

CITY OF DAYTON, OHIO



Single Audit Reports

December 31, 2013



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, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 24, 2014

CITY OF DAYTON, OHIO
 SCHEDULE OF FEDERAL EXPENDITURES
 for the year ended December 31, 2013

Grantor Agency/Programs	CFDA Number	Project Number	Federal Expenditures
<u>U.S. Dept. of Housing and Urban Development</u>			
Community Development Block Grants/Entitlements Grants	14.218	B-11-MC-39-0010	988,443
		B-11-MN-39-0006	1,242,261
		B-08-MN-39-0006	157,457
		B-12-MC-39-0010/B-13-MC-39-0010	4,123,027
Subtotal			6,511,188
CDBG - State Program and Non-Entitlement Grant	14.228	A-Z-08-268-1	134,777
Shelter Plus Care Grants	14.238	OH-0396-C-5-E-051101	45,145
		OH-16-C-40-5001	537,738
		OH-0137-C-5-E-051104	204,332
		OH-0284-C-5-E-051103	153,584
		OH-0313-C-5-E-050900	62,738
		OH-0284-L-5-E-051204	1,644,261
		OH-0396-L-E-051202	42,320
		OH-0396-L-5-E-051202	144,968
Subtotal			2,835,086
HOME Investment Partnerships Program	14.239	M-07-MC-39-0205	1,055,800
		M-08-DC-39-0205	39,413
		M-09-DC-39-0205	159,286
		M-10-MC-39-0205	349,200
		M-12-DC-39-0205	49,529
Subtotal			1,653,228
Neighborhood Stabilization Program - ARRA	14.256	B-09-CN-OH-0029	2,270,585
Fair Housing Assistance Programs	14.401	FF-205-K-04-5019	34,890
		FF-205-K-11-5019	254,476
Subtotal			289,366
Total U.S. Department of Housing and Urban Development			\$ 13,694,230
<u>U.S. Department of Justice</u>			
Public Safety Partnership and Community Policing Grants - ARRA	16.710	2009-RJ-WX-0066	767,316
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-JG-D01-6530	30,352
		2012-DJ-BX-1236	155,974
Subtotal			186,326
Prosecutor's Victim/ Witness 97	16.575	2013VAGENE500	43,369
Project Safe Neighborhoods	16.609	2010-PS-PSN-301	8,202
Community Initiative Reduce Gun Violence	16.753	2010-DD-BX-0550	88,763
Federal Law Enforcement RICO	16.000	Form DAG-71	793,512
Total U.S. Department of Justice			\$ 1,887,488
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	3-39-0029-7009	15,519
		3-39-0030-1210	7,934
		3-39-0029-7411	602,866
		3-39-0029-7512	584,914
		3-39-0029-7712	3,895,114
		3-39-0029-7812	1,394,403
		3-39-0030-1412	128,596
		3-39-0029-7612	76,520
		3-39-0029-7912	208,052
		3-39-0029-8013	577,089
Subtotal			7,491,007
Rail Line Improvement	20.320	Agreement# 17417-ODOT	25,000

Federal Transit Administration - Formula Grants	20.507	2002-11-1	4,611
		City Wide Bus Pad Installation	375,897
Subtotal			<u>380,508</u>
2014 Montgomery County OVITF	20.608	OVITF-2014-57-00-00-00422-00	4,762
2013 Construction Zone (Police)		CZ-2013-57-00-00-00481-00	49,978
Subtotal			<u>54,740</u>
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction (Federal-Aid Highway Program) (ODOT)	20.205	PID# 84073 Agreement# 21921	45,186
		PID#84071 Agreement#21923 (ARRA)	57,160
		PID#88215 Agreement# 23592	877,092
		PID# 77860 Agreement# 20700	167,780
		PID# 84074 Agreement# 21920	108,253
		PID# 84072 Agreement# 21922	219,188
		PID# 86321 Agreement# 22818	274,382
		PID# 86322 Agreement# 22816	364,202
		PID # 86323 Agreement# 22817	100,133
		PID# 88214 Agreement# 23720	1,534,251
		PID# 90792 Agreement# 24645	743,156
		PID# 90794 Agreement #24638	102,170
Subtotal			<u>4,592,953</u>
<i>Passed through Ohio Department of Public Safety</i>			
<u>Highway Safety Cluster</u>			
State and Community Highway Safety	20.600	OVITF-2013-57-00-00-00313-00	80,634
		HVEO-2013-57-00-00-00370-00	29,669
		HVEO-2014-57-00-00-00340-00	1,700
Subtotal			<u>112,003</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	OVITF-2013-57-00-00-00313-00	80,634
		HVEO-2013-57-00-00-00370-00	29,668
		HVEO-2014-57-00-00-00340-00	1,701
Subtotal			<u>112,003</u>
<u>Total Highway Safety Cluster</u>			<u>224,006</u>
Total U.S. Department of Transportation			\$ 12,768,214
<u>U.S. Department of Homeland Security</u>			
Homeland Security Grant Program	97.067	2010-SS-T0-0012	207,544
		EMW-2011-SS-00070	86,428
Subtotal			<u>293,972</u>
<u>Total Homeland Security Cluster</u>			<u>293,972</u>
TSA Airport Checked Baggage Inspection System Program - ARRA	97.117	HSTS04-09-H-REC153	52,061
Total U.S. Department of Homeland Security			\$ 346,033
<u>U.S. Department of Defense</u>			
Procurement Technical Assist. Ctr.	12.002	SP4800-13-2-1377	64,974
Total Department of Defense			\$ 64,974
<u>U.S. Department of Energy</u>			
Energy Efficiency and Conservation Block Grant Programs - ARRA	81.128	DE-SC0003112	18,515
Total U.S. Department of Energy			\$ 18,515
<u>U.S Army Corps of Engineers</u>			
Water Main Improvement	12.xxx	SEC 594 Grant- UD2	120,380
Total of U.S. Army Corps of Engineers			\$ 120,380
Total Expenditures of Federal Awards			\$ 28,899,834

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, 2013

<u>Grantor Agency/Programs</u>	<u>Project Number</u>	<u>PFC Receipts</u>	<u>PFC Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passenger Facility Charges	Applications 4, 5, 6 & 7	\$ 5,395,021	\$ 10,098,145
Interest Earned		15,627	0
Total U.S. Department of Transportation		<u>\$ 5,410,648</u>	<u>\$ 10,098,145</u>

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, 2013

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.

**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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2014. 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 – 2013-1, and 2013-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
June 24, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND SCHEDULE OF PASSENGER FACILITY CHARGES

Members of City Commission
City of Dayton

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 and the Passenger Facility Charge Audit Guide for Public Agencies (the "Guide"), issued by the Federal Aviation Administration, for the City's Passenger Facility Charge ("PFC") Program for the year ended December 31, 2013. 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 and its PFC Program is the responsibility of the City's management.

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 and the PFC 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.

Opinion on Each Major Federal Program

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 major federal programs and its PFC Program for the year ended December 31, 2013.

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 and the PFC 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 over 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.

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 and the PFC Program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and the PFC Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.

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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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 24, 2014, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the CityWide Development Corporation, the City's only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based on the report of the other auditors. 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
June 24, 2014

CITY OF DAYTON, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2013

Section I – Summary of Auditor’s Results

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(ii)</i>	<i>Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any material reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other significant control deficiencies reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under Section .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	CFDA# 14.238 Shelter Plus Care Grants CFDA# 14.239 Home Investment Partnership Program CFDA# 14.256 Neighborhood Stabilization Program - ARRA CFDA# 16.710 Public Safety Partnership - ARRA CFDA# 20.106 Airport Improvement Program
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: \$866,995 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

2013-1—Material Weakness—Controls Related to Financial Reporting

The presentation of financial statements and related footnotes that are free of material misstatement is the responsibility of the City's management. Independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to preparing financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes in a timely manner prior to audit.

Our audit identified misstatements in the City's financial statements that required adjustment in order to present the financial statements in accordance with accounting principles generally accepted in the United States of America. A prior period adjustment is required to properly report the balances of capital assets and loans receivable at December 31, 2012.

Recommendation

Develop a systematic, detailed financial statement preparation and review process to help eliminate audit adjustments.

Management's Response

The City agrees with the adjustments and has procedures in place to prevent issues related to Financial Statement adjustments.

2013-2—Material Weakness—Controls Related to the Judgement Trust Fund

During the course of our audit we identified material weaknesses in Internal Control relating to the Judgement Trust Fund. The material weaknesses identified were the result of improper operations related to:

- Inadequate separation of duties within the Law Department for the management of the funds.
- Executive Secretary managed the fund and was able to process payments. Executive Secretary had access to the claims log.
- Claims log was used to record claims and their resolution.
- No comparison of the fund activity and the claims log had been performed previously.
- Supporting documents were not provided for authorization of payment, nor asked for.

The effect of the above issues is the existence of 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

We recommend the City implement separation of duties, monitoring and oversight procedures and limit access to unauthorized individuals within the Law Department for the management of the Judgement Trust Fund.

Management's Response

The City will implement proper supervisory and approval procedures and separation of duties on all Judgement Trust Fund activities.

Section III – Federal Award Findings and Questioned Costs

None

CITY OF DAYTON, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2013

Summary of Prior Audit Findings and Questioned Costs:

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

During the course of the 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: Fully corrected

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

During the course of the audit, we noted the city charged 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 57-5.10 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.

Status: Fully corrected

2012-3 Finding Type – Material Weakness – Overtime Pay

During the 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 section 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

Status: Fully corrected

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

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.

Status: Fully corrected

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

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.

Status: Fully corrected

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City of *Dayton, Ohio*

Comprehensive Annual Financial Report

January 1, 2013 - December 31, 2013



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Nan Whaley
Mayor



Joey D. Williams
Commissioner



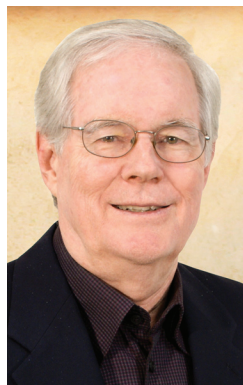
Dean Lovelace
Commissioner



Matt Joseph
Commissioner



Jeffrey Mims
Commissioner



Timothy H. Riordan
City Manager

City of Dayton, Ohio

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City of Dayton, Ohio

Comprehensive Annual Financial Report

January 1 – December 31, 2013

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.

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Introduction

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CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013**

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CITY OF DAYTON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013**

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CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013**

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June 24, 2014

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, 2013.

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 a complete set of audited financial statements within six months of the close of each fiscal year. 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). The GAAP requires 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. As of the 2010 census, the population of Dayton was 141,759. The 2010 census for Montgomery County was 535,153.

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
- Advanced Materials and Manufacturing

The State designated the Dayton region as a Hub of Aerospace Innovation and Opportunity (the "Aerospace Hub"), a job creation and live/work/play strategy. That designation positions the region for near- and long-term growth by building on its historic strengths in aerospace and technology innovation. The Dayton region offers world-class research programs led by State and private universities and advancements by their research staffs. The geography of the Aerospace Hub is a major asset. The Aerospace Hub boundaries include the City's technology-oriented business park called Tech Town, Miami Valley Hospital and the University of Dayton Research Institute. The City and its development partner, CityWide Development Corporation, have invested over \$40 million in the redevelopment of Tech Town, which is a nationally recognized, technology focused, urban office campus. Tech Town is home to a total of 49 companies and employs over 350 citizens. The industry focus includes software development, remote and biochemical sensing, unmanned aircraft systems (UAS), and cyber security. The City's proximity to WPAFB, the largest single-site employer in the State, allows the City to attract businesses that wish to locate near WPAFB.

In 2013, GE Aviation opened the \$51 million GE Aviation Electrical Power Integrated Systems Center on the campus of University of Dayton. In the lab, University of Dayton researchers and students will work side by side with GE Aviation scientists and engineers to create new advanced electrical power technologies such as new power systems for aircraft, longer-range electric cars and smarter utility power grids for more efficient delivery of electricity.

The City is also focused on the healthcare industry whose systems employ approximately 19,900 people as an area of potential growth. The City is served by five acute care hospitals: Dayton Children's Hospital, Miami Valley Hospital, Good Samaritan Hospital, Grandview Medical Center and the U.S. Veterans Affairs Medical Center. These area health and other social service agencies continue to make significant investments in Dayton. Miami Valley Hospital started on the first phase of a \$12 million renovation and expansion project in its emergency department. Goodwill Easter Seals Miami Valley has started work on its new \$14 million human services center on South Main Street. The facility will house 125 employees, and open in late 2014 or early 2015. Southwest Ohio ENT Specialists invested \$1.5 million in its new offices at the Wright Health Building, 1222 S. Patterson Boulevard.

Interest from businesses, organizations and investors has increased — with many projects poised to grow jobs and positively impact the downtown environment in the long and short terms. In 2013, TriComB2B signed a 10-year lease to occupy 18,000 square feet in Performance Place, 109 N. Main St. bringing 31 employees downtown. Midmark Corporation, of Versailles, Ohio, moved its executive offices and 60 jobs to newly renovated space at the University of Dayton’s River Campus building at 1700 South Patterson Boulevard. The building is also the home of the University of Dayton’s Research Institute as well as its graduate school and alumni center. Midmark invested \$1.9 million in the renovation. Additionally, Shumsky Enterprises is investing \$759,000 at its East Fourth Street headquarters. Shumsky will add 20 full-time jobs to its existing Dayton workforce of 52.

Creating an attractive center city that likewise attracts people, businesses and investment is a key strategy in the Greater Downtown Dayton Plan. The City of Dayton has invested more than \$20 million in major infrastructure improvements, such as street reconstruction, new bike racks and upgrades to public spaces. Of note is the Patterson Boulevard Canal Parkway. The \$2 million project completed in 2013 connects RiverScape MetroPark and Fifth Third Field with Oregon District and includes the new sculpture Fluid Dynamics at the intersection of Fifth Street with St. Clair and Patterson; donated by George A. Pflaum’s family.

Administered by CityWide Development Corporation, the Dayton Region New Market Fund allocated \$25.2 million in New Market Tax Credit financing to help pay for the expansion of two job-creation projects Dayton- the new headquarters for Goodwill Easter Seals Miami Valley, and the CARE House, an advocacy center for child victims of abuse affiliated with Dayton Children’s Hospital. The New Market Fund is a proponent of development projects that foster economic opportunity by creating jobs and adding services.

Housing growth remains strong for Greater Downtown, particularly the downtown core. A Gem Real Estate Group Inc. study conducted during the first half of 2013 found occupancy rates in downtown apartments has remained at 97.63 percent, versus 94.67 percent in 2011. Four properties — First Place Luxury Apartments, Midtown Development, The Cannery, and The Landing — were 100 percent occupied during much of 2013. In 2013, the Greater Dayton Construction Group started work on the Sixth Street Lofts, 207 E. Sixth Street. The \$2.9 million project involves the renovation of the historical Excelsior Building into 18 two-bedroom, loft-style condominiums. Charles Simms Development started work on Rubicon Square, a seven unit development near Miami Valley Hospital and the University of Dayton. In July 2013, work got underway at Patterson Place, a townhome development near the southwest corner of East First Street and Patterson Boulevard. The \$5 million project consists of 31 three level, two bedroom townhomes.

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 Rating Services has retained Dayton’s AA- rating on general obligation bonds. Both agency ratings attest to 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 29 years.

AWARDS AND ACKNOWLEDGEMENTS

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, 2012, which represents the 31st consecutive year for this award. 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 2013 CAFR has been submitted to the GFOA for their consideration.

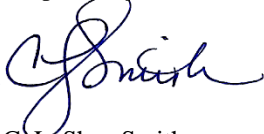
In 2012, the Finance Department began the process of becoming ISO 9001 certified. This certification specifies requirements for a quality management system where an organization:

- 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.

By September of 2013, the entire Department officially became ISO 9001 certified. This attainment is a great testament to its 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 2013 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.

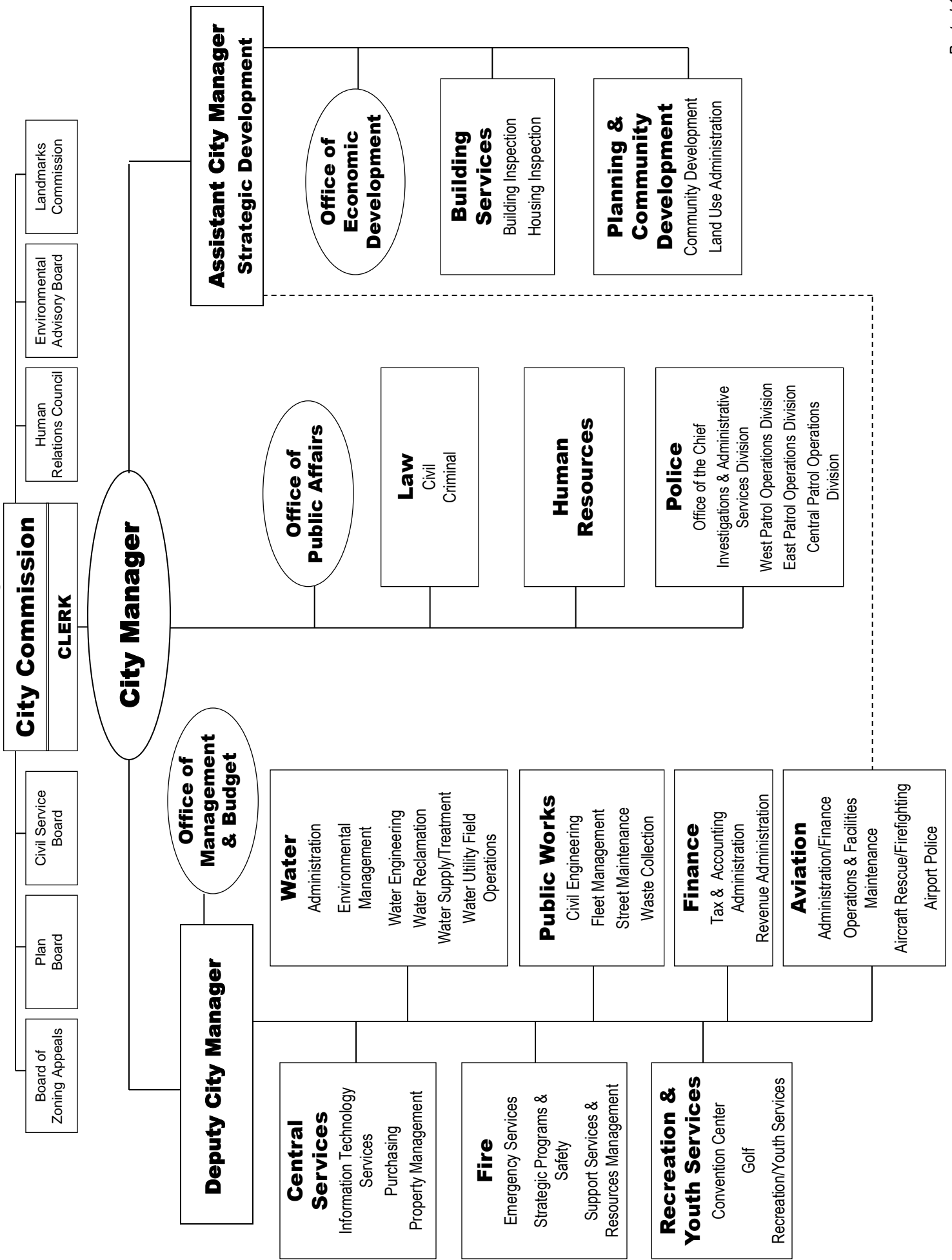
Respectfully submitted,



C. LaShea Smith
Finance Director

Organization of the City of Dayton

Citizens of Dayton



CITY OF DAYTON, OHIO

**LIST OF ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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
Director ~ Finance	C. LaShea Smith
Interim Director and Chief ~ Fire	Jeffrey Payne
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 Biedenham
Director ~ Public Works	Fred Stovall
Director ~ Recreation & Youth Services	Joseph Parlette
Director ~ Water	Tammi Clements



Government Finance Officers Association

**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, 2012

Executive Director/CEO

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Financial

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INDEPENDENT AUDITOR'S REPORT

Members of the City Commission
City of Dayton, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton Ohio (the City) as of and for the year ended December 31, 2013, 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2013, 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.

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 – F27 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 June 24, 2014, 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
June 24, 2014

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013. 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 2013 are as follows:

- The City restated net position At December 31, 2013 as described in Note 3.B. The total net position of the City increased \$17,283,976 in 2013. Net position of governmental activities increased \$9,331,184 or 1.86% over 2012 and net position of business-type activities increased \$7,952,792 or 1.34% over 2012.
- The City had \$213,348,096 in revenues related to governmental activities. General revenues accounted for \$138,514,653 or 64.92% of total governmental activities revenue. Program specific revenues accounted for \$74,833,443 or 35.08% of total governmental activities revenue.
- The City had \$204,016,912 in expenses related to governmental activities; \$74,833,443 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$129,183,469 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$138,514,653.
- The general fund had revenues of \$157,258,362 in 2013. The expenditures and other financing uses of the general fund totaled \$157,728,785 in 2013. The net decrease in the fund balance for the general fund was \$470,423 or 0.77% below 2012.
- The debt service major fund had \$10,303,350 in revenues and other financing sources and \$11,635,329 in expenditures in 2013. The fund balance in the debt service fund was \$27,369,042, a 4.64% decrease from 2012.
- The capital improvements major fund had \$25,378,888 in revenues and other financing sources and \$24,119,104 in expenditures in 2013. The fund balance for the capital improvements fund increased \$1,259,784 or 4.91 % over 2012.
- 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 2013 by \$7,952,792.
- The Dayton International Airport enterprise fund had \$30,137,442 in operating revenues and \$38,618,315 in operating expenses in 2013. The Dayton International Airport enterprise fund also had non-operating revenues of \$91,047, non-operating expenses of \$2,343,181 and capital contributions of \$13,086,053. The net position of the Dayton International Airport enterprise fund increased \$2,353,046 or 0.85% over 2012.
- The water enterprise fund had \$48,914,079 in operating revenues and \$45,706,568 in operating expenses in 2013. The water enterprise fund also had non-operating revenues of \$163,302, non-operating expenses of \$761,001 and capital contributions of \$120,381. The net position of the water enterprise fund increased \$2,730,193 or 1.56% over 2012.
- The sewer enterprise fund had \$31,735,087 in operating revenues and \$30,486,364 in operating expenses in 2013. The sewer enterprise fund also had non-operating revenues of \$125,437 and non-operating expenses of \$1,075,851. The net position of the sewer enterprise fund increased \$298,309 or 0.26% over 2012.
- In the general fund, the actual revenues and other financing sources came in \$712,966 higher than they were in the final budget and actual expenditures and other financing uses were \$5,388,748 less than the amount in the final budget. Budgeted revenues and other financing sources increased \$1,391,400 from the original to the final budget. Budgeted expenditures and other financing uses increased \$6,087,900 from the original to the final budget.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

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 2013?" 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.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

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 108 of this report.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Government-Wide Financial Analysis

The table below provides a summary of the City's net position at December 31, 2013 compared to December 31, 2012.

Net Position

	Governmental Activities <u>2013</u>	Restated Governmental Activities <u>2012</u>	Business-Type Activities <u>2013</u>	Business-Type Activities <u>2012</u>	Total <u>2013</u>	Restated Total <u>2012</u>
<u>Assets</u>						
Current and other assets	\$ 214,222,285	\$ 211,777,926	\$ 201,403,354	\$ 202,173,913	\$ 415,625,639	\$ 413,951,839
Capital assets, net	<u>422,129,761</u>	<u>419,225,563</u>	<u>492,617,247</u>	<u>485,348,660</u>	<u>914,747,008</u>	<u>904,574,223</u>
Total assets	<u>636,352,046</u>	<u>631,003,489</u>	<u>694,020,601</u>	<u>687,522,573</u>	<u>1,330,372,647</u>	<u>1,318,526,062</u>
Deferred outflows	<u>1,769,057</u>	<u>1,943,071</u>	<u>34,065</u>	<u>51,839</u>	<u>1,803,122</u>	<u>1,994,910</u>
Total asset and deferred inflows	<u>638,121,103</u>	<u>632,946,560</u>	<u>694,054,666</u>	<u>687,574,412</u>	<u>1,332,175,769</u>	<u>1,320,520,972</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	95,185,038	102,629,673	83,251,478	87,443,101	178,436,516	190,072,774
Other liabilities	<u>17,447,453</u>	<u>15,376,458</u>	<u>10,984,055</u>	<u>8,264,970</u>	<u>28,431,508</u>	<u>23,641,428</u>
Total liabilities	<u>112,632,491</u>	<u>118,006,131</u>	<u>94,235,533</u>	<u>95,708,071</u>	<u>206,868,024</u>	<u>213,714,202</u>
Deferred inflows	<u>15,544,869</u>	<u>14,327,870</u>	-	-	<u>15,544,869</u>	<u>14,327,870</u>
Total liabilities and deferred outflows	<u>128,177,360</u>	<u>132,334,001</u>	<u>94,235,533</u>	<u>95,708,071</u>	<u>222,412,893</u>	<u>228,042,072</u>
<u>Net Position</u>						
Net investment in capital assets	375,002,891	370,313,674	407,888,085	401,528,337	782,890,976	771,842,011
Restricted	63,085,637	71,969,027	-	-	63,085,637	71,969,027
Unrestricted	<u>71,855,215</u>	<u>58,329,858</u>	<u>191,931,048</u>	<u>190,338,004</u>	<u>263,786,263</u>	<u>248,667,862</u>
Total net position	<u>\$ 509,943,743</u>	<u>\$ 500,612,559</u>	<u>\$ 599,819,133</u>	<u>\$ 591,866,341</u>	<u>\$ 1,109,762,876</u>	<u>\$ 1,092,478,900</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2013, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,109,762,876. At year-end, net positions were \$509,943,743 and \$599,819,133 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 68.67% 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.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

The City's net investment in capital assets At December 31, 2013, was \$375,002,891 and \$407,888,085 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, 2013, 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, \$63,085,637, 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 \$71,855,215 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 2013 and 2012.

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CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Change in Net Position

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>	Business-Type Activities <u>2013</u>	Business-Type Activities <u>2012</u>	Total <u>2013</u>	Total <u>2012</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 38,488,069	\$ 36,678,940	\$ 109,603,111	\$ 113,832,048	\$ 148,091,180	\$ 150,510,988
Operating grants and contributions	24,584,286	34,438,364	-	-	24,584,286	34,438,364
Capital grants and contributions	11,761,088	12,626,114	13,857,011	10,436,869	25,618,099	23,062,983
Total program revenues	<u>74,833,443</u>	<u>83,743,418</u>	<u>123,460,122</u>	<u>124,268,917</u>	<u>198,293,565</u>	<u>208,012,335</u>
General revenues:						
Property taxes	14,355,108	10,055,324	-	-	14,355,108	10,055,324
Income taxes	101,967,172	100,336,653	-	-	101,967,172	100,336,653
Payment in lieu of taxes	1,406,710	1,076,054	-	-	1,406,710	1,076,054
Unrestricted grants	15,376,160	14,833,540	-	-	15,376,160	14,833,540
Interest	1,241,997	1,931,883	113,372	557,911	1,355,369	2,489,794
Miscellaneous	4,167,506	3,848,415	11,564,565	10,757,208	15,732,071	14,605,623
Total general revenues	<u>138,514,653</u>	<u>132,081,869</u>	<u>11,677,937</u>	<u>11,315,119</u>	<u>150,192,590</u>	<u>143,396,988</u>
Total revenues	<u>213,348,096</u>	<u>215,825,287</u>	<u>135,138,059</u>	<u>135,584,036</u>	<u>348,486,155</u>	<u>351,409,323</u>
Expenses:						
Downtown	3,596,856	3,894,895	-	-	3,596,856	3,894,895
Youth, education and human services	2,904,850	1,058,361	-	-	2,904,850	1,058,361
Community development	27,516,705	31,880,468	-	-	27,516,705	31,880,468
Economic development	15,682,768	9,492,689	-	-	15,682,768	9,492,689
Leadership and quality of life	42,108,488	35,672,811	-	-	42,108,488	35,672,811
Corporate responsibility	16,027,649	15,225,815	-	-	16,027,649	15,225,815
Public safety and justice	93,221,162	93,120,303	-	-	93,221,162	93,120,303
Bond issuance costs	-	693,878	-	-	-	693,878
Interest and fiscal charges	2,958,434	2,767,292	-	-	2,958,434	2,767,292
Dayton International Airport	-	-	40,954,651	36,571,471	40,954,651	36,571,471
Water	-	-	46,445,617	44,084,645	46,445,617	44,084,645
Sewer	-	-	31,515,981	29,765,334	31,515,981	29,765,334
Other business-type activities:						
Storm water	-	-	5,312,757	4,997,022	5,312,757	4,997,022
Golf	-	-	2,956,261	3,123,360	2,956,261	3,123,360
Total expenses	<u>204,016,912</u>	<u>193,806,512</u>	<u>127,185,267</u>	<u>118,541,832</u>	<u>331,202,179</u>	<u>312,348,344</u>
Increase in net position before transfers	9,331,184	22,018,775	7,952,792	17,042,204	17,283,976	39,060,979
Transfers	-	354,169	-	(354,169)	-	-
Change in net position	<u>9,331,184</u>	<u>22,372,944</u>	<u>7,952,792</u>	<u>16,688,035</u>	<u>17,283,976</u>	<u>39,060,979</u>
Net position at beginning of year (restated)	<u>500,612,559</u>	<u>478,239,615</u>	<u>591,866,341</u>	<u>575,178,306</u>	<u>1,092,478,900</u>	<u>1,053,417,921</u>
Net position at end of year	<u>\$ 509,943,743</u>	<u>\$ 500,612,559</u>	<u>\$ 599,819,133</u>	<u>\$ 591,866,341</u>	<u>\$ 1,109,762,876</u>	<u>\$ 1,092,478,900</u>

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Governmental Activities

Governmental activities net position increased \$9,331,184 in 2013. This increase of 1.86% is due to the City's continuing efforts to reduce costs and increase operational efficiency.

