CITY OF DAYTON, OHIO

Single Audit Reports

December 31, 2012

PLATTENBURG
Certified Public Accountants

Dave Yost • Auditor of State

City Council
City of Dayton
101 West Third Street
Dayton, Ohio 45401

We have reviewed the *Independent Auditor's Report* of the City of Dayton, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2012 through December 31, 2012. 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.

Dave Yost
Auditor of State

October 3, 2013

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City of Dayton, Ohio
Schedule of Federal Expenditures
For the Year Ended December 31, 2012

Grantor Agency/Programs	CFDA Number	Project Number	Federal Expenditures
U.S. Dept. of Housing and Urban Development			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlements Grants	14.218	B-11-MC-39-0010	$5,785,108
		B-11-MN-39-0006	1,215,460
		B-08-MN-39-0006	229,161
Subtotal			7,229,729
Community Development Block Grants/Entitlements Grants - ARRA	14.253	B-09-MY-39-0010	44,464
Total CDBG - Entitlement Grants Cluster			7,274,193
CDBG - State Program and Non-Entitlement Grant	14.228	A-Z-08-268-1	13,934
Emergency Shelter Grants Program	14.231	S-10-MC-39-0010/E-11-MC-39-0010	295,768
Shelter Plus Care Grants	14.238	OH-0396-C-5-E-051101	40,424
		OH-16-C-60-5001	43,685
		OH-0137-C-5-E-051104	212,669
		OH-0284-C-5-E-051103	1,705,239
		OH-0313-C-5-E-050900	70,036
		OH-0284-C-5-E-051002	195,909
		OH-0137-C-5-E-051003	193,033
Subtotal			2,460,995
HOME Investment Partnerships Program	14.239	M-07-MC-39-0205	626,449
		M-08-DC-39-0205	10,419
		M-09-DC-39-0205	10,000
		M-10-MC-39-0205	885,367
Subtotal			1,532,235
Neighborhood Stabilization Program - ARRA	14.256	B-09-CN-OH-0029	12,031,456
Homelessness Prevention and Rapid Re-housing Program (HPRP) - ARRA	14.257	S-09-MY-39-0010	51,946
Fair Housing Assistance Programs	14.401	FF-205-K-04-5019	133,051
Total U.S. Department of Housing and Urban Development			$23,793,578
U.S. Department of Justice			
Public Safety Partnership and Community Policing Grants - ARRA 66	16.710	2009-RJ-WX-00	806,753
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0797	30,706
		2011-DJ-BX-3243	181,443
		2010-DJ-BX-0185	234,784
		2009-JG-D01-6530	36,000
		2012-DJ-BX-1236	3,827
Subtotal			486,760
Edward Byrne Memorial Justice Assistance Grants to Local Governments - ARRA	16.804	2009-SB-B9-1364	594,375
Total JAG Program Cluster			1,081,135
Project Safe Neighborhoods	16.609	2010-PS-PSN-301	18,723
Community Initiative Reduce Gun Violence	16.753	2010-DD-BX-0550	211,996
Federal Law Enforcement RICO	16.000	Form DAG-71	569,865
Total U.S. Department of Justice			$2,688,472
U.S. Department of Transportation			
Airport Improvement Program	20.106	3-39-0030-1311	151,456
		3-39-0029-7009	10,080
		3-39-0029-7310	7,995
		3-39-0030-1210	312
		3-39-0029-7411	3,340,653
		3-39-0029-7712	270,738
		3-39-0029-7812	1,442
		3-39-0030-1412	26,865
		3-39-0029-7612	30,799
Subtotal			3,840,340
Federal Transit Administration - Formula Grants	20.507	2002-11-1	10,949
		2002-11-2	138,575
Subtotal			149,524

Passed through Ohio Department of Transportation			
Highway Planning and Construction (Federal-Aid Highway Program) (ODOT)	20.205	PID # 86678	14,728
		CZ-2012-57-00-00-00926-00	49,911
		PID # 81018 Agreement# 21167	19,422
		PID# 81020 Agreement# 21173	101,420
		PID# 84073 Agreement# 21921	107,791
		PID# 84071 Agreement#21923 (ARRA)	502,740
		PID# 80023 Agreement# 20914	98,760
		PID# 88216 Agreement# 23593	188,586
		PID# 86713 Agreement# 22684 (ARRA)	673
		PID# 86309 Agreement# 22683 (ARRA)	123
		PID# 77860 Agreement# 20700	2,078,492
		PID# 84074 Agreement# 21920	1,111,324
		PID# 84072 Agreement# 21922	217,170
		PID# 86322 Agreement# 22816	676,945
		PID# 88214 Agreement# 23720	433,170
Subtotal			5,601,255
Passed through Ohio Department of Public Safety			
Highway Safety Cluster			
State and Community Highway Safety	20.600	OVITF-2013-57-00-00-00313-00	13,545
		OVITF-2012-57-00-00-00393-00	88,901
		HVEO-2013-57-00-00-00370-00	2,234
		HVEO-2012-57-00-00-00291-00	26,493
Subtotal			131,173
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	OVITF-2013-57-00-00-00313-00	13,545
		OVITF-2012-57-00-00-00393-00	88,901
		HVEO-2013-57-00-00-00370-00	2,233
		HVEO-2012-57-00-00-00291-00	26,494
Subtotal			131,173
Total Highway Safety Cluster			262,346
Total U.S. Department of Transportation			9,853,465
U.S. Department of Homeland Security			
Firefighters Assistance Grants	97.044	EMW-2010-FP-01101	23,500
		EMW-2010-FO-06582	47,732
		EMW-2011-FO-08371	99,000
		EMW-2002-FG-15706	5,034
Subtotal			175,266
Metropolitan Medical Response-Fire	97.071	233-01-0047	37,653
Homeland Security Grant Program	97.067	2010-SS-T0-0012	6,326
		2009-SS-T9-0089 DPSFE 144	67,060
Subtotal			73,386
Total Homeland Security Cluster			
TSA Airport Checked Baggage Inspection System Program - ARRA	97.117	HSTS04-09-H-REC153	623,593
Total U.S. Department of Homeland Security			**$909,898**
U.S. Department of Defense			
Emergency Rehab of Flood Control Works	12.102	NE-Quad-Dayton	69,934
Procurement Technical Assist. Ctr.	12.002	SP4800-13-2-1377	20,021
Collaborative Research and Development	12.114	Sec. 594 Assistance Project #137729	35,738
Total Department of Defense			**$125,693**
U.S. Department of Energy			
Energy Efficiency and Conservation Block Grant Programs - ARRA	81.128	DE-SC0003112	59,706
Total U.S. Department of Energy			**$59,706**
U.S. Department of Environmental Protection Agency			
Passed through Ohio Water Development Authority			
Construction Grants for Wastewater Treatment Works - ARRA	66.418	CS39032-0003	36,584
Total of U.S. Department of Environmental Protection Agency			**$36,584**
U.S Army Corps of Engineers			
Brown St. Reconstruction	12.XXX	ECDD 10-291	464,321
Total of U.S. Army Corps of Engineers			**$464,321**
Total Expenditures of Federal Awards			**$37,931,717**

See accompanying notes to schedule of expenditures of federal awards and schedule of expenditures of passenger facility charges.

City of Dayton, Ohio
Schedule of Expenditures of Passenger Facility Charges
For the Year Ended December 31, 2012

Grantor Agency/Program	Project Number	PFC Receipts	PFC Expenditures
U.S. Department of Transportation			
Passenger Facility Charges	Applications 4, 5, 6 & 7	$5,351,374	$1,958,983
Interest Earned		20,632	0
Total U.S. Department of Transportation		$5,372,006	$1,958,983

See accompanying notes to schedule of expenditures of federal awards and schedule of expenditures of passenger facility charges.

CITY OF DAYTON, OHIO
Notes to the Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges
For the Year Ended December 31, 2012

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of federal awards and schedule of passenger facility charges are prepared using the cash basis of accounting in accordance with the format as set forth in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration.

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

Members of the City Commission
City of Dayton, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 31, 2013, wherein we noted the City adopted GASB Statement No. 65 as disclosed in Note 3. Our report also noted that we did not audit the financial statements of the discretely presented component unit, CityWide Development Corporation. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CityWide Development Corporation, is based solely on the report of the other auditors.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses – 2012-1, 2012-2 and 2012-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2012-2.

City of Dayton's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Plattenburg & Associates, Inc.

Dayton, Ohio
July 31, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Members of the City Commission
City of Dayton, Ohio

Report on Compliance for Each Major Federal Program

We have audited the City of Dayton, Ohio's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on CFDA # 14.238 – Shelter Plus Care Grants and CFDA # 14.256 – Neighborhood Stabilization Program - ARRA

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2012-4	14.238	Shelter Plus Care Grants	Reporting
2012-5	14.256	Neighborhood Stabilization Program - ARRA	Activities Allowed or Unallowed

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on CFDA # 14.238 – Shelter Plus Care Grants and CFDA # 14.256 – Neighborhood Stabilization Program - ARRA

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance, requirements referred to above that could have a direct and material effect on CFDA # 14.238 – Shelter Plus Care Grants and CFDA # 14.256 – Neighborhood Stabilization Program - ARRA for the year ended December 31, 2012.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance, requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section on the accompanying schedule of findings and questioned costs for the year ended December 31, 2012.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration on internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-4 and 2012-5 to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the 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, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 31, 2013, which contained unmodified opinions on those financial statements, wherein we noted the City adopted GASB Statement No. 65 as disclosed in Note 3. Also our report noted that other auditors audited the financial statements of the discretely presented component unit CityWide Development Corporation. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Dayton, Ohio
July 31, 2013

CITY OF DAYTON, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

Section I – Summary of Auditor's Results

(d)(1)(i)	*Type of Financial Statement Opinion*	Unmodified
(d)(1)(ii)	*Were there any material control weakness conditions reported at the financial statement level (GAGAS)?*	Yes
(d)(1)(ii)	*Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any material reported non-compliance at the financial statement level (GAGAS)?*	Yes
(d)(1)(iv)	*Were there any material internal control weakness conditions reported for major federal programs?*	Yes
(d)(1)(iv)	*Were there any other significant control deficiencies reported for major federal programs?*	No
(d)(1)(v)	*Type of Major Programs' Compliance Opinion*	Qualified CFDA# 14.238 Qualified CFDA# 14.256 Unmodified for all others
(d)(1)(vi)	*Are there any reportable findings under Section .510?*	Yes
(d)(1)(vii)	*Major Programs (list):*	CFDA# 14.238 Shelter Plus Care Grants CFDA# 14.256 Neighborhood Stabilization Program - ARRA CFDA# 20.106 Airport Improvement Program CFDA# 20.205 Highway Planning and Construction
(d)(1)(viii)	*Dollar Threshold: Type A/B Programs*	Type A: > $1,137,952 Type B: all others
(d)(1)(ix)	*Low Risk Auditee?*	No

Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

2012–1 Finding Type — Material Weakness – Recreation Center Receipts

During the course of our audit of recreation center receipts, material weaknesses were identified that related to cash collection procedures. Although no material misstatements were noted, there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

The following were the result of improper operation of controls and related to:

- The recreation centers use a combination of cash registers and manual receipt books depending on the type of transaction due to the register system being unable to capture all activity. General admission receipts are tracked using an attendance form. The register system is not capable of printing a report at the end of the day showing how much money should have been collected to compare to the amount of cash collected for deposit. Failure to have a system that accurately calculates and accumulates the amount of cash collected could result in unrecorded transactions as well as material misstatements due to fraud or error.

- Deposits were not made from the recreation centers to the bank on a timely basis. Failure to deposit cash and checks to the bank could receipts in unrecorded transactions, lost deposits, and misstatements due to fraud or error.

The effect of the above issues presents a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Recommendation

Consider reviewing and updating the design and operation of the City's controls over recreation center receipts, not only related to detail accounting records, but also identify other areas that could be improved as well.

Management Response/Corrective Action Plan

In 2010, the City approved the Department of Recreation and Youth Services' request to purchase a new automated system to reduce internal control deficiencies. In 2011, the contract was awarded to RecTrac, an industry leader in recreation programming and administrative software. At the beginning of the 2012 audit, the system was available to test. The RecTrac software upgrades were completed in October 2012, and tested in November and December of 2012. The system went live for the Division of Golf in January of 2013 and for the Division of Recreation and Youth Services in March of 2013.

With the new registration system, all transactions including daily drop-ins are entered into the system, automatically generating a sales receipt. The sales receipts are used as proof of purchase to further ensure that all transactions are entered into the system appropriately. At the end of each business day, Recreation and Youth Services staff is able to print a daily transaction and general ledger report to verify funds deposited by each recreation center. In May of 2013, the Department of Recreation and Youth Services' staff worked with the City's Internal Auditor to implement an internal policy to ensure all recreation center deposits are made in a timely manner in accordance with City policy.

It is our opinion that the new software system and other procedural controls are in place and operating as intended.

2012–2 Finding Type — Material Weakness and Material Noncompliance – Certain Expenses Relating to Debt Management out of the City's Debt Service Fund

During the course of our audit, we noted the City charged certain expenses to the debt service fund that were unallowable. These expenses included 100% of CAFR preparation fees, accounting and consulting fees, accounting temporary fees and the salary and benefits of the Chief Deputy Finance Director. Ohio Revised Code 5705.10 provides that money paid into a fund shall be used only for the purpose for which such fund was established. Although some of these expenses are allowable, the City needs to document and allocate the portion allowable that relates to the debt service fund.

Recommendation

We recommend the City review the design and operation of the City's controls over expenses charged to the debt service fund. Also, the City should follow ORC 5705.10. The City should document and allocate CAFR preparation fees, accounting and consulting fees, accounting temporary fees, and salary and benefits of the Chief Deputy Finance Director based on time and fees associated with the debt service fund.

Management Response/Corrective Action Plan

Once the City determined that certain expenditures were not 100% eligible in the Debt Service Fund, those expenses were reallocated to the General Fund for 2012. Beginning with FY2013, the City will no longer pay for the expenses identified through this audit process from the Debt Service Fund. We will move all expenses through July and any remaining budget for those planned expenses to the General Fund.

2012-3 Finding Type – Material Weakness – Overtime Pay

During our audit, we performed testing related to the City's payment of overtime to mid-management positions (exempt employees). This testing was done in the City's Housing Division. The City's Personnel Policies and Procedures Manual sections 3.01 and 9.01 address payments of overtime to mid-management positions. The City's formal written policy states the following key points:

- Overtime is not normally required for mid-management positions
- Exempt employees are required to work the hours necessary to meet the responsibilities of their position
- General mid-management personnel are not eligible for overtime pay under most circumstances
- Overtime (for exempt) may be approved by Department Directors
- Department Directors must sign an overtime form and a copy sent to payroll and the time should be approved in Kronos payroll system
- Request for exceptions to this policy must be directed to the City Manager for approval by submitting a memorandum of justification through the Human Resources Director

Our testing of overtime payments to mid-management showed the following results in summary:

- Overtime pay appeared to be a normal part of mid-management compensation
- Overtime pay to mid-management was not approved by Department Directors. In certain circumstances, it was approved by Division manager. Sometimes overtime was paid by Division Payroll Clerk without proper management approval.

- No signed overtime forms were submitted to payroll
- Kronos approval was not done at a sufficiently high level
- No memorandum of justification was provided to support overtime payments to mid-management positions
- Auditor selected two mid-management employees (with substantial overtime compensation) from other divisions to determine if the City's policies were followed. These other divisions did not appear to follow the City's written policies.
- Overtime was paid to mid-management when only forty hours were worked during a week (vacation or sick time was taken during the week which resulted in total paid hours exceeding 40)
- Our testing uncovered documentation that certain mid-managers appeared to be tracking overtime as part of Time Management (instead of being paid overtime). Based on our discussions with Human Resources, an hour for hour tracking is not allowed for most departments.

Recommendation:

We recommend that the City fully evaluate policies and procedures related to the payment of overtime to mid-management. The internal control and policies and procedures should be clear and consistent. The internal control should be designed to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, errors (unintentional or intentional) on a timely basis.

Management Response / Corrective Action Plan:

The City's HR polices are periodically and are currently being reviewed and communicated to all departments by an internal committee to the City. The specific polices tested and referenced above were last reviewed in 2011. All departments are expected to comply with policies until communicated differently. Polices are available for all users in the City's HR intranet site. These policies will be reviewed in 2013 and adjusted accordingly to reflect the current needs and internal control processes for payroll.

Section III – Federal Award Findings and Questioned Costs

Finding 2012-4 –CFDA # 14.238 – Shelter Plus Care Grants

Finding Type

Material Weakness / Material Noncompliance –Reporting

Criteria

Recipients may be required to submit performance reports at least annually but not more frequently than quarterly. Performance reports generally contain, for each award, brief information of the following types:

1. A comparison of actual accomplishments with the goals and objectives established for the period.
2. Reasons why established goals were not met, if appropriate.
3. Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

Condition

The City failed to file a required performance report.

Questioned Costs

None.

Context

Grants are being used without all of the required performance reports being filed.

Cause and Effect

The City's internal control over compliance with the requirements applicable to federal programs were not designed to prevent, or detect and correct, noncompliance with reporting compliance requirements. This resulted in a performance report not being filed as required.

Recommendation

We recommend the City adhere to the design of internal control over compliance with the requirements applicable to federal programs with an emphasis on reporting requirements and associated controls.

Views of Responsible Officials and Planned Corrective Actions

The City will implement specific actions and procedures to ensure internal control over compliance on HUD grants. Those actions will include the following:

1. Review roles, responsibilities and processes for HUD program management and realign staff and functions to increase the quality and frequency of internal monitoring; and
2. Planning and Community Development Staff management will meet quarterly with project managers to: get updates on project status, review and approve expenditures and reports, address issues or challenges in subrecipient performance as needed.
3. Update and/or document HUD grant administration policies and procedures as needed

The City will also ensure that any new staff added in the span of control for HUD management is well trained in applicable HUD grant requirements and City financial policies and procedures, which are used to process HUD transactions.

Finding 2012-5 –CFDA # 14.256 – Neighborhood Stabilization Program - ARRA

Finding Type

Material Weakness / Material Noncompliance – Activities Allowed or Unallowed

Criteria

For a cost to be allowable, it must (1) be for a purpose the specific award permits and (2) fall within A-87's (codified in 2 CFR Part 225) allowable cost guidelines. These two criteria are roughly analogous to classifying a cost by both program/function and object. This is, the grant aware generally prescribes the allowable program/function while A-87 prescribes allowable object cost categories and restrictions that may apply to certain object codes of expenditures.

Condition

The City failed to prevent unallowable costs for homes purchased during the year. Homes were purchased outside a targeted area. After year end, the City obtained an amendment from HUD to expand the targeted area.

Questioned Costs

None. After year end, the City obtained an amendment from HUD to expand the targeted area.

Context

Two expenditures were paid for properties purchased outside the NSP target area.

Cause and Effect

The City's internal control over compliance with the requirements applicable to federal programs were not designed to prevent, or detect and correct, noncompliance with activities allowed or unallowed compliance requirements. This resulted in disbursements for properties purchased outside the NSP target area.

Recommendation

We recommend the City adhere to the design of internal control over compliance with the requirements applicable to federal programs with an emphasis on activities allowed or unallowed requirements and associated controls.

Views of Responsible Officials and Planned Corrective Actions

The City will implement specific actions and procedures to ensure internal control over compliance on HUD grants. Those actions will include the following:

1. Review roles, responsibilities and processes for HUD program management and realign staff and functions to increase the quality and frequency of internal monitoring; and
2. Planning and Community Development Staff management will meet quarterly with project managers to: get updates on project status, review and approve expenditures and reports, address issues or challenges in subrecipient performance as needed.
3. Update and/or document HUD grant administration policies and procedures as needed.

The City will also ensure that any new staff added in the span of control for HUD management is well trained in applicable HUD grant requirements and City financial policies and procedures, which are used to process HUD transactions.

CITY OF DAYTON, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2011

Summary of Prior Audit Findings and Questioned Costs:

2011-1 Finding Type – Material Weakness – Recreation Center Receipts

During the course of our audit of recreation center receipts, material weaknesses were identified that related to cash collection procedures. Although no material misstatements were noted there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Status: Reissued as 2012-1

Comprehensive Annual Financial Report

January 1 – December 31, 2012

City of Dayton, Ohio

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Gary D. Leitzell
Mayor

Nan Whaley
Commissioner

Joey D. Williams
Commissioner

Dean Lovelace
Commissioner

Matt Joseph
Commissioner

Timothy H. Riordan
City Manager

City of Dayton, Ohio

We acknowledge the following Financial Services Personnel in the preparation of the 2012 Comprehensive Annual Financial Report.

Stanley A. Early	Deputy City Manager
C. LaShea Smith	Finance Director
Bejoy C. John	Deputy Finance Director
Candy H. Carr	Financial Services Supervisor
Jason L. Cook	Financial Analyst I
Trasenna T. Williams	Financial Analyst I
Sheila K. Kraft	Finance Technician I

Appreciation is extended to our consultant, Julian and Grube, Inc. for their assistance on this project.

Dayton Photo Contest, Night View, by Robin Field

Design and Printing: City of Dayton, IT-Document Management Services

Comprehensive Annual Financial Report

January 1 – December 31, 2012

Prepared By

DEPARTMENT OF FINANCE

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.

City of Dayton, Ohio

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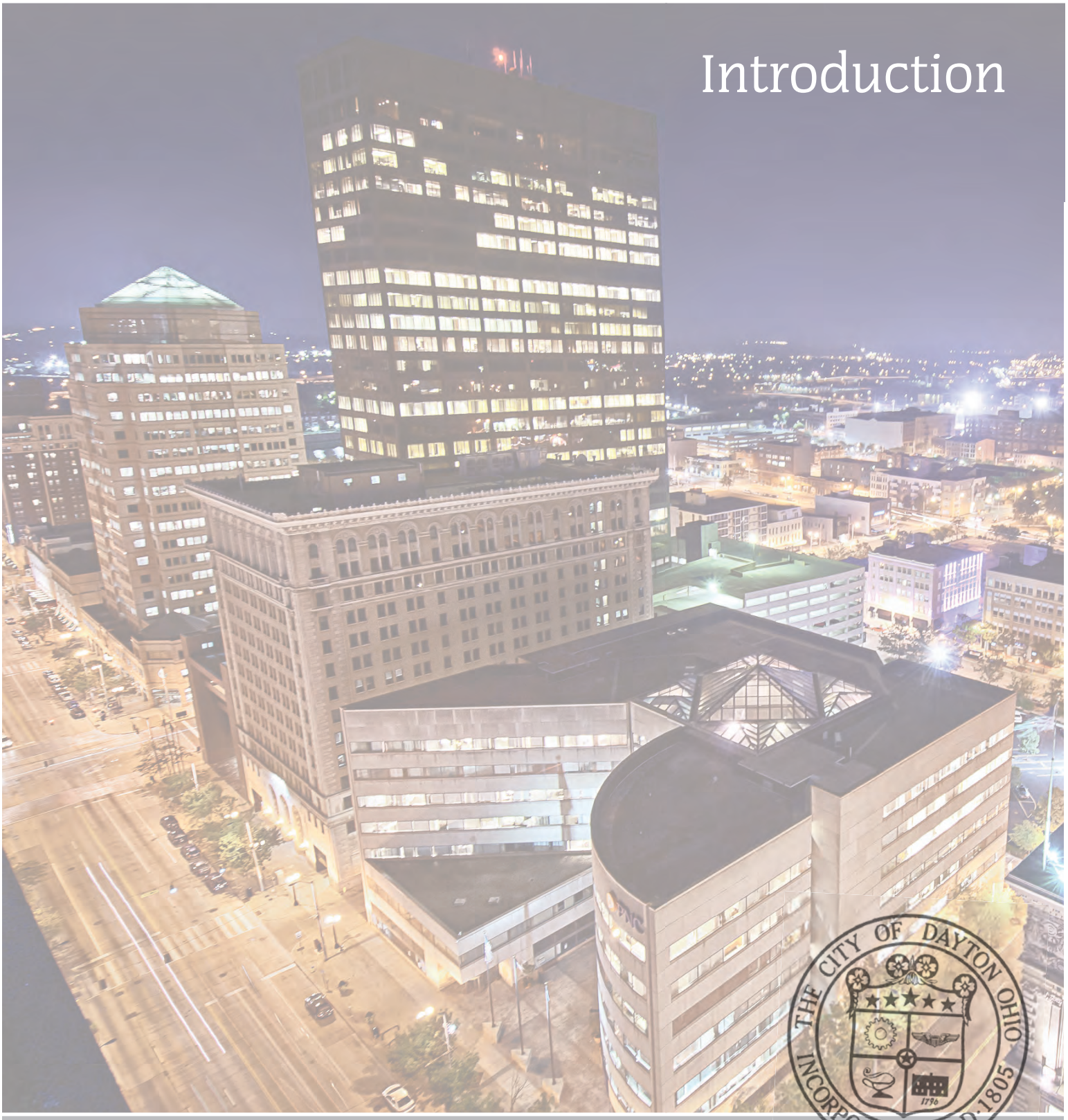
Introduction



City of Dayton, Ohio

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CITY OF DAYTON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

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CITY OF DAYTON, OHIO
DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

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July 31, 2013

To the Honorable Mayor, Members of the City Commission, the City Manager, and the Citizens of the City of Dayton, Ohio,

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Dayton, Ohio for the fiscal year ended December 31, 2012.

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

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 Generally Accepted Accounting Principles (GAAP) as applied to governmental units and contains all disclosures necessary to enable the reader to understand the City's financial affairs. City management is responsible for providing accurate and complete data for a fair and comprehensive presentation of its financial position.

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 requires estimates and judgments by management.

This transmittal letter is designed to provide historical information about the City, as well as complement the required Management's Discussion and Analysis (MD&A). GAAP 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

Dayton was founded on April 1, 1796 by a small group of settlers seven years before the admission of Ohio to the Union in 1803. The town was incorporated in 1805 and given its name after Jonathan Dayton, a captain in the American Revolutionary War and youngest signer of the U.S. Constitution. In 1797, Daniel C. Cooper laid out the Mad River Road, the first overland connection between Cincinnati and Dayton. This opened up the "Mad River Country" at Dayton and the upper Miami Valley to settlement.

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.

Dayton is a city in southwestern Ohio. It is the county seat and the largest city in Montgomery County. Dayton is a part of several other communities called the Greater Dayton Area which includes the communities of Vandalia, Trotwood, Kettering, Centerville, Beavercreek, Fairborn, West Carrollton, Huber Heights, Troy, and Miamisburg. As of the 2010 census estimate, the population of Dayton was 141,729. The census estimate for the Greater Dayton Area population is 542,237.

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 one component unit: Citywide Development Corporation that is shown as a separate discrete component unit. The City is associated with eight 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, the Miami Valley Emergency Management Agency, the Butler Township-Dayton JEDD (Joint Economic Development District), and the Miami Township-Dayton JEDD.

The annual budget serves as the foundation for the City of Dayton's financial planning and control. The City Commission is required to adopt the original budget not before the second Monday in January and the 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 certain appropriation transfers within a department (so long as they are within the same fund).

LOCAL ECONOMY

The City of Dayton has a rich history with its citizens contributing controlled powered flight, the automobile self-starter, the cash register, and micro-encapsulation to the world. The City is working to reposition its economy to compete globally in the future with a diversified knowledge-based economy.

Driven by the recent achievements since the implementation of the City's 2007 revised economic development goals contained in CitiPlan, the 20/20 Vision and Focus 2010, the City continues to concentrate development efforts on the following industries to transform its economic base: Aerospace Research and Development, Information Technology, Human Sciences and Healthcare, and Advanced Materials and Manufacturing. Examples of the growth in these core areas are listed below.

1. The Aerospace Hub designation continues to create an active base for the development of aerospace and advanced materials industries. Currently, the Aerospace Hub positions Dayton as a leading contender for designation as a FAA unmanned aerial systems (UAS) test site. This will generate growth in Dayton's burgeoning aerospace research and development sector by attracting more companies specializing in technology, advanced manufacturing, and innovation, such as the General Electric's Electrical Power Integrated Systems Research and Development Center (EPICENTER) project. Construction continues on the 115,000 square foot EPISCENTER at River Park Drive near the University of Dayton campus. The $51 million research center is scheduled to be complete by the Spring 2013. The facility will house the headquarters and research labs for GE Aviation's Electric Power Systems Group.
2. The City and CityWide Development Corporation continue to work to attract innovative companies to Dayton's Tech Town technology business park. Tech Town's proximity to Wright Patterson Air Force Base allows the City to attract businesses that wish to locate near the Base. Tech Town has approximately 100,000 square feet of newly constructed office space, with 40,000 already leased and 60,000 available.
3. Datayard, an IT services company invested in a new downtown location. The $2 million build-out will support their expansion from 15 employees to 40 by 2016.
4. PSA Airlines will modernize the facilities at its headquarters at Dayton International Airport. PSA will complete $1.2 million in upgrades to the Dayton operations, including renovations and improvements to the crew-training facility. The company also plans to add 18 jobs in Dayton, with an average annual salary of $60,000.
5. The healthcare industry continues to make significant investments in Dayton. As an integral part of our local economy, the hospitals employ more than 17,000 people.
    - Premier Health Partners finished an estimated nearly $95 million in projects at various facilities. This includes relocating 900 employees to downtown Dayton and significant expansions and renovations on their core campus.

- CareSource, an Ohio nonprofit managed health care plan provider and significant employer in downtown Dayton–recently moved 225 Call Center employees into new office space at 40 West Second Street in Dayton.
- Children's Medical Center – completed the first phase of a $1.9 million laboratory renovation, which finished in September 2012.
- Grandview Hospital completed construction on a $40 million, five-story addition that will house pre- and post-operative surgery areas. They also finished the installation of a new, more accessible main entrance in 2012.

6. Malt Products Corporation will expand its facility near Dayton's Northwest Industrial Park and build a state-of-the-art, 70,000-sq.-ft. malt extract plant, adding 30 or more jobs to its existing local workforce of 35. The company's $26 million investment will double its domestic production capacity of sweeteners used in the baking industry.

LONG-TERM FINANCIAL PLANNING

Moody's Investors Services confirmed Dayton's general obligation bond credit rating at Aa2 and our non-tax revenue debt rating at Aa3. In addition, Standard and Poor's announced that it retained Dayton's AA- rating on general obligation bonds. Both announcements signal their confidence in Dayton's financial management practices and long-term stability.

Based on the City of Dayton FOCUS 2010 Report, the City is to maintain financial stability by continuing its well documented reputation of sound financial management and leadership. The City will focus internal resources on process improvements and automation to increase revenue collections as well as explore expanded assessments for selected City services. This is an opportunity for growth that stands as a continuous benchmark against which all major initiatives are measured.

RELEVANT FINANCIAL POLICIES

The City's long-standing policy is to maintain minimum reserve levels equal to six to ten weeks of operating expenses. 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 reducing operating costs; and weathering a recession or economic shock during a maximum 18-month period.

Consistent with City policy to maintain the General Fund reserve without increasing the City income tax rate, City management took action to increase General Fund revenues and reduce General Fund expenditures. Retaining the earnings tax rate at 2.25% means the City of Dayton has maintained the same earnings tax rate for at least 28 years.

AWARDS AND ACKNOWLEDGEMENTS

This was the 30th consecutive year that the Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Dayton for its CAFR for the year ended December 31, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and organized CAFR, whose contents conform to program standards judged by the GFOA. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements, and the 2012 CAFR has been submitted to the GFOA for their review.

In 2012, the Finance Department began the process of becoming ISO 9001 certified. This certification specifies requirements for a quality management system where an organization:

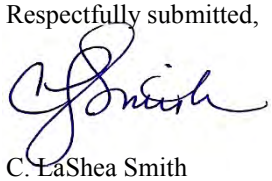
- Demonstrates its ability to consistently provide products and services that meet customer needs and applicable statutory and regulatory requirements; and

- Enhances customer satisfaction through the effective application of its systems, including processes for continual improvement of those systems; and the assurance of conformity to customer and applicable statutory and regulatory requirements.

In September 2012, the Customer Contact Center and Treasury were the first sections of the Finance Department to complete the ISO 9001 process and training and receive certification. To date, other sections of Finance, including Financial Analysis have received the prestigious certification. The pursuit and attainment of this certification is a great testament to the Finance Department's commitment to provide accurate and excellent financial services for the City and its stakeholders.

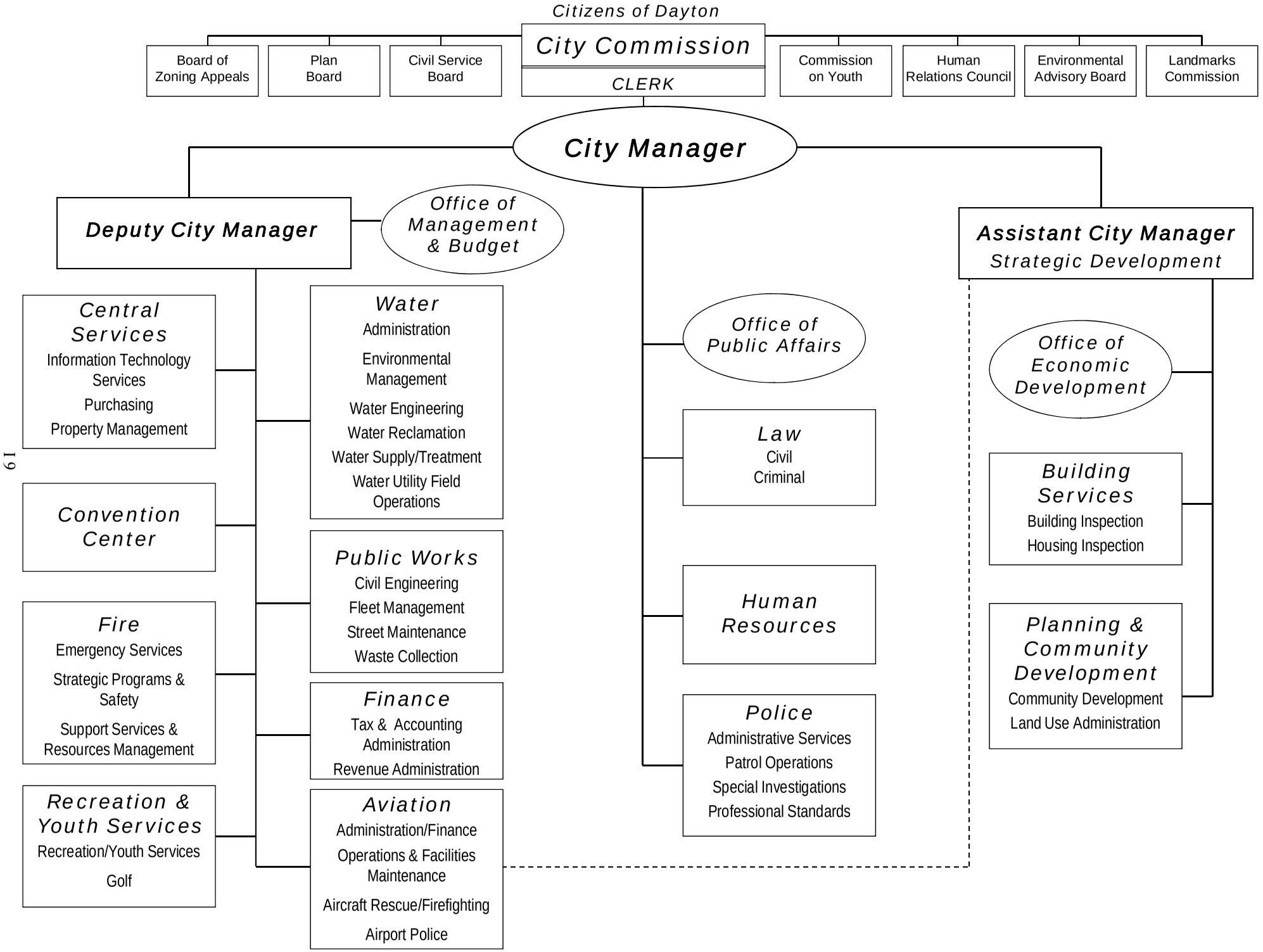
I offer my sincere gratitude to the Finance Department, especially the Financial Analysis Team for their diligent work in completing the 2012 CAFR. I would also like to thank all other City departments, including the City Manager's Office and the Office of Management and Budget who work to ensure the City's financial health is sound, and to the those who contributed and assisted in the preparation of the report. Finally, I acknowledge and express my gratitude to the Mayor and City Commissioners for providing excellent leadership and support in the management of the City of Dayton's finances.

Respectfully submitted,



C. LaShea Smith
Finance Director

Organization of the City of Dayton



Posted 5/18/12

CITY OF DAYTON, OHIO

LIST OF ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2012

ELECTED OFFICIALS

Mayor	Gary Leitzell
Commissioner	Dean Lovelace
Commissioner	Joey D. Williams
Commissioner	Matt Joseph
Commissioner	Nan Whaley

APPOINTED OFFICIALS

City Manager	Timothy H. Riordan
Deputy City Manager	Stanley Earley
Asst. City Manager for Strategic Development	Shelley Dickstein
Director ~ Aviation	Terrence Slaybaugh
Acting Director ~ Building Services	Michael Cromartie
Director ~ Central Services	Pete Hager
Secretary and Chief Examiner ~ Civil Service	Maurice Evans
Executive Asst. to the Commission ~ City Commission	Kery Gray
Acting Director ~ Dayton Convention Center	Michael Cashman
Director ~ Finance	Cheryl J. Garrett
Director and Chief ~ Fire	Herbert Redden, II
Executive Director ~ Human Relations Council	Catherine Crosby
Acting Director ~ Human Resources	Brent McKenzie
Director ~ Law	John Danish
Director ~ Management and Budget	Barbara LaBrier
Clerk of Courts ~ Municipal Court	Mark Owens
Director ~ Planning and Community Development	Aaron Sorrell
Director and Chief ~ Police	Richard Biehl
Director ~ Public Affairs	Thomas Biedenharn
Director ~ Public Works	Fred Stovall
Director ~ Recreation and Youth Services	C. LaShea Smith
Director ~ Water	Tammi Clements

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, 2011

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.

