

**CITY OF DAYTON, OHIO**

**Independent Auditors' Reports on  
Compliance and Internal Controls  
and Schedule of Expenditure of Federal Awards**

**December 31, 2007**





Mary Taylor, CPA  
Auditor of State

To the Honorable Members of the City Commission  
City of Dayton  
101 West Third St.  
Dayton, OH 45401

We have reviewed the *Independent Auditors' Report* of the City of Dayton, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2007 to December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 17, 2008

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**CITY OF DAYTON, OHIO**

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**CITY OF DAYTON, OHIO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
for the year ended December 31, 2007

Grantor Agency/Programs	CFDA Number	Project Number	Federal Expenditures
<b><u>U.S. Dept. of Housing and Urban Development</u></b>			
Community Development Block Grants/Entitlements Grants	14.218	CB-06-MC-39-0010 CB-07-MC-39-0010	\$ 4,176,117 3,030,313
Subtotal			<u>7,206,430</u>
Emergency Shelter Grants Program	14.231	CS-06-MC-39-0010	289,152
Shelter Plus Care Grant	14.238	OH-16-C-50-5016 OH-16-C-30-5001 OH-16-C-40-5001 OH-16-C-50-5001 OH-16-C-50-5001 OH-16-C-50-5001	679,216 104,786 138,920 96,094 704,327 192,967
Subtotal			<u>1,916,310</u>
HOME Investment Partnerships Program	14.239	M-06-MC-39-0205 M-07-MC-39-0205 M-02-MC-39-0205 M-03-MC-39-0205 M-04-MC-39-0205 M-05-MC-39-0205	164,442 238,570 73,317 293,334 189,322 559,196
Subtotal			<u>1,518,181</u>
Fair Housing Assistance Programs-State and Local	14.401	FF-205-K-04-5019 FF-205-K-06-5019	33,409 3,161
Subtotal			<u>36,570</u>
Special Project - Economic Development Initiative	14.251	B-04-SP-OH-0614	<u>187,609</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>\$ 11,154,252</u></b>
<b><u>U.S. Department of Justice</u></b>			
<i>Passed-through Ohio Emergency Management Agency</i>			
Homeland Security Exercise Pass-thru	16.007	S05-HT03-57-0067	\$ 22,761
<i>Passed-through Ohio Office of Criminal Justice Services</i>			
Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-1240	166,676
<i>Direct Award</i>			
Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0672	35,174
Subtotal			<u>201,850</u>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2005-WE-AX-0017	65,511
Community Prosecution and Project Safe Neighborhoods	16.609	2006-PS-PSN-301	45,319
Bulletproof Vest Partnership Program	16.607	2005D6B505027754	<u>10,499</u>
<b>Total U.S. Department of Justice</b>			<b><u>\$ 345,940</u></b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Metropolitan Medical Response - Fire	97.071	EMW-2004-GR-0650	<u>65,325</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>\$ 65,325</u></b>

(Continued)

See accompanying notes to the schedule of expenditures of federal awards.

**CITY OF DAYTON, OHIO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
for the year ended December 31, 2007  
(Continued)

Grantor Agency/Programs	CFDA Number	Project Number	Federal Expenditures
<b><u>U.S. Department of Transportation</u></b>			
Airport Improvement Program	20.106	3-39-0029-62-07	\$ 92,694
		3-39-0029-57-06	4,851,944
		3-39-0029-49-04	51,907
		3-39-0029-58-07	313,820
		3-39-0029-50-04	166,863
		3-39-0029-55-06	238,186
		3-39-0030-07-05	42,937
		3-39-0029-60-07	1,184,919
		3-39-0029-61-07	265,720
		3-39-0029-51-05	229,517
		3-39-0029-56-06	126,168
		3-39-0029-54-06	291,344
		3-39-0030-08-07	6,408
		3-39-0029-59-07	2,994
Subtotal			<u>7,865,421</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	HVEO-2007-57-00-00-00334-00	44,232
		HVEO-2008-57-00-00-00285-00	5,928
Subtotal			<u>50,160</u>
State Traffic Safety Information System Improvement Grants	20.610	TE-2007-57-00-00-00446-00	22,600
Federal Transit Cluster:			
Capital Investment Grants	20.500	not available	95,722
Operating Formula Grants	20.507	not available	8,613
Subtotal			<u>104,335</u>
<i>Passed-through Ohio Department of Transportation</i>			
Highway Planning and Construction	20.205	PID 23520	3,964,192
		PID 76445	910,496
		PID 75312	241,472
		PID 77774	3,369,350
		PID 77575	1,341,738
		PID 80238	111,721
Subtotal			<u>9,938,969</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 17,981,485</u></b>
<b><u>U.S. Environmental Protection Agency</u></b>			
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-96558301-0	\$ 38,348
<b>Total U.S. Environmental Protection Agency</b>			<b><u>\$ 38,348</u></b>
<b><u>U.S. Department of Homeland Security</u></b>			
Assistance to Firefighters Grant	97.044	EMW-2005-FG-08028	\$ 2,208
Metropolitan Medical Response System	97.071	EMW-20040GR-0650	124,077
		SO5-MMRS5-57-0300	210,747
		2006-GM-T6-0051	121,296
Subtotal			<u>456,120</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>\$ 458,328</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 30,043,678</u></b>

