



Comprehensive Annual Financial Report

For The Year Ended December 31, 2017

Prepared by: **Department of Finance**

Kevin Schweitzer, CPA, CGFM **Director of Finance**

Teri Birchfield, **Assistant to the Director of Finance**



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Clayton, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

July 13, 2018

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CITY OF CLAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

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June 18, 2018

Citizens of Clayton
Members of Council
City of Clayton, Ohio

We are pleased to present the fifteenth Comprehensive Annual Financial Report (CAFR) for the City of Clayton. This report, for the year ended December 31, 2017, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Clayton (the "City").

State law requires that every general-purpose local government file with the Auditor of State of Ohio and publish the availability of the financial statements within 150 days of the close of each year. The general purpose external financial statements from this report were filed to fulfill that requirement for the year ended December 31, 2017.

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

Clark Schaefer Hackett has issued an unmodified ("clean") opinion on the City of Clayton's financial statements for the year ended December 31, 2017. The Independent Auditors' Report is located at the front of the financial section of this report.

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

CITY OVERVIEW

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

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

CITY ORGANIZATION AND REPORTING ENTITY

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

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

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

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

The City participates in a joint venture, the Clay Township-City of Clayton Joint Economic Development District (the "District") with Clay Township. The District was established for the purpose of facilitating economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the District. The District will permit the City and the Township to share income tax revenues from the development of business operations within the District. The Miami Valley Regional Planning Commission is a jointly governed organization. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. The City is also a member of the Economic Development/Government Equity Program (ED/GE), a jointly governed organization which promotes developing plans and programs designed to assure that City resources are efficiently used, that economic growth is properly balanced, and that City economic development is coordinated with that of the State of Ohio and other local governments. The City belongs to the Public Entitles Pool of Ohio, a risk-sharing pool available to Ohio local governments. These organizations are presented in Notes 18, 19 and 20.

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

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

ITEMS OF LOCAL INTEREST

Parks and Recreation

The City contains five parks covering 216.27 acres and provides year-round recreational and educational programs for its citizens. Hardscrabble Park is a 21.1 acre park that provides outdoor playing fields and is the home of the Clayton Hardscrabble Baseball League. Northview Playground is a 6.37 acre park with playground equipment, a picnic shelter and basketball courts. Westbrook Park is a 17.8 acre park with walking trails and tennis courts. Meadowbrook at Clayton golf course is an 18 hole course with a driving range and a full service banquet facility that the City has owned since 2015.

Culture and Education

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

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

Transportation

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

The local economy is looking up as it relates to tax collections, property and income. The income tax credit reduction that was initiated in 2016 is meeting projections during the first full year of collections in 2017. The City will have to address infrastructure maintenance as the roads, drainage systems and facilities age. The challenge in funding any additional projects in the city is determining if the residents would agree to an increase in income or property taxes.

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

To further enhance potential economic development opportunities, City Council continues to belong to the Montgomery County ED/GE program. The ED/GE program is a combined economic development/tax-sharing program whose participants include Montgomery County and its townships, villages and cities. The City has received various monies from ED/GE funding the past several years.

The City does not have an abundance of empty businesses or manufacturing facilities which is a positive and negative situation. The lack of empty buildings reduces blight issues within the city but hinders economic development by not having available spaces for potential new businesses.

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

FINANCIAL PLANNING AND POLICIES

The Finance Department updated the investment policy in 2014. Its primary objectives are safety, liquidity and yield. Policies on Capital Assets, Budgeting, Accounting, Debt, Fund Reserves, and Capital Improvements were also completed.

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

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

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

GOALS

A. Maintain Financial Stability

Priorities:

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

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

Priorities:

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

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

Priorities:

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

MAJOR INITIATIVES

The City initiated PLAN Clayton in 2017. PLAN Clayton is the Comprehensive Land Use Plan Update which staff has been working with consultant Urban Collaborative. The simple goal is to build upon the original Land Use Plan which was adopted in 1999 and develop implementable tasks to build Clayton in a smart and cohesive fashion. This plan will guide the City in addressing residents needs and desires while strategically developing the City.

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

OTHER INFORMATION

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clayton for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016. This was the fourteenth year that the City of Clayton achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. Teri Birchfield, Assistant to the Finance Director, is to be commended for her continued contribution, effort and commitment. We would also like to express appreciation to the Montgomery County Auditor's office for their continued effort in helping gather the information presented in the report. Finally, we would like to express appreciation to Julian & Grube, Inc. for their guidance and assistance in preparing this report.

Respectively Submitted,



Richard C. Rose
City Manager



Kevin A. Schweitzer, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Clayton
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

City of Clayton, Ohio

*Principal Officials
December 31, 2017*

Elected

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

Appointed

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

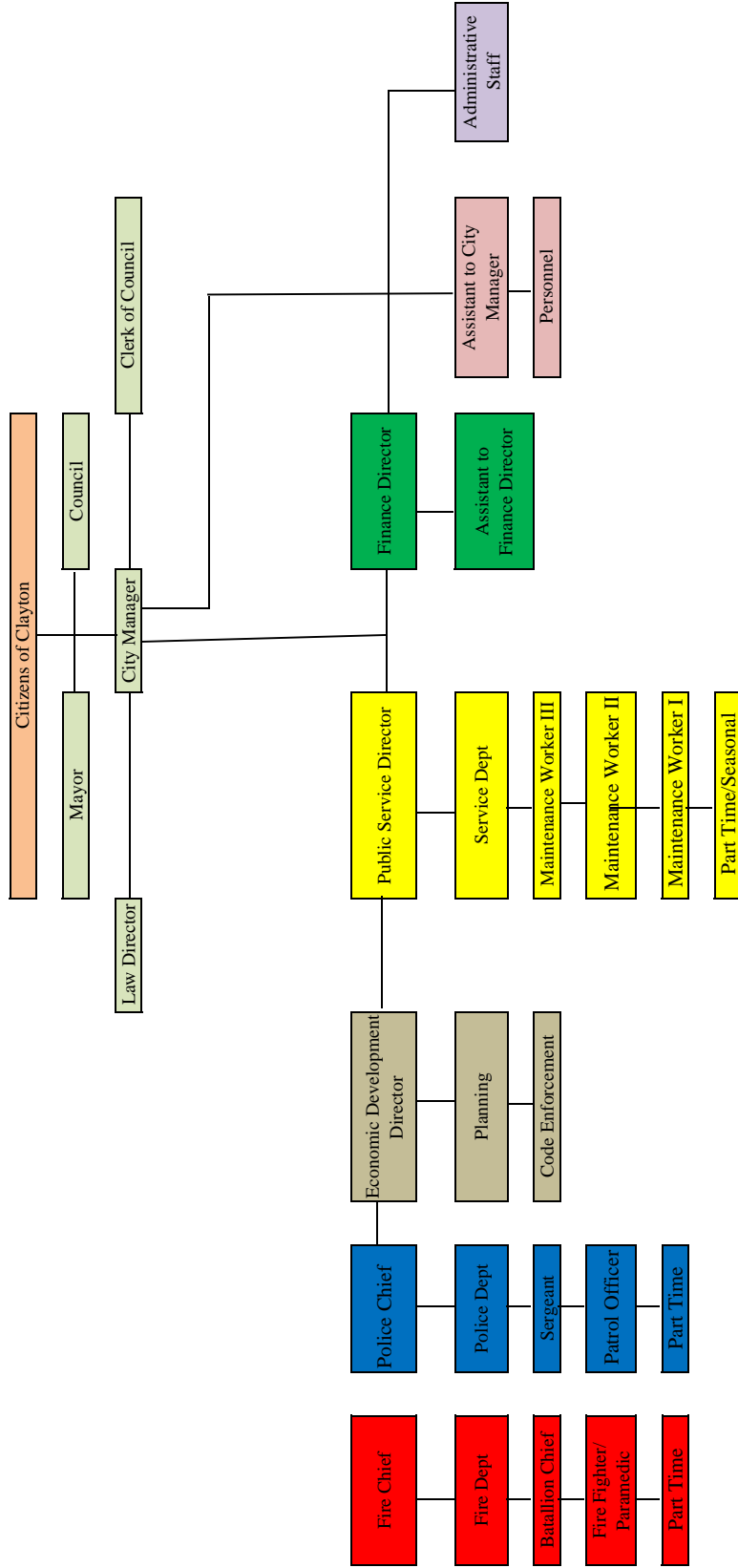
CITY OF CLAYTON ORGANIZATIONAL CHART

ADMINISTRATIVE OFFICES MISSION

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

SERVICE DEPARTMENT MISSION

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



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INDEPENDENT AUDITORS' REPORT

City Council
City of Clayton, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, Ohio (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General, Police, and Fire Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 15, 2018

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

The management's discussion and analysis of the City of Clayton's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- The total net position of the City increased \$2,146,395. Net position of governmental activities increased \$2,101,029 or 16.51% from 2016 and net position of business-type activities increased \$45,366 or 1.50% from 2016. This increase is due to an increase in capital assets associated with governmental activities.
- General revenues accounted for \$8,815,854 or 71.82% of total governmental activities revenue. Program specific revenues accounted for \$3,459,251 or 28.18% of total governmental activities revenue.
- The City had \$9,610,402 in expenses related to governmental activities; \$3,459,251 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$6,151,151 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$8,815,854.
- The general fund had revenues of \$4,508,151 in 2017. This represents an increase of \$348,184 from 2016. The expenditures and other financing uses of the general fund, which totaled \$4,375,447 in 2017, increased \$37,663 from 2016. Expenditures excluding transfers decreased \$91,413. The net increase in fund balance for the general fund was \$132,704 or 2.63% compared with the 2016 balance.
- The police fund had revenues and other financing sources of \$1,822,778 in 2017. This represents a decrease of \$87,761 from 2016 revenues and other sources. The expenditures of the police fund, which totaled \$1,879,408 in 2017, decreased \$20,781 from 2016. The net decrease in fund balance for the police fund was \$56,630 or 247.43%. This decrease is attributed to the reduction of transfers-in from the general fund.
- The fire fund had revenues and other financing sources of \$1,099,366 in 2017. This represents an increase of \$251,204 from 2016 revenues. The expenditures of the fire fund, which totaled \$1,102,247 in 2017, increased \$131,584 from 2016. The net decrease in the fund balance for the fire fund was \$2,881 or 10.85%. Increases in staff levels aided in the decrease in the fire fund balance.
- The bond retirement fund had revenues and other financing sources of \$521,631 in 2017. The expenditures and other financing uses of the bond retirement fund totaled \$669,896 in 2017. The net decrease in the fund balance for the bond retirement fund was \$148,265 or 77.61%. This decrease is related to payment of sewer fund debt.
- The capital improvement fund had revenues and other financing sources of \$1,901,022 in 2017. The expenditures of the capital improvement fund totaled \$3,892,513 in 2017. The net decrease in the fund balance for the capital improvement fund was \$1,991,491 or 39.45%. Utilization of prior year bond proceeds for capital improvements caused the decrease.
- Net position for the business-type activities, which are made up of the water department, sewer operating, and golf course activities, increased in 2017 by \$45,366.

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

- In the general fund, the actual revenues came in \$147,804 more than they were in the final budget and actual expenditures and other financing uses were \$882,886 less than the amount in the final budget. Final budgeted revenues were \$285,249 more than the original budgeted revenue. Budgeted expenditures and other financing uses increased \$311,405 from the original to the final budget.

Using this Annual Financial Report

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

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

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

Proprietary Funds

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

Fiduciary Funds

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

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position for 2017 compared to 2016.

	Net Position					
	2017 Governmental Activities	2016 Governmental Activities	2017 Business-type Activities	2016 Business-type Activities	2017 Total	2016 Total
<u>Assets</u>						
Current and other assets	\$ 17,514,696	\$ 17,480,499	\$ 186,990	\$ 30,197	\$ 17,701,686	\$ 17,510,696
Capital assets, net	<u>15,384,172</u>	<u>13,104,988</u>	<u>5,728,883</u>	<u>5,866,514</u>	<u>21,113,055</u>	<u>18,971,502</u>
Total assets	<u>32,898,868</u>	<u>30,585,487</u>	<u>5,915,873</u>	<u>5,896,711</u>	<u>38,814,741</u>	<u>36,482,198</u>
<u>Deferred outflows</u>	<u>2,206,630</u>	<u>2,312,396</u>	<u>189,268</u>	<u>140,348</u>	<u>2,395,898</u>	<u>2,452,744</u>
<u>Liabilities</u>						
Current liabilities	835,278	494,306	23,528	29,815	858,806	524,121
Long-term liabilities:						
Due within one year	938,511	912,305	118,655	106,070	1,057,166	1,018,375
Net pension liability	6,154,560	5,622,813	428,097	306,010	6,582,657	5,928,823
Other liabilities	<u>9,218,288</u>	<u>9,990,176</u>	<u>2,464,475</u>	<u>2,566,341</u>	<u>11,682,763</u>	<u>12,556,517</u>
Total liabilities	<u>17,146,637</u>	<u>17,019,600</u>	<u>3,034,755</u>	<u>3,008,236</u>	<u>20,181,392</u>	<u>20,027,836</u>
<u>Deferred inflows</u>	<u>3,129,545</u>	<u>3,149,996</u>	<u>4,387</u>	<u>8,190</u>	<u>3,133,932</u>	<u>3,158,186</u>
<u>Net Position</u>						
Net investment in capital assets	5,965,178	6,497,189	3,164,792	3,206,675	9,129,970	9,703,864
Restricted	6,256,638	3,378,498	-	-	6,256,638	3,378,498
Unrestricted (deficit)	<u>2,607,500</u>	<u>2,852,600</u>	<u>(98,793)</u>	<u>(186,042)</u>	<u>2,508,707</u>	<u>2,666,558</u>
Total net position	<u>\$ 14,829,316</u>	<u>\$ 12,728,287</u>	<u>\$ 3,065,999</u>	<u>\$ 3,020,633</u>	<u>\$ 17,895,315</u>	<u>\$ 15,748,920</u>

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

In 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and during 2017, the City adopted GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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

CITY OF CLAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2017, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$17,895,315. At year-end, net position was \$14,829,316 and \$3,065,999 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets net represented 54.39% of total assets. Capital assets include land, construction in progress, buildings, improvements other than buildings, furniture, fixtures and equipment, vehicles, and infrastructure. The City's net investment in capital assets at December 31, 2017, was \$5,965,178 and \$3,164,792 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending.

A portion of the City's net position, \$6,256,638 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is \$2,607,500

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CITY OF CLAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

The table below shows the changes in net position for years 2017 and 2016.

Change in Net Position

	2017	2016	2017	2016	2017	2016
	<u>Governmental</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Business-Type</u>	<u>Total</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>		
Revenues						
Program revenues:						
Charges for services	\$ 2,603,114	\$ 1,358,112	\$ 482,975	\$ 534,957	\$ 3,086,089	\$ 1,893,069
Operating grants, contributions, and interest	633,459	663,362	-	-	633,459	663,362
Capital grants and contributions	<u>222,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,678</u>	<u>-</u>
Total program revenues	<u>3,459,251</u>	<u>2,021,474</u>	<u>482,975</u>	<u>534,957</u>	<u>3,942,226</u>	<u>2,556,431</u>
General revenues:						
Property taxes	2,345,073	2,339,868	-	-	2,345,073	2,339,868
Other local taxes	351,136	366,029	-	-	351,136	366,029
Unrestricted grants and entitlements	596,659	926,747	-	-	596,659	926,747
Payment in lieu of taxes	438,870	408,841	-	-	438,870	408,841
Municipal income taxes	4,973,450	3,454,144	-	-	4,973,450	3,454,144
Investment earnings	79,143	93,215	-	-	79,143	93,215
Investment in joint venture	7,898	55,830	-	-	7,898	55,830
Miscellaneous	<u>23,625</u>	<u>10,245</u>	<u>18,188</u>	<u>38,036</u>	<u>41,813</u>	<u>48,281</u>
Total general revenues	<u>8,815,854</u>	<u>7,654,919</u>	<u>18,188</u>	<u>38,036</u>	<u>8,834,042</u>	<u>7,692,955</u>
Total revenues	<u>12,275,105</u>	<u>9,676,393</u>	<u>501,163</u>	<u>572,993</u>	<u>12,776,268</u>	<u>10,249,386</u>
Expenses:						
General government	3,634,390	3,876,815	-	-	3,634,390	3,876,815
Security of persons and property	3,943,836	3,631,194	-	-	3,943,836	3,631,194
Public health and welfare	3,877	5,898	-	-	3,877	5,898
Economic Development	-	1,107	-	-	-	1,107
Transportation	1,768,373	1,651,932	-	-	1,768,373	1,651,932
Interest and fiscal charges	259,926	361,360	-	-	259,926	361,360
Water	-	-	-	49,439	-	49,439
Sewer	-	-	220,780	208,162	220,780	208,162
Golf course	<u>-</u>	<u>-</u>	<u>798,691</u>	<u>995,042</u>	<u>798,691</u>	<u>995,042</u>
Total expenses	<u>9,610,402</u>	<u>9,528,306</u>	<u>1,019,471</u>	<u>1,252,643</u>	<u>10,629,873</u>	<u>10,780,949</u>
Change in net position before transfers and special item	2,664,703	148,087	(518,308)	(679,650)	2,146,395	(531,563)
Special item/Extraordinary item	-	-	-	798,713	-	798,713
Transfers	<u>(563,674)</u>	<u>(453,194)</u>	<u>563,674</u>	<u>453,194</u>	<u>-</u>	<u>-</u>
Change in net position	2,101,029	(305,107)	45,366	572,257	2,146,395	267,150
Net position at beginning of year	<u>12,728,287</u>	<u>13,033,394</u>	<u>3,020,633</u>	<u>2,448,376</u>	<u>15,748,920</u>	<u>15,481,770</u>
Net position at end of year	<u>\$ 14,829,316</u>	<u>\$ 12,728,287</u>	<u>\$ 3,065,999</u>	<u>\$ 3,020,633</u>	<u>\$ 17,895,315</u>	<u>\$ 15,748,920</u>

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

Governmental Activities

Governmental activities net position increased 16.51% or \$2,101,029 in 2017.

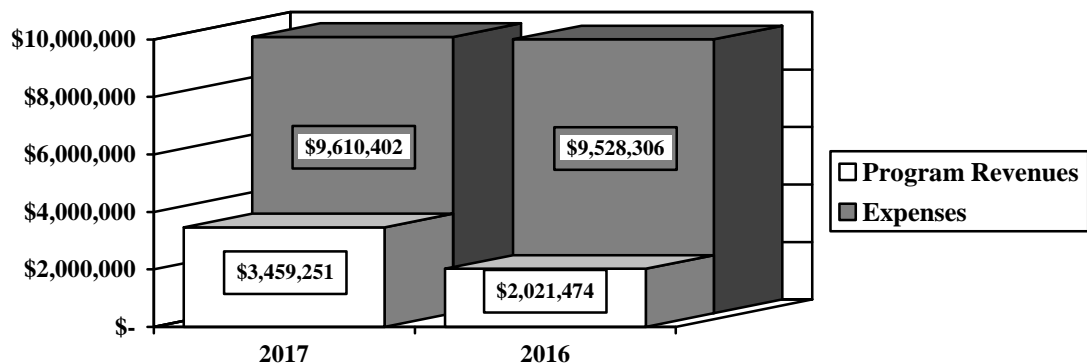
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$3,943,836 of the total governmental expenses of the City. These expenses were partially funded by \$362,227 in direct charges to users of the services and \$15,474 in operating grants and contributions. Transportation expenses totaled \$1,768,373. Transportation expenses were partially funded by \$33,277 in direct charges to users of the services and \$611,362 in operating grants and contributions. General government expenses totaled \$3,634,390. General government expenses were partially funded by \$2,201,130 in direct charges to users of the services, \$6,623 in operating grants and contributions and \$222,678 in capital grants and contributions.

The state and federal government contributed to the City a total of \$633,459 in operating grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$8,815,854 and amounted to 71.82% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$7,669,659. Unrestricted grants and entitlements of \$596,659, which includes local government funds, is the other primary source of general revenues.