Christopher P Morrill
President

Jeffrey R. Emer
Executive Director

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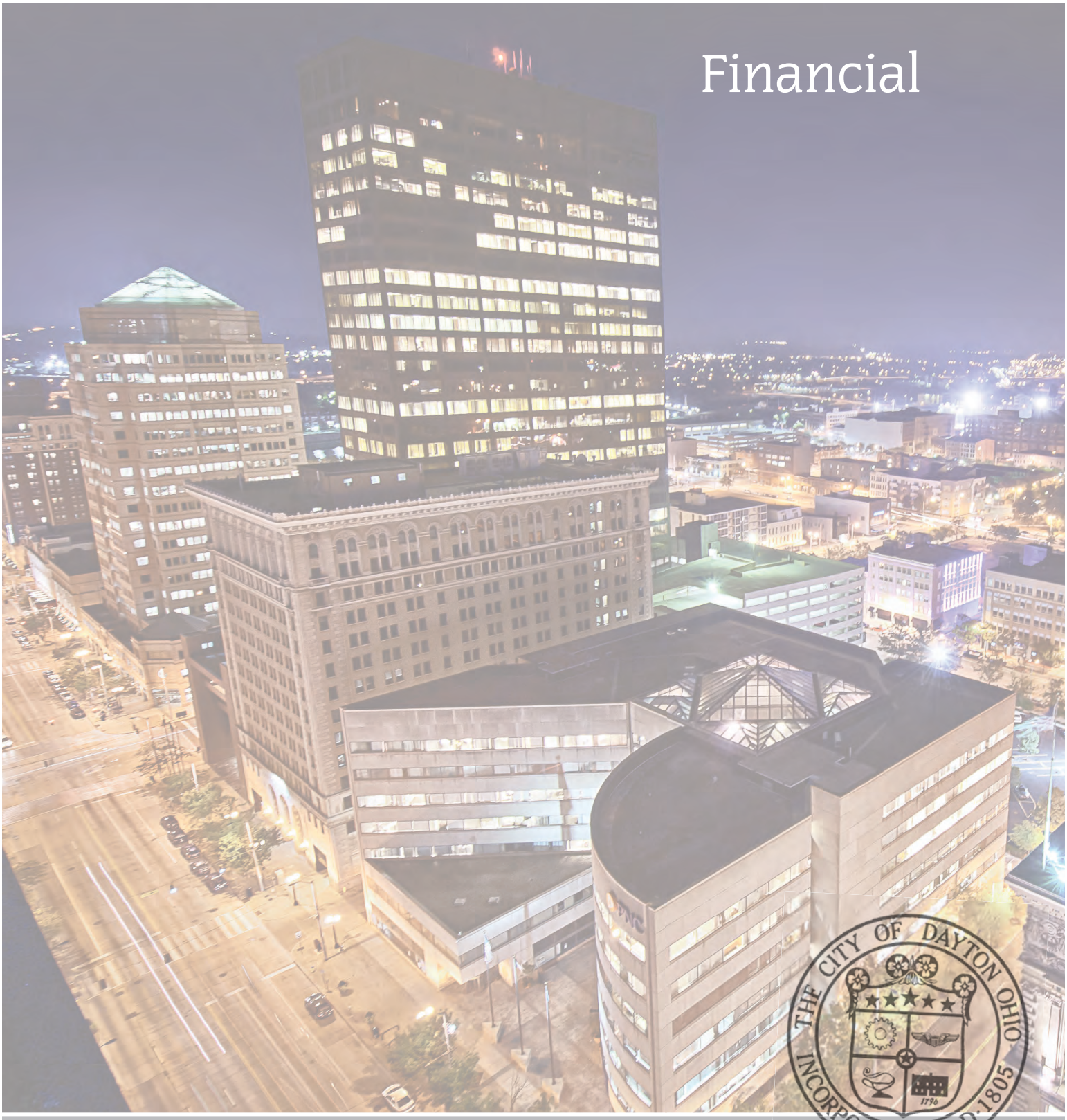
Financial



City of Dayton, Ohio

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INDEPENDENT AUDITOR'S REPORT

Members of the City Commission
City of Dayton, Ohio

Report on the Financial Statements

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 (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of CityWide Development Corporation, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CityWide Development Corporation, is based solely 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2012, 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 accordance with accounting principles generally accepted in the United States of America.

8260 NORTHCREEK DRIVE, SUITE 330 / CINCINNATI, OH 45236 • (513) 891-2722 • FAX (513) 891-2760
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Emphasis of Matter

As described in Note 3 to the financial statements, in 2012, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages F3 – F28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Dayton, Ohio
July 31, 2013

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012

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, 2012. 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 2012 are as follows:

- The City restated net position at December 31, 2011 as described in Note 3.B. The total net position of the City increased $39,060,979 in 2012. Net position of governmental activities increased $22,372,944 or 4.95% over 2011 and net position of business-type activities increased $16,888,035 or 2.90% over 2011.

- The City had $215,825,287 in revenues related to governmental activities. General revenues accounted for $132,081,869 or 61.20% of total governmental activities revenue. Program specific revenues accounted for $83,743,418 or 38.80% of total governmental activities revenue.

- The City had $193,806,512 in expenses related to governmental activities; $83,743,418 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of $110,063,094 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of $132,081,869.

- The general fund had revenues of $157,220,534 in 2012. The expenditures and other financing uses of the general fund totaled $150,894,580 in 2012. The net increase in the fund balance for the general fund was $6,325,954 or 11.50% over 2011.

- The housing and urban development major fund had $23,401,322 in revenues and other financing sources and $23,262,778 in expenditures in 2012. The fund balance in the housing and urban development fund was $6,883,107, a 2.05% increase from 2011.

- The debt service major fund had $42,270,270 in revenues and other financing sources and $48,821,534 in expenditures and other financing uses in 2012. The fund balance in the debt service fund was $32,621,021, a 16.72% decrease from 2011.

- The capital improvements major fund had $30,753,191 in revenues and other financing sources and $20,723,830 in expenditures and other financing uses in 2012. The fund balance for the capital improvements fund increased $10,029,361 or 64.20 % over 2011.

- Net position for the business-type activities, which are made up of the Dayton International Airport, water, sewer, storm water and golf enterprise funds, increased in 2012 by $16,688,035.

- The Dayton International Airport enterprise fund had $29,739,306 in operating revenues and $34,652,075 in operating expenses in 2012. The Dayton International Airport enterprise fund also had non-operating revenues of $195,308, non-operating expenses of $2,323,245 and capital contributions of $10,076,952. The net position of the Dayton International Airport enterprise fund increased $3,036,246 or 1.10% over 2011.

- The water enterprise fund had $51,184,173 in operating revenues and $44,602,557 in operating expenses in 2012. The water enterprise fund also had non-operating revenues of $152,720, non-operating expenses of $46,701 and capital contributions of $150,903. The net position of the water enterprise fund increased $6,838,538 or 4.06% over 2011.

- The sewer enterprise fund had $33,140,294 in operating revenues and $29,624,763 in operating expenses in 2012. The sewer enterprise fund also had non-operating revenues of $169,595, non-operating expenses of $420,772 and capital contributions of $205,264. The net position of the sewer enterprise fund increased $3,469,618 or 3.18% over 2011.

- In the general fund, the actual revenues and other financing sources came in $877,592 higher than they were in the final budget and actual expenditures and other financing uses were $4,058,650 less than the amount in the final budget. Budgeted revenues and other financing sources increased $6,548,900 from the original to the final budget. Budgeted expenditures and other financing uses increased $3,383,200 from the original to the final budget.

Using this Comprehensive 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 an entire financial operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the 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.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, this review examines the City's financial transactions and asks the question, "How did we do financially during 2012?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. This change is important because it tells the reader that the financial position of the City has either 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 others.

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

1. Governmental Activities - Most of the City's programs and services are reported 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.

2. 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.

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 F 11 of this report.

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major and nonmajor funds. The City's major governmental funds are the general fund, housing and urban development fund, debt service fund and capital improvements 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 F 34 - F 41 of this report and further detail on the City's major and nonmajor governmental funds can be found in Note 2 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 F 42 - F 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 statements 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 F 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 F 53 - F 109 of this report.

Government-Wide Financial Analysis

The table below provides a summary of the City's net position at December 31, 2012 compared to December 31, 2011 as restated.

Net Position

	Governmental Activities 2012	Restated Governmental Activities 2011	Business-Type Activities 2012	Restated Business-Type Activities 2011	Total 2012	Restated Total 2011
Assets						
Current and other assets	$ 215,697,926	$ 206,407,590	$ 202,173,913	$ 162,327,430	$ 417,871,839	$ 368,735,020
Capital assets, net	389,020,000	380,511,234	485,348,660	485,295,920	874,368,660	865,807,154
Total assets	604,717,926	586,918,824	687,522,573	647,623,350	1,292,240,499	1,234,542,174
Deferred outflows	1,943,071	864,859	51,839	69,613	1,994,910	934,472
Liabilities						
Long-term liabilities outstanding	102,629,673	103,987,630	87,443,101	59,295,285	190,072,774	163,282,915
Other liabilities	15,376,458	17,968,462	8,264,970	13,219,372	23,641,428	31,187,834
Total liabilities	118,006,131	121,956,092	95,708,071	72,514,657	213,714,202	194,470,749
Deferred inflows	14,327,870	13,873,539	-	-	14,327,870	13,873,539
Net Position						
Net investment in capital assets	340,108,111	332,540,773	401,528,337	429,634,383	741,636,448	762,175,156
Restricted	75,889,027	77,231,301	-	-	75,889,027	77,231,301
Unrestricted	58,329,858	42,181,978	190,338,004	145,543,923	248,667,862	187,725,901
Total net position	$ 474,326,996	$ 451,954,052	$ 591,866,341	$ 575,178,306	$ 1,066,193,337	$ 1,027,132,358

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2012, the City's assets and deferred outflows exceeded liabilities and deferred inflows by $1,066,193,337. At year-end, net positions were $474,326,996 and $591,866,341 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 and deferred outflows. At year-end, capital assets represented 64.12% of total assets and deferred outflows. Capital assets include land, right of ways, construction in progress (CIP), improvements other than buildings, buildings and improvements, equipment, software, vehicles and infrastructure. The City's net investment in capital assets at December 31, 2012, was $340,108,111 and $401,528,337 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, 2012, the City is able to report positive balances in all three categories of net position, 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 position, $75,889,027, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of $58,329,858 may be used to meet the government's ongoing obligations to citizens and creditors.

The table on the next page shows the changes in net position for 2012 and 2011.

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Change in Net Position

	Governmental Activities 2012	Restated Governmental Activities 2011	Business-Type Activities 2012	Restated Business-Type Activities 2011	Total 2012	Restated Total 2011
Revenues						
Program revenues:						
Charges for services and sales	$ 36,678,940	$ 36,604,606	$ 113,832,048	$ 105,505,293	$ 150,510,988	$ 142,109,899
Operating grants and contributions	34,438,364	35,387,609	-	-	34,438,364	35,387,609
Capital grants and contributions	12,626,114	12,849,894	10,436,869	14,064,510	23,062,983	26,914,404
Total program revenues	83,743,418	84,842,109	124,268,917	119,569,803	208,012,335	204,411,912
General revenues:						
Property taxes	10,055,324	19,373,301	-	-	10,055,324	19,373,301
Income taxes	100,336,653	100,129,761	-	-	100,336,653	100,129,761
Payment in lieu of taxes	1,076,054	669,323	-	-	1,076,054	669,323
Unrestricted grants	14,833,540	19,159,472	-	-	14,833,540	19,159,472
Interest	1,931,883	1,945,150	557,911	236,896	2,489,794	2,182,046
Miscellaneous	3,848,415	1,199,153	10,757,208	13,509,995	14,605,623	14,709,148
Total general revenues	132,081,869	142,476,160	11,315,119	13,746,891	143,396,988	156,223,051
Total revenues	215,825,287	227,318,269	135,584,036	133,316,694	351,409,323	360,634,963
Expenses:						
Downtown	3,894,895	2,922,503	-	-	3,894,895	2,922,503
Youth, education and human services	1,058,361	2,395,344	-	-	1,058,361	2,395,344
Community development	31,880,468	32,086,879	-	-	31,880,468	32,086,879
Economic development	9,492,689	10,105,180	-	-	9,492,689	10,105,180
Leadership and quality of life	35,672,811	40,275,561	-	-	35,672,811	40,275,561
Corporate responsibility	15,225,815	15,884,692	-	-	15,225,815	15,884,692
Public safety and justice	93,120,303	94,294,723	-	-	93,120,303	94,294,723
Bond issuance costs	693,878	-	-	-	693,878	-
Interest and fiscal charges	2,767,292	4,556,429	-	-	2,767,292	4,556,429
Dayton International Airport	-	-	36,571,471	32,572,362	36,571,471	32,572,362
Water	-	-	44,084,645	47,618,625	44,084,645	47,618,625
Sewer	-	-	29,765,334	32,420,315	29,765,334	32,420,315
Other business-type activities:						
Storm water	-	-	4,997,022	6,177,790	4,997,022	6,177,790
Golf	-	-	3,123,360	2,922,959	3,123,360	2,922,959
Total expenses	193,806,512	202,521,311	118,541,832	121,712,051	312,348,344	324,233,362
Increase in net position before transfers	22,018,775	24,796,958	17,042,204	11,604,643	39,060,979	36,401,601
Transfers	354,169	368,339	(354,169)	(368,339)	-	-
Change in net position	22,372,944	25,165,297	16,688,035	11,236,304	39,060,979	36,401,601
Net position at beginning of year (restated)	451,954,052	426,788,755	575,178,306	563,942,002	1,027,132,358	990,730,757
Net position at end of year	$ 474,326,996	$ 451,954,052	$ 591,866,341	$ 575,178,306	$ 1,066,193,337	$ 1,027,132,358

Governmental Activities

Governmental activities net position increased $22,372,944 in 2012. This increase of 4.95% is due to the City's continuing efforts to reduce costs and increase operational efficiency.

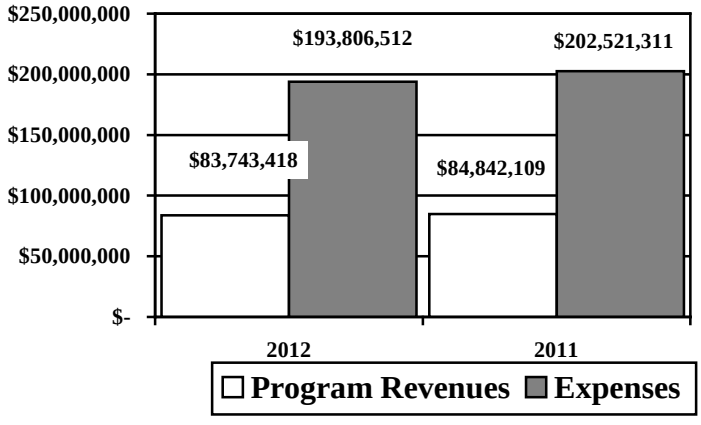
Public safety and justice, which primarily supports the operations of the police and fire departments accounted for $93,120,303 of the total expenses of the City. These expenses were partially funded by $23,624,400 in direct charges to users of the services. Leadership and quality of life expenses totaled $35,672,811. Leadership and quality of life expenses were partially funded by $5,001,134 in direct charges to users of the services.

The state and federal government contributed to the City a total of $34,438,364 in operating grants and contributions and $12,626,114 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, $7,408,532 subsidized leadership and quality of life and $18,275,169 subsidized community development and neighborhoods. The total capital grants and contributions, $12,626,114 subsidized leadership and quality of life programs.

General revenues totaled $132,081,869, and amounted to 61.20% of total governmental revenues. These revenues primarily consist of property and income tax revenue of $110,391,977. 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 $14,833,540.

The statement of activities on pages F32 – F33 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

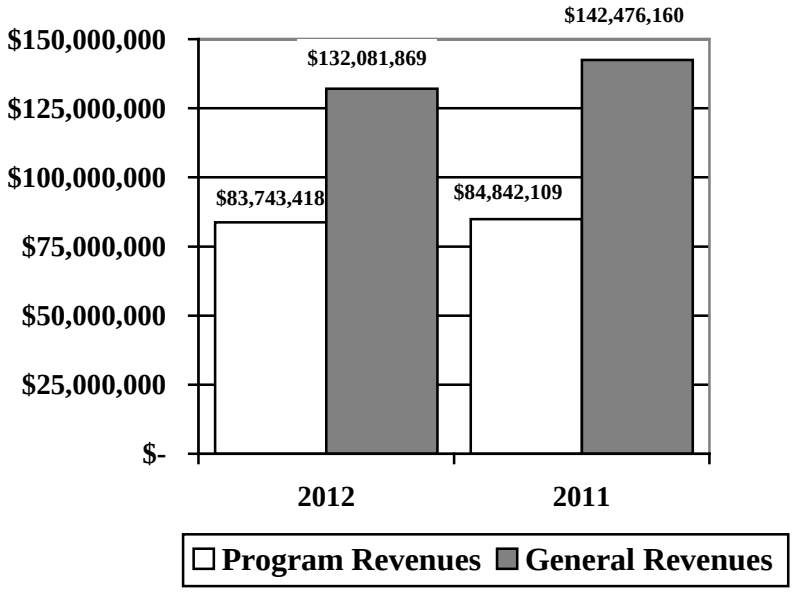


Governmental Activities

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Program Expenses:				
Downtown	$ 3,894,895	$ 3,363,823	$ 2,922,503	$ 2,249,679
Youth, education and human services	1,058,361	(1,385,742)	2,395,344	(113,726)
Community development and neighborhoods	31,880,468	11,057,857	32,086,879	8,501,248
Economic development	9,492,689	4,679,283	10,105,180	6,890,215
Leadership and quality of life	35,672,811	10,637,031	40,275,561	14,385,527
Corporate responsibility	15,225,815	12,334,535	15,884,692	12,308,844
Public safety and justice	93,120,303	65,915,137	94,294,723	68,900,986
Bond issuance costs	693,878	693,878	-	-
Interest and fiscal charges	2,767,292	2,767,292	4,556,429	4,556,429
Total Expenses	$ 193,806,512	$ 110,063,094	$ 202,521,311	$ 117,679,202

The dependence upon general revenues for governmental activities is apparent, with 56.79% of expenses supported through taxes and other general revenues. Total governmental expenses were $193,806,512, program revenues were $83,743,418 and general revenues were $132,081,869.

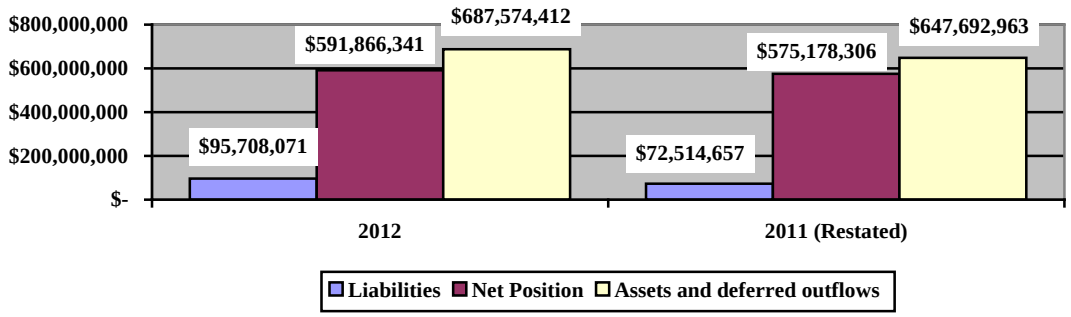
Governmental Activities – General and Program Revenues



Business-Type Activities

Business-type activities include the Dayton International Airport, water, sewer, storm water and golf enterprise funds. Overall, the net position of the business-type activities increased $16,688,035 in 2012. This increase of 2.90% is due to the City's continuing efforts to reduce costs and increase operational efficiency. These programs had program revenues of $124,268,917, general revenues of $11,315,119 and expenses of $118,541,832 for 2012. The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at year-end. See pages F 6 and F 8.

Net Position 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 F 34-F 35) reported a combined fund balance of $136,543,529 which is $9,683,780 higher than last year's total of $126,859,749. The table below indicates the fund balances and the total change in fund balances as of December 31, 2012 for all major and nonmajor governmental funds.

	Fund Balances 12/31/12	Fund Balances 12/31/11	Increase/ (Decrease)
Major Funds:			
General	$ 61,339,399	$ 55,013,445	$ 6,325,954
Housing and urban development	6,883,107	6,744,563	138,544
Debt service	32,621,021	39,172,285	(6,551,264)
Capital improvement	25,651,378	15,622,017	10,029,361
Other nonmajor governmental funds	10,048,624	10,307,439	(258,815)
Total	$ 136,543,529	$ 126,859,749	$ 9,683,780

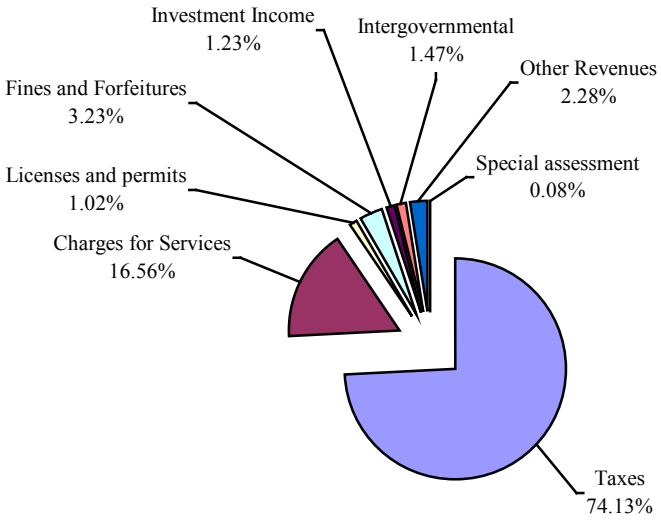
General Fund

The City's general fund balance increased $6,325,954. See the table on the previous page. This increase was due to a small increase in assets offset by a significant decrease in liabilities.

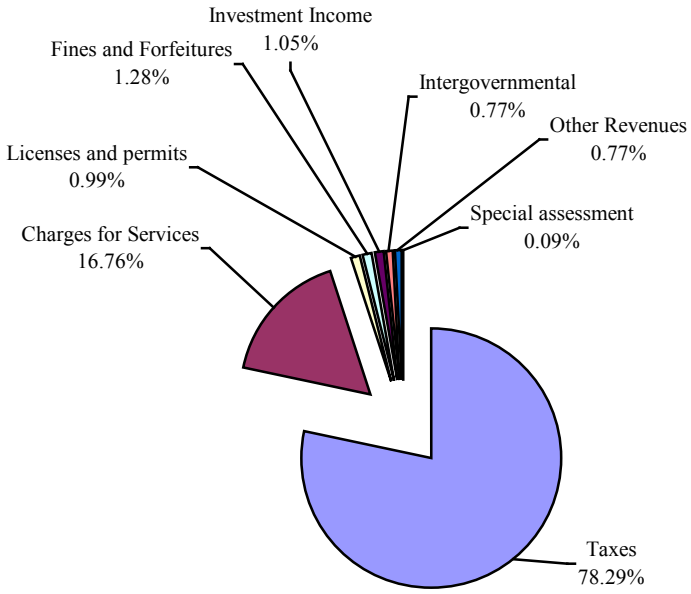
	2012 Amount	2011 Amount	Percentage Change
Revenues			
Income, property and other taxes	$ 116,542,422	$ 121,505,676	(4.08) %
Charges for services	26,036,689	26,012,836	0.09 %
Licenses and permits	1,597,652	1,542,378	3.58 %
Fines and forfeitures	5,079,968	1,990,211	155.25 %
Investment income	1,930,178	1,623,869	18.86 %
Special assessments	124,794	139,689	(10.66) %
Intergovernmental	2,318,490	4,879,049	(52.48) %
Other	3,590,341	1,187,561	202.33 %
Total	$ 157,220,534	$ 158,881,269	(1.05) %

The City continues to implement cost savings measures to help the general fund remain stable, as revenues remained relatively unchanged with a decrease of only 1.05%. The above table assists in illustrating the revenues of the general fund. Overall revenues of the general fund decreased $1,660,735. The most significant increases were in the areas of fines and forfeitures, investment income and other revenue. Tax revenue decreased $4,963,254 or 4.08% because of the State of Ohio's decrease in state shared taxes. The decrease in intergovernmental revenue was a result of the decrease in grants the City received for economic development. The increase in fines and forfeitures revenue is the result of an increase in fines collected for a new tow ordinance and more citations were issued and paid. Investment income increased $306,309 or 18.86% due to an increase in the fair market value of federal agency securities combined with an increase in the size of the portfolio, which generates additional interest earnings. The increase in other revenue is the result of higher cable franchise fees and higher auction sales. See the following charts on the next page.

General Fund Revenues – 2012



General Fund Revenues –2011

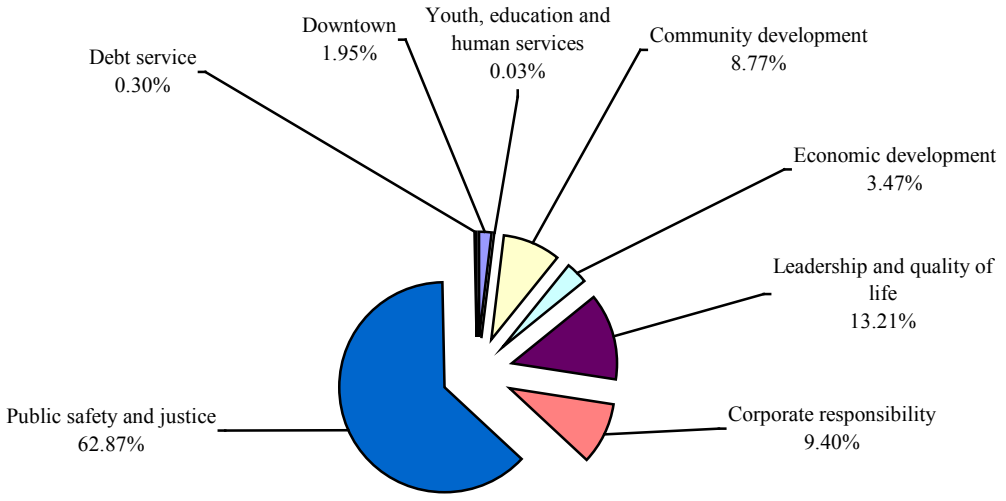


The table that follows assists in illustrating the expenditures of the general fund.

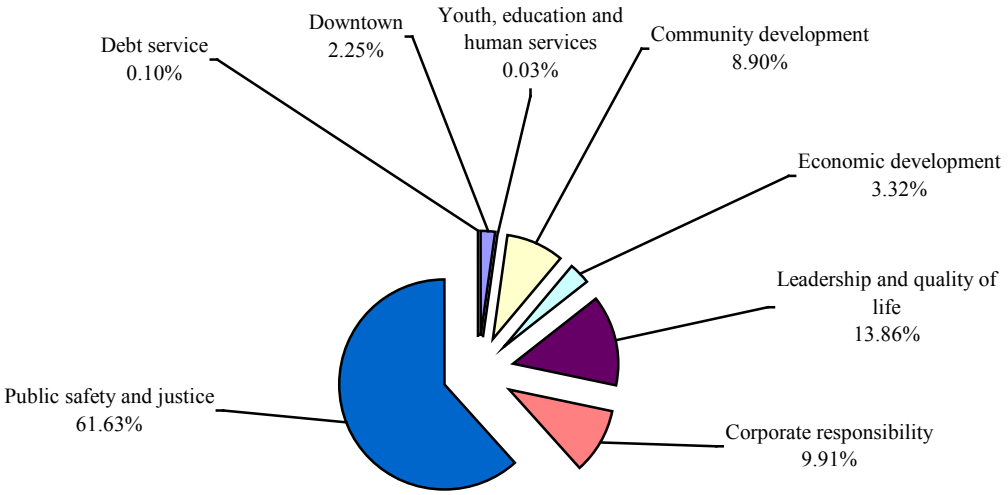
	2012 Amount	2011 Amount	Percentage Change
Expenditures			
Downtown	$ 2,781,643	$ 3,242,269	(14.21) %
Youth, education and human services	43,914	41,812	5.03 %
Community development and neighborhoods	12,520,883	12,820,872	(2.34) %
Economic development	4,954,457	4,786,614	3.51 %
Leadership and quality of life	18,857,810	19,971,842	(5.58) %
Corporate responsibility	13,422,815	14,286,202	(6.04) %
Public safety and justice	89,726,024	88,821,671	1.02 %
Debt service	425,618	145,465	192.59 %
Total	$ 142,733,164	$ 144,116,747	(0.96) %

Overall expenditures of the general fund decreased $1,383,583 or .96%. The largest expenditure of the City, public safety and justice, increased $904,353 or 1.02%. The City reduced general fund expenditures by reducing personnel costs through a variety of ways including wage freezes, cost savings days, and not filling open positions. The decrease in downtown, leadership and quality of life and corporate responsibility is due to the reduction in personnel costs. See the charts below and on the following page.

General Fund Expenditures – 2012



General Fund Expenditures – 2011



Housing and Urban Development (HUD)

The City's housing and urban development fund balance increased $138,544. See page F11. The following tables illustrate the revenues and expenses of the housing and urban development fund. The decrease in intergovernmental revenues was due to less grant income collected for work that was done by the City. The decrease in community development and neighborhoods expenditures was due to the City spending less through the Community Development Block Grant program.

	2012 Amount	2011 Amount	Percentage Change
Revenues			
Charges for services	$ 189,410	$ 85,956	120.36 %
Intergovernmental	23,112,740	24,871,466	(7.07) %
Special assessments	40,848	50,007	(18.32) %
Other	26,079	13,573	92.14 %
Total	$ 23,369,077	$ 25,021,002	(6.60) %

	2012 Amount	2011 Amount	Percentage Change
Expenditures			
Youth, education and human services	$ 2,460,995	$ 2,367,684	3.94 %
Community development and neighborhoods	18,456,945	19,327,536	(4.50) %
Economic development	125,450	126,432	(0.78) %
Leadership and quality of life	1,845,388	1,707,751	8.06 %
Corporate responsibility	374,000	384,711	(2.78) %
Public safety and justice	-	55,442	(100.00) %
Capital outlay	-	120,205	(100.00) %
Total	$ 23,262,778	$ 24,089,761	(3.43) %

Debt Service

The City's debt service fund balance decreased $6,551,264. See page F 11. This was the result of a refunding to the bond escrow agent for the 2007 Main Street Parking Garage Bonds and a decrease in transfers into the fund. There was also a decrease in loans receivable and special assessments receivable. The deferred inflows of resources for property taxes increased due to the change in the tax rate distribution from 5.0 mills to 5.2 mills. The following tables illustrate the revenues and expenses of the debt service fund.

	2012 Amount	2011 Amount	Percentage Change
Revenues			
Taxes	$ 6,161,608	$ 6,595,327	(6.58) %
Intergovernmental	2,521,714	2,508,986	0.51 %
Special assessments	119,543	130,931	(8.70) %
Other	255,049	299,729	(14.91) %
Total	$ 9,057,914	$ 9,534,973	(5.00) %

	2012 Amount	2011 Amount	Percentage Change
Expenditures			
Downtown	$ 560,000	$ 560,000	- %
Leadership and quality of life	93,141	-	100.00 %
Corporate responsibility	30,988	21,069	47.08 %
Bond issuance costs	693,878	-	100.00 %
Principal retirement	9,512,176	9,286,702	2.43 %
Interest and fiscal charges	2,566,400	4,307,417	(40.42) %
Total	$ 13,456,583	$ 14,175,188	(5.07) %

The increase in principal retirement and bond issuance costs was due to the City's refunding of the 2004 Long Term General Obligation Bonds and the 2007 Main Street Parking Garage Bonds and the issuance of additional bonds in 2012 and 2011, which resulted in an increase in principal retirement expenditures. The decrease in interest and fiscal charges was due to the refunding of the bonds.

Capital Improvements

The City's capital improvement fund increased by $10,029,361 or 64.20%. See page F 11. The tables on the following page illustrate the revenues and expenses of the capital improvement fund. Revenues decreased $6,118,363 or 29.72%. The increase in other revenue was $212,801 due to an increase in payments in lieu of taxes revenue. Charges for services increased due to an increase in billings for sidewalk and curb repair. Intergovernmental revenue decreased in 2012 due to less grant funding than in 2011 from the American Recovery and Reinvestment Act (ARRA). Expenditures decreased $199,412 or 0.95%. This decrease is the result of the City completing projects during 2011, including the recreation complex, the Stewart Street Bridge Replacement, and a new street maintenance facility.

	2012 Amount	2011 Amount	Percentage Change
Revenues			
Taxes	$ 514,880	$ 514,880	- %
Charges for services	83,362	18,326	354.88 %
Licenses and permits	9,417	9,101	3.47 %
Intergovernmental	12,527,103	18,923,322	(33.80) %
Special assessments	12,404	12,701	(2.34) %
Other	1,321,125	1,108,324	19.20 %
Total	$ 14,468,291	$ 20,586,654	(29.72) %

	2012 Amount	2011 Amount	Percentage Change
Expenditures			
Downtown	$ 5,128	$ 2,244	128.52 %
Community development and neighbors	769,943	127,237	505.13 %
Economic development	1,146,682	3,458,121	(66.84) %
Leadership and quality of life	1,634,364	1,899,366	(13.95) %
Corporate responsibility	17,926	84,187	(78.71) %
Public safety and justice	-	32,400	100.00 %
Capital outlay	16,942,861	15,133,576	11.96 %
Debt service	199,824	179,009	11.63 %
Total	$ 20,716,728	$ 20,916,140	(0.95) %

2012 Budgeting Highlights – General Fund

The City's budgeting process is prescribed by the Ohio Revised Code (ORC) and the City of Dayton Charter. Essentially, the budget is a representation of the City's various adopted appropriations. The annual expenditure budget is limited by the amount of anticipated revenues and available cash balances certified by the Budget Commission in accordance with the Ohio Revised Code. Given that the City's plans or priorities may change during the year or economic conditions may improve or deteriorate, revisions to the original budget are customary and necessary. For instance, if budgeted revenues are adjusted during the course of the year due to actual activity, then the certificate of available resources and the appropriation should also be adjusted to ensure expenditures do not exceed available resources. In addition, if funding priorities change during the fiscal year, resources may be reallocated from one activity to another, necessitating a corresponding change in budget.

Budgetary information is presented for the general fund on page F 41. With respect to changes to the general fund, the final budget reflects projected revenues that were $6.5 million more than the original budget due to well performing revenues. Consequently, actual revenues had a favorable variance of $7.4 million or 4.9% over the original budget and $878,000 or 0.6% more than the final budget. General fund revenues performed better in almost every category relative to the original forecast developed six months prior to the start of the year. Given the weak recovery after the Great Recession and the significant state revenue-sharing reductions, the forecasts erred on the conservative side. The final estimate exceeded actual revenues in a few categories, but only by slim margins.

Five revenue categories realized variances in excess of 10% compared to the original budget, one of which showed a positive variance to both the original and the final budget. The largest variance of $2.4 million, or twice the original budget, was in the category of fines and forfeitures. More aggressive collection of past due Public Safety Photo Enforcement citations elevated this revenue source in 2012. Actual intergovernmental revenue was $378,000 or 29% over original budget as a result of higher reimbursements for homestead and other property tax exemptions along with the new revenue source, casino tax revenue. Casino tax revenue exceeded the estimate by 41 percent. Casino tax revenue is the result of a 2009 state constitutional amendment that permitted four casinos in Ohio and three were operational for part of 2012. Fifty-one percent (51%) of the casino taxes generated are distributed to the county governments in Ohio and if the largest city in the county has a population greater than 80,000, it (Dayton included) receives half of the county's distribution.

Special assessments at $124,800 were $15,200 or 10.9% under the original budget. Investment income was $183,400 or 12% over the original budget given a slight increase in the maturity of investments in the portfolio. The category of other revenue was $674,800 over the original budget and $275,100 over the final budget as a result of higher auction sales and cable franchise fees.

Actual expenditures in 2012 were $7.1 million or 4.5% under the original budget and $3.9 million or 2.6% under the final budget. Two of the eight programmatic areas realized variances in excess of 10%. Economic development came in under the original and final budgets by 38% and 13%, respectively. The original budget included potential gap financing incentives that did not materialize during 2012, but will be available in 2013 for encouraging job creation and investment in the city. Finally, the "other expenditure" category realized a $622,000 or 42% favorable variance to the original budget and a 16% favorable variance to the final budget. The variance is a function of allowing some flexibility in contingency funds during the year.