See accompanying notes to the schedule of expenditures of federal awards.



**CITY OF DAYTON, OHIO**

**Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended December 31, 2007**

1. Basis of Presentation

The accompanying Schedule of Federal Awards has been prepared using the cash basis of accounting in accordance with the format as set forth in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS  
www.cshco.com

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

Members of the City Commission  
City of Dayton, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 28, 2008. We did not audit the financial statements of the City Wide Development Corporation, the City's only discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 2007-001 through 2007-3, to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies noted above, we consider items 2007-001 and 2007-002 to be material weaknesses.

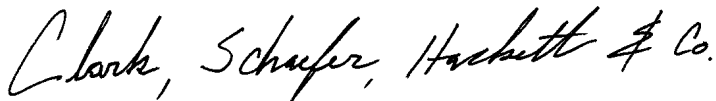
#### Compliance and Other Matters

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

We noted certain additional matters that we reported to management of the City in a separate letter dated July 28, 2008.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

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



Springfield, Ohio  
July 28, 2008



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS  
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**Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

Members of the City Commission  
City of Dayton, Ohio

Compliance

We have audited the compliance of the City of Dayton, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2007. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

#### Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2007, and have issued our report thereon dated July 28, 2008. We did not audit the financial statements of the City Wide Development Corporation, the City's only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar, as it relates to the amounts included for the component unit, is based on the report of the other auditors. Our audit was performed for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
July 28, 2008

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505**

CITY OF DAYTON  
DECEMBER 31, 2007

**1. SUMMARY OF AUDITORS' RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified								
(d)(1)(ii)	Was there any material weaknesses reported at the financial statement level (GAGAS)?	Yes								
(d)(1)(ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	Yes								
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No								
(d)(1)(iv)	Was there any material weaknesses reported for major federal programs?	No								
(d)(1)(iv)	Were there any significant deficiencies reported for major federal programs?	No								
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified								
(d)(1)(vi)	Are there any reportable findings under §.510?	No								
(d)(1)(vii)	Major Programs (list):	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Program</u></th> <th style="text-align: right;"><u>CFDA#</u></th> </tr> </thead> <tbody> <tr> <td>Community Development Block Grant - Entitlement</td> <td style="text-align: right;">14.218</td> </tr> <tr> <td>HOME Investment Partnership Program</td> <td style="text-align: right;">14.239</td> </tr> <tr> <td>Highway Planning and Construction</td> <td style="text-align: right;">20.205</td> </tr> </tbody> </table>	<u>Program</u>	<u>CFDA#</u>	Community Development Block Grant - Entitlement	14.218	HOME Investment Partnership Program	14.239	Highway Planning and Construction	20.205
<u>Program</u>	<u>CFDA#</u>									
Community Development Block Grant - Entitlement	14.218									
HOME Investment Partnership Program	14.239									
Highway Planning and Construction	20.205									
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$901,310 Type B: All others								
(d)(1)(ix)	Low Risk Auditee?	No								

## 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

### **Finding 2007-001: Bank Reconciliation Process**

The monthly reconciliation of the balance per the accounting records to the City's deposit and investment account is a critical control to ensure cash receipts and disbursements are being processed throughout the month are accurate and complete. The December 31, 2007 bank reconciliation for the City includes a significant amount of unallocated deposits which represents monies received but have not yet been posted to the appropriate fund due to lack of documentation regarding what funds the amounts should be applied to. In some instances, these deposits have remained unallocated for a significant period of time. In addition, the reconciliation is not being completed in a timely manner. The City did not provide the final December 31, 2007 cash reconciliation until June 2008. The outstanding check listings used in this reconciliation for the general and payroll accounts had various items included on them which were not actually outstanding checks. Furthermore, in tracing outstanding items to subsequent bank statements, it was noted that the January through April, 2008 outstanding check listings were not printed until April 2008, thereby causing all checks cashed in that time period to be reported as cleared as of January 31, 2008. This indicates the reconciliation process during 2008 is still not being completed on a timely basis.

