>\$ 547,782</u>	<u>\$ 449,892</u>	<u>\$ 547,782</u>	<u>\$ 449,892</u>
<b>Urban Renewal Comp Dep</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 53,520	\$ -	\$ -	\$ 53,520
Total assets. . . . .	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
<b>Liabilities:</b>				
Withholdings and deposits. . . . .	\$ 53,520	\$ -	\$ -	\$ 53,520
Total liabilities. . . . .	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
<b>Building Permit Surcharge</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 7,701	\$ 5,784	\$ 7,701	\$ 5,784
Total assets. . . . .	<u>\$ 7,701</u>	<u>\$ 5,784</u>	<u>\$ 7,701</u>	<u>\$ 5,784</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 7,701	\$ 5,784	\$ 7,701	\$ 5,784
Total liabilities. . . . .	<u>\$ 7,701</u>	<u>\$ 5,784</u>	<u>\$ 7,701</u>	<u>\$ 5,784</u>
<b>CompCare</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 57,520	\$ -	\$ -	\$ 57,520
Total assets. . . . .	<u>\$ 57,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,520</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 57,520	\$ -	\$ -	\$ 57,520
Total liabilities. . . . .	<u>\$ 57,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,520</u>

-- Continued

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS (CONTINUED)  
DECEMBER 31, 2004

	<u>Balance 12/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/04</u>
<b>Payroll Withholding</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 4,241,006	\$ 165,114	\$ -	\$ 4,406,120
Total assets. . . . .	<u>\$ 4,241,006</u>	<u>\$ 165,114</u>	<u>\$ -</u>	<u>\$ 4,406,120</u>
<b>Liabilities:</b>				
Withholdings and deposits. . . . .	\$ 4,241,006	\$ 165,114	\$ -	\$ 4,406,120
Total liabilities. . . . .	<u>\$ 4,241,006</u>	<u>\$ 165,114</u>	<u>\$ -</u>	<u>\$ 4,406,120</u>
<b>Municipal Courts</b>				
<b>Assets:</b>				
Cash and cash equivalents with fiscal agents . . . . .	\$ 801,448	\$ 232,464	\$ 530,513	\$ 503,399
Total assets. . . . .	<u>\$ 801,448</u>	<u>\$ 232,464</u>	<u>\$ 530,513</u>	<u>\$ 503,399</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 58,874	\$ 232,464	\$ -	\$ 291,338
Due to primary government. . . . .	263,954	-	263,954	-
Due to others. . . . .	478,620	-	266,559	212,061
Total liabilities. . . . .	<u>\$ 801,448</u>	<u>\$ 232,464</u>	<u>\$ 530,513</u>	<u>\$ 503,399</u>
<b>Executive Severance</b>				
<b>Assets:</b>				
Investments with fiscal agents . . . . .	\$ 1,205,730	\$ -	\$ 103,560	\$ 1,102,170
Total assets. . . . .	<u>\$ 1,205,730</u>	<u>\$ -</u>	<u>\$ 103,560</u>	<u>\$ 1,102,170</u>
<b>Liabilities:</b>				
Withholdings and deposits. . . . .	\$ 1,205,730	\$ -	\$ 103,560	\$ 1,102,170
Total liabilities. . . . .	<u>\$ 1,205,730</u>	<u>\$ -</u>	<u>\$ 103,560</u>	<u>\$ 1,102,170</u>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 5,122,844	\$ 620,790	\$ 556,547	\$ 5,187,087
Cash and cash equivalents with fiscal agents . . . . .	801,448	232,464	530,513	503,399
Investments with fiscal agents . . . . .	1,205,730	-	103,560	1,102,170
Taxes levied for other governments. . . . .	555,623	762,775	555,623	762,775
Total assets. . . . .	<u>\$ 7,685,645</u>	<u>\$ 1,616,029</u>	<u>\$ 1,746,243</u>	<u>\$ 7,555,431</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 1,428,696	\$ 1,450,915	\$ 1,112,170	\$ 1,767,441
Due to primary government. . . . .	263,954	-	263,954	-
Due to others. . . . .	478,620	-	266,559	212,061
Withholdings and deposits. . . . .	5,514,375	165,114	103,560	5,575,929
Total liabilities. . . . .	<u>\$ 7,685,645</u>	<u>\$ 1,616,029</u>	<u>\$ 1,746,243</u>	<u>\$ 7,555,431</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