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

Governmental Activities - Program Revenues vs. Total Expenses



CITY OF CLAYTON, OHIO

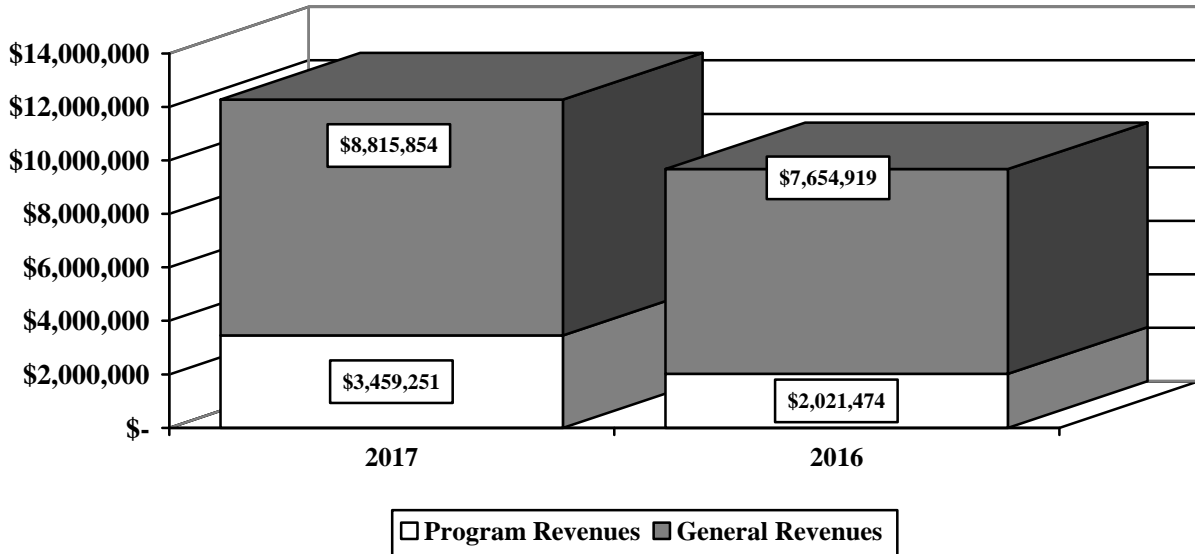
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

Governmental Activities

	Total Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2017</u>	Net Cost of Services <u>2016</u>
Program Expenses:				
General government	\$ 3,634,390	\$ 3,876,815	\$ 1,203,959	\$ 3,008,097
Security of persons and property	3,943,836	3,631,194	3,566,135	3,123,033
Public health and welfare	3,877	5,898	(2,603)	48
Economic Development	-	1,107	-	1,107
Transportation	1,768,373	1,651,932	1,123,734	1,013,187
Interest and Fiscal Charges	<u>259,926</u>	<u>361,360</u>	<u>259,926</u>	<u>361,360</u>
Total Expenses	<u>\$ 9,610,402</u>	<u>\$ 9,528,306</u>	<u>\$ 6,151,151</u>	<u>\$ 7,506,832</u>

The dependence upon general revenues for governmental activities is apparent, with 64.00% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues



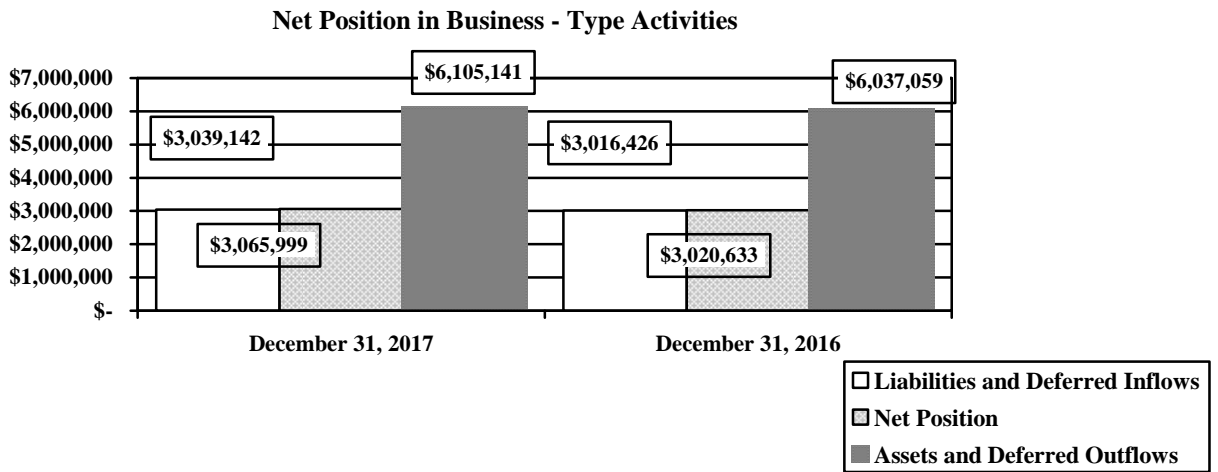
CITY OF CLAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

Business-type Activities

Business-type activities include the water department, sewer operating, and golf course enterprise funds. These programs had program revenues of \$482,975, general revenues of \$18,188, expenses of \$1,019,471, and transfers in from governmental activities of \$563,674 for 2017.

The graph below shows the business-type activities assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at year-end 2017 and 2016.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

CITY OF CLAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

The City's governmental funds (as presented on the balance sheet on page 22-23) reported a combined fund balance of \$10,123,256 which is \$1,956,315 below last year's balance of \$12,079,571. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2017 for all major and nonmajor governmental funds.

	Fund Balances (Deficit) <u>12/31/17</u>	Fund Balances <u>12/31/16</u>	Increase (Decrease) <u></u>
Major Funds:			
General	\$ 5,171,877	\$ 5,039,173	\$ 132,704
Police	(33,743)	22,887	(56,630)
Fire	23,660	26,541	(2,881)
Bond retirement	42,772	191,037	(148,265)
Capital improvement	3,056,632	5,048,123	(1,991,491)
Other nonmajor governmental funds	<u>1,862,058</u>	<u>1,751,810</u>	<u>110,248</u>
Total	<u>\$ 10,123,256</u>	<u>\$ 12,079,571</u>	<u>\$ (1,956,315)</u>

General Fund

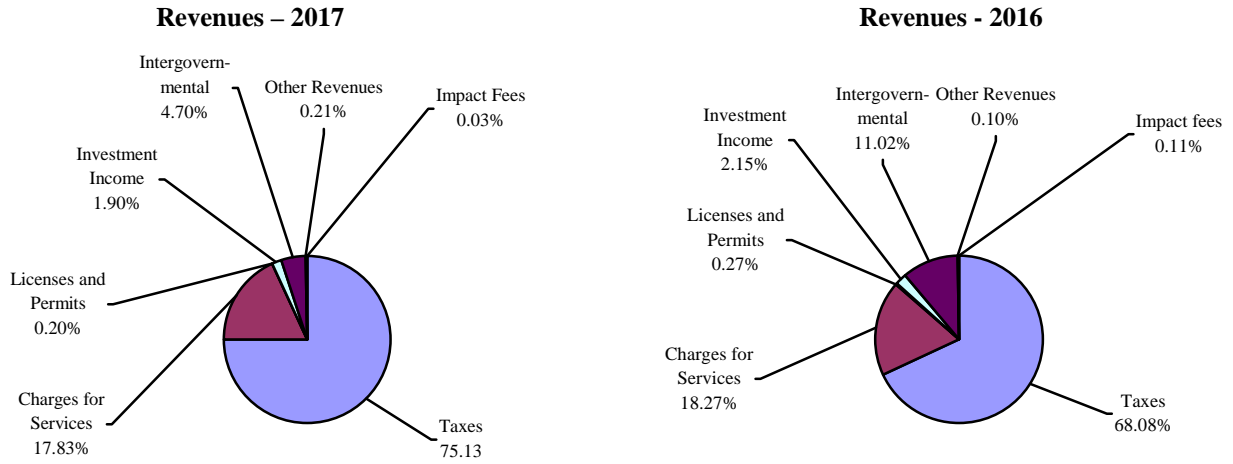
The City's general fund balance increased \$132,704. The table that follows assists in illustrating the revenues of the general fund.

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 3,386,677	\$ 2,832,217	19.58 %
Charges for services	803,793	760,019	5.76 %
Licenses and permits	8,825	11,244	(21.51) %
Change in fair market value	(65,085)	(127,134)	48.81 %
Investment income	150,938	216,703	(30.35) %
Impact fees	1,468	4,696	(68.74) %
Intergovernmental	211,974	458,488	(53.77) %
Other	<u>9,561</u>	<u>3,734</u>	156.05 %
Total	<u>\$ 4,508,151</u>	<u>\$ 4,159,967</u>	8.37 %

Tax revenue represents 75.12% of all general fund revenue. The decrease in investment income and the increase in the fair market value of investments is an indication of fluctuation in the investment market at year end.

CITY OF CLAYTON, OHIO

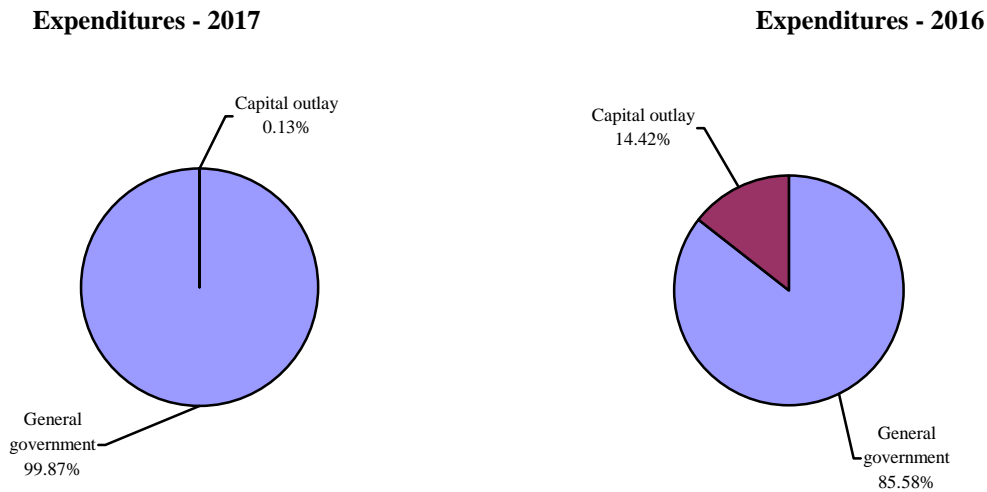
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**



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

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 2,409,198	\$ 2,142,724	12.44 %
Capital outlay	<u>3,139</u>	<u>361,026</u>	(99.13) %
Total	<u>\$ 2,412,337</u>	<u>\$ 2,503,750</u>	(3.65) %

Total expenditures decreased 3.65% from 2016. The largest expenditure line item, general government, increased 12.44%.



CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

Police Fund

The police fund had revenues and other financing sources of \$1,822,778 in 2017. This represents a decrease of \$87,761 from 2016 revenues and other sources. The expenditures of the police fund, which totaled \$1,879,408 in 2017, decreased \$20,781 from 2016. The net decrease in fund balance for the police fund was \$56,630 or 247.43%. This decrease is attributed to the reduction of transfers-in from the general fund.

Fire Fund

The fire fund had revenues and other financing sources of \$1,099,366 in 2017. This represents an increase of \$251,204 from 2016 revenues. The expenditures of the fire fund, which totaled \$1,102,247 in 2017, increased \$131,584 from 2016. The net decrease in the fund balance for the fire fund was \$2,881 or 10.85%. Increases in staff levels aided in the decrease in the fire fund balance.

Bond Retirement Fund

The bond retirement fund had revenues and other financing sources of \$521,631 in 2017. The expenditures and other financing uses of the bond retirement fund totaled \$669,896 in 2017. The net decrease in the fund balance for the bond retirement fund was \$148,265 or 77.61%. This decrease is related to payment of sewer fund debt.

Capital Improvement Fund

The capital improvement fund had revenues and other financing sources of \$1,901,022 in 2017. The expenditures of the capital improvement fund totaled \$3,892,513 in 2017. The net decrease in the fund balance for the capital improvement fund was \$1,991,491 or 39.45%. Utilization of prior year bond proceeds for capital improvements caused the decrease.

Budgeting Highlights

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

Budgetary information is presented for the general fund, fire fund and police fund. In the general fund, the actual revenues came in \$147,804 more than they were in the final budget and actual expenditures and other financing uses were \$882,886 less than the amount in the final budget. Final budgeted revenues were \$285,249 more than the original budgeted revenues. Budgeted expenditures and other financing uses increased \$311,405 from the original to the final budget.

Proprietary Funds

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

The Sewer operating fund had a decrease in net position of \$19,586. The Sewer fund receives impact fees and operating transfers to pay an outstanding OWDA loan associated with sewer line construction.

CITY OF CLAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

The Golf Course Fund had an increase in net position of \$62,745 during the year. In addition, the City transferred \$362,480 to the fund to support operations.

Capital Assets and Debt Administration

Capital Assets

At the end of 2017, the City had \$21,113,055 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, improvements other than buildings, equipment, vehicles, and infrastructure. Of this total, \$15,384,172 was reported in governmental activities and \$5,728,883 was reported in business-type activities. See Note 10 in the basic financial statements for additional capital asset disclosure. The following table shows 2017 balances compared to 2016:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 4,069,825	\$ 4,069,825	\$ 1,527,200	\$ 1,527,200	\$ 5,597,025	\$ 5,597,025
Land improvements (I.O.T.B.)	163,501	155,274	22,547	-	186,048	155,274
Buildings and improvements	254,434	283,978	1,327,186	1,400,918	1,581,620	1,684,896
Equipment	948,263	751,356	5,660	-	953,923	751,356
Vehicles	1,677,302	1,606,301	9,472	11,367	1,686,774	1,617,668
Infrastructure	8,270,847	4,862,577	2,836,818	2,927,029	11,107,665	7,789,606
Construction in progress	-	1,375,677	-	-	-	1,375,677
Totals	<u>\$ 15,384,172</u>	<u>\$ 13,104,988</u>	<u>\$ 5,728,883</u>	<u>\$ 5,866,514</u>	<u>\$ 21,113,055</u>	<u>\$ 18,971,502</u>

The City's largest general capital asset category is infrastructure which includes bridges, thoroughfares, curbs, gutters, sidewalks, storm sewers, traffic signals and street signs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 53.76% of the City's total governmental capital assets.

The City's largest business-type capital asset category is infrastructure which primarily includes sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 49.52% of the City's total business-type capital assets.

CITY OF CLAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2017 and 2016:

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 9,770,000	\$ 10,432,132
Promissory notes	-	38,786
Capital lease obligation	<u>65,458</u>	<u>129,224</u>
Total long-term obligations	<u>\$ 9,835,458</u>	<u>\$ 10,600,142</u>

	<u>Business-type Activities</u>	
	<u>2017</u>	<u>2016</u>
OWDA loans	<u>\$ 2,564,091</u>	<u>\$ 2,659,839</u>
Total long-term obligations	<u>\$ 2,564,091</u>	<u>\$ 2,659,839</u>

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

Current Financial Issues

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

Also, the cash management and budgetary policies of the Department of Finance encourage the growth in fund carryovers. It has been the intent of Council to only utilize current revenues to fund budgeted expenditures, but this is has not been possible in recent years. Greater utilization of grants, where possible, have also assisted in supporting the operations of the City. These actions have aided the City in ending with higher fund balances than projected for 2017.

Contacting the City's Financial Management

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

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**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 10,296,480	\$ 158,776	\$ 10,455,256
Receivables:			
Income taxes	1,569,945	-	1,569,945
Real and other taxes	2,752,892	-	2,752,892
Accounts	425,106	-	425,106
Payment in lieu of taxes receivable	423,413	-	423,413
Special assessments	1,063,133	-	1,063,133
Accrued interest	31,756	-	31,756
Due from other governments	777,496	-	777,496
Prepayments	81,096	22,787	103,883
Inventory held for resale	-	2,168	2,168
Investment in joint venture	72,526	-	72,526
Net pension asset	20,853	3,259	24,112
Capital assets:			
Land and construction in progress	4,069,825	1,527,200	5,597,025
Depreciable capital assets, net	11,314,347	4,201,683	15,516,030
Total capital assets, net	<u>15,384,172</u>	<u>5,728,883</u>	<u>21,113,055</u>
Total assets	<u>32,898,868</u>	<u>5,915,873</u>	<u>38,814,741</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	309,331	-	309,331
Pension - Ohio Police and Fire	751,675	-	751,675
Pension - OPERS	1,145,624	189,268	1,334,892
Total deferred outflows of resources	<u>2,206,630</u>	<u>189,268</u>	<u>2,395,898</u>
Liabilities:			
Accounts payable	595,993	3,197	599,190
Accrued wages and benefits payable	137,885	7,452	145,337
Due to other governments	80,264	4,414	84,678
Accrued interest payable	21,136	8,465	29,601
Long-term liabilities:			
Due within one year	938,511	118,655	1,057,166
Due greater than one year:			
Net pension liability	6,154,560	428,097	6,582,657
Other amounts due in more than one year	9,218,288	2,464,475	11,682,763
Total liabilities	<u>17,146,637</u>	<u>3,034,755</u>	<u>20,181,392</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year . . .	2,610,989	-	2,610,989
Payment in lieu of taxes	331,255	-	331,255
Pension - Ohio Police and Fire	132,339	-	132,339
Pension - OPERS	54,962	4,387	59,349
Total deferred inflows of resources	<u>3,129,545</u>	<u>4,387</u>	<u>3,133,932</u>
Net position:			
Net investment in capital assets	5,965,178	3,164,792	9,129,970
Restricted for:			
Debt service	1,019,127	-	1,019,127
Road improvements	675,569	-	675,569
Capital projects	3,164,910	-	3,164,910
Cemetery operations	54,020	-	54,020
Drug and alcohol enforcement	38,409	-	38,409
Street lighting	81,941	-	81,941
Economic development	1,222,662	-	1,222,662
Unrestricted (deficit)	2,607,500	(98,793)	2,508,707
Total net position	<u>\$ 14,829,316</u>	<u>\$ 3,065,999</u>	<u>\$ 17,895,315</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Program Revenues Operating Grants and Contributions</u>
Governmental activities:			
General government.	\$ 3,634,390	\$ 2,201,130	\$ 6,623
Security of persons and property	3,943,836	362,227	15,474
Public health and welfare	3,877	6,480	-
Transportation.	1,768,373	33,277	611,362
Interest and fiscal charges.	259,926	-	-
Total governmental activities	<u>9,610,402</u>	<u>2,603,114</u>	<u>633,459</u>
Business-type activities:			
Sewer Department.	220,780	-	-
Golf Course.	798,691	482,975	-
Total business-type activities	<u>1,019,471</u>	<u>482,975</u>	<u>-</u>
Total primary government	<u>\$ 10,629,873</u>	<u>\$ 3,086,089</u>	<u>\$ 633,459</u>

General revenues:

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

Total general revenues
Transfers
Total general revenues and transfers.
Change in net position
Net position at beginning of year
Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 222,678	\$ (1,203,959)	\$ -	\$ (1,203,959)
-	(3,566,135)	-	(3,566,135)
-	2,603	-	2,603
-	(1,123,734)	-	(1,123,734)
-	(259,926)	-	(259,926)
<u>222,678</u>	<u>(6,151,151)</u>	<u>-</u>	<u>(6,151,151)</u>
-	-	(220,780)	(220,780)
-	-	(315,716)	(315,716)
-	-	(536,496)	(536,496)
<u>\$ 222,678</u>	<u>(6,151,151)</u>	<u>(536,496)</u>	<u>(6,687,647)</u>
	324,456	-	324,456
	1,132,699	-	1,132,699
	706,720	-	706,720
	181,198	-	181,198
	351,136	-	351,136
	3,315,607	-	3,315,607
	1,657,843	-	1,657,843
	438,870	-	438,870
	596,659	-	596,659
	7,898	-	7,898
	79,143	-	79,143
	<u>23,625</u>	<u>18,188</u>	<u>41,813</u>
	<u>8,815,854</u>	<u>18,188</u>	<u>8,834,042</u>
	<u>(563,674)</u>	<u>563,674</u>	<u>-</u>
	<u>8,252,180</u>	<u>581,862</u>	<u>8,834,042</u>
	2,101,029	45,366	2,146,395
	<u>12,728,287</u>	<u>3,020,633</u>	<u>15,748,920</u>
<u>\$ 14,829,316</u>	<u>\$ 3,065,999</u>	<u>\$ 17,895,315</u>	

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	<u>General</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Bond Retirement</u>
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 4,996,466	\$ 35,032	\$ 84,064	\$ 42,772
Receivables:				
Income taxes.	1,046,630	-	-	-
Real and other taxes	441,761	1,280,436	820,327	-
Accounts.	278,919	-	-	-
Payments in lieu of taxes.	-	-	-	-
Special assessments	-	-	-	997,491
Accrued interest	29,269	-	-	-
Due from other governments.	124,352	105,195	61,625	-
Prepayments	38,610	11,688	16,169	-
Total assets	<u>\$ 6,956,007</u>	<u>\$ 1,432,351</u>	<u>\$ 982,185</u>	<u>\$ 1,040,263</u>
Liabilities:				
Accounts payable.	\$ 87,201	\$ 6,657	\$ 30,664	\$ -
Accrued wages and benefits payable	23,714	48,697	31,558	-
Due to other governments	15,306	26,949	14,351	-
Total liabilities	<u>126,221</u>	<u>82,303</u>	<u>76,573</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year. . .	382,830	1,233,306	791,692	-
Delinquent property tax revenue not available. . .	14,188	47,130	28,635	-
Accrued interest not available	11,971	-	-	-
Special assessments revenue not available.	-	-	-	997,491
Miscellaneous revenue not available.	318,732	-	-	-
Income tax revenue not available	818,919	-	-	-
Intergovernmental revenue not available	111,269	103,355	61,625	-
Payment in lieu of taxes levied for the next fiscal year.	-	-	-	-
Delinquent payment in lieu of tax revenue not available.	-	-	-	-
Total deferred inflows of resources	<u>1,657,909</u>	<u>1,383,791</u>	<u>881,952</u>	<u>997,491</u>
Fund balances:				
Nonspendable	38,610	11,688	16,169	-
Restricted.	-	-	7,491	42,772
Assigned	802,601	-	-	-
Unassigned (deficit).	<u>4,330,666</u>	<u>(45,431)</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit).	<u>5,171,877</u>	<u>(33,743)</u>	<u>23,660</u>	<u>42,772</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,956,007</u>	<u>\$ 1,432,351</u>	<u>\$ 982,185</u>	<u>\$ 1,040,263</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,227,839	\$ 1,910,307	\$ 10,296,480
523,315	-	1,569,945
-	210,368	2,752,892
-	146,187	425,106
-	423,413	423,413
-	65,642	1,063,133
-	2,487	31,756
162,678	323,646	777,496
-	14,629	81,096
<u>\$ 3,913,832</u>	<u>\$ 3,096,679</u>	<u>\$ 17,421,317</u>
\$ 404,937	\$ 66,534	\$ 595,993
-	33,916	137,885
-	23,658	80,264
<u>404,937</u>	<u>124,108</u>	<u>814,142</u>
-	203,161	2,610,989
-	7,207	97,160
-	1,018	12,989
-	65,642	1,063,133
-	136,622	455,354
409,459	-	1,228,378
42,804	273,450	592,503
-	331,255	331,255
-	92,158	92,158
<u>452,263</u>	<u>1,110,513</u>	<u>6,483,919</u>
-	14,629	81,096
3,056,632	1,843,599	4,950,494
-	3,830	806,431
-	-	4,285,235
<u>3,056,632</u>	<u>1,862,058</u>	<u>10,123,256</u>
<u>\$ 3,913,832</u>	<u>\$ 3,096,679</u>	<u>\$ 17,421,317</u>