Actual operating transfers out were $6.4 million over the original budget and $132,100 under the final budget. A higher level of transfers were incorporated into the final budget given the strong performance of revenues coupled with lower than budgeted spending levels, which resulted in an excess of revenues over expenditures and other financing uses of $1.5 million on a budgetary basis.

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 City's business-type funds (as presented on the statement of net position on pages F 42 - F 45) reported a combined net position of $590,778,857, which is $15,317,331 above last year's restated total of $575,461,526.

The following table indicates the net position and the total change in net position as of December 31, 2012 for all major and nonmajor business-type funds.

	Net Position 12/31/12	Restated Net Position 12/31/11	Increase
Major Funds:			
Dayton International Airport	$ 278,371,915	$ 275,335,669	$ 3,036,246
Water	175,244,711	168,406,173	6,838,538
Sewer	112,679,900	109,210,282	3,469,618
Other Business-type activities	24,482,331	22,509,402	1,972,929
Total	$ 590,778,857	$ 575,461,526	$ 15,317,331

Dayton International Airport (DIA)

The City's Dayton International Airport net position increased $3,036,246 or 1.10%. See the table above. The increase is due to a decrease in accrued liabilities, including accounts payable, contracts payable and retainage payable.

The following tables illustrate the revenues and expenses of the Dayton International Airport fund.

	2012 Amount	2011 Amount	Percentage Change
Operating Revenues			
Charges for services	$ 24,508,791	$ 23,644,457	3.66 %
Other	5,230,515	6,929,728	(24.52) %
Total	$ 29,739,306	$ 30,574,185	(2.73) %

Operating revenues of the DIA fund decreased $834,879 or 2.73%. This decrease is mainly the result of increased revenues for charges for services offset by a larger decrease in other revenues.

	2012 Amount	2011 Amount	Percentage Change
Operating Expenses			
Personal services	$ 8,665,058	$ 8,284,910	4.59 %
Benefit payments	3,399,336	3,217,323	5.66 %
Contractual services	6,027,381	3,902,174	54.46 %
Materials and supplies	1,302,386	1,074,070	21.26 %
Utilities	1,801,872	2,293,065	(21.42) %
Depreciation	10,998,332	9,591,322	14.67 %
Other	2,457,710	1,554,566	58.10 %
Total	$ 34,652,075	$ 29,917,430	15.83 %

Operating expenses increased $4,734,645 or 15.83%. This increase is due to an increase in contractual services, which increased $2,125,207 or 54.46% due to additional expenses for management contract services for terminal renovations. Materials and supplies increased due to increased fuel supply costs and depreciation increased due to the capitalization of improvement work at the terminal.

	2012 Amount	2011 Amount	Percentage Change
Nonoperating Revenues (Expenses)			
Interest revenue	$ 164,182	$ 88,526	85.46 %
Interest expense and fiscal charges	(2,303,368)	(2,458,252)	(6.30) %
Increase in fair market value of investments	31,126	66,353	(53.09) %
Capital contributions	10,076,952	13,579,061	(25.79) %
Loss on sale of capital assets	(19,877)	-	100.00 %
Total	$ 7,949,015	$ 11,275,688	(29.50) %

Other operating revenues and expenses decreased $3,326,673 or 29.50% due to a decrease in capital contributions from grants as the DIA finished a number of construction contracts. Interest revenue increased due to a larger cash balance; and interest expense decreased as the DIA did not issue any new debt.

Water

The City's water fund net position increased by $6,838,538 or 4.06%. See the table on the previous page. This increase is due to a significant increase in water collection fees and a decrease in accounts payable and contracts payable.

	2012 Amount	2011 Amount	Percentage Change
Operating Revenues			
Charges for services	$ 45,700,719	$ 43,529,551	4.99 %
Other	5,483,454	4,721,130	16.15 %
Total	$ 51,184,173	$ 48,250,681	6.08 %

Operating revenues increased $2,933,492 or 6.08%. This increase is the result of a 3.8% rate increase.

	2012 Amount	2011 Amount	Percentage Change
Operating Expenses			
Personal services	$ 14,604,696	$ 15,392,602	(5.12) %
Benefit payments	6,114,158	6,064,068	0.83 %
Contractual services	5,622,205	6,521,216	(13.79) %
Materials and supplies	4,497,169	4,459,169	0.85 %
Utilities	5,283,275	6,083,111	(13.15) %
Depreciation	5,942,584	5,869,087	1.25 %
Other	2,538,470	2,878,553	(11.81) %
Total	$ 44,602,557	$ 47,267,806	(5.64) %

Operating expenses decreased $2,665,249 or 5.64%. The largest decreases were in contractual services and utilities due to a decrease in management contracts and utility costs.

	2012 Amount	2011 Amount	Percentage Change
Nonoperating Revenues (Expenses)			
Interest revenue	$ 126,926	$ 38,043	233.64 %
Interest expense and fiscal charges	(46,701)	-	100.00 %
Increase in fair market value of investments	25,794	43,974	(41.34) %
Capital contributions	150,903	147,538	2.28 %
Total	$ 256,922	$ 229,555	11.92 %

Nonoperating revenue and expenses increased $27,367 or 11.92%. The investment portfolio, as a whole, performed well in 2012, contributing to a significant increase in interest revenue offset by interest and fiscal charges related to the 2012 bond issuance.

Sewer

The City's sewer fund net position increased $3,469,618 or 3.18% during 2012. See page F 19. This increase is due to a significant increase in sewer collection fees and a decrease in accounts payable and contracts payable.

	2012 Amount	2011 Amount	Percentage Change
Operating Revenues			
Charges for services	$ 33,115,458	$ 30,119,740	9.95 %
Other	24,836	1,850,713	(98.66) %
Total	$ 33,140,294	$ 31,970,453	3.66 %

Operating revenues increased $1,169,841 or 3.66% due mainly to an increase in the collection of sewer fees. Other operating revenues decreased due to a change in account coding.

	2012 Amount	2011 Amount	Percentage Change
Operating Expenses			
Personal services	$ 6,691,367	$ 6,746,458	(0.82) %
Benefit payments	2,710,810	2,638,344	2.75 %
Contractual services	6,596,921	8,804,407	(25.07) %
Materials and supplies	1,918,461	1,782,383	7.63 %
Utilities	2,848,675	3,315,148	(14.07) %
Depreciation	7,146,411	7,747,744	(7.76) %
Other	1,712,118	833,127	105.51 %
Total	$ 29,624,763	$ 31,867,611	(7.04) %

Operating expenses decreased $2,242,848 or 7.04% due mainly to a decrease in contractual services for sludge disposal, utilities for electrical costs and contractual service expenditures for professional services.

	2012 Amount	2011 Amount	Percentage Change
Nonoperating revenues (expenses)			
Interest revenue	$ 132,868	$ -	100.00 %
Increase in fair market value of investments	36,727	-	100.00 %
Interest expense and fiscal charges	(407,719)	(394,690)	(3.30) %
Loss on sale of capital assets	(13,053)	-	(100.00) %
Capital contributions	205,264	337,911	(39.26) %
Total	$ (45,913)	$ (56,779)	19.14 %

The sewer fund received fewer capital contributions in 2012 as compared to 2011. The investment portfolio, as a whole, performed well in 2012, contributing to a significant increase in interest revenue offset by interest and fiscal charges related to the 2012 bond issuance.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2012, the City had $874,368,660 (net of accumulated depreciation) invested in land, right of ways, buildings and improvements, improvements other than buildings, equipment, software, vehicles, infrastructure and construction in progress (CIP). Of this total, $389,020,000 was reported in governmental activities and $485,348,660 was reported in business-type activities. See Note 11 in the basic financial statements for additional capital asset disclosure.

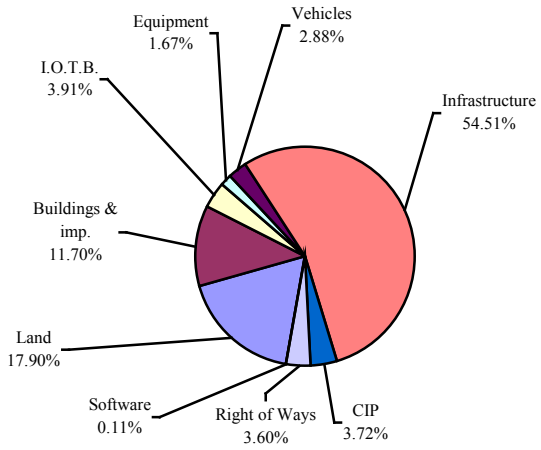
The following table shows December 31, 2012 balances compared to December 31, 2011:

Capital Assets at December 31
(Net of Depreciation)

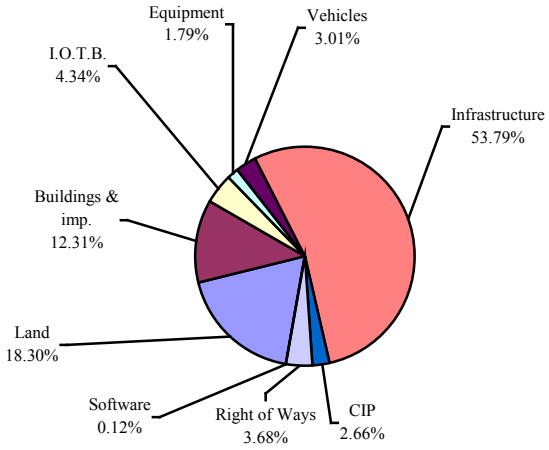
	Governmental Activities 2012	Governmental Activities 2011	Business-Type Activities 2012	Business-Type Activities 2011	Total 2012	Total 2011
Land	$ 69,618,504	$ 69,618,504	$ 42,965,353	$ 42,965,353	$ 112,583,857	$ 112,583,857
Construction in progress	14,458,904	10,140,045	36,648,091	51,543,561	51,106,995	61,683,606
Right of ways	14,007,402	14,007,402	-	-	14,007,402	14,007,402
Buildings and improvements	45,521,337	46,837,240	118,990,130	114,154,229	164,511,467	160,991,469
Improvements other than buildings (IOTB)	15,224,798	16,503,306	267,573,632	256,598,825	282,798,430	273,102,131
Equipment	6,505,529	6,807,938	5,841,285	7,035,844	12,346,814	13,843,782
Software	437,496	453,540	663,834	43,659	1,101,330	497,199
Vehicles	11,191,596	11,454,424	12,666,335	12,954,449	23,857,931	24,408,873
Infrastructure	212,054,434	204,688,835	-	-	212,054,434	204,688,835
Total	$ 389,020,000	$ 380,511,234	$ 485,348,660	$ 485,295,920	$ 874,368,660	$ 865,807,154

The following graphs show the breakdown of governmental capital assets by category for 2012 and 2011.

Capital Assets - Governmental Activities 2012



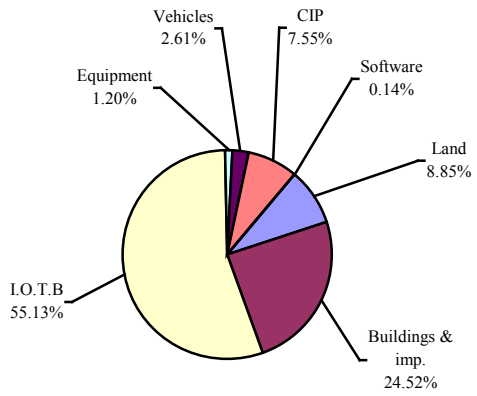
Capital Assets - Governmental Activities 2011



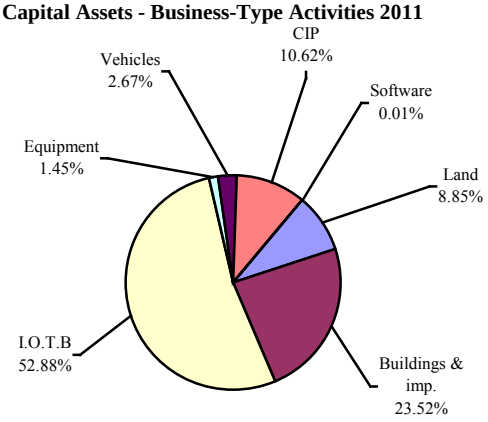
The City's largest governmental capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks, curbs, annexed roadways, street lighting, and traffic signals. These items are immovable and of value only to the City; however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 54.51% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2012 and 2011.

Capital Assets - Business-Type Activities 2012



Capital Assets - Business-Type Activities 2011



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 55.13% of the City's total business-type capital assets.

Debt Administration

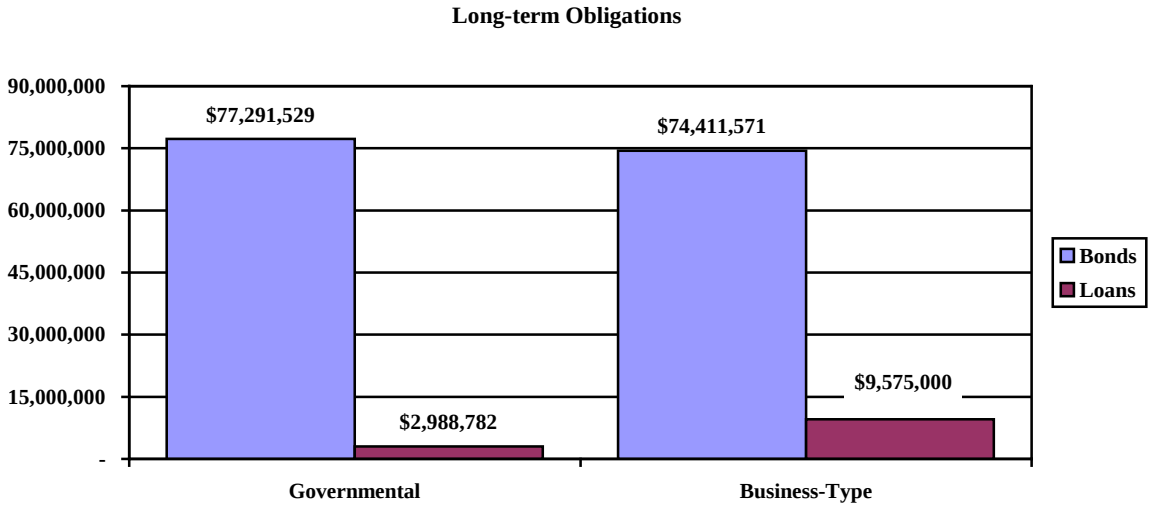
The City had the following long-term obligations outstanding at December 31, 2012 and 2011:

	Governmental Activities 2012	Governmental Activities 2011
General obligation bonds	$ 44,993,429	$ 46,884,969
Revenue bonds	32,235,000	38,780,000
Special assessment bonds	63,100	136,900
Total bonds	77,291,529	85,801,869
OPWC loans	128,782	152,317
Ohio Department of Development Loan	2,860,000	2,860,000
Total loans	2,988,782	3,012,317
Total long-term obligations	$ 80,280,311	$ 88,814,186

	Business-type Activities 2012	Business-type Activities 2011
General obligation bonds	$ 41,031,571	$ 10,860,031
Revenue bonds	33,380,000	34,625,000
Total bonds	74,411,571	45,485,031
OWDA loans	9,175,000	9,888,914
OPWC loans	400,000	450,000
Total loans	9,575,000	10,338,914
Total long-term obligations	$ 83,986,571	$ 55,823,945

See Note 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.



Economic Factors and the 2013 Budget

Looking to 2013 invokes a sense of both optimism and concern. Projections for the national economy for 2013 show continued slow growth as the economy absorbs the impacts of spending cuts (i.e., sequestration) and tax increases from the fiscal cliff agreement. This will likely impact the first three quarters of 2013 to a greater extent with some improvement in the latter part of 2013 and even more so in 2014.

Employment and the Income Tax

After enduring ten consecutive years of employment declines, the Dayton regional economy hit bottom in 2010 at a work force level of 370,000 jobs. Since then, the region's employment base has increased by 8,000 new jobs or 2.2%. This is slightly less than 2.6% rate of growth for the state of Ohio and the 2.9% rate of growth for the nation. Although on an upswing, the region suffered a devastating loss of 61,000 jobs from its peak in 2000 through 2012, with the highly-paid manufacturing sector incurring 38,700 or well over half of those losses.

The City's largest single revenue source—the income tax—also reached its nadir in 2010 and has experienced two consecutive years of growth, up 1.6% and 1.9% in 2011 and 2012, respectively. The components of the income tax also shed light on the condition of the Dayton economy. Specifically, growth in 2011 was solely attributable to the tax on business profits, which climbed 19%, while the tax on wages earned in the city, or withholding, fell 0.7%. For any economic recovery to gain real traction, wage and job growth is needed. This was realized in 2012 when withholding posted its first increase since 2006, rising 3.3%.

Property Values and the Property Tax

For decades, the U.S. housing market enjoyed an unbroken succession of annual increases in average home values. Consequently, when prices began to accelerate rapidly in 2001, many would-be homeowners and investors had a false sense of security. In retrospect, the housing market was experiencing a classic real estate bubble that came to an abrupt end in 2006. It would soon become the longest recession on record and home prices would suffer their biggest decline.

The Dayton real estate market was no exception. Although we did not participate to the same extent in the dramatic home value appreciation that many metro areas realized; unfortunately, we were not immune to their subsequent plunge. Case in point, total city real property valuations are down almost 19% from their peak in 2006 and are currently at their lowest levels in ten years. Moreover, 21% of properties in Dayton are vacant, according to the 2010 Census with many of these properties completely abandoned during the foreclosure process. This has left the City organization with over 5,000 vacant properties that must be mowed regularly during the spring and summer months.

In 2011, the Montgomery County Auditor conducted the triennial update of property values. This statistical adjustment to values incorporated market activity over the preceding three-year period. For the city of Dayton, real property values fell almost 12% followed by a 2.9% reduction in 2013 due to properties being reclassified as exempt along with property owners seeking reductions in value from the Board of Revisions.

At the same time that values have fallen, delinquencies have also been on the rise. In 2009, 11.6% of the current levy was delinquent. By 2013, that number had increased to 14.7%. Additionally, reimbursements from the repeal of the tangible personal property tax and the public utility tax by the State have been eliminated for all current year expense levies, for Dayton that means the general fund. And finally, in both 2012 and 2013, a decision was made to shift 0.2 mills each year for a total of 0.4 mills from the general fund to the bond retirement fund to help offset the loss of revenue due to the recent decline in values.

State Revenue Sharing and the Local Government Fund

When faced with a reported $8 billion deficit in their 2012/2013 biennial budget, the governor and legislature chose to dramatically cut long-standing revenue-sharing programs with local governments. These reductions included eliminating the reimbursements associated with the repeal of the tangible personal property tax (discussed above), which occurred in 2005 as part of tax reform. Because the state had repealed a local tax and replaced it with a state tax (i.e., commercial activity tax), lawmakers agreed to reimburse local governments, in declining amounts, through 2017. Moreover, the state also suspended the public utility reimbursement to the general fund, which came as a result of public utility deregulation. In the state 2012/2013 budget, these reimbursements were unilaterally rescinded for all current expense levies, which instantaneously wiped out $1.6 million from the general fund.

In addition to the cuts to tangible personal property and public utility reimbursements, the state also slashed the local government fund by 50% over two state fiscal years and has completely eliminated the local share of dealers in intangible taxes. And to further compound the situation, the legislature also passed legislation to eliminate the estate tax effective 2013. In 2012, the City received $1.2 million in estate tax proceeds.

The following table shows the cuts to the general fund for the period 2011 to 2013. These reductions were incorporated into the 2012 and 2013 budgets by means of fewer filled positions, controlling wage and healthcare costs and a reduced level of General Fund investments. Compared to 2011 certified estimates, the City will lose $9.1 million in state-shared revenues in 2013.

2013 State Budget Cut Impacts

	2011 Certified Estimates (except for Estate Tax)	CY2011	CY2012	CY2013 Estimate	Revenue lost from 2011 Certified Estimates to 2013
Local Government Fund	**13,233,000**	12,955,400	8,975,900	**6,898,100**	**(6,334,900)**
TPPT Reimbursements	**1,427,000**	217,600	0	**0**	**(1,427,000)**
Public Utility Reimbursements	**161,000**	131,000	0	**0**	**(161,000)**
Estate Tax	**1,202,000**	882,300	1,202,000	**0**	**(1,202,000)**
Total	**$ 16,023,000**	$ 14,186,300	$ 10,177,900	**$ 6,898,100**	**$ (9,124,900)**

1. Local Government Fund, which includes Dealers in Intangibles, was cut by 25% in SFY2012 and an additional 25% in SFY2013.
2. A one-time LGF funding supplement of $49.27 million was added to the state budget in SFY2012, which equates to about $400,000 in both CY2011 and CY2012.
3. Reimbursements from the CAT tax, from the 2004 repeal of the tangible personal property tax (see Tax Reform in Ohio), are repealed for the General Fund (current expense) effective SFY2012, but remain in effect for the Bond Retirement Fund through 2017.
4. Reimbursements from public utility deregulation are repealed for the General Fund (current expense) effective SFY2012, but remain in effect for the Bond Retirement Fund through 2016.
5. The estate tax was repealed for all individuals dying after Jan. 1, 2013. Before the repeal, 80% of the estate tax was distributed to local governments. Some revenue is expected in 2013 from estates prior to the effective date. The estate tax loss is derived from the last full year of receipts in 2012.
6. TPPT and PU Reimbursements were in the process of a phase-out and would have been $908,000 and $107,500, respectively if there had been no changes to the state budget.

Casino Tax Revenue

On November 3, 2009, Ohio voters passed Issue 3 that amended the Ohio constitution permitting four casinos in Cincinnati, Columbus, Cleveland and Toledo. The amendment provided for a 33% tax on gross casino revenues, 90% of which is to be distributed to county governments (51%), school districts (34%), and the host city (5%). If the most populated city located in a county had a population over 80,000, then that city (Dayton included) would receive 50% of the county's distribution.

For 2012, the City received $703,000 and in 2013 the City's estimate is $3.4 million. Recent approval of racinos (horse-racing and video lottery gambling) by the Governor has the potential to further reduce gross casino revenues in the future. Penn National Gaming is scheduled to open a racino in Dayton at a former GM factory site. Plans and site development are underway with an expected grand opening in mid-2014.

Other Sources

Given the reductions in state-shared revenues, together with the drop in property taxes, it was necessary to balance the 2013 budget with $1.5 million of the cash reserve. The 2013 revenue budget is $868,000 or 0.6% less than 2012 actual revenues.

Cost Containment and Workforce Reductions

After more than a decade of workforce reductions resulting in 700 or 40% fewer filled positions, 2012 marked the first year for stable employment levels. This is not to suggest that cost containment is not still a reality for the City of Dayton. But what it does mean is that recruit classes for Police and Fire have been reinstated (after settling a law suit with the Department of Justice) and mission critical positions are being filled. Wage increases have been modest in 2012 and 2013 while higher employee contributions to health insurance and converting to a self-insured plan have helped rein in costs.

Next Year's Budget and Rates

The unencumbered general fund balance on a budgetary basis is expected to remain within the minimum policy parameter level of six weeks of operating reserves.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, 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 LaShea Smith, Finance Director, City of Dayton, 101 West Third Street, P.O. Box 22, Dayton, OH 45401-0022, or visit our website at www.cityofdayton.org.

BASIC
FINANCIAL STATEMENTS

CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Assets:				
Equity in pooled cash and investments	$ 101,857,868	$ 174,039,834	$ 275,897,702	$ 2,586,798
Cash with fiscal and escrow agents	675	-	675	-
Receivables:				
Property and other local taxes	19,831,198	-	19,831,198	-
Municipal income taxes	14,834,504	-	14,834,504	-
Accounts	6,843,077	17,826,867	24,669,944	223,474
Payments in lieu of taxes	1,949,913	-	1,949,913	-
Contracts	-	-	-	420,067
Special assessments	1,042,321	2,271,042	3,313,363	-
Accrued interest	192,016	180,685	372,701	1,903,429
Due from other governments	21,598,615	1,578,193	23,176,808	-
Loans receivable	34,596,524	-	34,596,524	16,088,424
Internal balance	139,829	(139,829)	-	-
Due from component units	11,636,665	1,361,740	12,998,405	-
Materials and supplies inventory	-	1,641,221	1,641,221	-
Inventory held for resale	638,114	-	638,114	-
Deposits	-	-	-	19,883
Prepayments	536,607	320,017	856,624	23,188
Unamortized loan issuance costs	-	-	-	77,866
Restricted assets:				-
Equity in pooled cash and cash equivalents	-	112,160	112,160	3,416,479
Cash with fiscal and escrow agents	-	2,981,983	2,981,983	-
Equity investments	-	-	-	594,163
Capital assets:				
Land and construction in progress	98,084,810	79,613,444	177,698,254	-
Depreciable capital assets, net	290,935,190	405,735,216	696,670,406	35,547,868
Total capital assets, net	389,020,000	485,348,660	874,368,660	35,547,868
Total assets	604,717,926	687,522,573	1,292,240,499	60,901,639
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	1,943,071	51,839	1,994,910	-
Total deferred outflows of resources	1,943,071	51,839	1,994,910	-

- - continued

CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

STATEMENT OF NET POSITION (continued)
DECEMBER 31, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Liabilities:				
Accounts payable	$ 1,895,689	$ 1,567,960	$ 3,463,649	$ 703,081
Contracts payable	1,380,031	2,690,973	4,071,004	-
Retainage payable	1,032,635	1,108,157	2,140,792	-
Grants payable	-	-	-	529,187
Accrued wages and benefits payable	4,569,689	1,624,821	6,194,510	-
Due to other governments	6,280,749	701,565	6,982,314	-
Due to primary government	-	-	-	12,998,405
Accrued interest payable	217,665	459,334	676,999	109,062
Payable from restricted assets:				
Utility deposits	-	112,160	112,160	-
Accrued liabilities and other payables	-	-	-	1,561,591
Long-term liabilities:				
Due within one year	17,780,493	6,563,868	24,344,361	3,033,991
Due in more than one year	84,849,180	80,879,233	165,728,413	28,788,983
Total liabilities	118,006,131	95,708,071	213,714,202	47,724,300
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	13,031,744	-	13,031,744	-
Payments in lieu of taxes levied for the next fiscal year	1,296,126	-	1,296,126	-
Total deferred inflows of resources	14,327,870	-	14,327,870	-
Non-controlling interest	-	-	-	3,026
Net position:				
Net investment in capital assets	340,108,111	401,528,337	741,636,448	6,118,411
Restricted for:				
Permanent fund:				
Expendable	80,763	-	80,763	-
Nonexpendable	102,228	-	102,228	-
Capital projects	17,375,037	-	17,375,037	-
Debt service	36,917,082	-	36,917,082	-
Housing and urban development	8,090,590	-	8,090,590	-
Special projects	6,001,977	-	6,001,977	-
Street and highway projects	3,104,473	-	3,104,473	-
Other purposes	4,216,877	-	4,216,877	1,341,166
Unrestricted	58,329,858	190,338,004	248,667,862	5,714,736
Total net position	$ 474,326,996	$ 591,866,341	$ 1,066,193,337	$ 13,174,313

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
Downtown	$ 3,894,895	$ 531,072	$ -	$ -
Youth, education and human services	1,058,361	11,032	2,433,071	-
Community development and neighborhoods	31,880,468	2,547,442	18,275,169	-
Economic development	9,492,689	2,445,796	2,367,610	-
Leadership and quality of life	35,672,811	5,001,134	7,408,532	12,626,114
Corporate responsibility	15,225,815	2,518,064	373,216	-
Public safety and justice	93,120,303	23,624,400	3,580,766	-
Bond issuance costs	693,878	-	-	-
Interest and fiscal charges	2,767,292	-	-	-
Total governmental activities	193,806,512	36,678,940	34,438,364	12,626,114
Business-type activities:				
Dayton International Airport	36,571,471	24,508,791	-	10,076,952
Water	44,084,645	45,700,719	-	150,903
Sewer	29,765,334	33,115,458	-	205,264
Other business-type activities:				
Storm Water	4,997,022	7,383,856	-	3,750
Golf	3,123,360	3,123,224	-	-
Total business-type activities	118,541,832	113,832,048	-	10,436,869
Total primary government	$ 312,348,344	$ 150,510,988	$ 34,438,364	$ 23,062,983
Component Unit:				
CityWide Development Corporations	$ 6,018,443	$ 4,347,697	$ -	$ 1,736,993

General revenues:	
Property taxes levied for:	
General purposes	
Debt service	
Income taxes levied for:	
General purposes	
Payments in lieu of taxes	
Grants and entitlements not restricted to specific programs	
Investment earnings	
Miscellaneous	
Total general revenues	
Transfers	
Total general revenues, transfers	
Change in net position	
Net position at beginning of year (restated)	
Net position at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component
Governmental Activities	Business-type Activities	Total	Unit
$ (3,363,823)	$ -	$ (3,363,823)	$ -
1,385,742	-	1,385,742	-
(11,057,857)	-	(11,057,857)	-
(4,679,283)	-	(4,679,283)	-
(10,637,031)	-	(10,637,031)	-
(12,334,535)	-	(12,334,535)	-
(65,915,137)	-	(65,915,137)	-
(693,878)	-	(693,878)	-
(2,767,292)	-	(2,767,292)	-
(110,063,094)	-	(110,063,094)	-
-	(1,985,728)	(1,985,728)	-
-	1,766,977	1,766,977	-
-	3,555,388	3,555,388	-
-	2,390,584	2,390,584	-
-	(136)	(136)	-
-	5,727,085	5,727,085	-
(110,063,094)	5,727,085	(104,336,009)	-
-	-	-	66,247
4,639,001	-	4,639,001	-
5,416,323	-	5,416,323	-
100,336,653	-	100,336,653	-
1,076,054	-	1,076,054	-
14,833,540	-	14,833,540	-
1,931,883	557,911	2,489,794	2,504
3,848,415	10,757,208	14,605,623	2,610
132,081,869	11,315,119	143,396,988	5,114
354,169	(354,169)	-	-
132,436,038	10,960,950	143,396,988	5,114
22,372,944	16,688,035	39,060,979	71,361
451,954,052	575,178,306	1,027,132,358	13,102,952
$ 474,326,996	$ 591,866,341	$ 1,066,193,337	$ 13,174,313

CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General	Housing and Urban Development	Debt Service	Capital Improvement
Assets:				
Equity in pooled cash and investments	$ 46,630,610	$ 71,543	$ 9,595,358	$ 17,212,761
Cash with fiscal and escrow agents	675	-	-	-
Receivables:				
Property and other local taxes	7,898,652	-	11,932,546	-
Municipal income taxes	14,834,504	-	-	-
Accounts	6,570,615	160,825	-	27,646
Payments in lieu of taxes	-	-	-	1,949,913
Special assessments	227,786	482,826	331,709	-
Accrued interest	188,885	37	-	-
Due from other funds	5,326	-	-	-
Due from other governments	6,286,469	888,661	525,057	8,829,684
Loans receivable	6,375,620	-	21,885,000	6,335,904
Advances to other funds	700,000	-	1,152,436	-
Prepayments	535,108	1,499	-	-
Due from component units	2,540,000	7,733,600	-	963,065
Total assets	$ 92,794,250	$ 9,338,991	$ 45,422,106	$ 35,318,973
Liabilities:				
Accounts payable	$ 1,571,959	$ 23,021	$ 6,134	$ 169,287
Contracts payable	166,545	662,242	3,000	405,245
Accrued wages and benefits payable	4,120,349	64,953	2,639	8,350
Retainage payable	-	194,839	-	837,796
Compensated absences payable	150,094	-	-	-
Advances from other funds	352,283	300,000	-	-
Due to other funds	90,578	3,346	-	193
Due to other governments	4,828,753	-	-	-
Claimants payable	93,450	-	-	-
Total liabilities	11,374,011	1,248,401	11,773	1,420,871
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	4,756,158	-	8,275,586	-
Delinquent property tax revenue not available	3,115,188	-	3,656,960	-
Accrued interest not available	123,328	24	-	-
Special assessments revenue not available	227,786	482,826	331,709	-
Miscellaneous revenue not available	2,445,079	160,825	-	27,446
Income tax revenue not available	5,834,135	-	-	-
Intergovernmental revenue not available	3,579,166	563,808	525,057	6,269,365
Payments in lieu of taxes levied for the next fiscal year	-	-	-	1,296,126
Delinquent payment in lieu of taxes revenue not available	-	-	-	653,787
Total deferred inflows of resources	20,080,840	1,207,483	12,789,312	8,246,724
Fund balances:				
Nonspendable	10,166,112	1,499	-	-
Restricted	-	6,881,608	32,289,891	10,424,439
Committed	2,952,023	-	331,130	8,436,236
Assigned	17,106,981	-	-	6,790,703
Unassigned	31,114,283	-	-	-
Total fund balances	61,339,399	6,883,107	32,621,021	25,651,378
Total liabilities and fund balances	$ 92,794,250	$ 9,338,991	$ 45,422,106	$ 35,318,973

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
$ 8,421,982	$ 81,932,254
-	675
-	19,831,198
-	14,834,504
54,697	6,813,783
-	1,949,913
-	1,042,321
3,094	192,016
57,760	63,086
5,035,016	21,564,887
-	34,596,524
-	1,852,436
-	536,607
400,000	11,636,665
$ 13,972,549	$ 196,846,869
$ 61,090	$ 1,831,491
142,999	1,380,031
230,089	4,426,380
-	1,032,635
-	150,094
-	652,283
23,030	117,147
9,023	4,837,776
-	93,450
466,231	14,521,287
-	13,031,744
-	6,772,148
2,020	125,372
-	1,042,321
49,241	2,682,591
-	5,834,135
3,406,433	14,343,829
-	1,296,126
-	653,787
3,457,694	45,782,053
102,228	10,269,839
9,946,396	59,542,334
-	11,719,389
-	23,897,684
-	31,114,283
10,048,624	136,543,529
$ 13,972,549	$ 196,846,869

CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012

Total governmental fund balances			$ 136,543,529
Amounts reported for governmental activities on the statement of net position are different than the net position because:			
1. Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds.			388,007,107
2. Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property and other local taxes receivable	$ 10,324,753		
Payments in lieu of taxes receivable	653,787		
Municipal income taxes receivable	5,834,135		
Accounts receivable	4,267,344		
Special assessments receivable	1,042,321		
Accrued interest receivable	125,372		
Due from other governments	9,206,471		
Total			31,454,183
3. 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 on the statement of net position. The net position of the internal service funds, including internal balances of $1,370,704 are:			11,688,158
4. In the statement of net position interest is accrued on bonds, whereas in governmental funds, interest is accrued when due.			(217,665)
5. Unamortized deferred amounts on refundings are not recognized in the governmental funds.			1,943,071
6. Unamortized premiums on bond issuances are not recognized in the governmental funds.			(5,844,466)
7. Long-term liabilities, including bonds and compensated absences are not due and payable in the current period and therefore are not reported in the funds (exclusive of internal service fund liabilities).			
Special assessment bonds	(63,100)		
General obligation bonds	(44,993,429)		
Revenue bonds	(32,235,000)		
Compensated absences	(8,966,610)		
OPWC loan	(128,782)		
ODOD Loan	(2,860,000)		
			(89,246,921)
Net position of governmental activities			$ 474,326,996

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Housing and Urban Development	Debt Service	Capital Improvement
Revenues:				
Municipal income taxes	$ 100,450,896	$ -	$ -	$ -
Property and other taxes	6,440,938	-	6,161,608	514,880
State shared taxes	9,650,588	-	-	-
Charges for services	26,036,689	189,410	-	83,362
Licenses and permits	1,597,652	-	-	9,417
Fines and forfeitures	5,079,968	-	-	-
Intergovernmental	2,318,490	23,112,740	2,521,714	12,527,103
Special assessments	124,794	40,848	119,543	12,404
Investment income	1,848,083	1,200	-	2,217
Payments in lieu of taxes	-	-	-	873,495
Increase (decrease) in FMV of investments	82,095	32	(3,025)	-
Other	3,590,341	24,847	258,074	445,413
Total revenues	157,220,534	23,369,077	9,057,914	14,468,291
Expenditures:				
Current:				
Downtown	2,781,643	-	560,000	5,128
Youth, education and human services	43,914	2,460,995	-	-
Community development and neighborhoods	12,520,883	18,456,945	-	769,943
Economic development	4,954,457	125,450	-	1,146,682
Leadership and quality of life	18,857,810	1,845,388	93,141	1,634,364
Corporate responsibility	13,422,815	374,000	30,988	17,926
Public safety and justice	89,726,024	-	-	-
Capital outlay	-	-	-	16,942,861
Debt service:				
Bond issuance costs	-	-	693,878	-
Principal retirement	232,735	-	9,512,176	173,964
Interest and fiscal charges	192,883	-	2,566,400	25,860
Total expenditures	142,733,164	23,262,778	13,456,583	20,716,728
Excess (deficiency) of revenues over (under) expenditures	14,487,370	106,299	(4,398,669)	(6,248,437)
Other financing sources (uses):				
Bond issuance	-	-	26,630,000	8,925,000
Payment to refunded bond escrow agent	-	-	(35,364,951)	-
Transfers in	-	32,245	1,147,134	7,359,900
Transfers (out)	(8,161,416)	-	-	(7,102)
Premium on bond issuance	-	-	5,435,222	-
Total other financing sources (uses)	(8,161,416)	32,245	(2,152,595)	16,277,798
Net change in fund balances	6,325,954	138,544	(6,551,264)	10,029,361
Fund balances at beginning of year	55,013,445	6,744,563	39,172,285	15,622,017
Fund balances at end of year	$ 61,339,399	$ 6,883,107	$ 32,621,021	$ 25,651,378

