



Mary Taylor, CPA
Auditor of State

CITY OF CLAYTON
MONTGOMERY COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Clayton
Montgomery County
P.O. Box 280
Clayton, Ohio 45315-0280

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, Montgomery County, (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 2, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the City's management in a separate letter dated June 2, 2008.

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Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 2, 2008.

We intend this report solely for the information and use of management and City Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 2, 2008

**CITY OF CLAYTON
MONTOMGERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Rev. Code 5705.39 – Appropriations exceeded estimated resources	Yes	
2006-002	Ohio Rev. Code 5705.14(B) – Illegal transfers were made.	Yes	

CITY OF CLAYTON, OHIO

MONTGOMERY COUNTY

Comprehensive Annual Financial Report

For the Year Ended December 31, 2007

Prepared by:
Department of Finance

Kevin A. Schweitzer, CPA
Finance Director

Teri Birchfield
Assistant to the Finance Director

City of Clayton, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007
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June 2, 2008

Citizens of Clayton
Members of Council
City of Clayton, Ohio

We are pleased to present the fourth Comprehensive Annual Financial Report (CAFR) for the City of Clayton. This report, for the year ended December 31, 2007, 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, 2007.

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.

The Auditor of State of Ohio has issued an unqualified ("clean") opinion on the City of Clayton's financial statements for the year ended December 31, 2007. The Independent Accountants' Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Accountants' 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 1804 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 or voting 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 from wards, and the Mayor is elected at large. As a Council member, the Mayor has the right to vote on all issues before the Council. Council appoints the City Manager. The City Manager appoints all department managers of the City.

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

The primary government consists of all funds and departments which provide various services including police and fire/EMS protection, water services, sewer services, street maintenance and repair, zoning, and maintenance of a 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 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, 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 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. These organizations are presented in Notes 18 and 19.

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

This annual budget serves as the foundation for the City of Clayton's financial planning and control. The budget is prepared by fund and department and is approved at the fund total. Department heads may transfer resources within a department as they see fit.

ITEMS OF LOCAL INTEREST

Parks and Recreation

The City contains three parks covering 45.27 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.

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 north and east of the City and offers full commercial air passenger and freight service by many major airlines.

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

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

ECONOMIC CONDITIONS AND OUTLOOK

In November of 2003, the Clayton voters approved a 1.5 percent income tax which, in its fourth full year of collection, generated \$2,000,105 in governmental fund revenue. This revenue was generated from approximately 3,385 employed persons, evenly split from within and outside the City. In January 2005, in an attempt to increase the number of jobs within the City limits, the City of Clayton exercised its eight year-old option to purchase 143 acres of prime industrial land adjacent to I-70 for a commerce park. During 2006, the installation of the infrastructure for the commerce park was completed.

The City has gained a number of new businesses, and some of the employers located within the City have expanded operations. These additions/expansions have helped the City maintain its economic stability.

During the next five years, the I-70/I-75 interchange will be undergoing major reconstruction. 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 will be able to accommodate increased traffic flow and eliminate weaving of traffic at the interchange. The new interchange will easily accommodate the increased traffic and keep goods, services and people moving. All of these factors will 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 Montgomery County townships, villages and cities.

FINANCIAL PLANNING AND POLICIES

The Finance Department has developed a five year plan for the City of Clayton. It consists of an analysis of revenues and expenditures using the last five years as an indicator of future trends. Those numbers are combined to make estimates of funds available and carryover balances moving into the subsequent years.

The Finance Department updated the investment policy in 2007. 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 has contracted with the Regional Income Tax Agency (R.I.T.A.) to administer the tax ordinances and collect the City income taxes by the authority of those ordinances.

The City of Clayton also continues to maintain a Moody's "A1" bond rating.

MAJOR INITIATIVES

The recent Towne Center proposal intends to move the City of Clayton into the future. The current plans call for 496 housing units consisting of 302 units of attached housing (townhouses and flats) and 194 units of single family housing. Plans call for 622,000 square feet of retail/office space and a 180,000 square foot sportsplex. The units are based on a conservative figure of an approximate \$245,000 unit market value for the attached and single family housing, respectively, and \$100 finished price per square foot for the retail space and sportsplex. The additional tax valuation for the first phase of the Towne Center is projected to be \$247,691,000.

This development will generate approximately \$10,300,000 in additional property tax revenue over the next ten years. In addition, an impact fee of \$7,770 per unit has been passed by City Council which will generate an additional \$385,000 for every 50 units built each year.

The Commerce Park, which was approved in 2005, is another means to maintain the momentum. The commerce park is a 143 acre parcel of land on Hoke Road that is adjacent to I-70. The installation of the infrastructure for the commerce park was completed during 2006. Construction on road improvements for Hoke Road began in the summer of 2007 and will be completed during 2008.

OTHER INFORMATION

Independent Audit

An audit team from the Auditor of State of Ohio has performed this year's audit. The results of the audit are presented in the Independent Accountants' 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, 2006. This was the third 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 Ms. Mary Taylor, Auditor of State, and her Local Government Services staff for their guidance and assistance in preparing this report.

Respectively Submitted,



David W. Rowlands
City Manager



Kevin A. Schweitzer, CPA
Finance Director

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, 2006

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



President

Executive Director

City of Clayton, Ohio

Principal Officials

December 31, 2007

Elected Officials

Name	Title	Term Expires
Joyce Deitering	Mayor	12/31/2009
Tim Gorman	Vice-Mayor	12/31/2011
Robert Peters	Council	12/31/2009
Ray Dixon	Council	12/31/2011
Ron Pretekin	Council	12/31/2011
G. Malcom Treon	Council	12/31/2011
Dawn Tindall	Council	12/31/2009

Appointed Officials

Name	Title	Term Expires
David W. Rowlands	City Manager	Pleasure of Council
Debbie L. Manns	Assistant City Manager	Pleasure of City Manager
Kevin A. Schweitzer, CPA	Finance Director	Pleasure of City Manager
Barbara Seim	Clerk of Council	Pleasure of Council
Robert E. Portune	Law Director	Pleasure of Council
James Percival	Service Director	Pleasure of City Manager

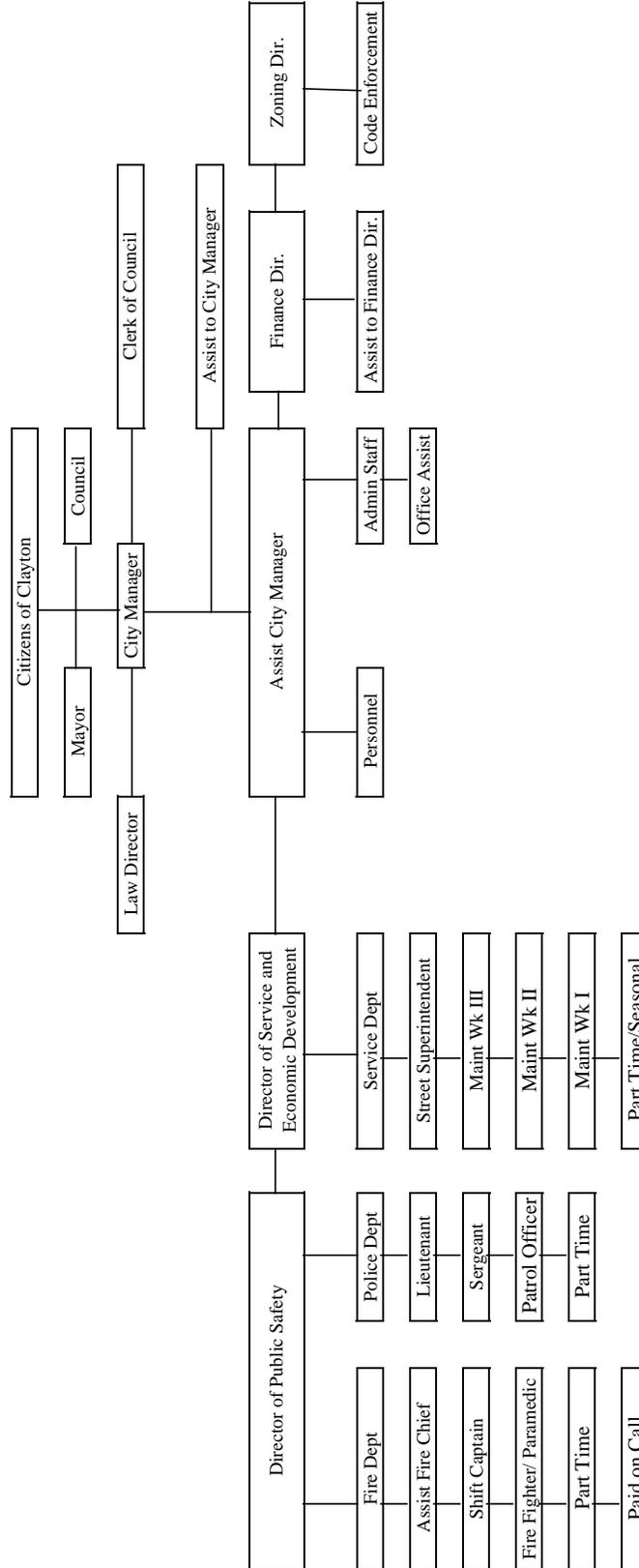
CITY OF CLAYTON ORGANIZATIONAL CHART

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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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Clayton
Montgomery County
P.O. Box 280
Clayton, Ohio 45315-0280

To the City Council:

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, Montgomery County, Ohio (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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, Montgomery County, Ohio, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Police Fund, and Street Department Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules, and the statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section or the statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 2, 2008

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Clayton's discussion and analysis of the annual financial report provides an overview of the City's financial activities for the year ended December 31, 2007. 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

The City's total governmental activities net assets increased \$693,108, which represents a 9.4 percent increase from 2006. Business-type activities net assets increased \$143,956, which represents a 237.5 percent increase from 2006.

For governmental activities, general revenues accounted for \$5,203,968 or 73.4 percent of total revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$1,881,823 or 26.6 percent of total revenues of \$7,085,791.

The City had \$6,190,449 in expenses related to governmental activities; only \$1,881,823 of these expenses were offset by program specific charges for services, operating and capital grants, contributions, and interest. General revenues (primarily property and municipal income taxes) of \$5,203,968 were adequate to provide for the remaining cost of these programs.

The General Fund had \$2,774,293 in revenues and \$1,264,415 in expenditures. The General Fund balance decreased by \$137,992 over 2006 leaving an ending fund balance of \$1,793,968.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Clayton's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The 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 the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the City as a whole begins with the Statement of Net Assets and the Statement of Activities. These statements provide information that will help the reader to determine if the City of Clayton is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

These two statements report the City's net assets and changes to those assets. These changes inform the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

Governmental Activities – Most of the City's services are reported here including police, fire, EMS, public health, transportation, and general government.

Business-Type Activities – This service consists of fees for water and sewer customers and payments for water to the City of Dayton. The intent is that the fees charged recoup operating costs. The Sewer Fund is in the development stage due to the construction of a housing and office complex. See Note 9 of the Notes to the Basic Financial Statements for more detailed information.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page 7. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law. Other funds may be established by the Finance Director, with the approval of the City Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City of Clayton's major funds are the General, Police, Street Department, Capital Improvement, Water Department, and Sewer Operating funds.

Governmental Funds

Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

The proprietary funds use the same measurement focus and basis of accounting as the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the City's programs.

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2007 compared to 2006.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	Restated		2007	2006	2007	Restated 2006
	2007	2006				
Assets:						
Current and Other Assets	\$7,838,672	\$7,935,133	\$187,928	\$144,294	\$8,026,600	\$8,079,427
Capital Assets	8,356,782	7,674,779	7,536,546	7,602,379	15,893,328	15,277,158
<i>Total Assets</i>	<u>16,195,454</u>	<u>15,609,912</u>	<u>7,724,474</u>	<u>7,746,673</u>	<u>23,919,928</u>	<u>23,356,585</u>
Liabilities:						
Current and Other Liabilities	2,589,127	2,553,055	3,169	126,226	2,592,296	2,679,281
Long-Term Liabilities	5,505,333	5,648,971	7,637,964	7,681,062	13,143,297	13,330,033
<i>Total Liabilities</i>	<u>8,094,460</u>	<u>8,202,026</u>	<u>7,641,133</u>	<u>7,807,288</u>	<u>15,735,593</u>	<u>16,009,314</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	3,399,360	2,385,015	(101,418)	(78,683)	3,297,942	2,306,332
Restricted for:						
Capital Outlay	780,262	748,829	0	0	780,262	748,829
Other Purposes	1,442,730	1,669,959	0	0	1,442,730	1,669,959
Unrestricted	2,478,642	2,604,083	184,759	18,068	2,663,401	2,622,151
<i>Total Net Assets (deficit)</i>	<u>\$8,100,994</u>	<u>\$7,407,886</u>	<u>\$83,341</u>	<u>(\$60,615)</u>	<u>\$8,184,335</u>	<u>\$7,347,271</u>

For governmental activities, total assets increased \$585,542 with capital assets increasing \$682,003 mainly due to various street resurfacing projects throughout the City. Total liabilities decreased by \$107,566 with long-term liabilities decreasing by \$143,638 due to existing debt and lease payments outpacing the new capital lease entered into during 2007. Net assets of the City's governmental activities increased \$693,108, with invested in capital assets net of related debt increasing \$1,014,345. This increase was the result of additions to capital assets along with a decrease, due to payments, in debt. Restricted net assets decreased \$195,796 mainly due to an increase in salary and benefits expenses. Unrestricted net assets decreased by \$125,441 during 2007. Unrestricted net assets consist primarily of General Fund activity. Although revenues and expenses in the General Fund remain constant with prior years, the General Fund had increased transfers out to other funds to subsidize the activities in those funds.

Net assets of business-type activities increased by \$143,956 mainly due to the increased activity in the Water Department Fund as that fund is collecting more revenues as operations continue to expand.

Table 2 shows the changes in net assets for the year ended December 31, 2007 compared to 2006.

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	Restated 2006	2007	2006	2007	Restated 2006
Revenues:						
Program Revenues:						
Charges for Services	\$488,585	\$470,615	\$199,424	\$88,317	\$688,009	\$558,932
Operating Grants, Contributions and Interest	1,003,649	908,004	0	0	1,003,649	908,004
Capital Grants, Contributions and Interest	389,589	572,922	0	269,452	389,589	842,374
<i>Total Program Revenues</i>	<u>1,881,823</u>	<u>1,951,541</u>	<u>199,424</u>	<u>357,769</u>	<u>2,081,247</u>	<u>2,309,310</u>
General Revenues:						
Property Taxes	2,068,415	2,126,446	0	0	2,068,415	2,126,446
Other Local Taxes	335,198	507,230	0	0	335,198	507,230
Municipal Income Taxes	1,919,646	2,389,452	0	0	1,919,646	2,389,452
Grants and Entitlements not Restricted to Specific Programs	534,113	514,987	0	0	534,113	514,987
Investment Income	178,584	173,067	0	0	178,584	173,067
Other	168,012	107,846	0	0	168,012	107,846
<i>Total General Revenues</i>	<u>5,203,968</u>	<u>5,819,028</u>	<u>0</u>	<u>0</u>	<u>5,203,968</u>	<u>5,819,028</u>
<i>Total Revenues</i>	<u>7,085,791</u>	<u>7,770,569</u>	<u>199,424</u>	<u>357,769</u>	<u>7,285,215</u>	<u>8,128,338</u>
Program Expenses:						
General Government	1,699,954	1,859,215	0	0	1,699,954	1,859,215
Security of Persons and Property	3,081,544	2,943,041	0	0	3,081,544	2,943,041
Public Health	5,101	4,136	0	0	5,101	4,136
Transportation	1,174,423	947,510	0	0	1,174,423	947,510
Interest and Fiscal Charges	229,427	226,533	0	0	229,427	226,533
Water Department	0	0	120,237	288,508	120,237	288,508
Sewer Operating	0	0	137,465	140,098	137,465	140,098
<i>Total Expenses</i>	<u>6,190,449</u>	<u>5,980,435</u>	<u>257,702</u>	<u>428,606</u>	<u>6,448,151</u>	<u>6,409,041</u>
<i>Increase (Decrease) in Net Assets before Transfers</i>	895,342	1,790,134	(58,278)	(70,837)	837,064	1,719,297
Transfers	(202,234)	(202,352)	202,234	202,352	0	0
<i>Increase in Net Assets</i>	693,108	1,587,782	143,956	131,515	837,064	1,719,297
<i>Net Assets (Deficit) at Beginning of Year</i>	<u>7,407,886</u>	<u>5,820,104</u>	<u>(60,615)</u>	<u>(192,130)</u>	<u>7,347,271</u>	<u>5,627,974</u>
<i>Net Assets (Deficit) at End of Year</i>	<u>\$8,100,994</u>	<u>\$7,407,886</u>	<u>\$83,341</u>	<u>(\$60,615)</u>	<u>\$8,184,335</u>	<u>\$7,347,271</u>

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

Governmental Activities

The 1.5 percent income tax is a large source of revenue for the City of Clayton. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate. 2007 was the fourth year of collections for income tax.