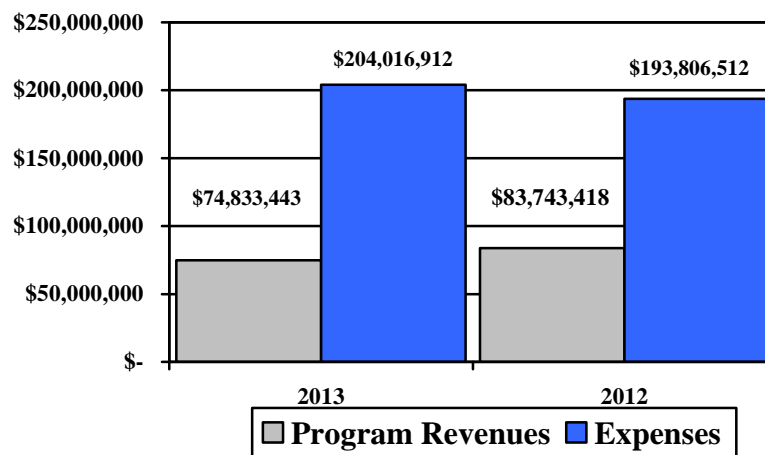
Public safety and justice, which primarily supports the operations of the police and fire departments accounted for \$93,221,162 of the total expenses of the City. These expenses were partially funded by \$21,385,906 in direct charges to users of the services. Leadership and quality of life expenses totaled \$42,108,488. Leadership and quality of life expenses were partially funded by \$6,942,907 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$24,584,286 in operating grants and contributions and \$11,761,088 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$6,972,699 subsidized leadership and quality of life and \$10,784,190 subsidized community development and neighborhoods. The total capital grants and contributions, \$11,761,088 subsidized leadership and quality of life programs.

General revenues totaled \$138,514,653, and amounted to 64.92% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$116,322,280. 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 \$15,376,160.

The statement of activities on pages F 32 – F 33 shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities – Program Revenues vs. Total Expenses



CITY OF DAYTON, OHIO

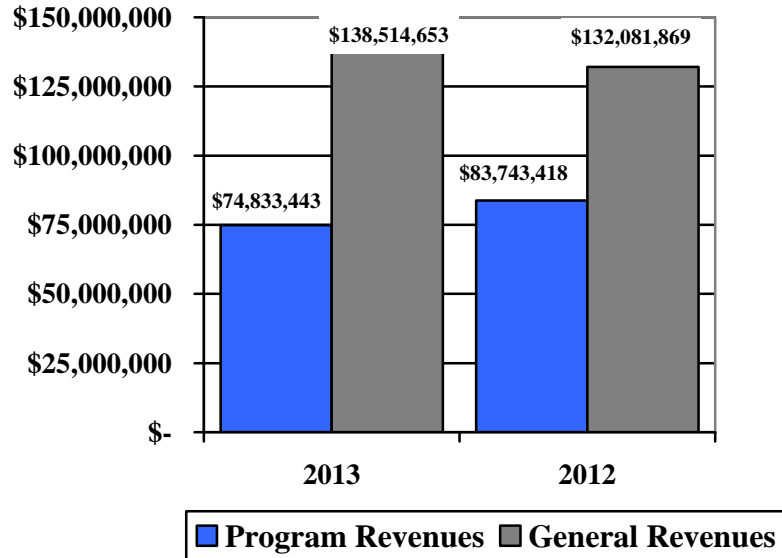
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Program Expenses:				
Downtown	\$ 3,596,856	\$ 3,025,491	\$ 3,894,895	\$ 3,363,823
Youth, education and human services	2,904,850	489,305	1,058,361	(1,385,742)
Community development and neighborhoods	27,516,705	13,276,185	31,880,468	11,057,857
Economic development	15,682,768	10,352,285	9,492,689	4,679,283
Leadership and quality of life	42,108,488	16,431,794	35,672,811	10,637,031
Corporate responsibility	16,027,649	13,206,369	15,225,815	12,334,535
Public safety and justice	93,221,162	69,443,606	93,120,303	65,915,137
Bond issuance costs	-	-	693,878	693,878
Interest and fiscal charges	2,958,434	2,958,434	2,767,292	2,767,292
Total Expenses	\$ 204,016,912	\$ 129,183,469	\$ 193,806,512	\$ 110,063,094

The dependence upon general revenues for governmental activities is apparent, with 63.32% of expenses supported through taxes and other general revenues. Total governmental expenses were \$204,016,912, program revenues were \$74,833,443 and general revenues were \$138,514,653.

Governmental Activities – General and Program Revenues



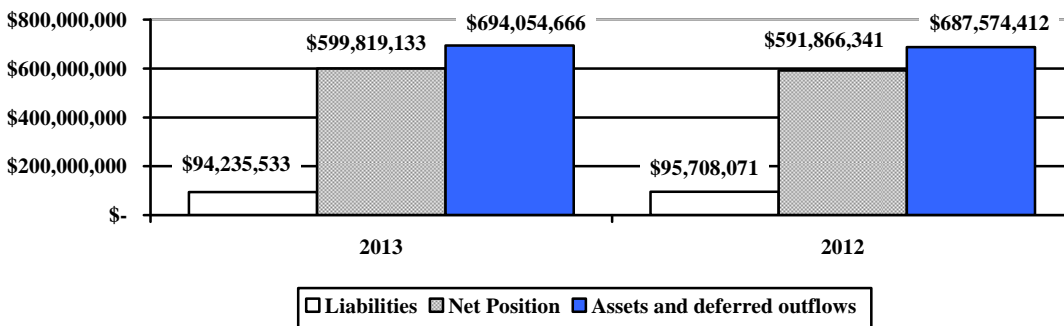
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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 \$7,952,792 in 2013. This increase of 1.34% is due to the City's continuing efforts to reduce costs and increase operational efficiency. These programs had program revenues of \$123,460,122, general revenues of \$11,677,937 and expenses of \$127,185,267 for 2013. 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 \$129,034,619 which is \$3,588,910 lower than last year's restated total of \$132,623,529. The table below indicates the fund balances and the total change in fund balances as of December 31, 2013 for all major and nonmajor governmental funds.

	Fund Balances <u>12/31/13</u>	Restated Fund Balances <u>12/31/12</u>	Increase/ <u>(Decrease)</u>
Major Funds:			
General	\$ 60,868,976	\$ 61,339,399	\$ (470,423)
Debt service	27,369,042	28,701,021	(1,331,979)
Capital improvement	26,911,162	25,651,378	1,259,784
Other nonmajor governmental funds	<u>13,885,439</u>	<u>16,931,731</u>	<u>(3,046,292)</u>
Total	<u>\$ 129,034,619</u>	<u>\$ 132,623,529</u>	<u>\$ (3,588,910)</u>

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

General Fund

The City's general fund balance decreased \$470,423. See the table on the previous page.

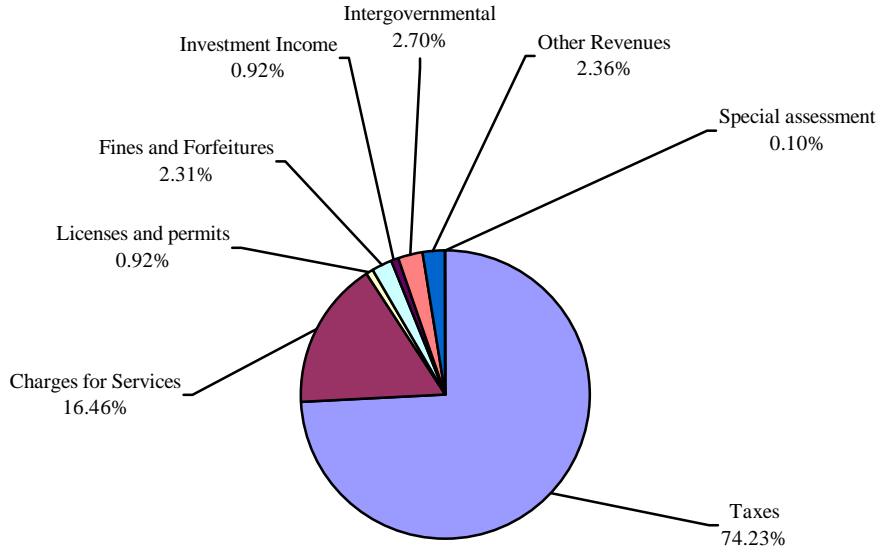
	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Income, property and other taxes	\$ 116,743,339	\$ 116,542,422	0.17 %
Charges for services	25,884,749	26,036,689	(0.58) %
Licenses and permits	1,441,918	1,597,652	(9.75) %
Fines and forfeitures	3,629,224	5,079,968	(28.56) %
Investment income	1,441,224	1,930,178	(25.33) %
Special assessments	155,473	124,794	24.58 %
Intergovernmental	4,250,814	2,318,490	83.34 %
Other	<u>3,711,621</u>	<u>3,590,341</u>	3.38 %
 Total	 <u>\$ 157,258,362</u>	 <u>\$ 157,220,534</u>	 0.02 %

The City continues to implement cost savings measures to help the general fund remain stable, as revenues remained relatively unchanged with an increase of only 0.02%. The above table assists in illustrating the revenues of the general fund. Overall revenues of the general fund increased \$37,828. The most significant increases were in the areas of special assessments, intergovernmental and other revenue. The increase in intergovernmental revenue was a result of the City receiving casino tax revenue. The decrease in fines and forfeitures revenue is the result of less citations were issued and paid. Investment income decreased \$488,954 or 25.33% due to a decrease in the fair market value of federal agency securities combined with a decrease in the size of the portfolio, which generates additional interest earnings. See the following charts on the next page.

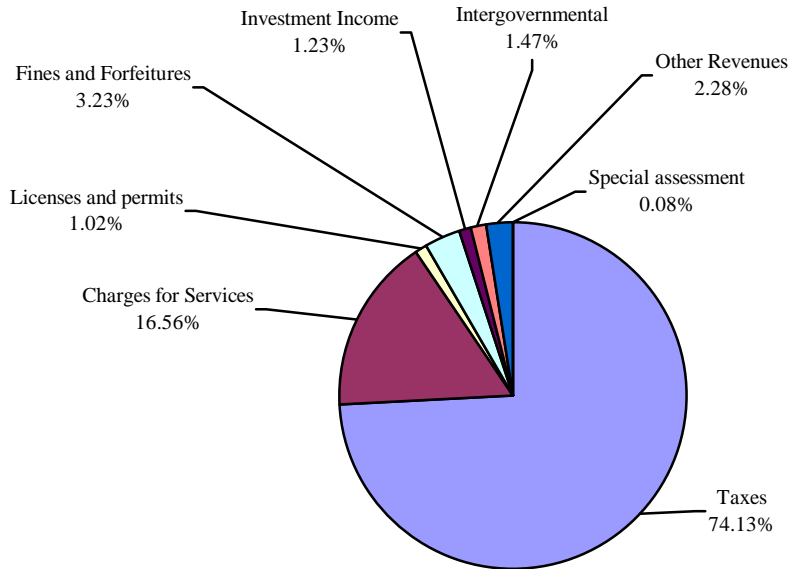
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

General Fund Revenues – 2013



General Fund Revenues –2012



CITY OF DAYTON, OHIO

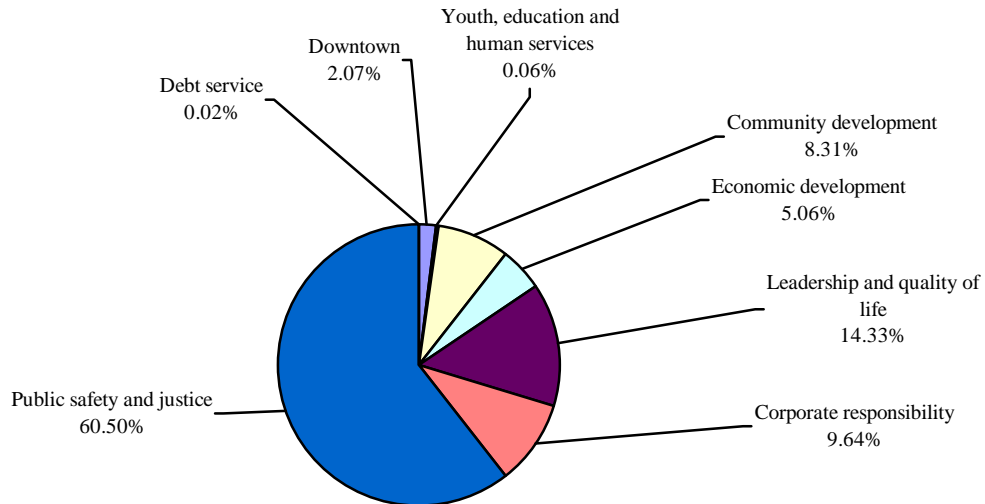
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Percentage Change</u>
<u>Expenditures</u>			
Downtown	\$ 3,121,684	\$ 2,781,643	12.22 %
Youth, education and human services	94,956	43,914	116.23 %
Community development and neighborhoods	12,550,966	12,520,883	0.24 %
Economic development	7,637,298	4,954,457	54.15 %
Leadership and quality of life	21,635,997	18,857,810	14.73 %
Corporate responsibility	14,559,687	13,422,815	8.47 %
Public safety and justice	91,339,659	89,726,024	1.80 %
Debt service	<u>37,599</u>	<u>425,618</u>	(91.17) %
Total	<u>\$ 150,977,846</u>	<u>\$ 142,733,164</u>	5.78 %

Overall expenditures of the general fund increased \$8,244,682 or 5.78%. The largest expenditure of the City, public safety and justice, increased \$1,613,635 or 1.80%. Police and Fire recruiting classes have been reinstated and mission critical job openings are being filled. With the local economy improving, the number of economic development projects increased, overall economic development expenditures increased by \$2,682,841 or 54.15%. Some debt service expenditures that were paid from the general fund in fiscal year 2012 were paid from the debt service fund in the current year, resulting in a decrease in debt service expenditures of \$388,019 or 91.17%. See the charts below and on the following page.

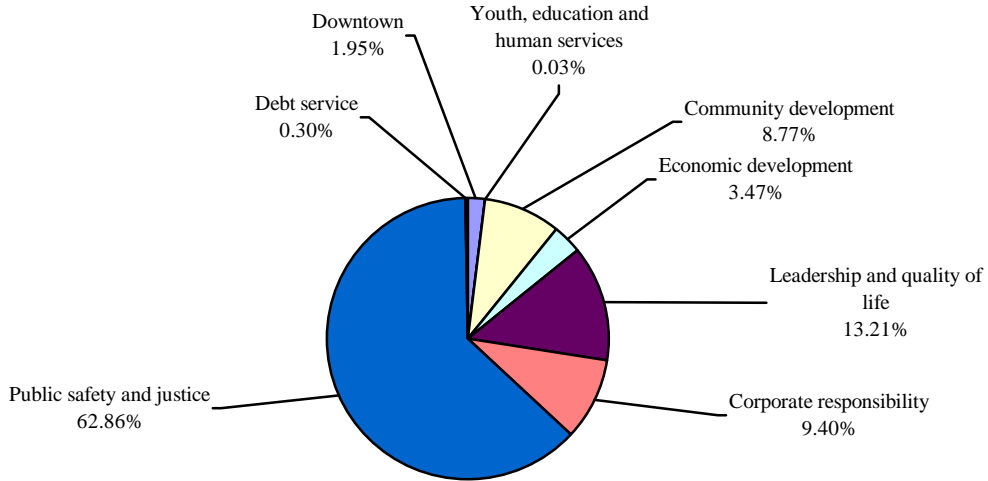
General Fund Expenditures – 2013



CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

General Fund Expenditures – 2012



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CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Debt Service

The City's debt service fund balance decreased \$1,331,979. See page F 11. The decrease in fund balance was the result of principal and interest expenses related to governmental activities debt exceeding revenues. The following tables illustrate the revenues and expenses of the debt service fund.

	<u>2013</u>	<u>2012</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 6,320,353	\$ 6,161,608	2.58 %
Intergovernmental	2,497,546	2,521,714	(0.96) %
Special assessments	98,471	119,543	(17.63) %
Investment income	51,860	-	100.00 %
Other	<u>200,609</u>	<u>255,049</u>	(21.34) %
Total	<u>\$ 9,168,839</u>	<u>\$ 9,057,914</u>	1.22 %

	<u>2013</u>	<u>2012</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Downtown	\$ -	\$ 560,000	(100.00) %
Leadership and quality of life	-	93,141	(100.00) %
Corporate responsibility	280,158	30,988	804.09 %
Bond issuance costs	-	693,878	(100.00) %
Principal retirement	8,239,533	9,512,176	(13.38) %
Interest and fiscal charges	<u>3,115,638</u>	<u>2,566,400</u>	21.40 %
Total	<u>\$ 11,635,329</u>	<u>\$ 13,456,583</u>	(13.53) %

The increase in tax revenue was caused by the City increasing the inside millage related to debt service to meet the debt obligations. The increase in investment income is due to an interfund loan between the debt service fund and the golf fund. The debt service fund is now recognizing interest income related to the loan. The decrease in downtown expenditures was because the City took ownership of Fifth Third Field, and costs associated with the prior loan agreement were no longer recognized. The City issued bonds in 2012, which resulted in bond issuance costs. The City did not issue bonds or notes in 2013.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Capital Improvements

The City's capital improvement fund increased by \$1,259,784 or 4.91%. See page F 11. The tables below illustrate the revenues and expenses of the capital improvement fund. Revenues increased \$5,805,881 or 40.13%. The increase in other revenue was \$3,736,388 and partially due to loan activity with CityWide, the City's component unit. Intergovernmental revenue increased in 2013 due to an increase in capital grants. Expenditures increased \$3,402,376 or 16.42%.

	<u>2013</u>	<u>2012</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 514,880	\$ 514,880	- %
Charges for services	75,403	83,362	(9.55) %
Licenses and permits	1,423	9,417	(84.89) %
Intergovernmental	14,624,737	12,527,103	16.74 %
Special assessments	216	12,404	(98.26) %
Other	<u>5,057,513</u>	<u>1,321,125</u>	282.82 %
Total	<u>\$ 20,274,172</u>	<u>\$ 14,468,291</u>	40.13 %

	<u>2013</u>	<u>2012</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 17,700	\$ 5,128	245.16 %
Community development and neighbors	2,765,816	769,943	259.22 %
Economic development	4,366,314	1,146,682	280.78 %
Leadership and quality of life	1,841,771	1,634,364	12.69 %
Corporate responsibility	109,061	17,926	508.40 %
Public safety and justice	2,464	-	100.00 %
Capital outlay	14,798,332	16,942,861	(12.66) %
Debt service	<u>217,646</u>	<u>199,824</u>	8.92 %
Total	<u>\$ 24,119,104</u>	<u>\$ 20,716,728</u>	16.42 %

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

2013 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 revenue performance, 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 \$1.4 million higher than the original budget due to better than anticipated estate taxes and an unplanned rebate. Consequently, actual revenues had a favorable variance of \$2.1 million or 1.3% over the original budget and \$713,000 or 0.4% more than the final budget. Actual general fund revenues performed better in four categories relative to the original forecast and underperformed in six. As it relates to the final budget, actual revenues exceeded the budget in seven categories but fell short in three.

Five revenue categories realized variances in excess of 10%, two of which showed a positive variance to both the original and the final budget. The largest variance of \$2.2 million was in the category of state-shared taxes. Although the state of Ohio repealed the estate tax effective January 1, 2013, the City collected \$2.5 million in estate taxes largely from one wealthy decedent whose death predated the repeal. The category of other revenue also realized significant variances to the original and final budgets of \$1.4 million and \$804,000, respectively. This was the result of an \$865,000 rebate from the Bureau of Workers Compensation (BWC). The BWC refunded \$1 billion to Ohio employers from excess funds generated from strong investment returns. It should be noted that in each of these two cases the revenues are one-time in nature and, as such, are not permanent sources of revenue. Special assessments at \$155,500 were \$30,500 or 20% over the original budget and \$37,700 over the final budget.

License and permit revenue was under the original budget by \$164,200 or 13%, the consequence of a decline in construction activity. Investment income was \$225,200 or 15% under the original budget and \$250,800 under the final budget due to slightly lower interest rates and a change in policy to distribute to the Workers Compensation Fund its share of earnings.

Actual expenditures in 2013 were \$2.9 million or 1.9% under (favorable) the original budget while the final budget was \$5.3 million or 3.4% higher than actuals. Three of the eight programmatic areas realized variances in excess of 10%. Youth, education and human services was budgeted at \$50,000 but actual expenditures came in at \$93,400 or \$43,400 over budget. Economic development came in under the final budget by 16%. The economic development budget included potential gap financing incentives, all of which did not materialize during 2013 but will be available in 2014 for encouraging job creation and investment in the city. Finally, the "other expenditure" category realized a \$312,100 or 33% favorable variance to the original budget and a 37% favorable variance to the final budget. This variance is a function of allowing some flexibility in contingency funds during the year.

Actual operating transfers out were \$3.6 million over the original budget and \$101,000 under the final budget. A higher level of transfers was incorporated into the final budget given the performance of revenues coupled with lower than budgeted spending levels.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

In both the original and final budget, use of fund balance was anticipated for special project activities. Funds for special projects are often received in one year and spent in later years, which was the case in 2013 especially as it relates to economic development projects. With the economy improving, economic development activity has picked up pace, which bodes well for future revenue growth. When the adjustment is made for prior year encumbrances, the general fund ended the year with a \$61.5 million fund balance, which is \$328,900 higher than 2012.

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 30 - F 31) reported a combined net position of \$598,942,169, which is \$8,163,312 above last year's total of 590,778,857.

The following table indicates the net position and the total change in net position as of December 31, 2013 for all major and nonmajor business-type funds.

	<u>Net Position</u> <u>12/31/13</u>	<u>Net Position</u> <u>12/31/12</u>	<u>Increase</u>
Major Funds:			
Dayton International Airport	\$ 280,724,961	\$ 278,371,915	\$ 2,353,046
Water	177,974,904	175,244,711	2,730,193
Sewer	112,978,209	112,679,900	298,309
Other Business-type activities	<u>27,264,095</u>	<u>24,482,331</u>	<u>2,781,764</u>
Total	<u>\$ 598,942,169</u>	<u>\$ 590,778,857</u>	<u>\$ 8,163,312</u>

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Dayton International Airport (DIA)

The City's Dayton International Airport net position increased \$2,353,046 or 0.84%. See the table on F19.

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

	2013	2012	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 24,723,701	\$ 24,508,791	0.88 %
Other	<u>5,413,741</u>	<u>5,230,515</u>	3.50 %
Total	<u>\$ 30,137,442</u>	<u>\$ 29,739,306</u>	1.34 %

Operating revenues of the DIA fund increased \$398,136 or 1.34%.

	2013	2012	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 8,828,850	\$ 8,665,058	1.89 %
Benefit payments	3,617,186	3,399,336	6.41 %
Contractual services	9,012,354	6,027,381	49.52 %
Materials and supplies	1,368,590	1,302,386	5.08 %
Utilities	2,105,901	1,801,872	16.87 %
Depreciation	11,854,315	10,998,332	7.78 %
Other	<u>1,831,119</u>	<u>2,457,710</u>	(25.49) %
Total	<u>\$ 38,618,315</u>	<u>\$ 34,652,075</u>	11.45 %

Operating expenses increased \$3,966,240 or 11.45%. This increase is due to an increase in contractual services, which increased \$2,984,973 or 49.52% due to additional expenses for management contract services for terminal renovations. Depreciation increased due to the capitalization of improvement work at the terminal.

	2013	2012	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 91,047	\$ 164,182	(44.55) %
Interest expense and fiscal charges	(2,242,168)	(2,303,368)	(2.66) %
Increase(decrease) in fair market value of investments	(101,013)	31,126	(424.53) %
Capital contributions	13,086,053	10,076,952	29.86 %
Loss on sale of capital assets	<u>-</u>	<u>(19,877)</u>	(100.00) %
Total	<u>\$ 10,833,919</u>	<u>\$ 7,949,015</u>	36.29 %

Other operating revenues and expenses increased \$2,884,904 or 36.29% due to an increase in capital contributions related to Federal grants and PFC and CFC charges. The decrease in fair market value is an indication of fluctuation in the investment market at year end. An actual loss would only occur if the investments were redeemed prematurely.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Water

The City's water fund net position increased by \$2,730,193 or 1.56%. See the table on F19.

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 44,291,334	\$ 45,700,719	(3.08) %
Other	<u>4,622,745</u>	<u>5,483,454</u>	(15.70) %
Total	<u>\$ 48,914,079</u>	<u>\$ 51,184,173</u>	(4.44) %

Operating revenues decreased \$2,270,094 or 4.44%. The City experienced a cooler and wetter summer and spring, which resulted in a decrease in water consumption.

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 14,114,923	\$ 14,604,696	(3.35) %
Benefit payments	6,274,767	6,114,158	2.63 %
Contractual services	6,754,371	5,622,205	20.14 %
Materials and supplies	4,339,131	4,497,169	(3.51) %
Utilities	5,355,087	5,283,275	1.36 %
Depreciation	6,039,413	5,942,584	1.63 %
Other	<u>2,828,876</u>	<u>2,538,470</u>	11.44 %
Total	<u>\$ 45,706,568</u>	<u>\$ 44,602,557</u>	2.48 %

Operating expenses increased \$1,104,011 or 2.48%. The largest increase was in contractual services, which increased \$1,132,166 or 20.14% due to an increase in management contracts. Other operating expenses increased \$290,406 or 11.44%, in part as a result of increased costs of equipment maintenance and also advertising fees.

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 163,302	\$ 126,926	28.66 %
Interest expense and fiscal charges	(664,898)	(46,701)	1,323.73 %
Increase (decrease) in fair market value of investments	(96,103)	25,794	(472.58) %
Capital contributions	<u>120,381</u>	<u>150,903</u>	(20.23) %
Total	<u>\$ (477,318)</u>	<u>\$ 256,922</u>	(285.78) %

Nonoperating revenue and expenses decreased \$734,240 or 285.78%. The decrease in fair market value is an indication of fluctuation in the investment market at year end. An actual loss would only occur if the investments were redeemed prematurely. Interest expense increased as a result of general obligation bonds that were issued during 2012.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Sewer

The City's sewer fund net position increased \$298,309 or 0.26% during 2013. See page F 19.

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 30,245,346	\$ 33,115,458	(8.67) %
Other	<u>1,489,741</u>	<u>24,836</u>	5,898.31 %
Total	<u>\$ 31,735,087</u>	<u>\$ 33,140,294</u>	(4.24) %

Operating revenues decreased \$1,405,207 or 4.24% due mainly to a decrease in the collection of sewer fees. Other operating revenues increased due to a change in account coding.

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 6,970,432	\$ 6,691,367	4.17 %
Benefit payments	3,041,836	2,710,810	12.21 %
Contractual services	6,927,039	6,596,921	5.00 %
Materials and supplies	2,312,379	1,918,461	20.53 %
Utilities	3,081,051	2,848,675	8.16 %
Depreciation	7,004,965	7,146,411	(1.98) %
Other	<u>1,148,662</u>	<u>1,712,118</u>	(32.91) %
Total	<u>\$ 30,486,364</u>	<u>\$ 29,624,763</u>	2.91 %

Operating expenses increased \$861,601 or 2.91%. Materials and supplies expenses increased by \$393,918 or 20.53%, these expenses were primarily related to maintenance and repair costs.

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating revenues (expenses)</u>			
Interest revenue	\$ 125,437	\$ 132,868	5.59 %
Increase(decrease) in fair market value of investments	(74,795)	36,727	303.65 %
Interest expense and fiscal charges	(1,001,056)	(407,719)	(145.53) %
Loss on sale of capital assets	-	(13,053)	(100.00) %
Capital contributions	<u>-</u>	<u>205,264</u>	(100.00) %
Total	<u>\$ (950,414)</u>	<u>\$ (45,913)</u>	(1,970.03) %

The sewer fund received fewer capital contributions in 2013 as compared to 2012. The decrease in fair market value is an indication of fluctuation in the investment market at year end. An actual loss would only occur if the investments were redeemed prematurely. Interest expense increased as a result of general obligation bonds that were issued during 2012.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Capital Assets and Debt Administration

Capital Assets

At December 31, 2013, the City had \$914,747,008 (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, \$422,129,761 was reported in governmental activities and \$492,617,247 was reported in business-type activities. See Note 11 in the basic financial statements for additional capital asset disclosure.