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
$ -	$ 100,450,896
-	13,117,426
5,367,517	15,018,105
947,115	27,256,576
9,643	1,616,712
846,798	5,926,766
5,182,587	45,662,634
-	297,589
6,564	1,858,064
-	873,495
1,223	80,325
1,963,616	6,282,291
14,325,063	218,440,879
-	3,346,771
13,749	2,518,658
141,985	31,889,756
3,303,013	9,529,602
6,247,972	28,678,675
55,572	13,901,301
4,872,859	94,598,883
-	16,942,861
-	693,878
-	9,918,875
-	2,785,143
14,635,150	214,804,403
(310,087)	3,636,476
-	35,555,000
-	(35,364,951)
51,272	8,590,551
-	(8,168,518)
-	5,435,222
51,272	6,047,304
(258,815)	9,683,780
10,307,439	126,859,749
$ 10,048,624	$ 136,543,529

CITY OF DAYTON, OHIO
MONTGOMERY COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2012

Net change in fund balances - total governmental funds		$ 9,683,780
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays ($21,668,262) exceeded depreciation expense ($13,032,213) in the current period (exclusive of internal service fund activity).		8,636,049
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net assets.		(41,605)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Municipal income taxes	$ (114,243)	
Property and other local taxes	(3,534,861)	
Payments in lieu of taxes	202,559	
Charges for services	(1,146,291)	
Intergovernmental	1,973,984	
Special assessments	1,199	
Investment income	2,061	
Total		(2,615,592)
Repayments of bond, loan and capital lease principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities on the statement of net position.		
Bond principal payments	9,895,340	
Loan principal payments	23,535	
Total		9,918,875
Issuance of bonds are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net position.		(35,555,000)
Payment to refunded bond escrow agent for the retirement of bonds is an other use in the governmental funds but the payment reduces long-term liabilities on the statement of net assets. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:		
Bonds refunded	34,170,000	
Deferred charges on refundings	1,194,951	
Total		35,364,951
Premiums on bonds are amortized over the life of the issuance in the statement of activities.		(5,435,222)
In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the following:		
Decrease in accrued interest payable	35,193	
Amortization of bond premiums and discounts	99,397	
Amortization of deferred charges on refundings	(116,739)	
Total		17,851
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 the governmental funds.		(303,344)
Internal service funds used by management to charge the costs of fleet management, fire fleet management, stores and reproduction, workers' 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 $1,370,704, is allocated among governmental activities.		2,702,201
Change in net position of governmental activities		$ 22,372,944

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Municipal income taxes	$ 100,492,300	$ 102,049,400	$ 101,624,151	$ (425,249)
Property and other taxes	6,447,700	6,517,200	6,524,406	7,206
State shared taxes	9,863,800	10,399,100	10,363,620	(35,480)
Charges for services	25,661,100	26,704,800	27,597,384	892,584
Licenses and permits	1,324,100	1,430,600	1,418,816	(11,784)
Fines and forfeitures	2,376,300	4,779,300	4,842,173	62,873
Intergovernmental	1,315,200	1,667,100	1,693,458	26,358
Special assessments	140,000	122,600	124,794	2,194
Investment income	1,506,200	1,605,800	1,689,637	83,837
Other	1,880,200	2,279,900	2,554,953	275,053
Total revenues	151,006,900	157,555,800	158,433,392	877,592
Expenditures:				
Current:				
Downtown	3,061,100	3,140,500	2,836,938	303,562
Youth, education and human services	-	-	44,044	(44,044)
Community development and neighborhoods	12,262,900	12,683,000	12,269,255	413,745
Economic development	10,243,100	7,258,200	6,343,436	914,764
Leadership and quality of life	23,429,100	23,393,700	22,941,756	451,944
Corporate responsibility	16,109,500	15,104,800	14,848,497	256,303
Public safety and justice	89,116,800	89,937,300	88,469,968	1,467,332
Other	1,470,800	1,011,400	848,779	162,621
Debt service:				
Principal retirement	297,300	297,300	297,157	143
Interest and fiscal charges	110,400	110,400	110,204	196
Total expenditures	156,101,000	152,936,600	149,010,034	3,926,566
Excess of revenues over expenditures	(5,094,100)	4,619,200	9,423,358	4,804,158
Other financing uses:				
Transfers (out)	(1,745,900)	(8,293,500)	(8,161,416)	132,084
Total other financing uses	(1,745,900)	(8,293,500)	(8,161,416)	132,084
Net change in fund balances	(6,840,000)	(3,674,300)	1,261,942	4,936,242
Fund balance at beginning of year	55,350,324	55,350,324	55,350,324	-
Prior year encumbrances appropriated	4,599,131	4,599,131	4,599,131	-
Fund balance at end of year	$ 53,109,455	$ 56,275,155	$ 61,211,397	$ 4,936,242

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	**Water**	**Sewer**	**Nonmajor Enterprise Funds**
Assets:				
Current assets:				
Equity in pooled cash and investments	$ 56,139,897	$ 62,265,521	$ 47,854,597	$ 7,779,819
Receivables:				
Accounts	3,269,552	7,302,922	5,609,007	1,645,386
Special assessments	-	1,224,099	566,735	480,208
Accrued interest	74,056	53,818	42,674	10,137
Due from other funds	827	3,666,215	-	-
Due from other governments	1,513,476	64,717	-	-
Advances to other funds	-	-	-	-
Due from component units	-	1,361,740	-	-
Materials and supplies inventory	53,766	1,587,455	-	-
Inventory held for resale	-	-	-	-
Prepayments	88,814	138,285	43,447	49,471
Total current assets	61,140,388	77,664,772	54,116,460	9,965,021
Noncurrent assets:				
Capital assets:				
Land and construction in progress	51,819,314	16,268,506	10,323,210	1,202,414
Depreciable capital assets, net	209,783,334	100,956,804	78,852,396	16,142,682
Total capital assets, net	261,602,648	117,225,310	89,175,606	17,345,096
Restricted assets:				
Equity in pooled cash and cash equivalents	-	112,160	-	-
Cash with fiscal and escrow agents	2,981,983	-	-	-
Total restricted assets	2,981,983	112,160	-	-
Total noncurrent assets	264,584,631	117,337,470	89,175,606	17,345,096
Total assets	325,725,019	195,002,242	143,292,066	27,310,117
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	51,839	-	-	-
Total deferred outflows of resources	51,839	-	-	-
Total assets and deferred outflows of resources	325,776,858	195,002,242	143,292,066	27,310,117

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
$ 174,039,834	$ 19,925,614
17,826,867	29,294
2,271,042	-
180,685	-
3,667,042	130,389
1,578,193	33,728
-	352,283
1,361,740	-
1,641,221	-
-	638,114
320,017	-
202,886,641	21,109,422
79,613,444	75,000
405,735,216	937,893
485,348,660	1,012,893
112,160	-
2,981,983	-
3,094,143	-
488,442,803	1,012,893
691,329,444	22,122,315
51,839	-
51,839	-
691,381,283	22,122,315

- - Continued

CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
DECEMBER 31, 2012

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	**Water**	**Sewer**	**Nonmajor Enterprise Funds**
Liabilities:				
Current liabilities:				
Accounts payable	323,249	773,956	362,138	108,617
Contracts payable	1,284,481	839,440	536,368	30,684
Retainage payable	686,311	220,357	189,442	12,047
Accrued wages and benefits payable	442,460	697,161	337,355	147,845
Due to other funds	1,812	60,071	3,060,809	619,227
Due to other governments	579,531	121,092	493	449
Accrued interest payable	187,630	46,701	224,280	723
Compensated absences payable - current	578,686	1,040,995	475,227	244,372
Advances from other funds	-	-	-	1,152,436
General obligation bonds payable	375,000	780,000	795,000	192,971
Revenue bonds payable	1,290,000	-	-	-
OWDA loans payable	-	-	741,617	-
OPWC loans payable	-	-	50,000	-
Claims and judgments payable	-	-	-	-
Payable from restricted assets:				
Utility deposits	-	112,160	-	-
Total current liabilities	5,749,160	4,691,933	6,772,729	2,509,371
Long-term liabilities:				
Compensated absences payable	305,192	545,598	251,054	129,815
General obligation bonds payable	9,375,000	14,520,000	14,805,000	188,600
Revenue bonds payable	31,975,591	-	-	-
OWDA loans payable	-	-	8,433,383	-
OPWC loans payable	-	-	350,000	-
Claims and judgments payable	-	-	-	-
Total long-term liabilities	41,655,783	15,065,598	23,839,437	318,415
Total liabilities	47,404,943	19,757,531	30,612,166	2,827,786
Net position:				
Net investment in capital assets	218,638,896	101,925,310	64,000,606	16,963,525
Unrestricted	59,733,019	73,319,401	48,679,294	7,518,806
Total net position	$ 278,371,915	$ 175,244,711	$ 112,679,900	$ 24,482,331

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

Net position of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
1,567,960	64,198
2,690,973	-
1,108,157	-
1,624,821	143,309
3,741,919	1,451
701,565	1,442,973
459,334	-
2,339,280	188,389
1,152,436	400,000
2,142,971	-
1,290,000	-
741,617	-
50,000	-
-	223,811
112,160	-
19,723,193	2,464,131
1,231,659	96,466
38,888,600	-
31,975,591	-
8,433,383	-
350,000	-
-	6,786,076
80,879,233	6,882,542
100,602,426	9,346,673
401,528,337	937,893
189,250,520	11,837,749
590,778,857	$ 12,775,642
1,087,484	
$ 591,866,341	

CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	**Water**	**Sewer**	**Nonmajor Enterprise Funds**
Operating revenues:				
Charges for services	$ 24,508,791	$ 45,700,719	$ 33,115,458	$ 10,507,080
Other operating revenues	5,230,515	5,483,454	24,836	18,403
Total operating revenues	29,739,306	51,184,173	33,140,294	10,525,483
Operating expenses:				
Personal services	8,665,058	14,604,696	6,691,367	3,200,721
Fringe benefits	3,399,336	6,114,158	2,710,810	1,342,927
Contract services	6,027,381	5,622,205	6,596,921	1,343,059
Materials and supplies	1,302,386	4,497,169	1,918,461	621,669
Cost of sales	-	-	-	-
Utilities	1,801,872	5,283,275	2,848,675	197,251
Claims expense	-	-	-	-
Depreciation	10,998,332	5,942,584	7,146,411	734,072
Other	2,457,710	2,538,470	1,712,118	787,389
Total operating expenses	34,652,075	44,602,557	29,624,763	8,227,088
Operating income (loss)	(4,912,769)	6,581,616	3,515,531	2,298,395
Nonoperating revenues (expenses):				
Interest and fiscal charges	(2,303,368)	(46,701)	(407,719)	(15,335)
Gain (loss) on sale of capital assets	(19,877)	-	(13,053)	-
Interest income	164,182	126,926	132,868	31,563
Increase in fair market value of investments	31,126	25,794	36,727	8,725
Total nonoperating revenues (expenses)	(2,127,937)	106,019	(251,177)	24,953
Income (loss) before contributions and transfers	(7,040,706)	6,687,635	3,264,354	2,323,348
Transfer in	-	-	-	-
Transfer out	-	-	-	(354,169)
Capital contributions	10,076,952	150,903	205,264	3,750
Change in net position	3,036,246	6,838,538	3,469,618	1,972,929
Net position at beginning of year (restated)	275,335,669	168,406,173	109,210,282	22,509,402
Net position at end of year	$ 278,371,915	$ 175,244,711	$ 112,679,900	$ 24,482,331

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

Change in net position of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
$ 113,832,048	$ 34,160,647
10,757,208	346,408
124,589,256	34,507,055
33,161,842	2,929,981
13,567,231	1,263,244
19,589,566	1,100,158
8,339,685	2,024,221
-	3,222,860
10,131,073	21,941
-	19,645,224
24,821,399	85,678
7,495,687	72,979
117,106,483	30,366,286
7,482,773	4,140,769
(2,773,123)	-
(32,930)	-
455,539	-
102,372	-
(2,248,142)	-
5,234,631	4,140,769
-	50,000
(354,169)	(117,864)
10,436,869	-
15,317,331	4,072,905
	8,702,737
	$ 12,775,642
1,370,704	
$ 16,688,035	

CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	**Water**	**Sewer**	**Nonmajor Enterprise Funds**
Cash flows from operating activities:				
Cash received from customers	$ 24,070,094	$ 46,448,704	$ 33,370,024	$ 10,186,774
Cash received from interfund services provided	-	-	-	-
Cash received from other operations	5,760,327	5,315,606	24,836	18,403
Cash payments for personal services	(8,558,521)	(14,576,639)	(6,616,600)	(3,185,242)
Cash payments for fringe benefits	(3,417,759)	(6,052,906)	(2,688,059)	(1,337,257)
Cash payments for contractual services	(5,581,757)	(7,196,067)	(6,868,472)	(1,427,593)
Cash payments for materials and supplies	(1,117,250)	(4,525,832)	(1,905,160)	(584,643)
Cash payments for cost of goods sold	-	-	-	-
Cash payments for utilities	(1,843,398)	(5,638,178)	(3,180,796)	(203,077)
Cash payments for claims	-	-	-	-
Cash payments for other expenses	(2,467,027)	(2,545,899)	(1,672,470)	(786,378)
Net cash provided by operating activities	6,844,709	11,228,789	10,463,303	2,680,987
Cash flows from noncapital financing activities:				
Cash received from advance from component unit	-	235,905	-	-
Cash payments for advance to component unit	-	(110,128)	-	-
Cash received from transfers in	-	-	-	-
Cash used in transfers out	-	-	-	(354,169)
Cash received from interfund loans	-	-	-	97,894
Net cash provided by (used in) noncapital financing activities	-	125,777	-	(256,275)
Cash flows from capital and related financing activities:				
Capital contributions	10,280,988	150,903	264,986	3,750
Proceeds from bonds	-	15,300,000	15,600,000	-
Acquisition of capital assets	(12,355,334)	(6,498,128)	(7,599,312)	(1,220,477)
Principal paid on loans	-	-	(763,914)	-
Interest paid on loans	-	-	(373,673)	-
Principal paid on bonds	(1,610,000)	-	-	(363,460)
Interest paid on bonds	(2,312,267)	-	-	(15,940)
Net cash provided by (used in) capital and related financing activities	(5,996,613)	8,952,775	7,128,087	(1,596,127)
Cash flows from investing activities:				
Interest received	187,646	140,691	126,921	30,151
Net cash provided by investing activities	187,646	140,691	126,921	30,151
Net increase in cash and investments	1,035,742	20,448,032	17,718,311	858,736
Cash and investments at beginning of year	58,086,138	41,929,649	30,136,286	6,921,083
Cash and investments at end of year	$ 59,121,880	$ 62,377,681	$ 47,854,597	$ 7,779,819

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
$ 114,075,596	$ -
-	34,268,095
11,119,172	346,408
(32,937,002)	(2,939,389)
(13,495,981)	(1,255,574)
(21,073,889)	(1,079,411)
(8,132,885)	(2,018,302)
-	(3,298,386)
(10,865,449)	(22,478)
-	(18,994,603)
(7,471,774)	(71,584)
31,217,788	4,934,776
235,905	-
(110,128)	-
-	50,000
(354,169)	(117,864)
97,894	64,422
(130,498)	(3,442)
10,700,627	-
30,900,000	
(27,673,251)	-
(763,914)	-
(373,673)	-
(1,973,460)	-
(2,328,207)	-
8,488,122	-
485,409	-
485,409	-
40,060,821	4,931,334
137,073,156	14,994,280
$ 177,133,977	$ 19,925,614

- - Continued

CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	**Water**	**Sewer**	**Nonmajor Enterprise Funds**
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ (4,912,769)	$ 6,581,616	$ 3,515,531	$ 2,298,395
Adjustments:				
Depreciation	10,998,332	5,942,584	7,146,411	734,072
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	257,815	782,240	407,567	(57,711)
Decrease (increase) in due from other funds	21,232	(124,764)	-	-
Decrease in due from other governments	198,835	22,913	-	-
Decrease (increase) in prepayments	(31,417)	(46,952)	(16,974)	(49,471)
Increase in special assessments receivable	-	(112,471)	(153,001)	(262,595)
Decrease in materials and supplies inventory	4,454	171,238	-	-
Increase in inventory held for resale	-	-	-	-
Increase (decrease) in accounts payable	(542,624)	(514,918)	(249,699)	42,616
Increase (decrease) in contracts payable	2,752,449	(1,613,643)	(362,243)	(961)
Decrease in airline settlement payable	(386,767)	-	-	-
Increase (decrease) in retainage payable	(1,596,963)	46,698	(116,292)	(12,856)
Increase in accrued wages and benefits	88,954	117,911	67,922	14,499
Increase (decrease) in due to other funds	1,283	(4,440)	193,992	(31,658)
Increase (decrease) in due to other governments	(7,265)	(2,840)	493	7
Increase (decrease) in compensated absences payable	(840)	(28,602)	29,596	6,650
Increase in utility deposits	-	12,219	-	-
Increase in claims payable	-	-	-	-
Net cash provided by operating activities	$ 6,844,709	$ 11,228,789	$ 10,463,303	$ 2,680,987

Non-cash transactions:

During 2012, the Dayton International Airport and the Sewer enterprise funds received $2,336,370 and $59,722, respectively, in capital grants, which were recognized as a receivable in 2011. Receivables in the amount of $2,132,334 have been recorded for capital grants in 2012 for the Dayton International Airport.

At December 31, 2012, the Water, Sewer, Dayton International Airport and Storm Water enterprise funds purchased $1,162,641, $346,014, $961,333 and $53,736, respectively, in capital assets on account. At December 31, 2011, the Water, Sewer, Dayton International Airport and Storm Water enterprise funds purchased $669,836, $407,204, $4,136,069 and $76,797, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
$ 7,482,773	$ 4,140,769
24,821,399	85,678
1,389,911	(2,735)
(103,532)	100,120
221,748	10,063
(144,814)	15,110
(528,067)	-
175,692	-
-	(75,526)
(1,264,625)	12,147
775,602	-
(386,767)	-
(1,679,413)	-
289,286	21,491
159,177	267
(9,605)	(772,527)
6,804	(23,229)
12,219	-
-	1,423,148
$ 31,217,788	$ 4,934,776

CITY OF DAYTON
MONTGOMERY COUNTY, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2012

	Agency
Assets:	
Equity in pooled cash and cash equivalents	$ 4,700,452
Investments with fiscal agent	689,911
Cash and cash equivalents with fiscal agent	1,153,514
Receivables:	
Accounts	726,027
Special assessments	3,883,981
Intergovernmental	426,354
Total assets	$ 11,580,239
Liabilities:	
Accounts payable	$ 55,046
Intergovernmental payable	1,992,536
Due to others	5,274,589
Withholdings and deposits	4,258,068
Total liabilities	$ 11,580,239

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

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CITY OF DAYTON, OHIO

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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.

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; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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:

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

DISCRETELY PRESENTED COMPONENT UNIT

The City has included one discretely presented component unit, the City-Wide 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 21.

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 contributed $76,442 for the operation of the Commission during 2012. Financial information can be obtained from Brian Martin, Executive Director, at 1 South Main Street, Suite 260, Dayton, Ohio 45402.

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 $33,966 for the operation of the Alliance during 2012. Financial information can be obtained from Jackie Leland, Director, at 444 W. Third Street, Suite 20-231, Dayton, Ohio 45402.

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

Miami Township-Dayton Joint Economic Development District - In an effort to promote regional growth and economic development, the City has entered into a contract with Miami Township to create a Joint Economic Development District (JEDD). The City entered into a separate contract with Miami Township in July, 2005. In accordance with State law, the Districts Board of Trustees levied a 1.75% income tax effective January 1, 2008. The proceeds of that tax are allocated, in accordance with the contract, primarily to the Township. In consideration for its receipt of a share of the District's income taxes, the City will receive 50% of the property tax revenue from parcels located within the District. The Township will utilize these JEDD revenues, in part, to construct infrastructure and improvement near the Dayton-Wright Brothers Airport. The City received $185,849 in revenues through the JEDD in 2012.

Butler Township-Dayton Joint Economic Development District - In an effort to promote regional growth and economic development, the City has entered into a contract with Butler Township to create a Joint Economic Development District (JEDD). The City entered into a separate contract with Butler Township in July, 2006. In accordance with State Law, the Districts Board of Trustees levied a 1.75% income tax effective in 2008. The proceeds of that tax are allocated, in accordance with the contract, to the Township. In consideration for its receipt of a share of the District's income taxes, the City will receive 50% of the property tax revenue from parcels located within the District. The District will utilize these JEDD revenues to facilitate economic development to create or preserve jobs and employment opportunities and to improve economic welfare. The City received $24,518 in revenues through the JEDD in 2012.

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 2012. Financial information can be obtained from Linda Gum, Administrative Assistant, at 451 West Third Street, Dayton, Ohio 45402.

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

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 2012. Financial information can be obtained from Tom Kelley, Executive Director, at 451 West Third Street, P.O. Box 972, Dayton, Ohio 45422-3100.

Hazardous Material Response Team - The City is a member of a Hazardous Material Response Team ("HAZMAT") 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 HAZMAT Advisory Board oversees the operation of HAZMAT 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 HAZMAT. During 2012, the City contributed $20,314 to HAZMAT. Financial information can be obtained from Danny Bristow, Executive Director at 444 West Third Street, Suite 20-231, Dayton, Ohio 45402.

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 members 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 $28,305 for the operation of the Agency during 2012. Financial information can be obtained from Jeff Jordan, Executive Director, 117 South Main Street, Suite 721, Dayton, Ohio 45422.

B. Basis of Presentation

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

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for 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.

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

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

1. ***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 and deferred inflows of resources 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.

   Housing and urban development (HUD) fund - To account for grant and other program income generated from grant proceeds for various programs administered by the U.S. Department of Housing and Urban Development.

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

   Capital improvement fund - To account for resources used to purchase equipment and construct capital assets.

   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.

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

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

   a. ***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.

      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.

   b. ***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, health insurance and stores and reproduction services.

3. ***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. 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 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.

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

D. Measurement Focus

Government-wide Financial Statements - The government-wide and proprietary fund financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the City are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows 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 deferred outflows and all liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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, health insurance, a Workers' Compensation program and plumbing shop services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

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

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

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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.

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 Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows. Income taxes, payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2012, are recorded as deferred inflows on the governmental fund financial statements.

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.

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. The Capital Improvement fund and the HUD Programs 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.

The City prepares its budget on a non-GAAP budgetary basis which is the modified accrual basis with certain 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 2012.

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.

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

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 assignments 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, 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 investments” on the statement of net position.

During 2012, investments were limited to federal agency securities, U.S. Treasury notes, City owned debt, U.S. Government money market mutual funds 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, 2012. 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 shares price which is the price the investment could be sold for on December 31, 2012.

For purposes of the statement of cash flows and for presentation on the financial statements, 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, money held by the Dayton Foundation and money in the executive savings plan are shown as "cash and cash equivalents with fiscal agents" and "investments with fiscal agents ".

Interest income is distributed to the funds according to City Ordinance and statutory requirements. Interest revenue earned during 2012 was $1,848,083 in the general fund, which includes $1,473,003 assigned from other City funds.

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

H. Inventory of Supplies

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

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". The "equity in pooled cash and cash equivalents" represent utility deposits held by the City. The "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.

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 position, 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 position 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 capitalized in the proprietary funds.

All reported capital assets are depreciated except for land, right of ways 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Improvements other than buildings	10 - 25 years	10 - 25 years
Buildings and improvements	30 - 50 years	30 - 50 years
Equipment	3 - 15 years	3 - 15 years
Vehicles	3 - 25 years	3 - 25 years
Software	5 - 10 years	5 - 10 years
Infrastructure	20 - 50 years	20 - 50 years

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

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". On fund financial statements, long-term interfund loans are classified as "advances to/from other funds" on the balance sheet. All other outstanding balances outstanding between funds are reported as "due to/from other funds". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. Advances made from the City to its discretely presented component unit are reported on both the government-wide and fund financial statements as "advances to component unit".

L. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

M. 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.

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.

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

N. 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 and compensated absences 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.

O. Bond Premium and Discount/Accounting Gain or Loss

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt reported in the government-wide financial statements and 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 a deferred inflow or deferred outflow of resources

On the governmental fund financial statements, bond premiums and discounts are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 13.

P. 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.

Q. Fund Balance

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

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Commission (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Commission removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Commission, which includes giving the Finance Director the authority to constrain monies for intended purposes.

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

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

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. Contributions of 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.

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

T. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets, 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 position is 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 did not have any net position restricted by enabling legislation.

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2012, the City has implemented GASB Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*", GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements*", GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the City.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the City.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows or resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the City's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 had an effect on the financial statements of the City. See Note 3.B. below for the prior period adjustment.

B. Prior Period Adjustment

Governmental and business-type net assets will be restated for the implementation of GASB Statement No. 65. The adjustment had the following effect on net position of the governmental and business-type activities as previously reported:

	Governmental Activities	Business-type Activities	Dayton International Airport
Net assets as previously reported	$ 453,396,108	$ 576,698,513	$ 276,855,876
Removal of unamortized bond issuance costs	(1,442,056)	(1,520,207)	(1,520,207)
Net position at January 1, 2012	$ 451,954,052	$ 575,178,306	$ 275,335,669

NOTE 4 - DEPOSITS AND INVESTMENTS

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 not required for use within the current five year period of designation of depositories as defined by the City's investment policy. 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 in interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,

6. The State Treasurer's investment pool (STAR Ohio).

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

1. Bonds and other obligations guaranteed by the United States;

2. Discount notes of the Federal National Mortgage Association;

3. Bonds of the State of Ohio; and,

4. Bonds of any municipal corporation, village, county, township, or other political subdivision of Ohio, as to which there is no default of principal, interest or coupons.

Protection of the 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 treasurer 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.

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.

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

A. Cash on Hand

At year-end, the City had $12,875 in undeposited cash on hand which is included on the financial statements of the City as part of "equity in pooled cash and cash equivalents".

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2012, the carrying amount of all City deposits was $4,455,824. As of December 31, 2012, $9,673,086 of the City's bank balance of $11,484,100 was exposed to custodial risk as discussed below, while $1,811,014 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As permitted by Ohio Revised Code, the City's deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

As of December 31, 2012, the City had the following investments and maturities:

		Investment Maturities				
Investment type	Fair Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FAMCA	$ 7,004,340	$ 7,004,340	$ -	$ -	$ -	$ -
FFCB	53,914,905	-	-	-	9,990,500	43,924,405
FHLB	27,194,920	10,024,900	4,135,710	-	-	13,034,310
FHLMC	44,538,714	-	-	-	8,024,030	36,514,684
FNMA	78,181,900	7,043,680	-	-	-	71,138,220
UST	17,121,300	6,018,750	6,101,400	-	5,001,150	-
City Owned Debt	2,013,100	-	-	-	-	2,013,100
Executive Severance Money Market	689,911	689,911	-	-	-	-
U.S. Government Money Market	3,348,384	3,348,384	-	-	-	-
STAR Ohio	47,060,224	47,060,224	-	-	-	-
Total	$ 281,067,698	$ 81,190,189	$ 10,237,110	$ -	$ 23,015,680	$ 166,624,719

The weighted average maturity of investments is 1.88 years.

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payments for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The City's investment policy limits its investments in federal agency securities to ratings of A or better by Standard & Poor's and Moody's Investor Services. The City's investments in federal agency securities and its investments in U.S. Government money market funds (JPMorgan US Government money market and JP Morgan Prime money market) were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities.

The following table includes the percentage of each investment type held by the City at December 31, 2012:

Investment type	Fair Value	% of Total
FAMCA	$ 7,004,340	2.48
FFCB	53,914,905	19.18
FHLB	27,194,920	9.68
FHLMC	44,538,714	15.85
FNMA	78,181,900	27.82
UST	17,121,300	6.09
City Owned Debt	2,013,100	0.72
Executive Severance Money Market	689,911	0.25
U.S. Government Money Market	3,348,384	1.19
STAR Ohio	47,060,224	16.74
Total	$ 281,067,698	100.00

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2012:

Cash and investments per note	
Carrying amount of deposits	$ 4,455,824
Investments	281,067,698
Cash on hand	12,875
Total	$ 285,536,397
Cash and investments per statement of net position	
Governmental activities	$ 101,858,543
Business type activities	177,133,977
Agency funds	6,543,877
Total	$ 285,536,397

NOTE 5 - INTERFUND TRANSACTIONS

A. Due from/to other funds consisted of the following at December 31, 2012, as reported on the fund statements:

	Due from					
Due to	General	Nonmajor Governmental	Dayton International Airport	Water	Internal Service	Due from Total
General	$ -	$ -	$ 827	$ 1,773	$ 87,978	$ 90,578
Capital Improvement	193	-	-	-	-	193
HUD	2,603	-	-	-	743	3,346
Nonmajor governmental	319	-	-	-	22,711	23,030
Dayton International Airport	6	-	-	-	1,806	1,812
Water	2,122	51,327	-	-	6,622	60,071
Sewer	75	6,433	-	3,051,525	2,776	3,060,809
Nonmajor Enterprise	1	-	-	612,902	6,324	619,227
Internal Service	7	-	-	15	1,429	1,451
Due to total	$ 5,326	$ 57,760	$ 827	$ 3,666,215	$ 130,389	$ 3,860,517

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.

Amounts due to/from other funds between governmental funds are eliminated on the government-wide financial statements. Amounts due to/from other funds between governmental activities and business-type activities are reported as an internal balance on the statement of net position.

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Due to component unit and due from primary government consisted of the following at December 31, 2012, as reported on the fund statements:

Due from/Due to	General	Capital improvements	HUD	Nonmajor governmental	Water	Total
Component unit	$ 2,540,000	$ 963,065	$ 7,733,600	$ 400,000	$ 1,361,740	$ 12,998,405

The City does not anticipate repayment of the advances to component unit within the next year.

C. Interfund transfers for the year ended December 31, 2012, consisted of the following, as reported on the fund statements:

	Transfer to		
Transfer from	Debt Service	Capital Improvements	HUD
General	$ 667,999	$ 7,359,900	$ 32,245
Capital improvement	7,102	-	-
Other enterprise	354,169	-	-
Internal service	117,864	-	-
Total	$ 1,147,134	$ 7,359,900	$ 32,245

	Nonmajor Governmental	Internal service	Total
General	$ 51,272	$ 50,000	$ 8,161,416
Capital improvement	-	-	7,102
Other enterprise	-	-	354,169
Internal service	-	-	117,864
Total	$ 51,272	$ 50,000	$ 8,640,551

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. The transfer of $7,102 from the capital improvement fund to the debt service fund was to close-out a subfund for a finished capital project. The transfers of $354,169 from the other enterprise funds and $117,864 from the internal service fund were for debt service payments.

Transfers between governmental funds are eliminated on the government-wide financial statements. Transfers between governmental activities and business-type activities are reported as transfers on the statement of activities.

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

D. Advances to/from other funds for the year ended December 31, 2012, consisted of the following, as reported on the fund statements:

Receivable fund	Payable fund	Amount
General	HUD	$ 300,000
Debt service	Nonmajor enterprise	1,152,436
General	Internal service	400,000
Internal service	General	352,283
Total		$ 2,204,719

Advances from the debt service fund to the golf fund (a nonmajor enterprise fund) are for debt service payments relating to the Series 2001 Golf Renovation General Obligation Bonds. The golf fund did not have the revenue to support complete repayment of the bonds. An agreement was made which allowed the debt service fund to pay a portion of the golf fund debt each year and the golf fund agreed to make payments of $281,505 each year for twenty years, eight years longer than the original issue date. Repayment on the loan will begin in 2013 with the complete loan being retired in 2019.

Advances from the worker's compensation internal service fund to the general fund are for manuscript debt issued during 2011. A portion of this loan will be repaid annually, with the complete loan being retired in 2017.

Advances between governmental funds and business-type activities are reported as an internal balance on the statement of net position.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. For Montgomery County, the first half payment is due the middle of February and the second half payment is due the middle of July.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

NOTE 6 - PROPERTY TAXES - (Continued)

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 property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2012 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2012 operations and the collection of delinquent taxes has been offset by deferred inflows of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2012 was $10 per $1,000 of assessed value. The assessed values of real and public utility property for tax year 2012 are as follows:

Real property	
Residential/agricultural	$1,019,621,430
Commercial/industrial	421,389,400
Public utility	
Real	1,496,630
Personal	84,535,830
Total assessed value	$1,527,043,290

NOTE 7 - INCOME TAX

On March 27, 1984, the City Commission levied a municipal income tax of 1.75% on substantially all income earned within the City. In addition, on March 14, 2006, the City renewed their additional .50% levy through December 31, 2014. 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% of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City 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 2012, as reported in the governmental fund financial statements on the modified accrual basis of accounting, was $100,450,896.

NOTE 8 - TAX INCREMENT FINANCING DISTRICT (TIF)

The City, pursuant to the Ohio Revised Code and City ordinances, has established four TIFs. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as "payments in lieu of taxes (PILOT)", as though the TIF had not been established. These "PILOTS" are then dedicated to the payments for various public improvements within or adjacent to the TIF area. Property values existing before the commencement date of a TIF continue to be subjected to property taxes.

PILOT revenue was $873,495 in 2012 as reported in the fund financial statements. The TIF has a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT's cease and property taxes then apply to the increased property values.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2012, consisted of taxes, accounts (billings for user charged services), special assessments, accrued interest, loans 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, 2012, as well as intended to finance 2012 operations.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property and other local taxes	$ 19,831,198
Muncipal income taxes	14,834,504
Accounts	6,843,077
Payments in lieu of taxes	1,949,913
Special assessments	1,042,321
Accrued interest	192,016
Loans	34,596,524
Due from other governments	21,598,615
Business-type activities:	
Accounts	17,826,867
Special assessments	2,271,042
Accrued interest	180,685
Due from other governments	1,578,193

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, grants 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 2040 (See Note 10).

NOTE 10 - LOANS RECEIVABLE

A. Riverfront Area Redevelopment Enterprises, Inc.

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, 2012, the amount owed to the City was $3,920,000.

B. Dayton-Montgomery County Port Authority

During 2008, the City issued $32,000,000 in economic development revenue bonds payable from nontax revenues of the City. The City loaned $20,100,000 of the proceeds to the Dayton-Montgomery County Port Authority (the "Port Authority") to assist in financing the costs of constructing a parking facility to be used by CareSource, a nonprofit corporation. The Port Authority will make loan payments semiannually on July 1 and December 1 at a 4.67% interest rate. The final loan payment is due December 1, 2028. At December 31, 2012, the amount owed to the City was $17,965,000.

C. City-Wide Community Urban Redevelopment Corporation

On January 6, 2010, the City loaned the City-Wide Community Urban Redevelopment Corporation $6,335,904 to assist in the construction of a new recreation complex. At the end of seven years, the loan may be forgiven in exchange for the City gaining ownership of the recreation complex. This loan has an interest rate of 3.95% per year with principal payments beginning January 1, 2021. The final loan payment is due December 1, 2039. At December 31, 2012, the amount owed to the City was $6,335,904.

D. Dayton TechTown Investment Fund, LLC.

On June 28, 2010, the City loaned $7,375,620 to Dayton TechTown Investment Fund, LLC. for the continued development of a technology park. The loan has a 2.0% interest rate with required principal payments beginning June 27, 2017. The City received a $250,000 principal payment during 2012. The final loan payment is due June 27, 2040. At December 31, 2012, the amount owed to the City was $6,375,620.