Net assets increased by \$693,108 from 2006 as the City continues to exercise fiscal restraint with revenues exceeding expenses. Net assets increased by \$1,587,782 during 2006 and \$2,138,586 during 2005. An increase in expenses, mainly for salaries and benefits accompanied with a decrease in revenue, mainly income tax revenues due to a slower economy, led to the increase of net assets being lower than in prior years.

Governmental program expenses for 2007 were as follows:

General Government	27.46%
Security of Persons and Property	49.78%
Public Health	0.08%
Transportation	18.97%
Interest and Fiscal Charges	3.71%
	<u>100.00%</u>

As indicated above, citizen safety and well-being is emphasized mainly in the form of police protection and fire and EMS services.

Business – Type Activities

The City's water and sewer operating system operations constitute the only business-type activities. Business-type activities are projects or funds in which revenues offset or nearly offset the costs of providing the services. Net assets of the business-type activities increased \$143,956 in 2007 as charges for services increased \$111,107. This increase was mainly due to a large increase in user charges in the Water Department Fund as operations expand.

Expenses in the Water Department Fund also decreased due to a change in the useful life of the capital assets in that fund which caused depreciation expense to decrease by \$154,689 from 2006.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 14. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,003,358 and total expenditures of \$7,170,891. At year-end, the City's governmental funds reported combined ending fund balances of \$3,541,866, a decrease of \$203,667. Approximately 95 percent or \$3,372,497 of this total amount constitutes unreserved fund balance, which is available for spending at the City's discretion within the limitations of the use of resources within each fund. The remainder of fund balance, \$169,369, is reserved to indicate that it is not available for new spending because it has already been committed to liquidate purchase orders of the prior period.

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

The General Fund balance decreased by \$137,992 primarily due to a large increase in transfers to other governmental funds. In 2006 the General Fund balance decreased by \$127,078, relatively the same change as in 2007. This demonstrates that expenditures have remained constant from year to year with a change of only \$3,563. Revenues increased by \$94,644, outpacing the increase in expenditures. The City transferred out \$1,647,870 to other funds to subsidize activities in those funds.

The Police Fund decreased by \$23,159. Revenues, mainly property taxes, remained constant with 2006 decreasing by \$444, and expenditures increasing \$53,502 compared to 2006, mainly due to increases in salaries and benefits. Expenditures exceeded revenues by \$318,159 and the City transferred \$295,000 from the General Fund to help offset this.

The Street Department Fund had total revenues of \$572,203, mainly intergovernmental revenues in the form of State imposed gasoline taxes and motor vehicle license registration fees. Expenditures, mainly personal services amounted to \$902,753 during 2007. Transfers in from the General Fund are also necessary to subsidize the activity in this fund. During 2007, the transfer amount was \$300,000, an increase of \$45,000 from 2006. The increase in transfers-in was necessary to cover the increase in expenditures due to increases in salaries and benefits.

The Capital Improvement Fund increased by \$85,563. Revenues in this fund mainly consist of a portion of income tax collections, grant monies, and transfers-in from the General Fund. Expenditures consist of capital outlay for various capital asset purchases and construction/improvement projects. Transfers-in and expenditures in this fund fluctuate from year to year based on what capital assets are purchased and what capital improvements such as street and road improvements are done during each year.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The appropriations resolution 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 control has been established by Council at the fund level.

During 2007, there were no revisions related to revenues of the General Fund budget. Actual revenues of \$2,629,211 were lower than the final estimated budget basis revenues of \$3,104,276 resulting in a difference of \$475,065. The City anticipated an increase in income tax during 2007, but due to a slow economy, income taxes remained constant with 2006. The City also anticipated receiving more grant monies than were actually received.

Original appropriations of \$1,723,454 were adjusted slightly to \$1,733,454, a change of \$10,000 during 2007. Actual expenditures were \$1,358,994, \$374,460 below the final appropriations amount, meaning the City spent less than was budgeted. This is the result of the City constantly analyzing expenditures during the year and exercising fiscal restraint.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the City's book value of capital assets for governmental and business-type activities (net of accumulated depreciation) amounted to \$15,893,328, an increase of \$616,170 from 2006.

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

Table 3
 Capital Assets (Net of Depreciation)

	Governmental Activities		Business Type Activities		Total	
	Restated		Restated		Restated	
	2007	2006	2007	2006	2007	2006
Land	\$3,973,450	\$3,973,450	\$0	\$0	\$3,973,450	\$3,973,450
Construction in Progress	0	0	3,429,398	3,426,701	3,429,398	3,426,701
Buildings	342,040	367,828	0	0	342,040	367,828
Improvements Other Than Buildings	75,779	56,877	0	0	75,779	56,877
Vehicles	1,540,192	1,554,933	0	0	1,540,192	1,554,933
Furniture, Fixtures, and Equipment	531,412	605,322	0	0	531,412	605,322
Infrastructure	1,893,909	1,116,369	4,107,148	4,175,678	6,001,057	5,292,047
Totals	\$8,356,782	\$7,674,779	\$7,536,546	\$7,602,379	\$15,893,328	\$15,277,158

Overall, governmental activities capital assets increased \$682,003. The main increase was in infrastructure for improvements made to Hoke Road and other various street repaving projects done during 2007. The decrease in business-type activities was due to depreciation on existing assets outpacing new assets purchases for 2007. See Note 10 of the Notes to the Basic Financial Statements for more detailed information.

Debt Administration

At December 31, 2007, the City's Governmental Activities had \$4,447,519 in general obligation bonds and loans outstanding and \$880,285 in capital leases. The City's Business-Type Activities had \$7,637,964 in outstanding loans at December 31, 2007.

Table 4
 Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities	
	2007	2006	2007	2006
General Obligation Bonds	\$4,381,389	\$4,498,269	\$0	\$0
Communication Equipment Loan	66,130	132,260	0	0
Capital Leases	880,285	875,489	0	0
Water Line Loan	0	0	4,283,073	4,397,685
OWDA Loan	0	0	3,354,891	3,283,377
Totals	\$5,327,804	\$5,506,018	\$7,637,964	\$7,681,062

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

During 2007 the City entered into a new capital lease in the amount of \$166,100 for a dump truck. Additional proceeds for the OWDA loan amounted to \$136,283 during 2007. Overall, debt decreased by \$221,312 from 2006 as payments on debt outpaced the additions. The City's overall legal debt margin was \$23,864,511 as of December 31, 2007. The more restrictive unvoted legal debt margin was \$10,442,900 as of the same date. See Notes 14 and 15 of the Basic Financial Statements for more detailed information.

CURRENT FINANCIAL ISSUES AND CONCERNS

The City of Clayton has maintained the fiscal growth from 2006. The 2007 income tax collections represented 49.2 percent of the General Fund revenue and 28.6 percent of all governmental fund revenue. The department heads have continued the fiscal restraint which ultimately led to over \$374,000 of under spent appropriations. Also, the cash management and budgetary policies of the Department of Finance encourage the growth in fund carryovers. These actions have aided the City in enduring the financial environment that existed during 2007.

The City continues to experience growth of residential homes and new businesses. The Village of North Clayton, Wenger Meadows and Wenger Village developments lead the way with 16 new homes in total. Main Street saw nine new businesses open while the Village of North Clayton added three new businesses. Together, these properties will provide the City with an increase to property tax, income tax and tax incentive financing receipts.

Currently, the \$2,000,105 income tax revenue is generated by approximately 3,385 jobs in the City. As new jobs are created, the income tax will continue to grow.

The City of Clayton has created Improvement District #1 to manage new growth in the City. Council has implemented impact fees and tax increment financing within this district. The essential purpose of the impact fees and tax increment financing (financing based on the growth of the tax base in a development) is to offset the development costs incurred by the City.

CONTACTING THE CITY'S FINANCE DEPARTMENT

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.

City of Clayton, Ohio
Statement of Net Assets
December 31, 2007

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,401,785	\$209,155	\$3,610,940
Cash and Cash Equivalents with Escrow Agents	166,719	0	166,719
Accounts Receivable	161,735	20,963	182,698
Internal Balances	60,000	(60,000)	0
Due from Other Governments	858,086	0	858,086
Prepaid Items	89,011	0	89,011
Increment Tax Receivable	66,890	0	66,890
Municipal Income Taxes Receivable	714,374	0	714,374
Property Taxes Receivable	2,095,838	0	2,095,838
Other Local Taxes Receivable	106,211	0	106,211
Special Assessments Receivable - Current	27,450	17,810	45,260
Special Assessments Receivable - Delinquent	2,680	0	2,680
Deferred Charges	87,893	0	87,893
Nondepreciable Capital Assets	3,973,450	3,429,398	7,402,848
Depreciable Capital Assets, net	4,383,332	4,107,148	8,490,480
<i>Total Assets</i>	<u>16,195,454</u>	<u>7,724,474</u>	<u>23,919,928</u>
Liabilities:			
Accounts Payable	60,131	0	60,131
Contracts Payable	26,358	0	26,358
Accrued Wages Payable	109,970	0	109,970
Due to Other Governments	332,272	3,169	335,441
Deferred Revenue	2,044,918	0	2,044,918
Accrued Interest Payable	15,478	0	15,478
Long-Term Liabilities:			
Due Within One Year	501,858	79,558	581,416
Due in More Than One Year	5,003,475	7,558,406	12,561,881
<i>Total Liabilities</i>	<u>8,094,460</u>	<u>7,641,133</u>	<u>15,735,593</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	3,399,360	(101,418)	3,297,942
Restricted for Capital Outlay	780,262	0	780,262
Restricted for Security of Persons and Property	302,823	0	302,823
Restricted for Transportation	629,960	0	629,960
Restricted for Public Health	20,607	0	20,607
Restricted for Legislative and Executive	489,340	0	489,340
Unrestricted	2,478,642	184,759	2,663,401
<i>Total Net Assets</i>	<u>\$8,100,994</u>	<u>\$83,341</u>	<u>\$8,184,335</u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Activities
For the Year Ended December 31, 2007

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	
Governmental Activities:				
General Government	\$1,699,954	\$132,499	\$91,981	\$381,854
Security of Persons and Property	3,081,544	352,411	253,544	7,735
Public Health	5,101	2,350	0	0
Transportation	1,174,423	1,325	658,124	0
Interest and Fiscal Charges	229,427	0	0	0
<i>Total Governmental Activities</i>	<u>6,190,449</u>	<u>488,585</u>	<u>1,003,649</u>	<u>389,589</u>
Business-Type Activities:				
Water Department	120,237	193,040	0	0
Sewer Operating	137,465	6,384	0	0
<i>Total Business-Type Activities</i>	<u>257,702</u>	<u>199,424</u>	<u>0</u>	<u>0</u>
<i>Totals</i>	<u>\$6,448,151</u>	<u>\$688,009</u>	<u>\$1,003,649</u>	<u>\$389,589</u>

General Revenues:
Property Taxes Levied For:
 General Purposes
 Police
 Fire
 EMS
Other Local Taxes
Municipal Income Taxes Levied For:
 General Purposes
 Capital Outlay
Grants and Entitlements not
 Restricted to Specific Programs
Investment Income
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets (Deficit) at Beginning of Year - Restated (See Note 3)

Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$1,093,620)	\$0	(\$1,093,620)
(2,467,854)	0	(2,467,854)
(2,751)	0	(2,751)
(514,974)	0	(514,974)
(229,427)	0	(229,427)
<u>(4,308,626)</u>	<u>0</u>	<u>(4,308,626)</u>
0	72,803	72,803
<u>0</u>	<u>(131,081)</u>	<u>(131,081)</u>
0	(58,278)	(58,278)
<u>(4,308,626)</u>	<u>(58,278)</u>	<u>(4,366,904)</u>
374,624	0	374,624
1,085,879	0	1,085,879
423,706	0	423,706
184,206	0	184,206
335,198	0	335,198
1,311,919	0	1,311,919
607,727	0	607,727
534,113	0	534,113
178,584	0	178,584
168,012		168,012
5,203,968	0	5,203,968
<u>(202,234)</u>	<u>202,234</u>	<u>0</u>
<u>5,001,734</u>	<u>202,234</u>	<u>5,203,968</u>
693,108	143,956	837,064
<u>7,407,886</u>	<u>(60,615)</u>	<u>7,347,271</u>
<u>\$8,100,994</u>	<u>\$83,341</u>	<u>\$8,184,335</u>

City of Clayton, Ohio
Balance Sheet
Governmental Funds
December 31, 2007

	General	Police	Street Department
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,622,995	\$122,896	\$86,123
Cash and Cash Equivalents with Escrow Agents	0	0	0
Receivables:			
Property Taxes	381,842	1,096,932	0
Other Local Taxes	98,685	0	0
Municipal Income Taxes	471,487	0	0
Increment Tax	0	0	0
Interfund	60,000	0	0
Accounts	87,893	515	0
Special Assessments - Current	0	0	0
Special Assessments - Delinquent	0	0	0
Due from Other Governments	262,049	85,543	286,970
Prepaid Items	33,962	16,010	17,934
<i>Total Assets</i>	<u>\$3,018,913</u>	<u>\$1,321,896</u>	<u>\$391,027</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$32,009	\$6,412	\$8,345
Contracts Payable	17,720	0	0
Accrued Wages Payable	16,488	43,680	19,398
Due to Other Governments	41,395	112,687	48,784
Deferred Revenue	1,117,333	1,166,771	235,733
<i>Total Liabilities</i>	<u>1,224,945</u>	<u>1,329,550</u>	<u>312,260</u>
Fund Balances:			
Reserved for Encumbrances	59,053	36,952	8,953
Unreserved, Undesignated (Deficit), Reported in:			
General Fund	1,734,915	0	0
Special Revenue Funds	0	(44,606)	69,814
Debt Service Fund	0	0	0
Capital Projects Funds	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>1,793,968</u>	<u>(7,654)</u>	<u>78,767</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,018,913</u>	<u>\$1,321,896</u>	<u>\$391,027</u>

See accompanying notes to the basic financial statements

Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$383,433	\$1,186,338	\$3,401,785
166,719	0	166,719
0	617,064	2,095,838
0	7,526	106,211
242,887	0	714,374
0	66,890	66,890
0	0	60,000
0	73,327	161,735
0	27,450	27,450
0	2,680	2,680
153,323	70,201	858,086
0	21,105	89,011
<u>\$946,362</u>	<u>\$2,072,581</u>	<u>\$7,750,779</u>
\$0	\$13,365	\$60,131
0	8,638	26,358
0	30,404	109,970
0	129,406	332,272
<u>360,689</u>	<u>799,656</u>	<u>3,680,182</u>
<u>360,689</u>	<u>981,469</u>	<u>4,208,913</u>
4,223	60,188	169,369
0	0	1,734,915
0	920,667	945,875
0	10,257	10,257
<u>581,450</u>	<u>100,000</u>	<u>681,450</u>
<u>585,673</u>	<u>1,091,112</u>	<u>3,541,866</u>
<u>\$946,362</u>	<u>\$2,072,581</u>	<u>\$7,750,779</u>

City of Clayton, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2007*

Total Governmental Fund Balances	\$3,541,866
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Capital Assets:	
Land	3,973,450
Buildings	1,475,170
Improvements Other Than Buildings	100,332
Vehicles	2,424,561
Furniture, Fixtures and Equipment	1,015,606
Infrastructure	2,023,257
Accumulated Depreciation	<u>(2,655,594)</u>
Total	8,356,782
Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.	
Deferred Charges	87,893
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	50,920
Other Local Taxes	165,575
Municipal Income Taxes	609,901
Intergovernmental	664,142
Special Assessments	30,130
Charges for Services	87,207
Other	<u>27,389</u>
Total	1,635,264
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Accrued Interest Payable	(15,478)
Premium on Debt Issued	(87,893)
General Obligation Bonds	(4,293,496)
Communication Equipment Loan	(66,130)
Capital Leases Payable	(880,285)
Compensated Absences Payable	<u>(177,529)</u>
Total	<u>(5,520,811)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$8,100,994</u></u>