**CITY OF DAYTON, OHIO**

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION  
LAST TEN YEARS (1 - 2)

Year (1)	Downtown	Youth, Education and Human Services	Community Development and Neighborhoods	Economic Development	Leadership and Quality of Life
2004	\$ 4,167,407	\$ 2,237,230	\$ 20,311,675	\$ 6,410,373	\$ 41,319,775
2003	3,747,343	2,531,763	20,353,743	6,996,268	37,705,241
2002	4,807,733	1,506,653	2,468,203	24,328,537	39,442,705
2001	5,021,369	1,436,191	2,331,172	23,658,978	37,964,500
2000	4,869,311	1,301,481	3,281,232	21,838,458	43,581,245

Year	Policy Development	Economic Development	Neighborhood Development	Land Use	Community Security
1999	\$ 4,209,530	\$ 8,666,422	\$ 21,562,100	\$ 27,568,631	\$ 47,025,960
1998	3,906,544	8,129,048	20,916,252	27,023,884	43,658,203
1997	3,517,339	6,234,581	22,007,949	24,691,637	41,438,538
1996	3,333,165	5,176,240	19,680,327	24,204,931	36,719,057
1995	3,035,584	5,016,975	17,697,932	23,086,873	33,746,207

(1) For 2000, the City of Dayton Changed program classifications.

(2) For 2002, the City of Dayton changed accounting procedures to GASB 34 and includes all governmental activities.

Source: Finance Department; City of Dayton, Ohio



Corporate Responsibility	Public Safety and Justice	Other	Capital Outlay	Debt Service	Total
\$ 14,870,289	\$ 92,673,272	\$ 506,890	\$ 23,346,465	\$ 13,391,294	\$ 219,234,670
16,035,551	90,354,455	918,216	29,742,434	10,780,926	219,165,940
15,813,881	100,912,458	1,747,482	22,165,044	10,516,008	223,708,704
22,350,461	101,900,533	373,382	2,700,494	10,857,264	208,594,344
20,761,269	96,185,438	-	802,361	8,673,494	201,294,289

Human Development	Transportation	Administrative Services	Capital Outlay	Debt Service	Total
\$ 17,112,029	\$ 11,833,639	\$ 47,817,478	\$ 137,543	\$ 9,545,571	\$ 195,478,903
15,513,271	11,015,768	42,719,087	1,600,399	4,545,625	179,028,081
16,557,005	12,598,951	41,180,581	1,456,176	5,520,712	175,203,469
15,469,711	12,851,449	35,982,191	1,259,976	6,229,068	160,906,115
13,812,617	13,461,208	36,941,100	3,116,588	6,462,872	156,377,956

**CITY OF DAYTON, OHIO**

GENERAL GOVERNMENTAL REVENUES BY SOURCE  
LAST TEN YEARS (1 - 2)

Year	Taxes	Intergovernmental	Special Assessments	Charges for Services
2004	\$ 149,926,379	\$ 25,333,452	\$ 1,034,415	\$ 20,295,875
2003	147,286,520	28,609,999	1,033,045	22,262,759
2002	145,251,212	24,096,216	693,360	23,813,556
2001	146,833,625	15,969,587	217,330	23,256,851
2000	153,002,507	19,702,445	258,235	22,092,957
1999	147,004,491	20,024,791	380,316	24,247,038
1998	143,115,776	15,426,707	499,771	21,049,556
1997	142,195,336	13,332,977	388,842	18,391,334
1996	136,955,246	11,160,341	532,893	14,169,018
1995	131,722,164	10,136,704	425,856	15,086,577

(1) Includes General, Special Revenue and Debt Service Funds.