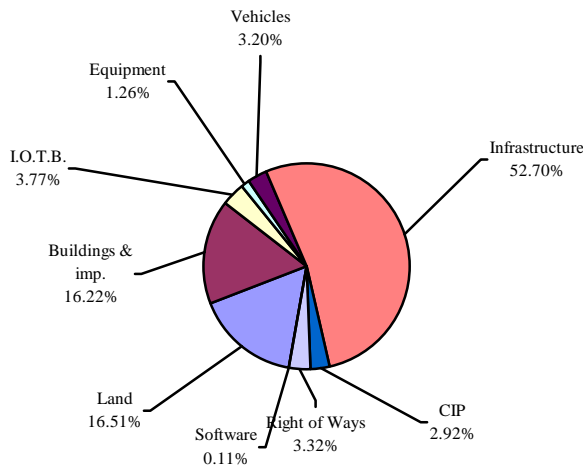
The following table shows December 31, 2013 balances compared to December 31, 2012:

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

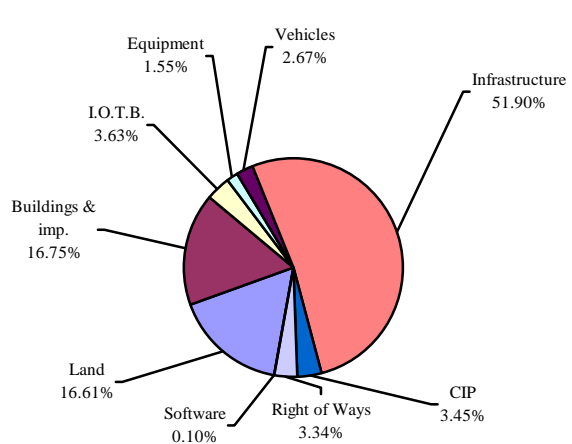
	Governmental Activities 2013	Restated Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	Total 2013	Total 2012
Land	\$ 69,689,132	\$ 69,618,504	\$ 42,965,353	\$ 42,965,353	\$ 112,654,485	\$ 112,583,857
Construction in progress	12,307,497	14,458,904	42,888,244	36,648,091	55,195,741	51,106,995
Right of ways	14,007,402	14,007,402	-	-	14,007,402	14,007,402
Buildings and improvements Improvements other than buildings (IOTB)	68,473,855	70,217,840	131,950,299	118,990,130	200,424,154	189,207,970
Equipment	15,899,724	15,224,798	254,358,136	267,573,632	270,257,860	282,798,430
Software	5,316,550	6,505,529	6,026,701	5,841,285	11,343,251	12,346,814
Vehicles	477,043	437,496	744,430	663,834	1,221,473	1,101,330
Infrastructure	13,498,450	11,191,596	13,684,084	12,666,335	27,182,534	23,857,931
Infrastructure	<u>222,460,108</u>	<u>217,563,494</u>	<u>-</u>	<u>-</u>	<u>222,460,108</u>	<u>217,563,494</u>
Total	\$ 422,129,761	\$ 419,225,563	\$ 492,617,247	\$ 485,348,660	\$ 914,747,008	\$ 904,574,223

The following graphs show the breakdown of governmental capital assets by category for 2013 and 2012.

Capital Assets - Governmental Activities 2013



Capital Assets - Governmental Activities 2012



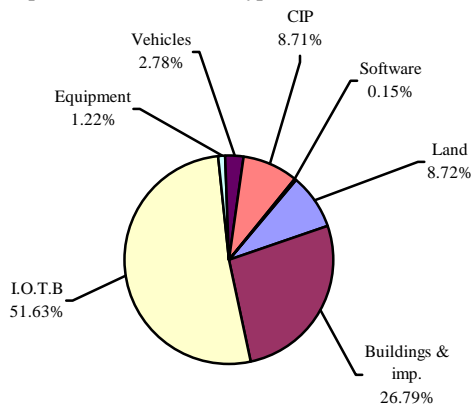
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

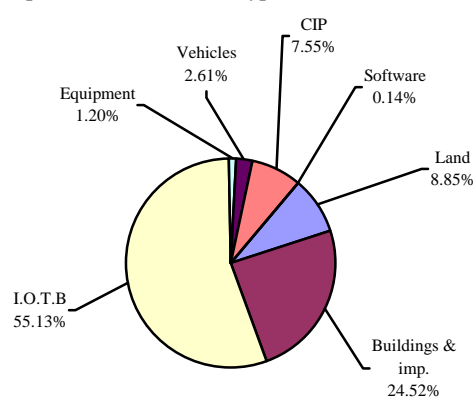
The City's largest governmental capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks, curbs, annexed roadways, street lighting, and traffic signals. These items are immovable and of value only to the City; however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 52.70% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2013 and 2012.

Capital Assets - Business-Type Activities 2013



Capital Assets - Business-Type Activities 2012



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 51.63% of the City's total business-type capital assets.

Debt Administration

The City had the following long-term obligations outstanding At December 31, 2013 and 2012:

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
General obligation bonds	\$ 38,541,400	\$ 44,993,429
Revenue bonds	30,305,000	32,235,000
Special assessment bonds	<u>23,200</u>	<u>63,100</u>
Total bonds	<u>68,869,600</u>	<u>77,291,529</u>
OPWC loans	661,507	128,782
Ohio Department of Development Loan	<u>2,860,000</u>	<u>2,860,000</u>
Total loans	<u>3,521,507</u>	<u>2,988,782</u>
Total long-term obligations	<u>\$ 72,391,107</u>	<u>\$ 80,280,311</u>

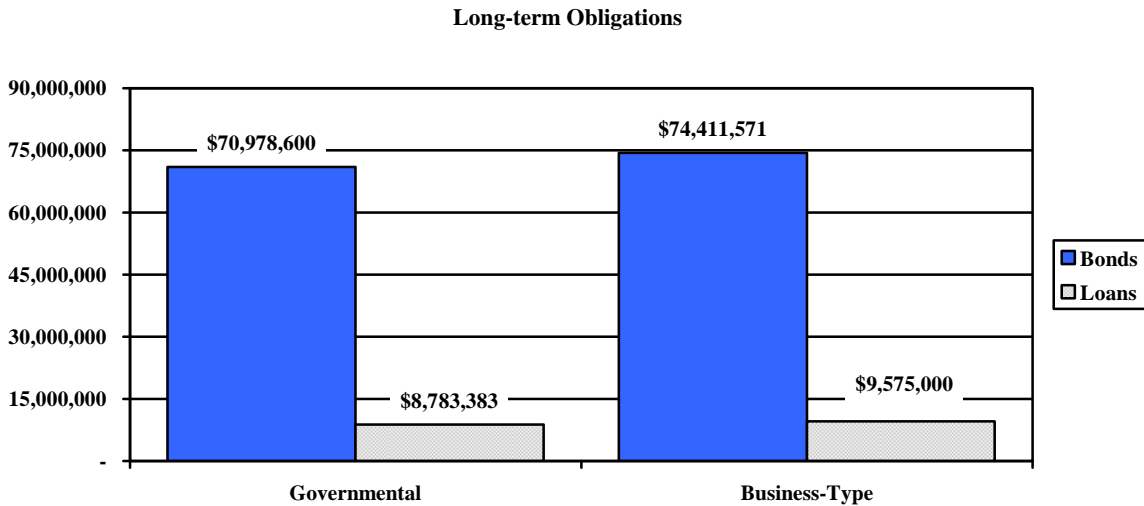
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Business-type Activities <u>2013</u>	Business-type Activities <u>2012</u>
General obligation bonds	\$ 38,888,600	\$ 41,031,571
Revenue bonds	<u>32,090,000</u>	<u>33,380,000</u>
Total bonds	<u>70,978,600</u>	<u>74,411,571</u>
OWDA loans	8,433,383	9,175,000
OPWC loans	<u>350,000</u>	<u>400,000</u>
Total loans	<u>8,783,383</u>	<u>9,575,000</u>
Total long-term obligations	<u>\$ 79,761,983</u>	<u>\$ 83,986,571</u>

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 2014 Budget

At the close of 2013 optimism is at its highest since the before the recession. Political brinkmanship subsequent to the government shutdown has abated, business confidence is growing along with the cash on their balance sheets, and consumers are increasingly more confident as household debt burdens decline and housing prices increase. Economic growth at the national level should accelerate from the not quite 2% growth in 2013 to about 3% in 2014. And without a major set-back, the national economy should reach full employment by 2016.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

Similarly we are experiencing positive momentum at the local level. The GE EPISCenter opened its \$51 million research facility in the fall of 2013, Children's Medical Center is planning a \$140 million expansion at its campus, Goodwill Easter Seals broke ground on its new Dayton headquarters and a new office and residential apartment buildings, dubbed Water Street, are soon to be under construction on the riverfront.

In 2013 the City's general fund revenues were up a slight 0.3% or \$426,000 (on a budget basis) despite state revenue-sharing cuts and weaker fees and charges. The increase was the result of higher casino taxes, a large estate tax payment and a one-time rebate from the Bureau of Workers Compensation. Albeit a small increase, income taxes climbed 0.3%, their third consecutive year of growth.

Employment and the Income Tax

The City's largest single revenue source is income tax. 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%. Unfortunately, the increase was partly due to one-time payments and a 53rd Friday; consequently, withholding fell 1.2% in 2013. The tax on profits gained 16% in 2013 along with a 9% increase in income taxes paid by individuals.

However, 2013 collections performed better than the revised estimate in the final quarter of 2013, pushing the actual year-over-year forecast for 2013 down from 1.2% to 0.8%. This rate of growth is considerably less than the long run trend and with stronger economic activity on the horizon, we hope to exceed this rate as the economy returns to more normal growth levels.

Property Values and the Property Tax

Although the city of Dayton did not participate to the same extent in the dramatic home value appreciation that many metro areas realized during the real estate boom; we were not immune to their subsequent plunge. Case in point, total city real property valuations are down almost 25% from their peak in 2006 and are currently at their lowest levels in more than ten years. Moreover, 22% of properties in Dayton are vacant, according to the 2012 American Community Survey with many of these properties completely abandoned during the foreclosure process.

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 2012, that number had increased to 14.7%, but the delinquency rate improved to 12.6% in 2013. 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 tangible personal property and public utility taxes. In the state 2012/2013 budget, these reimbursements were unilaterally rescinded for all current expense levies, which reduced general fund revenues by \$1.6 million.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

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. These actions reduced revenues by \$6.3 million over the two-year period. And to further compound the situation, the legislature also passed legislation to eliminate the estate tax, 80 percent of which goes to local governments. Though the effective date of the repeal was January of 2013, the City received \$2.5 million in 2013 from estates that predated the elimination of the tax. Taken together the impact of state revenue-sharing cuts exceeds \$10 million in general fund support.

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 distribution.

The first two casinos opened in May of 2012 and three of the four were operational by the end of 2012. Cincinnati opened its doors in March of 2013. While the City is grateful for any new revenue source, casino gross revenues are performing considerably short of original estimates and, consequently, have been revised downward. For 2012 and 2013, the City received \$703,000 and \$3.2 million, respectively.

Cost Containment and Workforce Reductions

After more than a decade of workforce reductions resulting in 700 or 40% fewer filled positions, 2013 marked the first year for stable employment levels. This is not to suggest, however, that cost containment is not still a reality for the City of Dayton organization. But what it does mean is that recruit classes for Police and Fire have been reinstated (after settling a lawsuit with the Department of Justice) and mission critical positions are being filled. Wage increases have been modest in 2013 and 2014 while converting to a self-insured health plan and investing in wellness initiatives 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 6 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.

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**BASIC
FINANCIAL STATEMENTS**

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2013

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Assets:				
Equity in pooled cash and investments.	\$ 106,903,863	\$ 175,531,914	\$ 282,435,777	\$ 3,342,069
Cash with fiscal and escrow agents.	675	-	675	-
Receivables:				
Property and other local taxes	22,088,953	-	22,088,953	-
Municipal income taxes.	14,867,408	-	14,867,408	-
Accounts.	6,451,726	15,929,241	22,380,967	128,447
Payments in lieu of taxes.	2,455,714	-	2,455,714	-
Contracts.	-	-	-	955,244
Special assessments	889,917	2,043,277	2,933,194	-
Accrued interest	132,546	201,153	333,699	1,906,087
Due from other funds	-	-	-	-
Due from other governments.	17,200,198	1,997,762	19,197,960	-
Loans receivable.	29,896,524	-	29,896,524	14,906,200
Internal balance	339,079	(339,079)	-	-
Due from component units.	11,639,326	1,121,410	12,760,736	-
Materials and supplies inventory.	-	1,504,747	1,504,747	-
Inventory held for resale.	619,455	-	619,455	-
Deposits.	-	-	-	17,204
Prepayments	736,901	308,940	1,045,841	83,640
Restricted assets:				
Equity in pooled cash and cash equivalents. . .	-	121,961	121,961	4,095,741
Cash with fiscal and escrow agents.	-	2,982,028	2,982,028	-
Equity investments.	-	-	-	566,643
Capital assets:				
Land and construction in progress.	96,004,031	85,853,597	181,857,628	-
Depreciable capital assets, net.	326,125,730	406,763,650	732,889,380	29,435,289
Total capital assets, net.	<u>422,129,761</u>	<u>492,617,247</u>	<u>914,747,008</u>	<u>29,435,289</u>
Total assets	<u>636,352,046</u>	<u>694,020,601</u>	<u>1,330,372,647</u>	<u>55,436,564</u>
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	1,769,057	34,065	1,803,122	-
Total deferred outflows of resources	<u>1,769,057</u>	<u>34,065</u>	<u>1,803,122</u>	<u>-</u>

- - continued

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION (continued)
DECEMBER 31, 2013

	<u>Primary Government</u>			Component Unit
	Governmental Activities	Business-type Activities	Total	
Liabilities:				
Accounts payable	\$ 3,223,381	\$ 2,984,125	\$ 6,207,506	\$ 269,998
Contracts payable	3,465,553	3,074,888	6,540,441	-
Retainage payable	792,935	2,062,379	2,855,314	-
Grants payable	-	-	-	631,711
Accrued wages and benefits payable	4,767,678	1,727,565	6,495,243	-
Due to other governments	5,020,695	582,516	5,603,211	-
Due to primary government	-	-	-	12,760,736
Accrued interest payable	177,211	430,621	607,832	201,610
Payable from restricted assets:				
Utility deposits	-	121,961	121,961	-
Accrued liabilities and other payables	-	-	-	1,495,504
Long-term liabilities:				
Due within one year	16,589,060	6,836,725	23,425,785	3,080,154
Due in more than one year	78,595,978	76,414,753	155,010,731	28,851,677
Total liabilities	<u>112,632,491</u>	<u>94,235,533</u>	<u>206,868,024</u>	<u>47,291,390</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	13,954,043	-	13,954,043	-
Payments in lieu of taxes levied for the next fiscal year	1,590,826	-	1,590,826	-
Total deferred inflows of resources	<u>15,544,869</u>	<u>-</u>	<u>15,544,869</u>	<u>-</u>
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,799</u>
Net position:				
Net investment in capital assets	375,002,891	407,888,085	782,890,976	(48,462)
Restricted for:				
Permanent fund:				
Expendable	80,228	-	80,228	-
Nonexpendable	102,228	-	102,228	-
Capital projects	12,748,390	-	12,748,390	-
Debt service	31,672,848	-	31,672,848	-
Housing and urban development	6,233,744	-	6,233,744	-
Special projects	5,836,596	-	5,836,596	-
Street and highway projects	3,317,151	-	3,317,151	-
Other purposes	3,094,452	-	3,094,452	1,760,741
Unrestricted	<u>71,855,215</u>	<u>191,931,048</u>	<u>263,786,263</u>	<u>6,430,096</u>
Total net position	<u>\$ 509,943,743</u>	<u>\$ 599,819,133</u>	<u>\$ 1,109,762,876</u>	<u>\$ 8,142,375</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Downtown	\$ 3,596,856	\$ 571,365	\$ -	\$ -
Youth, education and human services.	2,904,850	17,205	2,398,340	-
Community development and neighborhoods.	27,516,705	3,456,330	10,784,190	-
Economic development	15,682,768	3,446,864	1,883,619	-
Leadership and quality of life	42,108,488	6,942,907	6,972,699	11,761,088
Corporate responsibility.	16,027,649	2,667,492	153,788	-
Public safety and justice.	93,221,162	21,385,906	2,391,650	-
Interest and fiscal charges.	2,958,434	-	-	-
Total governmental activities	<u>204,016,912</u>	<u>38,488,069</u>	<u>24,584,286</u>	<u>11,761,088</u>
Business-type activities:				
Dayton International Airport.	40,954,651	24,723,701	-	13,086,053
Water.	46,445,617	44,291,334	-	120,381
Sewer.	31,515,981	30,245,346	-	-
Other business-type activities:				
Storm Water.	5,312,757	7,345,250	-	650,577
Golf.	2,956,261	2,997,480	-	-
Total business-type activities	<u>127,185,267</u>	<u>109,603,111</u>	<u>-</u>	<u>13,857,011</u>
Total primary government	<u>\$ 331,202,179</u>	<u>\$ 148,091,180</u>	<u>\$ 24,584,286</u>	<u>\$ 25,618,099</u>
Component Unit:				
CityWide Development Corporations	<u>\$ 11,794,700</u>	<u>\$ 5,947,536</u>	<u>\$ -</u>	<u>\$ 767,100</u>

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
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			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (3,025,491)	\$ -	\$ (3,025,491)	\$ -
(489,305)	-	(489,305)	-
(13,276,185)	-	(13,276,185)	-
(10,352,285)	-	(10,352,285)	-
(16,431,794)	-	(16,431,794)	-
(13,206,369)	-	(13,206,369)	-
(69,443,606)	-	(69,443,606)	-
(2,958,434)	-	(2,958,434)	-
<u>(129,183,469)</u>	<u>-</u>	<u>(129,183,469)</u>	<u>-</u>
-	(3,144,897)	(3,144,897)	-
-	(2,033,902)	(2,033,902)	-
-	(1,270,635)	(1,270,635)	-
-	2,683,070	2,683,070	-
-	41,219	41,219	-
<u>-</u>	<u>(3,725,145)</u>	<u>(3,725,145)</u>	<u>-</u>
<u>(129,183,469)</u>	<u>(3,725,145)</u>	<u>(132,908,614)</u>	<u>-</u>
-	-	-	<u>(5,080,064)</u>
6,722,699	-	6,722,699	-
7,632,409	-	7,632,409	-
101,967,172	-	101,967,172	-
1,406,710	-	1,406,710	-
15,376,160	-	15,376,160	-
1,241,997	113,372	1,355,369	1,889
4,167,506	11,564,565	15,732,071	46,237
<u>138,514,653</u>	<u>11,677,937</u>	<u>150,192,590</u>	<u>48,126</u>
9,331,184	7,952,792	17,283,976	(5,031,938)
<u>\$500,612,559</u>	<u>\$591,866,341</u>	<u>\$1,092,478,900</u>	<u>13,174,313</u>
<u>\$ 509,943,743</u>	<u>\$ 599,819,133</u>	<u>\$ 1,109,762,876</u>	<u>\$ 8,142,375</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General	Debt Service	Capital Improvement
Assets:			
Equity in pooled cash and investments.	\$ 46,613,040	\$ 9,040,859	\$ 19,073,742
Cash with fiscal and escrow agents.	675	-	-
Receivables:			
Property and other local taxes.	9,960,094	12,128,859	-
Municipal income taxes.	14,867,408	-	-
Accounts.	6,142,936	37,500	23,168
Payments in lieu of taxes.	-	-	2,455,714
Special assessments	202,113	213,614	-
Accrued interest	112,490	-	-
Due from other funds	10,616	-	46,868
Due from other governments.	5,919,728	201,538	4,649,916
Loans receivable.	6,375,620	17,185,000	6,335,904
Advances to other funds	592,830	1,124,433	-
Prepayments	715,595	-	6,563
Due from component units.	2,955,667	-	2,410,184
Total assets	<u>\$ 94,468,812</u>	<u>\$ 39,931,803</u>	<u>\$ 35,002,059</u>
Liabilities:			
Accounts payable.	\$ 1,885,047	\$ -	\$ 632,474
Contracts payable.	939,700	-	1,001,103
Accrued wages and benefits payable	4,365,422	-	9,835
Retainage payable	-	-	541,780
Compensated absences payable	36,839	-	-
Interfund loans payable.	-	-	-
Advances from other funds.	285,929	-	-
Due to other funds	180,429	-	57
Due to other governments	3,421,888	-	-
Claimants payable	39,856	-	-
Total liabilities	<u>11,155,110</u>	<u>-</u>	<u>2,185,249</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	6,279,320	7,674,723	-
Delinquent property tax revenue not available.	3,644,293	4,454,136	-
Accrued interest not available	69,475	-	-
Special assessments revenue not available.	202,113	213,614	-
Miscellaneous revenue not available.	2,727,003	18,750	22,988
Income tax revenue not available	6,441,819	-	-
Intergovernmental revenue not available	3,080,703	201,538	3,426,946
Payments in lieu of taxes levied for the next fiscal year.	-	-	1,296,126
Delinquent payment in lieu of taxes revenue not available.	-	-	1,159,588
Total deferred inflows of resources	<u>22,444,726</u>	<u>12,562,761</u>	<u>5,905,648</u>
Fund balances:			
Nonspendable	10,556,945	-	6,563
Restricted.	-	26,962,021	8,427,005
Committed	1,877,155	407,021	9,591,625
Assigned	22,147,568	-	8,885,969
Unassigned.	<u>26,287,308</u>	<u>-</u>	<u>-</u>
Total fund balances.	<u>60,868,976</u>	<u>27,369,042</u>	<u>26,911,162</u>
Total liabilities and fund balances	<u>\$ 94,468,812</u>	<u>\$ 39,931,803</u>	<u>\$ 35,002,059</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 8,145,909	\$ 82,873,550
-	675
-	22,088,953
-	14,867,408
229,700	6,433,304
-	2,455,714
474,190	889,917
2,537	115,027
32,723	90,207
6,402,546	17,173,728
-	29,896,524
-	1,717,263
-	722,158
6,273,475	11,639,326
<u>\$ 21,561,080</u>	<u>\$ 190,963,754</u>
\$ 487,488	\$ 3,005,009
1,524,750	3,465,553
237,203	4,612,460
251,155	792,935
-	36,839
292,830	292,830
-	285,929
23,969	204,455
79,286	3,501,174
-	39,856
<u>2,896,681</u>	<u>16,237,040</u>
-	13,954,043
-	8,098,429
1,567	71,042
474,190	889,917
207,152	2,975,893
-	6,441,819
4,096,051	10,805,238
-	1,296,126
-	1,159,588
<u>4,778,960</u>	<u>45,692,095</u>
102,228	10,665,736
13,783,211	49,172,237
-	11,875,801
-	31,033,537
-	26,287,308
<u>13,885,439</u>	<u>129,034,619</u>
<u>\$ 21,561,080</u>	<u>\$ 190,963,754</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013

Total governmental fund balances		\$ 129,034,619
<i>Amounts reported for governmental activities on the statement of net position are different than the net position because:</i>		
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.		421,129,198
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	\$ 8,098,429	
Payments in lieu of taxes receivable	864,888	
Municipal income taxes receivable	6,441,819	
Accounts receivable	1,504,776	
Special assessments receivable	889,917	
Accrued interest receivable	71,042	
Due from other governments	12,276,355	
Total		30,147,226
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 \$876,964 are:		15,177,252
4. In the statement of net position interest is accrued on bonds, whereas in governmental funds, interest is accrued when due.		(177,211)
5. Unamortized deferred amounts on refundings are not recognized in the governmental funds.		1,769,057
6. Unamortized premiums on bond issuances are not recognized in the governmental funds.		(5,505,097)
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	(23,200)	
General obligation bonds	(38,541,400)	
Revenue bonds	(30,305,000)	
Pollution remediation	(15,738)	
Compensated absences	(9,224,456)	
OPWC loans	(661,507)	
ODOD Loan	(2,860,000)	
		(81,631,301)
Net position of governmental activities		\$ 509,943,743

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, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Revenues:			
Municipal income taxes	\$ 101,359,488	\$ -	\$ -
Property and other taxes.	6,193,594	6,320,353	514,880
State shared taxes.	9,190,257	2,497,546	-
Charges for services.	25,884,749	-	75,403
Licenses and permits	1,441,918	-	1,423
Fines and forfeitures	3,629,224	-	-
Intergovernmental.	4,250,814	-	14,624,737
Special assessments	155,473	98,471	216
Investment income.	1,441,224	51,860	-
Payments in lieu of taxes.	-	-	1,195,609
Decrease in FMV of investments.	(236,526)	-	-
Other	3,948,147	200,609	3,861,904
Total revenues	<u>157,258,362</u>	<u>9,168,839</u>	<u>20,274,172</u>
Expenditures:			
Current:			
Downtown	3,121,684	-	17,700
Youth, education and human services.	94,956	-	-
Community development and neighborhoods.	12,550,966	-	2,765,816
Economic development	7,637,298	-	4,366,314
Leadership and quality of life	21,635,997	-	1,841,771
Corporate responsibility.	14,559,687	280,158	109,061
Public safety and justice.	91,339,659	-	2,464
Capital outlay	-	-	14,798,332
Debt service:			
Principal retirement.	-	8,239,533	206,642
Interest and fiscal charges	37,599	3,115,638	11,004
Total expenditures	<u>150,977,846</u>	<u>11,635,329</u>	<u>24,119,104</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>6,280,516</u>	<u>(2,466,490)</u>	<u>(3,844,932)</u>
Other financing sources (uses):			
Transfers in	-	1,134,511	4,547,745
Transfers (out).	(6,750,939)	-	-
Issuance of loans.	-	-	556,971
Total other financing sources (uses)	<u>(6,750,939)</u>	<u>1,134,511</u>	<u>5,104,716</u>
Net change in fund balances	(470,423)	(1,331,979)	1,259,784
Fund balances at beginning of year (restated).	<u>61,339,399</u>	<u>28,701,021</u>	<u>25,651,378</u>
Fund balances at end of year	<u>\$ 60,868,976</u>	<u>\$ 27,369,042</u>	<u>\$ 26,911,162</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 101,359,488
-	13,028,827
5,336,963	17,024,766
895,111	26,855,263
15,093	1,458,434
588,761	4,217,985
19,162,212	38,037,763
90,051	344,211
4,711	1,497,795
-	1,195,609
(4,362)	(240,888)
1,819,790	9,830,450
<u>27,908,330</u>	<u>214,609,703</u>
-	3,139,384
2,807,295	2,902,251
13,089,870	28,406,652
3,138,866	15,142,478
8,551,651	32,029,419
214,555	15,163,461
4,308,721	95,650,844
-	14,798,332
-	8,446,175
-	3,164,241
<u>32,110,958</u>	<u>218,843,237</u>
<u>(4,202,628)</u>	<u>(4,233,534)</u>
1,156,336	6,838,592
-	(6,750,939)
-	556,971
<u>1,156,336</u>	<u>644,624</u>
(3,046,292)	(3,588,910)
16,931,731	132,623,529
<u>\$ 13,885,439</u>	<u>\$ 129,034,619</u>

**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, 2013

Net change in fund balances - total governmental funds		\$ (3,588,910)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
1. 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 (\$16,716,779) exceeded depreciation expense (\$13,806,251) in the current period (exclusive of internal service fund activity).		2,910,528
2. The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to increase net position.		6,000
3. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Municipal income taxes	\$ 607,684	
Property and other local taxes	1,326,281	
Payments in lieu of taxes	211,101	
Charges for services	(2,762,568)	
Intergovernmental	(482,721)	
Special assessments	(152,404)	
Investment income	(54,330)	
Total	(1,306,957)	(1,306,957)
4. 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	8,421,929	
Loan principal payments	24,246	
Total	8,446,175	8,446,175
5. Issuance of loans 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.		(556,971)
6. 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	40,454	
Amortization of bond premiums and discounts	339,367	
Amortization of deferred charges on refundings	(174,014)	
Total	205,807	205,807
7. Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated absences	(257,844)	
Pollution remediation obligation	(15,738)	
Total	(273,582)	(273,582)
8. 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 \$876,9644, is allocated among governmental activities.		3,489,094
Change in net position of governmental activities		\$ 9,331,184