See accompanying notes to the basic financial statements

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City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Police	Street Department
Revenues:			
Property Taxes	\$375,592	\$1,086,719	\$0
Other Local Taxes	103,338	0	0
Municipal Income Taxes	1,365,022	0	0
Intergovernmental	621,220	161,529	552,197
Charges for Services	73,072	0	0
Licenses and Permits	8,819	0	1,325
Fines and Forfeitures	0	19,622	0
Investment Income	178,584	0	6,919
Special Assessments	0	0	0
Impact Fees	31,901	0	0
Other	16,745	34,874	11,762
<i>Total Revenues</i>	<u>2,774,293</u>	<u>1,302,744</u>	<u>572,203</u>
Expenditures:			
Current:			
General Government	1,264,415	0	0
Security of Persons and Property	0	1,620,903	0
Public Health	0	0	0
Transportation	0	0	902,753
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>1,264,415</u>	<u>1,620,903</u>	<u>902,753</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,509,878</u>	<u>(318,159)</u>	<u>(330,550)</u>
Other Financing Sources (Uses):			
Proceeds from Capital Lease	0	0	0
Transfers-In	0	295,000	300,000
Transfers-Out	(1,647,870)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,647,870)</u>	<u>295,000</u>	<u>300,000</u>
<i>Net Change in Fund Balances</i>	(137,992)	(23,159)	(30,550)
<i>Fund Balances at Beginning of Year</i>	<u>1,931,960</u>	<u>15,505</u>	<u>109,317</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$1,793,968</u></u>	<u><u>(\$7,654)</u></u>	<u><u>\$78,767</u></u>

See accompanying notes to the basic financial statements

Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$609,324	\$2,071,635
0	267,722	371,060
635,083	0	2,000,105
264,152	137,184	1,736,282
0	306,283	379,355
0	0	10,144
0	897	20,519
633	60,685	246,821
0	22,718	22,718
8,449	0	40,350
26,279	14,709	104,369
<u>934,596</u>	<u>1,419,522</u>	<u>7,003,358</u>
1,317,383	92,105	2,673,903
0	1,285,190	2,906,093
0	5,101	5,101
0	112,864	1,015,617
0	347,434	347,434
0	222,743	222,743
<u>1,317,383</u>	<u>2,065,437</u>	<u>7,170,891</u>
<u>(382,787)</u>	<u>(645,915)</u>	<u>(167,533)</u>
166,100	0	166,100
302,250	573,554	1,470,804
0	(25,168)	(1,673,038)
<u>468,350</u>	<u>548,386</u>	<u>(36,134)</u>
85,563	(97,529)	(203,667)
<u>500,110</u>	<u>1,188,641</u>	<u>3,745,533</u>
<u>\$585,673</u>	<u>\$1,091,112</u>	<u>\$3,541,866</u>

City of Clayton, 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, 2007*

Net Change in Fund Balances - Total Governmental Funds (\$203,667)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	1,051,143	
Capital Contributions	7,735	
Depreciation	<u>(336,995)</u>	
Excess of Capital Outlay and Capital Contributions over Depreciation Expense		721,883

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.

Loss on Disposal of Capital Assets		(39,880)
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Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.

(166,100)

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

General Obligation Bonds	120,000	
Communication Equipment Loan	66,130	
Capital Leases Payable	<u>161,304</u>	
		347,434

Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts:

Property Taxes	(3,220)	
Other Local Taxes	(35,862)	
Municipal Income Taxes	(80,459)	
Intergovernmental	115,097	
Charges for Services	10,258	
Special Assessments	5,241	
Other	<u>63,643</u>	
		74,698

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, the additional amount of interest on the Statement of Activities is the result of the following:

Accretion of Capital Appreciation Bonds	(7,041)	
Amortization of Premium on General Obligation Bond	3,921	
Net Amortization of Bond Issuance Costs (Deferred Charges)	(3,921)	
Net Decrease in Accrued Interest	<u>357</u>	
		(6,684)

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Increase in Compensated Absences		<u>(34,576)</u>
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Change in Net Assets of Governmental Activities \$693,108

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$404,000	\$404,000	\$375,592	(\$28,408)
Other Local Taxes	120,000	120,000	103,338	(16,662)
Municipal Income Taxes	1,555,576	1,555,576	1,311,625	(243,951)
Intergovernmental	758,321	758,321	566,810	(191,511)
Charges for Services	36,818	36,818	72,386	35,568
Licenses and Permits	10,061	10,061	8,819	(1,242)
Investment Income	200,000	200,000	178,584	(21,416)
Other	19,500	19,500	12,057	(7,443)
<i>Total Revenues</i>	<u>3,104,276</u>	<u>3,104,276</u>	<u>2,629,211</u>	<u>(475,065)</u>
Expenditures:				
Current:				
General Government	<u>1,723,454</u>	<u>1,733,454</u>	<u>1,358,994</u>	<u>374,460</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,380,822</u>	<u>1,370,822</u>	<u>1,270,217</u>	<u>(100,605)</u>
Other Financing Sources (Uses):				
Other Financing Sources	439,345	439,345	0	(439,345)
Transfers-In	200,000	200,000	0	(200,000)
Transfers-Out	<u>(1,823,788)</u>	<u>(1,823,788)</u>	<u>(1,647,870)</u>	<u>175,918</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(1,184,443)</u>	<u>(1,184,443)</u>	<u>(1,647,870)</u>	<u>(463,427)</u>
<i>Net Change in Fund Balance</i>	196,379	186,379	(377,653)	(564,032)
<i>Fund Balance at Beginning of Year</i>	1,711,023	1,711,023	1,711,023	0
<i>Prior Year Encumbrances Appropriated</i>	<u>167,163</u>	<u>167,163</u>	<u>167,163</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,074,565</u>	<u>\$2,064,565</u>	<u>\$1,500,533</u>	<u>(\$564,032)</u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$1,169,880	\$1,169,880	\$1,086,719	(\$83,161)
Intergovernmental	35,000	35,000	161,529	126,529
Fines and Forfeitures	12,008	12,008	20,476	8,468
Other	0	0	24,212	24,212
<i>Total Revenues</i>	1,216,888	1,216,888	1,292,936	76,048
Expenditures:				
Current:				
Security of Persons and Property	1,836,137	1,836,137	1,675,269	160,868
<i>Excess of Revenues Over (Under) Expenditures</i>	(619,249)	(619,249)	(382,333)	236,916
Other Financing Sources:				
Transfers-In	608,767	608,767	295,000	(313,767)
<i>Net Change in Fund Balance</i>	(10,482)	(10,482)	(87,333)	(76,851)
<i>Fund Balance at Beginning of Year</i>	111,365	111,365	111,365	0
<i>Prior Year Encumbrances Appropriated</i>	53,367	53,367	53,367	0
<i>Fund Balance at End of Year</i>	\$154,250	\$154,250	\$77,399	(\$76,851)

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Department Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$550,000	\$550,000	\$547,847	(\$2,153)
Licenses and Permits	0	0	1,325	1,325
Investment Income	1,000	1,000	6,919	5,919
Other	10,000	10,000	6,529	(3,471)
<i>Total Revenues</i>	561,000	561,000	562,620	1,620
Expenditures:				
Current:				
Transportation	1,068,465	1,068,465	906,238	162,227
<i>Excess of Revenues Over (Under) Expenditures</i>	(507,465)	(507,465)	(343,618)	163,847
Other Financing Sources:				
Transfers-In	422,815	422,815	300,000	(122,815)
<i>Net Change in Fund Balance</i>	(84,650)	(84,650)	(43,618)	41,032
<i>Fund Balance at Beginning of Year</i>	83,056	83,056	83,056	0
<i>Prior Year Encumbrances Appropriated</i>	30,371	30,371	30,371	0
<i>Fund Balance at End of Year</i>	\$28,777	\$28,777	\$69,809	\$41,032

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Fund Net Assets
Enterprise Funds
December 31, 2007

	Water Department	Sewer Operating	Total
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$120,115	\$89,040	\$209,155
Receivables:			
Accounts	20,963	0	20,963
Special Assessments	17,810	0	17,810
<i>Total Current Assets</i>	<u>158,888</u>	<u>89,040</u>	<u>247,928</u>
Non-current Assets:			
Nondepreciable Capital Assets	0	3,429,398	3,429,398
Depreciable Capital Assets, Net	3,883,353	223,795	4,107,148
<i>Total Non-current Assets</i>	<u>3,883,353</u>	<u>3,653,193</u>	<u>7,536,546</u>
<i>Total Assets</i>	<u>4,042,241</u>	<u>3,742,233</u>	<u>7,784,474</u>
Liabilities:			
Current:			
Due to Other Governments	3,169	0	3,169
Interfund Payable	0	60,000	60,000
Loan Payable	12,805	0	12,805
OWDA Loans Payable	0	66,753	66,753
<i>Total Current Liabilities</i>	<u>15,974</u>	<u>126,753</u>	<u>142,727</u>
Long-Term Liabilities:			
Loan Payable	4,270,268	0	4,270,268
OWDA Loans Payable	0	3,288,138	3,288,138
<i>Total Long-Term Liabilities</i>	<u>4,270,268</u>	<u>3,288,138</u>	<u>7,558,406</u>
<i>Total Liabilities</i>	<u>4,286,242</u>	<u>3,414,891</u>	<u>7,701,133</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	(399,720)	298,302	(101,418)
Unrestricted	155,719	29,040	184,759
<i>Total Net Assets (Deficit)</i>	<u>(\$244,001)</u>	<u>\$327,342</u>	<u>\$83,341</u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
*Statement of Revenues, Expenses and
Changes in Fund Net Assets
Enterprise Funds
For the Year Ended December 31, 2007*

	Water Department	Sewer Operating	Total
Operating Revenues:			
Charges for Services	\$69,240	\$3,109	\$72,349
Tap-In Fees	120,133	0	120,133
Impact Fees	3,667	3,275	6,942
<i>Total Operating Revenues</i>	<u>193,040</u>	<u>6,384</u>	<u>199,424</u>
Operating Expenses:			
Contractual Services	3,443	0	3,443
Materials and Supplies	34,969	0	34,969
Depreciation	68,530	0	68,530
Other	13,295	0	13,295
<i>Total Operating Expenses</i>	<u>120,237</u>	<u>0</u>	<u>120,237</u>
<i>Operating Income</i>	72,803	6,384	79,187
Non-Operating Expenses:			
Interest and Fiscal Charges	<u>0</u>	<u>(137,465)</u>	<u>(137,465)</u>
Net Income (Loss) Before Transfers	72,803	(131,081)	(58,278)
Transfers-In	<u>0</u>	<u>202,234</u>	<u>202,234</u>
<i>Change in Net Assets</i>	72,803	71,153	143,956
<i>Net Assets (Deficit) at Beginning of Year</i>	<u>(316,804)</u>	<u>256,189</u>	<u>(60,615)</u>
<i>Net Assets (Deficit) at End of Year</i>	<u>(\$244,001)</u>	<u>\$327,342</u>	<u>\$83,341</u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2007

	<u>Water Department</u>	<u>Sewer Operating</u>	<u>Total</u>
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received From Customers	\$202,314	\$6,384	\$208,698
Cash Payments to Suppliers	(48,538)	(3,646)	(52,184)
<i>Net Cash Provided by Operating Activities</i>	<u>153,776</u>	<u>2,738</u>	<u>156,514</u>
Cash Flows from Noncapital Financing Activities:			
Transfers - In	<u>0</u>	<u>202,234</u>	<u>202,234</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	0	(2,697)	(2,697)
OWDA Loan Proceeds	0	13,703	13,703
Loan Principal Payments	(114,612)	(64,769)	(179,381)
Loan Interest Payments	<u>0</u>	<u>(137,465)</u>	<u>(137,465)</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(114,612)</u>	<u>(191,228)</u>	<u>(305,840)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	39,164	13,744	52,908
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>80,951</u>	<u>75,296</u>	<u>156,247</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$120,115</u></u>	<u><u>\$89,040</u></u>	<u><u>\$209,155</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$72,803	\$6,384	\$79,187
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	68,530	0	68,530
Increase in Accounts Receivable	(10,411)	0	(10,411)
Decrease in Special Assessments Receivable	19,685	0	19,685
Decrease in Accounts Payable	0	(3,646)	(3,646)
Increase in Due to Other Governments	<u>3,169</u>	<u>0</u>	<u>3,169</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$153,776</u></u>	<u><u>\$2,738</u></u>	<u><u>\$156,514</u></u>

Noncash Capital Financing Activities

During 2007, the City recorded OWDA proceeds in the amount of \$122,580 for the construction of capital assets. The City did not receive the proceeds from the loan, rather, OWDA made payments directly to the contractors.

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2007

Assets:

Equity in Pooled Cash and Cash Equivalents	<u><u>\$95,022</u></u>
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Liabilities:

Due to Other Governments	<u><u>\$95,022</u></u>
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See accompanying notes to the basic financial statements

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

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 City 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.

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 and the introduction of sewer services. 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.

The City participates in the Clay Township-City of Clayton Joint Economic Development District (JEDD) 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.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY (continued)

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 Ohio Plan. This organization is presented in Note 20 to the Basic Financial Statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Clayton have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City does not apply FASB Statements and interpretations issued after November 30, 1989 to its business-type activities or enterprise funds. The most significant of the City's accounting policies are described below.

Basis of Presentation

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

Government-Wide Financial Statements

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

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Fund Accounting

The City uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the City: governmental, proprietary, and fiduciary.

Governmental Funds

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

General Fund – The General Fund accounts for all financial resources except those required to be accounted for in another fund. 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 revenues received from a City-wide property tax levy, fines and forfeitures, and interest that are expended for the cost of operating the police department.

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

Capital Improvement Fund – The Capital Improvement Fund is used to account for the portion of the municipal income tax designated by Council for the purpose of improving, constructing, maintaining, and purchasing those items necessary to enhance the operation of the City.

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

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

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

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

Water Department Fund – This fund is used to account for revenue received from user charges for water services provided to certain residents and businesses within the City.

Sewer Operating Fund – This fund is used to account for revenues received from grants and loans to provide for the start-up of sewer services to residents of the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds should 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary fund is an agency fund which is used 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.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include 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, 2007

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 and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its enterprise activities.

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 agency 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 revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On 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 thirty-one days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property 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, and grants.

Deferred Revenue

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but were levied to finance 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

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" on the financial statements.

Cash received from a lease purchase agreement that is held in a separate bank account for the purchase of a dump truck is recorded as "Cash and Cash Equivalents with Escrow Agents" on the financial statements.

During 2007, investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio) and a repurchase agreement. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2007. Non-participating investment contracts, such as repurchase agreements, are reported at cost.

The City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2007 amounted to \$178,584, which includes \$108,215 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

Interfund Receivables/Payables

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Receivable" and "Interfund Payable". Interfund balances are eliminated on the government-wide Statement of Net Assets except for any net residual amounts due between governmental and business-type activities, which are presented as "Internal Balances".

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, 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.

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 Assets 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 Assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values on the date received. The City maintains a capitalization threshold of five thousand dollars. 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.

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 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.

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.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, loans and capital leases are recognized as liabilities on the governmental fund financial statements when due.

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.

Sick leave benefits are accrued 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.

Bond Premiums/Issuance Costs/Compounded Interest on Capital Appreciation Bonds

On the government-wide financial statements bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Capital appreciation bonds are accreted each year for the compounded interest accrued during the fiscal year. Bond premiums and the interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable. Issuance costs are amortized on a straight-line basis over the term of the bonds and are reported as deferred charges.

On the governmental fund financial statements, bond premiums and issuance costs are recognized in the period in which the debt is issued.

Net Assets

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

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

The government-wide Statement of Net Assets reports \$2,222,992 of restricted net assets, none of which is restricted by enabling legislation.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances are recorded as a reservation of fund balance.

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.

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 for water and sewer services. 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.

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.

Budgetary Process

All funds, other than the Agency Fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, 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 resolution 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 level. The Finance Director has been authorized to allocate appropriations to the object and department level within each fund.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 resolution 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 resolution 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 – CHANGES IN ACCOUNTING PRINCIPLES, RESTATEMENT OF PRIOR YEAR NET ASSETS, AND CHANGE IN ACCOUNTING ESTIMATE

Changes in Accounting Principles

For 2007, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and the OP&F post-employment healthcare plans in the amount of \$45,662 and \$20,281, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES, RESTATEMENT OF PRIOR YEAR NET ASSETS, AND CHANGE IN ACCOUNTING ESTIMATE (continued)

Restatement of Prior Year Net Assets

During 2007, errors were discovered in capital assets from the prior year. These changes had the following effect on net assets:

	Governmental Activities
Net Assets December 31, 2006	\$7,503,012
Capital Assets Adjustments	(95,126)
Restated Net Assets December 31, 2006	\$7,407,886

Change in Accounting Estimate

The City increased the useful life of an asset in the Water Fund because the useful life of the asset will be more than the original estimate. The asset's value at December 31, 2006 was \$3,906,226, with a remaining useful life of 17 years. The asset's value at December 31, 2007 is \$3,837,696, and it will be depreciated evenly over the next 56 years, its new remaining useful life.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position and results of operations 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 Street Department 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 as a reservation of fund balance (GAAP basis).
4. 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.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING (continued)

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

	General	Police	Street Department
GAAP Basis	(\$137,992)	(\$23,159)	(\$30,550)
Revenue Accruals	(176,983)	(9,808)	(9,583)
Expenditure Accruals	(11,575)	(8,869)	12,829
Encumbrances	(83,004)	(45,497)	(16,314)
Agency Fund Allocation 2006	(7,557)	0	0
Agency Fund Allocation 2007	39,458	0	0
Budget Basis	(\$377,653)	(\$87,333)	(\$43,618)

NOTE 5 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the City's 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 the 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 may be deposited or invested in the following securities:

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

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
6. The State Treasurer’s investment pool (STAROhio); and
7. Certain bankers’ acceptances and commercial paper if training requirements have been met.