NOTE 11 - CAPITAL ASSETS

A. Capital asset activity for the governmental activities for the year ended December 31, 2012 was as follows:

	Balance 12/31/11	Additions	Deductions	Balance 12/31/12
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 69,618,504	$ -	$ -	$ 69,618,504
Construction in progress	10,140,045	18,585,061	(14,266,202)	14,458,904
Right-of-ways	14,007,402	-	-	14,007,402
Total capital assets, not being depreciated	93,765,951	18,585,061	(14,266,202)	98,084,810
Capital assets, being depreciated:				
Building improvements	118,503,355	971,628	-	119,474,983
Improvements other than buildings	55,376,504	30,685	-	55,407,189
Equipment	25,902,698	1,175,014	-	27,077,712
Software	550,661	94,088	-	644,749
Motor vehicles	44,816,237	1,814,099	(3,026,778)	43,603,558
Infrastructure	271,902,270	13,263,889	-	285,166,159
Total capital assets, being depreciated	517,051,725	17,349,403	(3,026,778)	531,374,350
Less: accumulated depreciation				
Building improvements	(71,666,115)	(2,287,531)	-	(73,953,646)
Improvements other than buildings	(38,873,198)	(1,309,193)	-	(40,182,391)
Equipment	(19,094,760)	(1,477,423)	-	(20,572,183)
Software	(97,121)	(110,132)	-	(207,253)
Motor vehicles	(33,361,813)	(2,035,322)	2,985,173	(32,411,962)
Infrastructure	(67,213,435)	(5,898,290)	-	(73,111,725)
Total accumulated depreciation	(230,306,442)	(13,117,891)	2,985,173	(240,439,160)
Total capital assets being depreciated, net	286,745,283	4,231,512	(41,605)	290,935,190
Governmental activities capital assets, net	$ 380,511,234	$ 22,816,573	$ (14,307,807)	$ 389,020,000

NOTE 11 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to functions of the governmental activities as follows:

Governmental activities:	
Downtown	$ 649,600
Youth, education and human services	3,389
Community development and neighborhoods	488,305
Economic development	125,026
Leadership and quality of life	8,224,932
Corporate responsibility	1,336,175
Public safety and justice	2,290,464
Total depreciation expense - governmental activities	$ 13,117,891

B. Capital asset activity for the business-type activities for the year ended December 31, 2012, was as follows:

	Balance 12/31/11	Additions	Deductions	Balance 12/31/12
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 42,965,353	$ -	$ -	$ 42,965,353
Construction in progress	51,543,561	22,781,737	(37,677,207)	36,648,091
Total capital assets, not being depreciated	94,508,914	22,781,737	(37,677,207)	79,613,444
Capital assets, being depreciated:				
Buildings and improvements	196,351,790	8,975,933	-	205,327,723
Improvements other than buildings	626,105,869	28,737,837	-	654,843,706
Equipment	18,865,069	242,669	-	19,107,738
Software	49,069	631,193	-	680,262
Vehicles	37,387,081	1,214,907	(499,929)	38,102,059
Total capital assets, being depreciated	878,758,878	39,802,539	(499,929)	918,061,488
Less: accumulated depreciation				
Buildings and improvements	(82,197,561)	(4,140,032)	-	(86,337,593)
Improvements other than buildings	(369,507,044)	(17,763,030)	-	(387,270,074)
Equipment	(11,829,225)	(1,437,228)	-	(13,266,453)
Software	(5,410)	(11,018)	-	(16,428)
Vehicles	(24,432,632)	(1,470,091)	466,999	(25,435,724)
Total accumulated depreciation	(487,971,872)	(24,821,399)	466,999	(512,326,272)
Total capital assets being depreciated, net	390,787,006	14,981,140	(32,930)	405,735,216
Business-type activities capital assets, net	$ 485,295,920	$ 37,762,877	$ (37,710,137)	$ 485,348,660

NOTE 11 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to the enterprise funds as follows:

Business-type Activities:	
Dayton International Airport	$ 10,998,332
Water	5,942,584
Sewer	7,146,411
Storm water	469,237
Golf	264,835
Total depreciation expense - business-type activities	$ 24,821,399

C. Outstanding contractual commitments related to construction in progress for the year ended December 31, 2012, was as follows:

Governmental activities	$ 12,588,546
Water	5,508,101
Sewer	5,033,413
Dayton International Airport	7,460,340
Total outstanding contractual commitments	$ 30,590,400

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NOTE 12 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE

A. The City is the lessor of land and space at the Dayton International Airport (the "Airport") under noncancellable leases. The leases are between the Dayton International Airport and various vendors that use the Airport for their operations. The cost of the leased area, the carrying value and the annual depreciation expense cannot be accurately determined as they represent varying percentages of the overall land and building assets of the Airport. The leases have varying terms from three to sixty-five years. The future minimum lease payments as of December 31, 2012, are as follows:

Year Ending December 31,	Minimum Lease Payments
2013	$ 1,518,228
2014	1,514,174
2015	1,794,017
2016	1,856,057
2017	1,851,644
2018 - 2022	6,189,427
2023 - 2027	3,998,476
2028 - 2032	2,143,942
2033 - 2037	1,782,797
2038 - 2042	815,704
2043 - 2047	970,228
2048 - 2052	615,755
2053	103,632
Totals	$ 25,154,081

B. 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 10). The City does possess capital assets relating to this lease agreement as the liability for the construction (baseball revenue bonds payable) are offset by a receivable from the Riverfront Area Redevelopment Enterprises, Inc.; therefore, disclosure of the cost, carrying value and depreciation expense is not required.

The future minimum lease payments as of December 31, 2012, are as follows:

Year Ending December 31,	Minimum Lease Payments
2013	$ 10,000
2014	10,000
2015	10,000
2016	10,000
2017	10,000
2018 - 2019	20,000
Totals	$ 70,000

NOTE 12 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE - (Continued)

C. The City is the lessee of Recplex facility. The lease is between City-Wide Community Urban Redevelopment Corporation and the City of Dayton (See Note 10). The City is responsible for the operation and maintenance of the facility. This lease agreement expires on December 31, 2039 or upon written agreement by the City-Wide Community Urban Redevelopment Corporation and the City. The future minimum lease payments as of December 31, 2012 are as follows:

Year Ending December 31,	Minimum Lease Payments
2013	$ 334,374
2014	344,406
2015	354,738
2016	365,380
2017	405,000
2018 - 2022	2,214,706
2023 - 2027	2,567,451
2028 - 2032	2,976,380
2033 - 2037	3,450,439
2038 - 2039	1,529,441
Totals	$ 14,542,315

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NOTE 13 - LONG-TERM OBLIGATIONS

A. The City's governmental activities long-term obligations at year-end and a schedule of current year activity are as follows:

Governmental activities:	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 12/31/11	Increase	Decrease	Balance 12/31/12	Amounts Due in One Year
General obligation bonds:									
Tangible housing improvements	10/01/93	11/01/13	5.35 - 6.5	$ 3,035,000	$ 310,000	$ -	$ (155,000)	$ 155,000	$ 155,000
Capital facilities	06/09/04	12/01/19	3.0 - 5.25	11,360,000	6,890,000	-	(6,130,000)	760,000	760,000
Capital facilities	10/25/07	12/01/27	4.0 - 5.0	19,745,000	12,470,000	-	(2,325,000)	10,145,000	1,540,000
Various purpose and refunding	07/28/09	12/01/29	2.5 - 5.0	26,483,111	23,429,969	-	(4,031,540)	19,398,429	2,867,029
Capital improvement	09/22/10	12/01/15	1.5 - 2.0	2,680,000	2,170,000	-	(530,000)	1,640,000	540,000
Energy conservation bonds	06/11/11	12/01/25	4.98	1,615,000	1,615,000	-	(105,000)	1,510,000	105,000
Various purpose bonds	10/11/12	12/01/32	3.0 - 4.0	11,385,000	-	11,385,000	-	11,385,000	485,000
Total general obligation bonds					46,884,969	11,385,000	(13,276,540)	44,993,429	6,452,029
Revenue bonds:									
Economic development - parking facility	01/10/08	12/01/28	4.0 - 5.0	32,000,000	29,890,000	-	(29,890,000)	-	-
Baseball revenue refunding bonds	12/30/09	12/01/19	2.25 - 3.5	7,925,000	6,465,000	-	(735,000)	5,730,000	755,000
Economic development	09/22/10	12/1/31	2.0 - 4.125	2,500,000	2,425,000	-	(90,000)	2,335,000	95,000
Economic development refunding bonds	01/14/12	12/01/28	3.0 - 5.0	24,170,000	-	24,170,000	-	24,170,000	1,080,000
Total revenue bonds					38,780,000	24,170,000	(30,715,000)	32,235,000	1,930,000
Special assessment bonds									
Sidewalk construction	11/01/02	11/01/12	6.0	251,050	25,100	-	(25,100)	-	-
Ornamental lighting	11/01/02	11/01/12	6.0	88,276	8,800	-	(8,800)	-	-
Sidewalk construction	12/01/03	12/01/13	6.0	167,947	33,400	-	(16,700)	16,700	16,700
Sidewalk construction	12/01/04	12/01/14	6.0	232,415	69,600	-	(23,200)	46,400	23,200
Total special assessment bonds					136,900	-	(73,800)	63,100	39,900

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Governmental activities:	Issue Date	Maturity Date	Original Issue Amount	Restated Balance 12/31/11	Increase	Decrease	Balance 12/31/12	Amounts Due in One Year
Other long-term obligations:								
Ohio Public Works Commission loan	07/01/02	07/01/17	$ 239,750	$ 152,317	$ -	$ (23,535)	$ 128,782	$ 24,246
Ohio Department of Development loan	04/01/10	04/21/25	2,860,000	2,860,000	-	-	2,860,000	-
Judgments				22,052	301,773	(230,375)	93,450	93,450
Claims				5,586,739	23,888,720	(22,465,572)	7,009,887	2,864,394
Pollution remediation obligations				80,953	-	(80,953)	-	-
Compensated absences				8,975,060	7,418,027	(6,997,528)	9,401,559	6,376,474
Total other long-term obligations				17,677,121	31,608,520	(29,797,963)	19,493,678	9,358,564
Total governmental activities				$ 103,478,990	$ 67,163,520	$ (73,857,303)	96,785,207	$ 17,780,493
Add: unamortized bond premiums and discounts							5,844,466	
Total on statement of net position							$ 102,629,673	

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.

On October 25, 2007, the City issued $19,745,000 in general obligation bonds to advance refund $10,035,000 of outstanding general obligation bonds. The remaining issuance of $9,540,000 was used for capital improvements. The $10,035,000 issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of current interest bonds, par value $19,745,000. The interest rates on the current interest bonds range from 4.0% to 5.0%. Interest payments of the current interest bonds are due on June 1 and December 1 of each year. The final maturity date stated on the issue is December 1, 2027.

On July 28, 2009, the City issued general obligation bonds (Series 2009 various purpose and refunding bonds) in the amount of $27,255,000 for the following purposes: $771,889 to advance refund the callable portion of the Series 2001 golf renovation general obligation bonds, $5,023,111 to advance refund the callable portion of the Series 2001 capital facilities general obligation bonds, $8,730,000 to advance refund the callable portion of the Series 1998 capital facilities general obligation bonds and $12,730,000 for capital improvements. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded Series 2001 golf renovation general obligation bonds at December 31, 2012, is $399,598. The balance of the refunded Series 2001 capital facilities general obligation bonds at December 31, 2012, is $2,600,402. The balance of the refunded Series 1998 capital facilities general obligation bonds at December 31, 2012, is $6,780,000.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issue for governmental activities is comprised of current interest bonds, par value $26,483,111. The interest rates on the current interest bonds range from 2.50% - 5.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029.

The reacquisition price exceeded the net carrying amount of the old debt by $639,021. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

On October 11, 2012, the City issued $42,285,000 in various purpose bonds (Series 2012 various purpose bonds). Of this issue, $15,300,000 is reported as a liability in the water fund, $15,600,000 is reported as a liability of the sewer fund and the remaining $11,385,000 is a liability of the governmental activities. $2,460,000 was used to advance refund the callable portion of the Series 2004 capital facilities bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by $519,666. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 20 years by $694,471 and resulted in an economic gain of $485,705.

The City has pledged future nontax revenues in the City's general fund to repay $12,190,000 in Series 1999 economic development revenue bonds. The proceeds were used for the Dayton baseball stadium project. On December 30, 2009, the City issued revenue bonds (Series 2009 baseball revenue refunding bonds) to advance refund the callable portion of the Series 1999 baseball revenue bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $180,965. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The balance of the refunded Series 1999 baseball revenue bonds at December 31, 2012 is $6,095,000. The Series 1999 revenue bonds are payable solely from nontax revenues in the City's general fund and are payable through 2019. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license and permit fees. Annual principal and interest payments on the revenue bonds are expected to require less than 2.40 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2009 baseball revenue refunding bonds is $6,465,752. Principal and interest paid for the current year on the Series 1999 baseball revenue bonds was $735,000 and $184,761. General fund nontax revenues for the current year were $38,359,622.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The City has pledged future nontax revenues in the City's general fund to repay $32,000,000 in Series 2008 economic development revenue bonds. The proceeds were used for the construction of parking facilities and a loan to the Dayton-Montgomery County Port Authority related to the construction of the parking facility. On November 14, 2012, the City issued revenue bonds (Series 2012 economic development refunding bonds) to advance refund the Series 2008 economic development bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The Series 2012 revenue bonds are payable solely from nontax revenues in the general fund and are payable through 2028. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license permit fees. Annual principal and interest payments on the revenues bonds are expected to require less than 6.28 percent of general fund nontax revenues. The City has designated, through authorizing legislation, nontax revenues from the loan payments made by the Port Authority and income and profit related to the parking facility to be used for the debt repayment. The total principal and interest remaining to be paid on the Series 2012 revenue bonds is $32,496,169. Principal and interest paid for the current year prior to the refunding was $1,120,000 and $1,288,649. General fund nontax revenues for the current year were $38,359,622.

The reacquisition price exceeded the net carrying amount of the old debt by $675,285. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 16 years by $5,889,614 and resulted in an economic gain of $3,625,526.

The City has pledged future nontax revenues in the City's general fund to repay $2,500,000 in Series 2010 economic development revenue bonds. The proceeds were used to assist in financing the costs of the demolition, site remediation and construction of public and private infrastructure improvements located in the Tech Town commercial park. The Series 2010 revenue bonds are payable solely from nontax revenues in the general fund and are payable through 2031. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license permit fees. Annual principal and interest payments on the revenue bonds are expected to require less than .45 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2010 revenue bonds is $3,314,155. Principal and interest paid for the current year was $90,000 and $82,679. General fund nontax revenues for the current year were $38,359,622.

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.

The Ohio Public Works Commission loan was issued for the East Fifth Street rehabilitation project. The loan was issued at a 3.0% interest rate and a maturity date of July 1, 2017. The loan will be paid from the capital improvement fund.

The Ohio Department of Development loan was issued for development of the Tech-Town project. The loan was issued at a 0% interest rate for the first sixty months and 3% for the remainder of the loan. There are no principal payments due on the loan for the first sixty months. The maturity date is April 1, 2025.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Compensated absences will be paid from the fund from which the employees' salaries are paid which for the City is primarily the general fund, Street fund (a nonmajor governmental fund) and the HUD Programs fund.

The judgments payable liability with be paid from the general fund. The claims payable liability will be paid from the Worker's Compensation Internal Service fund and the Health Insurance Internal Service fund.

The City's Monument Ave. Gateway Project requires pollution remediation related to the Ohio Voluntary Action Program (ORC 3746). The City performed an environmental investigation on the site and determined that remediation obligations of $1,339,115 were required. The City received a grant award from the Clean Ohio Revitalization fund in the amount of $1,004,430. The City's total pollution remediation obligation for this site is $350,000 which was completed as of December 31, 2012.

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2012, the City's total debt margin was $136,153,663 and the unvoted debt margin was $59,801,499.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2012 for the governmental activities:

Year Ending	General Obligation Bonds			Revenue Bonds			Special Assessment Bonds		
December 31,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	$ 6,452,029	$ 2,026,686	$ 8,478,715	$ 1,930,000	$ 1,198,410	$ 3,128,410	$ 39,900	$ 3,786	$ 43,686
2014	5,621,400	1,506,408	7,127,808	2,020,000	1,103,372	3,123,372	23,200	1,392	24,592
2015	4,090,000	1,337,320	5,427,320	2,085,000	1,046,609	3,131,609	-	-	-
2016	3,625,000	1,188,242	4,813,242	2,145,000	989,034	3,134,034	-	-	-
2017	3,580,000	1,043,152	4,623,152	2,210,000	913,184	3,123,184	-	-	-
2018 - 2022	11,745,000	3,312,587	15,057,587	9,640,000	3,244,294	12,884,294	-	-	-
2023 - 2027	6,595,000	1,499,241	8,094,241	9,610,000	1,416,312	11,026,312	-	-	-
2028 - 2031	3,285,000	303,048	3,588,048	2,595,000	129,861	2,724,861	-	-	-
Totals	$ 44,993,429	$ 12,216,684	$ 57,210,113	$ 32,235,000	$ 10,041,076	$ 42,276,076	$ 63,100	$ 5,178	$ 68,278

Year Ending	Ohio Public Works Commission Loan			Ohio Department of Development Loan		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2013	$ 24,246	$ 3,683	$ 27,929	$ -	$ -	$ -
2014	24,978	2,950	27,928	-	-	-
2015	25,734	2,195	27,929	165,171	60,407	225,578
2016	26,511	1,417	27,928	254,025	83,817	337,842
2017	27,313	616	27,929	261,750	75,447	337,197
2018 - 2022	-	-	-	1,433,136	242,484	1,675,620
2023 - 2027	-	-	-	745,918	29,640	775,558
2028 - 2029	-	-	-	-	-	-
Totals	$ 128,782	$ 10,861	$ 139,643	$ 2,860,000	$ 491,795	$ 3,351,795

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

B. Changes during 2012 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 12/31/11	Increase	Decrease	Balance 12/31/12	Amounts Due in One Year
General obligation bonds:									
Water	10/11/12	12/01/32	30. - 4.0	$15,300,000	$ -	$ 15,300,000	$ -	$ 15,300,000	$ 780,000
Sewer	10/11/12	12/01/32	3.0 - 4.0	15,600,000	-	15,600,000	-	15,600,000	795,000
Dayton International Airport parking garage	07/28/09	12/1/2029	1.75 to 6.5	10,820,000	10,115,000	-	(365,000)	9,750,000	375,000
Golf renovations - refunding	07/28/09	12/1/2014	2.0 to 2.5	771,889	745,031	-	(363,460)	381,571	192,971
Total general obligation bonds					10,860,031	30,900,000	(728,460)	41,031,571	2,142,971
Revenue bonds:									
Dayton International Airport	10/31/03	12/01/32	2.00 to 5.00	6,085,000	5,085,000	-	(145,000)	4,940,000	150,000
Dayton International Airport	10/31/03	12/01/32	2.00 to 5.35	30,190,000	25,555,000	-	(725,000)	24,830,000	750,000
Dayton International Airport	10/12/05	12/01/20	3.00 to 4.35	6,000,000	3,985,000	-	(375,000)	3,610,000	390,000
Total revenue bonds					34,625,000	-	(1,245,000)	33,380,000	1,290,000
Other long-term obligations									
Ohio water development authority loan	01/01/03	07/01/23	3.80 to 3.95	15,079,710	9,888,914	-	(713,914)	9,175,000	741,617
Ohio public works Commission loan	07/01/97	01/01/20	0.00	1,000,000	450,000	-	(50,000)	400,000	50,000
Compensated absences payable					3,564,135	2,545,883	(2,539,079)	3,570,939	2,339,280
Total other long-term obligations					13,903,049	2,545,883	(3,302,993)	13,145,939	3,130,897
Total business-type activities					$ 59,388,080	$ 33,445,883	$ (5,276,453)	87,557,510	$ 6,563,868
Less: unamortized bond premiums and discounts								(114,409)	
Total on statement of net position								$ 87,443,101	

Enterprise fund general obligation bonds were used for golf renovations and construction of a parking facility at the Dayton International Airport. The bonds will be paid from the golf nonmajor enterprise fund and the Dayton International Airport, respectively.

On July 28, 2009, the City issued taxable general obligation bonds (Series 2009 Dayton International Airport parking garage bonds) for the acquisition, construction, furnishing and equipping of airport improvements, including parking facilities. The issue is comprised of current interest bonds, par value $10,820,000. The interest rates on the current interest bonds range from 1.75 - 6.50%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The refunding of the Series 2001 golf renovation general obligations as described in Note 13.A. for business-type activities is comprised of current interest bonds, par value $771,889. The interest rates on the current interest bonds range from 2.50% - 5.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2014.

The Series 2012 water and sewer general obligation bonds are described in Note 13.A.

Revenue bonds were issued for various projects at the Dayton International Airport. 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 12, 2005, the City issued $19,865,000 in revenue bonds (Series 2005 Bonds). A portion of the proceeds of the 2005 bonds will be used to pay costs of airport improvements including the acquisition, construction, furnishing and equipping of passenger boarding bridges, escalators, and stairwells in concourse and providing all necessary and related improvements. A portion of the proceeds were used to currently refund the Series 1995 bonds (principal $12,485,000) and variable interest rates. This refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net position.

On October 31, 2003, the City issued revenue bonds (Series 2003 Bonds). A portion of the proceeds of the 2003 bonds were 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 were 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 position. A portion of these bonds were defeased in 2007.

The City has pledged future airport revenues, net of specified operating expenses, to repay $36,275,000 in Series 2003 and $6,000,000 in Series 2005 airport revenue bonds. The Series 2003 and 2005 airport revenue bonds are payable solely from airport net revenues and are payable through 2032. Annual principal and interest payments on the bonds are expected to require less than 47.66 percent of net revenues. The total principal and interest remaining to be paid on the Series 2003 and 2005 airport revenue bonds is $53,060,733. Principal and interest paid for the current year and total customer net revenues were $2,978,902 and $6,249,745, respectively.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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, 2012, the City had outstanding borrowings of $9,175,000 through OWDA.

The City has pledged future sewer revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and are payable through 2023. Annual principal and interest payments on the loans are expected to require 10.08 percent of net revenues. The total principal and interest remaining to be paid on the loans is $11,205,467. Principal and interest paid for the current year were $1,087,586 and total customer net revenues were $10,794,810.

In 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 which, for the City, are primarily the Dayton International Airport fund, the Water fund and the Sewer fund.

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2012 for the business-type activities.

Year Ending	General Obligation Bonds			Revenue Bonds		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2013	$ 2,142,971	$ 1,919,820	$ 4,062,791	$ 1,290,000	$ 1,683,228	$ 2,973,228
2014	2,363,600	1,692,855	4,056,455	1,350,000	1,628,664	2,978,664
2015	2,260,000	1,601,909	3,861,909	1,410,000	1,569,540	2,979,540
2016	2,375,000	1,510,110	3,885,110	1,475,000	1,506,984	2,981,984
2017	1,860,000	1,412,170	3,272,170	1,540,000	1,440,713	2,980,713
2018 - 2022	10,055,000	5,779,338	15,834,338	7,770,000	6,036,303	13,806,303
2023 - 2027	10,170,000	3,491,913	13,661,913	8,085,000	4,090,429	12,175,429
2028 - 2032	9,805,000	1,015,776	10,820,776	10,460,000	1,724,872	12,184,872
Totals	$ 41,031,571	$ 18,423,891	$ 59,455,462	$ 33,380,000	$ 19,680,733	$ 53,060,733

Year Ending	OWDA Loan			OPWC Loan		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2013	$ 741,617	$ 345,967	$ 1,087,584	$ 50,000	$ -	$ 50,000
2014	770,397	317,189	1,087,586	50,000	-	50,000
2015	800,295	287,291	1,087,586	50,000	-	50,000
2016	831,353	256,232	1,087,585	50,000	-	50,000
2017	863,616	223,969	1,087,585	50,000	-	50,000
2018 - 2022	4,847,620	590,305	5,437,925	150,000	-	150,000
2023	320,102	9,514	329,616	-	-	-
Totals	$ 9,175,000	$ 2,030,467	$ 11,205,467	$ 400,000	$ -	$ 400,000

NOTE 14 - RISK MANAGEMENT

A. Property and Liability

The City does not have municipal liability insurance. The City is self-insured for the purpose of handling, processing, and paying general municipality liability insurance claims in lieu of purchasing general municipality liability insurance. All claims activity is accounted for in the general fund.

The City is fully insured through premium-based insurance policies for all other types of insurance. In 2012, the City contracted with various insurance companies to provide the following coverages:

Type of Coverage	Coverage
Primary and Excess Airport Liability	$100,000,000
Excess of Airport Policy	50,000,000
Property	894,672,794
Property: Supplemental Coverages	71,800,000
General Liability (North West Railway)	10,000,000
Commercial Liability (Convention Center)	2,000,000
Tenant Liability (Convention Center)	1,000,000
Errors and Omissions (Ambulance Attendants)	3,000,000
Errors and Omissions (Municipal Court)	500,000
Garagekeepers: Liability	2,000,000
Garagekeepers: Test Driving	1,000,000
Inland Marine	365,975
General Liability (Zion Cultural Center)	2,000,000
Excess Umbrella Coverage (Zion Cultural Center)	5,000,000
General Liability (Community Service Program for Dayton Municipal Court)	100,000
(Community Service Program for Dayton Municipal Court - Additional various coverages)	3,510,000
Travel (AD&D)	1,000,000
Executive Management Liability Policy	2,000,000
Public Officials Bond	2,500,000

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.

The City's policy for reporting a claims liability is based on the requirements GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. It is the opinion of the City's legal counsel that, as of December 31, 2012, there were $93,450 in outstanding claims pending that are reported as a component of claimants payable in the general fund. Claims activity for 2012 and 2011 are as follows:

Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2012	$ 22,052	$ 294,398	$ (223,000)	$ 93,450
2011	15,470	341,582	(335,000)	22,052

NOTE 14 - 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 $4,549,304 reported at December 31, 2012, as estimated by the third party administrator, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Of the $4,549,304 claims liability, $223,811 of the liability is due within one year and is reported as a current liability in the statement of net position for the proprietary funds. The remaining portion is a noncurrent liability of $4,325,493. 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 2012 and 2011 were:

Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2012	$ 5,586,739	$ 1,695,546	$ (2,732,981)	$ 4,549,304
2011	5,076,856	3,059,498	(2,549,615)	5,586,739

NOTE 14 - RISK MANAGEMENT - (Continued)

C. Health Insurance

On January 1, 2012, the City became self-insured for medical and prescription drug benefits (the "Program"). The Program is administered through a third-party administrator who manages and processes the claims. The City makes required payments to the third-party administrator to reimburse them for the claim payments. The City's stop-loss coverage through the Program is limited to $200,000 per claim with a stop-loss annual coverage aggregate that is 115% of the expected annual claims amounts in the Program. The city has reported a liability in both the health insurance internal service fund and government-wide financial statements amounting to $2,460,583 for the claims payable liability. Changes in the claims payable liability in 2012 is as follows:

Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2012	$ -	$ 21,182,788	$ (18,722,205)	$ 2,460,583

NOTE 15 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation, compensatory time and sick leave components are derived from negotiated agreements, personnel policies and State laws. Vacation time is accrued at the rate of one credit per month, plus one to ten additional credits per year for all employees except police, who receive up to 12 additional days per year, depending upon the length of service. A credit is generally equal to one complete work shift of eight (8) hours, but maybe worth additional periods for fire personnel. The maximum accrual which can be carried forward into January is thirty credits. Accumulated unused vacation time is paid to employees upon separation from the City.

Compensatory time off in lieu of overtime pay is an option given to uniformed Police and Fire Personnel under union contract. It is given on the basis of time and one-half for actual hours worked. Police officers, sergeants, and lieutenants may use up to 136 hours in any year, and accumulate up to 272 hours in any year. An employee may only carry forward 136 hours in a calendar year. 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 credits per month. The maximum sick leave accrual which can be carried forward into January is 125 credits. Accrued sick leave in excess of 125 credits must be converted to vacation credits in January at the rate of two sick leave days for one vacation day. A credit is generally equal to one complete work shift of eight (8) hours, but may be worth additional periods for fire personnel. Upon retirement, payment may be made for one-half of the total sick leave accumulation, up to a maximum of 140 days.

NOTE 15 - OTHER EMPLOYEE BENEFITS - (Continued)

B. Insurance Benefits

The City is self-insured for medical benefits through Anthem Blue Cross/Blue Shield Health Maintenance insurance plans as described in Note 14.C. Dental insurance is provided to employees through Superior and Ohio AFSCME Care. Group Life and Accidental Death and Dismemberment insurance is provided to employees through Hartford Life and Accident Insurance Company. The City provided life insurance coverage amounts range from $20,000 to $300,000 according to employee position and employees may purchase additional supplemental coverage.

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 separation from the City, retirement, death or an unforeseeable emergency.

NOTE 16 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and contribution rates were consistent across all three plans. The 2012 member contribution rates were 10.00% for members. The City's contribution rate for 2012 was 14.00% of covered payroll.

NOTE 16 - PENSION PLANS - (Continued)

The City's contribution rate for pension benefits for members in the Traditional Plan for 2012 was 10.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2012 was 7.95%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were $6,976,584, $6,928,341, and $6,606,910, respectively; 90.35% has been contributed for 2012 and 100% has been contributed for 2011 and 2010. The remaining 2012 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the member-directed plan for 2012 were $199,156 made by the City and $142,254 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2012, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were $3,123,636 and $3,466,063 for the year ended December 31, 2012, $3,108,863 and $3,430,911 for the year ended December 31, 2011, and $3,327,952 and $3,821,620, for the year ended December 31, 2010. The full amount has been contributed for 2011 and 2010. 72.82% has been contributed for police and 72.21% has been contributed for firefighters for 2012. The remaining 2012 pension liability has been reported as due to other governments on the basic financial statements.

NOTE 17 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

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

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2012, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2012 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2012 was 6.05%.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were $2,826,071, $2,809,285, and $3,751,814, respectively; 90.35% has been contributed for 2012 and 100% has been contributed for 2011 and 2010. The remaining 2012 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

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

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were $1,653,689 and $1,356,286 for the year ended December 31, 2012, $1,645,869 and $1,342,530 for the year ended December 31, 2011, and $1,761,857 and $1,495,416, for the year ended December 31, 2010. The full amount has been contributed for 2011 and 2010. 72.82% has been contributed for police and 72.21% has been contributed for firefighters for 2012. The remaining 2012 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

NOTE 18 - 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 of the general fund for the year ended December 31, 2012, on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balance

	General
Budget basis	$ 1,261,942
Net adjustment for revenues	(1,212,858)
Net adjustment for expenditures	1,290,011
Adjustment for encumbrances	4,986,859
GAAP basis	$ 6,325,954

NOTE 19 - COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	$ 5,596,697
HUD	6,881,608
Debt Service	20,545
Capital improvement	20,396,021
Nonmajor governmental	10,048,624
Total	$ 42,943,495

NOTE 20 - FUND BALANCE

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

Fund balance	General	HUD Fund	Debt Service Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaids	$ 535,514	$ 1,499	$ -	$ -	$ -	$ 537,013
Advances to other funds	700,000	-	-	-	-	700,000
Advances to component unit	2,540,000	-	-	-	-	2,540,000
Perpetual care	-	-	-	-	102,228	102,228
Loans receivable	6,375,620	-	-	-	-	6,375,620
Unclaimed monies	14,978	-	-	-	-	14,978
Total nonspendable	10,166,112	1,499	-	-	102,228	10,269,839
Restricted:						
Street and highway programs	-	-	-	-	1,493,696	1,493,696
Housing and urban development	-	6,881,608	-	-	-	6,881,608
Debt service	-	-	32,289,891	-	-	32,289,891
Special projects	-	-	-	-	5,971,337	5,971,337
Capital projects	-	-	-	10,424,439	-	10,424,439
Other purposes	-	-	-	-	2,400,673	2,400,673
Permanent fund	-	-	-	-	80,690	80,690
Total restricted	-	6,881,608	32,289,891	10,424,439	9,946,396	59,542,334
Committed:						
Capital projects	-	-	-	8,436,236	-	8,436,236
Downtown	28,465	-	-	-	-	28,465
Community development	314,775	-	-	-	-	314,775
Economic development	12,255	-	-	-	-	12,255
Leadership and quality of life	1,016,834	-	-	-	-	1,016,834
Corporate responsibility	662,231	-	-	-	-	662,231
Public safety	917,463	-	-	-	-	917,463
Special assessments	-	-	331,130	-	-	331,130
Total committed	2,952,023	-	331,130	8,436,236	-	11,719,389
Assigned:						
Downtown	2,009	-	-	-	-	2,009
Community development	19,828	-	-	-	-	19,828
Economic development	5,704	-	-	-	-	5,704
Leadership and quality of life	166,129	-	-	-	-	166,129
Corporate responsibility	128,154	-	-	-	-	128,154
Public safety	80,845	-	-	-	-	80,845
Special payroll	2,671,038	-	-	-	-	2,671,038
Termination pay	396,775	-	-	-	-	396,775
Special assessments	183,899	-	-	-	-	183,899
Unemployment	550,604	-	-	-	-	550,604
Other purposes	85,672	-	-	-	-	85,672
MVII community based policing	54,083	-	-	-	-	54,083
Disadvantaged enterprise contractual	73,727	-	-	-	-	73,727
Sunrise Bomberger Center	115,873	-	-	-	-	115,873
Mediation center	231,471	-	-	-	-	231,471
Professional development	222,415	-	-	-	-	222,415
Nationwide settlement	275,000	-	-	-	-	275,000
JEDD activity	380,772	-	-	-	-	380,772
Executive savings	173,087	-	-	-	-	173,087
Judgments	898,463	-	-	-	-	898,463
Development	7,148,523	-	-	-	-	7,148,523
Real estate development	466,810	-	-	-	-	466,810
Subsequent year appropriations	2,776,100	-	-	-	-	2,776,100
Capital projects	-	-	-	6,790,703	-	6,790,703
Total assigned	17,106,981	-	-	6,790,703	-	23,897,684
Unassigned	31,114,283	-	-	-	-	31,114,283
Total fund balances	$ 61,339,399	$ 6,883,107	$ 32,621,021	$ 25,651,378	$ 10,048,624	$ 136,543,529

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT

A. Basis of Accounting

CityWide adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 established new financial reporting requirements for state and local governments, and it was designed to make the financial statements more comprehensive and easier to use and understand. CityWide also adopted the provisions of GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Disclosures*. The most significant changes resulting from the implementation is the inclusion of Management's Discussion and Analysis.

CityWide reports as a business-type activity, as defined by GASB Statement No. 34. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

B. Deposits and Investments

GASB Statement No. 3, *Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, as amended by GASB Statement No. 40, requires disclosures to help assess actual and potential future deposit and investment market and credit risks. The following information regarding deposits and investments is presented using the categories of risk identified in GASB Statement No. 3.

Deposits: The carrying amounts of CityWide's deposits were $6,003,277 and $6,649,970 as of December 31, 2012 and 2011, respectively. The bank balance of CityWide's deposits was $6,181,530 and $6,842,936 as of December 31, 2012 and 2011, respectively. Of the balance:

1. $3,598,411 and $3,037,794 were covered by federal depository insurance as of December 31, 2012 and 2011, respectively.

2. $2,583,119 and $3,805,142 were uncollateralized and uninsured as of December 31, 2012 and 2011, respectively.

The FDIC insurance limit for non-interest bearing accounts is unlimited in amount, while interest bearing accounts are insured up to $250,000. These limited are effective through December 31, 2012.

Investments are recorded at fair value, which approximates cost due to the short-term nature of investments held.

	2012	Restated 2011
Money markets	$ -	$ 78,492

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

A reconciliation between the classifications of "equity in pooled cash and investments" on the statements of net position and the classifications of "deposits" and "investments" presented above per GASB Statement No. 3, as amended by GASB Statement No. 40, is as follows:

	2012	Restated 2011
Equity in pooled cash and investments	$ 2,586,798	$ 1,414,636
Restricted equity in pooled cash and investments	3,416,479	5,235,334
Total per combined statements of net position	$ 6,003,277	$ 6,649,970
Deposits	$ 6,003,277	$ 6,571,478
Investments	-	78,492
Total per GASB Statement No. 40	$ 6,003,277	$ 6,649,970

C. Notes Payable/Advance from Primary Government

Notes and loans payable/due from primary government at December 31, 2012, consisted of the following:

Note	Payable to	Amount
Noninterest-bearing Note for Landing Project	City of Dayton	$ 5,433,600
Noninterest-bearing Note for Wellfield Project	City of Dayton	1,337,258
Note for Renovation of Western Manor	City of Dayton and the Dayton Montgomery County Housing Authority	81,399
Note for redevelopment of Hawthorn School Building	City of Dayton	681,584
Note for Webster Street Project	City of Dayton	200,000
Note for Excelsior Project	City of Dayton	250,000
Note for Phoenix Redevelopment Areas	City of Dayton	2,300,000
Other Notes Payable	City of Dayton	379,564
Loan Payable for Tech Town Campus	City of Dayton	2,335,000
Total advance from primary government		$ 12,998,405
Note for Phoenix Project	OHFA	$ 300,000
Note for Housing Loans	Third-Party Insurance Company	729,780
Total notes payable to other parties		$ 1,029,780

The amounts payable to the City are shown on the Statement of Net position as "Due to Primary Government".

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

D. Bonds Payable

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.

On March 28, 2012, CityWide entered into an agreement with a financial institution for $2,400,000. The proceeds from this agreement were used to pay off the outstanding balance of bonds payable and to perform improvements to the building that was held as collateral for the bonds.

E. Loans Payable

Loans payable at December 31, 2012 consisted of the following:

Description	Maturity Date	Amount
Real estate loan with a financial institution	Loan matured; City Wide seeking extension	$ 712,776
Loan with City of Dayton classified as advance from primary government	October 1, 2013	2,335,000
Real estate loan with a financial institution	June 30, 2014	375,000
Mortgage note payable for settlement of lead lawsuit	December 23, 2014	50,000
Real estate loan with a financial institution	December 31, 2039	8,351,000
Real estate loan with a financial institution	June 27, 2040	9,894,000
Real estate loan with a financial institution	July 2013	1,624,285
Loan payable with a financial institution	October 2017	48,540
Loan payable with a financial institution (includes an interest rate swap)	April 2019	2,346,400
Total		$ 25,737,001

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

The debt service requirements to maturity are as follows:

Year Ending December 31,	Amount
2013	$ 2,815,508
2014	820,741
2015	468,061
2016	485,807
2017	858,108
Thereafter	20,288,776
Total	$ 25,737,001

CityWide has entered into an interest rate swap agreement with a bank, whereby the bank pays CityWide the same floating interest rate based on the notional principal of $2,346,400, and CityWide pays a fixed rate of 4.85% to the bank. The notional principal of the swap amortizes through April 2019. At December 31, 2012, the fair valuation of the interest rate swap resulted in a mark to market liability of $75,289, which is included in accrued liabilities in the combined financial statements. The interest rate swap agreement expires on April 15, 2019.