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017

Total governmental fund balances		\$	10,123,256
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			15,384,172
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	1,228,378	
Real and other taxes receivable		189,318	
Accounts receivable		455,355	
Intergovernmental receivable		592,503	
Special assessments receivable		1,063,133	
Accrued interest receivable		12,988	
Total		3,541,675	3,541,675
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(21,136)
The investment in joint venture represents the City's equity interest in the Joint Economic Development District. The equity interest is not a financial resource and therefore not presented in the funds.			72,526
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			309,331
Unamortized premiums on bond issuances are not recognized in the funds.			(462,519)
The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.			20,853
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			(4,444,562)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(321,341)	
Capital lease payable		(65,458)	
General obligation bonds payable		(9,307,481)	
Total		(9,694,280)	(9,694,280)
Net position of governmental activities		\$	14,829,316

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Bond Retirement</u>
Revenues:				
Income taxes	\$ 2,890,155	\$ -	\$ -	\$ -
Real and other taxes.	320,145	1,121,198	698,806	-
Other local taxes.	176,377	-	-	-
Payments in lieu of taxes.	-	-	-	-
Charges for services.	803,793	81,464	-	-
Licenses and permits	8,825	-	-	-
Fines and forfeitures	-	27,402	2,189	-
Intergovernmental.	211,974	204,258	140,349	-
Special assessments	-	-	-	25,655
Investment income.	150,938	-	-	-
Contributions and donations.	-	75	225	-
Loss on fair market value of investments.	(65,085)	-	-	-
Impact fees.	1,468	-	-	-
Other	9,561	12,781	6,597	8,958
Total revenues	<u>4,508,151</u>	<u>1,447,178</u>	<u>848,166</u>	<u>34,613</u>
Expenditures:				
Current:				
General government	2,409,198	-	-	-
Security of persons and property	-	1,878,320	1,095,895	-
Public health and welfare.	-	-	-	-
Transportation	-	-	-	-
Capital outlay	3,139	1,088	6,352	-
Debt service:				
Principal retirement.	-	-	-	470,794
Interest and fiscal charges	-	-	-	199,102
Total expenditures	<u>2,412,337</u>	<u>1,879,408</u>	<u>1,102,247</u>	<u>669,896</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>2,095,814</u>	<u>(432,230)</u>	<u>(254,081)</u>	<u>(635,283)</u>
Other financing sources (uses):				
Sale of capital assets.	-	-	-	-
Transfers in	-	375,600	251,200	487,018
Transfers out.	(1,963,110)	-	-	-
Total other financing sources (uses)	<u>(1,963,110)</u>	<u>375,600</u>	<u>251,200</u>	<u>487,018</u>
Net change in fund balances	132,704	(56,630)	(2,881)	(148,265)
Fund balances at beginning of year	<u>5,039,173</u>	<u>22,887</u>	<u>26,541</u>	<u>191,037</u>
Fund balances (deficit) at end of year	<u>\$ 5,171,877</u>	<u>\$ (33,743)</u>	<u>\$ 23,660</u>	<u>\$ 42,772</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,445,092	\$ -	\$ 4,335,247
-	179,341	2,319,490
-	107,223	283,600
-	410,586	410,586
-	370,518	1,255,775
-	-	8,825
-	13,440	43,031
179,874	772,885	1,509,340
-	29,490	55,145
-	6,845	157,783
-	180	480
-	(9,741)	(74,826)
8,793	-	10,261
264,793	25,385	328,075
<u>1,898,552</u>	<u>1,906,152</u>	<u>10,642,812</u>
3,404,975	166,225	5,980,398
-	622,648	3,596,863
-	3,877	3,877
-	1,156,871	1,156,871
263,395	27,238	301,212
196,508	75,250	742,552
27,635	29,413	256,150
<u>3,892,513</u>	<u>2,081,522</u>	<u>12,037,923</u>
<u>(1,993,961)</u>	<u>(175,370)</u>	<u>(1,395,111)</u>
2,470	-	2,470
-	350,000	1,463,818
-	(64,382)	(2,027,492)
<u>2,470</u>	<u>285,618</u>	<u>(561,204)</u>
(1,991,491)	110,248	(1,956,315)
5,048,123	1,751,810	12,079,571
<u>\$ 3,056,632</u>	<u>\$ 1,862,058</u>	<u>\$ 10,123,256</u>

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - total governmental funds	\$	(1,956,315)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 3,209,260	
Current year depreciation	<u>(930,076)</u>	
Total		2,279,184
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	638,203	
Real and other taxes	9,387	
Intergovernmental revenues	19,242	
Special assessments	1,002,081	
Investment income	(6,509)	
Other	<u>(40,479)</u>	
Total		1,621,925
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		742,552
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		516,826
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,088,263)
The City's share of the income of the Joint Economic Development District is presented as an addition to the equity interest in the statement of activities.		
		7,898
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		
Decrease in accrued interest payable	1,187	
Accreted interest on capital appreciation bonds	(14,589)	
Amortization of deferred amounts on refunding	(27,095)	
Amortization of bond premiums	<u>36,721</u>	
Total		(3,776)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(19,002)
Change in net position of governmental activities	<u>\$</u>	<u>2,101,029</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 2,599,462	\$ 2,780,545	\$ 2,874,374	\$ 93,829
Property taxes.	289,526	309,694	320,145	10,451
Charges for services.	721,192	771,431	797,463	26,032
Licenses and permits	7,981	8,537	8,825	288
Intergovernmental.	192,027	205,404	212,335	6,931
Investment income.	116,441	124,553	128,756	4,203
Other local tax	159,508	170,619	176,377	5,758
Other	8,646	9,249	9,561	312
Total revenues	<u>4,094,783</u>	<u>4,380,032</u>	<u>4,527,836</u>	<u>147,804</u>
Expenditures:				
Current:				
General government	2,811,406	2,992,881	2,478,368	514,513
Capital outlay	12,830	13,658	11,310	2,348
Total expenditures	<u>2,824,236</u>	<u>3,006,539</u>	<u>2,489,678</u>	<u>516,861</u>
Excess of revenues over expenditures.	<u>1,270,547</u>	<u>1,373,493</u>	<u>2,038,158</u>	<u>664,665</u>
Other financing uses:				
Transfers out.	<u>(2,000,033)</u>	<u>(2,129,135)</u>	<u>(1,763,110)</u>	<u>366,025</u>
Total other financing sources uses.	<u>(2,000,033)</u>	<u>(2,129,135)</u>	<u>(1,763,110)</u>	<u>366,025</u>
Net change in fund balances	(729,486)	(755,642)	275,048	1,030,690
Fund balances at beginning of year.	4,380,687	4,380,687	4,380,687	-
Prior year encumbrances appropriated	158,917	158,917	158,917	-
Fund balance at end of year	<u>\$ 3,810,118</u>	<u>\$ 3,783,962</u>	<u>\$ 4,814,652</u>	<u>\$ 1,030,690</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,229,764	\$ 1,229,764	\$ 1,121,198	\$ (108,566)
Charges for services.	89,352	89,352	81,464	(7,888)
Fines and forfeitures	29,928	29,928	27,286	(2,642)
Intergovernmental.	224,036	224,036	204,258	(19,778)
Contributions and donations.	82	82	75	(7)
Other	14,019	14,019	12,781	(1,238)
Total revenues	<u>1,587,181</u>	<u>1,587,181</u>	<u>1,447,062</u>	<u>(140,119)</u>
Expenditures:				
Current:				
Security of persons and property	2,059,888	2,059,888	1,889,817	170,071
Capital outlay	<u>1,186</u>	<u>1,186</u>	<u>1,088</u>	<u>98</u>
Total expenditures	<u>2,061,074</u>	<u>2,061,074</u>	<u>1,890,905</u>	<u>170,169</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(473,893)</u>	<u>(473,893)</u>	<u>(443,843)</u>	<u>30,050</u>
Other financing sources:				
Transfers in	<u>411,969</u>	<u>411,969</u>	<u>375,600</u>	<u>(36,369)</u>
Total other financing sources.	<u>411,969</u>	<u>411,969</u>	<u>375,600</u>	<u>(36,369)</u>
Net change in fund balances	(61,924)	(61,924)	(68,243)	(6,319)
Fund balances at beginning of year	62,033	62,033	62,033	-
Prior year encumbrances appropriated	17,034	17,034	17,034	-
Fund balance at end of year	<u>\$ 17,143</u>	<u>\$ 17,143</u>	<u>\$ 10,824</u>	<u>\$ (6,319)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 746,573	\$ 763,727	\$ 698,806	\$ (64,921)
Fines and forfeitures	2,339	2,392	2,189	(203)
Intergovernmental.	149,943	153,388	140,349	(13,039)
Contributions and donations.	240	246	225	(21)
Other	7,048	7,210	6,597	(613)
Total revenues	<u>906,143</u>	<u>926,963</u>	<u>848,166</u>	<u>(78,797)</u>
Expenditures:				
Current:				
Security of persons and property	1,222,309	1,248,964	1,150,793	98,171
Capital outlay	15,158	15,489	14,272	1,217
Total expenditures	<u>1,237,467</u>	<u>1,264,453</u>	<u>1,165,065</u>	<u>99,388</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(331,324)</u>	<u>(337,490)</u>	<u>(316,899)</u>	<u>20,591</u>
Other financing sources:				
Transfers in	268,371	274,537	251,200	(23,337)
Total other financing sources.	<u>268,371</u>	<u>274,537</u>	<u>251,200</u>	<u>(23,337)</u>
Net change in fund balances	(62,953)	(62,953)	(65,699)	(2,746)
Fund balances at beginning of year	63,707	63,707	63,707	-
Prior year encumbrances appropriated . . .	28,659	28,659	28,659	-
Fund balance at end of year	<u>\$ 29,413</u>	<u>\$ 29,413</u>	<u>\$ 26,667</u>	<u>\$ (2,746)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			Total
	Sewer Operating Fund	Golf Course Fund	Nonmajor Enterprise Fund	
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 59,297	\$ 16,128	\$ 83,351	\$ 158,776
Prepayments	-	22,787	-	22,787
Inventory held for resale.	-	2,168	-	2,168
Total current assets	59,297	41,083	83,351	183,731
Noncurrent assets:				
Net pension asset.	-	3,259	-	3,259
Capital assets:				
Land and construction in progress.	-	1,527,200	-	1,527,200
Depreciable capital assets, net.	2,836,818	1,364,865	-	4,201,683
Total capital assets, net.	2,836,818	2,892,065	-	5,728,883
Total noncurrent assets	2,836,818	2,895,324	-	5,732,142
Total assets	2,896,115	2,936,407	83,351	5,915,873
Deferred outflows of resources:				
Pension OPERS	-	189,268	-	189,268
Total deferred outflows of resources	-	189,268	-	189,268
Liabilities:				
Current liabilities:				
Accounts payable.	-	3,197	-	3,197
Accrued wages and benefits payable	-	7,452	-	7,452
Due to other governments	-	4,414	-	4,414
Accrued interest payable	8,465	-	-	8,465
Compensated absences payable - current.	-	19,039	-	19,039
OWDA loans payable	99,616	-	-	99,616
Total current liabilities	108,081	34,102	-	142,183
Long-term liabilities:				
OWDA loans payable	2,464,475	-	-	2,464,475
Net pension liability	-	428,097	-	428,097
Total long-term liabilities	2,464,475	428,097	-	2,892,572
Total liabilities	2,572,556	462,199	-	3,034,755
Deferred inflows of resources:				
Pension OPERS	-	4,387	-	4,387
Total deferred inflows of resources	-	4,387	-	4,387
Net position:				
Net investment in capital assets.	272,727	2,892,065	-	3,164,792
Unrestricted (deficit)	50,832	(232,976)	83,351	(98,793)
Total net position.	\$ 323,559	\$ 2,659,089	\$ 83,351	\$ 3,065,999

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			Total
	Sewer Operating Fund	Golf Course Fund	Nonmajor Enterprise Fund	
Operating revenues:				
Charges for services	\$ -	\$ 482,975	\$ 7	\$ 482,982
Other operating revenues	-	15,981	-	15,981
Impact fees.	-	-	2,200	2,200
Total operating revenues.	<u>-</u>	<u>498,956</u>	<u>2,207</u>	<u>501,163</u>
Operating expenses:				
Personal services	-	442,056	-	442,056
Contract services.	-	218,354	-	218,354
Materials and supplies.	-	62,654	-	62,654
Depreciation.	90,211	75,627	-	165,838
Other	25,445	-	-	25,445
Total operating expenses.	<u>115,656</u>	<u>798,691</u>	<u>-</u>	<u>914,347</u>
Operating income (loss)	<u>(115,656)</u>	<u>(299,735)</u>	<u>2,207</u>	<u>(413,184)</u>
Nonoperating expenses:				
Interest and fiscal charges	(105,124)	-	-	(105,124)
Total nonoperating expenses.	<u>(105,124)</u>	<u>-</u>	<u>-</u>	<u>(105,124)</u>
Income (loss) before transfers.	(220,780)	(299,735)	2,207	(518,308)
Transfer in	<u>201,194</u>	<u>362,480</u>	<u>-</u>	<u>563,674</u>
Change in net position	(19,586)	62,745	2,207	45,366
Net position at beginning of year	<u>343,145</u>	<u>2,596,344</u>	<u>81,144</u>	<u>3,020,633</u>
Net position at end of year	<u>\$ 323,559</u>	<u>\$ 2,659,089</u>	<u>\$ 83,351</u>	<u>\$ 3,065,999</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			Total
	Sewer Operating Fund	Golf Course Fund	Nonmajor Enterprise Funds	
Cash flows from operating activities:				
Cash received from customers.	\$ -	\$ 486,116	\$ -	\$ 486,116
Cash received from other operations	-	21,359	2,207	23,566
Cash payments for employee services.	-	(366,607)	-	(366,607)
Cash payments for goods and services.	(25,445)	(279,485)	-	(304,930)
Net cash provided by (used in) operating activities	(25,445)	(138,617)	2,207	(161,855)
Cash flows from noncapital financing activities:				
Cash received from transfers in	201,194	162,480	-	363,674
Net cash provided by noncapital financing activities.	201,194	162,480	-	363,674
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(28,207)	-	(28,207)
Principal retirement on OWDA loans	(95,748)	-	-	(95,748)
Interest and fiscal charges	(105,446)	-	-	(105,446)
Net cash used in capital and related financing activities.	(201,194)	(28,207)	-	(229,401)
Net increase (decrease) in cash and cash equivalents	(25,445)	(4,344)	2,207	(27,582)
Cash and cash equivalents at beginning of year . . .	84,742	20,472	81,144	186,358
Cash and cash equivalents at end of year	\$ 59,297	\$ 16,128	\$ 83,351	\$ 158,776

(Continued)

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			Total
	Sewer Operating Fund	Golf Course Fund	Nonmajor Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (115,656)	\$ (299,735)	\$ 2,207	\$ (413,184)
Adjustments:				
Depreciation.	90,211	75,627	-	165,838
Changes in assets and liabilities:				
Decrease in inventory held for resale.	-	1,612	-	1,612
Decrease in accounts receivable.	-	8,519	-	8,519
Increase in net pension asset.	-	(951)	-	(951)
Decrease in prepayments.	-	6,445	-	6,445
Decrease in accounts payable.	-	(6,278)	-	(6,278)
Increase in accrued wages and benefits.	-	1,616	-	1,616
Decrease in intergovernmental payable.	-	(1,303)	-	(1,303)
Increase in compensated absences payable.	-	6,467	-	6,467
Increase in net pension liability.	-	122,087	-	122,087
Decrease in deferred inflows - pension.	-	(3,803)	-	(3,803)
Increase in deferred outflows - pension.	-	(48,920)	-	(48,920)
Net cash provided by (used in) operating activities	<u>\$ (25,445)</u>	<u>\$ (138,617)</u>	<u>\$ 2,207</u>	<u>\$ (161,855)</u>

Noncash Capital Financing Activities:

During 2017, the City converted a \$200,000 interfund loan payable made in a prior year to a transfer.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017

	Janice Paulus Fire Victim Fund	Agency Funds
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 11,627	\$ 53,448
Receivables:		
Accounts	-	38,853
Total current assets	11,627	92,301
 Liabilities:		
Intergovernmental payable.	-	\$ 37,131
Undistributed monies.	-	55,170
Total liabilities	-	\$ 92,301
 Net position:		
Held in trust for fire victims.	11,627	
Total net position	\$ 11,627	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CLAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Janice Paulus Fire Victim Fund
Additions:	
Investment income.	\$ 150
Total additions	150
Change in net position	150
Net position at beginning of year.	11,477
Net position at end of year	\$ 11,627

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - DESCRIPTION OF THE CITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

The City participates in the Clay Township-City of Clayton Joint Economic Development District (the "District") with Clay Township, which is defined as a joint venture. A joint venture is a legal entity or other organization that results from a contractual arrangement, and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility. This organization is presented in Note 18 to the Basic Financial Statements.

The City participates in two jointly governed organizations, the Miami Valley Regional Planning Commission and the Economic Development/Government Equity Program. A jointly governed organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. These organizations are presented in Note 19 to the Basic Financial Statements.

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

B. Basis of Presentation

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

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

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

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

C. Fund Accounting

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

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

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

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

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for the revenues collected for payment of general obligation debt principal, interest and related costs.

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

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

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

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

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

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

The other enterprise fund of the City is used to account for the residual activity related to the City's water service.

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

D. Measurement Focus and Basis of Accounting

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

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

E. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, other local taxes, payment in lieu of taxes, municipal income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from municipal income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

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

F. Pensions

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

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

G. Cash and Cash Equivalents

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

During 2017 the City's investments included Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Bonds, Federal Home Loan Mortgage Corporation REMIC Series Bonds, Federal National Mortgage Association REMIC Trust Bonds, Federal National Mortgage Association Bonds, Government National Mortgage Association REMIC Trust Bonds, U.S. Treasury Notes and Negotiable Certificates of Deposit.

Interest income and gains or losses on investments are distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue and gains or losses on investments credited to the General Fund during 2017 amounted to \$150,938 of which \$84,628 was assign from other City funds. Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets

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

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

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

J. Interfund Balances

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Compensated Absences

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

M. Bond Premiums and Compounded Interest on Capital Appreciation Bonds

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

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

N. Net Position

Net Position represents the difference between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. Fund Balances

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

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

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the amount that assigned for capital asset replacement. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City charter or ordinance. The future appropriations amount assigned in the General Fund represents 2018 appropriations that exceed estimated resources. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The City has not adopted a formal fund balance policy.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

P. Internal Activity

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

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

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

Q. Operating Revenues and Expenses

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. The City did not have any extraordinary or special items during 2017.

S. Estimates

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

T. Fair Value Measurements

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

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

U. Budgetary Process

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

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principle

For 2017, the City has implemented GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*", GASB Statement No. 81 "*Irrevocable Split-Interest Agreements*", and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*".

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the City.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the City.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the City.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash represents amounts received, but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.
5. Cash is held by the agency fund on behalf of the City on a budget basis and allocated and reported on the balance sheet (GAAP basis) in the appropriate City funds.
6. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).
7. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>
Budget basis	\$ 275,048	\$ (68,243)	\$ (65,699)
Net adjustment for revenue accruals	(19,685)	116	-
Net adjustment for expenditure accruals	(65,943)	(12,711)	5,421
Net adjustment for other sources/uses	(200,000)	-	-
Adjustment for encumbrances	<u>143,284</u>	<u>24,208</u>	<u>57,397</u>
GAAP basis	<u>\$ 132,704</u>	<u>\$ (56,630)</u>	<u>\$ (2,881)</u>

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

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

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

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

Investments

As of December 31, 2017, the City had the following investments:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Fair Value:						
Negotiable CD's	\$ 7,797,523	\$ 1,716,599	\$ -	\$ 99,809	\$ 148,389	\$ 5,832,726
FNMA Notes	299,715	299,715	-	-	-	-
FNMA REMIC	51,126	-	-	-	-	51,126
FNMA CTFS	477,872	-	-	-	-	477,872
FHLMC CTFS	5,522	-	-	-	-	5,522
GNMA REMIC	<u>5,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,727</u>
Total	<u>\$ 8,637,485</u>	<u>\$ 2,016,314</u>	<u>\$ -</u>	<u>\$ 99,809</u>	<u>\$ 148,389</u>	<u>\$ 6,372,973</u>

The City's investments in federal agency securities are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). The weighted average maturity of investments is 3.53 years.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk

The federal agency securities carry a rating of AA+ and Aaa by Standard & Poor's and Moody, respectively. The City's investment policy is designed to minimize credit risk by limiting investments to US Treasury Obligations, US federal agency securities, Certificates of deposit maturing not more than one year from deposit date, negotiables certificates of deposit, no load money market mutual funds consisting exclusively of US Treasury obligations and US federal agency securities, Star Ohio, Bankers acceptances that are eligible for purchase by the Federal Reserve System that mature no later than 180 days after purchase and commercial paper that is rated in the highest tier by at least two nationally recognized rating agencies . The aggregate value of the commercial paper can not exceed ten percent of the aggregate outstanding commercial paper of the corporation or mature no later than one hundred and eight days after purchase and can't exceed twenty five percent of interim monies.

The City's investment policy also requires the use of pre-qualifying financial institutions, broker/dealers, intermediaries and advisors in accordance with guidelines specified in the policy. In addition, the policy requires the diversification of the portfolio so that the impact of potential losses from any one individual issuer will be minimized.