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 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.

Investments

As of December 31, 2007, the City had the following investments:

	Fair Value	Maturity less than one year
STAROhio	\$466,731	\$466,731
Repurchase Agreement	2,441,072	2,441,072
Totals	\$2,907,803	\$2,907,803

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

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.

Credit Risk

The underlying securities of the repurchase agreement are Federal National Mortgage Association Notes, which carry a credit rating of Aaa by Moody's. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy limits investments to those authorized by State statute. State statute only addresses credit risk by limiting the investments that may be purchased to those offered by specifically identified issuers.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes related to the repurchase agreement are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute which requires that a written repurchase agreement shall not exceed thirty days and the market value of securities subject to a written repurchase agreement must exceed the principal value of the written repurchase agreement by at least two percent.

Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issuer. Of the City's total investments, 84 percent is invested in a repurchase agreement.

NOTE 6 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the City. Property tax revenue received during 2007 for real and public utilities property taxes represents collections of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 6 – PROPERTY TAXES (continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property assessments were 25 percent of true value for capital assets and 23 percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Clayton. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2007, and for which there is an enforceable legal claim. In the funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 operations, and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

The full tax rate for all City operations for the year ended December 31, 2007, was \$12.58 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Category	Assessed Value	Percent
Real Estate	\$261,112,620	97.27%
Public Utility Personal	5,689,890	2.12%
General Business Personal	1,629,718	0.61%
Totals	\$268,432,228	100.00%

NOTE 7 – MUNICIPAL INCOME TAX

The City levies a municipal income tax of 1.5 percent on all salaries, wages, commissions, other compensation and net profits earned within the City as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 7 – MUNICIPAL INCOME TAX (continued)

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 resolution.

NOTE 8 – RECEIVABLES

Receivables at December 31, 2007, consisted of property taxes, other local taxes, municipal income taxes, increment tax, interfund, accounts, special assessments, and intergovernmental receivables 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, and special assessments. Property and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. In the business-type activities, the water line tap-in fees are assessed. Special assessments expected to be collected within one year in the Street Lights Fund amount to \$27,450. The City has \$2,680 of delinquent special assessments at December 31, 2007.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	Amount
Local Government	\$116,930
Estate Tax	116,007
Homestead and Rollback Exemption	134,211
Gasoline Tax	257,276
Motor Vehicle Tax	46,426
Ohio Public Works Commission	117,069
City of Trotwood	36,254
Northmont City Schools	2,756
Court Fines	910
Workers' Compensation Refund	30,247
Total Intergovernmental Receivable	\$858,086

Increment Tax 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 thirty years, commencing with the 1999 tax year and ending no later than December 16, 2029. The City accrues a receivable for the amount owed to the City. The receivable represents amounts measurable at December 31, 2007. 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, 2007

NOTE 9 – DEVELOPMENT STAGE ENTERPRISE FUND

The City of Clayton’s Sewer Fund is in the developmental stage. The City is building a housing and office complex in which they are tapping into Montgomery County’s existing sewer lines. The City of Clayton received money from OWDA to build the lines. Once the housing and office complex is complete, residents and tenants will be billed.

NOTE 10 – CAPITAL ASSETS

Changes in general capital assets during the year ended December 31, 2007, were as follows:

	Restated Balance At 12/31/2006	Additions	Deletions	Balance At 12/31/2007
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$3,973,450	\$0	\$0	\$3,973,450
Depreciable Capital Assets:				
Buildings	1,475,170	0	0	1,475,170
Improvements Other Than Buildings	77,812	22,520	0	100,332
Vehicles	2,378,668	126,782 *	(80,889)	2,424,561
Furniture, Fixtures and Equipment	1,003,039	47,856	(35,289)	1,015,606
Infrastructure	1,161,537	861,720	0	2,023,257
Total Depreciable Capital Assets	<u>6,096,226</u>	<u>1,058,878</u>	<u>(116,178)</u>	<u>7,038,926</u>
Less Accumulated Depreciation:				
Buildings	(1,107,342)	(25,788)	0	(1,133,130)
Improvements Other Than Buildings	(20,935)	(3,618)	0	(24,553)
Vehicles	(823,735)	(122,145)	61,511	(884,369)
Furniture, Fixtures and Equipment	(397,717)	(101,264)	14,787	(484,194)
Infrastructure	(45,168)	(84,180)	0	(129,348)
Total Accumulated Depreciation	<u>(2,394,897)</u>	<u>(336,995)</u>	<u>76,298</u>	<u>(2,655,594)</u>
Depreciable Capital Assets, Net	<u>3,701,329</u>	<u>721,883</u>	<u>(39,880)</u>	<u>4,383,332</u>
Governmental Activities Capital Assets, Net	<u>\$7,674,779</u>	<u>\$721,883</u>	<u>(\$39,880)</u>	<u>\$8,356,782</u>

* \$7,735 of the additions to vehicles consisted of assets received through seizures.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 10 – CAPITAL ASSETS (continued)

Capital Asset activity of the business-type activities for the year ended December 31, 2007, was as follows:

	Balance at 12/31/06	Additions	Deletions	Balance at 12/31/07
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$3,426,701	\$2,697	\$0	\$3,429,398
Depreciable Capital Assets:				
Infrastructure	4,733,726	0	0	4,733,726
Less Accumulated Depreciation:				
Infrastructure	(558,048)	(68,530)	0	(626,578)
Depreciable Capital Assets, Net	4,175,678	(68,530)	0	4,107,148
Business-Type Activities Capital Assets, Net	<u>\$7,602,379</u>	<u>(\$65,833)</u>	<u>\$0</u>	<u>\$7,536,546</u>

Depreciation expense was charged to governmental programs as follows:

General Government	\$53,292
Security of Persons and Property	132,818
Transportation	<u>150,885</u>
Total Depreciation Expense	<u>\$336,995</u>

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 11 – DEFINED BENEFIT PENSION PLAN (continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5% of covered payroll, public safety members contributed 9.75%, and law enforcement members contributed 10.1%.

The City's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$142,694, \$178,607, and \$158,471, respectively; 65 percent has been contributed for 2007 and 100 percent for 2006 and 2005. There were no contributions to the member-directed plan for 2007 made either by the City or by the plan members.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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 for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's pension contributions to OP&F for police and firefighters were \$41,001 and \$79,917 for the year ended December 31, 2007, \$35,123 and \$44,232 for the year ended December 31, 2006, and \$25,760 and \$33,258 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 67.79 percent has been contributed for police and 67.72 percent has been contributed for firefighters for 2007.

NOTE 12 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part b premium reimbursement.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 12 – POSTEMPLOYMENT BENEFITS (continued)

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's 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 health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$96,560, \$97,032 and \$59,328 respectively; 64.76 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

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

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 12 – POSTEMPLOYMENT BENEFITS (continued)

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

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare 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 information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. 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 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$21,707 and \$27,750 for the year ended December 31, 2007, \$23,166 and \$21,095 for the year ended December 31, 2006, and \$16,991 and \$15,861 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 68.48 percent has been contributed for police and 69.23 percent has been contributed for firefighters for 2007.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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 vacation 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 for unused vacation leave.

City employees earn sick leave at the rate of one and one-fourth days per month. In the case of retirement, employees with ten years of service with the City will be paid one hour of pay for each four hours of their accumulated sick leave up to a payment of 240 hours, based on the union agreements and the City's personnel policy.

City employees can also earn compensatory time. Compensatory time is paid at one and one-half times an employee's regular rate. Employees with time remaining upon termination of their employment will be paid for any unused compensatory time.

Insurance

Medical/surgical and vision benefits are provided to full-time City employees through United Health Care. The City pays 100 percent of the single plan monthly premiums and 90 percent of the additional cost of the family plan premium. Police employees pay 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. 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 – CAPITAL LEASES - LESSEE DISCLOSURE

During 2007 and in prior years, the City entered into lease agreements for the purchase of equipment and vehicles. As part of the 2007 agreement for a dump truck, Fifth Third Bank, as lessor, deposited \$166,100 into a separate bank account in the City's name. As of December 31, 2007, the City had not purchased any of the components of the dump truck and \$166,719, due to interest earned on the initial deposit, still remains in the bank account and is recorded as "Cash and Cash Equivalents with Escrow Agents" on the financial statements.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 14 – CAPITAL LEASES - LESSEE DISCLOSURE (continued)

Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases"*, which defines a capital lease generally as one which transfers benefits and risks of ownership 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 Assets for governmental activities in the amount of \$1,139,578. A corresponding liability was recorded on the Statement of Net Assets for governmental activities. Principal payments in 2007 totaled \$161,304.

The assets acquired through capital leases are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value December 31, 2007
Asset:			
Truck and accessories	\$138,300	(\$20,745)	\$117,555
Radio Equipment	260,000	(52,000)	208,000
Fire Truck	509,278	(25,464)	483,814
Vac-Rodder Sweeper	232,000	(23,200)	208,800
Total	\$1,139,578	(\$121,409)	\$1,018,169

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, 2007.

December 31,	Total Payments
2008	\$235,315
2009	220,522
2010	154,449
2011	154,451
2012	134,990
2013-2015	96,735
Total	996,462
Less: Amount Representing Interest	(116,177)
Present Value of Minimum Lease Payments	\$880,285

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 15 – LONG-TERM OBLIGATIONS

Changes in long-term obligations during 2007 were as follows:

	Amount Outstanding 12/31/06	Additions	Deductions	Amount Outstanding 12/31/07	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
2005 Various Purpose					
Serial Bonds - 3.25 to 3.75%	\$925,000	\$0	\$120,000	\$805,000	\$125,000
Term Bonds - 4.25 to 5.00%	3,270,000	0	0	3,270,000	0
Capital Appreciation Bonds - 4.977%	190,000	0	0	190,000	0
Accretion on Capital Appreciation					
Bonds	21,455	7,041	0	28,496	0
Premium on Debt Issue	91,814	0	3,921	87,893	0
2005 Communication Equipment Loan - 0%	132,260	0	66,130	66,130	66,130
Capital Leases Payable	875,489	166,100	161,304	880,285	198,550
Compensated Absences	142,953	172,682	138,106	177,529	112,178
Total Governmental Activities					
Long-Term Obligations	<u>\$5,648,971</u>	<u>\$345,823</u>	<u>\$489,461</u>	<u>\$5,505,333</u>	<u>\$501,858</u>
Business-Type Activities:					
2004 Water Line Loan - 0%	\$4,397,685	\$0	\$114,612	\$4,283,073	\$12,805
2005 OWDA Loan - 4%	3,283,377	136,283	64,769	3,354,891	66,753
Total Business-Type Activities					
Long-Term Obligations	<u>\$7,681,062</u>	<u>\$136,283</u>	<u>\$179,381</u>	<u>\$7,637,964</u>	<u>\$79,558</u>

The 2005 Various Purpose Bonds were issued June 1, 2005, in the amount of \$4,500,000 in unvoted general obligation bonds for the purpose of retiring notes that were issued for improving State Route 48 and acquiring land. Current interest bonds were issued in an aggregate principal amount of \$4,310,000. Of these bonds, \$1,040,000 are serial bonds and \$3,270,000 are term bonds. \$190,000 are capital appreciation bonds. The bonds were issued for a twenty-five year period with final maturity in December of 2030. The bonds will be retired from the Bond Retirement Fund and the Tax Increment Fund.

The serial bonds, issued at \$1,040,000 with maturity dates of December 1, 2006 to December 1, 2013, are subject to optional redemption, in whole or in part on any date at the option of the issuer on or after December 1, 2015, at a redemption price equal to the par amount of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 15 – LONG-TERM OBLIGATIONS (continued)

The term bonds issued at \$3,270,000 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</u>	<u>Amount</u>
2016	\$155,000
2017	155,000
2018	170,000
2019	180,000
2020	185,000
2021-2025	1,075,000
2026-2030	<u>1,350,000</u>
Total	<u><u>\$3,270,000</u></u>

The capital appreciation bonds, issued at \$190,000, are not subject to prior redemption. The capital appreciation bonds will mature in years 2014 and 2015, with a maturity amount of \$155,000 each year, including interest. For fiscal year 2007, the capital appreciation bonds were accreted \$7,041.

The 2005 Communication Equipment Loan was entered into with the Montgomery County Board of County Commissioners on November 15, 2005 in the amount of \$198,390 at zero percent interest for the purpose of purchasing two-way radios and car computer equipment. The loan will be retired from the Bond Retirement Fund.

Compensated absences will be paid from the General, Police, Fire, EMS, and Street Department Funds. Capital lease obligations will be paid from the Capital Improvement Fund.

The 2004 Water Line Loan was a project through the City of Dayton that was completed in May, 2004. The loan was issued with a zero percent interest rate and payable from user charges from the Water Department Fund. The City of Dayton calculates a per acre fee based on water availability and bills the City of Clayton on an annual basis, therefore a final payment schedule is not available. The initial term of the agreement is 20 years. At the end of 20 years, any amount outstanding is payable immediately, or the agreement may be renewed for an additional 20 years.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 15 – LONG-TERM OBLIGATIONS (continued)

The City has an OWDA Loan outstanding at December 31, 2007, which was issued during 2005 at a rate of 4 percent. The total amount of the loan is \$3,500,000, of which \$3,481,913 has been received as of December 31, 2007, therefore, the loan amount has not been issued in full and a final payment schedule is not available. The loan was issued for the construction of the sewer system expansion phase I and sewer lines.

The City's overall legal debt margin was \$23,864,511 at December 31, 2007, and the unvoted debt margin was \$10,442,900.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2007, are as follows:

December 31,	Governmental Activities						
	Serial Bonds Principal	Serial Bonds Interest	Term Bonds Principal	Term Bonds Interest	Capital Appreciation Principal	Capital Appreciation Interest	Communication Equipment Loan
2008	\$125,000	\$28,363	\$0	\$153,375	\$0	\$0	\$66,130
2009	125,000	23,988	0	153,375	0	0	0
2010	130,000	19,613	0	153,375	0	0	0
2011	140,000	15,063	0	153,375	0	0	0
2012	140,000	10,513	0	153,375	0	0	0
2013-2017	145,000	5,438	310,000	759,125	190,000	120,000	0
2018-2022	0	0	935,000	600,125	0	0	0
2023-2027	0	0	1,180,000	344,750	0	0	0
2028-2030	0	0	845,000	72,888	0	0	0
Total	<u>\$805,000</u>	<u>\$102,978</u>	<u>\$3,270,000</u>	<u>\$2,543,763</u>	<u>\$190,000</u>	<u>\$120,000</u>	<u>\$66,130</u>

NOTE 16 – INTERFUND ASSETS/LIABILITIES

Interfund balances at December 31, 2007, consisted of the following amounts and result from moving unrestricted balances to support the sewer project, and is expected to be paid within one year.

	<u>Interfund Receivable</u>
<u>Interfund Payable</u>	<u>General Fund</u>
Sewer Operating Fund	<u>\$60,000</u>

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 16 – INTERFUND ASSETS/LIABILITIES (continued)

Transfers made during the year ended December 31, 2007, were as follows:

Transfers To	Transfers From		
	General Fund	Nonmajor Governmental Funds	Total
Police Fund	\$295,000	\$0	\$295,000
Street Fund	300,000	0	300,000
Capital Improvement Fund	277,082	25,168	302,250
Sewer Operating Fund	202,234	0	202,234
Nonmajor Governmental Funds	573,554	0	573,554
Total	\$1,647,870	\$25,168	\$1,673,038

Transfers are used to move General Fund revenues that are used to subsidize various programs into other funds and for repayment of debt. The transfer from the Nonmajor Governmental Funds to the Capital Improvement Fund was to move the remaining balance of the Irvington Storm Water Fund and the State Route 48 Improvement Fund because the projects were complete.