(2) For 2002, the City of Dayton changed accounting procedures to GASB 34 and includes all governmental activities.

Source: Finance Department; City of Dayton, Ohio

	<u>Licenses and Permits</u>	<u>Fines and Forfeitures</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total</u>
\$	1,817,222	\$ 1,832,710	\$ 2,288,903	\$ 4,767,369	\$ 207,296,325
	2,120,143	2,083,662	3,623,500	5,756,600	212,776,228
	1,980,844	2,249,333	3,332,301	8,319,580	209,736,402
	1,928,291	2,454,517	6,568,991	8,085,266	205,314,458
	1,995,969	1,754,313	9,463,035	3,973,520	212,242,981
	1,620,192	1,211,084	5,831,860	3,572,839	203,892,611
	1,651,854	1,486,577	7,403,205	2,203,395	192,836,841
	1,537,560	1,081,276	6,663,012	2,195,147	185,785,484
	1,341,104	3,141,376	6,035,638	2,000,914	175,336,530
	1,101,256	906,991	4,541,703	1,689,196	165,610,447

**CITY OF DAYTON, OHIO**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS (1)**

<u>Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Collections to Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Levy</u>
2004	\$ 21,129,504	\$ 19,921,141	94.3%	\$ 1,441,368	\$ 21,362,509	101.1%	\$ 4,921,388	23.3%
2003	21,142,675	19,212,789	90.9%	1,265,481	20,478,270	96.9%	4,956,875	23.4%
2002	19,075,592	17,815,051	93.4%	1,327,331	19,142,382	100.4%	4,765,605	25.0%
2001	18,861,580	18,027,699	95.6%	1,121,799	19,149,498	101.5%	3,458,115	18.3%
2000	18,747,632	17,953,577	95.8%	1,028,171	18,981,748	100.1%	4,089,228	21.8%
1999	17,228,696	16,688,916	96.8%	889,833	17,578,749	100.2%	2,854,545	16.6%
1998	17,236,685	16,369,525	95.0%	887,443	17,256,968	100.1%	2,091,752	12.1%
1997	17,139,435	16,499,010	96.3%	820,972	17,319,982	101.1%	2,721,684	15.9%
1996	15,955,014	15,303,711	95.9%	882,680	16,186,391	101.5%	2,754,440	17.3%
1995	15,865,444	15,284,346	96.3%	700,632	15,984,978	100.8%	2,560,886	16.1%

(1) Includes the General, Special Revenue, Debt Service, Trust and Agency Funds. Presented on the cash basis for all years.

Source: County Auditor; Montgomery County, Ohio

**CITY OF DAYTON, OHIO**

**ASSESSED VALUE AND ESTIMATED TRUE VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS (1)**

<u>Year</u>	<u>Real Property</u>	<u>Public Utility Real Property</u>	<u>Tangible Personal Property</u>	<u>Total Assessed Value</u>	<u>(1) Estimated Value</u>	<u>Percentage of Assessed Value To Estimated True Value</u>
2004	\$ 1,618,667,120	\$ 106,951,010	\$ 318,067,610	\$ 2,043,685,740	\$ 6,171,703,279	33.11%
2003	1,605,463,590	106,740,710	402,063,173	2,114,267,473	6,269,282,241	33.72%
2002	1,349,792,850	101,461,400	456,304,945	1,907,559,195	5,797,067,825	32.91%
2001	1,321,740,600	139,196,290	440,728,086	1,901,664,976	5,897,206,567	32.25%
2000	1,308,366,160	142,951,440	403,346,103	1,854,663,703	5,799,921,138	31.98%
1999	1,199,695,480	150,755,290	387,618,846	1,738,069,616	5,161,385,240	33.67%
1998	1,196,725,090	146,457,920	356,354,152	1,699,537,162	5,080,306,397	33.45%
1997	1,197,994,870	146,932,600	364,241,202	1,709,168,672	5,048,624,860	33.85%
1996	1,098,801,200	144,608,520	352,091,721	1,595,501,441	4,774,338,272	33.42%
1995	1,092,389,270	153,879,570	340,355,176	1,586,624,016	4,922,188,818	32.23%

(1) This is calculated by dividing the assessed value by the assessment percentage. The percentages for 2003 were thirty-five percent (35%) for all real property, eighty-eight (88%) for public utility tangible personal property and twenty five percent (25%) for tangible personal and interexchange telecom public utility.