Interest Rate Risk

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

Custodial Credit Risk

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk

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

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of total</u>
Fair Value:		
Negotiable CD's	\$ 7,797,523	90.28
FNMA Notes	299,715	3.47
FNMA REMIC	51,126	0.59
FNMA CTFS	477,872	5.53
FHLMC CTFS	5,522	0.06
GNMA REMIC	<u>5,727</u>	<u>0.07</u>
Total	<u>\$ 8,637,485</u>	<u>100.00</u>

Reconciliation of Cash to the Statement of Net Position

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of December 31, 2017:

<u>Cash per note</u>	
Carrying amount of deposits	\$ 1,882,846
Investments	<u>8,637,485</u>
Total	<u>\$ 10,520,331</u>
 <u>Cash per statement of net position</u>	
Governmental activities	\$ 10,296,480
Business type activities	158,776
Private-purpose trust funds	11,627
Agency funds	<u>53,448</u>
Total	<u>\$ 10,520,331</u>

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.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County collects property taxes on behalf of all taxing districts in the County, including the City of Clayton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2017 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2017 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2017 was \$13.78 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2017 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 229,991,250
Commercial/industrial	14,734,830
<u>Public utility</u>	
Personal	<u>6,940,490</u>
 Total assessed value	 <u><u>\$ 251,666,570</u></u>

NOTE 7 - MUNICIPAL INCOME TAX

The City levies a municipal income tax of 1.5 percent on all salaries, wages, commissions, other compensation and net profits earned within the City as well as on incomes of residents earned outside the City.

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

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 8 - TAX ABATEMENTS

The City was part of one Enterprise Zone (EZ) tax abatement agreement with a local business. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The taxes forgone for this agreement in 2017 totaled \$158,224.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2017, consisted of property taxes, other local taxes, municipal income taxes, payment in lieu of taxes, interfund, accounts, special assessments, interest, and amounts due from other governments arising from grants, entitlements and shared revenues. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, income taxes, payment in lieu of taxes, and special assessments. Property, income, and payment in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

Total special assessments for Street Lights Fund amount to \$65,642. The City has \$35,433 of delinquent Street Light special assessments at December 31, 2017. There are \$997,491 in special assessments for sidewalks and curbs that will be collected over the next ten years.

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

<u>Governmental activities:</u>	<u>Amount</u>
Local Government	\$ 70,405
Homestead Exemption and Rollbacks	212,674
Gasoline Tax	245,748
Motor Vehicle Tax	46,262
Permissive Tax	7,729
Grants	191,344
Charges for services	1,400
Fines and forfeitures	1,934
Total Due from Other Governments	<u>\$ 777,496</u>

Payment in Lieu of Taxes Receivable

The City granted real property tax exemptions to landowners for improvements made to their properties. The City requires the owners to make an annual payment to the City in lieu of taxes in the amount that would be payable on the increase in the value of the property if not for the exemption. The City then uses these monies to pay for public infrastructure improvements benefiting the owners. Additional payments are made to the School District since it is impacted by the tax exemption for a period of up to 30 years. The City accrues a receivable for the amounts measurable at December 31, 2017. The City is not able to measure the receivable for all future payments because the payments are based upon projected tax collections.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance 12/31/16	Additions	Deductions	Balance 12/31/17
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 4,069,825	\$ -	\$ -	\$ 4,069,825
Construction in progress	<u>1,375,677</u>	<u>2,625,158</u>	<u>(4,000,835)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>5,445,502</u>	<u>2,625,158</u>	<u>(4,000,835)</u>	<u>4,069,825</u>
Capital assets, being depreciated:				
Buildings	1,626,336	-	-	1,626,336
Improvements Other Than Buildings	228,814	26,608	-	255,422
Vehicles	3,264,136	249,462	-	3,513,598
Furniture, Fixtures and Equipment	1,631,388	308,032	-	1,939,420
Infrastructure	<u>8,864,291</u>	<u>4,000,835</u>	<u>-</u>	<u>12,865,126</u>
Total capital assets, being depreciated	<u>15,614,965</u>	<u>4,584,937</u>	<u>-</u>	<u>20,199,902</u>
Less accumulated depreciation:				
Buildings	(1,342,358)	(29,544)		(1,371,902)
Improvements Other Than Buildings	(73,540)	(18,381)		(91,921)
Vehicles	(1,657,835)	(178,461)		(1,836,296)
Furniture, Fixtures and Equipment	(880,032)	(111,125)		(991,157)
Infrastructure	<u>(4,001,714)</u>	<u>(592,565)</u>		<u>(4,594,279)</u>
Total accumulated depreciation	<u>(7,955,479)</u>	<u>(930,076)</u>	<u>-</u>	<u>(8,885,555)</u>
Total capital assets, being depreciated, net	<u>7,659,486</u>	<u>3,654,861</u>	<u>-</u>	<u>11,314,347</u>
Governmental activities capital assets, net	<u>\$ 13,104,988</u>	<u>\$ 6,280,019</u>	<u>\$ (4,000,835)</u>	<u>\$ 15,384,172</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 125,508
Security of persons and property	137,206
Transportation	<u>667,362</u>
Total depreciation expense	<u>\$ 930,076</u>

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 10 - CAPITAL ASSETS - (Continued)

Capital asset activity of the business-type activities for the year ended December 31, 2017, was as follows:

	Balance 12/31/16	Additions	Deductions	Balance 12/31/17
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 1,527,200	\$ -	\$ -	\$ 1,527,200
Total capital assets, not being depreciated	1,527,200	-	-	1,527,200
Capital assets, being depreciated:				
Improvements Other Than Buildings	-	22,547	-	22,547
Building	1,474,650	-	-	1,474,650
Furniture, Fixtures and Equipment	-	5,660	-	5,660
Vehicles	13,262	-	-	13,262
Infrastructure	3,653,193	-	-	3,653,193
Total capital assets, being depreciated	5,141,105	28,207	-	5,169,312
Less accumulated depreciation:				
Improvements Other Than Buildings	-	-	-	-
Building	(73,732)	(73,732)	-	(147,464)
Furniture, Fixtures and Equipment	-	-	-	-
Vehicles	(1,895)	(1,895)	-	(3,790)
Infrastructure	(726,164)	(90,211)	-	(816,375)
Total accumulated depreciation	(801,791)	(165,838)	-	(967,629)
Total capital assets, being depreciated, net	4,339,314	(137,631)	-	4,201,683
Business-type activities capital assets, net	\$ 5,866,514	\$ (137,631)	\$ -	\$ 5,728,883

NOTE 11- DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11- DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0 %
Total Employer	14.0 %
 Employee	 10.0 %

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$255,938 for 2017. Of this amount, \$35,800 is reported as due to other governments.

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

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

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

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

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

	<u>Police</u>	<u>Firefighters</u>
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$295,483 for 2017. Of this amount \$41,666 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2016, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.01424000%	0.03816000%	0.00954300%	0.05382000%	
Proportion of the net pension liability/asset current measurement date	<u>0.01394700%</u>	<u>0.04323800%</u>	<u>0.01117200%</u>	<u>0.05392500%</u>	
Change in proportionate share	<u>-0.00029300%</u>	<u>0.00507800%</u>	<u>0.00162900%</u>	<u>0.00010500%</u>	
Proportionate share of the net pension liability	\$ 3,167,127	\$ -	\$ -	\$ 3,415,530	\$ 6,582,657
Proportionate share of the net pension asset	-	(24,065)	(47)	-	(24,112)
Pension expense	723,271	17,386	57	450,557	1,191,271

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 4,293	\$ -	\$ 473	\$ 967	\$ 5,733
Net difference between projected and actual earnings on pension plan investments	471,657	5,871	40	332,146	809,714
Changes of assumptions	502,345	5,865	52	-	508,262
Changes in employer's proportionate percentage/difference between employer contributions	88,358	-	-	123,079	211,437
City contributions subsequent to the measurement date	231,324	17,909	6,705	295,483	551,421
Total deferred outflows of resources	<u>\$ 1,297,977</u>	<u>\$ 29,645</u>	<u>\$ 7,270</u>	<u>\$ 751,675</u>	<u>\$ 2,086,567</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 18,848	\$ 12,308	\$ -	\$ 7,864	\$ 39,020
Changes in employer's proportionate percentage/difference between employer contributions	28,193	-	-	124,475	152,668
Total deferred outflows of resources	<u>\$ 47,041</u>	<u>\$ 12,308</u>	<u>\$ -</u>	<u>\$ 132,339</u>	<u>\$ 191,688</u>

\$551,421 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2018.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2018	\$ 452,971	\$ 1,140	\$ 83	\$ 155,030	\$ 609,224
2019	413,443	1,140	81	155,028	569,692
2020	167,025	884	80	68,073	236,062
2021	(13,824)	(1,193)	67	(50,507)	(65,457)
2022	(2)	(975)	68	(3,978)	(4,887)
Thereafter	-	(1,568)	185	207	(1,176)
Total	\$ 1,019,613	\$ (572)	\$ 564	\$ 323,853	\$ 1,343,458

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, for the defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.75 %
Domestic equities	20.70	6.34
Real estate	10.00	4.75
Private equity	10.00	8.97
International equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. A discount rate of 8.00% was used in the previous measurement period. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.50%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 4,838,493	\$ 3,167,127	\$ 1,744,337
Combined Plan	1,730	(24,065)	(44,103)
Member-Directed Plan	112	(47)	(112)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations.

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation date	January 1, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8.25%
Projected salary increases	4.25% - 11.00%
Payroll increases	3.75%
Inflation assumptions	3.25%
Cost of living adjustments	2.60% and 3.00% simple

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

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2017 actuarial valuation.

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016 are summarized below:

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Cash and Cash Equivalents	- %	
Domestic Equity	16.00	5.21 %
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation		
Protected Securities *	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
	<hr/>	
Total	<u>120.00 %</u>	

Note: assumptions are geometric.

* numbers include inflation

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

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

Changes Between Measurement Date and Report Date - In 2017, the OP&F Board of Trustees adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25% to 8.00%. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease (7.25%)	Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 4,549,115	\$ 3,415,530	\$ 2,454,848

NOTE 12 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

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

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2017 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, 2017, 2016, and 2015 were \$21,854, \$41,780, and \$45,738, respectively; 87.11% has been contributed for 2017 and 100% has been contributed for 2016 and 2017. The remaining 2017 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

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

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 .5% of covered payroll from January 1, 2017 thru December 31, 2017. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$3,451 and \$3,497 for the year ended December 31, 2017, \$2,975 and \$2,935 for the year ended December 31, 2016, and \$5,429 for the year ended December 31, 2015. 100% has been contributed for 2016 and 2015. 84.91% has been contributed for police and 87.27% has been contributed for firefighters for 2017. The remaining 2017 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 13 - OTHER EMPLOYEE BENEFITS

Deferred Compensation

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

Compensated Absences

City employees earn universal leave at varying rates based upon length of service up to a maximum of 320 hours. Upon departure from City employment, an employee (or their estate) will be paid one hour of pay for each four hours of their accumulated universal leave up to a payment of 320 hours, based on the union agreements and the City's personnel policy.

City employees are allowed to place any hours over 320 hours into an extended universal leave balance. In the case of retirement, employees with 10 years of service with the City will be paid one hour of pay for each four hours of their accumulated extended universal leave up to a payment of 240 hours, based on the union agreements and the City's personnel policy.

Insurance

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

NOTE 14 - LEASES - LESSEE DISCLOSURE

Capital

In prior years, the City entered into lease agreements for the purchase of equipment and a vehicle. The lease meets the criteria of a capital lease as benefits and risks of ownership have transferred to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by leases have been capitalized in the Statement of Net Position for governmental activities in the amount of \$435,389. A corresponding liability was recorded on the Statement of Net Position for governmental activities. Principal payments during 2017 totaled \$63,766

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14 - LEASES - LESSEE DISCLOSURE – (Continued)

The assets acquired through capital leases are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value December 31, 2017
Asset:			
Vehicles	435,389	(108,845)	326,544
Total	\$ 435,389	\$ (108,845)	\$ 326,544

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2017.

<u>Year Ending December 31,</u>	<u>Total Payments</u>
2018	\$ 67,199
Total minimum lease payments	67,199
Less: amount representing interest	(1,741)
Present value of future minimum lease payments	<u>\$ 65,458</u>

Operating

The City leases golf course equipment under noncancelable operating leases. Operating lease payments are reported as expenses in enterprise funds and on the Statement of Net Position. Total operating lease payments in 2017 were \$52,084 which were paid from the Golf Course Fund.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 49,200
2019	16,400
Total	\$ 65,600

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15 - LONG-TERM OBLIGATIONS

Changes in long-term obligations during 2017 were as follows:

	Balance			Balance	Amounts
<u>Governmental Activities:</u>	<u>12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17</u>	<u>Due in</u>
					<u>One Year</u>
General Obligation Bonds:					
2010 Roadway Improvement					
Serial Bonds - 2.0-3.25%	\$ 150,000	\$ -	\$ (75,000)	\$ 75,000	\$ 75,000
Term Bonds - 4.0-4.5%	880,000	-	-	880,000	-
Capital Appreciation Bonds - 4.1-4.35%	35,000	-	-	35,000	-
Accretion on Capital Appreciation Bonds	52,892	14,589	-	67,481	-
Premium on Debt Issue	42,799	-	(3,075)	39,724	-
2013 Various Purpose Refunding Bonds					
Serial Bonds - 1.25-3%	2,680,000	-	(215,000)	2,465,000	225,000
Term Bonds - 3.25%	535,000	-	-	535,000	-
Premium on Debt Issue	97,653	-	(7,865)	89,788	-
2016 Road Improvement Bonds					
Serial Bonds - 1.0 - 4%	5,600,000	-	(350,000)	5,250,000	355,000
Premium on Debt Issue	358,788	-	(25,781)	333,007	-
Total General Obligation Bonds	<u>10,432,132</u>	<u>14,589</u>	<u>(676,721)</u>	<u>9,770,000</u>	<u>655,000</u>
Other Governmental Obligations:					
2012 Plow/Freightliner Promissory Note	38,786	-	(38,786)	-	-
Capital Leases Payable	129,224	-	(63,766)	65,458	65,458
Compensated Absences	302,339	188,755	(169,753)	321,341	218,053
Total Other Governmental Obligations	<u>470,349</u>	<u>188,755</u>	<u>(272,305)</u>	<u>386,799</u>	<u>283,511</u>
Net pension liability	5,622,813	578,492	(46,745)	6,154,560	-
Total Governmental Activities					
Long-Term Obligations	<u>\$16,525,294</u>	<u>\$ 781,836</u>	<u>\$ (995,771)</u>	<u>\$16,311,359</u>	<u>\$ 938,511</u>

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

	Balance			Balance	Amounts
	<u>12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17</u>	Due in
<u>Business-Type Activities:</u>					<u>One Year</u>
2005 OWDA Loan - 4%	\$ 2,659,839	\$ -	\$ (95,748)	\$2,564,091	\$ 99,616
Compensated Absences	12,572	16,789	(10,322)	19,039	19,039
Net Pension Liability	<u>306,010</u>	<u>122,087</u>	<u>-</u>	<u>428,097</u>	<u>-</u>
Total Business-Type Activities					
Long-Term Obligations	<u>\$ 2,978,421</u>	<u>\$ 138,876</u>	<u>\$ (106,070)</u>	<u>\$3,011,227</u>	<u>\$ 118,655</u>

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

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

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2021	\$ 75,000
2022	75,000
2023	75,000
2024	80,000
2025	85,000
2026 - 2030	<u>490,000</u>
Total	<u>\$ 880,000</u>

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

The capital appreciation bonds, issued at \$35,000, are not subject to prior redemption. The capital appreciation bonds will mature in years 2019 and 2020, with a maturity amount of \$75,000 each year, including interest. For 2017, the capital appreciation bonds were accreted \$14,589.

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

The term bonds portion of the 2013 various purpose refunding bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows (with the balance of \$250,000 to be paid at maturity on December 1, 2029):

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

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

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

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

Compensated absences and required pension contributions will be paid from the General, Police, Fire, EMS, Street Department, and Golf Course Funds. Capital lease obligations will be paid from the Capital Improvement Fund. The City pays obligations relating to employee compensation from the funds benefitting their service. For additional information related to the net pension liability see note 11.

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

The City has an OWDA Loan outstanding at December 31, 2017, which was issued during 2005 at a rate of four percent. The total original amount of the loan was \$3,481,913. The loan was for a 30 year period with the final payment due in January 2036. The loan was issued for the construction of the sewer system expansion phase I and sewer lines and will be paid from the Debt Service and Tax Increment Funds.

The City's overall legal debt margin was \$16,697,762 at December 31, 2017, and the unvoted debt margin was \$4,114,433.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2017, are as follows:

Year Ending	Governmental Activities					
	Serial Bonds	Serial Bonds	Term Bonds	Term Bonds	Capital Appreciation Bonds	Capital Appreciation Bonds
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 655,000	\$ 208,963	\$ -	\$ 47,112	\$ -	\$ -
2019	590,000	196,700	-	47,112	-	-
2020	595,000	186,702	-	47,112	18,841	56,159
2021	610,000	175,712	75,000	44,112	16,159	58,841
2022	620,000	164,450	75,000	44,112	-	-
2023 - 2027	3,330,000	615,526	425,000	172,523	-	-
2028 - 2030	<u>1,390,000</u>	<u>112,600</u>	<u>840,000</u>	<u>45,062</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 7,790,000</u>	<u>\$ 1,660,653</u>	<u>\$ 1,415,000</u>	<u>\$ 447,145</u>	<u>\$ 35,000</u>	<u>\$ 115,000</u>

Year Ending	OWDA Loan	OWDA Loan
	<u>Principal</u>	<u>Interest</u>
<u>December 31,</u>		
2018	\$ 99,616	\$ 101,577
2019	103,640	97,553
2020	107,828	93,366
2021	112,184	89,010
2022	116,716	84,477
2023 - 2027	658,237	347,729
2028 - 2032	802,386	203,579
2033 - 2035	<u>563,484</u>	<u>40,095</u>
Totals	<u>\$ 2,564,091</u>	<u>\$ 1,057,386</u>

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 16 - INTERFUND ACTIVITY

Interfund Transfers

Interfund transfers for the year ended December 31, 2017, consisted of the following, as reported in the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>		
	<u>General</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Police Fund	\$ 375,600	\$ -	\$ 375,600
Fire Fund	251,200	-	251,200
Bond Retirement Fund	487,018	-	487,018
Nonmajor Governmental Funds	350,000	-	350,000
Sewer Operating Fund	136,812	64,382	201,194
Golf Course Fund	362,480	-	362,480
Total	<u>\$ 1,963,110</u>	<u>\$ 64,382</u>	<u>\$ 2,027,492</u>

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

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

NOTE 17 - RISK MANAGEMENT

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

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

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - RISK MANAGEMENT - (Continued)

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

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2017, the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain. As a result of this risk analysis, PEP has elected to increase its retention for casualty and property claims to \$500,000 and \$250,000, respectively, effective January 1, 2018.

The Pool's membership increased from 520 members in 2016 to 527 members in 2017.

Financial Position

PEP's financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 and 2016:

<u>Casualty and Property Coverage</u>	<u>2017</u>	<u>2016</u>
Assets	\$44,452,326	\$42,182,281
Liabilities	13,004,011	13,396,700
Net Position- Unrestricted	<u>\$31,448,315</u>	<u>\$28,785,581</u>

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

<u>Contributions to PEP</u>	<u>Amount</u>
2017	\$100,620

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 17 - RISK MANAGEMENT - (Continued)

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

NOTE 18 - JOINT VENTURE

Clay Township – City of Clayton Joint Economic Development District

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

The percentage of equity interest for the City is based on the amount that will be distributed to the City if the contract is terminated. The City's equity interest of \$72,526 represents 40 percent of the total equity of the District. The District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City of Clayton paid a onetime contribution of \$25,000 to pay mutual start-up costs. Additional information can be obtained from Joe Tuss, President, at 451 West Third Street, Dayton, Ohio 45422.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission

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

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to representation on the Board. Payments to the Commission are made from the General Fund.

The City contributed \$6,076 for the operation of the Commission during 2017. Financial information may be obtained by writing to Donald Spang, Executive Director, One South Main Street, Suite 260, Dayton, Ohio 45402.