NOTE 17 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

For 2007, the City participated in the Ohio Government Risk Management Plan (the “Plan”), a risk sharing pool. (See Note 20) The City pays its annual premium to its agent, Swartzel/Affiliated Insurance Services. Coverage is as follows:

Type of Coverage	Coverage	Deductible
Municipal General Liability (per Occurrence/aggregate)	\$5,000,000/\$7,000,000	\$0
Public Official (per Occurrence/aggregate)	5,000,000/7,000,000	2,500
Police Professional (per Occurrence/aggregate)	5,000,000/7,000,000	5,000
Municipal Automobile Liability (per Occurrence)	5,000,000	0
Building and Contents	3,558,842	1,000
Inland Marine	1,691,468	500
Electronic Data Processing	108,571	500

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

The City pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated on accident history and administrative costs.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 18 – JOINT VENTURE

On July 1, 2007 the City entered into a contract for the creation of a 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 District did not have activity in 2007, therefore, the City did not have an equity interest at December 31, 2007. 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, 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.

The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$6,140 for the operation of the Commission during 2007. 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.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS (continued)

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 ten years, ending December 31, 2010. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued, and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from and received in the General Fund. The City received \$46,544 from ED/GE during 2007. Financial information may be obtained by writing to Pamela Frannin, Administrative Assistant, 451 West Third Street, Dayton, Ohio, 45422.

NOTE 20 – RISK SHARING POOL

Ohio Plan

The City belongs to the Ohio Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures with A- VII or better rated carriers, except for a five percent portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of five percent or \$25,000 for casualty losses up to the coverage limit and the lesser of five percent or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from Member to Member.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 21 – CONTINGENT LIABILITIES

Federal and State Grants

For the period January 1, 2007, to December 31, 2007, 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.

NOTE 22 – ACCOUNTABILITY

The Police Fund had a deficit fund balance at December 31, 2007 of \$7,654. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Water Department Fund had deficit net assets of \$244,001 at December 31, 2007. The City anticipates increased revenues and a corresponding decrease in the net assets deficit in future years.

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COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

City of Clayton, Ohio
Nonmajor Fund Descriptions

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Nonmajor Special Revenue Funds

Cops Fund

To account for federal grant money used to add additional police officers. The grant program no longer generates revenue for the City.

Drug Law Enforcement Fund

To account for fines and costs collected for felonious drug trafficking convictions. This money may be used in any drug law enforcement activity.

Law Enforcement Trust Fund

To account for fine and forfeiture revenue from law enforcement.

Fire Fund

To account for money received from a property tax levy that is expended to pay for the cost of operating the fire department.

EMS Fund

To account for money received from a property tax levy and fees that are expended to pay for the cost of operating EMS services.

State Highway Fund

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

Permissive Motor Vehicle License Tax Fund

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

Street Lights Fund

To account for special assessments to provide street lighting within the City.

Cemetery Fund

To account for revenues received from the sale of lots, charges for burial services and foundations, and transfers to operate and maintain the City cemetery.

Tax Increment Fund

To account for real estate taxes received from various business owners to be used for City-owned infrastructure improvements that will benefit the business owners' property.

(continued)

City of Clayton, Ohio
Nonmajor Fund Descriptions
(continued)

TIF Towne Center Fund

To account for monies collected from real estate taxes to be used to reimburse the developers at the Towne Center for City capital assets constructed by the developer.

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Nonmajor Debt Service Fund

Bond Retirement Fund

To account for the accumulation of resources for, and the payment of, the 2005 Various Purpose Bonds debt principal and interest.

Capital Projects Funds

Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Nonmajor Capital Projects Funds

Irvington Storm Water Fund

To account for a capital project for storm water management on Irvington Street.

State Route 48 Improvement Fund

To account for debt proceeds used to finance major repairs to State Route 48 and the expenditures for the Main Street Tax Increment Financing.

Asset Replacement Fund

To account for transfers from the General Fund for the purchase or replacement of capital assets.

City of Clayton, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,076,081	\$10,257	\$100,000	\$1,186,338
Receivables:				
Property Taxes	617,064	0	0	617,064
Other Local Taxes	7,526	0	0	7,526
Increment Tax	66,890	0	0	66,890
Accounts	73,327	0	0	73,327
Special Assessments - Current	27,450	0	0	27,450
Special Assessments - Delinquent	2,680	0	0	2,680
Due from Other Governments	70,201	0	0	70,201
Prepaid Items	21,105	0	0	21,105
<i>Total Assets</i>	<u>\$1,962,324</u>	<u>\$10,257</u>	<u>\$100,000</u>	<u>\$2,072,581</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$13,365	\$0	\$0	\$13,365
Contracts Payable	8,638	0	0	8,638
Accrued Wages Payable	30,404	0	0	30,404
Due to Other Governments	129,406	0	0	129,406
Deferred Revenue	799,656	0	0	799,656
<i>Total Liabilities</i>	<u>981,469</u>	<u>0</u>	<u>0</u>	<u>981,469</u>
Fund Balances:				
Reserved for Encumbrances	60,188	0	0	60,188
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	920,667	0	0	920,667
Debt Service Fund	0	10,257	0	10,257
Capital Projects Fund	0	0	100,000	100,000
<i>Total Fund Balances</i>	<u>980,855</u>	<u>10,257</u>	<u>100,000</u>	<u>1,091,112</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,962,324</u>	<u>\$10,257</u>	<u>\$100,000</u>	<u>\$2,072,581</u>

City of Clayton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$609,324	\$0	\$0	\$609,324
Other Local Taxes	267,722	0	0	267,722
Intergovernmental	137,184	0	0	137,184
Charges for Services	306,283	0	0	306,283
Fines and Forfeitures	897	0	0	897
Investment Income	60,685	0	0	60,685
Special Assesments	22,718	0	0	22,718
Other	14,709	0	0	14,709
<i>Total Revenues</i>	<u>1,419,522</u>	<u>0</u>	<u>0</u>	<u>1,419,522</u>
Expenditures:				
Current:				
General Government	92,105	0	0	92,105
Security of Persons and Property	1,285,190	0	0	1,285,190
Public Health	5,101	0	0	5,101
Transportation	112,864	0	0	112,864
Debt Service:				
Principal Retirement	45,000	302,434	0	347,434
Interest and Fiscal Charges	66,263	156,480	0	222,743
<i>Total Expenditures</i>	<u>1,606,523</u>	<u>458,914</u>	<u>0</u>	<u>2,065,437</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(187,001)</u>	<u>(458,914)</u>	<u>0</u>	<u>(645,915)</u>
Other Financing Sources (Uses):				
Transfers-In	10,000	463,554	100,000	573,554
Transfers-Out	0	0	(25,168)	(25,168)
<i>Total Other Financing Sources (Uses)</i>	<u>10,000</u>	<u>463,554</u>	<u>74,832</u>	<u>548,386</u>
<i>Net Change in Fund Balances</i>	(177,001)	4,640	74,832	(97,529)
<i>Fund Balances at Beginning of Year</i>	<u>1,157,856</u>	<u>5,617</u>	<u>25,168</u>	<u>1,188,641</u>
<i>Fund Balances at End of Year</i>	<u>\$980,855</u>	<u>\$10,257</u>	<u>\$100,000</u>	<u>\$1,091,112</u>

City of Clayton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Cops	Drug Law Enforcement	Law Enforcement Trust	Fire
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$31,390	\$9,945	\$31,005	\$156,072
Receivables:				
Property Taxes	0	0	0	430,076
Other Local Taxes	0	0	0	0
Increment Tax	0	0	0	0
Accounts	0	0	0	0
Special Assessments - Current	0	0	0	0
Special Assessments - Delinquent	0	0	0	0
Due from Other Governments	0	0	0	27,802
Prepaid Items	0	0	0	14,298
<i>Total Assets</i>	<u>\$31,390</u>	<u>\$9,945</u>	<u>\$31,005</u>	<u>\$628,248</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$0	\$0	\$0	\$8,304
Contracts Payable	0	0	0	0
Accrued Wages Payable	0	0	0	9,565
Due to Other Governments	0	0	0	37,835
Deferred Revenue	0	0	0	457,878
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>513,582</u>
Fund Balances:				
Reserved for Encumbrances	0	0	0	41,675
Unreserved, Undesignated	31,390	9,945	31,005	72,991
<i>Total Fund Balances</i>	<u>31,390</u>	<u>9,945</u>	<u>31,005</u>	<u>114,666</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$31,390</u>	<u>\$9,945</u>	<u>\$31,005</u>	<u>\$628,248</u>

EMS	State Highway	Permissive Motor Vehicle License Tax	Street Lights	Cemetery	Tax Increment	Total Nonmajor Special Revenue Funds
\$19,663	\$158,976	\$176,987	\$6,975	\$19,274	\$465,794	\$1,076,081
186,988	0	0	0	0	0	617,064
0	0	7,526	0	0	0	7,526
0	0	0	0	0	66,890	66,890
73,327	0	0	0	0	0	73,327
0	0	0	27,450	0	0	27,450
0	0	0	2,680	0	0	2,680
20,434	21,965	0	0	0	0	70,201
5,474	0	0	0	1,333	0	21,105
<u>\$305,886</u>	<u>\$180,941</u>	<u>\$184,513</u>	<u>\$37,105</u>	<u>\$20,607</u>	<u>\$532,684</u>	<u>\$1,962,324</u>
\$2,642	\$599	\$1,820	\$0	\$0	\$0	\$13,365
0	1,250	0	0	0	7,388	8,638
20,839	0	0	0	0	0	30,404
55,615	0	0	0	0	35,956	129,406
226,523	18,235	0	30,130	0	66,890	799,656
<u>305,619</u>	<u>20,084</u>	<u>1,820</u>	<u>30,130</u>	<u>0</u>	<u>110,234</u>	<u>981,469</u>
8,695	675	5,131	0	800	3,212	60,188
(8,428)	160,182	177,562	6,975	19,807	419,238	920,667
267	160,857	182,693	6,975	20,607	422,450	980,855
<u>\$305,886</u>	<u>\$180,941</u>	<u>\$184,513</u>	<u>\$37,105</u>	<u>\$20,607</u>	<u>\$532,684</u>	<u>\$1,962,324</u>

City of Clayton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Cops	Drug Law Enforcement	Law Enforcement Trust	Fire
Revenues:				
Property Taxes	\$0	\$0	\$0	\$424,690
Other Local Taxes	0	0	0	0
Intergovernmental	0	0	0	62,439
Charges for Services	0	0	0	0
Fines and Forfeitures	0	50	836	11
Investment Income	0	0	0	0
Special Assessments	0	0	0	0
Other	0	0	1,100	562
<i>Total Revenues</i>	<u>0</u>	<u>50</u>	<u>1,936</u>	<u>487,702</u>
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	600,571
Public Health	0	0	0	0
Transportation	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>600,571</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	50	1,936	(112,869)
Other Financing Sources:				
Transfers-In	0	0	0	0
<i>Net Change in Fund Balances</i>	0	50	1,936	(112,869)
<i>Fund Balances at Beginning of Year</i>	<u>31,390</u>	<u>9,895</u>	<u>29,069</u>	<u>227,535</u>
<i>Fund Balances at End of Year</i>	<u><u>\$31,390</u></u>	<u><u>\$9,945</u></u>	<u><u>\$31,005</u></u>	<u><u>\$114,666</u></u>

<u>EMS</u>	<u>State Highway</u>	<u>Permissive Motor Vehicle License Tax</u>	<u>Street Lights</u>	<u>Cemetery</u>	<u>Tax Increment</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$184,634	\$0	\$0	\$0	\$0	\$0	\$609,324
0	0	100,050	0	0	167,672	267,722
29,973	44,772	0	0	0	0	137,184
303,933	0	0	0	2,350	0	306,283
0	0	0	0	0	0	897
0	7,119	8,129	0	0	45,437	60,685
0	0	0	22,718	0	0	22,718
13,047	0	0	0	0	0	14,709
<u>531,587</u>	<u>51,891</u>	<u>108,179</u>	<u>22,718</u>	<u>2,350</u>	<u>213,109</u>	<u>1,419,522</u>
0	0	0	0	0	92,105	92,105
662,119	0	0	22,500	0	0	1,285,190
0	0	0	0	5,101	0	5,101
0	24,033	88,831	0	0	0	112,864
0	0	0	0	0	45,000	45,000
0	0	0	0	0	66,263	66,263
<u>662,119</u>	<u>24,033</u>	<u>88,831</u>	<u>22,500</u>	<u>5,101</u>	<u>203,368</u>	<u>1,606,523</u>
(130,532)	27,858	19,348	218	(2,751)	9,741	(187,001)
0	0	0	0	10,000	0	10,000
(130,532)	27,858	19,348	218	7,249	9,741	(177,001)
<u>130,799</u>	<u>132,999</u>	<u>163,345</u>	<u>6,757</u>	<u>13,358</u>	<u>412,709</u>	<u>1,157,856</u>
<u>\$267</u>	<u>\$160,857</u>	<u>\$182,693</u>	<u>\$6,975</u>	<u>\$20,607</u>	<u>\$422,450</u>	<u>\$980,855</u>

City of Clayton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007

	Irvington Storm Water	State Route 48 Improvement	Asset Replacement	Total Nonmajor Capital Projects Funds
Revenues:	\$0	\$0	\$0	\$0
Expenditures:	0	0	0	0
Other Financing Sources (Uses)				
Transfers-In	0	0	100,000	100,000
Transfers-Out	(18,352)	(6,816)	0	(25,168)
<i>Total Other Financing Sources (Uses)</i>	<u>(18,352)</u>	<u>(6,816)</u>	<u>100,000</u>	<u>74,832</u>
<i>Net Change in Fund Balance</i>	(18,352)	(6,816)	100,000	74,832
<i>Fund Balances at Beginning of Year</i>	<u>18,352</u>	<u>6,816</u>	<u>0</u>	<u>25,168</u>
<i>Fund Balances at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$100,000</u></u>	<u><u>\$100,000</u></u>

City of Clayton, Ohio
Nonmajor Fund Descriptions

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.

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.

City of Clayton, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2007

	<u>Balance at</u> <u>12/31/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/2007</u>
<u>IMPACT FEES</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$80,187	\$239,943	\$225,108	\$95,022
Liabilities:				
Due to Other Governments	\$80,187	\$95,022	\$80,187	\$95,022
Undistributed Money	0	320,130	320,130	0
Total Liabilities	\$80,187	\$415,152	\$400,317	\$95,022