Unallocated deposits results in assets of respective funds being underreported as well as keeping available cash from being obligated. The lack of a timely and accurate reconciliation of the bank balance to the recorded fund balance increases the risk that an error in the posting of cash receipts and disbursements will be detected by the City in a timely manner.

While the City appears to have taken steps over the past years to improve the cash reconciliation process, additional efforts need to be focused on resolving the unallocated deposits issue as well as the timeliness of the reconciliation process. This comment is repeated from the previous audit.

#### Management Response:

*The City's cash reconciliation is comprised of 19 components including zero balance bank accounts. In response to the unallocated deposits issue, eighty-two percent of the unallocated deposits in 17 of the 19 components were resolved within 5 to 10 days.*

*The City of Dayton reconciles bank accounts monthly. The December 31, 2007 reconciliation was complete in March 2008. Prior to submitting the 2007 concentration bank account reconciliation to the Auditors for review, City staff discovered that some transactions were not recorded on the correct individual pages within the reconciliation. City staff worked to correct this matter. The overall reconciliation did balance in March 2008 and remained in balance when it was given to the Auditors in June 2008.*

*The City of Dayton has hired an outside software consultant to enhance the City's bank reconciliation process.*

### **Finding 2007-002: Financial Accounting System**

The City's current accounting system does not currently facilitate an effective or efficient financial reporting process. The City records day-to-day transactions on a "modified accrual" basis of accounting where certain receivables and payables are recorded with an offsetting entry to revenue or expense accounts. During the GAAP conversion process, these receivables and payables are reversed out to effectively generate cash basis information. The amounts reported for receivables and payables are then recreated using historical information during the GAAP conversion for financial reporting purposes.

In addition, the information posted from the subsidiary receivable systems to the general ledger of the City posts the information in single batch amounts representing various invoices issued for same revenue account. Cash receipts are posted in a similar manner. While the City has significantly improved the interfacing of subsidy ledgers to the general ledger over the past few years, a significant number of manual journal entries are still required to properly report or classify certain transactions in the system. While reconciliations between the amounts posted to the general ledger from the subsidiary ledgers are available, the City must go through a series of steps to identify individual transactions within the general ledger.

The number of manual journal entries used and the complexity of the process needed to identify individual transactions increase the risk that errors in the accounting system would not be detected on a timely basis by employees during the normal course of performing their duties.

The City should consider consulting with the vendor that supports its accounting system application to determine if changes in procedures can be made to improve the operational efficiency of the system to limit the number of manual entries required as well as establishing an adequate audit trail between the general accounting system and the subsidiary systems to ensure cash receipts are accurately posted.

#### **Management Response:**

*The current process used by the City to complete the GAAP conversion produces accurate financial statements. The City is continuing to work to fully utilize the capabilities of the accounting software. During 2007, the City extended the accrual period captured on the accounting system from 30 days to 60 days to ensure that the accrual information for accounts payable that is captured on the system is accurate. 2007 was a test year, and manual journal entries were still made for all accounts payable using historical information. The City plans to compare the manual entries with the reports created by the system to verify the accuracy of the reports before relying on the modified accrual information produced by the system. The City is working with the software vendor to improve the usefulness of reports generated from the accounting system.*

*In addition, the City has worked to interface the subsidiary revenue systems and transactions are now automatically interfaced into the City's primary financial system. Daily monitoring of batch totals for each of the subsidiary systems is performed. As variances are discovered, staff moves quickly to resolve them. Audit trails between the subsidiary systems and the primary financial system do exist and have been in place well prior to 2007. Although it may require a series of steps, adequate documentation to verify reconciliation of any of the three systems is available and can be retrieved from the subsidiary system.*

*The City is not in a position at this time to replace its general ledger system.*



### **Finding 2007-003: Information Technology Systems Controls**

During 2007, there were areas noted during the review of the controls and security measures in place related to the City's information systems which needed to be strengthened to ensure financial transactions are initiated, authorized, processed and reported in a reliable manner. The areas noted include the following:

- a) Programmers/System Analysts had access to the production environment for the water, tax and treasury applications and were allowed to promote programming changes to the production environment which increases the risk of unauthorized programming changes to the production environment, resulting in the loss of integrity (accuracy and completeness) of the financial data and the circumvention of normal quality controls.

Controls should be strengthened to ensure that changes are implemented independently of the developer and only after the necessary review and approval processes have taken place.