Source: County Auditor; Montgomery County, Ohio

**CITY OF DAYTON, OHIO**

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

Collection Year	Direct 10 Mill Limitation (By Ohio Constitution)					By November 6, 1945 Charter Amendment		
	Debt Service Fund	Judgment Trust Fund	Street Maintenance Fund	Capital Improvement Fund	Total	Debt Service Fund	General	Total
2004	\$ 1.17	\$ -	\$ 0.33	\$ -	\$ 1.50	\$ 3.50	\$ 5.00	\$ 8.50
2003	0.15	-	1.35	1.70	3.20	3.50	5.00	8.50
2002	0.15	-	1.35	-	1.50	3.50	5.00	8.50
2001	0.15	-	1.35	-	1.50	3.50	5.00	8.50
2000	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50
1999	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50
1998	0.15	-	1.35	-	1.50	3.50	5.00	8.50
1997	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50
1996	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50
1995	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50

(1) The Ohio Constitution places a ten-mill limitation upon the combined property tax levied by the County, the School District, and the City. The City of Dayton has been permitted to levy only 1.5 mills of that ten-mill limitation. The Constitution permits the City to Levy additional millage beyond 1.5 mills upon approval of the electorate. Our City Charter also has a ten-mill limitation which prohibits the City from levying a total tax rate for all purposes in excess of ten mills. As a result of the passage of a Charter amendment, the City has been levying an additional 8.5 mills above the 1.5 mills. This additional millage has resulted in a total property tax rate of ten mills for the City of Dayton, the maximum permitted by the City Charter.

Source: County Auditor; Montgomery County, Ohio

<u>City of Dayton Grand Total</u>	<u>Dayton City School District</u>	<u>Montgomery County</u>	<u>Montgomery County Public Library</u>
\$ 10.00	\$ 70.85	\$ 18.24	\$ 0.26
11.70	70.85	18.24	0.26
10.00	70.85	17.24	0.26
10.00	62.65	16.64	0.26
10.00	62.65	16.64	0.26
10.00	62.65	16.64	0.26
10.00	62.65	16.64	0.26
10.00	62.65	16.64	0.72
10.00	62.65	16.64	0.72
10.00	62.65	16.64	0.72

**CITY OF DAYTON, OHIO**

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN YEARS**

<u>Year</u>	<u>Current Assessments Due (1)</u>	<u>Current Assessments Collected (1)</u>	<u>Percent of Current Collections to Current Assessments</u>	<u>Delinquent Assessments Collected (1)</u>	<u>Total Assessments Collected</u>	<u>Percent of Total Assessments Collected to Current Due (2)</u>
2004	\$ 1,814,540	\$ 1,250,199	68.9%	\$ 158,459	\$ 1,408,658	77.6%
2003	1,720,310	1,198,753	69.7%	238,209	1,436,962	83.5%
2002	1,734,308	1,179,253	68.0%	185,355	1,364,608	78.7%
2001	1,481,584	1,159,041	78.2%	192,008	1,351,049	91.2%
2000	1,392,991	769,441	55.2%	158,810	928,251	66.6%
1999	1,346,031	736,056	54.7%	189,940	925,996	68.8%
1998	1,726,054	1,171,223	67.9%	137,995	1,309,218	75.9%
1997	1,777,543	450,731	25.4%	106,135	556,866	31.3%
1996	1,001,476	358,649	35.8%	190,900	549,549	54.9%
1995	1,005,686	369,126	36.7%	118,995	488,121	48.5%

(1) Reported on a cash basis and includes collections of delinquent utility bills.

(2) Total collections exceed Current Assessments Due because of high collection of curb, gutter and sidewalk delinquent assessments.