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$404,000	\$375,592	(\$28,408)
Other Local Taxes	\$120,000	\$103,338	(\$16,662)
Municipal Income Taxes	1,555,576	1,311,625	(243,951)
Intergovernmental	758,321	566,810	(191,511)
Charges for Services	36,818	72,386	35,568
Licenses and Permits	10,061	8,819	(1,242)
Investment Income	200,000	178,584	(21,416)
Other	19,500	12,057	(7,443)
<i>Total Revenues</i>	<u>3,104,276</u>	<u>2,629,211</u>	<u>(475,065)</u>
Expenditures:			
Current:			
General Government			
Personal Services	820,076	687,580	132,496
Contractual Services	799,422	585,267	214,155
Materials and Supplies	23,604	18,118	5,486
Capital Outlay	22,280	8,013	14,267
Other	68,072	60,016	8,056
<i>Total Expenditures</i>	<u>1,733,454</u>	<u>1,358,994</u>	<u>374,460</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,370,822</u>	<u>1,270,217</u>	<u>(100,605)</u>
Other Financing Sources (Uses):			
Other Financing Sources	439,345	0	(439,345)
Transfers-In	200,000	0	(200,000)
Transfers-Out	(1,823,788)	(1,647,870)	175,918
<i>Total Other Financing Sources (Uses)</i>	<u>(1,184,443)</u>	<u>(1,647,870)</u>	<u>(463,427)</u>
<i>Net Change in Fund Balance</i>	186,379	(377,653)	(564,032)
<i>Fund Balance at Beginning of Year</i>	1,711,023	1,711,023	0
<i>Prior Year Encumbrances Appropriated</i>	<u>167,163</u>	<u>167,163</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$2,064,565</u></u>	<u><u>\$1,500,533</u></u>	<u><u>(\$564,032)</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$1,169,880	\$1,086,719	(\$83,161)
Intergovernmental	35,000	161,529	126,529
Fines and Forfeitures	12,008	20,476	8,468
Other	0	24,212	24,212
<i>Total Revenues</i>	<u>1,216,888</u>	<u>1,292,936</u>	<u>76,048</u>
Expenditures:			
Current:			
Security of Persons and Property			
Personal Services	1,535,414	1,444,149	91,265
Contractual Services	170,421	125,020	45,401
Materials and Supplies	76,223	71,995	4,228
Capital Outlay	8,878	7,366	1,512
Other	45,201	26,739	18,462
<i>Total Expenditures</i>	<u>1,836,137</u>	<u>1,675,269</u>	<u>160,868</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(619,249)	(382,333)	236,916
Other Financing Sources:			
Transfers-In	608,767	295,000	(313,767)
<i>Net Change in Fund Balance</i>	(10,482)	(87,333)	(76,851)
<i>Fund Balance at Beginning of Year</i>	111,365	111,365	0
<i>Prior Year Encumbrances Appropriated</i>	53,367	53,367	0
<i>Fund Balance at End of Year</i>	<u>\$154,250</u>	<u>\$77,399</u>	<u>(\$76,851)</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Department Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$550,000	\$547,847	(\$2,153)
Licenses and Permits	0	1,325	1,325
Investment Income	1,000	6,919	5,919
Other	10,000	6,529	(3,471)
<i>Total Revenues</i>	<u>561,000</u>	<u>562,620</u>	<u>1,620</u>
Expenditures:			
Current:			
Transportation			
Personal Services	802,370	730,693	71,677
Contractual Services	120,368	71,521	48,847
Materials and Supplies	109,050	74,703	34,347
Capital Outlay	5,002	4,997	5
Other	31,675	24,324	7,351
<i>Total Expenditures</i>	<u>1,068,465</u>	<u>906,238</u>	<u>162,227</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(507,465)	(343,618)	163,847
Other Financing Sources:			
Transfers-In	422,815	300,000	(122,815)
<i>Net Change in Fund Balance</i>	(84,650)	(43,618)	41,032
<i>Fund Balance at Beginning of Year</i>	83,056	83,056	0
<i>Prior Year Encumbrances Appropriated</i>	<u>30,371</u>	<u>30,371</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$28,777</u></u>	<u><u>\$69,809</u></u>	<u><u>\$41,032</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Capital Improvement Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Municipal Income Taxes	\$399,528	\$607,575	\$208,047
Intergovernmental	400,000	282,931	(117,069)
Investment Income	0	633	633
Other	0	26,279	26,279
<i>Total Revenues</i>	<u>799,528</u>	<u>917,418</u>	<u>117,890</u>
Expenditures:			
Current:			
General Government			
Contractual Services	1,197,087	1,117,949	79,138
Capital Outlay	262,388	241,081	21,307
Other	10,000	807	9,193
<i>Total Expenditures</i>	<u>1,469,475</u>	<u>1,359,837</u>	<u>109,638</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(669,947)</u>	<u>(442,419)</u>	<u>227,528</u>
Other Financing Sources:			
Proceeds from Capital Lease	0	166,100	166,100
Transfers-In	403,000	302,250	(100,750)
<i>Total Other Financing Sources</i>	<u>403,000</u>	<u>468,350</u>	<u>65,350</u>
<i>Net Change in Fund Balance</i>	(266,947)	25,931	292,878
<i>Fund Balance at Beginning of Year</i>	387,598	387,598	0
<i>Prior Year Encumbrances Appropriated</i>	<u>68,475</u>	<u>68,475</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$189,126</u>	<u>\$482,004</u>	<u>\$292,878</u>

City of Clayton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Water Department Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$41,234	\$58,829	\$17,595
Tap-In Fees	107,945	139,818	31,873
<i>Total Revenues</i>	<u>149,179</u>	<u>198,647</u>	<u>49,468</u>
Expenses:			
Contractual Services	2,700	1,415	1,285
Materials and Supplies	69,300	43,778	25,522
Capital Outlay	3,000	2,228	772
Other	15,000	13,295	1,705
Debt Service:			
Principal Retirement	114,612	114,612	0
<i>Total Expenses</i>	<u>204,612</u>	<u>175,328</u>	<u>29,284</u>
<i>Net Change in Fund Equity</i>	(55,433)	23,319	78,752
<i>Fund Equity at Beginning of Year</i>	<u>56,870</u>	<u>56,870</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$1,437</u></u>	<u><u>\$80,189</u></u>	<u><u>\$78,752</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Sewer Operating Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$0	\$3,109	\$3,109
Proceeds from OWDA Loan	97,244	136,283	39,039
<i>Total Revenues</i>	97,244	139,392	42,148
Expenses:			
Capital Outlay	130,316	128,923	1,393
<i>Net Change in Fund Equity</i>	(33,072)	10,469	43,541
<i>Fund Equity at Beginning of Year</i>	53,475	53,475	0
<i>Prior Year Encumbrances Appropriated</i>	316	316	0
<i>Fund Equity at End of Year</i>	\$20,719	\$64,260	\$43,541

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Cops Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:			
Current:			
Security of Persons and Property			
Materials and Supplies	31,000	0	31,000
<i>Net Change in Fund Balance</i>	(31,000)	0	31,000
<i>Fund Balance at Beginning of Year</i>	31,390	31,390	0
<i>Fund Balance at End of Year</i>	\$390	\$31,390	\$31,000

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Drug Law Enforcement Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$0	\$50	\$50
Expenditures:			
Current:			
Security of Persons and Property			
Contractual Services	1,000	0	1,000
Materials and Supplies	8,000	0	8,000
<i>Total Expenditures</i>	9,000	0	9,000
<i>Net Change in Fund Balance</i>	(9,000)	50	9,050
<i>Fund Balance at Beginning of Year</i>	8,895	8,895	0
<i>Prior Year Encumbrances Appropriated</i>	1,000	1,000	0
<i>Fund Balance at End of Year</i>	\$895	\$9,945	\$9,050

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Law Enforcement Trust Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$4,861	\$836	(\$4,025)
Other	0	1,100	1,100
<i>Total Revenues</i>	4,861	1,936	(2,925)
Expenditures:			
Current:			
Security of Persons and Property			
Materials and Supplies	25,000	0	25,000
<i>Net Change in Fund Balance</i>	(20,139)	1,936	22,075
<i>Fund Balance at Beginning of Year</i>	29,069	29,069	0
<i>Fund Balance at End of Year</i>	\$8,930	\$31,005	\$22,075

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$424,423	\$424,690	\$267
Intergovernmental	57,850	62,439	4,589
Fines and Forfeitures	0	11	11
Other	0	562	562
<i>Total Revenues</i>	<u>482,273</u>	<u>487,702</u>	<u>5,429</u>
Expenditures:			
Current:			
Security of Persons and Property			
Personal Services	558,179	447,026	111,153
Contractual Services	88,327	70,116	18,211
Materials and Supplies	27,497	20,749	6,748
Capital Outlay	22,616	21,482	1,134
Other	92,246	59,920	32,326
<i>Total Expenditures</i>	<u>788,865</u>	<u>619,293</u>	<u>169,572</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(306,592)	(131,591)	175,001
Other Financing Sources:			
Transfers-In	101,209	0	(101,209)
<i>Net Change in Fund Balance</i>	(205,383)	(131,591)	73,792
<i>Fund Balance at Beginning of Year</i>	199,882	199,882	0
<i>Prior Year Encumbrances Appropriated</i>	<u>32,364</u>	<u>32,364</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$26,863</u>	<u>\$100,655</u>	<u>\$73,792</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
EMS Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$185,560	\$184,634	(\$926)
Intergovernmental	25,400	29,973	4,573
Charges for Services	578,915	275,834	(303,081)
Other	0	4,759	4,759
<i>Total Revenues</i>	<u>789,875</u>	<u>495,200</u>	<u>(294,675)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Personal Services	645,767	589,579	56,188
Contractual Services	82,926	67,361	15,565
Materials and Supplies	29,125	21,764	7,361
Other	16,985	6,115	10,870
<i>Total Expenditures</i>	<u>774,803</u>	<u>684,819</u>	<u>89,984</u>
<i>Net Change in Fund Balance</i>	15,072	(189,619)	(204,691)
<i>Fund Balance at Beginning of Year</i>	171,221	171,221	0
<i>Prior Year Encumbrances Appropriated</i>	<u>28,201</u>	<u>28,201</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$214,494</u></u>	<u><u>\$9,803</u></u>	<u><u>(\$204,691)</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
State Highway Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$9,733	\$44,420	\$34,687
Investment Income	0	7,119	7,119
<i>Total Revenues</i>	<u>9,733</u>	<u>51,539</u>	<u>41,806</u>
Expenditures:			
Current:			
Transportation			
Contractual Services	9,410	9,243	167
Materials and Supplies	13,700	11,955	1,745
Other	9,993	3,877	6,116
<i>Total Expenditures</i>	<u>33,103</u>	<u>25,075</u>	<u>8,028</u>
<i>Net Change in Fund Balance</i>	(23,370)	26,464	49,834
<i>Fund Balance at Beginning of Year</i>	125,685	125,685	0
<i>Prior Year Encumbrances Appropriated</i>	<u>4,303</u>	<u>4,303</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$106,618</u></u>	<u><u>\$156,452</u></u>	<u><u>\$49,834</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Permissive Motor Vehicle License Tax Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other Local Taxes	\$33,508	\$100,436	\$66,928
Investment Income	0	8,129	8,129
<i>Total Revenues</i>	<u>33,508</u>	<u>108,565</u>	<u>75,057</u>
Expenditures:			
Current:			
Transportation			
Contractual Services	7,000	6,853	147
Materials and Supplies	44,500	41,334	3,166
Other	52,706	45,775	6,931
<i>Total Expenditures</i>	<u>104,206</u>	<u>93,962</u>	<u>10,244</u>
<i>Net Change in Fund Balance</i>	(70,698)	14,603	85,301
<i>Fund Balance at Beginning of Year</i>	151,227	151,227	0
<i>Prior Year Encumbrances Appropriated</i>	<u>4,206</u>	<u>4,206</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$84,735</u></u>	<u><u>\$170,036</u></u>	<u><u>\$85,301</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Lights Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$21,723	\$22,718	\$995
Expenditures:			
Current:			
Security of Persons and Property			
Contractual Services	22,500	22,500	0
<i>Net Change in Fund Balance</i>	(777)	218	995
<i>Fund Balance at Beginning of Year</i>	6,757	6,757	0
<i>Fund Balance at End of Year</i>	\$5,980	\$6,975	\$995

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Cemetery Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$7,332	\$2,350	(\$4,982)
Expenditures:			
Current:			
Public Health			
Contractual Services	4,000	2,800	1,200
Materials and Supplies	2,000	1,312	688
Other	5,000	150	4,850
<i>Total Expenditures</i>	11,000	4,262	6,738
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,668)	(1,912)	1,756
Other Financing Sources:			
Transfers-In	10,000	10,000	0
<i>Net Change in Fund Balance</i>	6,332	8,088	1,756
<i>Fund Balance at Beginning of Year</i>	10,386	10,386	0
<i>Fund Balance at End of Year</i>	\$16,718	\$18,474	\$1,756

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Tax Increment Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other Local Taxes	\$178,874	\$167,672	(\$11,202)
Investment Income	2,000	45,437	43,437
<i>Total Revenues</i>	<u>180,874</u>	<u>213,109</u>	<u>32,235</u>
Expenditures:			
Current:			
General Government			
Contractual Services	141,609	96,404	45,205
Debt Service:			
Principal Retirement	45,000	45,000	0
Interest and Fiscal Charges	66,263	66,263	0
<i>Total Expenditures</i>	<u>252,872</u>	<u>207,667</u>	<u>45,205</u>
<i>Net Change in Fund Balance</i>	(71,998)	5,442	77,440
<i>Fund Balance at Beginning of Year</i>	361,880	361,880	0
<i>Prior Year Encumbrances Appropriated</i>	<u>52,872</u>	<u>52,872</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$342,754</u>	<u>\$420,194</u>	<u>\$77,440</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
TIF Towne Center Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
Other Financing Sources (Uses):			
Transfers-In	100,000	0	100,000
Advances-Out	(100,000)	0	(100,000)
<i>Total Other Financing Sources (Uses)</i>	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Bond Retirement Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:			
Debt Service:			
Principal Retirement	483,106	367,203	115,903
Interest and Fiscal Charges	293,945	293,945	0
<i>Total Expenditures</i>	777,051	661,148	115,903
<i>Excess of Revenues Over (Under) Expenditures</i>	(777,051)	(661,148)	115,903
Other Financing Sources:			
Transfers-In	771,434	665,788	(105,646)
<i>Net Change in Fund Balance</i>	(5,617)	4,640	10,257
<i>Fund Balance at Beginning of Year</i>	5,617	5,617	0
<i>Fund Balance at End of Year</i>	\$0	\$10,257	\$10,257

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Irvington Storm Water Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
Other Financing Uses:			
Transfers-Out	(18,352)	(18,352)	0
<i>Net Change in Fund Balance</i>	(18,352)	(18,352)	0
<i>Fund Balance at Beginning of Year</i>	18,352	18,352	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
State Route 48 Improvement Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
Other Financing Uses:			
Transfers-Out	(6,816)	(6,816)	0
<i>Net Change in Fund Balance</i>	(6,816)	(6,816)	0
<i>Fund Balance at Beginning of Year</i>	6,816	6,816	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Asset Replacement Fund
For the Year Ended December 31, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
Other Financing Sources:			
Transfers-In	100,000	100,000	0
<i>Net Change in Fund Balance</i>	100,000	100,000	0
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$100,000	\$100,000	\$0

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STATISTICAL TABLES

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.

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	94-101
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	102-111
These schedules contain information to help the reader assess the City’s most significant local revenue sources, property taxes and income taxes.	
Debt Capacity	112-118
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.	
Demographic and Economic Information	119-121
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating information	122-125
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial reports relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented *GASB Statement No. 34* in 2004. Schedules presenting government-wide information include information beginning in that year.

City of Clayton, Ohio
Net Assets by Component
Last Five Years
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	\$86,351	\$3,952	\$1,096,146	\$2,385,015	\$3,399,360
Restricted	1,465,798	1,937,007	2,283,572	2,418,788	2,222,992
Unrestricted	1,191,175	1,835,685	2,535,512	2,604,083	2,478,642
<i>Total Governmental Activities Net Assets</i>	<u>2,743,324</u>	<u>3,776,644</u>	<u>5,915,230</u>	<u>7,407,886</u>	<u>8,100,994</u>
Business-Type Activities:					
Invested in Capital Assets, Net of Related Debt	0	(102,187)	(46,429)	(78,683)	(101,418)
Unrestricted (Deficit)	149,464	164,623	(145,701)	18,068	184,759
<i>Total Business-Type Activities:</i>	<u>149,464</u>	<u>62,436</u>	<u>(192,130)</u>	<u>(60,615)</u>	<u>83,341</u>
Primary Government:					
Invested in Capital Assets, Net of Related Debt	86,351	(98,235)	1,049,717	2,306,332	3,297,942
Restricted	1,465,798	1,937,007	2,283,572	2,418,788	2,222,992
Unrestricted	1,340,639	2,000,308	2,389,811	2,622,151	2,663,401
<i>Total Primary Government Net Assets</i>	<u>\$2,892,788</u>	<u>\$3,839,080</u>	<u>\$5,723,100</u>	<u>\$7,347,271</u>	<u>\$8,184,335</u>

City of Clayton, Ohio
Changes in Net Assets
Last Four Years
(accrual basis of accounting)

	2004	2005	2006	2007
Program Revenues:				
Governmental Activities:				
Charges for Services:				
General Government	\$26,772	\$38,031	\$169,787	\$132,499
Security of Persons and Property	314,897	345,607	296,703	352,411
Public Health	800	4,625	4,125	2,350
Transportation	0	0	0	1,325
Operating Grants, Contributions and Interest	552,811	817,692	908,004	1,003,649
Capital Grants, Contributions and Interest	0	276,069	572,922	389,589
<i>Total Governmental Activities Program Revenues</i>	<u>895,280</u>	<u>1,482,024</u>	<u>1,951,541</u>	<u>1,881,823</u>
Business-Type Activities:				
Charges for Services:				
Water Department	31,303	27,111	66,812	193,040 (1)
Sewer Operating	0	0	21,505	6,384 (2)
Capital Grants, Contributions and Interest	0	107,149	269,452	0
<i>Total Business-Type Activities Program Revenues</i>	<u>31,303</u>	<u>134,260</u>	<u>357,769</u>	<u>199,424</u>
<i>Total Primary Government Program Revenues</i>	<u>926,583</u>	<u>1,616,284</u>	<u>2,309,310</u>	<u>2,081,247</u>
Expenses:				
Governmental Activities:				
Current:				
General Government	1,368,528	2,370,105	2,549,858	1,699,954
Security of Persons and Property	2,407,965	1,801,658	2,252,398	3,081,544
Leisure Time Activities	667	0	0	0
Public Health	5,376	4,549	4,136	5,101
Transportation	537,134	261,669	947,510	1,174,423
Interest and Fiscal Charges	34,215	180,251	226,533	229,427
<i>Total Governmental Activities Expenses</i>	<u>4,353,885</u>	<u>4,618,232</u>	<u>5,980,435</u>	<u>6,190,449</u>
Business-Type Activities:				
Water Department	118,331	333,428	288,508	120,237
Sewer Operating	0	56,548	140,098	137,465
<i>Total Business-Type Activities Expenses</i>	<u>118,331</u>	<u>389,976</u>	<u>428,606</u>	<u>257,702</u>
<i>Total Primary Government Expenses</i>	<u>\$4,472,216</u>	<u>\$5,008,208</u>	<u>\$6,409,041</u>	<u>\$6,448,151</u>