Economic Development/Government Equity Program

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

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

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

NOTE 20 - RISK SHARING POOL

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

CITY OF CLAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 20 - RISK SHARING POOL - (Continued)

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

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

NOTE 21 - FUND BALANCE

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

Fund balance	General	Police Fund	Fire Fund	Bond Retirement Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepays	\$ 38,610	\$ 11,688	\$ 16,169	\$ -	\$ -	\$ 14,629	\$ 81,096
Restricted:							
Road Improvements	-	-	-	-	-	444,474	444,474
Capital Improvements	-	-	-	-	3,056,632	-	3,056,632
Fire Operations	-	-	7,491	-	-	-	7,491
Cemetery Operations	-	-	-	-	-	54,020	54,020
Drug and Alcohol Enforcement	-	-	-	-	-	38,409	38,409
Street Lighting	-	-	-	-	-	16,299	16,299
Economic development	-	-	-	-	-	1,122,546	1,122,546
Emergency Medical Services	-	-	-	-	-	167,851	167,851
Debt Service	-	-	-	42,772	-	-	42,772
Total restricted	-	-	7,491	42,772	3,056,632	1,843,599	4,950,494
Assigned:							
General government	47,581	-	-	-	-	-	47,581
Capital projects	8,171	-	-	-	-	3,830	12,001
Subsequent appropriations	746,849	-	-	-	-	-	746,849
Total assigned	802,601	-	-	-	-	3,830	806,431
Unassigned	4,330,666	(45,431)	-	-	-	-	4,285,235
Total fund balances	\$ 5,171,877	\$ (33,743)	\$ 23,660	\$ 42,772	\$ 3,056,632	\$ 1,862,058	\$ 10,123,256

CITY OF CLAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 22 - SIGNIFICANT COMMITMENTS

Encumbrances

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

General Fund	\$ 55,752
Police Fund	13,891
Fire Fund	26,097
Capital Improvement Fund	255,884
Nonmajor Governmental Funds	<u>38,395</u>
Total	<u>\$ 390,019</u>

NOTE 23 - CONTINGENT LIABILITIES

A. Federal and State Grants

For the period January 1, 2017, to December 31, 2017, the City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

B. Litigation

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

NOTE 24 – SUBSEQUENT EVENT

The City received a donation of a golf course that was previously a country club in 2015. The City had established a three-year plan to make this property a viable, self-supporting asset that adds to the amenities of the City of Clayton. If the facility did not perform at a level that is self-sufficient, activities will be moved to the General fund to account for the golf course if operations are continued after the three years. During the three-year period, the golf course realized an accumulated operating loss of \$(1,007,241). Thus, beginning in 2018, the golf course operations will be accounted for in the General fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.013947%	0.014240%	0.012650%	0.012650%
City's proportionate share of the net pension liability	\$ 3,167,127	\$ 2,466,548	\$ 1,525,764	\$ 1,491,301
City's covered payroll	\$ 1,914,008	\$ 1,643,903	\$ 1,426,339	\$ 1,662,184
City's proportionate share of the net pension liability as a percentage of its covered payroll	165.47%	150.04%	106.97%	89.72%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.043238%	0.038160%		
City's proportionate share of the net pension asset	\$ 24,065	\$ 18,569		
City's covered payroll	\$ 162,267	\$ 55,633		
City's proportionate share of the net pension asset as a percentage of its covered payroll	14.83%	33.38%		
Plan fiduciary net position as a percentage of the total pension asset	116.55%	116.90%		
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.011172%	0.053820%		
City's proportionate share of the net pension asset	\$ 47	\$ 36		
City's covered payroll	\$ 57,989	\$ 53,142		
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.08%	0.07%		
Plan fiduciary net position as a percentage of the total pension asset	103.40%	103.91%		

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.05392500%	0.05382000%	0.05289620%	0.05289620%
City's proportionate share of the net pension liability	\$ 3,415,530	\$ 3,462,275	\$ 2,740,244	\$ 2,576,211
City's covered payroll	\$ 1,181,873	\$ 1,075,317	\$ 1,061,660	\$ 1,025,136
City's proportionate share of the net pension liability as a percentage of its covered payroll	288.99%	321.98%	258.11%	251.30%
Plan fiduciary net position as a percentage of the total pension liability	68.36%	66.77%	71.71%	73.00%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Traditional Plan:</i>					
Contractually required contribution	\$ 231,324	\$ 229,681	\$ 212,804	\$ 186,993	\$ 232,872
Contributions in relation to the contractually required contribution	<u>(231,324)</u>	<u>(229,681)</u>	<u>(212,804)</u>	<u>(186,993)</u>	<u>(232,872)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City/County's covered payroll	\$ 1,779,415	\$ 1,914,008	\$ 1,643,274	\$ 1,426,339	\$ 1,662,184
Contributions as a percentage of covered payroll	13.00%	12.00%	12.95%	13.11%	14.01%
<i>Combined Plan:</i>					
Contractually required contribution	\$ 17,909	\$ 19,472			
Contributions in relation to the contractually required contribution	<u>(17,909)</u>	<u>(19,472)</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
City/County's covered payroll	\$ 137,762	\$ 162,267			
Contributions as a percentage of covered payroll	13.00%	12.00%			
<i>Member Directed Plan:</i>					
Contractually required contribution	\$ 6,705	\$ 5,509			
Contributions in relation to the contractually required contribution	<u>(6,705)</u>	<u>(5,509)</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
City/County's covered payroll	\$ 67,050	\$ 57,989			
Contributions as a percentage of covered payroll	10.00%	9.50%			

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

CITY OF CLAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 295,483	\$ 250,969	\$ 227,419	\$ 221,367
Contributions in relation to the contractually required contribution	<u>(295,483)</u>	<u>(250,969)</u>	<u>(227,419)</u>	<u>(221,367)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,389,525	\$ 1,181,873	\$ 1,075,267	\$ 1,061,712
Contributions as a percentage of covered payroll	21.27%	21.23%	21.15%	20.85%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 185,592	\$ 142,302	\$ 128,851	\$ 140,964	\$ 119,096	\$ 130,884
<u>(185,592)</u>	<u>(142,302)</u>	<u>(128,851)</u>	<u>(140,964)</u>	<u>(119,096)</u>	<u>(130,884)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,025,370	\$ 945,528	\$ 864,772	\$ 936,016	\$ 786,631	\$ 874,893
18.10%	15.05%	14.90%	15.06%	15.14%	14.96%

CITY OF CLAYTON, OHIO

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

CITY OF CLAYTON, OHIO

FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

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

Enforcement and Education Fund

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

Drug Law Enforcement Fund

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

Law Enforcement Trust Fund

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

EMS Fund

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

Street Department Fund

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

State Highway Fund

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

Permissive Motor Vehicle License Tax Fund

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

Street Lights Fund

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

Cemetery Fund

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

Tax Increment Fund

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

CITY OF CLAYTON, OHIO

FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds - (continued)

Joint Economic Development District Fund

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

Tax Increment Financing Towne Center Fund

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

Nonmajor Capital Projects Fund

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

Asset Replacement Fund

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

CITY OF CLAYTON, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash, cash equivalents and investments	\$ 1,906,477	\$ 3,830	\$ 1,910,307
Receivables:			
Real and other taxes	210,368	-	210,368
Accounts	146,187	-	146,187
Payment in lieu of taxes	423,413	-	423,413
Special assessments	65,642	-	65,642
Accrued interest	2,487	-	2,487
Due from other governments	323,646	-	323,646
Prepayments	14,629	-	14,629
Total assets	\$ 3,092,849	\$ 3,830	\$ 3,096,679
Liabilities:			
Accounts payable	\$ 66,534	\$ -	\$ 66,534
Accrued wages and benefits	33,916	-	33,916
Due to other governments	23,658	-	23,658
Total liabilities	124,108	-	124,108
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	203,161	-	203,161
Delinquent property tax revenue not available	7,207	-	7,207
Accrued interest not available	1,018	-	1,018
Special assessments revenue not available	65,642	-	65,642
Miscellaneous revenue not available	136,622	-	136,622
Intergovernmental revenue not available	273,450	-	273,450
PILOTs levied for next fiscal year	331,255	-	331,255
Delinquent PILOT revenue not available	92,158	-	92,158
Total deferred inflows of resources	1,110,513	-	1,110,513
Fund balances:			
Nonspendable	14,629	-	14,629
Restricted	1,843,599	-	1,843,599
Assigned	-	3,830	3,830
Total fund balances	1,858,228	3,830	1,862,058
Total liabilities, deferred inflows of resources & fund balance	\$ 3,092,849	\$ 3,830	\$ 3,096,679

CITY OF CLAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Real and other taxes	\$ 179,341	\$ -	\$ 179,341
Other local taxes	107,223	-	107,223
Payment in lieu of taxes	410,586	-	410,586
Charges for services	370,518	-	370,518
Fines and forfeitures	13,440	-	13,440
Intergovernmental	772,885	-	772,885
Special assessments	29,490	-	29,490
Investment income	6,845	-	6,845
Contributions and donations	180	-	180
Loss on FMV of investments	(9,741)	-	(9,741)
Other	25,385	-	25,385
Total revenues	<u>1,906,152</u>	<u>-</u>	<u>1,906,152</u>
Expenditures:			
<i>Current:</i>			
General government	166,225	-	166,225
Security of persons and property	622,648	-	622,648
Public health and welfare	3,877	-	3,877
Transportation	1,156,871	-	1,156,871
Capital outlay	27,238	-	27,238
<i>Debt service:</i>			
Principal retirement	75,250	-	75,250
Interest and fiscal charges	29,413	-	29,413
Total expenditures	<u>2,081,522</u>	<u>-</u>	<u>2,081,522</u>
Excess of revenues over expenditures	<u>(175,370)</u>	<u>-</u>	<u>(175,370)</u>
Other financing sources (uses):			
Transfers in	350,000	-	350,000
Transfers out	(64,382)	-	(64,382)
Total other financing sources/(uses)	<u>285,618</u>	<u>-</u>	<u>285,618</u>
Net change in fund balances	110,248	-	110,248
Fund balances at beginning of year	<u>1,747,980</u>	<u>3,830</u>	<u>1,751,810</u>
Fund balances at end of year	<u>\$ 1,858,228</u>	<u>\$ 3,830</u>	<u>\$ 1,862,058</u>

CITY OF CLAYTON, OHIO
COMBINING BALANCE SHEET
INDIVIDUAL NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017

	Enforcement and Education Fund	Drug Law Enforcement Fund	Law Enforcement Trust Fund	EMS Fund	Street Department Fund	State Highway Fund
Assets:						
Equity in pooled cash, cash equivalents and investments	\$ 2,837	\$ 11,578	\$ 26,597	\$ 188,977	\$ 60,228	\$ 315,757
Receivables:						
Real and other taxes	-	-	-	210,368	-	-
Accounts	-	-	-	146,187	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Accrued interest	-	-	-	-	483	1,515
Due from other governments	20	75	-	15,855	270,902	21,107
Prepayments	-	-	-	-	14,629	-
Total assets	\$ 2,857	\$ 11,653	\$ 26,597	\$ 561,387	\$ 346,242	\$ 338,379
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 8,609	\$ 28,283	\$ 27,146
Accrued wages and benefits	-	-	-	13,110	20,806	-
Due to other governments	-	-	2,698	8,972	11,506	-
Total liabilities	-	-	2,698	30,691	60,595	27,146
Deferred inflows of resources:						
Property taxes levied for the next fiscal year	-	-	-	203,161	-	-
Delinquent property tax revenue not available	-	-	-	7,207	-	-
Accrued interest not available	-	-	-	-	198	620
Special assessments revenue not available	-	-	-	-	-	-
Miscellaneous revenue not available	-	-	-	136,622	-	-
Intergovernmental revenue not available	-	-	-	15,855	231,708	17,929
PILOTs levied for next fiscal year	-	-	-	-	-	-
Delinquent PILOT revenue not available	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	362,845	231,906	18,549
Fund balances:						
Nonspendable	-	-	-	-	14,629	-
Restricted	2,857	11,653	23,899	167,851	39,112	292,684
Total fund balances	2,857	11,653	23,899	167,851	53,741	292,684
Total liabilities, deferred inflows of resources & fund balance	\$ 2,857	\$ 11,653	\$ 26,597	\$ 561,387	\$ 346,242	\$ 338,379

Permissive Motor Vehicle License Tax Fund	Street Lights Fund	Cemetery Fund	JEDD Fund	Tax Increment Fund	TIF Towne Center Fund	Total Nonmajor Special Revenue Funds
\$ 107,638	\$ 16,299	\$ 54,020	\$ 351,539	\$ 519,904	\$ 251,103	\$ 1,906,477
-	-	-	-	-	-	210,368
-	-	-	-	-	-	146,187
-	-	-	-	244,537	178,876	423,413
-	65,642	-	-	-	-	65,642
489	-	-	-	-	-	2,487
7,729	-	-	-	7,958	-	323,646
-	-	-	-	-	-	14,629
<u>\$ 115,856</u>	<u>\$ 81,941</u>	<u>\$ 54,020</u>	<u>\$ 351,539</u>	<u>\$ 772,399</u>	<u>\$ 429,979</u>	<u>\$ 3,092,849</u>
\$ 2,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,534
-	-	-	-	-	-	33,916
482	-	-	-	-	-	23,658
<u>2,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,108</u>
-	-	-	-	-	-	203,161
-	-	-	-	-	-	7,207
200	-	-	-	-	-	1,018
-	65,642	-	-	-	-	65,642
-	-	-	-	-	-	136,622
-	-	-	-	7,958	-	273,450
-	-	-	-	191,312	139,943	331,255
-	-	-	-	53,225	38,933	92,158
<u>200</u>	<u>65,642</u>	<u>-</u>	<u>-</u>	<u>252,495</u>	<u>178,876</u>	<u>1,110,513</u>
-	-	-	-	-	-	14,629
<u>112,678</u>	<u>16,299</u>	<u>54,020</u>	<u>351,539</u>	<u>519,904</u>	<u>251,103</u>	<u>1,843,599</u>
<u>112,678</u>	<u>16,299</u>	<u>54,020</u>	<u>351,539</u>	<u>519,904</u>	<u>251,103</u>	<u>1,858,228</u>
<u>\$ 115,856</u>	<u>\$ 81,941</u>	<u>\$ 54,020</u>	<u>\$ 351,539</u>	<u>\$ 772,399</u>	<u>\$ 429,979</u>	<u>\$ 3,092,849</u>

CITY OF CLAYTON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
INDIVIDUAL NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Enforcement and Education Fund	Drug Law Enforcement Fund	Law Enforcement Trust Fund	EMS Fund	Street Department Fund
Revenues:					
Real and other taxes	\$ -	\$ -	\$ -	\$ 179,341	\$ -
Other local taxes	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-
Charges for services	-	-	-	348,356	15,682
Fines and forfeitures	306	277	12,857	-	-
Intergovernmental	-	-	-	47,458	563,511
Special assessments	-	-	-	-	-
Investment income	-	-	-	-	1,141
Contributions and donations	-	-	-	180	-
Loss on FMV of investments	-	-	-	-	(1,704)
Other	-	-	-	5,110	17,595
Total revenues	306	277	12,857	580,445	596,225
Expenditures:					
<i>Current:</i>					
General government	-	-	-	-	-
Security of persons and property	-	-	-	589,395	-
Public health and welfare	-	-	-	-	-
Transportation	-	-	-	-	1,006,451
Capital outlay	-	-	12,738	7,000	1,202
<i>Debt service:</i>					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	-	12,738	596,395	1,007,653
Excess (deficiency) of revenues over/(under) expenditures	306	277	119	(15,950)	(411,428)
Other financing sources (uses):					
Transfer in	-	-	-	-	350,000
Transfer out	-	-	-	-	-
Total other financing sources/(uses)	-	-	-	-	350,000
Net change in fund balances	306	277	119	(15,950)	(61,428)
Fund balances at beginning of year	2,551	11,376	23,780	183,801	115,169
Fund balances at end of year	\$ 2,857	\$ 11,653	\$ 23,899	\$ 167,851	\$ 53,741

State Highway Fund	Permissive Motor Vehicle License Tax Fund	Street Lights Fund	Cementery Fund	JEDD Fund	Tax Increment Fund	TIF Towne Center Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,341
-	107,223	-	-	-	-	-	107,223
-	-	-	-	-	237,128	173,458	410,586
-	-	-	6,480	-	-	-	370,518
-	-	-	-	-	-	-	13,440
46,667	-	-	-	67,536	40,915	6,798	772,885
-	-	29,490	-	-	-	-	29,490
4,269	1,435	-	-	-	-	-	6,845
-	-	-	-	-	-	-	180
(6,033)	(2,004)	-	-	-	-	-	(9,741)
45	-	-	-	-	2,635	-	25,385
<u>44,948</u>	<u>106,654</u>	<u>29,490</u>	<u>6,480</u>	<u>67,536</u>	<u>280,678</u>	<u>180,256</u>	<u>1,906,152</u>
-	-	-	-	-	81,719	84,506	166,225
-	-	33,253	-	-	-	-	622,648
-	-	-	3,877	-	-	-	3,877
57,943	92,477	-	-	-	-	-	1,156,871
-	6,298	-	-	-	-	-	27,238
-	-	-	-	-	75,250	-	75,250
-	-	-	-	-	29,413	-	29,413
<u>57,943</u>	<u>98,775</u>	<u>33,253</u>	<u>3,877</u>	<u>-</u>	<u>186,382</u>	<u>84,506</u>	<u>2,081,522</u>
<u>(12,995)</u>	<u>7,879</u>	<u>(3,763)</u>	<u>2,603</u>	<u>67,536</u>	<u>94,296</u>	<u>95,750</u>	<u>(175,370)</u>
-	-	-	-	-	-	-	350,000
-	-	-	-	-	-	(64,382)	(64,382)
-	-	-	-	-	-	(64,382)	285,618
(12,995)	7,879	(3,763)	2,603	67,536	94,296	31,368	110,248
<u>305,679</u>	<u>104,799</u>	<u>20,062</u>	<u>51,417</u>	<u>284,003</u>	<u>425,608</u>	<u>219,735</u>	<u>1,747,980</u>
<u>\$ 292,684</u>	<u>\$ 112,678</u>	<u>\$ 16,299</u>	<u>\$ 54,020</u>	<u>\$ 351,539</u>	<u>\$ 519,904</u>	<u>\$ 251,103</u>	<u>\$ 1,858,228</u>

CITY OF CLAYTON, OHIO

FUND DESCRIPTIONS - FIDUCIARY FUNDS

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

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

Impact Fee Fund

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

Joint Economic Development District Fund

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

North Clayton Development Fund

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

Fire Insurance Fund

To account for a portion of insurance proceeds of resident who experiences a fire to ensure monies are available in the event the city incurs costs of removing, repairing, or securing the building or other structure damaged by fire. All unused monies are returned to the policy owner.