#### Management Response:

a) *The Department of Central Services, Division of IT has existing policies for change management that are used as a standard for transforming, altering, or modifying the operating environments that could have a potential and/or significant impact on the stability and/or reliability of the information systems infrastructure. While these procedures do not absolutely prevent the developer who made the changes to the system from moving those changes into production, they do require the developer to:*

- *submit written documentation of requests for the change(s);*
- *provide the logic of and rationale for the proposed change(s);*
- *assure that all potentially impacted parties are notified and approve the proposed change(s);*
- *identify the risks of implementing, or not implementing the proposed change(s) and*
- *prepare a remedial or "back out" plan of action to be executed in the event that the change implementation is unsuccessful.*

*While these policies and related practices provide a substantial and prudent foundation for control in the form of system change management, it is possible that the controls could be further strengthened. At the July 2007 review of these practices between the IT Division and the Auditor staff, it was acknowledged and indicated by Auditor staff that the "ITS Department has in place policies, procedures, and practices that provide [a] good control environment over the financial accounting systems...". Audit staff further indicated that this finding was in the low-to-medium risk category.*

*The IT Division's plan is to enhance the existing policy by adopting a methodology for additional independent review and approval processes for program changes to ensure accuracy and integrity. Ultimately, these policy enhancements will be addressed as a part of the Department of Central Services' strategic planning process, which is targeted for 1<sup>st</sup> quarter 2009. In order to fully develop and implement these policies and related practices, dedicated staff (non-developers/programmers) will be required to be in place to assess proposed programming changes and promote the changes into production, if and as directed. Current staff cannot be utilized to fulfill these roles, as they are the individuals making the programming changes.*

- b) Twelve users had system privileges on the Oracle accounts receivable system, including one user who was not a current employee of the Finance or ITS departments. Such access privileges allow users full access to the application and permits circumventing of the segregation of duties principles.

After the City was made aware of this situation in late 2007, the user privileges for the Oracle accounts receivable system were reviewed and appropriate adjustments were made to limit this access to necessary personnel. We encourage the City to develop routine procedures which evaluate the user privileges granted to personnel on all system applications to ensure the level of access is appropriate for each individual user.

Management Response:

*In late 2007, the City reviewed the user privileges for the Oracle accounts receivable system. As a result, system access was limited to necessary personnel. The City will work to develop procedures to ensure the level of access is appropriate for each individual user.*

- c) There was no automated system procedure in place to ensure transactions are not posted more than once to the accounting system, which increases the risk that duplicate transactions could be posted and result in the loss of data integrity (accuracy and completeness) of the financial data.

Management should implement automated duplicate transaction checks before financial information is posted from the treasury to the tax and water applications.

Management Response:

*The City has hired an additional software consultant. That person will work to implement automated duplicate transaction audits before financial information is posted from the treasury system to the tax and water applications.*

- d) The accounts receivable application was, and still is, hosted on the Oracle database Version 7.3.3 which is no longer being supported by Oracle which increases the risk that any issues encountered with the database may render the accounts receivable application inoperable for a significant time period due to lack of support.

The City is currently in the process of implementing a new accounts receivable application which should be implemented by the end of 2008.

Management Response:

*The City is currently in the process of implementing a new accounts receivable module of the Banner system. Implementation is expected by the end of 2008.*

### 3. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Reported

**SCHEDULE OF PRIOR AUDIT FINDINGS**

CITY OF DAYTON  
DECEMBER 31, 2007

Finding Number	Finding Summary	Fully Corrected	Not corrected; partially corrected; significantly different corrective action taken; or finding no longer valid. <b>Explain:</b>
2006-001	The bank reconciliation for December 31, 2006 included a significant amount of unallocated deposits and was not completely in a timely manner.	No	Repeated as Finding 2007-001
2006-002	Audit adjustments were necessary to properly accrue income taxes receivable in accordance with GASB Statement No. 33.	Yes	No such audit adjustments were identified for 2007.
2006-003	The current financial accounting system of the City did not provide an efficient and effective means to allow individual transactions to be identified without utilizing a series of steps or procedures.	No	Repeated as Finding 2007-002
2006-004	Deficiencies were noted in the controls and security measures in place related to the City's information systems.	No	Repeated as Finding 2007-003  While the City has addressed some of the issues noted in the finding and are in the process of addressing the remaining issues, the deficiencies were still in place for the majority, if not all, of 2007.

**CITY OF DAYTON, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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**CITY OF DAYTON, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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July 29, 2008

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Dayton, Ohio for the fiscal year ended December 31, 2007.