Note: This table reflects only those special assessments collected through the County Auditor's Office.

Source: County Auditor; Montgomery County, Ohio



**CITY OF DAYTON, OHIO**

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA  
LAST TEN YEARS**

Year	Net General Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
2004	\$ 55,534,308	\$ 2,043,685,740	166,179	2.72%	\$ 334
2003	49,762,889	2,114,267,473	166,179	2.35%	299
2002	50,608,401	1,907,559,195	166,179	2.65%	305
2001	54,101,466	1,901,664,976	166,179	2.84%	326
2000	33,448,972	1,854,663,703	166,179	1.80%	201
1999	27,526,130	1,738,069,616	167,475	1.58%	164
1998	43,224,643	1,699,537,162	172,947	2.54%	250
1997	9,463,362	1,709,168,672	172,947	0.55%	55
1996	14,767,060	1,595,501,441	178,540	0.93%	83
1995	19,402,055	1,586,624,016	182,005	1.22%	107

(1) Net general bonded debt is defined as bonded debt supported by taxes less Debt Service Fund fund balance (which does not include reserve for encumbrances or loans receivable).

(2) Source: County Auditor; Montgomery County, Ohio

(3) Source: U.S. Census Bureau and Miami Valley Regional Planning Commission.

(4) In years 1996 - 1999 the City had no general obligation debt. All debt was repaid through enterprise operations.

**CITY OF DAYTON, OHIO**

COMPUTATION OF LEGAL DEBT MARGINS  
DECEMBER 31, 2004

**COMPUTATION OF OVERALL LEGAL DEBT MARGIN**

Assessed Value		\$ <u>2,043,685,740</u>
Overall Debt Limitation		
10 1/2 Percent of Assessed Valuation		\$ 214,587,003
Total Voted and Unvoted Debt Outstanding at December 31, 2004	193,897,094	
Less: Exempt Debt		
Primary Government:		
Golf Renovation General Obligation Bonds	2,640,003	
Airport General Obligation Bonds and Note	9,350,000	
Waterworks Revenue Bonds (1)	5,235,650	
Ohio Water Development Authority Loan	24,539,685	
Ohio Public Works Commission Loan	800,000	
Airport Revenue Bonds (1)	62,645,625	
Special Assessment Bonds and Note	1,297,409	
Capital Facilities and Various Purpose Income Tax Bonds	57,034,997	
Economic Development Bonds	<u>11,385,000</u>	
Debt Within 10 1/2 Percent Limitation	18,968,725	
Less: Bond Retirement Fund Balance	<u>6,895,689</u>	
Net Debt Subject to 10 1/2 Percent Limitation		<u>12,073,036</u>
Legal Debt Margin Within 10 1/2 Percent Limitation		<u>\$ 202,513,967</u>

**COMPUTATION OF UNVOTED LEGAL DEBT MARGIN**

Assessed Value		\$ <u>2,043,685,740</u>
Unvoted Debt Limitation		
5 1/2 Percent of Assessed Valuation		\$ 112,402,716
Total Unvoted Debt Outstanding at December 31, 2003	193,897,094	
Less: Exempt Debt		
Primary Government:		
Golf Renovation General Obligation Bonds	2,640,003	
Airport General Obligation Bonds and Note	9,350,000	
Waterworks Revenue Bonds (1)	5,235,650	
Ohio Water Development Authority Loan	24,539,685	
Ohio Public Works Commission Loan	800,000	
Airport Revenue Bonds (1)	62,645,625	
Special Assessment Bonds and Note	1,297,409	
Capital Facilities and Various Purpose Income Tax Bonds	57,034,997	
Economic Development Bonds	<u>11,385,000</u>	
Debt Within 5 1/2 Percent Limitation	18,968,725	
Less: Bond Retirement Fund Balance	<u>6,895,689</u>	
Net Debt Subject to 5 1/2 Percent Limitation		<u>12,073,036</u>
Legal Debt Margin Within 5 1/2 Percent Limitation		<u>\$ 100,329,680</u>

(1) Airport and Waterworks revenue bonds are shown on the balance Sheet net of a discount and unamortized deferred charges of \$2,149,375 and \$169,350, respectively.