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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 102,474,700	\$ 101,520,600	\$ 101,934,268	\$ 413,668
Property and other taxes	6,200,700	6,177,100	6,184,419	7,319
State shared taxes	7,379,600	9,528,800	9,590,338	61,538
Charges for services	27,034,100	27,019,800	26,473,017	(546,783)
Licenses and permits	1,430,000	1,330,600	1,265,804	(64,796)
Fines and forfeitures	3,475,700	3,515,400	3,664,549	149,149
Intergovernmental	4,256,800	3,911,600	4,013,640	102,040
Special assessments	125,000	117,800	155,473	37,673
Investment income	1,688,000	1,713,700	1,462,881	(250,819)
Other	2,690,800	3,311,400	4,115,377	803,977
Total revenues	<u>156,755,400</u>	<u>158,146,800</u>	<u>158,859,766</u>	<u>712,966</u>
Expenditures:				
Current:				
Downtown	2,843,800	3,035,800	2,885,301	150,499
Youth, education and human services	50,000	50,000	93,419	(43,419)
Community development and neighborhoods	12,846,300	12,777,800	12,366,311	411,489
Economic development	7,014,100	8,746,800	7,574,872	1,171,928
Leadership and quality of life	23,555,500	23,577,200	22,809,467	767,733
Corporate responsibility	15,840,300	15,803,900	15,145,149	658,751
Public safety and justice	92,673,100	93,200,200	91,381,056	1,819,144
Other	1,253,000	1,292,400	940,866	351,534
Debt service:				
Principal retirement	171,700	171,700	171,626	74
Interest and fiscal charges	91,700	91,700	91,646	54
Total expenditures	<u>156,339,500</u>	<u>158,747,500</u>	<u>153,459,713</u>	<u>5,287,787</u>
Excess of revenues over expenditures	<u>415,900</u>	<u>(600,700)</u>	<u>5,400,053</u>	<u>6,000,753</u>
Other financing uses:				
Transfers (out)	<u>(3,172,000)</u>	<u>(6,851,900)</u>	<u>(6,750,939)</u>	<u>100,961</u>
Total other financing uses	<u>(3,172,000)</u>	<u>(6,851,900)</u>	<u>(6,750,939)</u>	<u>100,961</u>
Net change in fund balances	(2,756,100)	(7,452,600)	(1,350,886)	6,101,714
Fund balance at beginning of year	61,211,397	61,211,397	61,211,397	-
Prior year encumbrances appropriated	1,679,778	1,679,778	1,679,778	-
Fund balance at end of year	<u>\$ 60,135,075</u>	<u>\$ 55,438,575</u>	<u>\$ 61,540,289</u>	<u>\$ 6,101,714</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Assets:				
Current assets:				
Equity in pooled cash and investments.	\$ 50,155,635	\$ 65,601,236	\$ 50,277,016	\$ 9,498,027
Receivables:				
Accounts.	2,377,621	6,982,971	4,924,719	1,643,930
Special assessments	-	988,786	468,954	585,537
Accrued interest	56,695	75,716	57,897	10,845
Due from other funds	4,098	3,855,190	-	-
Due from other governments.	1,712,360	263,340	-	22,062
Advances to other funds	-	-	-	-
Due from component units.	-	1,121,410	-	-
Materials and supplies inventory.	61,686	1,443,061	-	-
Inventory held for resale.	-	-	-	-
Prepayments	126,205	135,982	44,878	1,875
Total current assets	<u>54,494,300</u>	<u>80,467,692</u>	<u>55,773,464</u>	<u>11,762,276</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress.	52,244,206	19,207,058	13,112,442	1,289,891
Depreciable capital assets, net.	217,764,920	98,509,079	73,695,819	16,793,832
Total capital assets, net.	<u>270,009,126</u>	<u>117,716,137</u>	<u>86,808,261</u>	<u>18,083,723</u>
Restricted assets:				
Equity in pooled cash and cash equivalents	-	121,961	-	-
Cash with fiscal and escrow agents	2,982,028	-	-	-
Total restricted assets.	<u>2,982,028</u>	<u>121,961</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>272,991,154</u>	<u>117,838,098</u>	<u>86,808,261</u>	<u>18,083,723</u>
Total assets	<u>327,485,454</u>	<u>198,305,790</u>	<u>142,581,725</u>	<u>29,845,999</u>
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	34,065	-	-	-
Total deferred outflows of resources	<u>34,065</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>327,519,519</u>	<u>198,305,790</u>	<u>142,581,725</u>	<u>29,845,999</u>

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 175,531,914	\$ 24,030,314
15,929,241	18,422
2,043,277	-
201,153	17,519
3,859,288	217,945
1,997,762	26,470
-	285,929
1,121,410	-
1,504,747	-
-	619,455
308,940	14,743
<u>202,497,732</u>	<u>25,230,797</u>
85,853,597	75,000
<u>406,763,650</u>	<u>925,563</u>
<u>492,617,247</u>	<u>1,000,563</u>
121,961	-
2,982,028	-
<u>3,103,989</u>	<u>-</u>
<u>495,721,236</u>	<u>1,000,563</u>
<u>698,218,968</u>	<u>26,231,360</u>
34,065	-
<u>34,065</u>	<u>-</u>
<u>698,253,033</u>	<u>26,231,360</u>

- - Continued

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Liabilities:				
Current liabilities:				
Accounts payable	900,606	1,174,909	830,238	78,372
Contracts payable	787,681	1,751,086	511,187	24,934
Retainage payable	1,732,660	229,431	83,016	17,272
Accrued wages and benefits payable	485,755	701,516	380,428	159,866
Due to other funds	1,946	68,265	3,282,714	597,973
Due to other governments	446,468	125,145	617	10,286
Accrued interest payable	182,083	46,701	201,444	393
Compensated absences payable - current	589,657	1,011,069	460,790	241,212
Advances from other funds	-	-	-	1,124,433
General obligation bonds payable	385,000	890,000	900,000	188,600
Revenue bonds payable	1,350,000	-	-	-
OWDA loans payable	-	-	770,397	-
OPWC loans payable	-	-	50,000	-
Claims and judgments payable	-	-	-	-
Payable from restricted assets:				
Utility deposits	-	121,961	-	-
Total current liabilities	6,861,856	6,120,083	7,470,831	2,443,341
Long-term liabilities:				
Compensated absences payable	338,725	580,803	264,699	138,563
General obligation bonds payable	8,990,000	13,630,000	13,905,000	-
Revenue bonds payable	30,603,977	-	-	-
OWDA loans payable	-	-	7,662,986	-
OPWC loans payable	-	-	300,000	-
Claims and judgments payable	-	-	-	-
Total long-term liabilities	39,932,702	14,210,803	22,132,685	138,563
Total liabilities	46,794,558	20,330,886	29,603,516	2,581,904
Net position:				
Net investment in capital assets	226,193,873	101,215,620	62,625,675	17,852,917
Unrestricted	54,531,088	76,759,284	50,352,534	9,411,178
Total net position	\$ 280,724,961	\$ 177,974,904	\$ 112,978,209	\$ 27,264,095

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
2,984,125	218,372
3,074,888	-
2,062,379	-
1,727,565	155,218
3,950,898	12,087
582,516	1,519,521
430,621	-
2,302,728	185,645
1,124,433	300,000
2,363,600	-
1,350,000	-
770,397	-
50,000	-
-	86,609
121,961	-
<u>22,896,111</u>	<u>2,477,452</u>
1,322,790	106,645
36,525,000	-
30,603,977	-
7,662,986	-
300,000	-
-	7,593,047
<u>76,414,753</u>	<u>7,699,692</u>
<u>99,310,864</u>	<u>10,177,144</u>
407,888,085	925,563
<u>191,054,084</u>	<u>15,128,653</u>
598,942,169	<u>\$ 16,054,216</u>
<u>876,964</u>	
<u>\$ 599,819,133</u>	

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 24,723,701	\$ 44,291,334	\$ 30,245,346	\$ 10,342,730
Other operating revenues	5,413,741	4,622,745	1,489,741	38,338
Total operating revenues	<u>30,137,442</u>	<u>48,914,079</u>	<u>31,735,087</u>	<u>10,381,068</u>
Operating expenses:				
Personal services	8,828,850	14,114,923	6,970,432	2,971,547
Fringe benefits.	3,617,186	6,274,767	3,041,836	1,374,025
Contract services.	9,012,354	6,754,371	6,927,039	1,769,053
Materials and supplies.	1,368,590	4,339,131	2,312,379	428,673
Cost of sales.	-	-	-	-
Utilities	2,105,901	5,355,087	3,081,051	192,033
Claims expense	-	-	-	-
Depreciation.	11,854,315	6,039,413	7,004,965	774,002
Other	1,831,119	2,828,876	1,148,662	685,844
Total operating expenses.	<u>38,618,315</u>	<u>45,706,568</u>	<u>30,486,364</u>	<u>8,195,177</u>
Operating income (loss)	<u>(8,480,873)</u>	<u>3,207,511</u>	<u>1,248,723</u>	<u>2,185,891</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(2,242,168)	(664,898)	(1,001,056)	(60,201)
Interest income.	91,047	163,302	125,437	21,353
Decrease in fair market value of investments.	(101,013)	(96,103)	(74,795)	(15,856)
Total nonoperating revenues (expenses).	<u>(2,252,134)</u>	<u>(597,699)</u>	<u>(950,414)</u>	<u>(54,704)</u>
Income (loss) before contributions and transfers	(10,733,007)	2,609,812	298,309	2,131,187
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Capital contributions.	13,086,053	120,381	-	650,577
Change in net position	2,353,046	2,730,193	298,309	2,781,764
Net position at beginning of year.	<u>278,371,915</u>	<u>175,244,711</u>	<u>112,679,900</u>	<u>24,482,331</u>
Net position at end of year	<u>\$ 280,724,961</u>	<u>\$ 177,974,904</u>	<u>\$ 112,978,209</u>	<u>\$ 27,264,095</u>

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
\$ 109,603,111	\$ 33,497,033
11,564,565	426,443
<u>121,167,676</u>	<u>33,923,476</u>
32,885,752	3,002,542
14,307,814	1,335,217
24,462,817	1,237,555
8,448,773	2,125,059
-	3,313,106
10,734,072	23,553
-	19,370,747
25,672,695	77,017
6,494,501	111,803
<u>123,006,424</u>	<u>30,596,599</u>
(1,838,748)	3,326,877
(3,968,323)	-
401,139	50,869
(287,767)	(11,519)
<u>(3,854,951)</u>	<u>39,350</u>
(5,693,699)	3,366,227
-	30,300
-	(117,953)
13,857,011	-
8,163,312	3,278,574
	<u>12,775,642</u>
	<u>\$ 16,054,216</u>
(210,520)	
<u>\$ 7,952,792</u>	

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Cash flows from operating activities:				
Cash received from customers.	\$ 24,946,021	\$ 44,860,078	\$ 31,027,415	\$ 10,238,857
Cash received from interfund services provided.	-	-	-	-
Cash received from other operations	5,998,023	4,351,849	1,489,741	38,338
Cash payments for personal services.	(8,785,807)	(14,320,307)	(7,040,949)	(3,005,125)
Cash payments for fringe benefits.	(3,572,430)	(6,059,749)	(2,929,038)	(1,322,838)
Cash payments for contractual services	(9,161,104)	(5,964,548)	(6,889,343)	(1,725,538)
Cash payments for materials and supplies	(1,481,428)	(4,078,222)	(2,269,872)	(454,584)
Cash payments for cost of goods sold.	-	-	-	-
Cash payments for utilities.	(1,961,130)	(5,085,705)	(2,659,636)	(187,307)
Cash payments for claims	-	-	-	-
Cash payments for other expenses	(1,965,834)	(2,823,645)	(1,188,255)	(672,951)
Net cash provided by operating activities.	<u>4,016,311</u>	<u>10,879,751</u>	<u>9,540,063</u>	<u>2,908,852</u>
Cash flows from noncapital financing activities:				
Cash received from advance from component unit.	-	334,782	-	-
Cash payments for advance to component unit.	-	(94,452)	-	-
Cash received from transfers in	-	-	-	-
Cash used in transfers out	-	-	-	-
Cash received from interfund loans	-	-	-	-
Cash used in repayment of interfund loans.	-	-	-	(28,003)
Net cash provided by (used in) noncapital financing activities.	<u>-</u>	<u>240,330</u>	<u>-</u>	<u>(28,003)</u>
Cash flows from capital and related financing activities:				
Capital contributions.	12,969,227	-	-	628,515
Acquisition of capital assets	(19,060,595)	(6,374,968)	(4,542,554)	(1,542,443)
Principal paid on loans.	-	-	(791,617)	-
Interest paid on loans.	-	-	(345,967)	-
Principal paid on bonds.	(1,665,000)	(780,000)	(795,000)	(192,971)
Interest paid on bonds.	(2,251,555)	(664,898)	(677,925)	(60,531)
Net cash used in capital and related financing activities.	<u>(10,007,923)</u>	<u>(7,819,866)</u>	<u>(7,153,063)</u>	<u>(1,167,430)</u>
Cash flows from investing activities:				
Interest received	7,395	45,301	35,419	4,789
Net cash provided by investing activities	<u>7,395</u>	<u>45,301</u>	<u>35,419</u>	<u>4,789</u>
Net increase (decrease) in cash and investments.	(5,984,217)	3,345,516	2,422,419	1,718,208
Cash and investments at beginning of year.	<u>59,121,880</u>	<u>62,377,681</u>	<u>47,854,597</u>	<u>7,779,819</u>
Cash and investments at end of year.	<u>\$ 53,137,663</u>	<u>\$ 65,723,197</u>	<u>\$ 50,277,016</u>	<u>\$ 9,498,027</u>

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 111,072,371	\$ -
-	33,427,607
11,877,951	426,443
(33,152,188)	(3,029,741)
(13,884,055)	(1,288,674)
(23,740,533)	(1,205,069)
(8,284,106)	(2,003,229)
-	(3,298,766)
(9,893,778)	(22,601)
-	(18,624,430)
(6,650,685)	(112,685)
<u>27,344,977</u>	<u>4,268,855</u>
334,782	-
(94,452)	-
-	30,300
-	(117,953)
-	66,354
(28,003)	(100,000)
<u>212,327</u>	<u>(121,299)</u>
13,597,742	-
(31,520,560)	(64,687)
(791,617)	-
(345,967)	-
(3,432,971)	-
(3,654,909)	-
<u>(26,148,282)</u>	<u>(64,687)</u>
<u>92,904</u>	<u>21,831</u>
<u>92,904</u>	<u>21,831</u>
1,501,926	4,104,700
177,133,977	19,925,614
<u>\$ 178,635,903</u>	<u>\$ 24,030,314</u>

- - Continued

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

	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)	\$ (8,480,873)	\$ 3,207,511	\$ 1,248,723	\$ 2,185,891
Adjustments:				
Depreciation.	11,854,315	6,039,413	7,004,965	774,002
Changes in assets and liabilities:				
Decrease in accounts receivable.	756,756	338,760	684,288	1,456
Increase in due from other funds.	(3,271)	(188,975)	-	-
Decrease (increase) in due from other governments.	53,117	(97,051)	-	-
Decrease (increase) in prepayments.	(37,391)	2,303	(1,431)	47,596
Decrease (increase) in special assessments receivable.	-	235,313	97,781	(105,329)
Decrease (increase) in materials and supplies inventory.	(7,920)	144,394	-	-
Decrease in inventory held for resale.	-	-	-	-
Increase (decrease) in accounts payable.	577,357	400,953	468,100	(431)
Increase (decrease) in contracts payable.	(1,696,998)	756,374	(120,247)	(5,750)
Increase (decrease) in retainage payable.	1,046,349	9,074	(106,426)	5,225
Increase in accrued wages and benefits.	43,295	4,355	43,073	12,021
Increase (decrease) in due to other funds.	134	8,194	221,905	(21,254)
Increase (decrease) in due to other governments.	(133,063)	4,053	124	9,837
Increase (decrease) in compensated absences payable.	44,504	5,279	(792)	5,588
Increase in utility deposits.	-	9,801	-	-
Increase in claims payable.	-	-	-	-
Net cash provided by operating activities	<u>\$ 4,016,311</u>	<u>\$ 10,879,751</u>	<u>\$ 9,540,063</u>	<u>\$ 2,908,852</u>

Non-cash transactions:

During 2013, the Dayton International Airport received \$2,132,334 in capital grants, which was recognized as a receivable in 2012. Receivables in the amount of \$2,249,160, 120,381 and 22,062 have been recorded for capital grants in 2013 for the Dayton International Airport, Water and Storm Water enterprise funds, respectively.

At December 31, 2013, the Water, Sewer, Dayton International Airport and Storm Water enterprise funds purchased \$1,317,913, \$441,080, \$2,161,531 and \$23,922, respectively, in capital assets on account. 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.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ (1,838,748)	\$ 3,326,877
25,672,695	77,017
1,781,260	10,872
(192,246)	(87,556)
(43,934)	7,258
11,077	(14,743)
227,765	-
136,474	-
-	18,659
1,445,979	154,174
(1,066,621)	-
954,222	-
102,744	11,909
208,979	10,636
(119,049)	76,548
54,579	7,435
9,801	-
-	669,769
<u>\$ 27,344,977</u>	<u>\$ 4,268,855</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2013

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 3,716,136
Investments with fiscal agent	693,429
Cash and cash equivalents with fiscal agent	1,455,286
Receivables:	
Accounts	258,089
Special assessments.	2,589,321
Intergovernmental.	90,671
Total assets	\$ 8,802,932
Liabilities:	
Accounts payable	\$ 91,933
Intergovernmental payable.	2,011,725
Due to others.	3,925,259
Withholdings and deposits.	2,774,015
Total liabilities.	\$ 8,802,932

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

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CITY OF DAYTON, OHIO

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CITY OF DAYTON, OHIO

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CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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:

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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 \$65,102 for the operation of the Commission during 2013. 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 2013. Financial information can be obtained from Jackie Leland, Director, at 444 W. Third Street, Suite 20-231, Dayton, Ohio 45402.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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 \$180,943 in revenues through the JEDD in 2013.

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 \$26,257 in revenues through the JEDD in 2013.

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 2013. Financial information can be obtained from Linda Gum, ED/GE Coordinator, at 451 West Third Street, Dayton, Ohio 45402.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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 2013. 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 2013, 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.

Montgomery County Emergency Management Agency - The Montgomery County Emergency Management Agency (the Agency) is a jointly governed organization between various political subdivisions in Montgomery County. The Agency is responsible for developing plans and programs that prepare Montgomery County and its communities to effectively prevent, respond to, and recover from catastrophic disasters.

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 2013. 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013, but which were levied to finance year 2014 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, 2013, 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 assign 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 2013, 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, 2013. 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, 2013.

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 2013 was \$1,441,224 in the general fund, which includes \$1,144,226 assigned from other City funds.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013, 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.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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:

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 accordance with the City’s fund balance policy, 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’s fund balance policy states that 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 fiscal year 2013, the City has implemented GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*" and GASB Statement No. 66, "*Technical Corrections-2012*".

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the City.

GASB Statement No. 66 improves accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements; GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" and GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements*". The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the City.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Prior Period Adjustment

A prior period adjustment is required to properly report the balances of capital assets and loans receivable at December 31, 2012. In 2009, the City refunded the baseball revenue bonds. As part of the debt restructuring, the City forgave the balance of the riverfront arca loan receivable and took ownership of Fifth Third Field, the baseball stadium located at 220 N. Patterson Street in Dayton. This transaction was not previously reported in the City's financial statements.

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Fund balance as previously reported	\$ 61,339,399	\$ 32,621,021	\$ 25,651,378	\$ 16,931,731	\$ 136,543,529
Removal of loan receivable	<u>-</u>	<u>(3,920,000)</u>	<u>-</u>	<u>-</u>	<u>(3,920,000)</u>
Restated fund balance at December 31, 2012	<u>\$ 61,339,399</u>	<u>\$ 28,701,021</u>	<u>\$ 25,651,378</u>	<u>\$ 16,931,731</u>	<u>\$ 132,623,529</u>

	<u>Governmental Activities</u>
Net position as previously reported	\$ 474,326,996
Removal of loan receivable	(3,920,000)
Capital asset adjustment	<u>30,205,563</u>
Restated net position at December 31, 2012	<u>\$ 500,612,559</u>

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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;
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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year-end, the City had \$22,925 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”.

B. Deposits with Financial Institutions

At December 31, 2013, the carrying amount of all City deposits was \$9,389,867. As of December 31, 2013, \$13,506,926 of the City’s bank balance of \$14,100,201 was exposed to custodial risk as discussed below, while \$593,275 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, 2013, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FFCB	\$ 69,653,502	\$ -	\$ 5,003,050	\$ 11,010,420	\$ 33,775,672	\$ 19,864,360
FHLB	28,039,903	-	-	5,001,050	2,099,223	20,939,630
FHLMC	60,757,778	-	8,020,760	-	8,358,957	44,378,061
FNMA	64,473,947	-	-	13,026,880	5,003,350	46,443,717
UST	8,991,140	-	7,003,480	-	-	1,987,660
City Owned Debt	1,803,199	-	-	-	-	1,803,199
Executive Severance						
Money Market	693,429	693,429	-	-	-	-
U.S. Government						
Money Market	3,546,186	3,546,186	-	-	-	-
STAR Ohio	44,033,416	44,033,416	-	-	-	-
Total	\$ 281,992,500	\$ 48,273,031	\$ 20,027,290	\$ 29,038,350	\$ 49,237,202	\$ 135,416,627

The weighted average maturity of investments is 1.82 years.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FFCB	\$ 69,653,502	24.70
FHLB	28,039,903	9.94
FHLMC	60,757,778	21.55
FNMA	64,473,947	22.86
UST	8,991,140	3.19
City Owned Debt	1,803,199	0.64
Executive Severance Money Market	693,429	0.25
U.S. Government Money Market	3,546,186	1.26
STAR Ohio	<u>44,033,416</u>	<u>15.61</u>
Total	<u>\$ 281,992,500</u>	<u>100.00</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,389,867
Investments	281,992,500
Cash on hand	<u>22,925</u>
Total	<u>\$ 291,405,292</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 106,904,538
Business type activities	178,635,903
Agency funds	<u>5,864,851</u>
Total	<u>\$ 291,405,292</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Due from/to other funds consisted of the following at December 31, 2013, as reported on the fund statements:

Due to	Due from						Due from Total
	Dayton						
	General	Capital Improvement	Nonmajor Governmental	International Airport	Water	Internal Service	
General	\$ -	\$ 46,868	\$ -	\$ 4,098	\$ 74	\$ 129,389	\$ 180,429
Capital Improvement	57	-	-	-	-	-	57
Nonmajor governmental	4,474	-	-	-	-	19,495	23,969
Dayton International Airport	5	-	-	-	-	1,941	1,946
Water	5,201	-	30,880	-	-	32,184	68,265
Sewer	878	-	1,843	-	3,260,025	19,968	3,282,714
Nonmajor Enterprise	-	-	-	-	595,069	2,904	597,973
Internal Service	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>12,064</u>	<u>12,087</u>
Due to total	<u>\$ 10,616</u>	<u>\$ 46,868</u>	<u>\$ 32,723</u>	<u>\$ 4,098</u>	<u>\$ 3,855,190</u>	<u>\$ 217,945</u>	<u>\$ 4,167,440</u>

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

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Due to component unit and due from primary government consisted of the following at December 31, 2013, as reported on the fund statements:

<u>Due from/Due to</u>	<u>General</u>	<u>Capital improvements</u>	<u>Nonmajor governmental</u>	<u>Water</u>	<u>Total</u>
Component unit	<u>\$ 2,955,667</u>	<u>\$ 2,410,184</u>	<u>\$ 6,273,475</u>	<u>\$ 1,121,410</u>	<u>\$ 12,760,736</u>

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, 2013, consisted of the following, as reported on the fund statements:

<u>Transfer from</u>	<u>Transfer to</u>		
	<u>Debt Service</u>	<u>Capital Improvements</u>	
General	\$ 1,016,558	\$ 4,547,745	
Internal service	<u>117,953</u>	<u>-</u>	
Total	<u>\$ 1,134,511</u>	<u>\$ 4,547,745</u>	

	<u>Nonmajor Governmental</u>	<u>Internal service</u>	<u>Total</u>
	General	\$ 1,156,336	\$ 30,300
Internal service	<u>-</u>	<u>-</u>	<u>117,953</u>
Total	<u>\$ 1,156,336</u>	<u>\$ 30,300</u>	<u>\$ 6,868,892</u>

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

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The City also has \$228,901 in manuscript bonds outstanding in the debt service fund related to special assessments. This loan was made between sub-funds of the debt service fund. Intrafund loans are not presented on the basic financial statements.

- D.** Advances to/from other funds for the year ended December 31, 2013, consisted of the following, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 292,830
Debt service	Nonmajor enterprise	1,124,433
General	Internal service	300,000
Internal service	General	<u>285,929</u>
Total		<u>\$ 2,003,192</u>

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 began 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.

The City also has \$4,376,480 in manuscript bonds outstanding related to the recreational facilities project. The loan was made between sub-funds within the capital projects fund. Intrafund loans are not presented on the basic financial statements.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 6 - PROPERTY TAXES - (Continued)

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. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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, 2013 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 2013 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, 2013 was \$10 per \$1,000 of assessed value. The assessed values of real and public utility property for tax year 2013 are as follows:

Real property

Residential/agricultural	\$1,018,575,070
Commercial/industrial	433,097,000

Public utility

Real	1,590,470
Personal	92,727,670
Total assessed value	<u><u>\$1,545,990,210</u></u>

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 2013, as reported in the governmental fund financial statements on the modified accrual basis of accounting, was \$101,359,488.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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 \$1,195,609 in 2013 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, 2013, 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, 2013, as well as intended to finance 2013 operations.

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

Governmental activities:

Property and other local taxes	\$ 22,088,953
Municipal income taxes	14,867,408
Accounts	6,451,726
Payments in lieu of taxes	2,455,714
Special assessments	889,917
Accrued interest	132,546
Loans	29,896,524
Due from other governments	17,200,198

Business-type activities:

Accounts	15,929,241
Special assessments	2,043,277
Accrued interest	201,153
Due from other governments	1,997,762

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).

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 10 - LOANS RECEIVABLE

A. 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. The Port Authority is currently in default of this loan and unpaid interest adds to the principal outstanding on the loan. At December 31, 2013, the amount owed to the City was \$21,821,289. However, the City reports loans receivable net of uncollectible amounts. Due to the non-recourse language in the loan and the Port Authority's current state of default, the City has recorded a receivable of \$17,185,000 for this loan and considers \$4,636,289 uncollectible. However, the Port Authority remains liable for the entire balance of the loan, including the portion in default.