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The CAFR was prepared using Generally Accepted Accounting Principals (GAAP) as applied to governmental units and contains all disclosures necessary to enable the reader to understand the City's financial affairs. Responsibility for both the accuracy of the data and completeness and fairness of the presentation rests with the management of the City.

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

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

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

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

In 1913, Dayton was the first large city to adopt the Council-Manager form of government. The Dayton City Commission is comprised of the Mayor and four City Commissioners. They are elected at-large on a non-partisan basis for four-year overlapping terms. All policy items are decided by the City Commission, which is empowered by the City Charter to pass ordinances and resolutions, adopt regulations and appoint the City Manager. The City Manager manages 19 City Departments employing 2761 people.

Dayton is a city in southwestern Ohio. It is the county seat and the largest city in Montgomery County. Dayton is a part of several other communities called the Greater Dayton area which includes the communities of Vandalia, Trotwood, Kettering, Centerville, Beavercreek, Fairborn, West Carrollton, Huber Heights, Troy, and Miamisburg. As of the 2006 census estimate, the population of Dayton was 156,711. The estimate for the Greater Dayton Area had a population of 542,237.

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

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

The annual budget serves as the foundation for the City of Dayton's financial planning and control. City Commission is required to adopt the original budget not before the second Monday in January and the final budget by no later than the close of the fiscal year. The budget is prepared by fund, function and department. Department heads may make certain appropriation transfers within a department (so long as they are within the same fund).

## **LOCAL ECONOMY**

The City of Dayton was nicknamed the "*Gem City*" in the 1840's for town's wealth, refinement, enterprise, and physical beauty. Inventors from Dayton, Ohio have given the world the airplane, the automobile self-starter, the cash register, food for the astronauts, micro-encapsulation and major components for the Gemini and Apollo flights. The City is a recognized leader in the production of many products, including business machines, business forms and automotive parts. The Dayton area has one of the highest per capita concentrations of scientific and technical personnel in the State.

Dayton plays host to significant industrial, aerospace, and technological/engineering research activity and is known for the many technical innovations and inventions developed there. The city was the home of the Wright brothers, poet Paul Laurence Dunbar, and entrepreneur John H. Patterson. The Dayton area is home to several major international, national, and regional corporations, including NCR, Reynolds & Reynolds, Liberty Bank, Standard Register, WorkflowOne (formally Relizon), Huffy Bicycles, and LexisNexis.

Dayton's history includes a long and lucrative past as a center for manufacturing. However, as the nation transitions from an industrial economy to a service economy, Dayton has realized a disproportionate loss of jobs. To underscore this point, the larger Dayton region has experienced a contracting employment base for seven consecutive years, with 31,900 or 7.3% fewer jobs in 2007 than seven years earlier.

## **Change Brings Opportunities**

The past eight years have been challenging and much of the economic news of late has been negative. Unfortunately, this has overshadowed several success stories in Dayton and the larger region. To be sure the Dayton economy is in transition and the challenges are great. But with change comes opportunity. This is evident in the City's asset-based development strategy.

A few examples of the exciting development projects that have recently been completed or are currently planned include the following:

- On July 2, 2007 the City broke ground on the Creative Technology Accelerator (CTA), the first new building to be constructed at Dayton's Tech Town campus. The anchor tenant will be IDCAST—the Institute for Development and Commercialization of Advanced Sensor Technology. As a recipient of a \$28 million grant from the Ohio Third Frontier Commission, IDCAST will bring hundreds of new, high-paying, high-tech jobs to Dayton and have a huge economic impact on the entire state.
- Development along Brown Street revitalizing the main transportation corridor in the University District.
- A site at the Delphi Home Avenue plant is being redeveloped by the National Composite Center to house the Dayton Campus for Advanced Materials Technology (DCAMT). The reuse of this facility will harness Dayton's expanding competency in advanced materials technologies. During the next five years, V System Composites, the site's first tenant and the National Composite Center will invest more than \$5 million while adding 200 new jobs.
- Construction of a new \$70 million, 300,000-sq.-ft. CareSource headquarters is slated to open late in 2008. The 10-story, ultra-contemporary structure will be the workplace for approximately 600 employees of the fast-growing Medicaid managed care services company. The new building also will support the company's anticipated growth to as many as 1,200 employees.
- Implementation of the latest Base Realignment and Closure (BRAC) round, which will create hundreds, if not thousands, of new high-skilled jobs in the areas of aerospace medicine and sensors technology.
- The proposed Ballpark Village District project confluence of three rivers, is the fulfillment of a generations-long strategic vision to combine recreational amenities with housing, retail and office synergies. The proposed 72-acre mixed-use development will offer an exciting array of live, work and play options.