**CITY OF DAYTON, OHIO**

COMPUTATION OF DIRECT AND OVERLAPPING  
GENERAL OBLIGATION BONDED DEBT  
DECEMBER 31, 2004

Jurisdiction	Assessed Value	Net General Bonded Debt	Percentage Overlapping	Net Tax Supported Overall Debt
Direct:				
City of Dayton	\$ 2,043,685,740	\$ 49,762,889	100.00%	\$ 49,762,889
Overlapping Debt:				
Dayton City School District	2,101,252,966	230,102,845	98.64%	226,973,446
Montgomery County	9,982,969,719	32,892,639	20.80%	6,841,669
Total Overlapping Debt				233,815,115
Total Direct and Overlapping Debt				\$ 283,578,004

Source: County Auditor; Montgomery County, Ohio

Note: The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

**CITY OF DAYTON, OHIO**

RATIO OF ANNUAL DEBT PRINCIPAL AND INTEREST EXPENDITURES  
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL  
GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN YEARS (1)

<u>Year</u>	<u>Principal (2)</u>	<u>Interest and Fiscal Charges (2)</u>	<u>Total</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to General Expenditures</u>
2004	\$ 9,228,813	\$ 3,962,946	\$ 13,191,759	\$ 219,044,970	6.02%
2003	7,350,552	3,430,374	10,780,926	219,165,940	4.92%
2002	6,198,173	4,317,835	10,516,008	223,708,704	4.70%
2001	6,524,068	4,333,196	10,857,264	208,594,344	5.20%
2000	4,465,000	2,917,114	7,382,114	201,192,360	3.70%
1999	5,295,000	3,139,008	8,434,008	195,478,903	4.30%
1998	2,200,000	2,057,228	4,257,228	179,028,081	2.40%
1997	2,657,475	1,840,797	4,498,272	175,203,469	2.60%
1996	4,147,664	2,081,404	6,229,068	160,906,115	3.90%
1995	4,120,582	2,342,289	6,462,871	156,377,956	4.10%

(1) Total General Expenditures include General, Special Revenue, and Debt Service Funds.

(2) Excludes general obligation debt reported in the enterprise funds.

Source: Finance Department; City of Dayton, Ohio

**CITY OF DAYTON, OHIO**  
**REVENUE BOND COVERAGE**  
**DAYTON INTERNATIONAL AIRPORT**  
**LAST TEN YEARS**

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2004	\$ 29,633,497	\$ 2,485,000	\$ 3,357,370	\$ 5,842,370	5.07
2003	17,489,400	1,275,000	1,206,507	2,481,507	7.05
2002	4,936,408	1,975,000	1,820,023	3,795,023	1.30
2001	5,879,030	1,890,000	1,910,247	3,800,247	1.55
2000	6,922,358	1,800,000	1,994,329	3,794,329	1.82
1999	9,114,117	1,725,000	2,073,164	3,798,164	2.40
1998	10,690,242	1,645,000	2,146,660	3,791,660	2.82
1997	9,775,151	1,580,000	2,215,570	3,795,570	2.58
1996	8,861,002	1,520,000	2,473,688	3,993,688	2.22
1995	4,915,697	1,075,000	3,199,898	4,274,898	1.15

(1) Net Revenue Available for Debt Service is computed by adding net income (loss) for the reporting period to depreciation, amortization, and interest expense.