(continued)

- (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

City of Clayton, Ohio
Changes in Net Assets (continued)
Last Four Years
(accrual basis of accounting)

	2004	2005	2006	2007
Net (Expense) / Revenue:				
Governmental Activities	(\$3,458,605)	(\$3,136,208)	(\$4,028,894)	(\$4,308,626)
Business-Type Activities	(87,028)	(255,716)	(70,837)	(58,278)
<i>Total Primary Government Net Assets</i>	<u>(3,545,633)</u>	<u>(3,391,924)</u>	<u>(4,099,731)</u>	<u>(4,366,904)</u>
General Revenues and Transfers:				
Governmental Activities:				
Property Taxes Levied for General Purposes	342,712	364,204	383,670	374,624
Property Taxes Levied for Police	1,022,788	1,098,323	1,105,558	1,085,879
Property Taxes Levied for Fire	405,506	421,057	443,579	423,706
Property Taxes Levied for EMS	176,307	184,599	193,639	184,206
Other Local Taxes	336,326	262,708	507,230	335,198
Municipal Income Taxes Levied for General Purposes	852,187	1,459,448	1,578,201	1,311,919
Municipal Income Taxes Levied for Capital Outlay	429,971	698,190	811,251	607,727
Grants and Entitlements not Restricted to Specific Programs	820,270	579,344	514,987	534,113
Contributions	12,331	0	0	0
Investment Income	2,622	98,999	173,067	178,584
Other	90,905	107,922	107,846	168,012
Transfers	0	0	(202,352)	(202,234)
<i>Total Governmental Activities General Revenues and Transfers</i>	<u>4,491,925</u>	<u>5,274,794</u>	<u>5,616,676</u>	<u>5,001,734</u>
Business-Type Activities:				
Other	0	1,150	0	0
Transfers	0	0	202,352	202,234
<i>Total Business-Type Activities General Revenues and Transfers</i>	<u>0</u>	<u>1,150</u>	<u>202,352</u>	<u>202,234</u>
Change in Net Assets:				
Governmental Activities	1,033,320	2,138,586	1,587,782	693,108
Business-Type Activities	(87,028)	(254,566)	131,515	143,956
<i>Total Primary Government</i>	<u>\$946,292</u>	<u>\$1,884,020</u>	<u>\$1,719,297</u>	<u>\$837,064</u>

City of Clayton, Ohio
Program Revenues by Function/Program
Last Four Years
(accrual basis of accounting)

Function / Program:	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities				
General Government	\$54,892	\$357,923	\$783,323	\$606,334
Security of Persons and Property	353,681	623,878	624,108	613,690
Public Health	800	4,625	4,125	2,350
Transportation	485,907	495,598	539,985	659,449
<i>Total Governmental Activities Program Revenues</i>	<u>895,280</u>	<u>1,482,024</u>	<u>1,951,541</u>	<u>1,881,823</u>
Business-Type Activities:				
Water Department	31,303	130,227	112,469	6,776
Sewer Operating	0	4,033	245,300	192,648
<i>Total Business-Type Activities Program Revenues</i>	<u>31,303</u>	<u>134,260</u>	<u>357,769</u>	<u>199,424</u>
<i>Total Primary Government Program Revenues</i>	<u><u>\$926,583</u></u>	<u><u>\$1,616,284</u></u>	<u><u>\$2,309,310</u></u>	<u><u>\$2,081,247</u></u>

City of Clayton, Ohio
Fund Balances - Governmental Funds
Last Eight Years (1)
(modified accrual basis of accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund			
Reserved	\$18,222	\$23,351	\$68,376
Unreserved	<u>651,466</u>	<u>966,509</u>	<u>1,056,776</u>
<i>Total General Fund</i>	<u>669,688</u>	<u>989,860</u>	<u>1,125,152</u>
All Other Governmental Funds			
Reserved	9,269	174,066	243,079
Unreserved, Undesignated (Deficit) Reported in:			
Special Revenue Funds	796,231	856,525	650,808
Debt Service Fund	0	0	0
Capital Projects Funds	<u>1,352</u>	<u>(237,791)</u>	<u>(497,824)</u>
<i>Total All Other Governmental Funds</i>	<u>806,852</u>	<u>792,800</u>	<u>396,063</u>
<i>Total Governmental Funds</i>	<u>\$1,476,540</u>	<u>\$1,782,660</u>	<u>\$1,521,215</u>

(1) 2000 was the first year this financial information was available for the City of Clayton.

2003	2004	2005	2006	2007
\$128,863	\$77,786	\$141,169	\$142,351	\$59,053
687,905	1,322,683	1,917,869	1,789,609	1,734,915
816,768	1,400,469	2,059,038	1,931,960	1,793,968
408,995	243,191	136,530	210,896	110,316
733,282	1,077,057	1,328,413	1,090,855	945,875
0	0	4,431	5,617	10,257
96,248	3,093,024	454,323	506,205	681,450
1,238,525	4,413,272	1,923,697	1,813,573	1,747,898
\$2,055,293	\$5,813,741	\$3,982,735	\$3,745,533	\$3,541,866

City of Clayton, Ohio
Changes in Fund Balances - Governmental Funds
Last Eight Years (1)
(modified accrual basis of accounting)

	2000	2001	2002	2003	2004
Revenues:					
Property Taxes	\$2,032,740	\$2,146,736	\$2,239,105	\$2,222,997	\$2,341,468
Other Local Taxes (2)	0	0	0	0	0
Municipal Income Taxes	0	0	0	0	1,184,355
Intergovernmental	1,225,596	2,034,908	1,696,953	1,648,301	1,294,237
Charges for Services	44,975	127,143	240,292	264,812	301,520
Licenses and Permits	58,613	22,229	31,918	27,589	7,960
Fines and Forfeitures	0	0	0	0	22,263
Contributions and Donations	0	66,370	77,712	400	12,331
Investment Income	107,223	97,840	81,178	28,500	32,442
Special Assessments	27,456	26,747	31,056	22,765	22,128
Impact Fees	0	0	0	0	0
Other	57,338	65,766	38,011	43,869	95,932
<i>Total Revenues</i>	<u>3,553,941</u>	<u>4,587,739</u>	<u>4,436,225</u>	<u>4,259,233</u>	<u>5,314,636</u>
Expenditures:					
Current:					
General Government	818,027	861,745	788,044	762,008	1,572,028
Security of Persons and Property	1,892,324	2,033,113	2,127,539	2,362,097	2,388,868
Leisure Time Activities	51,599	0	0	0	667
Public Health	4,604	7,393	3,410	6,910	5,376
Community Environment	90,688	87,233	86,588	106,591	0
Transportation	648,650	538,912	785,432	663,815	586,560
Capital Outlay	157,611	661,085	805,690	1,370,997	0
Debt Service:					
Principal Retirement	48,579	77,606	83,493	33,255	1,616,253
Interest and Fiscal Charges	9,104	26,025	21,548	19,482	21,449
Issuance Costs	0	0	0	0	0
<i>Total Expenditures</i>	<u>3,721,186</u>	<u>4,293,112</u>	<u>4,701,744</u>	<u>5,325,155</u>	<u>6,191,201</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(167,245)</u>	<u>294,627</u>	<u>(265,519)</u>	<u>(1,065,922)</u>	<u>(876,565)</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	3,689	5,981	4,074	0	0
General Obligation Bonds Issued	0	0	0	0	0
Proceeds from Refunding Notes	0	0	0	0	0
Premium on Debt Issued	0	0	0	0	0
Notes Issued	0	0	0	1,600,000	4,500,000
Proceeds of Loan	0	0	0	0	0
Proceeds from Capital Lease	157,611	5,512	0	0	135,013
Transfers-In	188,000	200,000	337,500	524,052	278,442
Current Refunding	0	0	0	0	0
Transfers-Out	(188,000)	(200,000)	(337,500)	(524,052)	(278,442)
<i>Total Other Financing Sources (Uses)</i>	<u>161,300</u>	<u>11,493</u>	<u>4,074</u>	<u>1,600,000</u>	<u>4,635,013</u>
<i>Net Change in Fund Balances</i>	<u><u>(\$5,945)</u></u>	<u><u>\$306,120</u></u>	<u><u>(\$261,445)</u></u>	<u><u>\$534,078</u></u>	<u><u>\$3,758,448</u></u>
<i>Debt Service as a Percentage of Noncapital Expenditures (3)</i>	1.6%	2.9%	2.8%	1.4%	39.5%

(1) 2000 was the first year this financial information was available for the City of Clayton.

(2) Prior to 2006 the City did not separate Property and Other Local Taxes.

(3) Beginning in 2004, the City began 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.

2005	2006	2007
\$2,434,127	\$2,132,002	\$2,071,635
0	406,845	371,060
1,882,105	2,072,428	2,000,105
1,639,988	1,917,568	1,736,282
341,039	360,292	379,355
8,315	10,626	10,144
13,624	13,526	20,519
0	0	0
142,245	235,838	246,821
22,124	22,228	22,718
0	63,032	40,350
107,554	108,214	104,369
<u>6,591,121</u>	<u>7,342,599</u>	<u>7,003,358</u>
5,647,391	3,627,015	2,673,903
2,454,231	2,806,686	2,906,093
0	0	0
4,549	4,136	5,101
0	0	0
753,543	879,686	1,015,617
0	0	0
69,973	357,611	347,434
182,830	211,590	222,743
98,022	0	0
<u>9,210,539</u>	<u>7,886,724</u>	<u>7,170,891</u>
<u>(2,619,418)</u>	<u>(544,125)</u>	<u>(167,533)</u>
0	0	0
4,500,000	0	0
1,600,000	0	0
98,022	0	0
0	0	0
198,390	0	0
492,000	509,275	166,100
793,605	1,648,523	1,470,804
(6,100,000)	0	0
(793,605)	(1,850,875)	(1,673,038)
<u>788,412</u>	<u>306,923</u>	<u>(36,134)</u>
<u>(\$1,831,006)</u>	<u>(\$237,202)</u>	<u>(\$203,667)</u>
7.1%	9.5%	9.3%

City of Clayton, Ohio
Tax Revenues by Source - Governmental Funds
Last Eight Years (1)
(modified accrual basis of accounting)

Year	Property and Other Local Taxes	Municipal Income Tax	Total
2000	\$2,032,740	\$0	\$2,032,740
2001	2,107,593	0	2,107,593
2002	2,239,105	0	2,239,105
2003	2,222,997	0	2,222,997
2004*	2,341,468	1,184,355	3,525,823
2005	2,434,127	1,882,105	4,316,232
2006	2,538,847	2,072,428	4,611,275
2007	2,442,695	2,000,105	4,442,800

(1) 2000 was the first year financial information was available for the City of Clayton.

* Beginning in 2004 the City started collecting the 1.5 percent municipal income tax levy passed by the voters.

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City of Clayton, Ohio
Assessed Value and Estimated Actual Value of Taxable Property
Last Five Years (1)

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2000	\$193,707,740	\$11,727,330	\$586,957,343	\$10,162,410	\$11,548,193
2001	195,821,450	12,701,070	595,778,629	9,256,180	10,518,386
2002	198,251,620	12,087,280	600,968,286	6,811,490	7,740,330
2003	220,594,270	14,047,960	670,406,371	6,969,700	7,920,114
2004	223,733,540	13,378,050	677,461,686	6,750,130	7,670,602
2005	227,078,110	13,559,680	687,536,543	5,979,780	6,795,205
2006	245,417,110	14,684,510	743,147,486	5,940,090	6,750,102
2007	246,309,620	14,803,000	746,036,057	5,689,890	6,465,784

Source: Montgomery County Auditor

- (1) 2000 was the first year this financial information was available for the City of Clayton.

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. Personal property tax is assessed on all tangible personal property used in business in Ohio. 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 assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out. The assessment percentage for all property including inventory is 12.5 percent for 2007, and will be reduced to 6.25 percent for 2008, and zero for 2009.

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.

Tangible Personal Property					Weighted Average Tax Rate (per \$1,000 of assessed value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$1,664,171	\$6,656,684	\$217,261,651	\$605,162,220	35.90%	\$10.16
1,865,725	7,462,900	219,644,425	601,306,098	36.53	10.13
2,144,783	8,579,132	219,295,173	599,187,353	36.60	9.30
2,287,021	9,148,084	243,898,951	664,021,629	36.73	9.29
2,422,986	9,691,944	246,284,706	694,824,232	35.45	9.28
2,368,147	9,472,588	248,985,717	703,804,335	35.38	9.27
1,812,688	9,667,669	267,854,398	759,565,257	35.26	8.79
1,629,718	13,037,744	268,432,228	765,539,585	35.06	8.79

City of Clayton, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Eight Years (1)

	2000	2001	2002	2003
Unvoted Millage				
Operating	\$1.60000	\$1.60000	\$1.60000	\$1.60000
Voted Millage - by levy				
1976 Police				
Residential/Agricultural Real	0.6762	0.6741	0.6100	0.6100
Commercial/Industrial and Public Utility Real	1.2693	1.2690	1.0753	1.0753
General Business and Public Utility Personal	2.6800	2.6800	2.6800	2.6800
1998 Police				
Residential/Agricultural Real	1.3864	1.3821	1.2507	1.2507
Commercial/Industrial and Public Utility Real	1.5000	1.4997	1.2708	1.2708
General Business and Public Utility Personal	1.5000	1.5000	1.5000	1.5000
1998 Police				
Residential/Agricultural Real	3.2349	3.2249	2.9183	2.9183
Commercial/Industrial and Public Utility Real	3.5000	3.4993	2.9652	2.9652
General Business and Public Utility Personal	3.5000	3.5000	3.5000	3.5000
1998 Fire District - Fire and EMS				
Residential/Agricultural Real	2.1259	2.1193	1.9179	1.9179
Commercial/Industrial and Public Utility Real	2.3000	2.2996	1.9490	1.9490
General Business and Public Utility Personal	2.3000	2.3000	2.3000	2.3000
1998 Fire District - Emergency				
Residential/Agricultural Real	0.9243	0.9214	0.8339	0.8339
Commercial/Industrial and Public Utility Real	1.0000	0.9998	0.8474	0.8474
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
<i>Total Voted Millage by Type of Property</i>				
Residential/Agricultural Real	8.34770	8.32180	7.53080	7.53080
Commercial/Industrial and Public Utility Real	9.56930	9.56740	8.10770	8.10770
General Business and Public Utility Personal	10.98000	10.98000	10.98000	10.98000
<i>Total Millage by Type of Property</i>				
Residential/Agricultural Real	9.94770	9.92180	9.13080	9.13080
Commercial/Industrial and Public Utility Real	11.16930	11.16740	9.70770	9.70770
General Business and Public Utility Personal	12.58000	12.58000	12.58000	12.58000

2004	2005	2006	2007
\$1.60000	\$1.60000	\$1.60000	\$1.60000
0.6084	0.6074	0.5715	0.5716
1.0767	1.0766	0.9983	1.0043
2.6800	2.6800	2.6800	2.6800
1.2475	1.2454	1.1717	1.1719
1.2725	1.2724	1.1798	1.1869
1.5000	1.5000	1.5000	1.5000
2.9107	2.9059	2.7340	2.7344
2.9691	2.9688	2.7528	2.7693
3.5000	3.5000	3.5000	3.5000
1.9129	1.9097	1.7969	1.7971
1.9515	1.9514	1.8086	1.8194
2.3000	2.3000	2.3000	2.3000
0.8317	0.8303	0.7813	0.7814
0.8485	0.8484	0.7863	0.7911
1.0000	1.0000	1.0000	1.0000
7.51120	7.49870	7.05540	7.05640
8.11830	8.11760	7.52580	7.57100
10.98000	10.98000	10.98000	10.98000
9.11120	9.09870	8.65540	8.65640
9.71830	9.71760	9.12580	9.17100
12.58000	12.58000	12.58000	12.58000

(continued)

City of Clayton, Ohio
Property Tax Rates - Direct and Overlapping Governments (continued)
(Per \$1,000 of Assessed Valuation)
Last Eight Years (1)

Overlapping Rates by Taxing District

	2000	2001	2002	2003
Northmont School District				
Residential/Agricultural Real	\$30.9798	\$30.8410	\$30.7310	\$28.0041
Commercial/Industrial and Public Utility Real	35.8377	35.8719	35.6492	31.4708
General Business and Public Utility Personal	58.8500	58.8300	58.8000	58.3500
Trotwood-Madison School District				
Residential/Agricultural Real	38.4135	39.3770	39.6467	47.4226
Commercial/Industrial and Public Utility Real	42.4120	43.5789	45.2203	51.6159
General Business and Public Utility Personal	52.6400	52.6400	52.9100	61.0500
Brookville School District				
Residential/Agricultural Real	30.2103	30.0433	29.9119	35.8699
Commercial/Industrial and Public Utility Real	36.2159	36.4068	36.0303	40.7727
General Business and Public Utility Personal	57.0900	57.0900	57.0800	65.0600
Sinclair Community College				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
Montgomery County				
Residential/Agricultural Real	13.3359	14.1326	14.1053	12.7219
Commercial/Industrial and Public Utility Real	15.1759	15.8608	15.8389	14.5574
General Business and Public Utility Personal	16.6400	17.2400	17.2400	17.2400
Special Taxing Districts (2)				
Residential/Agricultural Real	2.2371	2.2365	2.2361	2.5161
Commercial/Industrial and Public Utility Real	2.5322	2.5278	2.5084	2.5632
General Business and Public Utility Personal	2.8400	2.8400	2.8400	2.8400

Source: Montgomery County Auditor

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) 2000 was the first year financial information was available for the City of Clayton.