CITY OF CLAYTON, OHIO
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

Impact Fee Fund	Balance 1/1/2017	Additions	Reductions	Balance 12/31/2017
Assets:				
Equity in pooled cash, cash equivalents and investments	\$ 4,582	\$ 28,828	\$ 28,361	\$ 5,049
Total assets	<u>\$ 4,582</u>	<u>\$ 28,828</u>	<u>\$ 28,361</u>	<u>\$ 5,049</u>
Liabilities:				
Intergovernmental payable	\$ 4,582	\$ 28,828	\$ 28,361	\$ 5,049
Total liabilities	<u>\$ 4,582</u>	<u>\$ 28,828</u>	<u>\$ 28,361</u>	<u>\$ 5,049</u>
Joint Economic Development District Fund				
Assets:				
Equity in pooled cash, cash equivalents and investments	\$ 24,310	\$ 181,626	\$ 173,854	\$ 32,082
Receivables:				
Accounts	8,266	-	8,266	-
Total assets	<u>\$ 32,576</u>	<u>\$ 181,626</u>	<u>\$ 182,120</u>	<u>\$ 32,082</u>
Liabilities:				
Intergovernmental payable	\$ 32,313	\$ 181,626	\$ 181,857	\$ 32,082
Undistributed monies	263	-	263	-
Total liabilities	<u>\$ 32,576</u>	<u>\$ 181,626</u>	<u>\$ 182,120</u>	<u>\$ 32,082</u>
North Clayton Development Fund				
Assets:				
Equity in pooled cash, cash equivalents and investments	\$ 746	\$ 26,383	\$ 26,012	\$ 1,117
Receivables:				
Accounts	41,599	38,853	41,599	38,853
Total assets	<u>\$ 42,345</u>	<u>\$ 65,236</u>	<u>\$ 67,611</u>	<u>\$ 39,970</u>
Liabilities:				
Accounts payable	\$ 745	\$ 25,266	\$ 26,011	\$ -
Undistributed monies	41,600	39,970	41,600	39,970
Total liabilities	<u>\$ 42,345</u>	<u>\$ 65,236</u>	<u>\$ 67,611</u>	<u>\$ 39,970</u>
Fire Insurance				
Assets:				
Equity in pooled cash, cash equivalents and investments	\$ -	\$ 15,200	\$ -	\$ 15,200
Total assets	<u>\$ -</u>	<u>\$ 15,200</u>	<u>\$ -</u>	<u>\$ 15,200</u>
Liabilities:				
Undistributed monies	\$ -	\$ 15,200	\$ -	\$ 15,200
Total liabilities	<u>\$ -</u>	<u>\$ 15,200</u>	<u>\$ -</u>	<u>\$ 15,200</u>
TOTAL AGENCY FUNDS				
Assets:				
Equity in pooled cash, cash equivalents and investments	\$ 29,638	\$ 252,037	\$ 228,227	\$ 53,448
Receivables:				
Accounts	49,865	38,853	49,865	38,853
Total assets	<u>\$ 79,503</u>	<u>\$ 290,890</u>	<u>\$ 278,092</u>	<u>\$ 92,301</u>
Liabilities:				
Accounts payable	\$ 745	\$ 25,266	\$ 26,011	\$ -
Intergovernmental payable	36,895	225,654	210,218	37,131
Undistributed monies	41,863	39,970	41,863	55,170
Total liabilities	<u>\$ 79,503</u>	<u>\$ 290,890</u>	<u>\$ 278,092</u>	<u>\$ 92,301</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Municipal income taxes	\$ 2,780,545	\$ 2,874,374	\$ 93,829
Property taxes	309,694	320,145	10,451
Charges for services	771,431	797,463	26,032
Licenses and permits	8,537	8,825	288
Intergovernmental	205,404	212,335	6,931
Investment income	124,553	128,756	4,203
Other local taxes	170,619	176,377	5,758
Other	9,249	9,561	312
<i>Total revenues</i>	<u>4,380,032</u>	<u>4,527,836</u>	<u>147,804</u>
Expenditures:			
Current:			
General government			
Personal services	1,103,755	914,006	189,749
Contractual services	1,866,403	1,545,545	320,858
Materials and supplies	22,723	18,817	3,906
Total general government	<u>2,992,881</u>	<u>2,478,368</u>	<u>514,513</u>
Capital outlay	<u>13,658</u>	<u>11,310</u>	<u>2,348</u>
<i>Total expenditures</i>	<u>3,006,539</u>	<u>2,489,678</u>	<u>516,861</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>1,373,493</u>	<u>2,038,158</u>	<u>664,665</u>
Other financing uses:			
Transfers out	(2,129,135)	(1,763,110)	366,025
<i>Total other financing uses</i>	<u>(2,129,135)</u>	<u>(1,763,110)</u>	<u>366,025</u>
<i>Net change in fund balance</i>	(755,642)	275,048	1,030,690
<i>Fund balance at beginning of year (restated)</i>	4,380,687	4,380,687	-
<i>Prior year encumbrances appropriated</i>	<u>158,917</u>	<u>158,917</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 3,783,962</u>	<u>\$ 4,814,652</u>	<u>\$ 1,030,690</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Property taxes	\$ 1,229,764	\$ 1,121,198	\$ (108,566)
Charges for services	89,352	81,464	(7,888)
Fines and forfeitures	29,928	27,286	(2,642)
Intergovernmental	224,036	204,258	(19,778)
Contributions and donations	82	75	(7)
Other	14,019	12,781	(1,238)
<i>Total revenues</i>	<u>1,587,181</u>	<u>1,447,062</u>	<u>(140,119)</u>
Expenditures:			
Current:			
Security of persons and property			
Personal services	1,695,830	1,555,816	140,014
Contractual services	309,998	284,404	25,594
Materials and supplies	54,060	49,597	4,463
Total security of persons and property	<u>2,059,888</u>	<u>1,889,817</u>	<u>170,071</u>
Capital outlay	1,186	1,088	98
<i>Total expenditures</i>	<u>2,061,074</u>	<u>1,890,905</u>	<u>170,169</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(473,893)</u>	<u>(443,843)</u>	<u>30,050</u>
Other financing sources:			
Transfers in	411,969	375,600	(36,369)
<i>Net change in fund balance</i>	(61,924)	(68,243)	(6,319)
<i>Fund balance at beginning of year</i>	62,033	62,033	-
<i>Prior year encumbrances appropriated</i>	17,034	17,034	-
<i>Fund balance at end of year</i>	<u>\$ 17,143</u>	<u>\$ 10,824</u>	<u>\$ (6,319)</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Property taxes	\$ 763,727	\$ 698,806	\$ (64,921)
Fines and forfeitures	2,392	2,189	(203)
Intergovernmental	153,388	140,349	(13,039)
Contributions and donations	246	225	(21)
Other	7,210	6,597	(613)
<i>Total revenues</i>	<u>926,963</u>	<u>848,166</u>	<u>(78,797)</u>
Expenditures:			
Current:			
Security of persons and property			
Personal services	1,012,888	933,273	79,615
Contractual services	206,789	190,535	16,254
Materials and supplies	29,287	26,985	2,302
Total security of persons and property	<u>1,248,964</u>	<u>1,150,793</u>	<u>98,171</u>
Capital outlay	<u>15,489</u>	<u>14,272</u>	<u>1,217</u>
<i>Total expenditures</i>	<u>1,264,453</u>	<u>1,165,065</u>	<u>99,388</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(337,490)</u>	<u>(316,899)</u>	<u>20,591</u>
Other financing sources:			
Transfers in	<u>274,537</u>	<u>251,200</u>	<u>(23,337)</u>
<i>Total other financing sources</i>	<u>274,537</u>	<u>251,200</u>	<u>(23,337)</u>
<i>Net change in fund balance</i>	(62,953)	(65,699)	(2,746)
<i>Fund balance at beginning of year</i>	63,707	63,707	-
<i>Prior year encumbrances appropriated</i>	28,659	28,659	-
<i>Fund balance at end of year</i>	<u>\$ 29,413</u>	<u>\$ 26,667</u>	<u>\$ (2,746)</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BOND RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Special assessment	\$ 23,050	\$ 25,655	\$ 2,605
Other	50,000	8,958	(41,042)
<i>Total revenues</i>	<u>73,050</u>	<u>34,613</u>	<u>(38,437)</u>
Expenditures:			
<i>Debt service:</i>			
Principal retirement	536,492	536,492	-
Interest and fiscal charges	272,004	270,216	1,788
<i>Total expenditures</i>	<u>808,496</u>	<u>806,708</u>	<u>1,788</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(735,446)</u>	<u>(772,095)</u>	<u>(36,649)</u>
Other financing sources:			
Transfers in	587,645	623,830	36,185
<i>Total other financing sources</i>	<u>587,645</u>	<u>623,830</u>	<u>36,185</u>
<i>Net change in fund balance</i>	(147,801)	(148,265)	(464)
<i>Fund balance at beginning of year</i>	<u>191,037</u>	<u>191,037</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 43,236</u>	<u>\$ 42,772</u>	<u>\$ (464)</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Municipal income taxes	\$ 1,417,548	\$ 1,437,187	\$ 19,639
Intergovernmental	59,180	60,000	820
Other	261,175	264,793	3,618
<i>Total revenues</i>	<u>1,737,903</u>	<u>1,761,980</u>	<u>24,077</u>
Expenditures:			
Current:			
General government			
Contractual services	3,137,089	3,108,373	28,716
Capital outlay	1,016,139	1,006,837	9,302
Debt service:			
Principal retirement	196,508	196,508	-
Interest and fiscal charges	29,706	27,635	2,071
<i>Total expenditures</i>	<u>4,379,442</u>	<u>4,339,353</u>	<u>40,089</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(2,641,539)</u>	<u>(2,577,373)</u>	<u>64,166</u>
Other financing sources:			
Transfers in	6,161	6,246	85
Sale of capital assets	2,436	2,470	34
<i>Total other financing sources</i>	<u>8,597</u>	<u>8,716</u>	<u>119</u>
<i>Net change in fund balance</i>	(2,632,942)	(2,568,657)	64,285
<i>Fund balance at beginning of year</i>	4,829,954	4,829,954	-
<i>Prior year encumbrances appropriated</i>	<u>218,672</u>	<u>218,672</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 2,415,684</u>	<u>\$ 2,479,969</u>	<u>\$ 64,285</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GOLF COURSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for services	\$ 485,000	\$ 486,116	\$ 1,116
Other	1,000	21,359	20,359
<i>Total revenues</i>	<u>486,000</u>	<u>507,475</u>	<u>21,475</u>
Expenditures:			
Personal services	416,937	367,980	48,957
Contractual services	293,140	258,723	34,417
Materials and supplies	69,313	61,175	8,138
Total general government	<u>779,390</u>	<u>687,878</u>	<u>91,512</u>
Capital outlay	2,888	2,549	339
<i>Total expenditures</i>	<u>782,278</u>	<u>690,427</u>	<u>91,851</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(296,278)</u>	<u>(182,952)</u>	<u>113,326</u>
Other financing sources:			
Transfers in	280,000	162,480	(117,520)
<i>Net change in fund balance</i>	(16,278)	(20,472)	(4,194)
<i>Fund balance at beginning of year</i>	2,999	2,999	-
<i>Prior year encumbrances appropriated</i>	17,473	17,473	-
<i>Fund balance at end of year</i>	<u>\$ 4,194</u>	<u>\$ -</u>	<u>\$ (4,194)</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENFORCEMENT AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 350	\$ 336	\$ (14)
<i>Net change in fund balance</i>	350	336	(14)
<i>Fund balance at beginning of year</i>	<u>2,501</u>	<u>2,501</u>	-
<i>Fund balance at end of year</i>	<u>\$ 2,851</u>	<u>\$ 2,837</u>	<u>\$ (14)</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and forfeitures	\$ -	\$ 202	\$ 202
<i>Net change in fund balance</i>	-	202	202
<i>Fund balance at beginning of year</i>	<u>11,376</u>	<u>11,376</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 11,376</u>	<u>\$ 11,578</u>	<u>\$ 202</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and forfeitures	\$ 11,293	\$ 12,857	\$ 1,564
Expenditures:			
Current:			
Security of persons and property			
Materials and supplies	2,767	2,698	69
Capital outlay	10,294	10,040	254
<i>Total expenditures</i>	<u>13,061</u>	<u>12,738</u>	<u>323</u>
<i>Net change in fund balance</i>	(1,768)	119	1,887
<i>Fund balance at beginning of year</i>	<u>23,780</u>	<u>23,780</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 22,012</u>	<u>\$ 23,899</u>	<u>\$ 1,887</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMS FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 168,144	\$ 179,341	\$ 11,197
Charges for services	350,638	373,987	23,349
Intergovernmental	44,495	47,458	2,963
Contributions and donations	169	180	11
Other	4,791	5,110	319
<i>Total revenues</i>	<u>568,237</u>	<u>606,076</u>	<u>37,839</u>
Expenditures:			
Current:			
Security of persons and property			
Personal services	604,156	559,533	44,623
Contractual services	39,445	36,532	2,913
Materials and supplies	13,349	12,363	986
Total security of persons and property	<u>656,950</u>	<u>608,428</u>	<u>48,522</u>
Capital outlay	<u>7,558</u>	<u>7,000</u>	<u>558</u>
<i>Total expenditures</i>	<u>664,508</u>	<u>615,428</u>	<u>49,080</u>
<i>Net change in fund balance</i>	(96,271)	(9,352)	86,919
<i>Fund balance at beginning of year</i>	166,523	166,523	-
<i>Prior year encumbrances appropriated</i>	<u>17,597</u>	<u>17,597</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 87,849</u>	<u>\$ 174,768</u>	<u>\$ 86,919</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET DEPARTMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ 22,000	\$ 15,682	\$ (6,318)
Intergovernmental	542,500	565,417	22,917
Investment income	650	928	278
Other	11,750	17,595	5,845
<i>Total revenues</i>	<u>576,900</u>	<u>599,622</u>	<u>22,722</u>
Expenditures:			
Current:			
Transportation			
Personal services	830,097	774,550	55,547
Contractual services	157,269	146,745	10,524
Materials and supplies	93,712	87,441	6,271
Total transportation	<u>1,081,078</u>	<u>1,008,736</u>	<u>72,342</u>
Capital outlay	<u>18,808</u>	<u>17,550</u>	<u>1,258</u>
<i>Total expenditures</i>	<u>1,099,886</u>	<u>1,026,286</u>	<u>73,600</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(522,986)</u>	<u>(426,664)</u>	<u>96,322</u>
Other financing sources:			
Transfers in	<u>432,500</u>	<u>350,000</u>	<u>(82,500)</u>
<i>Net change in fund balance</i>	<u>(90,486)</u>	<u>(76,664)</u>	<u>13,822</u>
<i>Fund balance at beginning of year</i>	58,470	58,470	-
<i>Prior year encumbrances appropriated</i>	<u>41,353</u>	<u>41,353</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 9,337</u>	<u>\$ 23,159</u>	<u>\$ 13,822</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 44,500	\$ 46,821	\$ 2,321
Investment income	2,000	3,560	1,560
Other	2,045	45	(2,000)
<i>Total revenues</i>	<u>48,545</u>	<u>50,426</u>	<u>1,881</u>
Expenditures:			
Current:			
Transportation			
Contractual services	42,106	30,913	11,193
Materials and supplies	41,647	30,576	11,071
Total transportation	<u>83,753</u>	<u>61,489</u>	<u>22,264</u>
Capital outlay	<u>25,363</u>	<u>18,621</u>	<u>6,742</u>
<i>Total expenditures</i>	<u>109,116</u>	<u>80,110</u>	<u>29,006</u>
<i>Net change in fund balance</i>	(60,571)	(29,684)	30,887
<i>Fund balance at beginning of year</i>	294,368	294,368	-
<i>Prior year encumbrances appropriated</i>	<u>11,710</u>	<u>11,710</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 245,507</u>	<u>\$ 276,394</u>	<u>\$ 30,887</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMISSIVE MOTOR VEHICLE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Other local taxes	\$ 105,000	\$ 107,573	\$ 2,573
Investment income	750	1,203	453
<i>Total revenues</i>	<u>105,750</u>	<u>108,776</u>	<u>3,026</u>
Expenditures:			
Current:			
Transportation			
Personal services	61,162	49,220	11,942
Contractual services	40,790	32,825	7,965
Materials and supplies	12,802	10,302	2,500
Total transportation	<u>114,754</u>	<u>92,347</u>	<u>22,407</u>
Capital outlay	<u>7,826</u>	<u>6,298</u>	<u>1,528</u>
<i>Total expenditures</i>	<u>122,580</u>	<u>98,645</u>	<u>23,935</u>
<i>Net change in fund balance</i>	(16,830)	10,131	26,961
<i>Fund balance at beginning of year</i>	95,149	95,149	-
<i>Prior year encumbrances appropriated</i>	<u>3,588</u>	<u>3,588</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 81,907</u>	<u>\$ 108,868</u>	<u>\$ 26,961</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET LIGHTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Special assessments	\$ 28,800	\$ 29,490	\$ 690
Expenditures:			
Current:			
Security of persons and property			
Contractual services	<u>33,500</u>	<u>33,253</u>	<u>247</u>
<i>Net change in fund balance</i>	(4,700)	(3,763)	937
<i>Fund balance at beginning of year</i>	<u>20,062</u>	<u>20,062</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 15,362</u>	<u>\$ 16,299</u>	<u>\$ 937</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ 6,000	\$ 6,480	\$ 480
Expenditures:			
Current:			
Public health			
Contractual services	32,500	3,984	28,516
Materials and supplies	250	173	77
Total public health	<u>32,750</u>	<u>4,157</u>	<u>28,593</u>
<i>Total expenditures</i>	<u>32,750</u>	<u>4,157</u>	<u>28,593</u>
<i>Net change in fund balance</i>	(26,750)	2,323	29,073
<i>Fund balance at beginning of year</i>	<u>51,417</u>	<u>51,417</u>	-
<i>Fund balance at end of year</i>	<u>\$ 24,667</u>	<u>\$ 53,740</u>	<u>\$ 29,073</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
JOINT ECONOMIC DEVELOPMENT DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 55,000	\$ 75,712	\$ 20,712
Expenditures:			
Current:			
Economic development			
Contractual services	17,000	-	17,000
<i>Net change in fund balance</i>	38,000	75,712	37,712
<i>Fund balance at beginning of year</i>	275,827	275,827	-
<i>Fund balance at end of year</i>	<u>\$ 313,827</u>	<u>\$ 351,539</u>	<u>\$ 37,712</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TAX INCREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Payment in lieu of taxes	\$ 225,000	\$ 237,128	\$ 12,128
Intergovernmental	-	40,915	40,915
Other	-	2,635	2,635
<i>Total revenues</i>	<u>225,000</u>	<u>280,678</u>	<u>55,678</u>
Expenditures:			
Current:			
General government			
Contractual services	123,214	83,152	40,062
<i>Debt service:</i>			
Principal retirement	111,506	75,250	36,256
Interest and fiscal charges	43,584	29,413	14,171
<i>Total expenditures</i>	<u>278,304</u>	<u>187,815</u>	<u>90,489</u>
<i>Net change in fund balance</i>	(53,304)	92,863	146,167
<i>Fund balance at beginning of year</i>	425,600	425,600	-
<i>Prior year encumbrances appropriated</i>	1,441	1,441	-
<i>Fund balance at end of year</i>	<u>\$ 373,737</u>	<u>\$ 519,904</u>	<u>\$ 146,167</u>

CITY OF CLAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TAX INCREMENT FINANCING TOWNE CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Payment in lieu of taxes	\$ 175,000	\$ 173,458	\$ (1,542)
Intergovernmental	-	6,798	6,798
<i>Total revenues</i>	<u>175,000</u>	<u>180,256</u>	<u>5,256</u>
Expenditures:			
Current:			
General government			
Contractual services	138,954	84,506	54,448
<i>Debt service:</i>			
Principal retirement	49,412	30,050	19,362
Interest and fiscal charges	56,452	34,332	22,120
<i>Total expenditures</i>	<u>244,818</u>	<u>148,888</u>	<u>95,930</u>
<i>Net change in fund balance</i>	(69,818)	31,368	101,186
<i>Fund balance at beginning of year</i>	201,799	201,799	-
<i>Prior year encumbrances appropriated</i>	17,936	17,936	-
<i>Fund balance at end of year</i>	<u>\$ 149,917</u>	<u>\$ 251,103</u>	<u>\$ 101,186</u>

CITY OF CLAYTON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ASSET REPLACEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<i>Fund balance at beginning of year</i>	3,830	3,830	-
<i>Fund balance at end of year</i>	<u>\$ 3,830</u>	<u>\$ 3,830</u>	<u>\$ -</u>

CITY OF CLAYTON, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER DEPARTMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ -	\$ 7	\$ 7
<i>Net change in fund balance</i>	-	7	7
<i>Fund balance at beginning of year</i>	<u>63,032</u>	<u>63,032</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 63,032</u>	<u>\$ 63,039</u>	<u>\$ 7</u>

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STATISTICAL SECTION

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

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CITY OF CLAYTON, OHIO

STATISTICAL SECTION

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

Contents

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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.

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Revenue Capacity

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

138

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

148

Demographic and Economic Information

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

155

Operating Information

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

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

CITY OF CLAYTON, OHIO

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

	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 4,534,717	\$ 4,985,791	\$ 6,188,910	\$ 6,887,562
Restricted	1,863,244	3,028,063	2,655,232	2,942,250
Unrestricted	2,167,933	2,152,885	3,262,866	4,441,506
Total governmental activities net assets/position	\$ 8,565,894	\$ 10,166,739	\$ 12,107,008	\$ 14,271,318
 Business-type activities				
Net investment in capital assets	\$ (57,466)	\$ (64,741)	\$ (154,527)	\$ (53,739)
Unrestricted	292,602	238,435	229,958	27,310
Total business-type activities net assets/position	\$ 235,136	\$ 173,694	\$ 75,431	\$ (26,429)
 Primary government				
Net investment in capital assets	\$ 4,477,251	\$ 4,921,050	\$ 6,034,383	\$ 6,833,823
Restricted	1,863,244	3,028,063	2,655,232	2,942,250
Unrestricted	2,460,535	2,391,320	3,492,824	4,468,816
Total primary government net assets/position	\$ 8,801,030	\$ 10,340,433	\$ 12,182,439	\$ 14,244,889

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

	2012	2013	2014 (1)	2015	2016	2017
\$	7,027,755	\$ 7,073,297	\$ 7,273,119	\$ 7,410,232	\$ 6,497,189	\$ 5,965,178
	2,823,290	3,329,404	3,742,366	3,420,732	3,378,498	6,256,638
	4,950,535	5,679,868	2,085,034	2,202,430	2,852,600	2,607,500
\$	<u>14,801,580</u>	<u>\$ 16,082,569</u>	<u>\$ 13,100,519</u>	<u>\$ 13,033,394</u>	<u>\$ 12,728,287</u>	<u>\$ 14,829,316</u>
\$	(325,188)	\$ (427,817)	\$ (459,447)	\$ 2,481,770	\$ 3,206,675	\$ 3,164,792
	173,204	106,735	138,360	(33,394)	(186,042)	(98,793)
\$	<u>(151,984)</u>	<u>\$ (321,082)</u>	<u>\$ (321,087)</u>	<u>\$ 2,448,376</u>	<u>\$ 3,020,633</u>	<u>\$ 3,065,999</u>
\$	6,702,567	\$ 6,645,480	\$ 6,813,672	\$ 9,892,002	\$ 9,703,864	\$ 9,129,970
	2,823,290	3,329,404	3,742,366	3,420,732	3,378,498	6,256,638
	5,123,739	5,786,603	2,223,394	2,169,036	2,666,558	2,508,707
\$	<u>14,649,596</u>	<u>\$ 15,761,487</u>	<u>\$ 12,779,432</u>	<u>\$ 15,481,770</u>	<u>\$ 15,748,920</u>	<u>\$ 17,895,315</u>

CITY OF CLAYTON, OHIO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2008	2009	2010	2011
Expenses				
Governmental activities:				
Charges for Services				
General Government	\$ 1,665,425	\$ 2,102,857	\$ 3,078,190	\$ 1,995,391
Security of Persons and Property	3,181,958	3,103,331	3,314,654	3,309,160
Public Health	4,591	3,557	4,576	591
Economic Development	-	16,883	7,935	400
Transportation	1,292,387	1,201,965	1,413,580	1,033,701
Capital outlay	1,292,387	-	-	-
Interest and Fiscal Charges	230,230	226,296	234,683	248,233
Total governmental activities expenses	<u>7,666,978</u>	<u>6,654,889</u>	<u>8,053,618</u>	<u>6,587,476</u>
Business type activities:				
Water	113,795	161,076	149,372	151,169
Sewer	139,324	233,626	218,839	215,908
Golf	-	-	-	-
Total business-type activities expenses	<u>253,119</u>	<u>394,702</u>	<u>368,211</u>	<u>367,077</u>
Total primary government expenses	<u>\$ 7,920,097</u>	<u>\$ 7,049,591</u>	<u>\$ 8,421,829</u>	<u>\$ 6,954,553</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General Government	\$ 102,638	\$ 318,580	\$ 760,819	\$ 717,170
Security of Persons and Property	445,672	438,413	380,730	483,120
Public Health	1,340	8,650	5,650	1,400
Transportation	1,925	1,225	2,038	3,150
Operating grants and contributions	1,093,240	1,207,084	1,567,345	1,063,694
Capital grants and contributions	317,078	884,827	1,231,631	-
Total governmental activities program revenue	<u>1,961,893</u>	<u>2,858,779</u>	<u>3,948,213</u>	<u>2,268,534</u>
Business type activities:				
Charges for services:				
Water (1)	112,285	48,037	66,178	63,449
Sewer (2)	8,986	828	2,577	575
Golf	-	-	-	-
Capital grants and contributions	-	98,773	-	-
Total business-type activities program revenue	<u>121,271</u>	<u>147,638</u>	<u>68,755</u>	<u>64,024</u>
Total primary government program revenue	<u>\$ 2,083,164</u>	<u>\$ 3,006,417</u>	<u>\$ 4,016,968</u>	<u>\$ 2,332,558</u>