## **LONG-TERM FINANCIAL PLANNING**

Moody's Investors Services confirmed Dayton's Bond credit rating at A1 and upgraded our debt rating from A3 to A2 has been maintained. In addition, Standard and Poor's announced that it retained Dayton's A+ rating. Both announcements signal their confidence in Dayton's financial management practices and long-term stability.

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

## **RELEVANT FINANCIAL POLICIES**

The City's long-standing policy is to maintain minimum reserve levels equal to six to ten weeks of operating reserves (11.5% to 19.2%). The City Commission's policy is to apply the General Fund balance only to the following limited purposes: one-time strategic investments yielding a significant number of jobs; one-time strategic investments in technology to reduce operating costs; and, to weather a recession or economic shock during a maximum 18-month period. Consistent with City policy to maintain the General Fund reserve and not increase the City income tax, City management took action to increase General Fund revenues and reduce General Fund expenses and renew the City of Dayton's earnings tax. We were also able to retain important property tax credits for senior citizens and disabled residents of our community. The earnings tax renewal means the City of Dayton will be able to maintain the same earnings tax rate for at least 30 years.

## **AWARDS AND ACKNOWLEDGEMENTS**

This was the 25th consecutive year that the City has the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dayton for its CAFR for the year ended December 31, 2006. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and organized Comprehensive Annual Financial Report, whose contents conformed to program standards judged by the GFOA. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement program requirements, and the 2007 CAFR has been submitted to the GFOA for their review.

We hereby acknowledge a sincere extension of gratitude to all who contributed their time and effort towards the completion of this 2007 CAFR assignment. My appreciation is extended to the City Commission Office, the City Manager's Office, City department heads, and all city employees responsible for contributing to the sound financial position of the City. I would like to acknowledge the efforts of the Accounting and Treasury staff, other members of the Finance Department and our consultant, Julian and Grube, Inc., all of whom contributed to the development of the CAFR.