B. 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, 2013, the amount owed to the City was \$6,335,904.

C. 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 final loan payment is due June 27, 2040. At December 31, 2013, the amount owed to the City was \$6,375,620.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 11 - CAPITAL ASSETS

- A. The beginning balances of building improvements, infrastructure and accumulated depreciation were restated by \$26,272,877, \$6,260,296 and \$(2,327,610), respectively. The City had not previously reported the Fifth Third Field in the capital asset listing. Capital asset activity for the governmental activities for the year ended December 31, 2013 was as follows:

	Restated Balance <u>12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/13</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 69,618,504	\$ 70,628	\$ -	\$ 69,689,132
Construction in progress	14,458,904	11,588,785	(13,740,192)	12,307,497
Right-of-ways	<u>14,007,402</u>	<u>-</u>	<u>-</u>	<u>14,007,402</u>
Total capital assets, not being depreciated	<u>98,084,810</u>	<u>11,659,413</u>	<u>(13,740,192)</u>	<u>96,004,031</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	145,747,860	965,612	-	146,713,472
Improvements other than buildings	55,407,189	1,960,060	-	57,367,249
Equipment	27,077,712	315,502	-	27,393,214
Software	644,749	168,496	-	813,245
Motor vehicles	43,603,558	4,114,646	-	47,718,204
Infrastructure	<u>291,426,455</u>	<u>11,343,929</u>	<u>-</u>	<u>302,770,384</u>
Total capital assets, being depreciated	<u>563,907,523</u>	<u>18,868,245</u>	<u>-</u>	<u>582,775,768</u>
<i>Less: accumulated depreciation</i>				
Building improvements	(75,530,020)	(2,709,597)	-	(78,239,617)
Improvements other than buildings	(40,182,391)	(1,285,134)	-	(41,467,525)
Equipment	(20,572,183)	(1,504,481)	-	(22,076,664)
Software	(207,253)	(128,949)	-	(336,202)
Motor vehicles	(32,411,962)	(1,807,792)	-	(34,219,754)
Infrastructure	<u>(73,862,961)</u>	<u>(6,447,315)</u>	<u>-</u>	<u>(80,310,276)</u>
Total accumulated depreciation	<u>(242,766,770)</u>	<u>(13,883,268)</u>	<u>-</u>	<u>(256,650,038)</u>
Total capital assets being depreciated, net	<u>321,140,753</u>	<u>4,984,977</u>	<u>-</u>	<u>326,125,730</u>
Governmental activities capital assets, net	<u>\$ 419,225,563</u>	<u>\$ 16,644,390</u>	<u>\$ (13,740,192)</u>	<u>\$ 422,129,761</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 11 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

Downtown	\$ 514,186
Youth, education and human services	3,064
Community development and neighborhoods	411,736
Economic development	638,050
Leadership and quality of life	8,735,380
Corporate responsibility	1,170,339
Public safety and justice	<u>2,410,513</u>
Total depreciation expense - governmental activities	<u>\$ 13,883,268</u>

B. Capital asset activity for the business-type activities for the year ended December 31, 2013, was as follows:

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/13</u>
Business-type activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 42,965,353	\$ -	\$ -	\$ 42,965,353
Construction in progress	<u>36,648,091</u>	<u>29,162,637</u>	<u>(22,922,484)</u>	<u>42,888,244</u>
Total capital assets, not being depreciated	<u>79,613,444</u>	<u>29,162,637</u>	<u>(22,922,484)</u>	<u>85,853,597</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	205,327,723	17,336,371	-	222,664,094
Improvements other than buildings	654,843,706	5,039,376	-	659,883,082
Equipment	19,107,738	1,535,851	-	20,643,589
Software	680,262	217,853	-	898,115
Vehicles	<u>38,102,059</u>	<u>2,571,678</u>	-	<u>40,673,737</u>
Total capital assets, being depreciated	<u>918,061,488</u>	<u>26,701,129</u>	-	<u>944,762,617</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(86,337,593)	(4,376,202)	-	(90,713,795)
Improvements other than buildings	(387,270,074)	(18,254,872)	-	(405,524,946)
Equipment	(13,266,453)	(1,350,435)	-	(14,616,888)
Software	(16,428)	(137,257)	-	(153,685)
Vehicles	<u>(25,435,724)</u>	<u>(1,553,929)</u>	-	<u>(26,989,653)</u>
Total accumulated depreciation	<u>(512,326,272)</u>	<u>(25,672,695)</u>	-	<u>(537,998,967)</u>
Total capital assets being depreciated, net	<u>405,735,216</u>	<u>1,028,434</u>	-	<u>406,763,650</u>
Business-type activities capital assets, net	<u>\$ 485,348,660</u>	<u>\$ 30,191,071</u>	<u>\$ (22,922,484)</u>	<u>\$ 492,617,247</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 11 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to the enterprise funds as follows:

Business-type Activities:

Dayton International Airport	\$ 11,854,315
Water	6,039,413
Sewer	7,004,965
Storm water	508,320
Golf	<u>265,682</u>
 Total depreciation expense - business-type activities	 <u>\$ 25,672,695</u>

- C. Outstanding contractual commitments related to construction in progress for the year ended December 31, 2013, was as follows:

Governmental activities	\$ 2,702,756
Water	5,010,400
Sewer	2,744,743
Dayton International Airport	<u>28,296,780</u>
 Total outstanding contractual commitments	 <u>\$ 38,754,679</u>

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, 2013, are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2014	\$ 1,464,398
2015	1,743,246
2016	1,804,271
2017	1,798,821
2018	1,780,749
2019 - 2023	5,110,040
2024 - 2028	3,066,518
2029 - 2033	1,834,975
2034 - 2038	1,093,051
2039 - 2043	414,940
2044 - 2048	518,160
2049 - 2053	<u>518,160</u>
 Totals	 <u>\$ 21,147,329</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

- B.** 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, 2013 are as follows:

Year Ending <u>December 31,</u>	Minimum <u>Lease Payments</u>
2014	\$ 344,406
2015	354,738
2016	365,380
2017	405,000
2018	417,150
2019 - 2023	2,281,147
2024 - 2028	2,644,475
2029 - 2033	3,065,671
2034 - 2038	3,553,952
2039	<u>776,022</u>
Totals	<u>\$ 14,207,941</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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:

	Issue Date	Maturity Date	Interest Rate (%)	Original		Increase	Decrease	Balance 12/31/13	Amounts
				Issue Amount	Balance 12/31/12				Due in One Year
Governmental activities:									
General obligation bonds:									
Tangible housing improvements	10/01/93	11/01/13	5.35 - 6.5	\$ 3,035,000	\$ 155,000	\$ -	\$ (155,000)	\$ -	\$ -
Capital facilities	06/09/04	12/01/13	3.0 - 5.25	11,360,000	760,000	-	(760,000)	-	-
Capital facilities	10/25/07	12/01/27	4.0 - 5.0	19,745,000	10,145,000	-	(1,540,000)	8,605,000	1,180,000
Various purpose and refunding	07/28/09	12/01/29	2.5 - 5.0	26,483,111	19,398,429	-	(2,867,029)	16,531,400	2,881,400
Capital improvement	09/22/10	12/01/15	1.5 - 2.0	2,680,000	1,640,000	-	(540,000)	1,100,000	545,000
Energy conservation bonds	06/11/11	12/01/25	4.98	1,615,000	1,510,000	-	(105,000)	1,405,000	110,000
Various purpose bonds	10/11/12	12/01/32	3.0 - 4.0	11,385,000	11,385,000	-	(485,000)	10,900,000	905,000
Total general obligation bonds					44,993,429	-	(6,452,029)	38,541,400	5,621,400
Revenue bonds:									
Baseball revenue refunding bonds	12/30/09	12/01/19	2.25 - 3.5	7,925,000	5,730,000	-	(755,000)	4,975,000	770,000
Economic development	09/22/10	12/1/31	2.0 - 4.125	2,500,000	2,335,000	-	(95,000)	2,240,000	95,000
Economic development refunding bonds	01/14/12	12/01/28	3.0 - 5.0	24,170,000	24,170,000	-	(1,080,000)	23,090,000	1,155,000
Total revenue bonds					32,235,000	-	(1,930,000)	30,305,000	2,020,000
Special assessment bonds									
Sidewalk construction	12/01/03	12/01/13	6.0	167,947	16,700	-	(16,700)	-	-
Sidewalk construction	12/01/04	12/01/14	6.0	232,415	46,400	-	(23,200)	23,200	23,200
Total special assessment bonds					63,100	-	(39,900)	23,200	23,200

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

	Issue Date	Maturity Date	Original		Increase	Decrease	Balance 12/31/13	Amounts
			Issue Amount	Balance 12/31/12				Due in One Year
Governmental activities:								
Other long-term obligations:								
Ohio Public Works								
Commission loan	07/01/02	07/01/17	\$ 239,750	\$ 128,782	\$ -	\$ (24,246)	\$ 104,536	\$ 24,978
Ohio Public Works								
Commission loan	4/5/2013	7/1/2029	556,971	-	556,971	-	556,971	18,566
Ohio Department of								
Development loan	04/01/10	04/21/25	2,860,000	2,860,000	-	-	2,860,000	-
Judgments				93,450	66,756	(120,350)	39,856	39,856
Claims				7,009,887	22,697,794	(22,028,025)	7,679,656	2,743,975
Pollution remediation obligation				-	20,369	(4,631)	15,738	15,738
Compensated absences				9,401,559	7,931,426	(7,779,401)	9,553,584	6,081,347
Total other long-term obligations				19,493,678	31,273,316	(29,956,653)	20,810,341	8,924,460
Total governmental activities				\$ 96,785,207	\$ 31,273,316	\$ (38,378,582)	89,679,941	\$ 16,589,060
Add: unamortized bond premiums and discounts							5,505,097	
Total on statement of net position							\$ 95,185,038	

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, 2013, is \$199,799. The balance of the refunded Series 2001 capital facilities general obligation bonds at December 31, 2013, is \$1,300,201. The balance of the refunded Series 1998 capital facilities general obligation bonds at December 31, 2013, is \$6,065,000.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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.

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, 2013 is \$5,390,000. 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 2.56 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2009 baseball revenue refunding bonds is \$5,542,528. Principal and interest paid for the current year on the Series 1999 baseball revenue bonds was \$755,000 and \$168,224. General fund nontax revenues for the current year were \$36,088,095.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 5.62 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 \$30,466,862. Principal and interest paid for the current year prior to the refunding was \$949,307 and \$1,080,000. General fund nontax revenues for the current year were \$36,088,095.

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.

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 .49 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2010 revenue bonds is \$3,138,276. Principal and interest paid for the current year was \$95,000 and \$80,879. General fund nontax revenues for the current year were \$36,088,095.

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 City has two Ohio Public Works Commission loans. The first 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 debt service fund. The second loan was issued for the Brown Street reconstruction project. The loan was issued at 0% interest rate with a maturity date of January 2029. The loan will be paid from the debt service 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.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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 (a nonmajor governmental fund).

The judgments payable liability will 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 pollution remediation obligation is for a liability for removing underground storage tanks. As of December 31, 2013, the City has completed \$4,631 of the \$25,000 remediation work required at this site. The remaining \$15,738 of remediation required at the site will be completed during fiscal year 2014. There are no significant changes expected to this estimate.

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, 2013, the City's total debt margin was \$116,109,050 and the unvoted debt margin was \$38,809,540.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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, 2013 for the governmental activities:

Year Ending December 31,	General Obligation Bonds			Revenue Bonds			Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
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	3,715,000	911,575	4,626,575	2,300,000	833,799	3,133,799	-	-	-
2019 - 2023	9,290,000	2,813,581	12,103,581	9,125,000	2,830,721	11,955,721	-	-	-
2024 - 2028	6,295,000	1,213,765	7,508,765	9,940,000	1,085,935	11,025,935	-	-	-
2029 - 2031	2,325,000	175,955	2,500,955	480,000	40,012	520,012	-	-	-
Totals	\$ 38,541,400	\$ 10,189,998	\$ 48,731,398	\$ 30,305,000	\$ 8,842,666	\$ 39,147,666	\$ 23,200	\$ 1,392	\$ 24,592

Year Ending December 31,	Ohio Public Works Commission Loans			Ohio Department of Development Loan		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 43,544	\$ 2,950	\$ 46,494	\$ -	\$ -	\$ -
2015	62,865	2,195	65,060	165,171	60,407	225,578
2016	63,642	1,417	65,059	254,025	83,817	337,842
2017	64,444	616	65,060	261,750	75,447	337,197
2018	37,131	-	37,131	269,713	66,820	336,533
2019 - 2023	185,657	-	185,657	1,476,728	195,264	1,671,992
2024 - 2028	185,657	-	185,657	432,613	10,040	442,653
2029	18,566	-	18,566	-	-	-
Totals	\$ 661,506	\$ 7,178	\$ 668,684	\$ 2,860,000	\$ 491,795	\$ 3,351,795

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

B. Changes during 2013 in the City's long-term business-type obligations were as follows:

<i>Business-type activities:</i>	Issue	Maturity	Interest	Original	Balance	Increase	Decrease	Balance	Amounts
	Date	Date	Rate (%)	Issue	12/31/12			12/31/13	Due in
				Amount					One Year
General obligation bonds:									
Water	10/11/12	12/01/32	30. - 4.0	\$15,300,000	\$ 15,300,000	\$ -	\$ (780,000)	\$ 14,520,000	\$ 890,000
Sewer	10/11/12	12/01/32	3.0 - 4.0	15,600,000	15,600,000	-	(795,000)	14,805,000	900,000
Dayton International Airport parking garage	07/28/09	12/1/2029	1.75 to 6.5	10,820,000	9,750,000	-	(375,000)	9,375,000	385,000
Golf renovations - refunding	07/28/09	12/1/2014	2.0 to 2.5	771,889	381,571	-	(192,971)	188,600	188,600
Total general obligation bonds					41,031,571	-	(2,142,971)	38,888,600	2,363,600
Revenue bonds:									
Dayton International Airport	10/31/03	12/01/32	2.00 to 5.00	6,085,000	4,940,000	-	(150,000)	4,790,000	160,000
Dayton International Airport	10/31/03	12/01/32	2.00 to 5.35	30,190,000	24,830,000	-	(750,000)	24,080,000	785,000
Dayton International Airport	10/12/05	12/01/20	3.00 to 4.35	6,000,000	3,610,000	-	(390,000)	3,220,000	405,000
Total revenue bonds					33,380,000	-	(1,290,000)	32,090,000	1,350,000
Other long-term obligations									
Ohio water development authority loan	01/01/03	07/01/23	3.80 to 3.95	15,079,710	9,175,000	-	(741,617)	8,433,383	770,397
Ohio public works Commission loan	07/01/97	01/01/20	0.00	1,000,000	400,000	-	(50,000)	350,000	50,000
Compensated absences payable					3,570,939	2,393,859	(2,339,280)	3,625,518	2,302,728
Total other long-term obligations					13,145,939	2,393,859	(3,130,897)	12,408,901	3,123,125
Total business-type activities					\$ 87,557,510	\$ 2,393,859	\$ (6,563,868)	83,387,501	\$ 6,836,725
Less: unamortized bond premiums and discounts								(136,023)	
Total on statement of net position								\$ 83,251,478	

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 85.82 percent of net revenues. The total principal and interest remaining to be paid on the Series 2003 and 2005 airport revenue bonds is \$50,087,505. Principal and interest paid for the current year and total customer net revenues were \$2,973,228 and \$3,464,489, respectively.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013, the City had outstanding borrowings of \$8,433,383 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 12.98 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$10,117,883. Principal and interest paid for the current year were \$1,087,584 and total customer net revenues were \$8,379,125.

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, 2013 for the business-type activities.

Year Ending December 31,	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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	1,940,000	1,333,419	3,273,419	1,610,000	1,369,643	2,979,643
2019 - 2023	9,965,000	5,329,091	15,294,091	7,615,000	5,644,887	13,259,887
2024 - 2028	10,655,000	3,002,629	13,657,629	8,510,000	3,667,942	12,177,942
2029 - 2032	7,470,000	621,888	8,091,888	8,580,000	1,169,132	9,749,132
Totals	<u>\$ 38,888,600</u>	<u>\$ 16,504,071</u>	<u>\$ 55,392,671</u>	<u>\$ 32,090,000</u>	<u>\$ 17,997,505</u>	<u>\$ 50,087,505</u>

Year Ending December 31,	OWDA Loan			OPWC Loan		
	Principal	Interest	Total	Principal	Interest	Total
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	897,134	190,452	1,087,586	50,000	-	50,000
2019 - 2023	4,270,588	409,367	4,679,955	100,000	-	100,000
Totals	<u>\$ 8,433,383</u>	<u>\$ 1,684,500</u>	<u>\$ 10,117,883</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 2013, the City contracted with various insurance companies to provide the following coverages:

<u>Type of Coverage</u>	<u>Coverage</u>
Primary and Excess Airport Liability	\$100,000,000
Excess of Airport Policy	50,000,000
Property	891,443,245
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, 2013, there were \$40,102 in outstanding claims pending that are reported as a component of claimants payable in the general fund. Claims activity for 2013 and 2012 are as follows:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2013	\$ 93,450	\$ 66,756	\$ (120,104)	\$ 40,102
2012	22,052	294,398	(223,000)	93,450

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 \$5,022,292 reported at December 31, 2013, 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 \$5,022,290 claims liability, \$86,607 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 \$4,935,681. 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 2013 and 2012 were:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2013	\$ 4,549,304	\$ 2,792,778	\$ (2,319,792)	\$ 5,022,290
2012	5,586,739	1,695,546	(2,732,981)	4,549,304

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 \$2,657,336 for the claims payable liability. Changes in the claims payable liability in 2012 and 2013 were as follows:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2013	\$ 2,460,583	\$ 16,577,969	\$ (16,381,186)	\$ 2,657,366
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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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, 277 East Town Street, 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 2013, member and contribution rates were consistent across all three plans. The 2013 member contribution rates were 10.00% for members. The City's contribution rate for 2013 was 14.00% of covered payroll.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 16 - PENSION PLANS - (Continued)

The City's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 13.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2013 was 13.00%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$8,827,637, \$6,976,584, and \$6,928,341, respectively; 90.13% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the member-directed plan for 2013 were \$209,195 made by the City and \$149,425 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 - From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.00% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, the City was required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute.

For 2013, the portion of the City's contributions to fund pension obligations was 14.81% for January 1, 2013 through May 31, 2013 and 16.65% for June 1, 2013 through December 31, 2013 for police officers and 19.31% for January 1, 2013 through May 31, 2013 and 21.15% for June 1, 2013 through December 31, 2013 for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$3,876,616 and \$3,931,652 for the year ended December 31, 2013, \$3,123,636 and \$3,466,063 for the year ended December 31, 2012, and \$3,108,863 and \$3,430,911, for the year ended December 31, 2011. The full amount has been contributed for 2012 and 2011. 87.66% has been contributed for police and 88.10% has been contributed for firefighters for 2013. The remaining 2013 pension liability has been reported as due to other governments on the basic financial statements.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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.

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, 277 East Town Street, 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 2013, 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 2013 was 1.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$630,293, \$2,826,071, and \$2,809,285, respectively; 90.13% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

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

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

The 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. The portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013. 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$719,435 and \$592,369 for the year ended December 31, 2013, \$1,653,689 and \$1,356,286 for the year ended December 31, 2012, and \$1,645,869 and \$1,342,530, for the year ended December 31, 2011. The full amount has been contributed for 2012 and 2011. 87.66% has been contributed for police and 88.10% has been contributed for firefighters for 2013. The remaining 2013 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, 2013, on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balance

	<u>General</u>
Budget basis	\$ (1,350,886)
Net adjustment for revenues	(1,601,404)
Net adjustment for expenditures	(3,316,593)
Adjustment for encumbrances	<u>5,798,460</u>
GAAP basis	<u><u>\$ (470,423)</u></u>

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:

<u>Fund</u>	<u>Year-End</u> <u>Encumbrances</u>
General fund	\$ 3,189,125
Debt Service	8,571
Capital improvement	6,841,523
Nonmajor governmental	<u>17,560,254</u>
Total	<u><u>\$ 27,599,473</u></u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays	\$ 715,595	\$ -	\$ 6,563	\$ -	\$ 722,158
Advances to other funds	575,000	-	-	-	575,000
Advances to component unit	2,705,667	-	-	-	2,705,667
Perpetual care	-	-	-	102,228	102,228
Loans receivable	6,375,620	-	-	-	6,375,620
Unclaimed monies	185,063	-	-	-	185,063
Total nonspendable	10,556,945	-	6,563	102,228	10,665,736
Restricted:					
Street and highway programs	-	-	-	1,706,957	1,706,957
Housing and urban development	-	-	-	5,401,317	5,401,317
Debt service	-	26,962,021	-	-	26,962,021
Special projects	-	-	-	5,678,456	5,678,456
Capital projects	-	-	8,427,005	-	8,427,005
Other purposes	-	-	-	916,294	916,294
Permanent fund	-	-	-	80,187	80,187
Total restricted	-	26,962,021	8,427,005	13,783,211	49,172,237
Committed:					
Capital projects	-	-	9,591,625	-	9,591,625
Downtown	3,352	-	-	-	3,352
Community development	164,148	-	-	-	164,148
Economic development	55,577	-	-	-	55,577
Leadership and quality of life	702,102	-	-	-	702,102
Corporate responsibility	553,135	-	-	-	553,135
Public safety	398,841	-	-	-	398,841
Special assessments	-	407,021	-	-	407,021
Total committed	1,877,155	407,021	9,591,625	-	11,875,801
Assigned:					
Downtown	200	-	-	-	200
Community development	16,145	-	-	-	16,145
Economic development	2,831	-	-	-	2,831
Leadership and quality of life	52,140	-	-	-	52,140
Corporate responsibility	45,932	-	-	-	45,932
Public safety	26,459	-	-	-	26,459
Special payroll	2,854,992	-	-	-	2,854,992
Termination pay	986,681	-	-	-	986,681
Special assessments	184,488	-	-	-	184,488
Unemployment	963,760	-	-	-	963,760
Other purposes	179,631	-	-	-	179,631
MVH community based policing	75,712	-	-	-	75,712
Sunrise Bomberger Center	76,390	-	-	-	76,390
Mediation center	198,079	-	-	-	198,079
Professional development	212,313	-	-	-	212,313
Nationwide settlement	288,621	-	-	-	288,621
Judgments	896,344	-	-	-	896,344
Development	6,947,688	-	-	-	6,947,688
Real estate development	105,570	-	-	-	105,570
Subsequent year appropriations	8,033,592	-	-	-	8,033,592
Capital projects	-	-	8,885,969	-	8,885,969
Total assigned	22,147,568	-	8,885,969	-	31,033,537
Unassigned	26,287,308	-	-	-	26,287,308
Total fund balances	\$ 60,868,976	\$ 27,369,042	\$ 26,911,162	\$ 13,885,439	\$ 129,034,619

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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 \$7,437,810 and \$6,003,277 as of December 31, 2013 and 2012, respectively. The bank balance of CityWide's deposits was \$7,712,839 and \$6,181,530 as of December 31, 2013 and 2012, respectively. Of the balance:

1. \$2,462,174 and \$3,598,411 were covered by federal depository insurance as of December 31, 2013 and 2012, respectively.
2. \$5,250,665 and \$2,583,119 were uncollateralized and uninsured as of December 31, 2013 and 2012, respectively.

The FDIC insurance limit for non-interest bearing accounts and interest bearing accounts is up to \$250,000. This limit is effective through December 31, 2013.

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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:

	2013	2012
Equity in pooled cash and investments	\$ 3,342,069	\$2,586,798
Restricted equity in pooled cash and investments	4,095,741	3,416,479
Total per combined statements of net position	\$ 7,437,810	\$6,003,277
Deposits	\$ 7,437,810	\$6,003,277
Investments	-	-
Total per GASB Statement No. 40	\$ 7,437,810	\$6,003,277

C. Notes Payable/Advance from Primary Government

Notes and loans payable/due from primary government at December 31, 2013, 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	1,121,410
Note for Renovation of Western Manor	City of Dayton and the Dayton Montgomery County Housing Authority	73,475
Note for redevelopment of Hawthorn School Building	City of Dayton	681,584
Note for Webster Street Project	City of Dayton	195,000
Note for Phoenix Redevelopment Areas	City of Dayton	2,300,000
Other Notes Payable	City of Dayton	620,667
Loan Payable for Tech Town Campus	City of Dayton	2,335,000
Total advance from primary government		\$ 12,760,736
Note for Phoenix Project	OHFA	\$ 300,000
Note for Housing Loans	Third-Party Insurance Company	703,925
Total notes payable to other parties		\$ 1,003,925

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

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

D. Bonds Payable

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, 2013 consisted of the following:

<u>Description</u>	<u>Maturity Date</u>	<u>Amount</u>
Real estate loan with a financial institution	June 30, 2014	\$ 325,000
Loan with City of Dayton classified as advance from primary government	October 1, 2031	2,335,000
Real estate loan with a financial institution	May 31, 2014	624,133
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
Loan payable with a financial institution	October 2017	39,492
Loan payable with a financial institution (includes an interest rate swap)	April 2019	2,022,000
Real estate loan with a financial institution	October 2014	<u>1,515,273</u>
Total		<u>\$ 25,155,898</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

The debt service requirements to maturity are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,780,145	\$ 706,679	\$ 3,486,824
2015	518,062	589,190	1,107,252
2016	535,807	566,555	1,102,362
2017	553,684	536,859	1,090,543
2018	567,800	504,416	1,072,216
Thereafter	<u>20,200,400</u>	<u>5,574,879</u>	<u>25,775,279</u>
Total	<u>\$ 25,155,898</u>	<u>\$ 8,478,578</u>	<u>\$ 33,634,476</u>

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 \$2,022,000, and CityWide pays a fixed rate of 4.85% to the bank. The notional principal of the swap amortizes through April 2019. The fair valuation of the interest rate swap resulted in a mark to market liability of \$29,278 and \$75,289 as of December 31, 2013 and 2012; respectively, 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 2017. Rent expense associated with these leases was \$19,909 for the year ended December 31, 2013. CityWide is responsible for various costs under the lease including insurance, taxes and maintenance.

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

Year Ending <u>December 31,</u>	<u>Amount</u>
2014	\$ 16,952
2015	9,371
2016	2,944
2017	<u>1,474</u>
Total	<u>\$ 30,741</u>

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 8% for 2013 and 5% for 2012, respectively, of each eligible employee's annual salary, plus 5.7% of salaries greater than \$113,700. Plan contributions, net of forfeitures, were approximately \$95,850 and \$59,616 in 2013 and 2012, respectively.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

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

	<u>2013</u>	<u>2012</u>
Pension value	\$ 1,817,238	\$ 1,430,941
401(k) value	<u>1,336,896</u>	<u>1,102,681</u>
Total	<u>\$ 3,154,134</u>	<u>\$ 2,533,622</u>

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, 2013.

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.

B. Grants

For the period January 1, 2013, to December 31, 2013, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.



Combining Statements and Schedules

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AND SCHEDULES**

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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.

HUD Programs

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

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

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

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

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

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Municipal income taxes	\$ 102,474,700	\$ 101,520,600	\$ 101,934,268	\$ 413,668
Property and other taxes	6,200,700	6,177,100	6,184,419	7,319
State shared taxes	7,379,600	9,528,800	9,590,338	61,538
Casino taxes	3,408,900	3,014,500	3,028,109	13,609
Charges for services	27,034,100	27,019,800	26,473,017	(546,783)
Licenses and permits	1,430,000	1,330,600	1,265,804	(64,796)
Fines and forfeitures	3,475,700	3,515,400	3,664,549	149,149
Intergovernmental	847,900	897,100	985,531	88,431
Special assessments	125,000	117,800	155,473	37,673
Investment income	1,688,000	1,713,700	1,462,881	(250,819)
Other	2,690,800	3,311,400	4,115,377	803,977
Total revenues	156,755,400	158,146,800	158,859,766	712,966
Expenditures:				
General operating:				
General government:				
Clerk of commission	955,000	990,000	960,973	29,027
Civil service board	1,277,400	1,294,200	1,223,072	71,128
Human relations council	617,400	677,400	629,626	47,774
City manager's office	1,160,100	1,160,100	1,114,717	45,383
Department of public affairs	773,300	755,100	707,486	47,614
Department of planning & community development	1,613,800	1,515,700	1,405,394	110,306
Department of building services	2,490,700	2,502,700	2,293,397	209,303
Clerk of courts	3,316,900	3,316,900	3,122,528	194,372
Municipal court	4,008,900	4,058,900	3,916,034	142,866
Office of economic development	1,062,100	1,352,900	1,289,181	63,719
Department of management and budget	698,500	873,500	797,457	76,043
Department of water	69,800	69,800	12,588	57,212
Department of law	2,477,500	2,477,500	2,337,362	140,138
Department of finance	2,899,200	3,132,700	2,993,682	139,018
Department of human resources	834,200	824,200	760,451	63,749
Department of central services	14,637,200	14,229,300	13,909,583	319,717
Department of police	47,789,600	47,881,700	47,010,947	870,753
Department of fire	35,605,700	35,985,700	35,627,621	358,079
Department of public works	19,502,400	19,436,700	18,827,746	608,954
Department of recreation and youth services	3,441,700	3,408,700	3,359,004	49,696
Non-departmental	1,253,000	1,292,400	1,016,450	275,950
Convention center operating	2,392,300	2,584,300	2,568,806	15,494
Special projects	7,199,400	8,663,700	7,312,336	1,351,364
Debt service:				
Principal retirement	171,700	171,700	171,626	74
Interest and fiscal charges	91,700	91,700	91,646	54
Total expenditures	156,339,500	158,747,500	153,459,713	5,287,787
Excess (deficiency) of revenues over (under) expenditures	415,900	(600,700)	5,400,053	6,000,753
Other financing uses:				
Transfers (out)	(3,172,000)	(6,851,900)	(6,750,939)	100,961
Total other financing sources (uses)	(3,172,000)	(6,851,900)	(6,750,939)	100,961
Net change in fund balances	(2,756,100)	(7,452,600)	(1,350,886)	6,101,714
Fund balance at beginning of year	61,211,397	61,211,397	61,211,397	-
Prior year encumbrances appropriated	1,679,778	1,679,778	1,679,778	-
Fund balance at end of year	\$ 60,135,075	\$ 55,438,575	\$ 61,540,289	\$ 6,101,714

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 7,963,520	\$ 182,389	\$ 8,145,909
Receivables:			
Accounts	229,700	-	229,700
Special assessments	474,190	-	474,190
Accrued interest	2,470	67	2,537
Due from other funds	32,723	-	32,723
Due from other governments	6,402,546	-	6,402,546
Due from component units	6,273,475	-	6,273,475
	<u>\$ 21,378,624</u>	<u>\$ 182,456</u>	<u>\$ 21,561,080</u>
Total assets			
	<u>\$ 21,378,624</u>	<u>\$ 182,456</u>	<u>\$ 21,561,080</u>
Liabilities:			
Accounts payable	\$ 487,488	\$ -	\$ 487,488
Contracts payable	1,524,750	-	1,524,750
Accrued wages and benefits payable	237,203	-	237,203
Retainage payable	251,155	-	251,155
Interfund loans payable	292,830	-	292,830
Due to other funds	23,969	-	23,969
Due to other governments	79,286	-	79,286
	<u>2,896,681</u>	<u>-</u>	<u>2,896,681</u>
Total liabilities			
	<u>2,896,681</u>	<u>-</u>	<u>2,896,681</u>
Deferred inflows of resources:			
Accrued interest not available	1,526	41	1,567
Special assessments revenue not available	474,190	-	474,190
Miscellaneous revenue not available	207,152	-	207,152
Intergovernmental revenue not available	4,096,051	-	4,096,051
	<u>4,778,919</u>	<u>41</u>	<u>4,778,960</u>
Total deferred inflows of resources			
	<u>4,778,919</u>	<u>41</u>	<u>4,778,960</u>
Fund Balances:			
Nonspendable	-	102,228	102,228
Restricted	13,703,024	80,187	13,783,211
	<u>13,703,024</u>	<u>182,415</u>	<u>13,885,439</u>
Total fund balances			
	<u>13,703,024</u>	<u>182,415</u>	<u>13,885,439</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,378,624</u>	<u>\$ 182,456</u>	<u>\$ 21,561,080</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
State shared taxes.	\$ 5,336,963	\$ -	\$ 5,336,963
Charges for services.	895,111	-	895,111
Licenses and permits	15,093	-	15,093
Fines and forfeitures	588,761	-	588,761
Intergovernmental.	19,162,212	-	19,162,212
Special assessments	90,051	-	90,051
Investment income	4,597	114	4,711
Decrease in FMV of investments.	(4,222)	(140)	(4,362)
Other	1,819,790	-	1,819,790
Total revenues	<u>27,908,356</u>	<u>(26)</u>	<u>27,908,330</u>
Expenditures:			
Current:			
Youth, education and human services.	2,807,295	-	2,807,295
Community development and neighborhoods.	13,089,870	-	13,089,870
Economic development	3,138,866	-	3,138,866
Leadership and quality of life	8,551,174	-	8,551,174
Corporate responsibility.	214,555	-	214,555
Public safety and justice.	4,308,721	-	4,308,721
Other	-	477	477
Total expenditures.	<u>32,110,481</u>	<u>477</u>	<u>32,110,958</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(4,202,125)</u>	<u>(503)</u>	<u>(4,202,628)</u>
Other financing sources:			
Transfers in	1,156,336	-	1,156,336
Total other financing sources	<u>1,156,336</u>	<u>-</u>	<u>1,156,336</u>
Net change in fund balances	(3,045,789)	(503)	(3,046,292)
Fund balances at beginning of year.	<u>16,748,813</u>	<u>182,918</u>	<u>16,931,731</u>
Fund balances at end of year	<u>\$ 13,703,024</u>	<u>\$ 182,415</u>	<u>\$ 13,885,439</u>