	2012	2013	2014 (3)	2015	2016	2017
\$	2,671,295	\$ 2,026,231	\$ 2,335,282	\$ 2,928,788	\$ 3,876,815	\$ 3,634,390
	3,490,585	3,513,534	3,531,717	3,630,121	3,631,194	3,943,836
	1,792	1,662	390	6,873	5,898	3,877
	10,138	20,952	15,303	10,277	1,107	-
	1,466,901	1,521,183	1,490,066	1,812,643	1,651,932	1,768,373
	-	-	-	-	-	-
	388,039	249,304	182,614	164,670	361,360	259,926
	<u>8,028,750</u>	<u>7,332,866</u>	<u>7,555,372</u>	<u>8,553,372</u>	<u>9,528,306</u>	<u>9,610,402</u>
	174,608	140,683	152,186	153,496	49,439	-
	22,426	209,360	206,708	202,948	208,162	220,780
	-	-	-	669,535	995,042	798,691
	<u>197,034</u>	<u>350,043</u>	<u>358,894</u>	<u>1,025,979</u>	<u>1,252,643</u>	<u>1,019,471</u>
\$	<u>8,225,784</u>	<u>\$ 7,682,909</u>	<u>\$ 7,914,266</u>	<u>\$ 9,579,351</u>	<u>\$ 10,780,949</u>	<u>\$ 10,629,873</u>
\$	787,659	778,361	\$ 735,784	\$ 752,368	\$ 818,718	\$ 2,201,130
	424,854	693,824	363,014	499,638	507,810	362,227
	6,225	8,650	7,700	15,275	5,850	6,480
	2,170	8,318	5,330	25,116	25,734	33,277
	1,012,553	1,016,512	1,049,206	1,168,499	663,362	633,459
	136,168	0	100,000	78,557	-	222,678
	<u>2,369,629</u>	<u>2,505,665</u>	<u>2,261,034</u>	<u>2,539,453</u>	<u>2,021,474</u>	<u>3,459,251</u>
	69,363	68,432	52,659	74,248	78,590	-
	923	20	4	-	-	-
	-	-	-	462,038	456,367	482,975
	-	-	-	-	-	-
	<u>70,286</u>	<u>68,452</u>	<u>52,663</u>	<u>536,286</u>	<u>534,957</u>	<u>482,975</u>
\$	<u>2,439,915</u>	<u>\$ 2,574,117</u>	<u>\$ 2,313,697</u>	<u>\$ 3,075,739</u>	<u>\$ 2,556,431</u>	<u>\$ 3,942,226</u>

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CITY OF CLAYTON, OHIO

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

	2008	2009	2010	2011
Net (Expense)/Revenue				
Governmental activities	\$ (5,705,085)	\$ (3,796,110)	\$ (4,105,405)	\$ (4,318,942)
Business-type activities	(131,848)	(247,064)	(299,456)	(303,053)
Total primary government net expense	<u>\$ (5,836,933)</u>	<u>\$ (4,043,174)</u>	<u>\$ (4,404,861)</u>	<u>\$ (4,621,995)</u>
General Revenues and Other Changes in Net Assets/Position				
Governmental activities:				
Property taxes Levied For General Purposes	\$ 374,000	\$ 391,904	\$ 368,775	\$ 369,143
Property taxes Levied For Police	1,076,541	1,228,963	1,217,195	1,224,218
Property taxes Levied For General Fire	421,228	814,478	798,572	799,508
Property taxes Levied For EMS	183,452	180,448	179,062	179,947
Other Local Taxes	206,438	216,829	224,968	266,767
Payment in Lieu of Taxes	-	199,876	187,734	327,951
Municipal Income Taxes Levied for General Purposes	1,280,281	1,364,296	1,422,784	1,651,397
Municipal Income Taxes Levied for Capital Outlay	727,648	686,419	704,294	826,382
Grants and entitlements not specific to Specific Programs	550,153	297,537	1,043,924	923,046
Investment Income	85,905	23,668	10,657	37,286
Investment in Joint Venture	12,955	(8,656)	4,121	84
Other	217,289	186,815	84,781	78,716
Transfers	(262,233)	(185,622)	(201,193)	(201,193)
Total governmental activities general revenues	<u>4,873,657</u>	<u>5,396,955</u>	<u>6,045,674</u>	<u>6,483,252</u>
Business type activities:				
Other	13	-	-	-
Extraordinary Item/Special Item	-	-	-	-
Transfers	262,233	185,622	201,193	201,193
<i>Total Business-Type Activities General Revenues, Extraordinary Items and Transfers</i>	<u>\$ 262,246</u>	<u>\$ 185,622</u>	<u>\$ 201,193</u>	<u>\$ 201,193</u>
Prior Year Restatement of Governmental Type Net Position	<u>\$ (750,051)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Changes in Net Assets/Position				
Governmental activities	\$ (1,581,479)	\$ 1,600,845	\$ 1,940,269	\$ 2,164,310
Business-type activities	130,398	(61,442)	(98,263)	(101,860)
Total primary government	<u>\$ (1,451,081)</u>	<u>\$ 1,539,403</u>	<u>\$ 1,842,006</u>	<u>\$ 2,062,450</u>

- (1) Charges for services in the Water Department increased in 2007 as operations expanded
- (2) Charges for services for Sewer Operations decreased in 2007 due to a decrease in impact fee revenue
- (3) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015

2012	2013	2014 (3)	2015	2016	2017
\$ (5,659,121)	\$ (4,827,201)	\$ (5,294,338)	\$ (6,013,919)	\$ (7,506,832)	\$ (6,151,151)
(126,748)	(281,591)	(306,231)	(489,693)	(717,686)	(536,496)
<u>\$ (5,785,869)</u>	<u>\$ (5,108,792)</u>	<u>\$ (5,600,569)</u>	<u>\$ (6,503,612)</u>	<u>\$ (8,224,518)</u>	<u>\$ (6,687,647)</u>
\$ 331,825	\$ 333,899	\$ 330,846	\$ 319,977	\$ 323,244	\$ 324,456
1,137,084	1,146,874	1,139,035	1,117,627	1,130,372	1,132,699
721,683	726,977	720,557	698,407	705,553	706,720
177,758	179,153	178,301	178,464	180,699	181,198
284,333	281,529	291,372	296,470	366,029	351,136
359,430	413,584	336,282	402,260	408,841	438,870
1,914,037	1,578,366	1,889,466	1,897,729	2,308,409	3,315,607
957,739	788,569	944,136	947,187	1,145,735	1,657,843
307,054	401,933	223,988	248,671	926,747	596,659
34,456	109,373	117,739	(21,121)	93,215	79,143
(568)	(5,678)	5,191	1,349	55,830	7,898
165,745	254,207	96,317	110,967	10,245	23,625
(201,193)	(100,596)	(301,790)	(251,193)	(453,194)	(563,674)
<u>6,189,383</u>	<u>6,108,190</u>	<u>5,971,440</u>	<u>5,946,794</u>	<u>7,201,725</u>	<u>8,252,180</u>
-	11,897	4,436	6,113	38,036	18,188
-	-	-	3,001,850	798,713	-
<u>201,193</u>	<u>100,596</u>	<u>301,790</u>	<u>251,193</u>	<u>453,194</u>	<u>563,674</u>
\$ 201,193	\$ 112,493	\$ 306,226	\$ 3,259,156	\$ 1,289,943	\$ 581,862
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,659,152)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 530,262	\$ 1,280,989	\$ 677,102	\$ (67,125)	\$ (305,107)	\$ 2,101,029
74,445	(169,098)	(5)	2,769,463	572,257	45,366
<u>\$ 604,707</u>	<u>\$ 1,111,891</u>	<u>\$ 677,097</u>	<u>\$ 2,702,338</u>	<u>\$ 267,150</u>	<u>\$ 2,146,395</u>

CITY OF CLAYTON, OHIO

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

	<u>2008</u>	<u>2009 (1)</u>	<u>2010</u>	<u>2011</u>
General Fund				
Nondisposable	\$ 19,893	\$ 20,339	\$ 3,770	\$ 25,236
Committed	-	-	-	-
Assigned	-	48,086	69,572	57,008
Unassigned	1,519,538	1,451,057	2,452,922	3,744,558
Total general fund	<u>\$ 1,539,431</u>	<u>\$ 1,519,482</u>	<u>\$ 2,526,264</u>	<u>\$ 3,826,802</u>
All Other Governmental Funds				
Nondisposable	\$ 45,297	\$ 45,122	\$ 2,131	\$ 63,743
Restricted	1,320,123	1,559,714	1,912,706	2,054,698
Assigned	110,257	115,464	105,984	100,000
Unassigned	(352,411)	(233,760)	(183,771)	(221,227)
Total All Other Governmental Funds	<u>\$ 1,123,266</u>	<u>\$ 1,486,540</u>	<u>\$ 1,837,050</u>	<u>\$ 1,997,214</u>
Total Governmental Funds	<u>\$ 2,662,697</u>	<u>\$ 3,006,022</u>	<u>\$ 4,363,314</u>	<u>\$ 5,824,016</u>

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

2012	2013	2014	2015	2016	2017
\$ 27,652	\$ 13,342	\$ 26,785	\$ 34,762	\$ 25,831	\$ 38,610
-	-	-	-	62,403	-
132,142	786,246	1,007,559	1,091,413	658,950	802,601
4,019,975	4,215,425	3,958,798	4,090,815	4,291,989	4,330,666
<u>\$ 4,179,769</u>	<u>\$ 5,015,013</u>	<u>\$ 4,993,142</u>	<u>\$ 5,216,990</u>	<u>\$ 5,039,173</u>	<u>\$ 5,171,877</u>
\$ 53,154	\$ 10,476	\$ 38,595	\$ 38,074	\$ 46,596	\$ 42,486
2,327,503	2,132,183	2,796,535	2,446,186	6,989,972	4,950,494
100,000	168,105	100,000	28,830	3,830	3,830
185,247	(240,845)	(29,579)	-	-	(45,431)
<u>\$ 2,665,904</u>	<u>\$ 2,069,919</u>	<u>\$ 2,905,551</u>	<u>\$ 2,513,090</u>	<u>\$ 7,040,398</u>	<u>\$ 4,951,379</u>
<u>\$ 6,845,673</u>	<u>\$ 7,084,932</u>	<u>\$ 7,898,693</u>	<u>\$ 7,730,080</u>	<u>\$ 12,079,571</u>	<u>\$ 10,123,256</u>

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

	2008	2009	2010	2011
Revenues				
Property Taxes	\$ 2,063,329	\$ 2,558,467	\$ 2,547,791	\$ 2,622,064
Other Local Taxes	199,928	213,638	220,051	335,235
Municipal Income Taxes	2,003,061	1,998,627	2,105,083	2,292,298
Payment in Lieu of Taxes (1)	115,173	138,449	187,734	327,951
Intergovernmental	1,923,306	1,801,731	4,023,219	2,066,458
Charges for Services	393,877	648,425	1,001,862	1,035,016
Licenses and Permits	11,806	4,658	6,816	30,925
Fines and Forfeitures	17,851	17,231	20,512	16,857
Contributions and Donations	-	-	-	425
Investment income	97,086	27,644	11,676	34,207
Special Assessments	28,991	28,576	38,026	68,284
Impact Fees	-	-	-	-
Impact Fees	18,264	2,427	6,721	2,382
Other	217,289	186,515	85,081	78,716
Total revenues	<u>7,089,961</u>	<u>7,626,388</u>	<u>10,254,572</u>	<u>8,910,818</u>
Expenditures				
Current:				
General Government	3,018,325	2,594,614	1,983,546	2,494,914
Security of Persons and Property	2,996,332	3,025,428	3,139,635	3,126,644
Public Health	4,591	3,557	4,576	591
Economic Development	-	16,883	7,935	400
Transportation	1,035,123	925,970	1,020,519	851,863
Intergovernmental	44,342	-	-	-
Capital outlay	-	-	3,549,111	285,962
Debt service:				
Principal retirement	389,680	317,089	273,999	354,660
Interest and fiscal charges	218,504	213,900	216,766	229,286
Issuance Costs	-	-	76,506	-
Capital Appreciation Bond Interest	-	-	-	-
Total expenditures	<u>7,706,897</u>	<u>7,097,441</u>	<u>10,272,593</u>	<u>7,344,320</u>
Excess of revenues Over (Under) expenditures	(616,936)	528,947	(18,021)	1,566,498
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
General Obligation Bonds Issued	-	-	1,515,000	-
Premium on Debt Issued	-	-	61,506	-
Notes Issued	-	-	-	95,397
Inception of Capital Lease	-	-	-	-
Transfers-In	1,163,496	785,583	496,215	534,455
Payment to Refunded Escrow Agent	-	-	-	-
Transfers-Out	(1,425,729)	(971,205)	(697,408)	(735,648)
Total other financing sources (uses)	<u>(262,233)</u>	<u>(185,622)</u>	<u>1,375,313</u>	<u>(105,796)</u>
Net change in fund balance	<u>\$ (879,169)</u>	<u>\$ 343,325</u>	<u>\$ 1,357,292</u>	<u>\$ 1,460,702</u>
Debt service as a percentage of noncapital expenditures (2)	9.7%	9.2%	6.3%	9.4%

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

(2) Between 2007 and 2009, the City was tracking capital outlay in the functions for which the items were acquired.

The capital expenditures within the various functions can be obtained from the Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

	2012	2013	2014	2015	2016	2017
\$	2,374,876	\$ 2,376,210	\$ 2,367,292	\$ 2,309,641	\$ 2,345,442	\$ 2,319,490
	284,328	282,234	287,697	296,570	299,341	283,600
	2,682,476	2,617,576	2,924,160	2,958,434	3,472,885	4,335,247
	332,380	343,127	456,042	388,219	398,182	410,586
	1,487,288	1,402,068	1,380,501	1,490,170	1,589,183	1,509,340
	1,078,970	1,134,310	1,196,793	1,242,095	1,261,589	1,255,775
	5,572	3,754	7,625	7,605	11,244	8,825
	25,488	27,163	30,987	27,495	29,676	43,031
	675	4,410	1,346	480	351	480
	31,129	112,403	115,848	(27,856)	94,879	157,783
	34,419	40,385	28,352	27,484	27,687	55,145
	-	-	-	-	-	(74,826)
	2,564	56	12	70	22,619	10,261
	165,745	254,207	96,317	110,967	68,922	328,075
	<u>8,505,910</u>	<u>8,597,903</u>	<u>8,892,972</u>	<u>8,831,374</u>	<u>9,622,000</u>	<u>10,642,812</u>
	2,753,703	2,689,597	2,612,744	2,874,076	4,377,484	5,980,398
	3,287,908	3,358,850	3,364,352	3,449,030	3,508,016	3,596,863
	1,792	1,662	390	6,873	5,898	3,877
	10,138	20,952	15,303	10,277	1,107	-
	853,572	895,671	873,304	1,105,680	1,161,223	1,156,871
	-	-	-	-	-	-
	715,456	293,233	327,248	719,956	982,937	301,212
	420,821	459,187	428,157	374,923	838,976	742,552
	230,986	290,218	155,923	145,647	235,097	256,150
	-	-	-	-	90,491	-
	-	-	-	62,332	-	-
	<u>8,274,376</u>	<u>8,009,370</u>	<u>7,777,421</u>	<u>8,686,462</u>	<u>11,201,229</u>	<u>12,037,923</u>
	231,534	588,533	1,115,551	144,912	(1,579,229)	(1,395,111)
	-	3,665,000	-	-	-	-
	-	34,496	-	-	3,790	2,470
	-	-	-	-	6,000,000	-
	-	125,836	-	-	378,124	-
	185,433	-	-	-	-	-
	435,389	-	-	-	-	-
	871,050	703,047	1,470,778	1,262,069	1,582,034	1,463,818
	-	(3,703,516)	-	-	-	-
	<u>(1,072,243)</u>	<u>(803,643)</u>	<u>(1,772,568)</u>	<u>(1,513,262)</u>	<u>(2,035,228)</u>	<u>(2,027,492)</u>
	<u>419,629</u>	<u>21,220</u>	<u>(301,790)</u>	<u>(251,193)</u>	<u>5,928,720</u>	<u>(561,204)</u>
\$	<u>651,163</u>	<u>609,753</u>	<u>813,761</u>	<u>(106,281)</u>	<u>4,349,491</u>	<u>(1,956,315)</u>
	8.8%	10.7%	8.2%	7.3%	11.7%	11.3%

CITY OF CLAYTON, OHIO

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

<u>Year</u>	<u>Property and Other Local Taxes</u>	<u>Percent Change</u>	<u>Municipal Income Taxes</u>	<u>Percent Change</u>	<u>Total</u>
2008	\$ 2,378,430	-2.63%	\$ 2,003,061	0.15%	\$ 4,381,491
2009	2,772,105	16.55%	1,998,627	-0.22%	4,770,732
2010	2,767,842	-0.15%	2,105,083	5.33%	4,872,925
2011	2,957,299	6.84%	2,292,298	8.89%	5,249,597
2012	2,991,584	1.16%	2,682,476	17.02%	5,674,060
2013	2,658,444	-11.14%	2,617,576	-2.42%	5,276,020
2014	2,654,989	0.13%	2,924,160	11.71%	5,579,149
2015	2,606,211	-1.84%	2,958,434	1.17%	5,564,645
2016	2,644,783	1.48%	3,472,885	17.39%	6,117,668
2017	2,603,090	-1.58%	4,335,247	24.83%	6,938,337

Source: City of Clayton

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CITY OF CLAYTON, OHIO

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

Collection Year	Real Property			Tangible Personal Property	
	Assesed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2008	\$ 248,450,750	\$ 14,818,730	\$ 752,198,514	\$ 4,879,900	\$ 5,545,341
2009	250,616,410	16,233,890	762,429,429	4,970,690	5,648,511
2010	250,090,550	16,288,460	761,082,886	4,912,150	5,581,989
2011	249,250,080	16,838,570	760,253,286	5,121,640	5,820,045
2012	225,433,280	25,206,480	716,113,600	5,238,780	5,953,159
2013	224,482,070	15,447,940	685,514,314	6,156,620	6,996,159
2014	224,482,070	15,447,940	685,514,314	6,156,620	6,996,159
2015	216,243,130	14,856,990	660,286,057	6,364,640	7,232,545
2016	216,181,640	14,688,040	659,627,657	6,940,490	7,886,920
2017	229,991,250	14,734,830	699,217,371	6,940,490	7,886,920

Source: County Auditor; Montgomery County, Ohio

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

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

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year.

For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent rollback, 2 1/2 percent rollback, and homestead exemption before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property was eliminated.

<u>Tangible Personal Property</u>					Weighted Average Tax Rate (per \$1,000 of assessed value)
General Business		Total			
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>	
\$ 1,300,056	\$ 10,400,448	\$ 269,449,436	\$ 768,144,303	35.08	\$ 8.76
760,410	6,083,280	272,581,400	774,161,220	35.21	11.10
111,170	889,360	271,402,330	767,554,235	35.36	10.34
-	-	271,210,290	766,073,331	35.40	11.75
-	-	255,878,540	722,066,759	35.44	11.43
-	-	246,086,630	692,510,473	35.54	11.45
-	-	246,086,630	692,510,473	35.54	11.57
-	-	237,464,760	667,518,602	35.57	11.57
-	-	237,810,170	667,514,577	35.63	11.59
-	-	251,666,570	707,104,291	35.59	10.95

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

	2008	2009	2010	2011
Unvoted Millage				
Operating	\$ 1.6000	\$ 1.6000	\$ 1.6000	\$ 1.6000
Voted Millage- By Levy				
1976 Police				
Residential/Agricultural Real	0.5700	0.5651	0.5682	0.6301
Commercial/Industrial and Public Utility Real	1.0038	0.9484	0.9357	0.9533
General Business and Public Utility Personal	2.6800	2.6800	2.6800	2.6800
1998 Police				
Residential/Agricultural Real	1.1687	1.1585	1.1650	1.2918
Commercial/Industrial and Public Utility Real	1.1862	1.1208	1.1570	1.1265
General Business and Public Utility Personal	1.5000	1.5000	1.5000	1.5000
1998 Police- Replaced in 2008				
Residential/Agricultural Real	2.7269	3.4695	3.4888	3.5000
Commercial/Industrial and Public Utility Real	2.7678	3.3069	3.2625	3.3239
General Business and Public Utility Personal	3.5000	3.5000	3.5000	3.5000
1998 Fire District- Fire and EMS- Replaced in 2008				
Residential/Agricultural Real	1.7922	3.4697	3.4697	3.5000
Commercial/Industrial and Public Utility Real	1.8184	3.3064	3.3064	3.3233
General Business and Public Utility Personal	2.3000	3.5000	3.5000	3.5000
1998 Fire District				
Residential/Agricultural Real	0.7792	0.7768	0.7791	0.8615
Commercial/Industrial and Public Utility Real	0.7906	0.7369	0.7293	0.7507
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
<hr/>				
<i>Total Voted Millage by Type of Property</i>				
Residential/Agricultural Real	7.0370	9.4396	9.4708	9.7834
Commercial/Industrial and Public Utility Real	7.5668	9.4194	9.3909	9.4777
General Business and Public Utility Personal	10.9800	12.1800	12.1800	12.1800
<hr/>				
<i>Total Millage by Type of Property</i>				
Residential/Agricultural Real	8.6370	11.0396	11.0708	11.3834
Commercial/Industrial and Public Utility Real	9.1668	11.0194	10.9909	11.0777
General Business and Public Utility Personal	12.5800	13.7800	13.7800	13.7800
<hr/>				
Weighted Average	8.76	11.10	10.34	11.75

2012	2013	2014	2015	2016	2017
\$ 1.6000	\$ 1.6000	\$ 1.6000	\$ 1.6000	\$ 1.6000	\$ 1.6000
0.6320	0.6335	0.6563	0.6581	0.6589	0.6212
0.9753	0.9758	1.0277	1.0299	1.0327	1.0294
2.6800	2.6800	2.6800	2.6800	2.6800	2.6800
1.2958	1.2989	1.3456	1.3493	1.3508	1.2736
1.1525	1.1531	1.2146	1.2117	1.2205	1.2165
1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
3.5000	3.5000	3.5000	3.5000	3.5000	3.2999
3.4007	3.4024	3.5000	3.5000	3.5000	3.4886
3.5000	3.5000	3.5000	3.5000	3.5000	3.5000
3.5000	3.5000	3.5000	3.5000	3.5000	3.2997
3.4002	3.4002	3.5000	3.5000	3.5000	3.4886
3.5000	3.5000	3.5000	3.5000	3.5000	3.5000
0.8641	0.8661	0.8970	0.8895	0.9005	0.8490
0.7681	0.7685	0.8095	0.8112	0.8134	0.8108
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
9.7919	9.7985	9.8989	9.8970	9.9103	9.3433
9.6968	9.7000	10.0518	10.0528	10.0666	10.0339
12.1800	12.1800	12.1800	12.1800	12.1800	12.1800
11.3919	11.3985	11.4989	11.4970	11.5103	10.9433
11.2968	11.3000	11.6518	11.6528	11.6666	11.6339
13.7800	13.7800	13.7800	13.7800	13.7800	13.7800
11.4300	11.4500	11.5700	11.5700	11.5700	11.2900