F. Operating Lease

CityWide has various operating leases for office equipment and office space. The leases expire at various times through 2015. Rent expense associated with these leases was $19,909 and $19,963 for the years ended December 31, 2012 and 2011, respectively. CityWide is responsible for various costs under the lease including insurance, taxes and maintenance.

Future minimum lease payments due over the subsequent five years are as follows:

Year Ending December 31,	Amount
2013	$ 19,909
2014	15,476
2015	7,895
2016	1,468
Total	$ 44,748

G. Retirement Plans

CityWide maintains a defined-contribution pension plan administered by an unrelated insurance company. This noncontributory plan covers all salaried employees with at least one year of service. Amendments to the plan require approval by the Board of Trustees. CityWide contributed 5% for 2012 and 8% for 2011, respectively, of each eligible employee's annual salary, plus 5.7% of salaries greater than $106,800. Plan contributions, net of forfeitures, were approximately $59,616 and $91,303 in 2012 and 2011, respectively.

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

CityWide also maintains a 401(k) plan for its employees. The plan is for employee contributions only.

	2012	Restated 2011
Pension value	$ 1,430,941	$ 1,374,874
401(k) value	1,102,681	1,053,012
Total	$ 2,533,622	$ 2,427,886

H. Contingencies

CityWide 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. CityWide manages these risks through the purchase of commercial insurance.

CityWide owns properties that are considered tainted due to previous environmental remediation issues that were cleaned up prior to purchase by CityWide. Management believes the risk of any further environmental liabilities arising from these properties to be minimal.

CityWide receives various financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of CityWide at December 31, 2012.

I. Prior Period Adjustment

Subsequent to the issuance of the 2011 combined financial statements, management discovered that an affiliated entity, that was required to be consolidated, had not been reflected in their 2011 combined financial statements. The impact of consolidating this affiliated entity has resulted in an increase in assets of $64,485, an increase in liabilities of $90,407 and a decrease in net position of $25,921 at January 1, 2011, in the accompanying combined statements of net position.

NOTE 22 - 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.

NOTE 22 - CONTINGENCIES - (Continued)

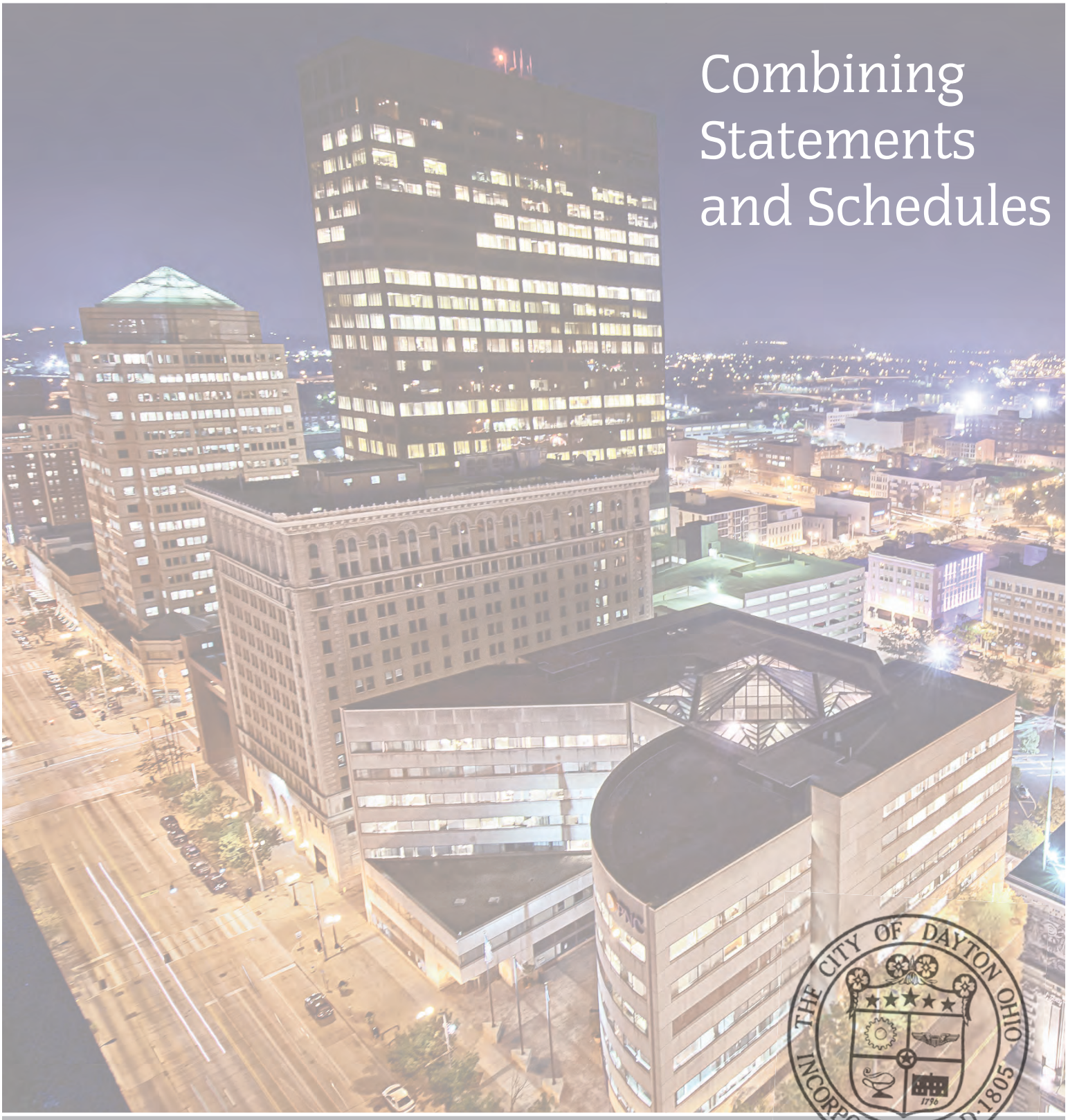
B. Grants

For the period January 1, 2012, to December 31, 2012, 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.

NOTE 23 - SIGNIFICANT SUBSEQUENT EVENT

Finance Director Cheryl J. Garrett retired effective Thursday, January 31, 2013 and C. LaShea Smith took the office of Finance Director on Friday, February 1, 2013.

Combining Statements and Schedules



City of Dayton, Ohio

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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.

Other Special Revenue
To account for monies restricted by City Ordinance to finance various special projects undertaken by the City.

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.

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Municipal income taxes	$ 100,492,300	$ 102,049,400	$ 101,624,151	$ (425,249)
Property and other taxes	6,447,700	6,517,200	6,524,406	7,206
State shared taxes	9,863,800	10,399,100	10,363,620	(35,480)
Charges for services	25,661,100	26,704,800	27,597,384	892,584
Licenses and permits	1,324,100	1,430,600	1,418,816	(11,784)
Fines and forfeitures	2,376,300	4,779,300	4,842,173	62,873
Intergovernmental	1,315,200	1,667,100	1,693,458	26,358
Special assessments	140,000	122,600	124,794	2,194
Investment income	1,506,200	1,605,800	1,689,637	83,837
Other	1,880,200	2,279,900	2,554,953	275,053
Total revenues	151,006,900	157,555,800	158,433,392	877,592
Expenditures:				
General operating:				
General government:				
Clerk of commission	936,500	951,500	938,538	12,962
Civil service board	1,215,400	1,374,800	1,213,438	161,362
Human relations council	643,900	643,900	572,627	71,273
City manager's office	1,055,400	1,065,400	1,051,474	13,926
Deparment of public affairs	685,300	701,300	667,264	34,036
Department of planning & community development	1,533,300	1,543,300	1,410,065	133,235
Department of building services	2,110,500	2,110,500	2,022,208	88,292
Clerk of courts	3,355,800	3,355,800	3,195,283	160,517
Municipal court	3,939,600	3,939,600	3,894,097	45,503
Office of economic development	1,031,700	1,073,800	1,057,461	16,339
Department of management and budget	681,700	688,700	670,640	18,060
Department of water	88,800	88,800	19,590	69,210
Department of law	2,125,900	2,225,900	2,154,726	71,174
Department of finance	2,956,800	2,956,800	2,915,917	40,883
Department of human resources	821,000	835,000	799,805	35,195
Department of central services	15,511,900	13,755,600	13,321,851	433,749
Department of police	44,814,700	45,605,700	45,042,186	563,514
Department of fire	35,121,600	35,121,600	34,661,310	460,290
Department of public works	19,598,100	20,082,600	19,683,427	399,173
Department of recreation and youth services	3,227,300	3,223,000	3,143,866	79,134
Non-deparmental	1,495,800	1,070,900	962,226	108,674
Convention center operating	2,557,200	2,577,200	2,461,333	115,867
Special projects	10,239,700	7,591,800	6,743,341	848,459
Debt service:				
Principal retirement	297,300	297,300	297,157	143
Interest and fiscal charges	55,800	55,800	110,204	(54,404)
Total expenditures	156,101,000	152,936,600	149,010,034	3,926,566
Excess (deficiency) of revenues over (under) expenditures	(5,094,100)	4,619,200	9,423,358	4,804,158
Other financing uses:				
Transfers (out)	(1,745,900)	(8,293,500)	(8,161,416)	132,084
Total other financing sources (uses)	(1,745,900)	(8,293,500)	(8,161,416)	132,084
Net change is fund balances	(6,840,000)	(3,674,300)	1,261,942	4,936,242
Fund balance at beginning of year.	55,350,324	55,350,324	55,350,324	-
Prior year encumbrances appropriated.	4,599,131	4,599,131	4,599,131	-
Fund balance at end of year.	$ 53,109,455	$ 56,275,155	$ 61,211,397	$ 4,936,242

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	$ 8,239,103	$ 182,879	$ 8,421,982
Receivables:			
Accounts	54,697	-	54,697
Accrued interest	2,982	112	3,094
Due from other funds	57,760	-	57,760
Due from other governments	5,035,016	-	5,035,016
Due from component units	400,000	-	400,000
Total assets	$ 13,789,558	$ 182,991	$ 13,972,549
Liabilities:			
Accounts payable	$ 61,090	$ -	$ 61,090
Contracts payable	142,999	-	142,999
Accrued wages and benefits payable	230,089	-	230,089
Due to other funds	23,030	-	23,030
Due to other governments	9,023	-	9,023
Total liabilities	466,231	-	466,231
Deferred inflows of resources:			
Accrued interest not available	1,947	73	2,020
Miscellaneous revenue not available	49,241	-	49,241
Intergovernmental revenue not available	3,406,433	-	3,406,433
Total deferred inflows of resources	3,457,621	73	3,457,694
Fund Balances:			
Nonspendable	-	102,228	102,228
Restricted	9,865,706	80,690	9,946,396
Total fund balances	9,865,706	182,918	10,048,624
Total liabilities, deferred inflows of resources and fund balances	$ 13,789,558	$ 182,991	$ 13,972,549

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:			
State shared taxes	$ 5,367,517	$ -	$ 5,367,517
Charges for services	947,115	-	947,115
Licenses and permits	9,643	-	9,643
Fines and forfeitures	846,798	-	846,798
Intergovernmental	5,182,587	-	5,182,587
Investment income	6,522	42	6,564
Increase in FMV of investments	1,127	96	1,223
Other	1,963,446	170	1,963,616
Total revenues	14,324,755	308	14,325,063
Expenditures:			
Current:			
Youth, education and human services	13,749	-	13,749
Community development and neighborhoods	136,378	5,607	141,985
Economic development	3,303,013	-	3,303,013
Leadership and quality of life	6,247,972	-	6,247,972
Corporate responsibility	55,572	-	55,572
Public safety and justice	4,872,859	-	4,872,859
Total expenditures	14,629,543	5,607	14,635,150
Excess (deficiency) of revenues over (under) expenditures	(304,788)	(5,299)	(310,087)
Other financing sources:			
Transfers in	51,272	-	51,272
Total other financing sources	51,272	-	51,272
Net change in fund balances	(253,516)	(5,299)	(258,815)
Fund balances at beginning of year	10,119,222	188,217	10,307,439
Fund balances at end of year	$ 9,865,706	$ 182,918	$ 10,048,624

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CITY OF DAYTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012

	Street	Highway Maintenance	Other Special Revenue
Assets:			
Equity in pooled cash and cash equivalents	$ 688,580	$ 219,134	$ 5,474,404
Receivables:			
Accounts	30,511	-	24,186
Accrued interest	-	-	1,417
Due from other funds	-	-	57,760
Due from other governments	2,180,209	208,756	85,132
Due from component units	-	-	400,000
Total assets	$ 2,899,300	$ 427,890	$ 6,042,899
Liabilities:			
Accounts payable	$ 15,055	$ -	$ 5,038
Contracts payable	18,828	-	19,816
Accrued wages and benefits payable	164,278	1,861	15,761
Due to other funds	22,695	-	307
Due to other governments	-	-	-
Total liabilities	220,856	1,861	40,922
Deferred inflows of resources:			
Accrued interest not available	-	-	925
Miscellaneous revenue not available	29,606	-	19,635
Intergovernmental revenue not available	1,441,143	140,028	10,080
Total deferred inflows of resources	1,470,749	140,028	30,640
Fund Balances:			
Restricted	1,207,695	286,001	5,971,337
Total fund balances	1,207,695	286,001	5,971,337
Total liabilities, deferred inflows of resources and fund balances	$ 2,899,300	$ 427,890	$ 6,042,899

Miscellaneous Grants	Total
$ 1,856,985	$ 8,239,103
-	54,697
1,565	2,982
-	57,760
2,560,919	5,035,016
-	400,000
$ 4,419,469	$ 13,789,558
$ 40,997	$ 61,090
104,355	142,999
48,189	230,089
28	23,030
9,023	9,023
202,592	466,231
1,022	1,947
-	49,241
1,815,182	3,406,433
1,816,204	3,457,621
2,400,673	9,865,706
2,400,673	9,865,706
$ 4,419,469	$ 13,789,558

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Street	Highway Maintenance	Other Special Revenue
Revenues:			
State shared taxes	$ 4,929,054	$ 438,463	$ -
Charges for services	418,900	-	196,743
Licenses and permits	-	-	9,643
Fines and forfeitures	-	-	-
Intergovernmental	98,696	-	-
Investment income	-	-	3,121
Increase in FMV of investments	-	-	575
Other	179,064	-	1,551,505
Total revenues	5,625,714	438,463	1,761,587
Expenditures:			
Current:			
Youth, education and human services	-	-	-
Community development and neighborhoods	-	-	-
Economic development	-	-	604,727
Leadership and quality of life	5,353,402	361,795	393,478
Corporate responsibility	8,327	-	47,245
Public safety and justice	-	-	566,400
Total expenditures	5,361,729	361,795	1,611,850
Excess (deficiency) of revenues over (under) expenditures	263,985	76,668	149,737
Other financing sources:			
Transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	263,985	76,668	149,737
Fund balances at beginning of year	943,710	209,333	5,821,600
Fund balances at end of year	$ 1,207,695	$ 286,001	$ 5,971,337

Miscellaneous Grants	Total
$ -	$ 5,367,517
331,472	947,115
-	9,643
846,798	846,798
5,083,891	5,182,587
3,401	6,522
552	1,127
232,877	1,963,446
6,498,991	14,324,755
13,749	13,749
136,378	136,378
2,698,286	3,303,013
139,297	6,247,972
-	55,572
4,306,459	4,872,859
7,294,169	14,629,543
(795,178)	(304,788)
51,272	51,272
51,272	51,272
(743,906)	(253,516)
3,144,579	10,119,222
$ 2,400,673	$ 9,865,706

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
State shared taxes	4,972,700	4,998,100	4,988,376	(9,724)
Charges for services	417,400	419,500	418,726	(774)
Other	109,900	110,400	110,200	(200)
Total revenues	5,500,000	5,528,000	5,517,302	(10,698)
Expenditures:				
Department of public works	5,677,500	5,677,500	5,442,038	235,462
Total expenditures	5,677,500	5,677,500	5,442,038	235,462
Net change in fund balance	(177,500)	(149,500)	75,264	224,764
Fund balance at beginning of year	597,360	597,360	597,360	-
Prior year encumbrances appropriated	159,235	159,235	159,235	-
Fund balance at end of year	$ 579,095	$ 607,095	$ 831,859	$ 224,764

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
State shared taxes	$ 400,000	$ 400,000	$ 428,391	$ 28,391
Total revenues	400,000	400,000	428,391	28,391
Expenditures:				
Department of public works	400,000	400,000	400,000	-
Total expenditures	400,000	400,000	400,000	-
Net change in fund balance	-	-	28,391	28,391
Fund balance at beginning of year	216,809	216,809	216,809	-
Prior year encumbrances appropriated	29,333	29,333	29,333	-
Fund balance at end of year	$ 246,142	$ 246,142	$ 274,533	$ 28,391

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OTHER SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	$ 187,700	$ 189,400	$ 196,743	$ 7,343
Licenses and permits	9,200	9,300	9,643	343
Investment income	2,900	2,900	2,993	93
Other	1,600,200	1,614,600	1,677,292	62,692
Total revenues	1,800,000	1,816,200	1,886,671	70,471
Expenditures:				
Various departments	3,300,400	2,856,200	2,190,125	666,075
Total expenditures	3,300,400	2,856,200	2,190,125	666,075
Net change in fund balance	(1,500,400)	(1,040,000)	(303,454)	736,546
Fund balance at beginning of year	3,121,043	3,121,043	3,121,043	-
Prior year encumbrances appropriated	357,742	357,742	357,742	-
Fund balance at end of year	$ 1,978,385	$ 2,438,785	$ 3,175,331	$ 736,546

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Fines and forfeitures	$ 5,678,000	$ 8,082,300	$ 1,178,271	$ (6,904,029)
Intergovernmental	21,553,600	30,680,200	4,472,705	(26,207,495)
Other	1,416,700	2,016,600	293,982	(1,722,618)
Total revenues	28,648,300	40,779,100	5,944,958	(34,834,142)
Expenditures:				
Various departments	21,806,800	33,811,100	22,192,368	11,618,732
Total expenditures	21,806,800	33,811,100	22,192,368	11,618,732
Excess (deficiency) of revenues over (under) expenditures	6,841,500	6,968,000	(16,247,410)	(23,215,410)
Other financing sources:				
Transfers in	247,100	351,700	51,272	(300,428)
Total other financing sources	247,100	351,700	51,272	(300,428)
Net change in fund balances	7,088,600	7,319,700	(16,196,138)	(23,515,838)
Fund balance at beginning of year	3,271,485	3,271,485	3,271,485	-
Prior year encumbrances appropriated	14,743,273	14,743,273	14,743,273	-
Fund balance at end of year	$ 25,103,358	$ 25,334,458	$ 1,818,620	$ (23,515,838)

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMANENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Other	$ 1,000	$ 101,500	$ 101,486	$ (14)
Total revenues	1,000	101,500	101,486	(14)
Expenditures:				
Other	50,000	50,000	-	50,000
Total expenditures	50,000	50,000	-	50,000
Net change in fund balances	(49,000)	51,500	101,486	49,986
Fund balance at beginning of year	188,168	188,168	188,168	-
Fund balance at end of year	$ 139,168	$ 239,668	$ 289,654	$ 49,986

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property and other taxes	$ 9,213,800	$ 9,213,800	$ 6,612,089	$ (2,601,711)
Intergovernmental	3,513,900	8,785,100	2,521,714	(6,263,386)
Special assessments	166,600	416,500	119,543	(296,957)
Other	156,700	391,900	112,500	(279,400)
Total revenues	13,051,000	18,807,300	9,365,846	(9,441,454)
Expenditures:				
Department of finance	13,767,500	14,691,149	13,099,354	1,591,795
Total expenditures	13,767,500	14,691,149	13,099,354	1,591,795
Excess (deficiency) of revenues over (under) expenditures	(716,500)	4,116,151	(3,733,508)	(7,849,659)
Other financing sources:				
Premium on bond issuance	-	-	5,435,222	5,435,222
Bond issuance	-	13,821,300	26,630,000	12,808,700
Payment to refunded bond escrow agent		(35,364,951)	(35,364,951)	-
Transfers in	940,800	2,351,900	675,101	(1,676,799)
Total other financing sources	940,800	(19,191,751)	(2,624,628)	16,567,123
Net change in fund balance	224,300	(15,075,600)	(6,358,136)	8,717,464
Fund balance at beginning of year	20,716,085	20,716,085	20,716,085	-
Prior year encumbrances appropriated	11,151	11,151	11,151	-
Fund balance at end of year	$ 20,951,536	$ 5,651,636	$ 14,369,100	$ 8,717,464

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 is 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 POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2012

	Storm Water	Golf	Total
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	$ 7,608,216	$ 171,603	$ 7,779,819
Receivables:			
Accounts	1,645,386	-	1,645,386
Special assessments	480,208	-	480,208
Accrued interest	10,137	-	10,137
Prepayments	49,471	-	49,471
Total current assets	9,793,418	171,603	9,965,021
Noncurrent assets:			
Capital assets:			
Land and construction in progress	607,487	594,927	1,202,414
Depreciable capital assets, net	11,677,109	4,465,573	16,142,682
Total capital assets, net	12,284,596	5,060,500	17,345,096
Total noncurrent assets	12,284,596	5,060,500	17,345,096
Total assets	22,078,014	5,232,103	27,310,117
Liabilities:			
Current liabilities:			
Accounts payable	54,529	54,088	108,617
Contracts payable	19,368	11,316	30,684
Retainage payable	12,047	-	12,047
Accrued wages and benefits payable	113,688	34,157	147,845
Due to other funds	618,714	513	619,227
Due to other governments	-	449	449
Accrued interest payable	-	723	723
Compensated absences payable - current	166,892	77,480	244,372
Advances from other funds	-	1,152,436	1,152,436
General obligation bonds payable	-	192,971	192,971
Total current liabilities	985,238	1,524,133	2,509,371
Long-term liabilities:			
Compensated absences payable	88,656	41,159	129,815
General obligation bonds payable	-	188,600	188,600
Total long-term liabilities	88,656	229,759	318,415
Total liabilities	1,073,894	1,753,892	2,827,786
Net position:			
Net investment in capital assets	12,284,596	4,678,929	16,963,525
Unrestricted (deficit)	8,719,524	(1,200,718)	7,518,806
Total net position	$ 21,004,120	$ 3,478,211	$ 24,482,331

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Storm Water	Golf	Total
Operating revenues:			
Charges for services	$ 7,383,856	$ 3,123,224	$ 10,507,080
Other operating revenues	7,442	10,961	18,403
Total operating revenues	7,391,298	3,134,185	10,525,483
Operating expenses:			
Personal services	2,378,075	822,646	3,200,721
Fringe benefits	1,004,939	337,988	1,342,927
Contract services	712,490	630,569	1,343,059
Materials and supplies	174,457	447,212	621,669
Utilities	77,888	119,363	197,251
Depreciation	469,237	264,835	734,072
Other	272,460	514,929	787,389
Total operating expenses	5,089,546	3,137,542	8,227,088
Operating income (loss)	2,301,752	(3,357)	2,298,395
Nonoperating revenues (expenses):			
Interest and fiscal charges	-	(15,335)	(15,335)
Interest income	31,563	-	31,563
Increase in fair market value of investments	8,725	-	8,725
Total nonoperating revenues (expenses)	40,288	(15,335)	24,953
Income (loss) before contributions and transfers	2,342,040	(18,692)	2,323,348
Transfer out	(354,169)	-	(354,169)
Capital contributions	3,750	-	3,750
Change in net position	1,991,621	(18,692)	1,972,929
Net position at beginning of year	19,012,499	3,496,903	22,509,402
Net position at end of year	$ 21,004,120	$ 3,478,211	$ 24,482,331

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Storm Water	Golf	Total
Cash flows from operating activities:			
Cash received from customers	$ 7,063,550	$ 3,123,224	$ 10,186,774
Cash received from other operations	7,442	10,961	18,403
Cash payments for personal services	(2,359,563)	(825,679)	(3,185,242)
Cash payments for fringe benefits	(1,001,022)	(336,235)	(1,337,257)
Cash payments for contractual services	(807,850)	(619,743)	(1,427,593)
Cash payments for materials and supplies	(181,231)	(403,412)	(584,643)
Cash payments for utilities	(83,703)	(119,374)	(203,077)
Cash payments for other expenses	(274,460)	(511,918)	(786,378)
Net cash provided by operating activities	2,363,163	317,824	2,680,987
Cash flows from noncapital financing activities:			
Cash used in transfers out	(354,169)	-	(354,169)
Cash received from interfund loans	-	97,894	97,894
Net cash provided by (used in) noncapital financing activities	(354,169)	97,894	(256,275)
Cash flows from capital and related financing activities:			
Capital contributions	3,750	-	3,750
Acquisition of capital assets	(1,149,103)	(71,374)	(1,220,477)
Principal paid on bonds	-	(363,460)	(363,460)
Interest paid on bonds	-	(15,940)	(15,940)
Net cash used in capital and related financing activities	(1,145,353)	(450,774)	(1,596,127)
Cash flows from investing activities:			
Interest received	30,151	-	30,151
Net cash provided by investing activities	30,151	-	30,151
Net increase (decrease) in cash and cash equivalents	893,792	(35,056)	858,736
Cash and cash equivalents at beginning of year	6,714,424	206,659	6,921,083
Cash and cash equivalents at end of year	$ 7,608,216	$ 171,603	$ 7,779,819
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 2,301,752	$ (3,357)	$ 2,298,395
Adjustments:			
Depreciation	469,237	264,835	734,072
Changes in assets and liabilities:			
Increase in accounts receivable	(57,711)	-	(57,711)
Increase in prepayments	(49,471)	-	(49,471)
Increase in special assessments receivable	(262,595)	-	(262,595)
Increase (decrease) in accounts payable	(3,798)	46,414	42,616
Increase (decrease) in contracts payable	(12,277)	11,316	(961)
Decrease in retainage payable	(12,856)	-	(12,856)
Increase in accrued wages and benefits	9,907	4,592	14,499
Decrease in due to other funds	(31,547)	(111)	(31,658)
Increase in due to other governments	-	7	7
Increase (decrease) in compensated absences payable	12,522	(5,872)	6,650
Net cash provided by operating activities	$ 2,363,163	$ 317,824	$ 2,680,987

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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.

Health Insurance
To account for claims and administrative payments to cover the cost of servicing the City's self-insured insurance program for medical and prescription drug benefits.

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 POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2012

	Fleet Management	Fire Fleet Management	Stores and Reproduction	Health Insurance
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	$ 312,043	$ 48,505	$ 105,728	$ 4,443,122
Receivables:				
Accounts	-	29,294	-	-
Due from other funds	49,412	41,857	39,120	-
Due from other governments	-	33,728	-	-
Advances to other funds	-	-	-	-
Inventory held for resale	301,158	336,956	-	-
Total current assets	662,613	490,340	144,848	4,443,122
Noncurrent assets:				
Capital assets:				
Land	-	75,000	-	-
Depreciable capital assets, net	115,435	741,416	24,018	-
Total noncurrent assets	115,435	816,416	24,018	-
Total assets	778,048	1,306,756	168,866	4,443,122
Liabilities:				
Current liabilities:				
Accounts payable	17,715	4,319	21,203	-
Accrued wages and benefits payable	91,683	21,894	4,687	900
Due to other funds	235	139	-	-
Due to other governments	-	-	-	-
Compensated absences payable - current	116,312	23,102	8,832	-
Advances from other funds	400,000	-	-	-
Claims and judgments payable	-	-	-	-
Total current liabilities	625,945	49,454	34,722	900
Long-term liabilities:				
Compensated absences payable	61,788	8,661	4,691	-
Claims and judgements payable	-	-	-	2,460,583
Total long-term liabilities	61,788	8,661	4,691	2,460,583
Total liabilities	687,733	58,115	39,413	2,461,483
Net position:				
Net investment in capital assets	115,435	741,416	24,018	-
Unrestricted (deficit)	(25,120)	507,225	105,435	1,981,639
Total net position	$ 90,315	$ 1,248,641	$ 129,453	$ 1,981,639

Workers' Compensation	Plumbing Shop	Total
$ 14,467,344	$ 548,872	$ 19,925,614
-	-	29,294
-	-	130,389
-	-	33,728
352,283	-	352,283
-	-	638,114
14,819,627	548,872	21,109,422
-	-	75,000
45,786	11,238	937,893
45,786	11,238	1,012,893
14,865,413	560,110	22,122,315
16,687	4,274	64,198
12,115	12,030	143,309
1,062	15	1,451
1,442,973	-	1,442,973
22,071	18,072	188,389
-	-	400,000
223,811	-	223,811
1,718,719	34,391	2,464,131
11,725	9,601	96,466
4,325,493	-	6,786,076
4,337,218	9,601	6,882,542
6,055,937	43,992	9,346,673
45,786	11,238	937,893
8,763,690	504,880	11,837,749
$ 8,809,476	$ 516,118	$ 12,775,642

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Fleet Management	Fire Fleet Management	Stores and Reproduction	Health Insurance
Operating revenues:				
Charges for services	$ 7,951,796	$ 1,111,018	$ 196,101	$ 20,729,596
Other operating revenues	25,693	33	308,063	-
Total operating revenues	7,977,489	1,111,051	504,164	20,729,596
Operating expenses:				
Personal services	1,853,599	428,605	88,224	23,946
Fringe benefits	770,176	179,251	54,332	1,773
Contract services	519,778	108,970	264,309	-
Materials and supplies	1,853,615	1,255	1,733	-
Cost of sales	2,995,802	177,903	49,155	-
Utilities	-	21,941	-	-
Claims expense	-	-	-	18,722,205
Depreciation	30,020	32,222	6,005	-
Other	23,351	6,572	22,933	33
Total operating expenses	8,046,341	956,719	486,691	18,747,957
Income (loss) before transfers	(68,852)	154,332	17,473	1,981,639
Transfers in	-	-	50,000	-
Transfers out	-	(117,864)	-	-
Change in net position	(68,852)	36,468	67,473	1,981,639
Net position at beginning of year	159,167	1,212,173	61,980	-
Net position at end of year	$ 90,315	$ 1,248,641	$ 129,453	$ 1,981,639

Workers' Compensation	Plumbing Shop	Total
$ 3,743,367	$ 428,769	$ 34,160,647
12,494	125	346,408
3,755,861	428,894	34,507,055
327,201	208,406	2,929,981
167,522	90,190	1,263,244
205,067	2,034	1,100,158
60,249	107,369	2,024,221
-	-	3,222,860
-	-	21,941
923,019	-	19,645,224
9,159	8,272	85,678
20,090	-	72,979
1,712,307	416,271	30,366,286
2,043,554	12,623	4,140,769
-	-	50,000
-	-	(117,864)
2,043,554	12,623	4,072,905
6,765,922	503,495	8,702,737
$ 8,809,476	$ 516,118	$ 12,775,642

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Fleet Management	Fire Fleet Management	Stores and Reproduction	Health Insurance
Cash flows from operating activities:				
Cash received from interfund services provided	$ 8,046,646	$ 1,099,513	$ 196,079	$ 20,729,596
Cash received from other operations	25,693	33	308,063	-
Cash payments for personal services	(1,759,122)	(435,171)	(108,862)	(23,126)
Cash payments for fringe benefits	(762,146)	(176,781)	(54,032)	(1,693)
Cash payments for contractual services	(517,762)	(93,860)	(273,129)	-
Cash payments for materials and supplies	(1,844,029)	-	(1,733)	-
Cash payments for cost of goods sold	(3,022,332)	(236,656)	(39,398)	-
Cash payments for utilities	-	(22,478)	-	-
Cash payments for claims	-	-	-	(16,261,622)
Cash payments for other expenses	(22,622)	(6,501)	(22,962)	(33)
Net cash provided by operating activities	144,326	128,099	4,026	4,443,122
Cash flows from noncapital financing activities:				
Cash received from interfund loans	-	-	-	-
Cash received from transfers in	-	-	50,000	-
Cash used in transfers out	-	(117,864)	-	-
Net cash provided by (used in) noncapital financing activities	-	(117,864)	50,000	-
Net increase in cash and cash equivalents	144,326	10,235	54,026	4,443,122
Cash and cash equivalents at beginning of year	167,717	38,270	51,702	-
Cash and cash equivalents at end of year	$ 312,043	$ 48,505	$ 105,728	$ 4,443,122
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ (68,852)	$ 154,332	$ 17,473	$ 1,981,639
Adjustments:				
Depreciation	30,020	32,222	6,005	-
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	1,078	(3,813)	-	-
Decrease (increase) in due from other funds	93,772	(17,755)	(22)	-
Decrease in due from other governments	-	10,063	-	-
Decrease in prepayments	-	15,110	-	-
Decrease (increase) in inventory held for resale	(26,530)	(58,753)	9,757	-
Increase (decrease) in accounts payable	12,354	718	(8,820)	-
Increase in accrued wages and benefits	11,397	363	2,028	900
Increase (decrease) in due to other funds	(23)	71	(29)	-
Decrease in due to other governments	-	-	-	-
Increase (decrease) in compensated absences payable	91,110	(4,459)	(22,366)	-
Increase (decrease) in claims payable	-	-	-	2,460,583
Net cash provided by operating activities	$ 144,326	$ 128,099	$ 4,026	$ 4,443,122

Workers' Compensation	Plumbing Shop	Total
$ 3,743,367	$ 452,894	$ 34,268,095
12,494	125	346,408
(414,262)	(198,846)	(2,939,389)
(171,906)	(89,016)	(1,255,574)
(192,641)	(2,019)	(1,079,411)
(62,707)	(109,833)	(2,018,302)
-	-	(3,298,386)
-	-	(22,478)
(2,732,981)	-	(18,994,603)
(19,466)	-	(71,584)
161,898	53,305	4,934,776
64,422	-	64,422
-	-	50,000
-	-	(117,864)
64,422	-	(3,442)
226,320	53,305	4,931,334
14,241,024	495,567	14,994,280
$ 14,467,344	$ 548,872	$ 19,925,614
$ 2,043,554	$ 12,623	$ 4,140,769
9,159	8,272	85,678
-	-	(2,735)
-	24,125	100,120
-	-	10,063
-	-	15,110
-	-	(75,526)
9,968	(2,073)	12,147
4,908	1,895	21,491
624	(376)	267
(772,527)	-	(772,527)
(96,353)	8,839	(23,229)
(1,037,435)	-	1,423,148
$ 161,898	$ 53,305	$ 4,934,776

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, conduit debt and municipal court.