CITY OF DAYTON, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 821,711	\$ 298,697	\$ 5,753,347
Receivables:			
Accounts	73,193	-	127,178
Special assessments	-	-	-
Accrued interest	-	-	1,402
Due from other funds	-	-	32,723
Due from other governments	2,154,727	206,755	50,709
Due from component units	-	-	-
Total assets	<u>\$ 3,049,631</u>	<u>\$ 505,452</u>	<u>\$ 5,965,359</u>
Liabilities:			
Accounts payable	\$ 81,960	\$ 28,331	\$ 45,876
Contracts payable	-	-	65,897
Accrued wages and benefits payable	112,297	-	16,986
Retainage payable	-	-	-
Interfund loans payable	-	-	-
Due to other funds	15,344	-	4
Due to other governments	-	-	-
Total liabilities	<u>209,601</u>	<u>28,331</u>	<u>128,763</u>
Deferred inflows of resources:			
Accrued interest not available	-	-	866
Special assessments revenue not available	-	-	-
Miscellaneous revenue not available	72,528	-	106,565
Intergovernmental revenue not available	1,400,424	137,242	50,709
Total deferred inflows of resources	<u>1,472,952</u>	<u>137,242</u>	<u>158,140</u>
Fund Balances:			
Restricted	<u>1,367,078</u>	<u>339,879</u>	<u>5,678,456</u>
Total fund balances	<u>1,367,078</u>	<u>339,879</u>	<u>5,678,456</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,049,631</u>	<u>\$ 505,452</u>	<u>\$ 5,965,359</u>

<u>HUD Programs</u>	<u>Miscellaneous Grants</u>	<u>Total</u>
\$ 193,356	\$ 896,409	\$ 7,963,520
29,329	-	229,700
474,190	-	474,190
-	1,068	2,470
-	-	32,723
826,894	3,163,461	6,402,546
<u>6,273,475</u>	<u>-</u>	<u>6,273,475</u>
<u>\$ 7,797,244</u>	<u>\$ 4,060,938</u>	<u>\$ 21,378,624</u>
\$ 57,880	\$ 273,441	\$ 487,488
975,954	482,899	1,524,750
67,519	40,401	237,203
165,487	85,668	251,155
292,830	-	292,830
3,830	4,791	23,969
-	79,286	79,286
<u>1,563,500</u>	<u>966,486</u>	<u>2,896,681</u>
-	660	1,526
474,190	-	474,190
28,059	-	207,152
<u>330,178</u>	<u>2,177,498</u>	<u>4,096,051</u>
<u>832,427</u>	<u>2,178,158</u>	<u>4,778,919</u>
<u>5,401,317</u>	<u>916,294</u>	<u>13,703,024</u>
<u>5,401,317</u>	<u>916,294</u>	<u>13,703,024</u>
<u>\$ 7,797,244</u>	<u>\$ 4,060,938</u>	<u>\$ 21,378,624</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Revenues:			
State shared taxes	\$ 4,906,339	\$ 430,624	\$ -
Charges for services	410,326	-	163,344
Licenses and permits	-	-	15,093
Fines and forfeitures	-	-	-
Intergovernmental	101,021	-	-
Special assessments	-	-	-
Investment income	-	-	2,712
Increase in FMV of investments	-	-	(2,141)
Other	123,536	-	1,194,829
Total revenues	<u>5,541,222</u>	<u>430,624</u>	<u>1,373,837</u>
Expenditures:			
Current:			
Youth, education and human services	-	-	-
Community development and neighborhoods	232	-	11,578
Economic development	-	-	413,477
Leadership and quality of life	5,731,607	376,746	524,592
Corporate responsibility	-	-	34,555
Public safety and justice	-	-	807,121
Total expenditures	<u>5,731,839</u>	<u>376,746</u>	<u>1,791,323</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(190,617)</u>	<u>53,878</u>	<u>(417,486)</u>
Other financing sources:			
Transfers in	<u>350,000</u>	<u>-</u>	<u>124,605</u>
Total other financing sources	<u>350,000</u>	<u>-</u>	<u>124,605</u>
Net change in fund balances	159,383	53,878	(292,881)
Fund balances			
at beginning of year	<u>1,207,695</u>	<u>286,001</u>	<u>5,971,337</u>
Fund balances at end of year	<u>\$ 1,367,078</u>	<u>\$ 339,879</u>	<u>\$ 5,678,456</u>

HUD Programs	Miscellaneous Grants	Total
\$ -	\$ -	\$ 5,336,963
1,270	320,171	895,111
-	-	15,093
-	588,761	588,761
13,467,336	5,593,855	19,162,212
90,051	-	90,051
305	1,580	4,597
(32)	(2,049)	(4,222)
89,264	412,161	1,819,790
<u>13,648,194</u>	<u>6,914,479</u>	<u>27,908,356</u>
2,807,295	-	2,807,295
10,808,646	2,269,414	13,089,870
129,514	2,595,875	3,138,866
1,565,099	353,130	8,551,174
180,000	-	214,555
-	3,501,600	4,308,721
<u>15,490,554</u>	<u>8,720,019</u>	<u>32,110,481</u>
<u>(1,842,360)</u>	<u>(1,805,540)</u>	<u>(4,202,125)</u>
<u>360,570</u>	<u>321,161</u>	<u>1,156,336</u>
<u>360,570</u>	<u>321,161</u>	<u>1,156,336</u>
(1,481,790)	(1,484,379)	(3,045,789)
<u>6,883,107</u>	<u>2,400,673</u>	<u>16,748,813</u>
<u>\$ 5,401,317</u>	<u>\$ 916,294</u>	<u>\$ 13,703,024</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 STREET FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State shared taxes	4,904,200	5,017,500	4,992,123	(25,377)
Charges for services	403,700	413,100	410,985	(2,115)
Other	101,500	103,800	103,297	(503)
Total revenues.	<u>5,409,400</u>	<u>5,534,400</u>	<u>5,506,405</u>	<u>(27,995)</u>
Expenditures:				
Department of public works	5,430,000	6,106,000	5,749,286	356,714
Total expenditures.	<u>5,430,000</u>	<u>6,106,000</u>	<u>5,749,286</u>	<u>356,714</u>
Excess of expenditures over revenues	<u>(20,600)</u>	<u>(571,600)</u>	<u>(242,881)</u>	<u>328,719</u>
Other financing sources:				
Transfers in	-	351,800	350,000	(1,800)
Total other financing sources	<u>-</u>	<u>351,800</u>	<u>350,000</u>	<u>(1,800)</u>
Net change in fund balance	(20,600)	(219,800)	107,119	326,919
Fund balance at beginning of year.	831,859	831,859	831,859	-
Prior year encumbrances appropriated.	13,812	13,812	13,812	-
Fund balance at end of year.	<u>\$ 825,071</u>	<u>\$ 625,871</u>	<u>\$ 952,790</u>	<u>\$ 326,919</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HIGHWAY MAINTENANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State shared taxes	\$ 400,000	\$ 400,000	\$ 429,839	\$ 29,839
Total revenues.	400,000	400,000	429,839	29,839
Expenditures:				
Department of public works	440,000	440,000	440,000	-
Total expenditures.	440,000	440,000	440,000	-
Net change in fund balance	(40,000)	(40,000)	(10,161)	29,839
Fund balance at beginning of year.	274,533	274,533	274,533	-
Prior year encumbrances appropriated.	89,724	89,724	89,724	-
Fund balance at end of year.	<u>\$ 324,257</u>	<u>\$ 324,257</u>	<u>\$ 354,096</u>	<u>\$ 29,839</u>

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 155,500	\$ 152,200	\$ 160,844	\$ 8,644
Licenses and permits	14,600	14,300	15,093	793
Investment income	2,600	2,500	2,668	168
Other	1,577,300	1,543,500	1,631,703	88,203
Total revenues.	<u>1,750,000</u>	<u>1,712,500</u>	<u>1,810,308</u>	<u>97,808</u>
Expenditures:				
Various departments	3,119,300	2,607,600	2,226,834	380,766
Total expenditures.	<u>3,119,300</u>	<u>2,607,600</u>	<u>2,226,834</u>	<u>380,766</u>
Excess of expenditures over revenues	<u>(1,369,300)</u>	<u>(895,100)</u>	<u>(416,526)</u>	<u>478,574</u>
Other financing sources:				
Transfers in	-	124,700	124,605	(95)
Total other financing sources.	<u>-</u>	<u>124,700</u>	<u>124,605</u>	<u>(95)</u>
Net change in fund balance	(1,369,300)	(770,400)	(291,921)	478,479
Fund balance at beginning of year.	3,175,331	3,175,331	3,175,331	-
Prior year encumbrances appropriated.	548,375	548,375	548,375	-
Fund balance at end of year.	<u>\$ 2,354,406</u>	<u>\$ 2,953,306</u>	<u>\$ 3,431,785</u>	<u>\$ 478,479</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MISCELLANEOUS GRANTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Fines and forfeitures	\$ 5,445,300	\$ 5,695,700	\$ 5,423,892	\$ (271,808)
Intergovernmental.	32,493,600	33,988,000	908,932	(33,079,068)
Other	<u>2,133,400</u>	<u>2,231,500</u>	<u>356,108</u>	<u>(1,875,392)</u>
Total revenues.	<u>40,072,300</u>	<u>41,915,200</u>	<u>6,688,932</u>	<u>(35,226,268)</u>
Expenditures:				
Various departments	<u>28,434,200</u>	<u>30,625,500</u>	<u>19,165,217</u>	<u>11,460,283</u>
Total expenditures.	<u>28,434,200</u>	<u>30,625,500</u>	<u>19,165,217</u>	<u>11,460,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,638,100</u>	<u>11,289,700</u>	<u>(12,476,285)</u>	<u>(23,765,985)</u>
Other financing sources:				
Transfers in	<u>1,924,000</u>	<u>2,012,500</u>	<u>321,161</u>	<u>(1,691,339)</u>
Total other financing sources	<u>1,924,000</u>	<u>2,012,500</u>	<u>321,161</u>	<u>(1,691,339)</u>
Net change in fund balances	13,562,100	13,302,200	(12,155,124)	(25,457,324)
Fund balance at beginning of year.	1,818,620	1,818,620	1,818,620	-
Prior year encumbrances appropriated.	<u>11,208,101</u>	<u>11,208,101</u>	<u>11,208,101</u>	<u>-</u>
Fund balance at end of year	<u>\$ 26,588,821</u>	<u>\$ 26,328,921</u>	<u>\$ 871,597</u>	<u>\$ (25,457,324)</u>

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 50,000	\$ -	\$ 127	\$ 127
Total revenues.	50,000	-	127	127
Expenditures:				
Other	50,000	50,000	-	50,000
Total expenditures.	50,000	50,000	-	50,000
Net change in fund balances	-	(50,000)	127	50,127
Fund balance at beginning of year.	<u>289,654</u>	<u>289,654</u>	<u>289,654</u>	<u>-</u>
Fund balance at end of year	<u>\$ 289,654</u>	<u>\$ 239,654</u>	<u>\$ 289,781</u>	<u>\$ 50,127</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes.	\$ 7,436,200	\$ 6,835,200	\$ 6,835,233	\$ 33
Intergovernmental.	2,717,200	2,497,500	2,497,546	46
Special assessments	107,100	98,500	98,471	(29)
Other	134,200	123,400	123,385	(15)
Total revenues.	<u>10,394,700</u>	<u>9,554,600</u>	<u>9,554,635</u>	<u>35</u>
Expenditures:				
Department of finance	12,719,600	12,573,600	12,157,999	415,601
Total expenditures.	<u>12,719,600</u>	<u>12,573,600</u>	<u>12,157,999</u>	<u>415,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,324,900)</u>	<u>(3,019,000)</u>	<u>(2,603,364)</u>	<u>415,636</u>
Other financing sources:				
Transfers in	1,106,000	1,016,600	1,016,558	(42)
Total other financing sources	<u>1,106,000</u>	<u>1,016,600</u>	<u>1,016,558</u>	<u>(42)</u>
Net change in fund balance	(1,218,900)	(2,002,400)	(1,586,806)	415,594
Fund balance at beginning of year.	14,369,100	14,369,100	14,369,100	-
Prior year encumbrances appropriated.	-	-	-	-
Fund balance at end of year	<u>\$ 13,150,200</u>	<u>\$ 12,366,700</u>	<u>\$ 12,782,294</u>	<u>\$ 415,594</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS

Nonmajor Enterprise Funds

The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered primarily through user charges, or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income 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, 2013

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 9,318,609	\$ 179,418	\$ 9,498,027
Receivables:			
Accounts.	1,643,930	-	1,643,930
Special assessments	585,537	-	585,537
Accrued interest	10,845	-	10,845
Due from other governments	22,062	-	22,062
Prepayments	1,875	-	1,875
Total current assets.	<u>11,582,858</u>	<u>179,418</u>	<u>11,762,276</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress.	694,964	594,927	1,289,891
Depreciable capital assets, net	12,534,100	4,259,732	16,793,832
Total capital assets, net.	<u>13,229,064</u>	<u>4,854,659</u>	<u>18,083,723</u>
Total noncurrent assets.	<u>13,229,064</u>	<u>4,854,659</u>	<u>18,083,723</u>
Total assets.	<u>24,811,922</u>	<u>5,034,077</u>	<u>29,845,999</u>
Liabilities:			
Current liabilities:			
Accounts payable.	62,360	16,012	78,372
Contracts payable.	17,974	6,960	24,934
Retainage payable.	17,272	-	17,272
Accrued wages and benefits payable	125,288	34,578	159,866
Due to other funds	597,786	187	597,973
Due to other governments	-	10,286	10,286
Accrued interest payable	-	393	393
Compensated absences payable - current	166,450	74,762	241,212
Advances from other funds.	-	1,124,433	1,124,433
General obligation bonds payable.	-	188,600	188,600
Total current liabilities	<u>987,130</u>	<u>1,456,211</u>	<u>2,443,341</u>
Long-term liabilities:			
Compensated absences payable	95,616	42,947	138,563
General obligation bonds payable	-	-	-
Total long-term liabilities	<u>95,616</u>	<u>42,947</u>	<u>138,563</u>
Total liabilities.	<u>1,082,746</u>	<u>1,499,158</u>	<u>2,581,904</u>
Net position:			
Net investment in capital assets	13,229,064	4,666,059	17,895,123
Unrestricted (deficit).	10,500,112	(1,131,140)	9,368,972
Total net position	<u>\$ 23,729,176</u>	<u>\$ 3,534,919</u>	<u>\$ 27,264,095</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Storm Water	Golf	Total
Operating revenues:			
Charges for services	\$ 7,345,250	\$ 2,997,480	\$ 10,342,730
Other operating revenues	28,933	9,405	38,338
Total operating revenues	<u>7,374,183</u>	<u>3,006,885</u>	<u>10,381,068</u>
Operating expenses:			
Personal services	2,254,718	716,829	2,971,547
Fringe benefits	1,066,358	307,667	1,374,025
Contract services	987,338	781,715	1,769,053
Materials and supplies	169,543	259,130	428,673
Utilities	65,554	126,479	192,033
Depreciation	508,320	265,682	774,002
Other	253,370	432,474	685,844
Total operating expenses	<u>5,305,201</u>	<u>2,889,976</u>	<u>8,195,177</u>
Operating income	<u>2,068,982</u>	<u>116,909</u>	<u>2,185,891</u>
Nonoperating revenues (expenses):			
Interest and fiscal charges	-	(60,201)	(60,201)
Interest income	21,353	-	21,353
(Decrease) in fair market value of investments	(15,856)	-	(15,856)
Total nonoperating revenues (expenses)	<u>5,497</u>	<u>(60,201)</u>	<u>(54,704)</u>
Income (loss) before contributions	2,074,479	56,708	2,131,187
Capital contributions	650,577	-	650,577
Change in net position	2,725,056	56,708	2,781,764
Net position at beginning of year	<u>21,004,120</u>	<u>3,478,211</u>	<u>24,482,331</u>
Net position at end of year	<u>\$ 23,729,176</u>	<u>\$ 3,534,919</u>	<u>\$ 27,264,095</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers.	\$ 7,241,377	\$ 2,997,480	\$ 10,238,857
Cash received from other operations.	28,933	9,405	38,338
Cash payments for personal services.	(2,276,857)	(728,268)	(3,005,125)
Cash payments for fringe benefits	(1,026,101)	(296,737)	(1,322,838)
Cash payments for contractual services	(941,210)	(784,328)	(1,725,538)
Cash payments for materials and supplies	(152,875)	(301,709)	(454,584)
Cash payments for utilities.	(60,375)	(126,932)	(187,307)
Cash payments for other expenses	(253,201)	(419,750)	(672,951)
Net cash provided by operating activities.	<u>2,559,691</u>	<u>349,161</u>	<u>2,908,852</u>
Cash flows from noncapital financing activities:			
Cash used in repayment of interfund loans	-	(28,003)	(28,003)
Net cash used in noncapital financing activities	<u>-</u>	<u>(28,003)</u>	<u>(28,003)</u>
Cash flows from capital and related financing activities:			
Capital contributions	628,515	-	628,515
Acquisition of capital assets	(1,482,602)	(59,841)	(1,542,443)
Principal paid on bonds.	-	(192,971)	(192,971)
Interest paid on bonds.	-	(60,531)	(60,531)
Net cash used in capital and related financing activities	<u>(854,087)</u>	<u>(313,343)</u>	<u>(1,167,430)</u>
Cash flows from investing activities:			
Interest received.	4,789	-	4,789
Net cash provided by investing activities	<u>4,789</u>	<u>-</u>	<u>4,789</u>
Net increase in cash and cash equivalents.	1,710,393	7,815	1,718,208
Cash and cash equivalents at beginning of year.	<u>7,608,216</u>	<u>171,603</u>	<u>7,779,819</u>
Cash and cash equivalents at end of year	<u>\$ 9,318,609</u>	<u>\$ 179,418</u>	<u>\$ 9,498,027</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income.	\$ 2,068,982	\$ 116,909	\$ 2,185,891
Adjustments:			
Depreciation	508,320	265,682	774,002
Changes in assets and liabilities:			
Decrease in accounts receivable.	1,456	-	1,456
Decrease in prepayments	47,596	-	47,596
Increase in special assessments receivable	(105,329)	-	(105,329)
Increase (decrease) in accounts payable.	37,645	(38,076)	(431)
Decrease in contracts payable	(1,394)	(4,356)	(5,750)
Increase in retainage payable	5,225	-	5,225
Increase in accrued wages and benefits.	11,600	421	12,021
Decrease in due to other funds.	(20,928)	(326)	(21,254)
Increase in due to other governments	-	9,837	9,837
Increase (decrease) in compensated absences payable	6,518	(930)	5,588
Net cash provided by operating activities.	<u>\$ 2,559,691</u>	<u>\$ 349,161</u>	<u>\$ 2,908,852</u>

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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, 2013

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Health Insurance</u>
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 482,698	\$ 155,765	\$ 168,133	\$ 7,698,407
Receivables:				
Accounts	-	18,422	-	-
Accrued interest	-	-	-	-
Due from other funds	163,438	16,157	38,350	-
Due from other governments	-	26,470	-	-
Prepayments	-	14,743	-	-
Advances to other funds	-	-	-	-
Inventory held for resale	327,890	291,565	-	-
Total current assets	<u>974,026</u>	<u>523,122</u>	<u>206,483</u>	<u>7,698,407</u>
Noncurrent assets:				
Capital assets:				
Land	-	75,000	-	-
Depreciable capital assets, net	85,414	714,364	18,013	-
Total noncurrent assets	<u>85,414</u>	<u>789,364</u>	<u>18,013</u>	<u>-</u>
Total assets	<u>1,059,440</u>	<u>1,312,486</u>	<u>224,496</u>	<u>7,698,407</u>
Liabilities:				
Current liabilities:				
Accounts payable	149,616	982	46,926	-
Accrued wages and benefits payable	94,723	26,333	3,785	6,967
Due to other funds	337	10,925	-	-
Due to other governments	-	-	-	-
Compensated absences payable - current	104,585	22,138	10,072	7,627
Advances from other funds	300,000	-	-	-
Claims and judgments payable	-	-	-	-
Total current liabilities	<u>649,261</u>	<u>60,378</u>	<u>60,783</u>	<u>14,594</u>
Long-term liabilities:				
Compensated absences payable	60,079	12,717	5,786	4,382
Claims and judgements payable	-	-	-	2,657,366
Total long-term liabilities	<u>60,079</u>	<u>12,717</u>	<u>5,786</u>	<u>2,661,748</u>
Total liabilities	<u>709,340</u>	<u>73,095</u>	<u>66,569</u>	<u>2,676,342</u>
Net position:				
Net investment in capital assets	85,414	714,364	18,013	-
Unrestricted	264,686	525,027	139,914	5,022,065
Total net position	<u>\$ 350,100</u>	<u>\$ 1,239,391</u>	<u>\$ 157,927</u>	<u>\$ 5,022,065</u>

<u>Workers'</u> <u>Compensation</u>	<u>Plumbing</u> <u>Shop</u>	<u>Total</u>
\$ 15,011,673	\$ 513,638	\$ 24,030,314
-	-	18,422
17,519	-	17,519
-	-	217,945
-	-	26,470
-	-	14,743
285,929	-	285,929
-	-	619,455
<u>15,315,121</u>	<u>513,638</u>	<u>25,230,797</u>
-	-	75,000
36,627	71,145	925,563
<u>36,627</u>	<u>71,145</u>	<u>1,000,563</u>
<u>15,351,748</u>	<u>584,783</u>	<u>26,231,360</u>
12,723	8,125	218,372
10,916	12,494	155,218
645	180	12,087
1,519,521	-	1,519,521
24,724	16,499	185,645
-	-	300,000
86,609	-	86,609
<u>1,655,138</u>	<u>37,298</u>	<u>2,477,452</u>
14,203	9,478	106,645
4,935,681	-	7,593,047
<u>4,949,884</u>	<u>9,478</u>	<u>7,699,692</u>
<u>6,605,022</u>	<u>46,776</u>	<u>10,177,144</u>
36,627	71,145	925,563
8,710,099	466,862	15,128,653
<u>\$ 8,746,726</u>	<u>\$ 538,007</u>	<u>\$ 16,054,216</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Fleet Management	Fire Fleet Management	Stores and Reproduction	Health Insurance
Operating revenues:				
Charges for services	\$ 8,169,479	\$ 1,237,847	\$ 243,603	\$ 19,898,519
Other operating revenues	46,914	33,102	328,244	-
Total operating revenues	<u>8,216,393</u>	<u>1,270,949</u>	<u>571,847</u>	<u>19,898,519</u>
Operating expenses:				
Personal services	1,678,099	471,836	108,873	156,634
Fringe benefits	799,404	199,178	56,450	12,383
Contract services	502,485	116,470	294,971	101,236
Materials and supplies	1,973,568	3,613	6,383	-
Cost of sales	2,957,286	318,578	37,242	-
Utilities	-	23,553	-	-
Claims expense	-	-	-	16,577,969
Depreciation	30,021	27,052	6,005	-
Other	15,745	1,966	63,749	9,871
Total operating expenses	<u>7,956,608</u>	<u>1,162,246</u>	<u>573,673</u>	<u>16,858,093</u>
Operating income (loss)	<u>259,785</u>	<u>108,703</u>	<u>(1,826)</u>	<u>3,040,426</u>
Nonoperating revenues (expenses):				
Interest income	-	-	-	-
(Decrease) in fair market value of investments	-	-	-	-
Total nonoperating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	259,785	108,703	(1,826)	3,040,426
Transfers in	-	-	30,300	-
Transfers out	<u>-</u>	<u>(117,953)</u>	<u>-</u>	<u>-</u>
Change in net position	259,785	(9,250)	28,474	3,040,426
Net position at beginning of year	<u>90,315</u>	<u>1,248,641</u>	<u>129,453</u>	<u>1,981,639</u>
Net position at end of year	<u>\$ 350,100</u>	<u>\$ 1,239,391</u>	<u>\$ 157,927</u>	<u>\$ 5,022,065</u>

Workers' Compensation	Plumbing Shop	Total
\$ 3,544,727	\$ 402,858	\$ 33,497,033
15,712	2,471	426,443
<u>3,560,439</u>	<u>405,329</u>	<u>33,923,476</u>
381,495	205,605	3,002,542
170,624	97,178	1,335,217
218,016	4,377	1,237,555
69,995	71,500	2,125,059
-	-	3,313,106
-	-	23,553
2,792,778	-	19,370,747
9,159	4,780	77,017
20,472	-	111,803
<u>3,662,539</u>	<u>383,440</u>	<u>30,596,599</u>
(102,100)	21,889	3,326,877
50,869	-	50,869
(11,519)	-	(11,519)
<u>39,350</u>	<u>-</u>	<u>39,350</u>
(62,750)	21,889	3,366,227
-	-	30,300
-	-	(117,953)
(62,750)	21,889	3,278,574
<u>8,809,476</u>	<u>516,118</u>	<u>12,775,642</u>
<u>\$ 8,746,726</u>	<u>\$ 538,007</u>	<u>\$ 16,054,216</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Fleet Management	Fire Fleet Management	Stores and Reproduction	Health Insurance
Cash flows from operating activities:				
Cash received from interfund services provided	\$ 8,055,453	\$ 1,281,677	\$ 244,373	\$ 19,898,519
Cash received from other operations	46,914	33,102	328,244	-
Cash payments for personal services	(1,718,154)	(470,223)	(108,974)	(140,291)
Cash payments for fringe benefits.	(769,745)	(193,260)	(54,916)	(10,650)
Cash payments for contractual services	(483,587)	(120,447)	(271,398)	(101,236)
Cash payments for materials and supplies	(1,859,972)	(3,583)	(4,233)	-
Cash payments for cost of goods sold	(2,984,018)	(277,506)	(37,242)	-
Cash payments for utilities.	-	(22,601)	-	-
Cash payments for claims.	-	-	-	(16,381,186)
Cash payments for other expenses	(16,236)	(1,946)	(63,749)	(9,871)
Net cash provided by operating activities.	<u>270,655</u>	<u>225,213</u>	<u>32,105</u>	<u>3,255,285</u>
Cash flows from noncapital financing activities:				
Cash payments for interfund loans.	(100,000)	-	-	-
Cash received from interfund loans.	-	-	-	-
Cash received from transfers in	-	-	30,300	-
Cash used in transfers out	-	(117,953)	-	-
Net cash provided by (used in) noncapital financing activities	<u>(100,000)</u>	<u>(117,953)</u>	<u>30,300</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest received.	-	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents.	170,655	107,260	62,405	3,255,285
Cash and cash equivalents at beginning of year.	<u>312,043</u>	<u>48,505</u>	<u>105,728</u>	<u>4,443,122</u>
Cash and cash equivalents at end of year	<u>\$ 482,698</u>	<u>\$ 155,765</u>	<u>\$ 168,133</u>	<u>\$ 7,698,407</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 259,785	\$ 108,703	\$ (1,826)	\$ 3,040,426
Adjustments:				
Depreciation	30,021	27,052	6,005	-
Changes in assets and liabilities:				
Decrease in accounts receivable	-	10,872	-	-
Decrease (increase) in due from other funds	(114,026)	25,700	770	-
Decrease in due from other governments.	-	7,258	-	-
Increase in prepayments	-	(14,743)	-	-
Decrease (increase) in inventory held for resale.	(26,732)	45,391	-	-
Increase (decrease) in accounts payable	131,901	(3,337)	25,723	-
Increase (decrease) in accrued wages and benefits.	3,040	4,439	(902)	6,067
Increase (decrease) in due to other funds	102	10,786	-	-
Increase in due to other governments.	-	-	-	-
Increase (decrease) in compensated absences payable.	(13,436)	3,092	2,335	12,009
Increase in claims payable.	-	-	-	196,783
Net cash provided by operating activities	<u>\$ 270,655</u>	<u>\$ 225,213</u>	<u>\$ 32,105</u>	<u>\$ 3,255,285</u>