(2) Library, Joint Vocational School

2004	2005	2006	2007
\$33.6824	\$33.5861	\$31.8522	\$31.7846
37.2891	37.6443	36.5464	36.5338
64.1500	64.1500	64.1500	64.1500
47.2126	47.1064	43.9139	43.9060
51.5069	51.7235	49.8603	50.1742
60.8500	60.7000	60.0600	60.0600
35.8140	35.6903	33.5760	33.6254
40.4013	40.4597	40.2386	40.4653
65.0600	65.0600	65.0400	65.0400
2.0190	2.0144	1.8234	1.8224
2.1749	2.1806	2.0774	2.0840
2.5000	2.5000	2.5000	2.5000
13.1094	13.0835	12.0043	11.9987
14.1786	14.1955	13.6040	13.6420
15.7400	15.7400	15.7400	15.7400
2.5049	3.5228	3.2372	3.2262
2.5676	3.5987	3.4506	3.4641
2.8400	3.8300	3.8300	3.8300

City of Clayton, Ohio
Principal Property Tax Payers
2007 and 2006 (1)

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

Taxpayer	2006	
	Total Assessed Valuation	Percentage of Total Assessed Valuation
Dayton Power and Light	\$3,989,200	1.49%
Tilak Nagar/Stoneridge	1,945,370	0.73%
Garden Woods Apartments	1,661,670	0.62%
LGH Properties	1,265,480	0.47%
Pleasant Real Estate LLC	944,870	0.35%
Verizon North	940,820	0.35%
Randolph Investments LLC	911,850	0.34%
Louis Fanty A. Jr.	781,110	0.29%
Greenglen Apartments of Dayton	622,350	0.23%
MB Hussain LLC	496,020	0.19%
Total Real and Personal Property	13,558,740	5.06%
All Others	254,295,658	94.94%
Total Assessed Valuation	\$267,854,398	100.00%

Source: Montgomery County Auditor

(1) Information prior to 2006 is unavailable.

City of Clayton, Ohio
Property Tax Levies and Collections
Last Eight Years (1)

<u>Collection Year</u>	<u>Total Tax Levied (2)</u>	<u>Current Tax Collection (2)</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Tax Collection (3)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections To Total Levy</u>
2000	\$2,217,305	\$2,159,653	97.40%	\$53,136	\$2,212,789	99.80%
2001	2,234,420	2,210,156	98.91%	59,142	2,269,298	101.56%
2002	2,356,324	2,279,078	96.72%	62,215	2,341,293	99.36%
2003	2,362,074	2,333,517	98.79%	77,248	2,410,765	102.06%
2004	2,305,743	2,218,299	96.21%	54,778	2,273,077	98.58%
2005	2,191,528	2,100,921	95.87%	80,491	2,181,412	99.54%
2006	2,353,436	2,287,521	97.20%	90,414	2,377,935	101.04%
2007	2,294,131	2,193,496	95.61%	72,473	2,265,969	98.77%

Source: Montgomery County Auditor

- (1) Information prior to 2000 is unavailable.
- (2) Current taxes levied and current tax collections do not include rollback and homestead amounts.
- (3) Delinquent tax collections include amounts collected from penalties, interest, and other delinquent collections. The County does not identify delinquent collections by the year for which the tax was levied.

City of Clayton, Ohio
Ratios of Outstanding Debt by Type
Primary Government
Last Eight Years (1)

Fiscal Year	Governmental Activities				Business Type Activities		Total Outstanding Debt
	Improvement Notes	Various Purpose Bonds	Communication Equipment Loan	Capital Leases	Water Line Loan	OWDA Loan	
2000	\$110,000	\$0	\$0	\$190,750	\$0	\$0	\$300,750
2001	650,000	0	0	118,656	0	0	768,656
2002	650,000	0	0	35,163	0	0	685,163
2003	1,600,000	0	0	1,908	0	0	1,601,908
2004	4,500,000	0	0	120,668	4,464,274	0	9,084,942
2005	0	4,601,904	198,390	542,695	4,444,874	1,242,895	11,030,758
2006	0	4,498,269	132,260	875,489	4,397,685	3,283,377	13,187,080
2007	0	4,381,389	66,130	880,285	4,283,073	3,354,891	12,965,768

- (1) 2000 was the first year financial information was available for the City of Clayton.
- (2) Computation of per capita personal income multiplied by population - See Demographic and Economic Statistical Table, Page 117
- (3) Source: 2000 Census

Total Personal Income (2)	Population (3)	Ratio of Debt to Total Personal Income	Debt Per Capita
\$390,546,567	13,347	0.08%	\$22.53
390,546,567	13,347	0.20%	57.59
390,546,567	13,347	0.18%	51.33
390,546,567	13,347	0.41%	120.02
390,546,567	13,347	2.33%	680.67
390,546,567	13,347	2.82%	826.46
390,546,567	13,347	3.38%	988.02
390,546,567	13,347	3.32%	971.44

City of Clayton, Ohio
*Ratio of General Obligation Bonded Debt to
 Estimated Actual Value and General Obligation Bonded Debt Per Capita
 Last Three Years (1)*

Fiscal Year	General Bonded Debt	Estimated Actual Value (2)	Population (3)	Ratio of Debt to Estimated Actual Value	Debt Per Capita
2005	\$4,601,904	\$703,804,335	13,347	0.65%	\$344.79
2006	4,498,269	759,565,257	13,347	0.59%	337.02
2007	4,381,389	765,539,585	13,347	0.57%	328.27

Source: (1) The City of Clayton did not have General Bonded Debt prior to January 1, 2005.
 (2) Montgomery County Auditor
 (3) 2000 Census

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City of Clayton, Ohio
Legal Debt Margin Information
Last Eight Years (1)

	2000	2001	2002	2003
Total Assessed Valuation	\$217,261,651	\$219,644,425	\$219,295,173	\$243,898,951
Overall debt limitation - 10.5% of assessed valuation	<u>22,812,473</u>	<u>23,062,665</u>	<u>23,025,993</u>	<u>25,609,390</u>
Gross indebtedness authorized by the City	0	650,000	650,000	1,600,000
Less Exempt Debt				
State Route 48 Improvement Note	0	650,000	650,000	1,600,000
Water Line Loan	0	0	0	0
Various Purpose Bond - State Route 48 Improvement Portion	0	0	0	0
OWDA Loan	0	0	0	0
Total Exempt Debt	<u>0</u>	<u>650,000</u>	<u>650,000</u>	<u>1,600,000</u>
Net Debt Subject to Limitation	0	0	0	0
Less amount available in the Debt Service Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Debt Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin within 10.5% limitation	<u>\$22,812,473</u>	<u>\$23,062,665</u>	<u>\$23,025,993</u>	<u>\$25,609,390</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.0%	100.0%	100.0%	100.0%

Unvoted debt limitation 5.5% of assessed valuation	\$11,949,391	\$12,080,443	\$12,061,235	\$13,414,442
Gross indebtedness authorized by the City	<u>0</u>	<u>650,000</u>	<u>650,000</u>	<u>1,600,000</u>
Less Exempt Debt				
State Route 48 Improvement Note	0	650,000	650,000	1,600,000
Water Line Loan	0	0	0	0
Various Purpose Bond - State Route 48 Improvement Portion	0	0	0	0
OWDA Loan	0	0	0	0
Total Exempt Debt	<u>0</u>	<u>650,000</u>	<u>650,000</u>	<u>1,600,000</u>
Net Debt Subject to Limitation	0	0	0	0
Less amount available in the Debt Service Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Debt Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin within 5.5% limitation	<u>\$11,949,391</u>	<u>\$12,080,443</u>	<u>\$12,061,235</u>	<u>\$13,414,442</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.0%	100.0%	100.0%	100.0%

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

(1) 2000 was the first year financial information was available for the City of Clayton.

2004	2005	2006	2007
\$246,284,706	\$248,985,717	\$267,854,398	\$268,432,228
25,859,894	26,143,500	28,124,712	28,185,384
8,964,274	10,386,159	12,198,322	11,969,094
1,600,000	0	0	0
4,464,274	4,444,874	4,397,685	4,283,073
0	1,600,000	0	0
0	1,242,895	3,283,377	3,354,891
6,064,274	7,287,769	7,681,062	7,637,964
2,900,000	3,098,390	4,517,260	4,331,130
0	4,431	5,617	10,257
2,900,000	3,093,959	4,511,643	4,320,873
\$22,959,894	\$23,049,541	\$23,613,069	\$23,864,511
88.8%	88.2%	84.0%	84.7%

\$13,545,659	\$13,694,214	\$14,731,992	\$14,763,773
8,964,274	10,386,159	12,198,322	11,969,094
1,600,000	0	0	0
4,464,274	4,444,874	4,397,685	4,283,073
0	1,600,000	0	0
0	1,242,895	3,283,377	3,354,891
6,064,274	7,287,769	7,681,062	7,637,964
2,900,000	3,098,390	4,517,260	4,331,130
0	4,431	5,617	10,257
2,900,000	3,093,959	4,511,643	4,320,873
\$10,645,659	\$10,600,255	\$10,220,349	\$10,442,900
78.6%	77.4%	69.4%	70.7%

City of Clayton, Ohio
Direct and Overlapping Governmental Activities Debt
 December 31, 2007

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Clayton (1)	Amount Applicable to the City of Clayton
Direct Debt:			
City of Clayton			
General Obligation Bonds	\$4,381,389	100.00%	\$4,381,389
Communication Equipment Loan	66,130	100.00%	66,130
Capital Lease Obligations	880,285	100.00%	880,285
	<hr/>		<hr/>
Total Direct Debt	5,327,804		5,327,804
	<hr/>		<hr/>
Overlapping Debt:			
Montgomery County			
General Obligation Bonds	44,844,293	2.50%	1,121,107
Special Assessment Bonds	2,293,164	2.50%	57,329
Capital Lease Obligations	916,265	2.50%	22,907
Trotwood-Madison School District (2)			
School Improvement Bonds	33,051,531	2.76%	912,222
Energy Conservation Note Payable	145,000	2.76%	4,002
Capital Lease Obligation	9,796,000	2.76%	270,370
Brookville School District			
School Construction Bonds	21,904,961	0.08%	17,524
Greater Dayton Regional Transit Authority			
Capital Facility Bonds	5,610,000	2.50%	140,250
	<hr/>		<hr/>
Total Overlapping Debt	118,561,214		2,545,711
	<hr/>		<hr/>
Grand Total	\$123,889,018		\$7,873,515
	<hr/> <hr/>		<hr/> <hr/>

Source: Montgomery County Auditor

(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, 2007.

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 Eight Years (1)

Year	Population (2)	Total Personal Income (3)	Per Capita Personal Income (2)	Median Household Income (2)	Median Age (2)	Percent of High School or Higher Graduates (2)	Unemployment Rate (4)	Total Assessed Property Value (5)
2000	13,347	\$390,546,567	\$29,261	\$60,625	39.2	91.5%	2.9%	\$217,261,651
2001	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	219,644,425
2002	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	219,295,173
2003	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	243,898,951
2004	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	246,284,706
2005	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	248,985,717
2006	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	267,854,398
2007	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.8%	268,432,228

(1) 2000 was the first year financial information was available for the City of Clayton.

- Source: (2) 2000 Census
(3) Computation of per capita personal income multiplied by population
(4) Ohio Department of Jobs and Family Services
(5) Montgomery County Auditor

City of Clayton, Ohio

Principal Employers

2007 and 2006 (1)

Employer	2007	
	Total Employees	Percentage of Total Employees
Northmont Board of Education	733	21.66%
Stillwater Center	210	6.20%
Montgomery County Auditor	123	3.64%
Dayton Meadowbrook	106	3.13%
City of Clayton	92	2.72%
Landes Meats, Inc.	60	1.77%
Mountain Protective Services	42	1.24%
Studebaker Electric	41	1.21%
United Dairy Farmers	40	1.18%
Anchor Fabricating	39	1.15%
Total Employees	1,486	43.90%
All Other Employers	1,899	56.10%
Total Employees	3,385	100.00%

(1) Information prior to 2006 is unavailable

Employer	2006	
	Total Employees	Percentage of Total Employees
Northmont Board of Education	720	19.32%
Stillwater Center	182	4.88%
City of Clayton	90	2.41%
Studebaker Electric	53	1.42%
Dayton Meadowbrook	50	1.35%
Anchor Fabricating	42	1.13%
Crapsey & Gilles	31	0.83%
Caffe Anticoli	20	0.54%
United Dairy Farmers	19	0.51%
Dennis E. McClure MD Inc.	18	0.48%
Total Employees	1,225	32.87%
All Other Employers	2,502	67.13%
Total Employees	3,727	100.00%

City of Clayton, Ohio
City Government Employees by Function/Program
Last Eight Years (1)

Governmental Activities:	2000		2001		2002		2003	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government:								
Administration	7	12	8	8	9	13	7	17
Police	13	14	14	14	15	26	15	23
Fire/EMS	5	45	5	45	6	50	6	49
Street	9	26	10	6	7	8	8	13
<i>Total Number of Employees</i>	<u>34</u>	<u>97</u>	<u>37</u>	<u>73</u>	<u>37</u>	<u>97</u>	<u>36</u>	<u>102</u>

(1) 2000 was the first year employment information was available for the City of Clayton.

2004		2005		2006		2007	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
7	19	9	11	10	11	16	17
15	22	13	18	13	24	16	25
5	52	4	44	7	44	7	40
8	14	10	11	8	11	7	10
<u>35</u>	<u>107</u>	<u>36</u>	<u>84</u>	<u>38</u>	<u>90</u>	<u>46</u>	<u>92</u>

City of Clayton, Ohio
Operating Indicators by Function/Program
Last Six Years (1)

	2002	2003	2004	2005	2006	2007
Police						
Police Calls	13,533	12,892	11,203	10,263	10,233	10,178
Fire/EMS						
Fire and EMS Calls	1,287	1,376	1,494	1,788	1,739	1,710
Street						
Dollars for Road Improvement	\$153,262	\$119,823	\$150,285	\$130,240	\$520,368	\$861,720
Miles of Roads	197	197	197	197	197	197
Tons of Salt Spread	353	791	700	400	350	350
Tons of Grit Spread	328	1,037	1,500	200	118	118

(1) Information prior to 2002 is not available.

City of Clayton, Ohio
Capital Assets Statistics by Function/Program
Last Four Years (1)

	2004	2005	2006	2007
General Government				
Government Center	1	1	1	1
Community Center	1	1	1	1
Gazebo	1	1	1	1
Parks	3	3	3	3
Cemeteries	2	2	2	2
Vehicles	2	2	2	2
Police				
Stations	1	1	1	1
Patrol Vehicles				
Active	7	7	9	8
Auxilliary	8	5	6	5
Support Vehicles/Trailers	2	1	1	1
Fire				
Stations	3	3	3	3
Response Vehicles	12	6	6	6
Support	2	3	3	3
EMS				
Medics	5	4	4	4
Street				
Buildings	2	2	2	2
Trucks	14	10	10	11
Pickups	3	3	3	3
Mowers	7	5	5	5

(1) Information prior to 2004 is not available.

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Mary Taylor, CPA
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
JUNE 24, 2008**