Guaranty
Performance Bond
Developer Construction Payments
Deposit of Taxes/Courthouse Square
Dependent Care
Fire Proceeds
Urban Renewal Comp Dep
Building Permit Surcharge
Payroll Withholding
Special Improvement District
GMR Trading Project
Miami Township-Dayton JEDD
Butler Township-Dayton JEDD
EPA GMR Trading Project
Municipal Courts
Executive Severance

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance 12/31/11	Additions	Deductions	Balance 12/30/12
Guaranty				
Assets:				
Equity in pooled cash and cash equivalents	$ 49,649	$ -	$ -	$ 49,649
Total assets	$ 49,649	$ -	$ -	$ 49,649
Liabilities:				
Intergovernmental payable	$ 49,649	$ -	$ -	$ 49,649
Total liabilities	$ 49,649	$ -	$ -	$ 49,649
Performance Bond				
Assets:				
Equity in pooled cash and cash equivalents	$ 14,119	$ -	$ -	$ 14,119
Total assets	$ 14,119	$ -	$ -	$ 14,119
Liabilities:				
Withholdings and deposits	$ 14,119	$ -	$ -	$ 14,119
Total liabilities	$ 14,119	$ -	$ -	$ 14,119
Developer Construction Payments				
Assets:				
Equity in pooled cash and cash equivalents	$ 3,000	$ 20,000	$ -	$ 23,000
Total assets	$ 3,000	$ 20,000	$ -	$ 23,000
Liabilities:				
Due to others	$ 3,000	$ 20,000	$ -	$ 23,000
Total liabilities	$ 3,000	$ 20,000	$ -	$ 23,000
Deposit of Taxes/Courthouse Square				
Assets:				
Accounts receivable	$ 911,012	$ 726,027	$ 911,012	$ 726,027
Total assets	$ 911,012	$ 726,027	$ 911,012	$ 726,027
Liabilities:				
Accounts payable	$ 126,325	$ -	$ 126,325	$ -
Intergovernmental payable	358,333	126,325	358,333	126,325
Due to others	426,354	599,702	426,354	599,702
Total liabilities	$ 911,012	$ 726,027	$ 911,012	$ 726,027
Dependent Care				
Assets:				
Equity in pooled cash and cash equivalents	$ 2,228	$ -	$ -	$ 2,228
Total assets	$ 2,228	$ -	$ -	$ 2,228
Liabilities:				
Intergovernmental payable	$ 2,228	$ -	$ -	$ 2,228
Total liabilities	$ 2,228	$ -	$ -	$ 2,228

- - Continued

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance 12/31/11	Additions	Deductions	Balance 12/30/12
Fire Proceeds				
Assets:				
Equity in pooled cash and cash equivalents	$ 784,213	$ 106,576	$ -	$ 890,789
Total assets	$ 784,213	$ 106,576	$ -	$ 890,789
Liabilities:				
Intergovernmental payable	$ 784,213	$ 106,576	$ -	$ 890,789
Total liabilities	$ 784,213	$ 106,576	$ -	$ 890,789
Urban Renewal Comp Dep				
Assets:				
Equity in pooled cash and cash equivalents	$ 53,520	$ -	$ -	$ 53,520
Total assets	$ 53,520	$ -	$ -	$ 53,520
Liabilities:				
Withholdings and deposits	$ 53,520	$ -	$ -	$ 53,520
Total liabilities	$ 53,520	$ -	$ -	$ 53,520
Building Permit Surcharge				
Assets:				
Equity in pooled cash and cash equivalents	$ 7,724	$ 4,655	$ 7,724	$ 4,655
Total assets	$ 7,724	$ 4,655	$ 7,724	$ 4,655
Liabilities:				
Accounts payable	$ 2,244	$ -	$ 2,244	$ -
Intergovernmental payable	5,480	-	5,480	-
Due to others	-	4,655	-	4,655
Total liabilities	$ 7,724	$ 4,655	$ 7,724	$ 4,655
Payroll Withholding				
Assets:				
Equity in pooled cash and cash equivalents	$ 2,998,547	$ 169,818	$ -	$ 3,168,365
Receivables:				
Accounts	14,524	-	14,524	-
Intergovernmental	440,878	-	14,524	426,354
Total assets	$ 3,453,949	$ 169,818	$ 29,048	$ 3,594,719
Liabilities:				
Due to others	$ 14,524	$ 94,201	$ 14,524	$ 94,201
Withholdings and deposits	3,439,425	75,617	14,524	3,500,518
Total liabilities	$ 3,453,949	$ 169,818	$ 29,048	$ 3,594,719
Special Improvement District				
Assets:				
Equity in pooled cash and cash equivalents	$ 45,097	$ -	$ -	$ 45,097
Receivables:				
Special assessments	5,178,642	-	1,294,661	3,883,981
Total assets	$ 5,223,739	$ -	$ 1,294,661	$ 3,929,078
Liabilities:				
Due to others	$ 5,223,739	$ -	$ 1,294,661	$ 3,929,078
Total liabilities	$ 5,223,739	$ -	$ 1,294,661	$ 3,929,078

- - Continued

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance 12/31/11	Additions	Deductions	Balance 12/30/12
GMR Trading Project				
Assets:				
Equity in pooled cash and cash equivalents	$ 73,999	$ -	$ 33,099	$ 40,900
Total assets	$ 73,999	$ -	$ 33,099	$ 40,900
Liabilities:				
Intergovernmental payable	$ 73,999	$ -	$ 33,099	$ 40,900
Total liabilities	$ 73,999	$ -	$ 33,099	$ 40,900
Miami Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents	$ 249,950	$ 88,638	$ -	$ 338,588
Total assets	$ 249,950	$ 88,638	$ -	$ 338,588
Liabilities:				
Accounts payable	$ -	$ 47,971	$ -	$ 47,971
Intergovernmental payable	249,950	40,667	-	290,617
Total liabilities	$ 249,950	$ 88,638	$ -	$ 338,588
Butler Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents	$ 32,629	$ 9,555	$ -	$ 42,184
Total assets	$ 32,629	$ 9,555	$ -	$ 42,184
Liabilities:				
Accounts payable	$ -	$ 7,075	$ -	$ 7,075
Intergovernmental payable	32,629	2,480	-	35,109
Total liabilities	$ 32,629	$ 9,555	$ -	$ 42,184
EPA GMR Trading Project				
Assets:				
Equity in pooled cash and cash equivalents	$ 278,847	$ -	$ 251,489	$ 27,358
Total assets	$ 278,847	$ -	$ 251,489	$ 27,358
Liabilities:				
Due to others	$ 278,847	$ -	$ 251,489	$ 27,358
Total liabilities	$ 278,847	$ -	$ 251,489	$ 27,358

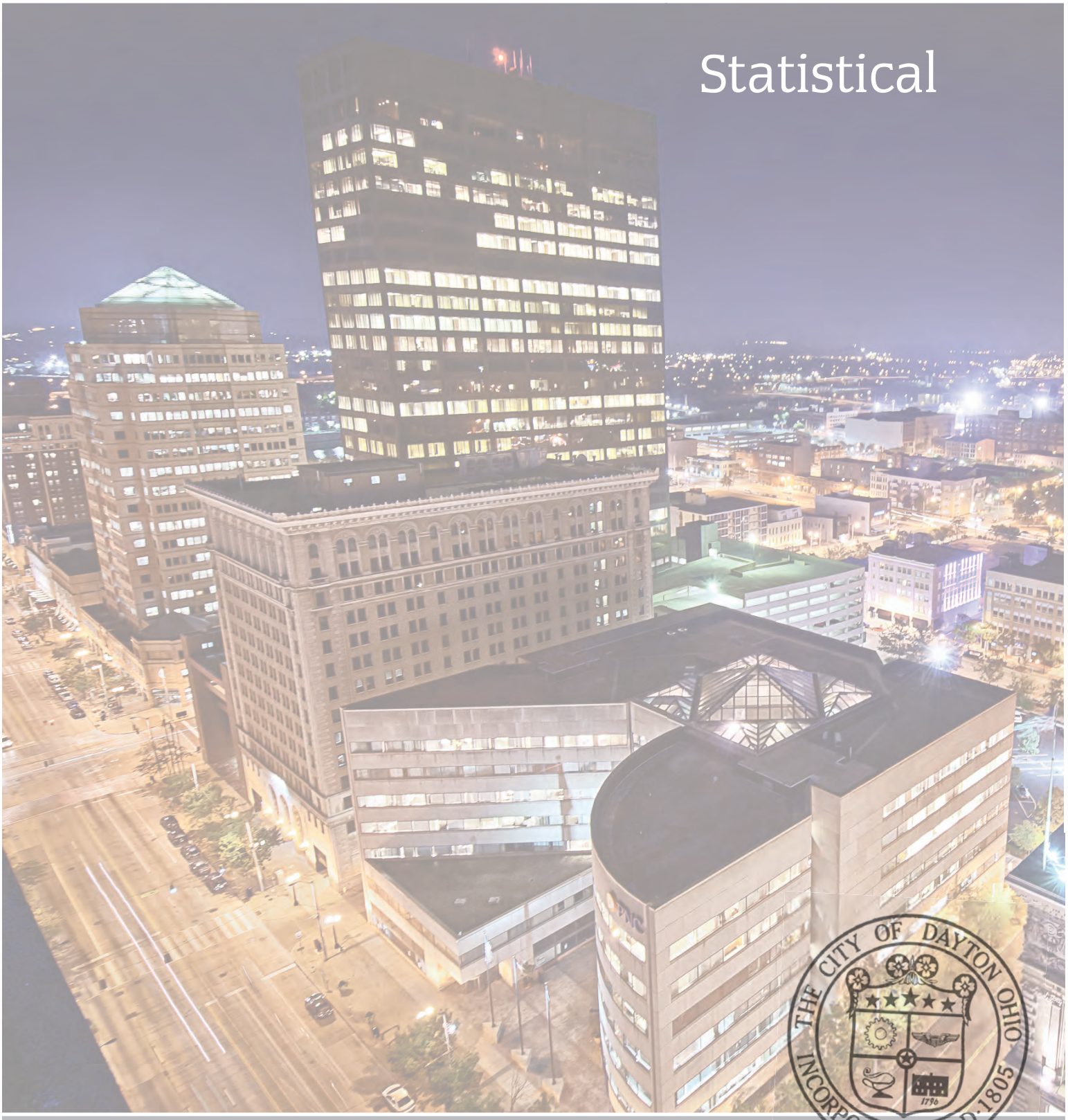
- - Continued

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance 12/31/11	Additions	Deductions	Balance 12/30/12
Municipal Courts				
Assets:				
Cash and cash equivalents with fiscal agent	$ 988,267	$ 251,287	$ 86,040	$ 1,153,514
Total assets	$ 988,267	$ 251,287	$ 86,040	$ 1,153,514
Liabilities:				
Intergovernmental payable	$ 305,632	$ 251,287	$ -	$ 556,919
Due to others	682,635	-	86,040	596,595
Total liabilities	$ 988,267	$ 251,287	$ 86,040	$ 1,153,514
Executive Severance				
Assets:				
Investments with fiscal agent	$ 733,896	$ -	$ 43,985	$ 689,911
Total assets	$ 733,896	$ -	$ 43,985	$ 689,911
Liabilities:				
Withholdings and deposits	$ 733,896	$ -	$ 43,985	$ 689,911
Total liabilities	$ 733,896	$ -	$ 43,985	$ 689,911
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	$ 4,593,522	$ 399,242	$ 292,312	$ 4,700,452
Investments with fiscal agent	733,896	-	43,985	689,911
Cash and cash equivalents with fiscal agent	988,267	251,287	86,040	1,153,514
Receivables:				
Accounts	925,536	726,027	925,536	726,027
Special assessments	5,178,642	-	1,294,661	3,883,981
Intergovernmental	440,878	-	14,524	426,354
Total assets	$ 12,860,741	$ 1,376,556	$ 2,657,058	$ 11,580,239
Liabilities:				
Accounts payable	$ 128,569	$ 55,046	$ 128,569	$ 55,046
Intergovernmental payable	1,862,113	527,335	396,912	1,992,536
Due to others	6,629,099	718,558	2,073,068	5,274,589
Withholdings and deposits	4,240,960	75,617	58,509	4,258,068
Total liabilities	$ 12,860,741	$ 1,376,556	$ 2,657,058	$ 11,580,239

Statistical



City of Dayton, Ohio

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STATISTICAL SECTION

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

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CITY OF DAYTON, OHIO

STATISTICAL SECTION

This part of the City of Dayton's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	**Page**
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	**S 4 - S 13**
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the income tax, property tax and special assessments.	**S 14 - S 21**
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	**S 22 - S 30**
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	**S 31 - S 42**
Operating Information This schedule contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	**S 43**

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

CITY OF DAYTON, OHIO

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

	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	$ 188,610,596	$ 207,581,135	$ 228,383,145	$ 242,926,214
Net investment in capital assets	-	-	-	-
Restricted	53,916,504	63,442,672	65,403,080	71,779,813
Unrestricted	61,754,770	49,507,627	44,629,417	43,854,526
Total governemental activities net assets/position	$ 304,281,870	$ 320,531,434	$ 338,415,642	$ 358,560,553
Business-type activities				
Invested in capital assets, net of related debt	$ 293,481,592	$ 309,060,125	$ 328,655,724	$ 346,386,163
Net investment in capital assets	-	-	-	-
Restricted	-	-	-	-
Unrestricted	153,425,794	127,133,397	129,939,569	136,579,525
Total business-type activities net assets/position	$ 446,907,386	$ 436,193,522	$ 458,595,293	$ 482,965,688
Primary government				
Invested in capital assets, net of related debt	$ 482,092,188	$ 516,641,260	$ 557,038,869	$ 589,312,377
Net investment in capital assets	-	-	-	-
Restricted	53,916,504	63,442,672	65,403,080	71,779,813
Unrestricted	215,180,564	176,641,024	174,568,986	180,434,051
Total primary government net assets/position	$ 751,189,256	$ 756,724,956	$ 797,010,935	$ 841,526,241

(1) Amounts have been restated from prior year's CAFR.

(2) The City implemented GASB Statements No. 63 and 65 in 2012.
Only balances after December 31, 2011 are presented in accordance with GASB Statements No. 63 and 65.

Source: City of Dayton financial records

2007 (1)	2008 (1)	2009 (1)	2010	2011 (1) (2)	2012
$ 271,643,144	$ 282,480,043	$ 300,486,474	$ 321,452,359	$ -	$ -
-	-	-	-	332,540,773	340,108,111
60,595,698	96,325,940	91,563,337	99,691,871	77,231,301	75,889,027
43,818,871	16,945,325	10,040,732	7,086,581	42,181,978	58,329,858
$ 376,057,713	$ 395,751,308	$ 402,090,543	$ 428,230,811	$ 451,954,052	$ 474,326,996
$ 380,238,011	$ 389,630,233	$ 401,965,547	$ 419,111,268	$ -	$ -
-	-	-	-	429,634,383	401,528,337
-	-	-	-	-	-
127,953,698	144,931,193	144,144,446	146,350,941	145,543,923	190,338,004
$ 508,191,709	$ 534,561,426	$ 546,109,993	$ 565,462,209	$ 575,178,306	$ 591,866,341
$ 651,881,155	$ 672,110,276	$ 702,452,021	$ 740,563,627	$ -	$ -
-	-	-	-	762,175,156	741,636,448
60,595,698	96,325,940	91,563,337	99,691,871	77,231,301	75,889,027
171,772,569	161,876,518	154,185,178	153,437,522	187,725,901	248,667,862
$ 884,249,422	$ 930,312,734	$ 948,200,536	$ 993,693,020	$ 1,027,132,358	$ 1,066,193,337

CITY OF DAYTON, OHIO

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

	2003	2004	2005	2006
Expenses				
Governmental activities:				
Downtown	$ 5,418,423	$ 5,031,993	$ 5,064,225	$ 4,978,385
Youth, education and human services	2,535,385	2,208,479	2,070,638	1,886,238
Community development and neighbors	21,769,149	20,163,040	20,037,194	20,050,274
Economic development	10,494,459	6,411,508	7,162,137	9,348,825
Leadership and quality of life	45,111,428	45,891,870	46,407,089	43,411,252
Corporate responsibility	17,020,585	15,950,738	16,907,149	20,544,073
Public safety and justice	89,976,989	92,954,582	94,599,294	98,533,695
Other	986,660	507,896	2,547,338	1,105,280
Bond issuance costs	-	-	-	-
Interest and fiscal charges	3,430,708	3,944,038	3,072,035	3,043,887
Total governmental activities expenses	196,743,786	193,064,144	197,867,099	202,901,909
Business type activities:				
Dayton International Airport	35,502,289	39,961,191	40,802,335	39,032,293
Water	45,628,781	47,152,642	44,674,367	45,200,207
Sewer	27,210,776	28,903,051	28,319,647	32,375,482
Golf	3,118,857	2,472,685	2,536,878	3,121,707
Storm Water	2,636,386	3,983,545	4,933,239	4,491,851
Total business-type activities expenses	114,097,089	122,473,114	121,266,466	124,221,540
Total primary government expenses	$ 310,840,875	$ 315,537,258	$ 319,133,565	$ 327,123,449
Program Revenues				
Governmental activities:				
Charges for services:				
Downtown	$ 459,014	$ 504,472	$ 517,512	$ 505,552
Youth, education and human services	26,724	29,987	20,593	17,994
Community development and neighbors	2,284,484	1,762,861	1,942,351	2,204,445
Economic development	3,074,605	1,689,779	2,092,562	1,179,367
Leadership and quality of life	5,791,514	6,769,017	5,693,276	4,380,757
Corporate responsibility	2,213,081	2,203,013	2,310,305	2,169,808
Public safety and justice	15,655,803	15,049,321	16,737,568	16,911,515
Other	93,175	51,096	573,462	979,787
Interest and fiscal charges	504,180	463,975	-	-
Operating grants and contributions	19,791,048	18,789,989	17,571,173	16,701,482
Capital grants and contributions	10,307,490	9,604,411	12,149,725	11,253,574
Total governmental activities program revenue	60,201,118	56,917,921	59,608,527	56,304,281
Business type activities:				
Charges for services:				
Dayton International Airport	42,239,421	42,943,773	40,174,905	41,820,112
Water	42,441,461	37,709,426	43,578,504	47,088,482
Sewer	26,666,859	28,143,643	27,796,918	32,379,198
Golf	2,951,887	4,273,982	2,931,243	3,295,321
Storm Water	2,583,042	2,785,709	6,698,328	4,898,132
Capital grants and contributions	14,845,098	14,794,084	18,926,901	15,408,247
Total business-type activities program revenue	131,727,768	130,650,617	140,106,799	144,889,492
Total primary government program revenue	$ 191,928,886	$ 187,568,538	$ 199,715,326	$ 201,193,773

2007	2008	2009	2010	2011 (1)	2012
$ 5,666,737	$ 5,570,112	$ 5,182,850	$ 5,159,078	$ 2,922,503	$ 3,894,895
2,408,097	2,583,667	2,264,862	2,514,310	2,395,344	1,058,361
21,459,480	21,460,067	21,342,171	26,843,290	32,086,879	31,880,468
15,999,955	9,810,580	14,263,940	8,432,763	10,105,180	9,492,689
43,224,368	48,563,961	47,091,889	41,299,206	40,275,561	35,672,811
17,892,823	17,442,665	17,707,683	16,832,625	15,884,692	15,225,815
101,277,697	101,533,014	95,706,450	96,284,218	94,294,723	93,120,303
1,378,197	683,122	-	-	-	-
-	-	-	-	-	693,878
2,904,913	4,849,682	3,620,502	3,978,196	4,556,429	2,767,292
212,212,267	212,496,870	207,180,347	201,343,686	202,521,311	193,806,512
41,813,989	31,958,820	40,310,513	30,688,222	32,572,362	36,571,471
45,401,676	45,811,605	45,672,640	46,619,869	47,618,625	44,084,645
30,889,719	30,855,192	31,994,865	30,931,209	32,420,315	29,765,334
3,322,911	3,196,937	3,281,384	3,026,601	2,922,959	3,123,360
5,030,425	5,090,241	5,401,928	6,389,207	6,177,790	4,997,022
126,458,720	116,912,795	126,661,330	117,655,108	121,712,051	118,541,832
$ 338,670,987	$ 329,409,665	$ 333,841,677	$ 318,998,794	$ 324,233,362	$ 312,348,344
$ 704,984	$ 570,059	$ 588,229	$ 629,749	$ 672,824	$ 531,072
19,333	40,322	7,618	7,092	8,674	11,032
3,000,683	2,313,335	2,289,894	2,240,217	3,106,283	2,547,442
1,328,746	1,161,369	1,438,105	4,317,785	1,997,277	2,445,796
4,251,275	5,128,446	4,411,912	6,136,336	5,673,292	5,001,134
2,533,128	2,341,620	2,853,032	2,452,413	3,118,657	2,518,064
17,363,610	17,328,246	17,398,578	18,243,867	22,027,599	23,624,400
1,129,885	27,277	-	-	-	-
-	-	-	-	-	-
19,245,962	20,423,979	24,147,823	33,479,834	35,387,609	34,438,364
15,536,992	13,489,575	25,771,047	17,935,099	12,849,894	12,626,114
65,114,598	62,824,228	78,906,238	85,442,392	84,842,109	83,743,418
39,311,221	31,067,418	30,655,950	25,673,711	23,644,457	24,508,791
50,944,369	48,944,620	47,743,750	49,318,157	43,529,551	45,700,719
31,322,099	30,398,157	30,998,739	32,558,557	30,119,740	33,115,458
3,353,732	3,291,376	3,250,241	3,180,466	2,946,618	3,123,224
6,663,178	6,688,476	7,083,455	7,213,504	5,264,927	7,383,856
15,058,562	21,316,626	17,098,233	18,967,012	14,064,510	10,436,869
146,653,161	141,706,673	136,830,368	136,911,407	119,569,803	124,268,917
$ 211,767,759	$ 204,530,901	$ 215,736,606	$ 222,353,799	$ 204,411,912	$ 208,012,335

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CITY OF DAYTON, OHIO

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

	2003	2004	2005	2006
Net (Expense)/Revenue				
Governmental activities	$ (136,542,668)	$ (136,146,223)	$ (138,258,572)	$ (146,597,628)
Business-type activities	17,630,679	8,177,503	18,840,333	20,667,952
Total primary government net expense	$ (118,911,989)	$ (127,968,720)	$ (119,418,239)	$ (125,929,676)
General Revenues and Other Changes in Net Assets/Position				
Governmental activities:				
Property taxes	$ 18,641,542	$ 19,496,591	$ 20,719,101	$ 21,788,008
Income taxes	108,520,891	108,438,846	112,169,475	117,876,441
Payments in lieu of taxes	-	-	-	-
Grants and entitlements	19,081,383	20,377,849	18,276,100	19,192,977
Investment earnings	3,579,657	1,706,199	3,383,886	5,084,176
Miscellaneous	2,952,997	1,984,048	3,644,141	2,862,437
Transfers	(913,666)	-	-	(61,500)
Total governmental activities general revenues	151,862,804	152,003,533	158,192,703	166,742,539
Special Item				
Gain on sale of capital assets	-	781,586	-	-
Total general revenues and special items	151,862,804	152,785,119	158,192,703	166,742,539
Business type activities:				
Investment earnings	3,604,829	1,032,922	1,537,561	3,640,943
Miscellaneous	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Transfers	913,666	-	-	61,500
Total business-type activities	4,518,495	1,032,922	1,537,561	3,702,443
Total primary government	$ 156,381,299	$ 153,818,041	$ 159,730,264	$ 170,444,982
Changes in Net Assets/Position				
Governmental activities	$ 15,320,136	$ 16,638,896	$ 19,934,131	$ 20,144,911
Business-type activities	22,149,174	9,210,425	20,377,894	24,370,395
Total primary government	$ 37,469,310	$ 25,849,321	$ 40,312,025	$ 44,515,306

(1) The City implemented GASB Statements No. 63 and 65 in 2012.
Only balances after December 31, 2011 are presented in accordance with GASB Statement No. 63.

Source: City of Dayton financial records

2007	2008	2009	2010	2011 (1)	2012
$ (147,097,669)	$ (149,672,642)	$ (128,274,109)	$ (115,901,294)	$ (117,679,202)	$ (110,063,094)
20,194,441	24,793,878	10,169,038	19,256,299	(2,142,248)	5,727,085
$ (126,903,228)	$ (124,878,764)	$ (118,105,071)	$ (96,644,995)	$ (119,821,450)	$ (104,336,009)
$ 23,444,142	$ 24,167,118	$ 19,070,860	$ 18,798,224	$ 19,373,301	$ 10,055,324
113,785,961	108,868,331	99,817,917	98,399,957	100,129,761	100,336,653
-	-	-	1,426,155	669,323	1,076,054
17,600,763	17,912,684	14,827,230	16,327,237	19,159,472	14,833,540
7,064,009	5,340,622	1,311,141	1,960,831	1,945,150	1,931,883
7,547,653	11,889,101	4,673,485	5,123,860	1,199,153	3,848,415
(239,196)	344,798	(662,961)	5,298	368,339	354,169
169,203,332	168,522,654	139,037,672	142,041,562	142,844,499	132,436,038
-	-	-	-	-	-
169,203,332	168,522,654	139,037,672	142,041,562	142,844,499	132,436,038
4,894,727	2,764,220	716,568	101,215	236,896	557,911
-	-	-	-	13,509,995	10,757,208
-	-	-	-	-	-
239,196	(344,798)	662,961	(5,298)	(368,339)	(354,169)
5,133,923	2,419,422	1,379,529	95,917	13,378,552	10,960,950
$ 174,337,255	$ 170,942,076	$ 140,417,201	$ 142,137,479	$ 156,223,051	$ 143,396,988
$ 22,105,663	$ 18,850,012	$ 10,763,563	$ 26,140,268	$ 25,165,297	$ 22,372,944
25,328,364	27,213,300	11,548,567	19,352,216	11,236,304	16,688,035
$ 47,434,027	$ 46,063,312	$ 22,312,130	$ 45,492,484	$ 36,401,601	$ 39,060,979

CITY OF DAYTON, OHIO

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

	2003	2004	2005	2006
General Fund				
Nonspendable	$ -	$ -	$ -	$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	4,077,216	4,451,193	4,846,464	2,985,745
Unreserved, reported in:				
Designated for future years' expenditures	1,226,505	2,161,198	3,573,236	6,949,009
Undesignated	34,784,392	29,795,216	36,132,638	27,407,200
Total general fund	$ 40,088,113	$ 36,407,607	$ 44,552,338	$ 37,341,954
Housing and Urban Development Fund				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	-	-	-	-
Reserved	11,124,490	10,666,174	13,189,745	13,683,601
Unreserved (deficit), reported in:				
Special revenue funds	(5,842,964)	(6,032,154)	(8,120,556)	(9,537,969)
Total housing and urban development fund	$ 5,281,526	$ 4,634,020	$ 5,069,189	$ 4,145,632
Debt Service Fund				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Reserved	17,839,709	15,333,393	13,298,438	15,080,926
Total debt service fund	$ 17,839,709	$ 15,333,393	$ 13,298,438	$ 15,080,926
Capital Improvement Fund				
Restricted	$ -	$ -	$ -	$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Reserved	15,435,869	23,208,822	14,836,284	22,459,015
Unreserved (deficit)	(3,857,644)	916,028	2,013,719	1,797,815
Total capital improvement fund	$ 11,578,225	$ 24,124,850	$ 16,850,003	$ 24,256,830
Other governmental Funds				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	-	-	-	-
Reserved	4,587,904	2,045,043	7,677,583	5,851,488
Unreserved (deficit), reported in:				
Designated, special revenue funds	486,000	400,000	-	1,253,000
Special revenue funds	6,903,557	10,434,682	8,305,186	10,662,439
Permanent fund	36,805	53,439	58,896	67,805
Capital projects funds	2,497,998	739,531	(4,384,639)	(1,480,796)
Total governmental funds	$ 14,512,264	$ 13,672,695	$ 11,657,026	$ 16,353,936
Total Fund Balances, Governmental Funds	$ 89,299,837	$ 94,172,565	$ 91,426,994	$ 97,179,278

(1) The City implemented GASB Statement No. 54 in 2011.
Only balances after December 31, 2011 are presented in accordance with GASB Statement No. 54.

(2) Amounts have been restated from prior year's CAFR.

Source: City of Dayton financial records

2007 (2)	2008 (2)	2009	2010	2011 (1) (2)	2012 (1)
$ -	$ -	$ -	$ -	$ 9,695,165	$ 10,166,112
-	-	-	-	4,543,378	2,952,023
-	-	-	-	11,900,572	17,106,981
-	-	-	-	29,291,035	31,114,283
3,646,545	2,418,755	3,571,816	3,131,124	-	-
8,284,213	10,172,634	6,585,539	5,322,656	-	-
30,035,615	31,002,915	25,681,059	26,153,904	-	-
$ 41,966,373	$ 43,594,304	$ 35,838,414	$ 34,607,684	$ 55,430,150	$ 61,339,399
$ -	$ -	$ -	$ -	$ -	$ 1,499
-	-	-	-	6,744,563	6,881,608
12,102,726	11,221,427	18,609,523	33,789,736		
(7,585,726)	(6,233,434)	(13,231,227)	(28,364,133)		
$ 4,517,000	$ 4,987,993	$ 5,378,296	$ 5,425,603	$ 6,744,563	$ 6,883,107
$ -	$ -	$ -	$ -	$ 553	$ -
-	-	-	-	39,378,381	32,289,891
-	-	-	-	192,652	331,130
18,676,879	43,092,546	42,188,046	42,541,211	-	-
$ 18,676,879	$ 43,092,546	$ 42,188,046	$ 42,541,211	$ 39,571,586	$ 32,621,021
$ -	$ -	$ -	$ -	$ 4,758,591	$ 10,424,439
-	-	-	-	5,026,521	8,436,236
-	-	-	-	11,243,145	6,790,703
30,413,308	27,221,279	26,133,688	28,184,390	-	-
(12,394,589)	(10,819,429)	(21,142,062)	(18,628,322)	-	-
$ 18,018,719	$ 16,401,850	$ 4,991,626	$ 9,556,068	$ 21,028,257	$ 25,651,378
$ -	$ -	$ -	$ -	$ 102,704	$ 102,228
-	-	-	-	10,204,735	9,946,396
7,831,952	9,924,937	13,107,729	17,258,120	-	-
1,146,380	1,116,000	398,848	-	-	-
10,496,391	5,817,102	4,556,006	5,425,978	-	-
79,836	60,413	76,302	70,250	-	-
-	-	-	-	-	-
$ 19,554,559	$ 16,918,452	$ 18,138,885	$ 22,754,348	$ 10,307,439	$ 10,048,624
$ 102,733,530	$ 124,995,145	$ 106,535,267	$ 114,884,914	$ 133,081,995	$ 136,543,529

CITY OF DAYTON, OHIO

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

	2003	2004	2005	2006
Revenues				
Taxes	$ 147,286,520	$ 149,926,379	$ 154,210,979	$ 159,082,912
Charges for services	22,262,759	20,295,875	22,898,740	22,083,074
Licenses and permits	2,120,143	1,817,222	1,903,063	1,750,262
Fines and forfeits	2,083,662	1,832,710	1,944,186	3,450,859
Intergovernmental	28,609,999	25,333,452	17,329,078	28,044,012
Special assessments	1,033,045	1,034,415	652,363	1,076,163
Payments in lieu of taxes	-	-	-	-
Investment income	3,623,500	2,288,903	3,483,518	5,131,388
Increase (decrease) in FMV of investments	-	-	-	-
Other	5,756,600	4,767,369	6,554,510	2,862,437
Total revenues	212,776,228	207,296,325	208,976,437	223,481,107
Expenditures				
Current:				
Downtown	3,747,343	4,167,407	4,093,181	4,183,009
Youth, education and human services	2,531,763	2,237,230	2,060,357	1,928,205
Community development and neighborhoods	20,353,743	20,311,675	19,230,564	18,959,062
Economic development	6,996,268	6,410,373	7,049,497	9,464,377
Leadership and quality life	37,705,241	41,319,775	40,423,448	37,073,237
Corporate responsibility	16,035,551	14,870,289	15,423,671	19,489,965
Public safety and justice	90,354,455	92,673,272	92,422,480	97,403,724
Other	918,216	506,890	2,544,612	1,107,606
Capital outlay	29,742,434	23,346,465	22,818,819	17,501,729
Debt service:				
Principal retirement	7,350,552	9,228,813	5,774,552	7,480,101
Interest and fiscal charges	3,430,374	3,962,946	3,097,330	3,076,308
Bond issuance costs	-	199,535	-	-
Total expenditures	219,165,940	219,234,670	214,938,511	217,667,323
Excess(deficiency) of revenues over expenditures	(6,389,712)	(11,938,345)	(5,962,074)	5,813,784
Other Financing Sources (Uses)				
Sale of capital assets	150,000	824,849	101,600	100,000
Transfers in	17,092,990	15,249,526	16,692,371	21,682,063
Transfers out	(16,730,663)	(15,349,526)	(16,732,871)	(21,843,563)
Bonds issued	395,485	11,731,021	-	-
Proceeds of loans	-	-	-	-
Payment of refunded bond escrow agent	-	-	-	-
Premium (discount) on bond issuance	-	244,535	-	-
Capital lease transactions	112,090	4,500,000	205,326	-
Total other financing sources (uses)	1,019,902	17,200,405	266,426	(61,500)
Net change in fund balance	$ (5,369,810)	$ 5,262,060	$ (5,695,648)	$ 5,752,284
Capital expenditures	$ 21,536,097	$ 24,327,555	$ 21,930,329	$ 17,332,478
Debt service as a percentage of noncapital expenditures	5.46%	6.77%	4.60%	5.27%

Source: City of Dayton financial records

2007	2008	2009	2010	2011	2012
$ 157,223,154	$ 152,514,608	$ 139,011,038	$ 136,753,834	$ 134,006,534	$ 128,586,427
24,051,832	23,926,449	25,037,733	26,265,870	26,910,213	27,256,576
1,861,236	1,817,153	1,630,319	1,314,956	1,561,850	1,616,712
2,044,271	2,908,861	2,106,189	2,276,856	2,402,917	5,926,766
31,643,646	25,707,748	39,699,451	50,996,557	55,538,646	45,662,634
505,670	546,047	422,608	380,767	333,328	297,589
-	-	-	1,039,654	604,596	873,495
7,393,303	4,286,751	2,927,657	1,926,077	1,730,915	1,858,064
-	599,485	(1,085,864)	50,814	186,772	80,325
7,547,653	11,889,101	4,648,485	9,506,045	4,148,279	6,282,291
232,270,765	224,196,203	214,397,616	230,511,430	227,424,050	218,440,879
4,651,014	4,604,197	4,143,788	4,117,582	3,804,513	3,346,771
2,420,958	2,581,447	2,280,237	2,512,611	2,409,496	2,518,658
21,016,004	20,981,602	22,259,601	26,873,157	32,366,889	31,889,756
15,082,881	11,191,284	15,047,900	13,900,769	10,063,494	9,529,602
36,925,472	41,676,303	40,991,411	41,347,850	30,741,740	28,678,675
16,597,674	16,401,770	17,125,159	15,536,916	14,967,599	13,901,301
98,432,234	100,009,551	95,240,850	95,698,192	93,849,670	94,598,883
1,377,348	685,888	-	-	-	-
28,529,727	24,852,628	34,908,638	18,226,238	15,253,781	16,942,861
5,789,851	6,652,464	8,047,222	8,030,000	9,516,702	9,918,875
2,884,154	4,707,848	3,557,790	3,828,281	4,401,891	2,785,143
312,327	598,836	586,476	137,068	-	693,878
234,019,644	234,943,818	244,189,072	230,208,664	217,375,775	214,804,403
(1,748,879)	(10,747,615)	(29,791,456)	302,766	10,048,275	3,636,476
-	-	-	-	-	-
13,418,525	9,831,205	11,818,503	12,481,039	6,767,335	8,590,551
(13,757,721)	(9,556,407)	(12,678,413)	(12,488,042)	(6,455,775)	(8,168,518)
19,745,000	32,000,000	34,408,111	5,180,000	1,615,000	35,555,000
-	239,750	-	2,860,000	-	-
(10,383,734)	-	(22,528,097)	-	-	(35,364,951)
491,061	(348,901)	311,474	13,884	-	5,435,222
-	-	-	-	-	-
9,513,131	32,165,647	11,331,578	8,046,881	1,926,560	6,047,304
$ 7,764,252	$ 21,418,032	$ (18,459,878)	$ 8,349,647	$ 11,974,835	$ 9,683,780
$ 27,702,620	$ 24,555,847	$ 39,799,258	$ 29,626,529	$ 18,744,758	$ 21,668,262
4.20%	5.40%	5.68%	5.91%	7.01%	6.58%

CITY OF DAYTON, OHIO

GROSS INCOME TAX REVENUE BY PAYER TYPE
LAST TEN FISCAL YEARS

Year	Withholding	% of withholding to total	Total Non-withholding	% of non-withholding to total	Total	Individual Accounts	% of individual to total	Business Accounts	% of Business to total	Total
2003	99,464,861	88.56%	12,853,429	11.44%	112,318,290	4,297,342	3.83%	8,556,088	7.62%	112,318,290
2004	99,902,076	88.57%	12,890,137	11.43%	112,792,213	4,677,075	4.15%	8,213,062	7.28%	112,792,213
2005	100,076,600	85.80%	16,567,146	14.20%	116,643,746	5,321,371	4.56%	11,245,776	9.64%	116,643,746
2006	102,033,754	86.79%	15,532,269	13.21%	117,566,023	4,962,179	4.22%	10,570,090	8.99%	117,566,023
2007	101,226,600	86.33%	16,034,631	13.67%	117,261,231	5,790,379	4.94%	10,244,253	8.74%	117,261,231
2008	96,917,767	85.31%	16,683,194	14.69%	113,600,961	5,041,787	4.44%	11,641,406	10.25%	113,600,961
2009	90,581,920	87.41%	13,048,061	12.59%	103,629,981	4,485,865	4.33%	8,562,196	8.26%	103,629,981
2010	87,502,256	86.64%	13,497,453	13.36%	100,999,709	4,073,345	4.03%	9,424,110	9.33%	100,999,709
2011	86,866,507	84.51%	15,915,982	15.49%	102,782,489	4,732,700	4.60%	11,183,282	10.88%	102,782,489
2012	89,759,346	86.27%	14,286,616	13.73%	104,045,962	4,129,840	3.97%	10,156,776	9.76%	104,045,962

INCOME TAX FUND REVENUE DISTRIBUTION
NET OF REFUNDS

	Budget Basis			GAAP (Modified Accrual Basis)		
Year	General Fund	Total	% Increase (Decrease)	General Fund	Total	% Increase (Decrease)
2003	105,281,708	105,281,708	-2.30%	108,554,027	108,554,027	1.81%
2004	108,494,807	108,494,807	3.05%	107,737,232	107,737,232	-0.75%
2005	112,281,500	112,281,500	3.49%	112,824,119	112,824,119	4.72%
2006	113,767,671	113,767,671	1.32%	112,619,532	112,619,532	-0.18%
2007	112,794,901	112,794,901	-0.86%	113,156,087	113,156,087	0.48%
2008	110,449,891	110,449,891	-2.08%	109,008,881	109,008,881	-3.67%
2009	100,430,248	100,430,248	-9.07%	99,831,456	99,831,456	-8.42%
2010	98,205,983	98,205,983	-2.21%	98,824,027	98,824,027	-1.01%
2011	99,668,943	99,668,943	1.49%	100,362,688	100,362,688	1.56%
2012	101,624,151	101,624,151	1.96%	100,450,896	100,450,896	0.09%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal year	Total tax levy	Current tax collections	Percent of levy collected	Delinquent tax collections (1)	Total tax collections	Percent of total tax collections to tax levy	Outstanding delinquent taxes	Percent of outstanding delinquent taxes to tax levy
				Montgomery County				
2003	21,142,675	19,212,789	90.87%	1,265,481	20,478,270	96.86%	4,956,875	23.44%
2004	21,129,504	19,921,141	94.28%	1,441,368	21,362,509	101.10%	4,921,388	23.29%
2005	20,559,068	19,464,064	94.67%	2,004,760	21,468,824	104.43%	3,621,335	17.61%
2006	22,098,556	20,809,488	94.17%	2,343,469	23,152,957	104.77%	2,526,394	11.43%
2007	20,334,804	19,544,381	96.11%	1,998,653	21,543,034	105.94%	3,390,837	16.68%
2008	19,483,451	17,932,392	92.04%	1,661,231	19,593,623	100.57%	5,911,972	30.34%
2009	18,205,975	17,052,225	93.66%	1,195,497	18,247,722	100.23%	4,700,112	25.82%
2010	17,867,159	16,460,622	92.13%	957,426	17,418,048	97.49%	5,879,954	32.91%
2011	16,976,964	15,321,147	90.25%	890,712	16,211,859	95.49%	6,723,836	39.61%
2012	15,724,338	13,342,279	84.85%	982,606	14,324,885	91.10%	6,590,787	41.91%

(1) The City is unable to obtain delinquent taxes by levy year

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

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

		Real Property		Personal Property (1)		Public Utilities	
Tax year	For	Assessed value	Estimated actual value	Assessed value	Esimated actual value	Assessed value	Estimated actual value
				Montgomery County			
2003	2004	1,618,667,120	N/A	318,067,610	N/A	106,951,010	N/A
2004	2005	1,629,682,550	N/A	324,633,707	N/A	101,590,570	N/A
2005	2006	1,788,313,190	N/A	220,535,502	N/A	96,908,670	N/A
2006	2007	1,769,490,590	5,112,178,829	169,588,051	1,176,189,344	94,401,800	54,216,988
2007	2008	1,767,313,000	5,049,465,714	107,769,573	1,356,704,408	73,262,480	188,151,369
2008	2009	1,732,074,470	4,948,784,200	13,367,820	213,885,120	75,155,200	193,012,218
2009	2010	1,710,322,150	4,886,634,714	2,088,420	20,884,200	74,305,290	190,829,495
2010	2011	1,688,719,230	4,824,912,086	-	-	77,611,120	199,709,660
2011	2012	1,492,173,530	4,091,911,043	-	-	80,260,280	220,093,655
2012	2013	1,441,010,830	4,117,173,800	-	-	86,032,460	221,379,468

Source: County Auditor; Montgomery County, Ohio

N/A - Information not available

(1) - Tangible personal property tax was phased out beginning in 2007

Total			Percent of total assessed to total estimated actual value
Assessed value	Total direct tax rate	Esimated actual value	
2,043,685,740	10.00	5,797,067,825	35.25%
2,055,906,827	10.00	6,269,282,241	32.79%
2,105,757,362	10.00	6,171,703,279	34.12%
2,033,480,441	10.00	6,125,085,429	33.20%
1,948,345,053	10.00	6,594,321,491	29.55%
1,820,597,490	10.00	5,355,681,538	33.99%
1,786,715,860	10.00	5,098,348,409	35.04%
1,766,330,350	10.00	5,024,621,746	35.15%
1,572,433,810	10.00	4,312,004,698	36.47%
1,527,043,290	10.00	4,338,553,268	35.20%

CITY OF DAYTON, OHIO

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

	Direct 10 Mill Limitation (By Ohio Constitution)					By November 6, 1945 Charter Amendment		
Fiscal Year	Debt Service Fund	Judgement Trust Fund	Street Maintenance Fund	Total	Capital Improvement Fund	Debt Service Fund	General	Total
				Montgomery County				
2003	0.15	-	1.35	1.50	1.70	1.80	5.00	8.50
2004	1.17	-	0.33	1.50	-	3.50	5.00	8.50
2005	1.17	-	0.33	1.50	-	3.50	5.00	8.50
2006	0.40	-	-	0.40	-	4.60	5.00	9.60
2007	0.40	-	-	0.40	-	4.60	5.00	9.60
2008	0.40	-	-	0.40	-	4.60	5.00	9.60
2009	0.40	-	-	0.40	-	4.60	5.00	9.60
2010	0.40	-	-	0.40	-	4.60	5.00	9.60
2011	0.40	-	-	0.40	-	4.60	5.00	9.60
2012	0.40	-	-	0.40	-	4.80	4.80	9.60

(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 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. The 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.