Workers' Compensation	Plumbing Shop	Total
\$ 3,544,727	\$ 402,858	\$ 33,427,607
15,712	2,471	426,443
(381,602)	(210,497)	(3,029,741)
(166,585)	(93,518)	(1,288,674)
(224,031)	(4,370)	(1,205,069)
(67,950)	(67,491)	(2,003,229)
-	-	(3,298,766)
-	-	(22,601)
(2,243,244)	-	(18,624,430)
(20,883)	-	(112,685)
<u>456,144</u>	<u>29,453</u>	<u>4,268,855</u>
-	-	(100,000)
66,354	-	66,354
-	-	30,300
-	-	(117,953)
<u>66,354</u>	<u>-</u>	<u>(121,299)</u>
-	(64,687)	(64,687)
-	(64,687)	(64,687)
<u>21,831</u>	<u>-</u>	<u>21,831</u>
<u>21,831</u>	<u>-</u>	<u>21,831</u>
544,329	(35,234)	4,104,700
<u>14,467,344</u>	<u>548,872</u>	<u>19,925,614</u>
<u>\$ 15,011,673</u>	<u>\$ 513,638</u>	<u>\$ 24,030,314</u>
\$ (102,100)	\$ 21,889	\$ 3,326,877
9,159	4,780	77,017
-	-	10,872
-	-	(87,556)
-	-	7,258
-	-	(14,743)
-	-	18,659
(3,964)	3,851	154,174
(1,199)	464	11,909
(417)	165	10,636
76,548	-	76,548
5,131	(1,696)	7,435
<u>472,986</u>	<u>-</u>	<u>669,769</u>
<u>\$ 456,144</u>	<u>\$ 29,453</u>	<u>\$ 4,268,855</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - FIDUCIARY FUNDS

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

Agency Funds

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

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

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/13</u>
Guaranty				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 49,649	\$ -	\$ -	\$ 49,649
Total assets.	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
Liabilities:				
Intergovernmental payable.	\$ 49,649	\$ -	\$ -	\$ 49,649
Total liabilities.	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
Performance Bond				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 14,119	\$ -	\$ -	\$ 14,119
Total assets.	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
Liabilities:				
Withholdings and deposits.	\$ 14,119	\$ -	\$ -	\$ 14,119
Total liabilities.	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
Developer Construction Payments				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 23,000	\$ -	\$ -	\$ 23,000
Total assets.	<u>\$ 23,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,000</u>
Liabilities:				
Due to others.	\$ 23,000	\$ -	\$ -	\$ 23,000
Total liabilities.	<u>\$ 23,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,000</u>
Deposit of Taxes/Courthouse Square				
Assets:				
Accounts receivable.	\$ 726,027	\$ 258,089	\$ 726,027	\$ 258,089
Total assets.	<u>\$ 726,027</u>	<u>\$ 258,089</u>	<u>\$ 726,027</u>	<u>\$ 258,089</u>
Liabilities:				
Intergovernmental payable.	\$ 126,325	\$ 83,706	\$ 126,325	\$ 83,706
Due to others.	599,702	174,383	599,702	174,383
Total liabilities.	<u>\$ 726,027</u>	<u>\$ 258,089</u>	<u>\$ 726,027</u>	<u>\$ 258,089</u>
Dependent Care				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,228	\$ -	\$ -	\$ 2,228
Total assets.	<u>\$ 2,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,228</u>
Liabilities:				
Intergovernmental payable.	\$ 2,228	\$ -	\$ -	\$ 2,228
Total liabilities.	<u>\$ 2,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,228</u>

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CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/13</u>
Fire Proceeds				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 890,789	\$ 16,289	\$ -	\$ 907,078
Total assets.	<u>\$ 890,789</u>	<u>\$ 16,289</u>	<u>\$ -</u>	<u>\$ 907,078</u>
Liabilities:				
Intergovernmental payable.	\$ 890,789	\$ 16,289	\$ -	\$ 907,078
Total liabilities.	<u>\$ 890,789</u>	<u>\$ 16,289</u>	<u>\$ -</u>	<u>\$ 907,078</u>
Urban Renewal Comp Dep				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 53,520	\$ -	\$ -	\$ 53,520
Total assets.	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
Liabilities:				
Withholdings and deposits.	\$ 53,520	\$ -	\$ -	\$ 53,520
Total liabilities.	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
Building Permit Surcharge				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 4,655	\$ 8,681	\$ 4,655	\$ 8,681
Total assets.	<u>\$ 4,655</u>	<u>\$ 8,681</u>	<u>\$ 4,655</u>	<u>\$ 8,681</u>
Liabilities:				
Accounts payable	\$ -	\$ 1,265	\$ -	\$ 1,265
Due to others.	4,655	7,416	4,655	7,416
Total liabilities.	<u>\$ 4,655</u>	<u>\$ 8,681</u>	<u>\$ 4,655</u>	<u>\$ 8,681</u>
Payroll Withholding				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 3,168,365	\$ 2,100,488	\$ 3,168,365	\$ 2,100,488
Receivables:				
Intergovernmental.	426,354	90,671	426,354	90,671
Total assets.	<u>\$ 3,594,719</u>	<u>\$ 2,191,159</u>	<u>\$ 3,594,719</u>	<u>\$ 2,191,159</u>
Liabilities:				
Accounts payable	\$ -	\$ 43,747	\$ -	\$ 43,747
Due to others.	94,201	134,465	94,201	134,465
Withholdings and deposits.	3,500,518	2,012,947	3,500,518	2,012,947
Total liabilities.	<u>\$ 3,594,719</u>	<u>\$ 2,191,159</u>	<u>\$ 3,594,719</u>	<u>\$ 2,191,159</u>
Special Improvement District				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 45,097	\$ 1	\$ -	\$ 45,098
Receivables:				
Special assessments.	3,883,981	-	1,294,660	2,589,321
Total assets.	<u>\$ 3,929,078</u>	<u>\$ 1</u>	<u>\$ 1,294,660</u>	<u>\$ 2,634,419</u>
Liabilities:				
Due to others.	\$ 3,929,078	\$ 1	\$ 1,294,660	\$ 2,634,419
Total liabilities.	<u>\$ 3,929,078</u>	<u>\$ 1</u>	<u>\$ 1,294,660</u>	<u>\$ 2,634,419</u>

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CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/13</u>
GMR Trading Project				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 40,900	\$ -	\$ -	\$ 40,900
Total assets.	<u>\$ 40,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,900</u>
Liabilities:				
Intergovernmental payable.	\$ 40,900	\$ -	\$ -	\$ 40,900
Total liabilities.	<u>\$ 40,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,900</u>
Miami Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 338,588	\$ 69,822	\$ 9,196	\$ 399,214
Total assets.	<u>\$ 338,588</u>	<u>\$ 69,822</u>	<u>\$ 9,196</u>	<u>\$ 399,214</u>
Liabilities:				
Accounts payable	\$ 47,971	\$ -	\$ 9,196	\$ 38,775
Intergovernmental payable.	290,617	69,822	-	360,439
Total liabilities.	<u>\$ 338,588</u>	<u>\$ 69,822</u>	<u>\$ 9,196</u>	<u>\$ 399,214</u>
Butler Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 42,184	\$ 10,869	\$ -	\$ 53,053
Total assets.	<u>\$ 42,184</u>	<u>\$ 10,869</u>	<u>\$ -</u>	<u>\$ 53,053</u>
Liabilities:				
Accounts payable	\$ 7,075	\$ 1,071	\$ -	\$ 8,146
Intergovernmental payable.	35,109	9,798	-	44,907
Total liabilities.	<u>\$ 42,184</u>	<u>\$ 10,869</u>	<u>\$ -</u>	<u>\$ 53,053</u>
EPA GMR Trading Project				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 27,358	\$ -	\$ 8,250	\$ 19,108
Total assets.	<u>\$ 27,358</u>	<u>\$ -</u>	<u>\$ 8,250</u>	<u>\$ 19,108</u>
Liabilities:				
Due to others.	\$ 27,358	\$ -	\$ 8,250	\$ 19,108
Total liabilities.	<u>\$ 27,358</u>	<u>\$ -</u>	<u>\$ 8,250</u>	<u>\$ 19,108</u>

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CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/13</u>
Municipal Courts				
Assets:				
Cash and cash equivalents with fiscal agent	\$ 1,153,514	\$ 335,873	\$ 34,101	\$ 1,455,286
Total assets.	<u>\$ 1,153,514</u>	<u>\$ 335,873</u>	<u>\$ 34,101</u>	<u>\$ 1,455,286</u>
Liabilities:				
Intergovernmental payable.	\$ 556,919	\$ -	\$ 34,101	\$ 522,818
Due to others.	596,595	335,873	-	932,468
Total liabilities.	<u>\$ 1,153,514</u>	<u>\$ 335,873</u>	<u>\$ 34,101</u>	<u>\$ 1,455,286</u>
Executive Severance				
Assets:				
Investments with fiscal agent	\$ 689,911	\$ 3,518	\$ -	\$ 693,429
Total assets.	<u>\$ 689,911</u>	<u>\$ 3,518</u>	<u>\$ -</u>	<u>\$ 693,429</u>
Liabilities:				
Withholdings and deposits.	\$ 689,911	\$ 3,518	\$ -	\$ 693,429
Total liabilities.	<u>\$ 689,911</u>	<u>\$ 3,518</u>	<u>\$ -</u>	<u>\$ 693,429</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 4,700,452	\$ 2,206,150	\$ 3,190,466	\$ 3,716,136
Investments with fiscal agent	689,911	3,518	-	693,429
Cash and cash equivalents with fiscal agent	1,153,514	335,873	34,101	1,455,286
Receivables:				
Accounts	726,027	258,089	726,027	258,089
Special assessments.	3,883,981	-	1,294,660	2,589,321
Intergovernmental.	426,354	90,671	426,354	90,671
Total assets.	<u>\$ 11,580,239</u>	<u>\$ 2,894,301</u>	<u>\$ 5,671,608</u>	<u>\$ 8,802,932</u>
Liabilities:				
Accounts payable	\$ 55,046	\$ 46,083	\$ 9,196	\$ 91,933
Intergovernmental payable.	1,992,536	179,615	160,426	2,011,725
Due to others.	5,274,589	652,138	2,001,468	3,925,259
Withholdings and deposits.	4,258,068	2,016,465	3,500,518	2,774,015
Total liabilities.	<u>\$ 11,580,239</u>	<u>\$ 2,894,301</u>	<u>\$ 5,671,608</u>	<u>\$ 8,802,932</u>



Statistical

STATISTICAL

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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)

	2004	2005	2006	2007 (1)
Governmental activities				
Invested in capital assets, net of related debt	\$ 207,581,135	\$ 228,383,145	\$ 242,926,214	\$ 271,643,144
Net investment in capital assets	-	-	-	-
Restricted	63,442,672	65,403,080	71,779,813	60,595,698
Unrestricted	49,507,627	44,629,417	43,854,526	43,818,871
Total governmental activities net assets/position	<u>\$ 320,531,434</u>	<u>\$ 338,415,642</u>	<u>\$ 358,560,553</u>	<u>\$ 376,057,713</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 309,060,125	\$ 328,655,724	\$ 346,386,163	\$ 380,238,011
Net investment in capital assets	-	-	-	-
Unrestricted	127,133,397	129,939,569	136,579,525	127,953,698
Total business-type activities net assets/position	<u>\$ 436,193,522</u>	<u>\$ 458,595,293</u>	<u>\$ 482,965,688</u>	<u>\$ 508,191,709</u>
Primary government				
Invested in capital assets, net of related debt	\$ 516,641,260	\$ 557,038,869	\$ 589,312,377	\$ 651,881,155
Net investment in capital assets	-	-	-	-
Restricted	63,442,672	65,403,080	71,779,813	60,595,698
Unrestricted	176,641,024	174,568,986	180,434,051	171,772,569
Total primary government net assets/position	<u>\$ 756,724,956</u>	<u>\$ 797,010,935</u>	<u>\$ 841,526,241</u>	<u>\$ 884,249,422</u>

(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

2008 (1)	2009 (1)	2010	2011 (1) (2)	2012 (1)	2013
\$ 282,480,043	\$ 300,486,474	\$ 321,452,359	\$ -	\$ -	\$ -
-	-	-	332,540,773	370,313,674	375,002,891
96,325,940	91,563,337	99,691,871	77,231,301	71,969,027	63,085,637
16,945,325	10,040,732	7,086,581	42,181,978	58,329,858	71,855,215
<u>\$ 395,751,308</u>	<u>\$ 402,090,543</u>	<u>\$ 428,230,811</u>	<u>\$ 451,954,052</u>	<u>\$ 500,612,559</u>	<u>\$ 509,943,743</u>
\$ 389,630,233	\$ 401,965,547	\$ 419,111,268	\$ -	\$ -	\$ -
-	-	-	429,634,383	401,528,337	407,888,085
144,931,193	144,144,446	146,350,941	145,543,923	190,338,004	191,931,048
<u>\$ 534,561,426</u>	<u>\$ 546,109,993</u>	<u>\$ 565,462,209</u>	<u>\$ 575,178,306</u>	<u>\$ 591,866,341</u>	<u>\$ 599,819,133</u>
\$ 672,110,276	\$ 702,452,021	\$ 740,563,627	\$ -	\$ -	\$ -
-	-	-	762,175,156	771,842,011	782,890,976
96,325,940	91,563,337	99,691,871	77,231,301	71,969,027	63,085,637
161,876,518	154,185,178	153,437,522	187,725,901	248,667,862	263,786,263
<u>\$ 930,312,734</u>	<u>\$ 948,200,536</u>	<u>\$ 993,693,020</u>	<u>\$ 1,027,132,358</u>	<u>\$ 1,092,478,900</u>	<u>\$ 1,109,762,876</u>

CITY OF DAYTON, OHIO

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

	2004	2005	2006	2007
Expenses				
Governmental activities:				
Downtown	\$ 5,031,993	\$ 5,064,225	\$ 4,978,385	\$ 5,666,737
Youth, education and human services	2,208,479	2,070,638	1,886,238	2,408,097
Community development and neighbors	20,163,040	20,037,194	20,050,274	21,459,480
Economic development	6,411,508	7,162,137	9,348,825	15,999,955
Leadership and quality of life	45,891,870	46,407,089	43,411,252	43,224,368
Corporate responsibility	15,950,738	16,907,149	20,544,073	17,892,823
Public safety and justice	92,954,582	94,599,294	98,533,695	101,277,697
Other	507,896	2,547,338	1,105,280	1,378,197
Bond issuance costs	-	-	-	-
Interest and fiscal charges	3,944,038	3,072,035	3,043,887	2,904,913
Total governmental activities expenses	193,064,144	197,867,099	202,901,909	212,212,267
Business type activities:				
Dayton International Airport	39,961,191	40,802,335	39,032,293	41,813,989
Water	47,152,642	44,674,367	45,200,207	45,401,676
Sewer	28,903,051	28,319,647	32,375,482	30,889,719
Golf	2,472,685	2,536,878	3,121,707	3,322,911
Storm Water	3,983,545	4,933,239	4,491,851	5,030,425
Total business-type activities expenses	122,473,114	121,266,466	124,221,540	126,458,720
Total primary government expenses	\$ 315,537,258	\$ 319,133,565	\$ 327,123,449	\$ 338,670,987
Program Revenues				
Governmental activities:				
Charges for services:				
Downtown	\$ 504,472	\$ 517,512	\$ 505,552	\$ 704,984
Youth, education and human services	29,987	20,593	17,994	19,333
Community development and neighbors	1,762,861	1,942,351	2,204,445	3,000,683
Economic development	1,689,779	2,092,562	1,179,367	1,328,746
Leadership and quality of life	6,769,017	5,693,276	4,380,757	4,251,275
Corporate responsibility	2,203,013	2,310,305	2,169,808	2,533,128
Public safety and justice	15,049,321	16,737,568	16,911,515	17,363,610
Other	51,096	573,462	979,787	1,129,885
Interest and fiscal charges	463,975	-	-	-
Operating grants and contributions	18,789,989	17,571,173	16,701,482	19,245,962
Capital grants and contributions	9,604,411	12,149,725	11,253,574	15,536,992
Total governmental activities program revenue	56,917,921	59,608,527	56,304,281	65,114,598
Business type activities:				
Charges for services:				
Dayton International Airport	42,943,773	40,174,905	41,820,112	39,311,221
Water	37,709,426	43,578,504	47,088,482	50,944,369
Sewer	28,143,643	27,796,918	32,379,198	31,322,099
Golf	4,273,982	2,931,243	3,295,321	3,353,732
Storm Water	2,785,709	6,698,328	4,898,132	6,663,178
Capital grants and contributions	14,794,084	18,926,901	15,408,247	15,058,562
Total business-type activities program revenue	130,650,617	140,106,799	144,889,492	146,653,161
Total primary government program revenue	\$ 187,568,538	\$ 199,715,326	\$ 201,193,773	\$ 211,767,759

2008	2009	2010	2011 (1)	2012	2013
\$ 5,570,112	\$ 5,182,850	\$ 5,159,078	\$ 2,922,503	\$ 3,894,895	\$ 3,596,856
2,583,667	2,264,862	2,514,310	2,395,344	1,058,361	2,904,850
21,460,067	21,342,171	26,843,290	32,086,879	31,880,468	27,516,705
9,810,580	14,263,940	8,432,763	10,105,180	9,492,689	15,682,768
48,563,961	47,091,889	41,299,206	40,275,561	35,672,811	42,108,488
17,442,665	17,707,683	16,832,625	15,884,692	15,225,815	16,027,649
101,533,014	95,706,450	96,284,218	94,294,723	93,120,303	93,221,162
683,122	-	-	-	-	-
-	-	-	-	693,878	-
4,849,682	3,620,502	3,978,196	4,556,429	2,767,292	2,958,434
<u>212,496,870</u>	<u>207,180,347</u>	<u>201,343,686</u>	<u>202,521,311</u>	<u>193,806,512</u>	<u>204,016,912</u>
31,958,820	40,310,513	30,688,222	32,572,362	36,571,471	40,954,651
45,811,605	45,672,640	46,619,869	47,618,625	44,084,645	46,445,617
30,855,192	31,994,865	30,931,209	32,420,315	29,765,334	31,515,981
3,196,937	3,281,384	3,026,601	2,922,959	3,123,360	2,956,261
5,090,241	5,401,928	6,389,207	6,177,790	4,997,022	5,312,757
<u>116,912,795</u>	<u>126,661,330</u>	<u>117,655,108</u>	<u>121,712,051</u>	<u>118,541,832</u>	<u>127,185,267</u>
<u>\$ 329,409,665</u>	<u>\$ 333,841,677</u>	<u>\$ 318,998,794</u>	<u>\$ 324,233,362</u>	<u>\$ 312,348,344</u>	<u>\$ 331,202,179</u>
\$ 570,059	\$ 588,229	\$ 629,749	\$ 672,824	\$ 531,072	\$ 571,365
40,322	7,618	7,092	8,674	11,032	17,205
2,313,335	2,289,894	2,240,217	3,106,283	2,547,442	3,456,330
1,161,369	1,438,105	4,317,785	1,997,277	2,445,796	3,446,864
5,128,446	4,411,912	6,136,336	5,673,292	5,001,134	6,942,907
2,341,620	2,853,032	2,452,413	3,118,657	2,518,064	2,667,492
17,328,246	17,398,578	18,243,867	22,027,599	23,624,400	21,385,906
27,277	-	-	-	-	-
-	-	-	-	-	-
20,423,979	24,147,823	33,479,834	35,387,609	34,438,364	24,584,286
13,489,575	25,771,047	17,935,099	12,849,894	12,626,114	11,761,088
<u>62,824,228</u>	<u>78,906,238</u>	<u>85,442,392</u>	<u>84,842,109</u>	<u>83,743,418</u>	<u>74,833,443</u>
31,067,418	30,655,950	25,673,711	23,644,457	24,508,791	24,723,701
48,944,620	47,743,750	49,318,157	43,529,551	45,700,719	44,291,334
30,398,157	30,998,739	32,558,557	30,119,740	33,115,458	30,245,346
3,291,376	3,250,241	3,180,466	2,946,618	3,123,224	2,997,480
6,688,476	7,083,455	7,213,504	5,264,927	7,383,856	7,345,250
21,316,626	17,098,233	18,967,012	14,064,510	10,436,869	13,857,011
<u>141,706,673</u>	<u>136,830,368</u>	<u>136,911,407</u>	<u>119,569,803</u>	<u>124,268,917</u>	<u>123,460,122</u>
<u>\$ 204,530,901</u>	<u>\$ 215,736,606</u>	<u>\$ 222,353,799</u>	<u>\$ 204,411,912</u>	<u>\$ 208,012,335</u>	<u>\$ 198,293,565</u>

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CITY OF DAYTON, OHIO

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

	2004	2005	2006	2007
Net (Expense)/Revenue				
Governmental activities	\$ (136,146,223)	\$ (138,258,572)	\$ (146,597,628)	\$ (147,097,669)
Business-type activities	8,177,503	18,840,333	20,667,952	20,194,441
Total primary government net expense	<u>\$ (127,968,720)</u>	<u>\$ (119,418,239)</u>	<u>\$ (125,929,676)</u>	<u>\$ (126,903,228)</u>
General Revenues and Other Changes in Net Assets/Position				
Governmental activities:				
Property taxes	\$ 19,496,591	\$ 20,719,101	\$ 21,788,008	\$ 23,444,142
Income taxes	108,438,846	112,169,475	117,876,441	113,785,961
Payments in lieu of taxes	-	-	-	-
Grants and entitlements	20,377,849	18,276,100	19,192,977	17,600,763
Investment earnings	1,706,199	3,383,886	5,084,176	7,064,009
Miscellaneous	1,984,048	3,644,141	2,862,437	7,547,653
Transfers	-	-	(61,500)	(239,196)
Total governmental activities general revenues	<u>152,003,533</u>	<u>158,192,703</u>	<u>166,742,539</u>	<u>169,203,332</u>
Special Item				
Gain on sale of capital assets	781,586	-	-	-
Total general revenues and special items	<u>152,785,119</u>	<u>158,192,703</u>	<u>166,742,539</u>	<u>169,203,332</u>
Business type activities:				
Investment earnings	1,032,922	1,537,561	3,640,943	4,894,727
Miscellaneous	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Transfers	-	-	61,500	239,196
Total business-type activities	<u>1,032,922</u>	<u>1,537,561</u>	<u>3,702,443</u>	<u>5,133,923</u>
Total primary government	<u>\$ 153,818,041</u>	<u>\$ 159,730,264</u>	<u>\$ 170,444,982</u>	<u>\$ 174,337,255</u>
Changes in Net Assets/Position				
Governmental activities	\$ 16,638,896	\$ 19,934,131	\$ 20,144,911	\$ 22,105,663
Business-type activities	9,210,425	20,377,894	24,370,395	25,328,364
Total primary government	<u>\$ 25,849,321</u>	<u>\$ 40,312,025</u>	<u>\$ 44,515,306</u>	<u>\$ 47,434,027</u>

(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

2008	2009	2010	2011 (1)	2012	2013
\$ (149,672,642)	\$ (128,274,109)	\$ (115,901,294)	\$ (117,679,202)	\$ (110,063,094)	\$ (129,183,469)
24,793,878	10,169,038	19,256,299	(2,142,248)	5,727,085	(3,725,145)
<u>\$ (124,878,764)</u>	<u>\$ (118,105,071)</u>	<u>\$ (96,644,995)</u>	<u>\$ (119,821,450)</u>	<u>\$ (104,336,009)</u>	<u>\$ (132,908,614)</u>
\$ 24,167,118	\$ 19,070,860	\$ 18,798,224	\$ 19,373,301	\$ 10,055,324	\$ 14,355,108
108,868,331	99,817,917	98,399,957	100,129,761	100,336,653	101,967,172
-	-	1,426,155	669,323	1,076,054	1,406,710
17,912,684	14,827,230	16,327,237	19,159,472	14,833,540	15,376,160
5,340,622	1,311,141	1,960,831	1,945,150	1,931,883	1,241,997
11,889,101	4,673,485	5,123,860	1,199,153	3,848,415	4,167,506
344,798	(662,961)	5,298	368,339	354,169	-
<u>168,522,654</u>	<u>139,037,672</u>	<u>142,041,562</u>	<u>142,844,499</u>	<u>132,436,038</u>	<u>138,514,653</u>
-	-	-	-	-	-
<u>168,522,654</u>	<u>139,037,672</u>	<u>142,041,562</u>	<u>142,844,499</u>	<u>132,436,038</u>	<u>138,514,653</u>
2,764,220	716,568	101,215	236,896	557,911	113,372
-	-	-	13,509,995	10,757,208	11,564,565
-	-	-	-	-	-
(344,798)	662,961	(5,298)	(368,339)	(354,169)	-
<u>2,419,422</u>	<u>1,379,529</u>	<u>95,917</u>	<u>13,378,552</u>	<u>10,960,950</u>	<u>11,677,937</u>
<u>\$ 170,942,076</u>	<u>\$ 140,417,201</u>	<u>\$ 142,137,479</u>	<u>\$ 156,223,051</u>	<u>\$ 143,396,988</u>	<u>\$ 150,192,590</u>
\$ 18,850,012	\$ 10,763,563	\$ 26,140,268	\$ 25,165,297	\$ 22,372,944	\$ 9,331,184
27,213,300	11,548,567	19,352,216	11,236,304	16,688,035	7,952,792
<u>\$ 46,063,312</u>	<u>\$ 22,312,130</u>	<u>\$ 45,492,484</u>	<u>\$ 36,401,601</u>	<u>\$ 39,060,979</u>	<u>\$ 17,283,976</u>

CITY OF DAYTON, OHIO

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

	2004	2005	2006	2007 (2)
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	4,451,193	4,846,464	2,985,745	3,646,545
Unreserved, reported in:				
Designated for future years' expenditures	2,161,198	3,573,236	6,949,009	8,284,213
Undesignated	29,795,216	36,132,638	27,407,200	30,035,615
Total general fund	<u>\$ 36,407,607</u>	<u>\$ 44,552,338</u>	<u>\$ 37,341,954</u>	<u>\$ 41,966,373</u>
Debt Service Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Reserved	15,333,393	13,298,438	15,080,926	18,676,879
Total debt service fund	<u>\$ 15,333,393</u>	<u>\$ 13,298,438</u>	<u>\$ 15,080,926</u>	<u>\$ 18,676,879</u>
Capital Improvement Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Reserved	23,208,822	14,836,284	22,459,015	30,413,308
Unreserved (deficit)	916,028	2,013,719	1,797,815	(12,394,589)
Total capital improvement fund	<u>\$ 24,124,850</u>	<u>\$ 16,850,003</u>	<u>\$ 24,256,830</u>	<u>\$ 18,018,719</u>
Other governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Reserved	23,377,391	34,057,073	33,218,690	32,037,404
Unreserved (deficit), reported in:				
Designated, special revenue funds	400,000	-	1,253,000	1,146,380
Special revenue funds	(1,629,626)	(7,935,926)	(8,413,499)	(4,675,061)
Permanent fund	53,439	58,896	67,805	79,836
Capital projects funds	739,531	(4,384,639)	(1,480,796)	-
Total governmental funds	<u>\$ 22,940,735</u>	<u>\$ 21,795,404</u>	<u>\$ 24,645,200</u>	<u>\$ 28,588,559</u>
Total Fund Balances, Governmental Funds	<u><u>\$ 98,806,585</u></u>	<u><u>\$ 96,496,183</u></u>	<u><u>\$ 101,324,910</u></u>	<u><u>\$ 107,250,530</u></u>

(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

2008 (2)	2009	2010	2011 (1) (2)	2012 (2)	2013
\$ -	\$ -	\$ -	\$ 9,695,165	\$ 10,166,112	\$ 10,556,945
-	-	-	4,543,378	2,952,023	1,877,155
-	-	-	11,900,572	17,106,981	22,147,568
-	-	-	29,291,035	31,114,283	26,287,308
2,418,755	3,571,816	3,131,124	-	-	-
10,172,634	6,585,539	5,322,656	-	-	-
31,002,915	25,681,059	26,153,904	-	-	-
<u>\$ 43,594,304</u>	<u>\$ 35,838,414</u>	<u>\$ 34,607,684</u>	<u>\$ 55,430,150</u>	<u>\$ 61,339,399</u>	<u>\$ 60,868,976</u>
\$ -	\$ -	\$ -	\$ 553	\$ -	\$ -
-	-	-	39,378,381	28,369,891	26,962,021
-	-	-	192,652	331,130	407,021
43,092,546	42,188,046	42,541,211	-	-	-
<u>\$ 43,092,546</u>	<u>\$ 42,188,046</u>	<u>\$ 42,541,211</u>	<u>\$ 39,571,586</u>	<u>\$ 28,701,021</u>	<u>\$ 27,369,042</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,563
-	-	-	4,758,591	10,424,439	8,427,005
-	-	-	5,026,521	8,436,236	9,591,625
-	-	-	11,243,145	6,790,703	8,885,969
27,221,279	26,133,688	28,184,390	-	-	-
(10,819,429)	(21,142,062)	(18,628,322)	-	-	-
<u>\$ 16,401,850</u>	<u>\$ 4,991,626</u>	<u>\$ 9,556,068</u>	<u>\$ 21,028,257</u>	<u>\$ 25,651,378</u>	<u>\$ 26,911,162</u>
\$ -	\$ -	\$ -	\$ 102,704	\$ 103,727	\$ 102,228
-	-	-	16,949,298	16,828,004	13,783,211
32,367,791	50,326,775	84,837,592	-	-	-
1,116,000	398,848	-	-	-	-
(6,649,766)	(21,906,448)	(51,302,288)	-	-	-
60,413	76,302	70,250	-	-	-
-	-	-	-	-	-
<u>\$ 26,894,438</u>	<u>\$ 28,895,477</u>	<u>\$ 33,605,554</u>	<u>\$ 17,052,002</u>	<u>\$ 16,931,731</u>	<u>\$ 13,885,439</u>
<u>\$ 129,983,138</u>	<u>\$ 111,913,563</u>	<u>\$ 120,310,517</u>	<u>\$ 133,081,995</u>	<u>\$ 132,623,529</u>	<u>\$ 129,034,619</u>