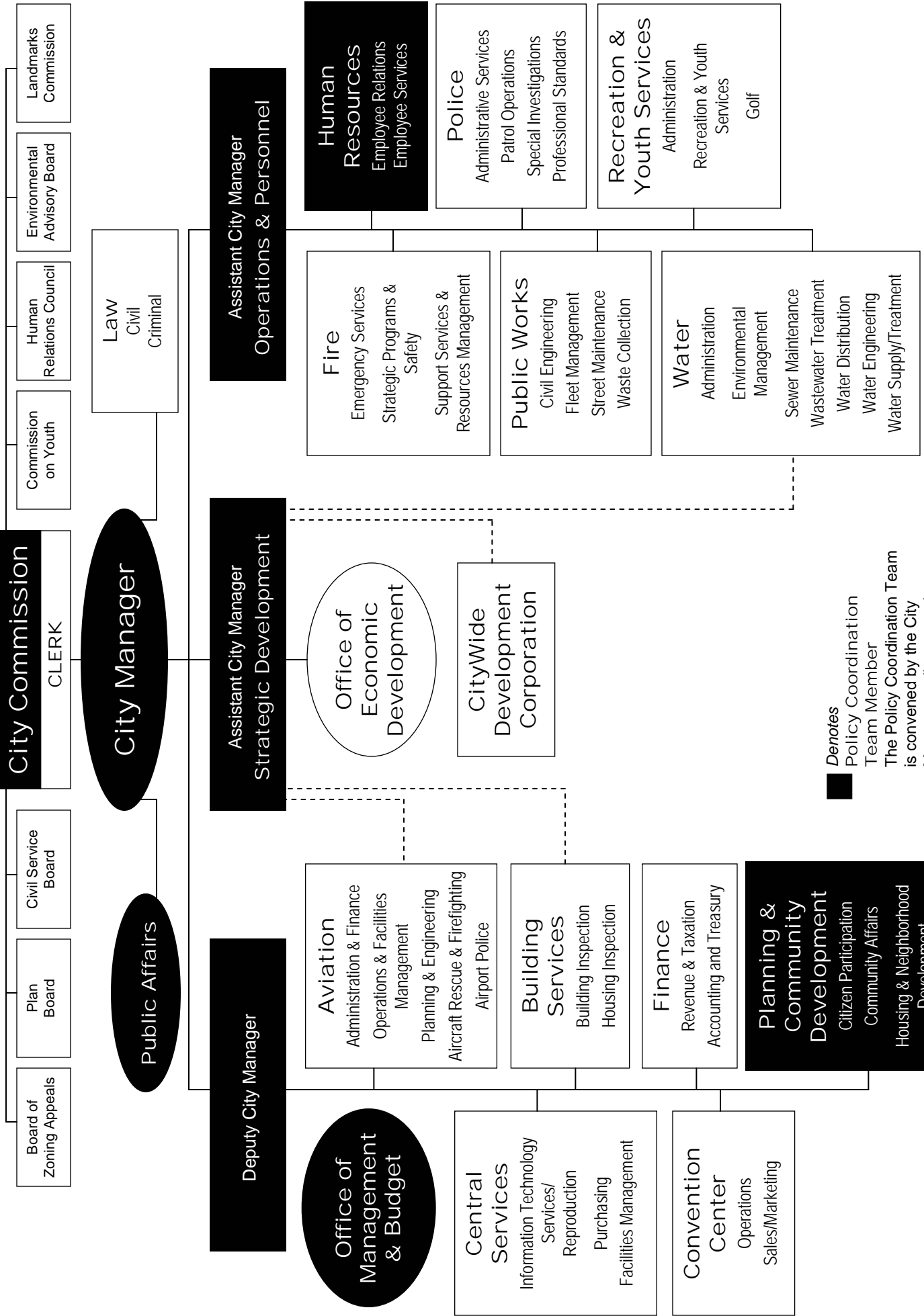
Respectively submitted,



Cheryl J. Garrett  
Finance Director

# Organization of the City of Dayton

Citizens of Dayton



**Denotes**  
 Policy Coordination Team Member  
 The Policy Coordination Team is convened by the City Manager to discuss various issues.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dayton  
Ohio

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



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS  
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**Independent Auditors' Report**

City Commission  
City of Dayton, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio (the City) as of and for the year ended December 31, 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 did not audit the financial statements of the City Wide Development Corporation, the City's only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio as of December 31, 2007, and the respective change in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages F-3 through F-26 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
July 28, 2008



## CITY OF DAYTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007

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

Key financial highlights for 2007 are as follows:

- The total net assets of the City increased \$47,434,027. Net assets of governmental activities increased \$22,105,663 or 6.17% over 2006 and net assets of business-type activities increased \$25,328,364 or 5.24% over 2006.
- General revenues accounted for \$169,442,528 or 72.24% of total governmental activities revenue. Program specific revenues accounted for \$65,114,598 or 27.76% of total governmental activities revenue.
- The City had \$212,212,267 in expenses related to governmental activities; \$65,114,598 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$147,097,669 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$169,442,528.
- The general fund had revenues of \$177,468,317 in 2007. This represents an increase of \$5,264,378 from 2006 revenues. The expenditures and other financing uses of the general fund, which totaled \$172,843,898 in 2007, decreased \$6,570,425 from 2006. The net increase in fund balance for the general fund was \$4,624,419 or 12.38%.
- The debt service major fund had \$12,302,725 in revenues and other financing sources and \$8,706,772 in expenditures in 2007. The fund balance in the debt service was \$18,676,879, a 23.84% increase from 2006.
- The capital improvement major fund had \$39,465,030 in revenues and other financing sources and \$48,055,985 in expenditures and other financing uses in 2007. The capital improvement fund also had a transfer in of \$5,794,500 from the general fund and a transfer out of \$422,591 to the debt service fund. The fund balance for the capital improvement fund decreased \$3,219,046 or 13.73%.
- Net assets for the business-type activities, which are made up of the Dayton International Airport, water, sewer, storm water and golf enterprise funds, increased in 2007 by \$25,328,364.
- The Dayton International Airport enterprise fund had \$39,311,221 in operating revenues and \$34,756,657 in operating expenses in 2007. The Dayton International Airport enterprise fund also had non-operating revenues of \$3,645,455, non-operating expenses of \$7,029,445, capital contributions of \$15,058,562 and transfers in of \$239,196. The net assets of the Dayton International Airport enterprise fund increased \$16,468,332 or 8.01%.
- The water enterprise fund had \$50,944,369 in operating revenues and \$45,001,456 in operating expenses in 2007. The water enterprise fund also had non-operating revenues of \$1,249,272 and non-operating expenses of \$350,842. The net assets of the water enterprise fund increased \$6,841,343 or 4.52%.
- The sewer enterprise fund had \$31,322,099 in operating revenues and \$30,011,641 in operating expenses in 2007. The sewer enterprise fund also had non-operating expenses of \$862,782. The net assets of the sewer enterprise fund increased \$447,676 or .42%.