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

	2008	2009	2010	2011
Overlapping Rates by Taxing District				
Northmont School District				
Residential/Agricultural Real	\$ 37.6076	\$ 37.8629	\$ 37.9403	\$ 49.6344
Commercial/Industrial and Public Utility Real	42.4345	40.2311	40.7000	42.5590
General Business and Public Utility Personal	70.0500	70.0500	70.0500	75.9500
Trotwood-Madison School District				
Residential/Agricultural Real	43.9211	44.7575	45.4855	48.7887
Commercial/Industrial and Public Utility Real	50.7206	47.6358	49.7925	54.3168
General Business and Public Utility Personal	60.0600	60.0600	60.0600	60.0600
Brookville School District				
Residential/Agricultural Real	33.4836	37.4278	37.4905	37.8787
Commercial/Industrial and Public Utility Real	40.5158	43.3680	43.6010	42.6548
General Business and Public Utility Personal	65.0400	69.0300	69.0300	69.0300
Sinclair Community College				
Residential/Agricultural Real	1.8199	3.2000	3.2000	3.2000
Commercial/Industrial and Public Utility Real	2.0737	3.1026	3.1409	3.2000
General Business and Public Utility Personal	2.5000	3.2000	3.2000	3.2000
Montgomery County				
Residential/Agricultural Real	16.0261	16.1213	16.4987	17.0340
Commercial/Industrial and Public Utility Real	16.6010	16.1475	165.5949	17.2213
General Business and Public Utility Personal	17.7400	17.7400	17.7400	17.7400
Special Taxing Districts (1)				
Residential/Agricultural Real	3.1931	3.1847	3.8033	4.1938
Commercial/Industrial and Public Utility Real	3.4395	3.3231	3.9047	4.2613
General Business and Public Utility Personal	3.8300	3.8300	4.3300	4.3300

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

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

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

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

(1) Library, Joint Vocational School

2012	2013	2014	2015	2016	2017
\$ 49.6918	\$ 49.7128	\$ 50.4860	\$ 50.5216	\$ 56.4221	\$ 54.5853
52.5985	52.7101	52.4390	52.9312	58.9066	58.9771
75.9500	75.9500	75.9500	75.9500	81.8500	81.8500
48.8357	49.9155	52.0057	52.5911	52.6248	52.4326
54.8667	56.4753	58.3794	52.0576	59.4426	59.7198
60.0600	61.0600	61.5600	62.0600	62.0600	62.0600
37.9266	37.9222	42.6383	42.7465	42.7427	41.1663
41.9525	42.1393	48.3030	47.8145	46.9535	47.1691
69.0300	69.0000	74.2500	74.2500	74.2500	74.2300
3.2000	3.2000	3.2000	4.2000	4.2000	3.9776
3.2000	3.2000	3.2000	4.2000	4.1739	4.1876
3.2000	3.2000	3.2000	4.2000	4.2000	4.2000
17.0348	17.0355	18.0498	18.0510	18.0511	17.1854
17.2360	17.2391	18.2547	18.2569	18.1539	18.1724
17.7400	17.7400	18.7400	18.7400	18.7400	18.7400
4.1947	5.7660	5.9500	5.6926	5.6686	6.9751
4.2675	5.8209	6.1800	5.8383	5.8068	7.2418
4.3300	5.8900	6.2900	5.8900	5.8900	7.3200

CITY OF CLAYTON, OHIO

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Fiscal Year 2017		
Taxpayer	Total Assessed Valuation	Percentage of Total Assessed Valuation
Dayton Power and Light	\$ 6,052,960	2.41%
DBC Stoneridge Limited Partner	2,353,210	0.94%
Pleasant Real Estate LLC	1,925,560	0.77%
Garden Woods Apartment LLC	1,343,380	0.53%
Vectren Energy Delivery of Ohio	936,070	0.37%
Randolph Investments LLC	920,140	0.37%
Caterpillar Inc	917,860	0.36%
Foundation Capital Resources	686,350	0.27%
CF Ohio Owner LLC	608,040	0.24%
Heck Ohio Investments LTD	411,240	0.16%
Total Real and Personal Property	16,154,810	6.42%
All Others	235,511,760	93.58%
Total Assessed Valuation	251,666,570	100.00%

Fiscal Year 2008		
Taxpayer	Total Assessed Valuation	Percentage of Total Assessed Valuation
Dayton Power and Light Company	\$ 4,404,170	1.63%
Tiltak Nagar/Stoneridge	2,469,030	0.92%
Garden Woods Apartment LLC	1,586,840	0.59%
Pleasant Real Estate LLC	1,509,390	0.56%
LGH Properties	1,343,600	0.50%
Randolph Investments LLC	712,380	0.26%
Greenglen Apartments of Dayton	652,630	0.24%
Louis Fanty A. Jr.	313,100	0.12%
Vectren Energy	447,020	0.17%
H/S Development	287,760	0.11%
Total Real and Personal Property	\$ 13,725,920	5.08%
All Others	255,723,516	94.92%
Total Assessed Valuation	\$ 269,449,436	100.00%

Source: Montgomery County Auditor

CITY OF CLAYTON, OHIO

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

<u>Fiscal year</u>	<u>Total tax levy (1)</u>	<u>Current tax collections (1)</u>	<u>Percent of levy collected</u>	<u>Delinquent tax collections (2)</u>	<u>Total tax collections</u>	<u>Percent of total tax collections to tax levy</u>
<u>Montgomery County</u>						
2008	\$ 2,362,233	\$ 2,340,682	99.09%	\$ 73,306	\$ 2,413,988	102.19%
2009	2,588,041	2,605,623	100.68%	67,864	2,673,487	103.30%
2010	2,575,774	2,650,164	102.89%	70,537	2,720,701	105.63%
2011	3,020,260	2,937,182	97.25%	103,660	3,040,842	100.68%
2012	2,809,823	2,730,420	97.17%	65,689	2,796,109	99.51%
2013	2,808,964	2,739,126	97.51%	64,294	2,803,420	99.80%
2014	2,815,417	2,741,054	97.36%	58,001	2,799,055	99.42%
2015	2,742,527	2,664,660	97.16%	65,213	2,729,873	99.54%
2016	2,740,319	2,677,350	97.70%	85,783	2,763,133	100.83%
2017	2,752,840	2,687,533	97.63%	47,600	2,735,133	99.36%

(1) Current taxes levied and current tax collections do not include rollback and homestead amounts.

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

CITY OF CLAYTON, OHIO

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Outstanding Debt
	Promissory and Improvement Notes	General Obligation Bonds	Communication and Equipment Loan	Capital Leases	Water Line Loan	OWDA Loans	
2008	\$ -	\$ 4,264,567	\$ -	\$ 681,735	\$ 4,232,359	\$ 3,287,506	\$ 12,466,167
2009	-	4,148,415	-	489,646	4,232,359	3,233,672	12,104,092
2010	1,505,000	5,604,576	-	355,847	4,232,359	3,161,107	14,858,889
2011	95,397	5,401,106	-	216,187	4,232,359	3,085,611	13,030,660
2012	268,527	5,198,620	-	458,058	4,232,359	3,007,065	13,164,629
2013	220,445	5,344,159	-	371,953	4,213,092	2,966,610	13,116,259
2014	171,163	5,054,111	-	283,078	4,208,656	2,840,325	12,557,333
2015	120,649	4,751,408	-	191,337	4,208,656	2,751,869	12,023,919
2016	38,786	10,432,132	-	129,224	-	2,659,839	13,259,981
2017	-	9,770,000	-	65,458	-	2,564,091	12,399,549

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

Total Personal Income (1)	Population (2)	Ratio of Debt to Personal Income	Debt Per Capita
\$ 390,546,567	13,347	3.19%	\$ 934.01
354,616,443	13,347	3.41%	906.88
392,056,329	13,209	3.79%	1,124.91
392,677,152	13,209	3.32%	986.50
387,248,253	13,209	3.40%	996.64
409,624,299	13,209	3.20%	992.98
402,491,439	13,209	3.12%	950.66
407,756,370	13,170	2.95%	912.98
406,159,684	13,196	3.26%	1,004.85
427,984,809	13,209	2.90%	938.72

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

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Estimated Actual Value (1)</u>	<u>Population (2)</u>	<u>Ration of Debt to Estimated Actual Value</u>	<u>General Obligation Bonded Debt Per Capita</u>
2008	\$ 4,264,567	\$ 768,144,303	13,347	0.56%	319.52
2009	4,148,415	774,161,220	13,347	0.54%	310.81
2010	5,604,576	767,554,235	13,209	0.73%	424.30
2011	5,401,106	766,073,331	13,209	0.71%	408.90
2012	5,198,620	722,066,759	13,209	0.72%	393.57
2013	5,344,159	692,510,473	13,209	0.77%	404.58
2014	5,054,111	692,510,473	13,209	0.73%	382.63
2015	4,751,408	667,518,602	13,170	0.71%	360.78
2016	10,432,132	667,514,577	13,196	1.56%	790.55
2017	9,770,000	707,104,291	13,209	1.38%	739.65

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CITY OF CLAYTON, OHIO

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total Assessed Valuation	\$ 269,449,436	\$ 272,581,400	\$ 271,402,330	\$ 271,210,290
Overall debt limitation- 10.5% of assessed valuation	<u>28,292,191</u>	<u>28,621,047</u>	<u>28,497,245</u>	<u>28,477,080</u>
Gross indebtedness authorized by the City	11,659,865	11,481,031	14,298,466	12,598,367
Less: Exempt Debt				
Road Improvement Notes	-	-	1,505,000	95,397
Backhoe Promissory Note	-	-	-	-
Plow/Friegtliner Promissory Note	-	-	-	-
Water Line Loan	4,232,359	4,232,359	4,232,359	4,232,359
OWDA Loan	<u>3,287,506</u>	<u>3,233,672</u>	<u>3,161,107</u>	<u>3,085,611</u>
Total Exempt Debt	<u>7,519,865</u>	<u>7,466,031</u>	<u>8,898,466</u>	<u>7,413,367</u>
Net Debt Subject to Limitation	4,140,000	4,015,000	5,400,000	5,185,000
Less Amount available in the Debt Service Fund	<u>10,257</u>	<u>15,464</u>	<u>5,984</u>	<u>-</u>
Total Net Debt Subject to Limitation	<u>4,129,743</u>	<u>3,999,536</u>	<u>5,394,016</u>	<u>5,185,000</u>
Legal debt margin within 10.5% limitation	<u>24,162,448</u>	<u>24,621,511</u>	<u>23,103,229</u>	<u>23,292,080</u>
Legal Debt Margin as a Percentage of the Debt limit	85.4%	86.0%	81.1%	81.8%

Total Assessed Valuation	\$ 269,449,436	\$ 272,581,400	\$ 271,402,330	\$ 271,210,290
Overall debt limitation- 5.5% of assessed valuation	14,819,719	14,991,977	14,927,128	14,916,566
Gross indebtedness authorized by the City	11,659,865	11,481,031	14,298,466	12,598,367
Less: Exempt Debt				
Road Improvement Notes	-	-	1,505,000	95,397
Backhoe Promissory Note	-	-	-	-
Plow/Friegtliner Promissory Note	-	-	-	-
Water Line Loan	4,232,359	4,232,359	4,232,359	4,232,359
OWDA Loan	<u>3,287,506</u>	<u>3,233,672</u>	<u>3,161,107</u>	<u>3,085,611</u>
Total Exempt Debt	<u>7,519,865</u>	<u>7,466,031</u>	<u>8,898,466</u>	<u>7,413,367</u>
Net Debt Subject to Limitation	4,140,000	4,015,000	5,400,000	5,185,000
Less Amount available in the Debt Service Fund	<u>10,257</u>	<u>15,464</u>	<u>5,984</u>	<u>-</u>
Total Net Debt Subject to Limitation	<u>4,129,743</u>	<u>3,999,536</u>	<u>5,394,016</u>	<u>5,185,000</u>
Legal debt margin within 5.5% limitation	<u>10,689,976</u>	<u>10,992,441</u>	<u>9,533,112</u>	<u>9,731,566</u>
Legal Debt Margin as a Percentage of the Debt limit	72.1%	73.3%	63.9%	65.2%

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

	2012	2013	2014	2015	2016	2017
\$	255,878,540	\$ 246,086,630	\$ 246,086,630	\$ 237,464,760	\$ 237,810,170	\$ 251,666,570
	26,867,247	25,839,096	25,839,096	24,933,800	24,970,068	26,424,990
	12,477,951	12,440,147	12,274,255	11,681,190	13,130,757	12,334,091
	-	-	-	-	-	-
	83,094	70,438	57,393	43,947	-	-
	185,433	150,007	113,770	76,702	38,786	-
	4,232,359	4,213,092	4,208,656	4,208,656	-	-
	3,007,065	2,966,610	2,840,325	2,751,869	2,659,839	2,564,091
	<u>7,507,951</u>	<u>7,400,147</u>	<u>7,220,144</u>	<u>7,081,174</u>	<u>2,698,625</u>	<u>2,564,091</u>
	4,970,000	5,040,000	5,054,111	4,600,016	10,432,132	9,770,000
	-	-	-	-	191,037	42,772
	<u>4,970,000</u>	<u>5,040,000</u>	<u>5,054,111</u>	<u>4,600,016</u>	<u>10,241,095</u>	<u>9,727,228</u>
	<u>21,897,247</u>	<u>20,799,096</u>	<u>20,784,985</u>	<u>20,333,784</u>	<u>14,728,973</u>	<u>16,697,762</u>
	81.5%	80.5%	80.4%	81.6%	59.0%	63.2%
<hr/>						
\$	255,878,540	\$ 246,086,630	\$ 246,086,630	\$ 237,464,760	\$ 237,810,170	\$ 251,666,570
	14,073,320	13,534,765	13,534,765	13,060,562	13,079,559	13,841,661
	12,477,951	12,440,147	12,274,255	11,681,190	13,130,757	12,334,091
	-	-	-	-	-	-
	83,094	70,438	57,393	43,947	-	-
	185,433	150,007	113,770	76,702	38,786	-
	4,232,359	4,213,092	4,208,656	4,208,656	-	-
	3,007,065	2,966,610	2,840,325	2,751,869	2,659,839	2,564,091
	<u>7,507,951</u>	<u>7,400,147</u>	<u>7,220,144</u>	<u>7,081,174</u>	<u>2,698,625</u>	<u>2,564,091</u>
	4,970,000	5,040,000	5,054,111	4,600,016	10,432,132	9,770,000
	-	-	-	-	191,037	42,772
	<u>4,970,000</u>	<u>5,040,000</u>	<u>5,054,111</u>	<u>4,600,016</u>	<u>10,241,095</u>	<u>9,727,228</u>
	<u>9,103,320</u>	<u>8,494,765</u>	<u>8,480,654</u>	<u>8,460,546</u>	<u>2,838,464</u>	<u>4,114,433</u>
	64.7%	62.8%	62.7%	64.8%	21.7%	29.7%

CITY OF CLAYTON, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2017

Political subdivision of State of Ohio	Debt Outstanding	Percentage applicable to Clayton (1)	Amount applicable to Clayton
Direct			
City of Clayton	\$ 9,770,000	100.00%	\$ 9,770,000
Promissory Notes	-	100.00%	-
Capital Lease Obligations	<u>65,458</u>	100.00%	<u>65,458</u>
Total Direct Debt	<u>9,835,458</u>		<u>9,835,458</u>
Overlapping			
Montgomery County			
General Obligation	26,891,000	2.64%	710,372
Special Assesment Bonds	3,832,402	2.64%	101,240
Northmont School District (2)			
General Obligation	53,609,952	6.86%	3,677,643
Trotwood-Madison (3)			
School Improvement Bonds, Refunding	31,736,194	2.55%	809,273
Energy Conservation Note Payable	8,735,851	2.55%	222,764
Brookville School District (2)			
School Contruction Bonds, Refunding	<u>17,087,630</u>	2.08%	<u>355,423</u>
Total Overlapping Debt	<u>141,893,029</u>		<u>5,876,714</u>
Total Direct and Overlapping Debt	<u>\$ 151,728,487</u>		<u>\$ 5,942,172</u>

Source: County Auditor; Montgomery County

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

(2) The debt outstanding is as of June 30, 2016.

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

CITY OF CLAYTON, OHIO

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>	<u>Percent of High School or Higher Graduates (1)</u>	<u>Unemployment Rate (3)</u>	<u>Total Assessed Property Value (4)</u>
2008	13,347	\$ 390,546,567	\$ 29,261	\$ 60,625	39.2	91.5%	5.8%	\$ 269,449,436
2009	13,347	354,616,443	26,569	60,625	39.2	91.5%	7.4%	272,581,400
2010	13,209	392,056,329	29,681	66,148	42.6	95.3%	9.5%	271,402,330
2011	13,209	392,677,152	29,728	67,033	42.6	95.3%	9.3%	271,210,290
2012	13,209	387,248,253	29,317	63,151	42.6	93.7%	7.8%	255,878,540
2013	13,209	409,624,299	31,011	64,436	42.6	93.1%	8.0%	246,086,630
2014	13,209	402,491,439	30,471	65,187	42.6	93.8%	4.6%	246,086,630
2015	13,170	407,756,370	30,961	66,427	43.9	93.7%	4.7%	237,464,760
2016	13,196	406,159,684	30,779	68,406	42.2	94.9%	4.9%	237,810,170
2017	13,209	427,984,809	32,401	71,911	42.3	95.0%	4.7%	251,666,570

Source: (1) prior to 2010 the 2000 US Census data was used. The City now uses the US Census Bureau American Fact Finder web site.
 (2) Computation of per capita personal income multiplied by population
 (3) Ohio Department of Job and Family Services
 (4) Montgomery County Auditor

CITY OF CLAYTON, OHIO
CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2008		2009		2010		2011	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
Governmental activities:								
Administration	8	17	8	17	7	16	7	16
Police	16	25	17	22	18	24	13	20
Fire/EMS	7	40	7	41	7	29	7	25
Street	7	10	8	11	8	12	8	12
Total Number of Employees	<u>38</u>	<u>92</u>	<u>40</u>	<u>91</u>	<u>40</u>	<u>81</u>	<u>35</u>	<u>73</u>

Source: City's Records

2012		2013		2014		2015		2016		2017	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
7	16	7	15	7	15	7	15	8	16	8	15
15	20	15	20	14	20	15	21	14	20	14	20
7	33	7	33	7	26	7	35	10	35	9	27
8	12	8	12	8	10	9	14	11	16	11	16
<u>37</u>	<u>81</u>	<u>37</u>	<u>80</u>	<u>36</u>	<u>71</u>	<u>38</u>	<u>85</u>	<u>43</u>	<u>87</u>	<u>42</u>	<u>78</u>

CITY OF CLAYTON, OHIO

OPERATING INDICATORS BY FUNCTION AND PROGRAM
LAST TEN FISCAL YEARS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<i>Police</i>				
Police Calls	7,146	7,136	6,829	9,546
<i>Fire/EMS</i>				
Fire and EMS Calls	1,959	1,287	1,825	1,808
<i>Street</i>				
Dollars for Road Improvement	\$ 1,034,836	\$ 499,180	\$ 2,614,371	\$ 616,111
Miles of Roads	197	212	212	212
Tons of Salt Spread	350	490	1,918	724
Tons of Grit Spread	118	-	20	10

Source: City's records

2012	2013	2014	2015	2016	2017
6,677	7,446	8,363	8,394	8,802	8,097
1,881	1,879	1,885	2,090	2,051	2,182
\$ 545,732	\$ 545,732	\$ 412,960	\$ 105,889	\$ 1,607,068	\$ 2,803,838
212	212	212	212	212	212
400	1,143	1,206	914	1,112	1,400
-	-	-	-	-	-

CITY OF CLAYTON, OHIO

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012
General Government					
Government Center	1	1	1	1	1
Community Center	1	1	1	1	1
Gazebo	1	1	1	1	1
Parks	3	3	3	3	3
Cemeteries	2	2	2	2	2
Golf Course	0	0	0	0	0
Vehicles	1	1	1	1	1
Police					
Stations	1	1	1	1	1
Patrol Vehicles					
Active	8	8	8	8	8
Auxilliary	4	4	4	4	4
Support Vehicles/Trailers	1	1	1	1	1
Fire					
Stations	3	3	3	3	3
Response Vehicles	6	6	6	6	5
Support Vehicles	3	3	3	3	2
EMS					
Medics Vehicles	3	3	3	3	3
Street					
Buildings	2	2	2	2	2
Trucks	8	8	9	10	10
Pickups	5	5	5	5	4
Mowers	5	5	5	5	5

Source: City's records

2013	2014	2015	2016	2017
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
3	3	4	4	4
2	2	2	2	2
0	0	1	1	1
1	1	2	2	3
1	1	1	1	1
8	8	7	6	7
4	4	4	2	2
1	1	1	1	1
3	3	3	3	3
5	5	5	5	5
2	2	2	2	2
2	2	2	2	2
2	2	2	2	3
11	11	12	12	11
4	4	4	5	6
5	5	5	5	3

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

City Council
City of Clayton, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Clayton, Ohio (the City), as of and for the year ended December 31, 2017, 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 15, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 15, 2018



Dave Yost • Auditor of State

CITY OF CLAYTON

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 26, 2018