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

	2004	2005	2006	2007
Revenues				
Taxes	\$ 149,926,379	\$ 154,210,979	\$ 159,082,912	\$ 157,223,154
Charges for services	20,295,875	22,898,740	22,083,074	24,051,832
Licenses and permits	1,817,222	1,903,063	1,750,262	1,861,236
Fines and forfeits	1,832,710	1,944,186	3,450,859	2,044,271
Intergovernmental	25,333,452	17,329,078	28,044,012	31,643,646
Special assessments	1,034,415	652,363	1,076,163	505,670
Payments in lieu of taxes	-	-	-	-
Investment income	2,288,903	3,483,518	5,131,388	7,393,303
Increase (decrease) in FMV of investments	-	-	-	-
Other	4,767,369	6,554,510	2,862,437	7,547,653
Total revenues	<u>207,296,325</u>	<u>208,976,437</u>	<u>223,481,107</u>	<u>232,270,765</u>
Expenditures				
Current:				
Downtown	4,167,407	4,093,181	4,183,009	4,651,014
Youth, education and human services	2,237,230	2,060,357	1,928,205	2,420,958
Community development and neighborhoods	20,311,675	19,230,564	18,959,062	21,016,004
Economic development	6,410,373	7,049,497	9,464,377	15,082,881
Leadership and quality life	41,319,775	40,423,448	37,073,237	36,925,472
Corporate responsibility	14,870,289	15,423,671	19,489,965	16,597,674
Public safety and justice	92,673,272	92,422,480	97,403,724	98,432,234
Other	506,890	2,544,612	1,107,606	1,377,348
Capital outlay	23,346,465	22,818,819	17,501,729	28,529,727
Debt service:				
Principal retirement	9,228,813	5,774,552	7,480,101	5,789,851
Interest and fiscal charges	3,962,946	3,097,330	3,076,308	2,884,154
Bond issuance costs	199,535	-	-	312,327
Total expenditures	<u>219,234,670</u>	<u>214,938,511</u>	<u>217,667,323</u>	<u>234,019,644</u>
Excess(deficiency) of revenues over expenditures	(11,938,345)	(5,962,074)	5,813,784	(1,748,879)
Other Financing Sources (Uses)				
Sale of capital assets	824,849	101,600	100,000	-
Transfers in	15,249,526	16,692,371	21,682,063	13,418,525
Transfers out	(15,349,526)	(16,732,871)	(21,843,563)	(13,757,721)
Bonds issued	11,731,021	-	-	19,745,000
Issuance of loans	-	-	-	-
Payment of refunded bond escrow agent	-	-	-	(10,383,734)
Premium (discount) on bond issuance	244,535	-	-	491,061
Capital lease transactions	4,500,000	205,326	-	-
Total other financing sources (uses)	<u>17,200,405</u>	<u>266,426</u>	<u>(61,500)</u>	<u>9,513,131</u>
Net change in fund balance	<u>\$ 5,262,060</u>	<u>\$ (5,695,648)</u>	<u>\$ 5,752,284</u>	<u>\$ 7,764,252</u>
Capital expenditures	\$ 24,327,555	\$ 21,930,329	\$ 17,332,478	\$ 27,702,620
Debt service as a percentage of noncapital expenditures	6.77%	4.60%	5.27%	4.20%

Source: City of Dayton financial records

2008	2009	2010	2011	2012	2013
\$ 152,514,608	\$ 139,011,038	\$ 136,753,834	\$ 134,006,534	\$ 128,586,427	\$ 131,413,081
23,926,449	25,037,733	26,265,870	26,910,213	27,256,576	26,855,263
1,817,153	1,630,319	1,314,956	1,561,850	1,616,712	1,458,434
2,908,861	2,106,189	2,276,856	2,402,917	5,926,766	4,217,985
25,707,748	39,699,451	50,996,557	55,538,646	45,662,634	38,037,763
546,047	422,608	380,767	333,328	297,589	344,211
-	-	1,039,654	604,596	873,495	1,195,609
4,286,751	2,927,657	1,926,077	1,730,915	1,858,064	1,497,795
599,485	(1,085,864)	50,814	186,772	80,325	(240,888)
11,889,101	4,648,485	9,506,045	4,148,279	6,282,291	9,830,450
<u>224,196,203</u>	<u>214,397,616</u>	<u>230,511,430</u>	<u>227,424,050</u>	<u>218,440,879</u>	<u>214,609,703</u>
4,604,197	4,143,788	4,117,582	3,804,513	3,346,771	3,139,384
2,581,447	2,280,237	2,512,611	2,409,496	2,518,658	2,902,251
20,981,602	22,259,601	26,873,157	32,366,889	31,889,756	28,406,652
11,191,284	15,047,900	13,900,769	10,063,494	9,529,602	15,142,478
41,676,303	40,991,411	41,347,850	30,741,740	28,678,675	32,029,419
16,401,770	17,125,159	15,536,916	14,967,599	13,901,301	15,163,461
100,009,551	95,240,850	95,698,192	93,849,670	94,598,883	95,650,844
685,888	-	-	-	-	-
24,852,628	34,908,638	18,226,238	15,253,781	16,942,861	14,798,332
6,652,464	8,047,222	8,030,000	9,516,702	9,918,875	8,446,175
4,707,848	3,557,790	3,828,281	4,401,891	2,785,143	3,164,241
598,836	586,476	137,068	-	693,878	-
<u>234,943,818</u>	<u>244,189,072</u>	<u>230,208,664</u>	<u>217,375,775</u>	<u>214,804,403</u>	<u>218,843,237</u>
(10,747,615)	(29,791,456)	302,766	10,048,275	3,636,476	(4,233,534)
-	-	-	-	-	-
9,831,205	11,818,503	12,481,039	6,767,335	8,590,551	6,838,592
(9,556,407)	(12,678,413)	(12,488,042)	(6,455,775)	(8,168,518)	(6,750,939)
32,000,000	34,408,111	5,180,000	1,615,000	35,555,000	-
239,750	-	2,860,000	-	-	556,971
-	(22,528,097)	-	-	(35,364,951)	-
(348,901)	311,474	13,884	-	5,435,222	-
-	-	-	-	-	-
<u>32,165,647</u>	<u>11,331,578</u>	<u>8,046,881</u>	<u>1,926,560</u>	<u>6,047,304</u>	<u>644,624</u>
<u>\$ 21,418,032</u>	<u>\$ (18,459,878)</u>	<u>\$ 8,349,647</u>	<u>\$ 11,974,835</u>	<u>\$ 9,683,780</u>	<u>\$ (3,588,910)</u>
\$ 24,555,847	\$ 39,799,258	\$ 29,626,529	\$ 18,744,758	\$ 21,668,262	\$ 16,716,779
5.40%	5.68%	5.91%	7.01%	6.58%	5.74%

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
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
2013	88,682,519	84.47%	16,301,796	15.53%	104,984,315	4,482,437	4.27%	11,819,358	11.26%	104,984,315

**INCOME TAX FUND REVENUE DISTRIBUTION
NET OF REFUNDS**

Year	Budget Basis			GAAP (Modified Accrual Basis)		
	General Fund	Total	% Increase (Decrease)	General Fund	Total	% Increase (Decrease)
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%
2013	101,934,268	101,934,268	0.31%	101,359,488	101,359,488	0.90%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

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

<u>Fiscal year</u>	<u>Total tax levy</u>	<u>Current tax collections</u>	<u>Percent of levy collected</u>	<u>Delinquent tax collections (1)</u>	<u>Total tax collections</u>	<u>Percent of total tax collections to tax levy</u>	<u>Outstanding delinquent taxes</u>	<u>Percent of outstanding delinquent taxes to tax levy</u>
<u>Montgomery County</u>								
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%
2013	15,270,433	13,344,519	87.39%	895,002	14,239,521	93.25%	7,927,702	51.92%

(1) Delinquent tax records are maintained by an external agency, Montgomery County. The agency does not currently track delinquent taxes by levy year and the City is researching other options for capturing this data for future reporting.

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

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

Tax year	For	Real Property		Personal Property (1)		Public Utilities	
		Assessed value	Estimated actual value	Assessed value	Estimated actual value	Assessed value	Estimated actual value
<u>Montgomery County</u>							
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
2013	2014	1,451,672,070	4,147,634,486	-	-	94,318,140	242,685,716

Source: County Auditor; Montgomery County, Ohio

N/A - Information not available

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

Assessed value	Total		Percent of
	Total direct tax rate	Estimated actual value	total assessed to total estimated actual value
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%
1,545,990,210	10.00	4,390,320,202	35.21%

CITY OF DAYTON, OHIO

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

Fiscal Year	<u>Direct 10 Mill Limitation (By Ohio Constitution)</u>				<u>By November 6, 1945 Charter Amendment</u>			
	Debt Service Fund	Judgement Trust Fund	Street Maintenance Fund	Total	Capital Improvement Fund	Debt Service Fund	General	Total
<u>Montgomery County</u>								
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
2013	0.40	-	-	0.40	-	5.00	4.60	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

<u>Grand Total (1)</u>	<u>Dayton City School District</u>	<u>Montgomery County</u>	<u>Montgomery County Public Library</u>
10.00	70.85	18.24	0.26
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
10.00	79.85	20.94	3.31

CITY OF DAYTON, OHIO

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Fiscal Year 2013			Fiscal Year 2004		
	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	\$ 81,743,360	1	5.29%	\$ 51,220,550	1	2.49%
Vectren Energy Delivery	11,610,290	2	0.75%	7,244,120	9	0.35%
KND Real Estate 29 LLC	7,605,180	3	0.49%			
River Park DEV LLC	6,069,250	4	0.39%			
Marriot International	5,238,110	5	0.34%	8,461,750	8	0.41%
Titan Loan Investment Fund LP	5,007,490	6	0.32%			
DUCRU SPE LLC	4,734,550	7	0.31%			
Miami Valley Hospital	4,664,700	8	0.30%			
Tower Partners LLC	4,524,370	9	0.29%			
Cloud Park Apartment	3,845,320	10	0.25%			
Delphi Automotive Systems Corporation				39,838,470	2	1.94%
NCR				28,667,940	3	1.39%
Ohio Bell Telephone Company				27,817,580	4	1.35%
Behr Dayton Thermal				20,547,110	5	1.00%
Arts Center Foundation				16,082,190	6	0.78%
Dayton Heart Hospital				9,898,840	7	0.48%
Standard Register				7,094,590	10	0.35%
Total	\$ 135,042,620		7.86%	\$ 216,873,140		10.55%

Source: County Auditor; Montgomery, County, Ohio

CITY OF DAYTON, OHIO

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

<u>Fiscal Year</u>	<u>Current Assements Due (1) (3)</u>	<u>Current Assessment Collected (1)</u>	<u>Percent of Current Collections to Current Assessments</u>	<u>Delinquent Assessments Collected</u>	<u>Total Assessments Collected</u>	<u>Percent of Total Assessments Collected to Current Due (2)</u>
2004	1,814,540	1,250,199	68.90%	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%
2013	4,727,901	2,010,113	42.52%	537,153	2,547,266	53.88%

(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
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	49,149,087	33,923,806	63,100	2,860,000	-	-	128,782	-
2013	42,465,128	31,886,369	23,200	2,860,000	-	-	661,507	-

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
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	33,265,591	9,175,000	400,000	-	-	169,996,937	N/A	N/A	1,199
38,888,600	31,953,977	8,433,383	350,000	-	-	157,522,164	N/A	N/A	1,111

CITY OF DAYTON, OHIO

**COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Assesed Value (2)	\$ 2,055,906,827	\$ 2,105,757,362	\$ 2,033,480,441	\$ 1,948,345,053
Legal debt margin:				
Debt limitation - 10.5% of Assesed Value	215,870,217	221,104,523	213,515,446	204,576,231
Total Voted and Unvoted Debt Outstanding	193,897,094	176,184,321	157,837,860	124,821,234
Less: Exempt Debt				
Airport General Obligation Bonds and Notes	(9,350,000)	(6,675,000)	(6,715,000)	(3,430,000)
Airport Revenue Bonds	(62,645,625)	(67,639,245)	(64,350,209)	(39,007,904)
Water General Obligation Bonds (3)	-	-	-	-
Sewer General Obligation Bonds (3)	-	-	-	-
Special Assessment Bonds and Notes	(1,297,409)	(977,100)	(753,500)	(555,600)
Economic Development Bonds	(11,385,000)	(10,955,000)	(9,500,000)	(9,015,000)
Total Exempt Debt	<u>(84,678,034)</u>	<u>(86,246,345)</u>	<u>(81,318,709)</u>	<u>(52,008,504)</u>
Total Debt Applicable to Limitation - Within 10.5% Limitations	109,219,060	89,937,976	76,519,151	72,812,730
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>(6,895,689)</u>	<u>(5,435,549)</u>	<u>(7,777,979)</u>	<u>(16,499,004)</u>
Net Debt Within 10.5% Limitation	<u>102,323,371</u>	<u>84,502,427</u>	<u>68,741,172</u>	<u>56,313,726</u>
Overall Debt Margin Within 10.5% Limitations	<u>\$ 113,546,846</u>	<u>\$ 136,602,096</u>	<u>\$ 144,774,274</u>	<u>\$ 148,262,505</u>
Unvoted Debt Limitation - 5.5% of Assesed Valuation	\$ 113,074,875	\$ 115,816,655	\$ 111,841,424	\$ 107,158,978
Debt Within 5.5% Limitations	109,219,060	89,937,976	76,519,151	72,812,730
Less Amount Available in Debt Service Fund	(6,895,689)	(5,435,549)	(7,777,979)	(16,499,004)
Net Debt Within 5.5% Limitation	<u>102,323,371</u>	<u>84,502,427</u>	<u>68,741,172</u>	<u>56,313,726</u>
Unvoted Debt Margin Within 5.5% Limitation	<u>\$ 10,751,504</u>	<u>\$ 31,314,228</u>	<u>\$ 43,100,252</u>	<u>\$ 50,845,252</u>

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 2013, this amount was \$136,023.

(2) Assesed valuations have been revised to agree with the assessed valuation by each tax year as provided by the Montgomery County Auditor.

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 1,820,597,490	\$ 1,786,715,860	\$ 1,766,330,350	\$ 1,572,433,810	\$ 1,527,043,290	\$ 1,545,990,210
191,162,736	187,605,165	185,464,687	165,105,550	160,339,545	162,328,972
144,393,875	158,035,326	155,069,138	144,638,131	169,996,937	157,522,164
(1,885,000)	(11,305,000)	(10,470,000)	(10,115,000)	(9,750,000)	(9,375,000)
(37,921,735)	(36,810,567)	(35,659,399)	(34,462,592)	(33,265,591)	(32,090,000)
-	-	-	-	(15,300,000)	(14,520,000)
-	-	-	-	(15,600,000)	(14,805,000)
(409,600)	(299,500)	(211,800)	(136,900)	(63,100)	(23,200)
(40,500,000)	(39,925,000)	(40,650,000)	(38,780,000)	(32,235,000)	(30,305,000)
<u>(80,716,335)</u>	<u>(88,340,067)</u>	<u>(86,991,199)</u>	<u>(83,494,492)</u>	<u>(106,213,691)</u>	<u>(101,118,200)</u>
63,677,540	69,695,259	68,077,939	61,143,639	63,783,246	56,403,964
<u>(15,943,399)</u>	<u>(15,536,249)</u>	<u>(17,092,706)</u>	<u>(14,927,743)</u>	<u>(10,776,956)</u>	<u>(10,184,042)</u>
<u>47,734,141</u>	<u>54,159,010</u>	<u>50,985,233</u>	<u>46,215,896</u>	<u>53,006,290</u>	<u>46,219,922</u>
<u>\$ 143,428,595</u>	<u>\$ 133,446,155</u>	<u>\$ 134,479,454</u>	<u>\$ 118,889,654</u>	<u>\$ 107,333,255</u>	<u>\$ 116,109,050</u>
\$ 100,132,862	\$ 98,269,372	\$ 97,148,169	\$ 86,483,860	\$ 83,987,381	\$ 85,029,462
63,677,540	69,695,259	68,077,939	61,143,639	63,783,246	56,403,964
(15,943,399)	(15,536,249)	(17,092,706)	(14,927,743)	(10,776,956)	(10,184,042)
<u>47,734,141</u>	<u>54,159,010</u>	<u>50,985,233</u>	<u>46,215,896</u>	<u>53,006,290</u>	<u>46,219,922</u>
<u>\$ 52,398,721</u>	<u>\$ 44,110,362</u>	<u>\$ 46,162,936</u>	<u>\$ 40,267,964</u>	<u>\$ 30,981,091</u>	<u>\$ 38,809,540</u>

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**

<u>Fiscal Year</u>	<u>Population (3)</u>	<u>Assessed value (2)</u>	<u>Gross general bonded debt (1)</u>	<u>Less: Amounts available in Debt Service Fund (4)</u>	<u>Net general bonded debt (1)</u>	<u>Ratio of net general bonded debt to assessed value</u>	<u>Net general bonded debt per capita</u>
2004	160,293	2,055,906,827	65,070,000	6,895,689	58,174,311	2.83%	\$ 363
2005	160,293	2,105,757,362	57,255,000	5,435,549	51,819,451	2.46%	\$ 323
2006	158,873	2,033,480,441	51,815,000	7,777,979	44,037,021	2.17%	\$ 277
2007	158,873	1,948,345,053	56,775,000	11,950,293	44,824,707	2.30%	\$ 282
2008	156,771	1,820,597,490	51,095,000	15,943,399	35,151,601	1.93%	\$ 224
2009	154,200	1,786,715,860	68,480,000	15,536,249	52,943,751	2.96%	\$ 343
2010	141,759	1,766,330,350	64,410,000	17,092,706	47,317,294	2.68%	\$ 334
2011	141,759	1,572,433,810	57,745,000	14,927,743	42,817,257	2.72%	\$ 302
2012	141,759	1,527,043,290	90,180,658	9,583,585	80,597,073	5.28%	\$ 569
2013	141,759	1,545,990,210	81,353,728	10,184,042	71,169,686	4.60%	\$ 502

(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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>	<u>Total general governmental expenditures</u>	<u>Ratio of debt service to total general governmental expenditures</u>
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%
2013	8,446,175	3,164,241	11,610,416	218,843,237	5.31%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2013**

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, 2013.

<u>Political subdivision of State of Ohio</u>	<u>Debt Outstanding</u>	<u>Percentage applicable to Dayton</u>	<u>Amount applicable to Dayton</u>
Direct			
City of Dayton	\$ 157,522,164	100.00%	\$ 157,522,164
Total Direct Debt	<u>157,522,164</u>		<u>157,522,164</u>
Overlapping			
Montgomery County	48,340,049	16.48%	7,966,440
Dayton City School District	93,339,989	83.94%	78,349,587
Miami Valley Career Center	6,390,000	2.41%	153,999
Greene County Career Center	83,335	0.59%	492
Vandalia Butler City School District	47,379,309	2.37%	1,122,890
Mad River Local School District	8,825,000	22.82%	2,013,865
Huber Heights City School District	76,200,000	11.87%	9,044,940
Trotwood-Madison City School District	29,615,422	3.45%	1,021,732
Fairborn City School District	13,046,010	3.74%	487,921
Northridge Local School District	4,900,000	29.21%	1,431,290
Total Overlapping Debt	<u>328,119,114</u>		<u>101,593,155</u>
Total Direct and Overlapping Debt	<u>\$ 485,641,278</u>		<u>\$ 259,115,319</u>

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	
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
2013	8,304,330	741,617	345,967	1,087,584	7.64

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

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	
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
2013	6,342,789	1,290,000	1,683,228	2,973,228	2.13

(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.

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**BUSINESS INDICATORS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Square Mile Area City of Dayton Year End (1)</u>	<u>Air Passengers (2)</u>	<u>Scheduled Airline Freight (2)</u>
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
2013	56 (+/-)	-	-

<u>Year</u>	<u>Active Gas Meters (3)</u>	<u>Vehicle Registrations (4)</u>
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
2013	77,647	116,811

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**

<u>Year</u>	<u>Square miles at December 31</u>
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
2012	56.5

Source: Division of Planning City of Dayton

CITY OF DAYTON, OHIO

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2013			Fiscal Year 2004		
	Employees	Rank	Percentage of Total Dayton Labor Force	Employees	Rank	Percentage of Total Dayton Labor Force
Premier Health Partners (1)	14,765	1	24.79%			
Kettering Health Network (2)	7,000	2	11.75%			
Montgomery County	3,884	3	6.52%	5,082	2	11.05%
Sinclair Community College	2,613	4	4.39%	2,029	6	4.41%
Dayton Public Schools	2,085	5	3.50%	3,143	3	6.83%
University of Dayton	2,297	6	3.86%	1,750	9	3.80%
Veterans Administration	2,002	7	3.36%	1,700	10	3.69%
City of Dayton	1,910	8	3.21%	2,739	4	5.95%
Childrens Medical Hospital	1,517	9	2.55%			
CareSource	1,200	10	2.01%			
Delphi Automotive Systems Corporation				7,847	1	17.06%
NCR Corporation				2,700	5	5.87%
Behr Dayton Thermal Products				2,000	8	4.35%
Frisch's Restaurant Inc.				2,000	7	4.35%
Total	39,273		65.94%	30,990		67.36%

Source: Dayton Business Journal

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

(2) Kettering Health Network includes Grandview Hospital

CITY OF DAYTON, OHIO

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

Year	Montgomery County		Dayton		Ohio		U.S.
	Labor Force	Unemployment rate	Labor force	Unemployment rate	Labor force	Unemployment rate	Unemployment rate
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%
2013	249,000	8.00%	59,000	9.40%	5,766,000	7.40%	7.40%

Source: Ohio Workforce Informer

CITY OF DAYTON, OHIO

ESTIMATED PER CAPITA INCOME AND PERSONAL INCOME
LAST TEN FISCAL YEARS

Year	Dayton (MSA)			Montgomery County		Ohio		United States
	Per capita income	% of national average	Total personal income	Per capita income	% of national average	Per capita income	% of national average	Per capita income
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
2013	39,891	89.56%	N/A	39,795	89.34%	40,865	91.74%	44,543

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	2004	2005	2006	2007	2008
Total	411.8	409.4	408.2	408.2	396.2
Goods-Producing Industries	75.4	73.8	71.7	67.8	60.6
Natural Resources, Mining and Construction	15.6	15.4	15.2	14.7	13.7
Manufacturing	59.9	58.4	56.5	53.1	46.9
Service-Providing Industries	336.4	335.7	336.5	335.6	335.6
Trade, Transportation, and Utilities	71.6	71.1	70.0	68.7	67.0
Information	11.1	11.1	10.6	10.9	12.1
Financial Activities	19.0	19.0	20.1	20.1	18.6
Professional and Business Services	53.2	52.3	52.3	52.2	51.7
Educational and Health Services	62.5	63.7	64.7	65.8	68.9
Leisure and Hospitality	37.1	37.3	37.8	37.3	37.2
Other Services	16.7	16.7	16.4	16.0	15.5
Government	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	2013	Percentage of Total 2013 employment
372.6	370	376.1	378.1	376.5	100%
50.6	49.4	51.2	52.6	52.7	14.00%
11.6	10.9	11.1	11.4	11.4	3.03%
39.0	38.5	40.1	41.2	41.3	10.97%
322.0	320.1	324.9	325.5	323.7	86.00%
63.1	61.4	62.4	64.6	64.9	17.24%
11.0	10.5	9.8	8.9	8.7	2.31%
16.8	16.5	17.0	17.3	17.3	4.59%
45.5	45.6	48.3	48.7	47.5	12.62%
68.7	69.0	69.9	70.2	69.8	18.56%
36.3	36.2	37.0	37.1	36.9	9.80%
14.9	15.2	15.1	14.7	15.1	4.01%
65.6	65.6	65.4	64.0	63.5	16.87%

CITY OF DAYTON, OHIO

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

Function/Program	2004	2005	2006	2007 (1)	2008	2009	2010 (2)	2011	2012	2013
Governmental activities:										
Downtown	34	34	29	36	34	32	16	15	14	15
Youth, education and human services	4	3	3	4	1	1	-	1	1	1
Community development and neighbors	174	174	168	131	139	170	132	136	134	130
Economic development	40	40	39	45	43	42	35	33	26	30
Leadership and quality of life	317	299	281	421	368	251	143	184	178	171
Corporate responsibility	160	169	164	187	178	163	137	133	134	137
Public safety and justice	1,098	1,056	1,072	1,134	1,118	1,056	943	863	866	868
Business-type activities:										
Dayton International Airport	187	178	175	180	160	145	128	133	138	140
Water	268	253	242	257	260	267	245	237	218	232
Sewer	124	122	120	142	134	141	113	110	109	113
Golf	17	17	19	86	70	66	15	16	15	14
Storm Sewer	138	124	124	144	143	134	89	89	89	83
Total Full-Time Equivalent (FTE)	2,561	2,469	2,436	2,767	2,648	2,468	1,996	1,950	1,922	1,934

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**

<u>Year</u>	<u>The University of Dayton (1)</u>	<u>Wright State University (2)</u>	<u>Sinclair Community College (3)</u>	<u>Total Colleges/ Universities</u>	<u>Dayton Public Schools (4)</u>
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
2013	10,857	17,595	22,884	51,336	14,505

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, 2013**

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

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

CITY OF DAYTON, OHIO

**BUILDING PERMITS ISSUED
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>New Construction</u>	
	<u>Permits issued (1)</u>	<u>Valuation (1)</u>
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
2013	811	81,103,221

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

CITY OF DAYTON, OHIO

**AVERAGE COST OF HOUSING CONSTRUCTION
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Units</u>	<u>Total Permit Value</u>	<u>Single-family average structure cost</u>	<u>% Change from previous year</u>	<u>% Change from 2003</u>
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%
2013	40	3,461,005	86,525	-2.07%	-18.58%

Source: Census Bureau

CITY OF DAYTON, OHIO

**OPERATING INDICATORS AND CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Service										
Highways and Streets										
Streets (miles)	855	855	967	969	1,718	1,718	1,718	1,718	1,718	1,718
Streetlights	21,292	23,421	18,650	18,650	20,163	20,163	20,252	20,235	20,391	20,391
Traffic Signals	N/A	N/A	325	325	325	325	325	313	313	313
Computerized Signals	N/A	N/A	178	225	275	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	439	414	506	512	505	474	455	385	413	409
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	12	12	12	12	12	12	12	12	12
Number of Employees	376	366	385	383	379	346	341	332	308	314
City Fleet (public safety)										
Fire	N/A	N/A	101	99	96	97	94	99	108	108
Police	402	393	288	354	354	307	320	324	314	314
Recreation and parks										
Parks Acreage	1,400	1,400	1,389	1,389	1,389	1,374	1,374	1,374	1,374	1,374
Playgrounds	49	49	49	49	49	42	42	42	42	42
Total Facilities *	188	182	186	221	205	184	181	181	180	180
Parks	72	72	72	72	62	60	60	60	60	60
Swimming Pools	19	14	19	8	3	4	5	4	4	4
Tennis Courts	22	22	22	65	65	63	63	63	63	63
Community Centers	11	10	9	2	2	-	3	3	3	3
Senior Centers	2	2	2	1	1	1	1	-	-	-
Athletic Complexes	2	2	2	2	2	2	2	2	2	2
Specialized Facilities	4	4	4	1	1	-	-	-	-	1
Shelter Houses	53	53	53	53	53	37	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	7	7	6	6	7	7	7
Recreation Centers	N/A	N/A	N/A	4	4	5	-	-	-	-
Cultural Centers	N/A	N/A	N/A	2	1	2	-	1	1	1
Teen Centers	N/A	N/A	N/A	1	1	1	1	1	-	-
Water										
Water Mains (miles)	791.00	799.00	800.28	803.07	803.33	804.29	806.12	807.03	806.61	807.03
Maximum Daily Capacity (millions of gallons)	51.85	51.30	50.30	51.60	46.53	43.79	43.82	43.21	44.30	41.00
Sewer										
Sanitary Sewers (miles)	600.00	600.00	601.28	601.39	602.85	603.11	603.05	603.18	603.27	603.40
Storm Sewers (miles)	400.00	401.00	402.28	402.85	403.35	403.61	403.62	403.67	403.67	403.67
Maximum Daily Capacity (millions of gallons)	36.64	36.03	37.56	35.97	35.06	32.61	33.72	33.03	29.80	28.69

Source: Various Departments, City of Dayton

* 2008-2013 Recreation facilities include only those that were operational in a calendar year

N/A - Information not available

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We acknowledge the following Financial Services Personnel in the preparation of the 2013 Comprehensive Annual Financial Report.

Stanley A. Earley	Deputy City Manager
C. LaShea Smith	Finance Director
Bejoy C. John	Deputy Finance Director
Candy H. Carr	Financial Services Supervisor
Valerie Henderson	Financial Analyst III
Annette Brown	Financial Analyst I
Trasenna T. Williams	Financial Analyst I
Melody D. Frock	Finance Technician II

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

www.DaytonOhio.gov



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
AUGUST 5, 2014**