**CITY OF DAYTON, OHIO**

REVENUE BOND COVERAGE  
WATER FUND  
LAST TEN YEARS

Year		Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
			Principal	Interest	Total	
2004	(a) (b)	\$ (3,006,068)	\$ 5,405,000	\$ 893,310	\$ 6,298,310	-0.48
2003	(a)	5,415,955	5,195,000	1,101,110	6,296,110	0.86
2002	(a)	7,099,652	5,000,000	1,301,110	6,301,110	1.13
2001		19,668,398	4,805,000	1,493,310	6,298,310	3.12
2000		18,333,123	4,625,000	1,678,310	6,303,310	2.91
1999		15,414,054	5,000,000	1,389,983	6,389,983	2.41
1998		13,764,616	750,000	3,436,222	4,186,222	3.29
1997		11,138,819	710,000	3,478,112	4,188,112	2.66
1996		11,221,602	670,000	3,516,302	4,186,302	2.68
1995		14,246,626	2,095,000	4,204,486	6,299,486	2.26

(1) Net Revenue Available for Debt Service is computed by adding net income (loss) for the reporting period to depreciation, amortization, and interest expense.

(a) In accordance with the Trust Agreement, amounts on deposit in the Utility Reserve Fund may be transferred into the Revenue Fund or the Bond Service Fund (as defined in the Trust Agreement) to be included as Net Revenue Available for Debt Service. Had sufficient transfers been made by the fiscal year-end, the revenue bond coverage ratio would have met the required minimum of 1.25.

(b) The city has \$8,000,000 in restricted cash to meet the Rate Covenant as described in Section 4.02 of the Trust Agreement.

**CITY OF DAYTON, OHIO**

DEMOGRAPHIC STATISTICS  
LAST TEN YEARS

Fiscal Year	Population (1)	Public School Enrollment (2)				Unemployment Statistics (3)	Age Distribution of Population for the Last Three Censuses:			
		Elementary	Intermediate	High	Total		Age	2000	1990	1980
2004	166,179	11,315	3,172	5,342	19,829	7.1%	Under 5	7.1%	8.5%	8.2%
2003	166,179	9,296	2,874	5,000	17,170	5.5%	5-14	14.1%	13.8%	14.3%
2002	166,179	11,969	3,345	5,474	20,788	5.6%	15-24	18.2%	16.8%	20.7%
2001	166,179	12,023	3,345	5,474	20,842	7.4%	25-34	14.1%	18.0%	16.1%
2000	166,179	11,995	3,568	5,516	21,079	6.0%	35-44	14.9%	13.0%	8.9%
1999	167,475	13,228	3,515	5,735	22,478	4.0%	45-54	12.1%	8.3%	9.5%
1998	172,947	16,305	3,386	6,595	26,286	6.6%	55-64	7.5%	8.5%	10.2%
1997	172,947	15,671	4,394	6,102	26,167	6.9%	65+	12.0%	13.1%	12.1%
1996	178,540	16,052	4,328	6,599	26,979	7.6%				
1995	182,005	15,913	4,246	6,832	26,991	7.2%				

(1) Source: U.S. Bureau of Census and Miami Valley Regional Planning Commission.

(2) Source: Records of the Dayton Board of Education, Office of Public Information.

(3) Unemployment rate are an average of that year. Source: Ohio Bureau of Employment Services.

**CITY OF DAYTON, OHIO**

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN YEARS

Year	Real Property (1)		Building Permits Issued (2)	Estimated Value of Buildings (2)	County Bank Deposits (3)
	Assessed Value	Estimated Market Value			
2004	\$ 1,618,667,120	\$ 4,624,763,200	1,020	\$ 174,560,405	\$ 1,756,510,000
2003	1,605,463,590	4,587,038,829	1,407	133,241,900	249,614,000
2002	1,349,792,850	3,856,551,000	1,314	148,084,800	241,447,000
2001	1,321,740,600	3,776,401,714	1,206	129,052,146	208,298,000
2000	1,308,366,160	3,738,189,028	1,652	124,091,672	191,473,000
1999	1,199,695,480	3,427,701,371	1,564	80,143,557	2,994,378,000
1998	1,196,725,090	3,419,214,543	1,390	101,936,784	3,264,705,000
1997	1,197,994,870	3,422,842,486	1,634	82,811,189	3,530,314,000
1996	1,098,801,200	3,139,432,000	1,512	67,723,613	3,899,145,000
1995	1,092,389,270	3,121,112,200	1,571	91,960,478	3,995,114,000

Source: (1) County Auditor; Montgomery County, Ohio

(2) City of Dayton Division of Business Services, Permit Section.