Source: County Auditor; Montgomery County, Ohio

City of Dayton

Grand Total (1)	Dayton City School District	Montgomery County	Montgomery County Public Library
10.00	70.85	17.24	0.26
10.00	70.85	18.24	0.26
10.00	70.85	18.24	0.26
10.00	70.85	18.24	1.25
10.00	70.85	20.25	1.25
10.00	75.75	20.94	1.25
10.00	75.75	20.94	1.75
10.00	76.52	20.94	1.75
10.00	77.52	20.94	1.75
10.00	79.85	20.94	3.31

CITY OF DAYTON, OHIO

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2012			Fiscal Year 2003		
Taxpayer	Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Dayton Power and Light Company	$ 74,589,670	1	4.88%	$ 45,621,640	1	2.99%
Vectren Energy Delivery	10,576,700	2	0.69%			
KND Real Estate 29 LLC	5,646,100	3	0.37%			
Marriot International	5,238,110	4	0.34%	8,461,750	9	0.55%
Miami Valley Hospital	5,041,000	5	0.33%			
DUCRU SPE LLC	4,734,550	6	0.31%			
Titan Loan Investment Fund LP	4,022,480	7	0.26%			
Cloud Park Apartment	3,845,320	8	0.25%			
Cargill Inc.	3,374,680	9	0.22%			
Woodman Park Apartments, LLC	3,173,540	10	0.21%			
NCR				28,114,810	2	1.84%
Ohio Bell Telephone Company				26,669,450	3	1.75%
Delphi Automotive Systems Corporation				23,780,650	4	1.56%
Arts Center Foundation				16,082,190	5	1.05%
General Motors				12,663,920	6	0.83%
Behr Dayton Thermal				10,842,360	7	0.71%
Dayton Heart Hospital				10,084,050	8	0.66%
Standard Register				7,446,270	10	0.49%
Total	$ 120,242,150		7.86%	$ 189,767,090		12.43%

Source: County Auditor; Montgomery, County, Ohio

CITY OF DAYTON, OHIO

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Current Assements Due (1) (3)	Current Assessment Collected (1)	Percent of Current Collections to Current Assessments	Delinquent Assessments Collected	Total Assessments Collected	Percent of Total Assessments Collected to Current Due (2)
2003	1,720,310	1,198,753	69.68%	238,209	1,436,962	83.53%
2004	1,814,540	1,250,199	68.90%	158,459	1,408,658	77.63%
2005	1,838,846	763,031	41.50%	138,406	901,437	49.02%
2006	2,439,603	1,529,084	62.68%	741,577	2,270,661	93.08%
2007	2,339,548	2,023,233	86.48%	815,408	2,838,641	121.33%
2008	3,065,046	2,195,831	71.64%	419,295	2,615,126	85.32%
2009	3,404,912	1,829,865	53.74%	330,272	2,160,137	63.44%
2010	3,599,298	1,799,212	49.99%	260,117	2,059,329	57.21%
2011	4,432,302	2,280,991	51.46%	302,809	2,583,800	58.29%
2012	6,257,674	2,027,236	32.40%	277,857	2,305,093	36.84%

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

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

(3) Current Assessments Due increased in 2012 as a result of weed, nuisance and delinquent utility 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

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities							
Fiscal Year	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Ohio Department of Development Loan	Capital Lease Obligations	General Obligation Notes	OPWC Loans	Special Assessment Notes
2003	58,635,798	11,790,000	1,095,285	-	332,660	8,250,000	-	48,130
2004	62,429,997	11,385,000	1,244,721	-	3,730,742	-	-	52,688
2005	54,962,646	10,955,000	977,100	-	3,255,561	-	-	-
2006	49,727,772	9,500,000	753,500	-	2,612,121	-	-	-
2007	54,900,224	9,015,000	555,600	-	1,995,000	-	-	-
2008	49,441,334	40,500,000	409,600	-	1,494,000	-	208,176	-
2009	56,284,054	39,925,000	299,500	-	-	-	197,334	-
2010	52,818,927	40,650,000	211,800	2,860,000	-	-	175,161	-
2011	46,884,969	38,780,000	136,900	2,860,000	-	-	152,317	-
2012	44,993,429	32,235,000	63,100	2,860,000	-	-	128,782	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Dayton financial records

(1) Source: Bureau of Economic Analysis, US Department of Commerce. Personal Income for 2011 and 2012 are not available.

Business-Type Activities									
General Obligation Bonds	Revenue Bonds	OWDA Loans	OPWC Loans	Capital Lease Obligations	General Obligation Notes	Total Primary Government	Personal Income (1)	Percentage of Personal Income	Per Capita
3,104,190	89,345,000	27,401,011	850,000	110,127	4,850,000	205,812,201	25,525,598,000	0.81%	1,272
2,640,003	81,455,000	24,539,685	800,000	-	9,350,000	197,627,836	25,935,393,000	0.76%	1,233
2,292,354	80,210,000	21,005,877	750,000	132,516	6,675,000	181,216,054	26,452,240,000	0.69%	1,131
2,087,228	70,730,000	17,624,367	700,000	67,630	6,715,000	160,517,618	27,693,775,000	0.58%	1,010
1,874,776	39,185,000	15,055,215	650,000	-	3,285,000	126,515,815	28,596,630,000	0.44%	796
1,653,666	38,095,000	11,774,364	600,000	-	1,885,000	146,061,140	29,736,127,000	0.49%	932
12,195,946	36,980,000	11,118,492	550,000	-	485,000	158,035,326	29,436,435,000	0.54%	1,025
11,591,073	35,825,000	10,437,177	500,000	-	-	155,069,138	30,220,395,000	0.51%	1,094
10,860,031	34,625,000	9,888,914	450,000	-	-	144,638,131	N/A	N/A	1,020
41,031,571	33,380,000	9,175,000	400,000	-	-	164,266,882	N/A	N/A	1,159

CITY OF DAYTON, OHIO

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2003	2004	2005	2006
Assesed Value (2)	$ 2,043,685,740	$ 2,055,906,827	$ 2,105,757,362	$ 2,033,480,441
Legal debt margin:				
Debt limitation - 10.5% of Assesed Value	214,587,003	215,870,217	221,104,523	213,515,446
Total Voted and Unvoted Debt Outstanding	202,589,607	193,897,094	176,184,321	157,837,860
Less: Exempt Debt				
Airport General Obligation Bonds and Notes	(4,850,000)	(9,350,000)	(6,675,000)	(6,715,000)
Waterworks Revenue Bonds (1)	(21,839,200)	(5,235,650)	(10,927,100)	(5,133,550)
Water General Obligation Bonds (3)	-	-	-	-
Sewer General Obligation Bonds (3)	-	-	-	-
Ohio Water Development Authority Loan	(27,401,011)	(24,539,685)	(21,005,877)	(17,624,365)
Ohio Department of Development Loan	-	-	-	-
Ohio Public Works Commission Loan	(850,000)	(800,000)	(750,000)	(700,000)
Airport Revenue Bonds (1)	(64,951,733)	(62,645,625)	(67,639,245)	(64,350,209)
Special Assessment Bonds and Notes	(1,143,415)	(1,297,409)	(977,100)	(753,500)
Capital Facilities and Various Purpose Income Tax Bonds	(51,810,798)	(57,034,997)	(35,962,645)	(31,974,008)
Economic Development Bonds	(11,790,000)	(11,385,000)	(10,955,000)	(9,500,000)
Golf Renovation General Obligation Bonds	(3,104,190)	(2,640,003)	(2,292,354)	(2,087,228)
Total Exempt Debt	(187,740,347)	(174,928,369)	(157,184,321)	(138,837,860)
Total Debt Applicable to Limitation - Within 10.5% Limitations	14,849,260	18,968,725	19,000,000	19,000,000
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	(8,872,909)	(6,895,689)	(5,435,549)	(7,777,979)
Net Debt Within 10.5% Limitation	5,976,351	12,073,036	13,564,451	11,222,021
Overall Debt Margin Within 10.5% Limitations	$ 208,610,652	$ 203,797,181	$ 207,540,072	$ 202,293,425
Unvoted Debt Limitation - 5.5% of Assessed Valuation	$ 112,402,716	$ 113,074,875	$ 115,816,655	$ 111,841,424
Debt Within 5.5% Limitations	14,849,260	18,968,725	19,000,000	19,000,000
Less Amount Available in Debt Service Fund	(8,872,909)	(6,895,689)	(5,435,549)	(7,777,979)
Net Debt Within 5.5% Limitation	5,976,351	12,073,036	13,564,451	11,222,021
Unvoted Debt Margin Within 5.5% Limitation	$ 106,426,365	$ 101,001,839	$ 102,252,204	$ 100,619,403

Source: City of Dayton financial records

(1) Airport and Waterworks revenue bonds are shown on the balance sheet net of a discount and unamortized deferred charges. For 2012, this amount was $114,409.

(2) Assessed valutions have been revised to agree with the assessed valution by each tax year as provided by the Montgomery County Auditor.

(3) Water and Sewer general obligation bonds are exempt debt.

2007	2008	2009	2010	2011	2012
$ 1,948,345,053	$ 1,820,597,490	$ 1,786,715,860	$ 1,766,330,350	$ 1,572,433,810	$ 1,527,043,290
204,576,231	191,162,736	187,605,165	185,464,687	165,105,550	160,339,545
124,821,234	144,393,875	158,035,326	155,069,138	144,638,131	164,266,882
(3,430,000)	(1,885,000)	(11,305,000)	(10,470,000)	(10,115,000)	(9,750,000)
-	-	-	-	-	-
-	-	-	-	-	(15,300,000)
-	-	-	-	-	(15,600,000)
(15,055,215)	(11,774,364)	(11,118,492)	(10,437,177)	(9,888,914)	(9,175,000)
-	-	-	(2,860,000)	(2,860,000)	(2,860,000)
(650,000)	(808,176)	(747,334)	(675,161)	(602,317)	(528,782)
(39,007,904)	(37,921,735)	(36,810,567)	(35,659,399)	(34,462,592)	(33,265,591)
(555,600)	(409,600)	(299,500)	(211,800)	(136,900)	(63,100)
(23,705,224)	(20,841,334)	(20,910,943)	(17,107,699)	(12,470,000)	(10,145,000)
(9,015,000)	(40,500,000)	(39,925,000)	(40,650,000)	(38,780,000)	(32,235,000)
(1,874,776)	(1,653,666)	(1,375,946)	(1,121,073)	(745,031)	(381,571)
(93,293,719)	(115,793,875)	(122,492,782)	(119,192,309)	(110,060,754)	(129,304,044)
31,527,515	28,600,000	35,542,544	35,876,829	34,577,377	34,962,838
(16,499,004)	(15,943,399)	(15,536,249)	(17,092,706)	(14,927,743)	(10,776,956)
15,028,511	12,656,601	20,006,295	18,784,123	19,649,634	24,185,882
$ 189,547,720	$ 178,506,135	$ 167,598,870	$ 166,680,564	$ 145,455,916	$ 136,153,663
$ 107,158,978	$ 100,132,862	$ 98,269,372	$ 97,148,169	$ 86,483,860	$ 83,987,381
31,527,515	28,600,000	35,542,544	35,876,829	34,577,377	34,962,838
(16,499,004)	(15,943,399)	(15,536,249)	(17,092,706)	(14,927,743)	(10,776,956)
15,028,511	12,656,601	20,006,295	18,784,123	19,649,634	24,185,882
$ 92,130,467	$ 87,476,261	$ 78,263,077	$ 78,364,046	$ 66,834,226	$ 59,801,499

CITY OF DAYTON, OHIO

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

Fiscal Year	Population (3)	Assessed value (2)	Gross general bonded debt (1)	Less: Amounts available in Debt Service Fund (4)	Net general bonded debt (1)	Ratio of net general bonded debt to assessed value	Net general bonded debt per capita
2003	161,832	2,043,685,740	66,885,798	8,872,909	58,012,889	2.84%	$ 358
2004	160,293	2,055,906,827	62,429,997	6,895,689	55,534,308	2.70%	$ 346
2005	160,293	2,105,757,362	54,962,646	5,435,549	49,527,097	2.35%	$ 309
2006	158,873	2,033,480,441	49,727,772	7,777,979	41,949,793	2.06%	$ 264
2007	158,873	1,948,345,053	54,900,224	11,950,293	42,949,931	2.20%	$ 270
2008	156,771	1,820,597,490	49,441,334	15,943,399	33,497,935	1.84%	$ 214
2009	154,200	1,786,715,860	56,284,054	15,536,249	40,747,805	2.28%	$ 264
2010	141,759	1,766,330,350	52,818,927	17,092,706	35,726,221	2.02%	$ 252
2011	141,759	1,572,433,810	46,884,969	14,927,743	31,957,226	2.03%	$ 225
2012	141,759	1,527,043,290	44,993,429	9,583,585	35,409,844	2.32%	$ 250

(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, advances or loans receivable).

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

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

(4) Debt Service Fund fund balance does not include reserve for encumbrances, advances or loans receivable

CITY OF DAYTON, OHIO

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total debt service	Total general governmenal expenditures	Ratio of debt service to total general governmental expenditures
2003	7,350,552	3,430,374	10,780,926	219,165,940	4.92%
2004	9,228,813	3,962,946	13,191,759	219,044,970	6.02%
2005	8,774,552	3,097,330	11,871,882	217,938,511	5.45%
2006	7,480,101	3,076,308	10,556,409	217,667,323	4.85%
2007	5,789,851	2,884,154	8,674,005	234,019,644	3.71%
2008	6,652,464	4,707,848	11,360,312	234,943,818	4.84%
2009	8,047,222	3,557,790	11,605,012	244,189,072	4.75%
2010	8,030,000	3,828,281	11,858,281	230,208,664	5.15%
2011	9,516,702	4,401,891	13,918,593	217,375,775	6.40%
2012	9,918,875	2,785,143	12,704,018	214,804,403	5.91%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2012

Debt of the City, authorized by the Council but not by a vote of the electors, is subject to overlapping restrictions with each respective county and school district. Limitations apply to each county total and should not be considered cumulatively. Total debt service charges for and one year of all overlapping debt must not exceed ten mills (1%) of the assessed property value. This determination is made by the respective county auditors each time a subdivision proposes to issue unvoted debt. The most recent data prepared by the county auditors for this purpose is as of December 31, 2012.

Political subdivision of State of Ohio	Net General Bonded Debt	Percentage applicable to Dayton	Amount applicable to Dayton
Direct			
City of Dayton	$ 35,409,844	100.00%	$ 35,409,844
Total Direct Debt	35,409,844		35,409,844
Overlapping			
Montgomery County	54,269,980	16.34%	8,867,715
Dayton City School District	194,195,000	99.03%	192,311,309
Miami Valley Career Center	6,615,000	2.40%	158,760
Greene County Career Center	116,668	0.59%	688
Vandalia Butler City School District	48,279,309	2.37%	1,144,220
Mad River Local School District	9,935,000	22.50%	2,235,375
Huber Heights City School District	77,255,000	11.78%	9,100,639
Trotwood-Madison City School District	29,849,987	3.36%	1,002,960
Fairborn City School District	13,284,987	3.78%	502,173
Northridge Local School District	5,270,000	28.97%	1,526,719
Total Overlapping Debt	439,070,931		216,850,556
Total Direct and Overlapping Debt	$ 474,480,775		$ 252,260,400

Source: County Auditor; Montgomery County, Ohio and Ohio Municipal Advisory Council (OMAC)

CITY OF DAYTON, OHIO

SEWER DEBT LOAN PLEDGED REVENUE COVERAGE
OHIO WATER DEVELOPMENT AUTHORITY LOAN
LAST TEN FISCAL YEARS

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2003	7,463,816	3,481,730	1,624,473	5,106,203	1.46
2004	7,869,180	3,264,332	1,562,095	4,826,427	1.63
2005	7,965,366	3,483,808	1,333,562	4,817,370	1.65
2006	7,947,706	3,381,510	1,101,749	4,483,259	1.77
2007	8,480,924	3,257,274	882,616	4,139,890	2.05
2008	7,661,321	3,280,851	675,575	3,956,426	1.94
2009	7,262,150	655,872	463,620	1,119,492	6.49
2010	9,596,696	681,315	438,177	1,119,492	8.57
2011	7,850,586	548,263	406,141	954,404	8.23
2012	10,831,537	713,914	373,672	1,087,586	9.96

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

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

DAYTON INTERNATIONAL AIRPORT ENTERPRISE REVENUE BOND COVERAGE
DAYTON INTERNATIONAL AIRPORT REVENUE REFUNDING BOND SERIES
LAST TEN FISCAL YEARS

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements (2)			Coverage
		Principal	Interest	Total	
2003	17,489,400	1,275,000	1,206,507	2,481,507	7.05
2004	14,839,413	2,485,000	3,357,370	5,842,370	2.54
2005	12,196,929	3,005,000	3,085,715	6,090,715	2.00
2006	16,742,217	3,630,000	2,813,589	6,443,589	2.60
2007	16,112,888	3,750,000	3,062,695	6,812,695	2.37
2008	11,735,966	1,090,000	1,894,488	2,984,488	3.93
2009	6,230,427	1,115,000	1,860,958	2,975,958	2.09
2010	10,544,858	1,155,000	1,823,404	2,978,404	3.54
2011	13,284,695	1,200,000	1,780,969	2,980,969	4.46
2012	9,162,019	1,245,000	1,733,902	2,978,902	3.08

(1) Net Revenue Available for Debt Service is computed by adding operating income (loss) for the reporting period to depreciation expense and interest revenue. Also included in this calculation is the portion of Passenger Facility Charges (PFC) which were used for payment of debt service charges and all Customer Facility Charges (CFC). For 2007 and 2008, no PFC were used for payment of debt service charges. In 2012, bond proceeds of $2,591,965 were included, as the project was completed and excess proceeds were used for debt service.

(2) Debt service requirements are exclusive of refunding transactions and additional principal payments made to retire bonds.

(3) Debt service requirements are exclusive of refunding transactions and additional principal payments made to retire bonds.
Source: City of Dayton financial records

CITY OF DAYTON, OHIO

BUSINESS INDICATORS
LAST TEN FISCAL YEARS

Year	Square Mile Area City of Dayton Year End (1)	Air Passengers (2)	Scheduled Airline Freight (2)
2003	56 (+/-)	2,603,129	360,796
2004	56 (+/-)	2,874,386	369,429
2005	56 (+/-)	2,438,210	370,329
2006	56 (+/-)	2,607,167	166,613
2007	56 (+/-)	2,833,081	10,455
2008	56 (+/-)	2,928,018	9,471
2009	56 (+/-)	2,506,271	10,388
2010	56 (+/-)	2,526,839	8,092
2011	56 (+/-)	2,528,856	8,549
2012	56 (+/-)	2,607,528	10,069

Year	Active Gas Meters (3)	Vehicle Registrations (4)
2003	83,065	N/A
2004	83,115	131,096
2005	84,458	120,623
2006	88,573	130,190
2007	81,606	123,640
2008	80,900	106,186
2009	80,233	102,921
2010	79,508	122,513
2011	78,753	123,008
2012	78,140	122,573

Source:
1 Square Miles for City of Dayton - Division of Planning, City of Dayton
2 Dayton International Airport
3 Vectren
4 Bureau of Motor Vehicles

CITY OF DAYTON, OHIO

GROWTH IN LAND AREA
SELECTED YEARS

Year	Square miles at December 31
1955	27
1960	34
1965	36
1970	40
1975	43
1980	54
1985	55
1990	55
1995	56
2000	56
2005	56
2010	56.5
2011	56.5
2012	56.5

Source: Division of Planning City of Dayton

CITY OF DAYTON, OHIO

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2012			Fiscal Year 2003		
Employer	Employees	Rank	Percentage of Total Dayton Labor Force	Employees	Rank	Percentage of Total Dayton Labor Force
Premier Health Partners (1)	14,548	1	24.43%			
Kettering Health Network (2)	5,496	2	9.23%			
Montgomery County	4,363	3	7.33%	3,600	4	6.04%
Sinclair Community College	2,726	4	4.58%	2,500	8	4.20%
Dayton Public Schools	2,574	5	4.32%	3,750	2	6.30%
University of Dayton	2,243	6	3.77%	2,800	6	4.70%
Veterans Administration	2,002	7	3.36%			
City of Dayton	1,922	8	3.23%	2,600	7	4.37%
Childrens Medical Hospital	1,488	9	2.50%			
BEHR Dayton Thermal	1,150	10	1.93%	2,000	10	3.36%
Miami Valley Hospital				5,800	1	9.74%
Delphi Automotive Systems Corporation				3,700	3	6.21%
Good Samaritan Hospital				3,100	5	5.21%
AT&T				2,400	9	4.03%
Total	38,512		64.66%	32,250		54.16%

Source: Dayton Business Journal

(1) Premier Health Partners includes Miami Valley Hospital and Good Samaritan Hosptial

(2) Kettering Health Network includes Grandview Hospital

CITY OF DAYTON, OHIO

ESTIMATED CIVILIAN LABOR FORCE
AND ANNUAL AVERAGE UNEMPLOYMENT RATES
LAST TEN FISCAL YEARS

	Montgomery County		Dayton		Ohio		U.S.
Year	Labor Force	Unemployment rate	Labor force	Unemployment rate	Labor force	Umployment rate	Unemployment rate
2003	276,000	6.50%	72,500	7.60%	5,866,800	5.50%	6.20%
2004	273,300	6.60%	71,600	8.00%	5,875,300	7.10%	6.20%
2005	272,200	6.40%	71,200	7.60%	5,900,400	7.60%	5.90%
2006	271,900	6.05%	71,000	8.30%	5,839,200	5.37%	4.60%
2007	275,200	6.20%	71,500	7.20%	5,976,500	5.60%	4.60%
2008	270,500	8.40%	70,000	9.40%	5,954,200	7.60%	5.80%
2009	267,234	11.40%	69,188	12.60%	5,970,188	10.20%	9.30%
2010	261,705	10.10%	67,763	11.30%	5,897,559	10.10%	9.60%
2011	257,589	9.40%	61,108	11.00%	5,806,467	8.60%	8.90%
2012	252,888	7.00%	59,558	7.90%	5,747,885	7.20%	8.10%

Source: Ohio Workforce Informer

CITY OF DAYTON, OHIO

ESTIMATED PER CAPITA INCOME AND PERSONAL INCOME
LAST TEN FISCAL YEARS

	Dayton (MSA)			Montgomery County		Ohio		United States
Year	Per capita income	% of national average	Total personal income	Per capita income	% of national average	Per capita income	% of national average	Per capita income
2003	30,385	96.51%	$ 4,917,265,320	30,784	97.78%	29,954	95.14%	31,484
2004	31,387	94.97%	$ 5,031,116,391	31,773	96.14%	31,161	94.28%	33,050
2005	31,792	92.16%	$ 5,096,035,056	32,133	93.15%	31,867	92.38%	34,495
2006	33,195	90.42%	$ 5,273,789,235	33,658	91.68%	33,320	90.76%	36,714
2007	34,314	88.87%	$ 5,451,568,122	34,732	89.95%	34,874	90.32%	38,611
2008	34,724	87.35%	$ 5,443,716,204	34,715	87.33%	35,511	89.33%	39,751
2009	34,943	89.28%	$ 5,388,210,600	35,669	91.14%	35,381	90.40%	39,138
2010	35,886	88.42%	$ 5,078,837,922	36,302	89.45%	36,395	89.68%	40,584
2011	37,410	89.79%	$ 5,294,525,070	37,684	90.45%	37,791	90.71%	41,663
2012	N/A	N/A	N/A	N/A	N/A	39,289	92.03%	42,693

Source: Bureau of Economic Analysis

N/A - Information not available

CITY OF DAYTON, OHIO

DAYTON METROPOLITAN STATISTICAL AREA EMPLOYMENT (1)
NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT IN SELECTED INDUSTRIES (2)
LAST TEN FISCAL YEARS
(IN THOUSANDS, EXCEPT PERCENT)

Industry	2003	2004	2005	2006	2007	2008
Total	**415.5**	**411.8**	**409.4**	**408.2**	**408.2**	**396.2**
Goods-Producing Industries	**78.3**	**75.4**	**73.8**	**71.7**	**67.8**	**60.6**
Natural Resources, Mining and Construction	15.2	15.6	15.4	15.2	14.7	13.7
Manufacturing	63.1	59.9	58.4	56.5	53.1	46.9
Service-Providing Industries	**337.2**	**336.4**	**335.7**	**336.5**	**335.6**	**335.6**
Trade, Transportation, and Utilities	72.6	71.6	71.1	70.0	68.7	67.0
Information	11.4	11.1	11.1	10.6	10.9	12.1
Financial Activies	18.8	19.0	19.0	20.1	20.1	18.6
Professional and Business Services	53.9	53.2	52.3	52.3	52.2	51.7
Educational and Health Services	61.7	62.5	63.7	64.7	65.8	68.9
Leisure and Hospitality	36.5	37.1	37.3	37.8	37.3	37.2
Other Services	16.8	16.7	16.7	16.4	16.0	15.5
Government	65.4	65.1	64.5	64.8	64.5	64.6

(1) Dayton Metropolitan Statistical Area includes Greene, Miami, Montgomery, and Preble Counties.

(2) Nonagricultural employment excludes farm workers, proprietors, the self-employed, unpaid family workers, and domestic workers.

Source: Bureau of Labor Market Information and Ohio Department of Job and Family Services

2009	2010	2011	2012	Percentage of Total 2012 employment
372.6	**370**	**376.1**	**378.1**	**100.00%**
50.6	**49.4**	**51.2**	**52.6**	**13.91%**
11.6	10.9	11.1	11.4	3.02%
39.0	38.5	40.1	41.2	10.90%
322.0	**320.1**	**324.9**	**325.5**	**86.09%**
63.1	61.4	62.4	64.6	17.09%
11.0	10.5	9.8	8.9	2.35%
16.8	16.5	17.0	17.3	4.58%
45.5	45.6	48.3	48.7	12.88%
68.7	69.0	69.9	70.2	18.55%
36.3	36.2	37.0	37.1	9.81%
14.9	15.2	15.1	14.7	3.89%
65.6	65.6	65.4	64.0	16.91%

CITY OF DAYTON, OHIO

FULL TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2003	2004	2005	2006	2007 (1)	2008	2009	2010 (2)	2011	2012
Governmental activities:										
Downtown	28	34	34	29	36	34	32	16	15	14
Youth, education and human services	4	4	3	3	4	1	1	-	1	1
Community development and neighbors	184	174	174	168	131	139	170	132	136	134
Economic development	33	40	40	39	45	43	42	35	33	26
Leadership and quality of life	317	317	299	281	421	368	251	143	184	178
Corporate responsibility	172	160	169	164	187	178	163	137	133	134
Public safety and justice	1,134	1,098	1,056	1,072	1,134	1,118	1,056	943	863	866
Business-type activities:										
Dayton International Airport	193	187	178	175	180	160	145	128	133	138
Water	273	268	253	242	257	260	267	245	237	218
Sewer	129	124	122	120	142	134	141	113	110	109
Golf	24	17	17	19	86	70	66	15	16	15
Storm Sewer	147	138	124	124	144	143	134	89	89	89
Total Full-Time Equivalent (FTE)	2,638	2,561	2,469	2,436	2,767	2,648	2,468	1,996	1,950	1,922

Source: City of Dayton ITS and Manangement & Budget

(1) - Starting in 2007 the City included both Fulltime and Parttime employees in the calculation so that the total would match the number of employees on record.
(2) - 2010 represents current employment at year-end

CITY OF DAYTON, OHIO

SCHOOL ENROLLMENT TRENDS IN MONTGOMERY COUNTY
LAST TEN FISCAL YEARS

Year	The University of Dayton (1)	Wright State University (2)	Sinclair Community College (3)	Total Colleges/ Universities	Dayton Public Schools (4)
2003	10,284	16,729	23,588	50,601	17,170
2004	10,495	16,944	23,241	50,680	19,829
2005	10,569	17,074	22,555	50,198	15,972
2006	10,503	16,870	22,786	50,159	17,054
2007	10,395	16,913	22,443	49,751	14,963
2008	10,920	17,662	23,259	51,841	14,486
2009	10,908	17,558	25,249	53,715	14,939
2010	11,214	18,447	25,942	55,603	15,122
2011	10,776	18,304	25,223	54,303	15,166
2012	11,186	17,789	23,641	52,616	14,515

Source: (1) University of Dayton, Registrar's Office
(2) Wright State University, Budget Planning & Resource Analysis
(3) Sinclair Community College, Institute of Planning & Research
(4) Dayton City School District PK - 12

CITY OF DAYTON, OHIO

CITY OF DAYTON AND
MONTGOMERY COUNTY, OHIO
LAND AREA
DECEMBER 31, 2012

Jurisdiction	Square Miles
Dayton	56
Less portion outside of Montgomery County	
Other incorporated areas in Montgomery County excluding Dayton	174
Unincorporated Townships within Montgomery County	233
Total approximate area of Montgomery County	463

Source: Division of Planning City of Dayton (County Land Records)

CITY OF DAYTON, OHIO

BUILDING PERMITS ISSUED
LAST TEN FISCAL YEARS

Year	New Construction	
	Permits issued (1)	Valuation (1)
2003	1,407	133,241,900
2004	1,020	174,560,405
2005	957	135,844,107
2006	948	106,199,962
2007	843	135,523,498
2008	757	76,613,598
2009	793	111,538,280
2010	627	61,926,890
2011	624	76,837,017
2012	976	110,167,787

Source: (1) City of Dayton Divison of Business Services, Permit Section

CITY OF DAYTON, OHIO

AVERAGE COST OF HOUSING CONSTRUCTION
LAST TEN FISCAL YEARS

Year	Units	Total Permit Value	Single-family average structure cost	% Change from previous year	% Change from 2003
2003	277	29,435,199	106,264	3.46%	3.46%
2004	185	21,928,258	118,531	11.54%	11.54%
2005	215	25,306,493	117,705	-0.70%	10.77%
2006	186	19,292,702	103,724	-11.88%	-2.39%
2007	134	12,431,781	92,774	-10.56%	-12.69%
2008	150	11,491,562	76,610	-17.42%	-27.91%
2009	123	11,114,593	90,363	17.95%	-14.96%
2010	27	3,823,530	141,612	56.72%	33.26%
2011	90	9,516,794	105,742	17.02%	-0.49%
2012	153	13,518,608	88,357	-16.44%	-16.85%

Source: Census Bureau

CITY OF DAYTON, OHIO

OPERATING INDICATORS AND CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Service										
Highways and Streets										
Streets (miles)	855	855	855	967	969	1,718	1,718	1,718	1,718	1,718
Streetlights	19,356	21,292	23,421	18,650	18,650	20,163	20,163	20,252	20,235	20,391
Traffic Signals	N/A	N/A	N/A	325	325	325	325	325	313	313
Computerized Signals	N/A	N/A	N/A	178	225	275	275	275	275	275
Public Safety										
Police										
Headquarters	1	1	1	1	1	1	1	1	1	1
Training Academy	1	1	1	1	1	1	1	1	1	1
Number of Districts	5	5	5	5	5	5	5	5	5	5
Number of Employees	464	439	414	506	512	505	474	455	385	413
Fire										
Headquarters	1	1	1	1	1	1	1	1	1	1
Training Academy	1	1	1	1	1	1	1	1	1	1
Fire Stations	13	13	12	12	12	12	12	12	12	12
Number of Employees	379	376	366	385	383	379	346	341	332	308
City Fleet (public safety)										
Fire	N/A	N/A	N/A	101	99	96	97	94	99	108
Police	405	402	393	288	354	354	307	320	324	314
Recreation and parks										
Parks Acreage	1,400	1,400	1,400	1,389	1,389	1,389	1,374	1,374	1,374	1,374
Playgrounds	49	49	49	49	49	49	42	42	42	42
Total Facilities *	185	188	182	186	221	205	184	181	181	180
Parks	72	72	72	72	72	62	60	60	60	60
Swimming Pools	16	19	14	19	8	3	4	5	4	4
Tennis Courts	22	22	22	22	65	65	63	63	63	63
Community Centers	11	11	10	9	2	2	-	3	3	3
Senior Centers	2	2	2	2	1	1	1	1	-	-
Athletic Complexes	2	2	2	2	2	2	2	2	2	2
Specialized Facilities	4	4	4	4	1	1	-	-	-	-
Shelter Houses	53	53	53	53	53	53	37	37	37	37
Golf Courses	3	3	3	3	3	3	3	3	3	3
Spray Park Facilities	N/A	N/A	N/A	N/A	7	7	6	6	7	7
Recreation Centers	N/A	N/A	N/A	N/A	4	4	5	-	-	-
Cultural Centers	N/A	N/A	N/A	N/A	2	1	2	-	1	1
Teen Centers	N/A	N/A	N/A	N/A	1	1	1	1	1	-
Water										
Water Mains (miles)	800.00	791.00	799.00	800.28	803.07	803.33	804.29	806.12	807.03	806.61
Maximum Daily Capacity (millions of gallons)	72.35	51.85	51.30	50.30	51.60	46.53	43.79	43.82	43.21	44.30
Sewer										
Sanitary Sewers (miles)	650.00	600.00	600.00	601.28	601.39	602.85	603.11	603.05	603.18	603.27
Storm Sewers (miles)	600.00	400.00	401.00	402.28	402.85	403.35	403.61	403.62	403.67	403.67
Maximum Daily Capacity (millions of gallons)	37.43	36.64	36.03	37.56	35.97	35.06	32.61	33.72	33.03	29.80

Source: Various Departments, City of Dayton

* 2008-2012 Recreation facilities include only those that were operational in a calendar year

N/A - Information not available

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Dave Yost • Auditor of State

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 15, 2013

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
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