(3) Decrease for 2000 due to bank restructuring. Deposits at end of year are no longer held in Montgomery County, but in Cuyahoga County.



**CITY OF DAYTON, OHIO**

**PRINCIPAL TAXPAYERS  
DECEMBER 31, 2004**

The following is a list of the ten largest ad valorem taxpayers (based on the taxable valuation of their property) subject to the City's taxing jurisdiction.

Taxpayer	Nature of Business	Tangible Property Taxable Valuation	Real Property Taxable Valuation (1)	Total Taxable Valuation (1)	Percentage of Total Assessed Valuation
Dayton Power and Light Company	Utilities	\$ -	\$ 51,220,550	\$ 51,220,550	2.49%
Delphi Automotive Systems Corporation	Automotive	34,272,360	5,566,110	39,838,470	1.94%
NCR	Computer Technology	11,770,080	16,897,860	28,667,940	1.39%
Ohio Bell Telephone Company	Public Utility	-	27,817,580	27,817,580	1.35%
Behr Dayton Thermal	Automotive	15,505,500	5,041,610	20,547,110	1.00%
Arts Center Foundation	Non-Profit	-	16,082,190	16,082,190	0.78%
Dayton Heart Hospital	Hospital	2,756,350	7,142,490	9,898,840	0.48%
Marriott International	Hotel	-	8,461,750	8,461,750	0.41%
Vectren Energy Delivery	Utilities	-	7,244,120	7,244,120	0.35%
Standard Register	Computer/office equipment	5,173,490	1,921,100	7,094,590	0.35%
Total		69,477,780	147,395,360	216,873,140	10.55%
All Other Taxpayers		255,155,927	1,583,877,760	1,839,033,687	89.45%
Total Assessed Valuation		<u>\$ 324,633,707</u>	<u>\$ 1,731,273,120</u>	<u>\$ 2,055,906,827</u>	<u>100.00%</u>

(1) Includes Public Utility Real

Source: County Auditor; Montgomery County, Ohio

(Continued)

**CITY OF DAYTON, OHIO**

**PRINCIPAL TAXPAYERS**

**DECEMBER 31, 2004**

(Continued)

The listing of employers as shown is based on income tax withholding recorded by the City of Dayton Division of Taxation.

<u>Name of Taxpayer</u>	<u>Nature of Business</u>
Miami Valley Hospital	Hospital
NCR	Technology
Delphi Automotive Systems Corp.	Automotive
Montgomery County	Government
City of Dayton	Government
Dayton City School District	Education
Good Samaritan Hosp	Hospital
University of Dayton	Education
Veterans Administration	Hospital
Defense Finance Accounting	Government

**CITY OF DAYTON, OHIO**

**MISCELLANEOUS STATISTICS  
DECEMBER 31, 2004**

Date of Incorporation	February 12, 1805
Date Present Charter Adopted	August 12, 1913
Form of Government	Commission-Manager Plan
Area - Square Miles	56.3
Miles of Streets and Alleys Paved	855
Miles of Sewers:	
Storm	400
Sanitary	600
Number of Street Lights	21,292
Employees as of December 31, 2004 (all positions)	2,560
Elections:	
Number of Registered Voters	104,740
Number of Votes Cast in Last General Election	64,298
Percentage of Registered Voters Voting in Last General Election	61.39%
Municipal Water Department:	
Number of Accounts	59,612
Average Daily Consumption (million gallons)	51.85
Miles of Water Mains	791.0
Fire Protection:	
Number of Stations	13
Number of Employees	376
Police Protection:	
Number of Districts	5
Number of Employees	439
Recreation and Park Facilities:	
Number of Acres	1,400
Total Facilities	9
Tennis Courts	22
Golf Courses	3
Swimming Pools (including wading)	19

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**Auditor of State  
Betty Montgomery**

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**CITY OF DAYTON**

**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  
OCTOBER 19, 2006**