## CITY OF DAYTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007

- In the general fund, the actual revenues and other financing sources came in \$1,363,056 higher than they were in the final budget and actual expenditures and other financing uses were \$4,273,471 less than the amount in the final budget. Budgeted revenues and other financing sources increased \$1,678,300 from the original to the final budget. Budgeted expenditures and other financing uses increased \$8,288,700 from the original to the final budget.

#### **Using this Comprehensive Annual Financial Report**

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

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

#### **Reporting the City as a Whole**

##### *Statement of Net Assets and the Statement of Activities*

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**Governmental Activities** - Most of the City's programs and services are reported here including police, fire, street and highway maintenance, HUD program operations, community and economic development and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

**Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's airport, water, sewer, storm water and golf operations are reported here.

## CITY OF DAYTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007

#### **Reporting the City's Most Significant Funds**

##### *Fund Financial Statements*

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page F 11.

##### *Governmental Funds*

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major and nonmajor funds. The City's major governmental funds are the general fund, debt service fund and capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages F 32 – F 36 of this report and further detail on the City's major and nonmajor governmental funds can be found in Note 2 of this report.

##### *Proprietary Funds*

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, water, sewer, storm water and golf operations. The City reports the airport fund, water fund and sewer fund as major enterprise funds. These major funds are presented separately in the proprietary fund financial statements. The storm water fund and the golf fund are considered nonmajor funds and are combined into a single, aggregated presentation in the proprietary fund financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages F 38 – F 47 of this report.

**CITY OF DAYTON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statement can be found on page F 48 of this report.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F 49 – F 97 of this report.

**Government-Wide Financial Analysis**

The Statement of Net Assets provides the perspective of the City as a whole. The table below provides a summary of the City's net assets at December 31, 2007 compared to December 31, 2006:

	<b>Net Assets</b>					
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>	Business-Type Activities <u>2007</u>	Business-Type Activities <u>2006</u>	Total <u>2007</u>	Total <u>2006</u>
<b><u>Assets</u></b>						
Current and other assets	\$ 184,552,351	\$ 172,783,578	\$ 145,790,211	\$ 151,367,470	\$ 330,342,562	\$ 324,151,048
Capital assets, net	<u>322,388,096</u>	<u>305,557,308</u>	<u>438,436,497</u>	<u>440,037,033</u>	<u>760,824,593</u>	<u>745,594,341</u>
Total assets	<u>506,940,447</u>	<u>478,340,886</u>	<u>584,226,708</u>	<u>591,404,503</u>	<u>1,091,167,155</u>	<u>1,069,745,389</u>
<b><u>Liabilities</u></b>						
Long-term liabilities						
outstanding	88,427,509	83,588,334	63,265,345	99,915,647	151,692,854	183,503,981
Other liabilities	<u>37,846,722</u>	<u>36,191,999</u>	<u>12,667,311</u>	<u>8,523,168</u>	<u>50,514,033</u>	<u>44,715,167</u>
Total liabilities	<u>126,274,231</u>	<u>119,780,333</u>	<u>75,932,656</u>	<u>108,438,815</u>	<u>202,206,887</u>	<u>228,219,148</u>
<b><u>Net Assets</u></b>						
Invested in capital						
assets, net of related debt	272,261,647	242,926,214	380,340,354	346,386,163	652,602,001	589,312,377
Restricted	64,585,698	71,779,813	-	-	64,585,698	71,779,813
Unrestricted	<u>43,818,871</u>	<u>43,854,526</u>	<u>127,953,698</u>	<u>136,579,525</u>	<u>171,772,569</u>	<u>180,434,051</u>
Total net assets	<u>\$ 380,666,216</u>	<u>\$ 358,560,553</u>	<u>\$ 508,294,052</u>	<u>\$ 482,965,688</u>	<u>\$ 888,960,268</u>	<u>\$ 841,526,241</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2007, the City's assets exceeded liabilities by \$888,960,268. At year-end, net assets were \$380,666,216 and \$508,294,052 for the governmental activities and the business-type activities, respectively.

**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

Current and other assets of the governmental activities increased \$11,768,773. This increase is due to an increase in cash and an increase in special assessments receivable compared to December 31, 2006. Capital assets, net of accumulated depreciation, of the governmental activities increased \$16,830,788 due to an increase in construction projects related to infrastructure. The increase of \$4,839,175 in long-term liabilities outstanding is the result of the City issuing capital improvements bonds. Other liabilities increased \$1,654,723 due to an increase in accounts and contracts payable dealing with construction projects.

Current and other assets of the business-type activities decreased \$5,577,259 due to a decrease in accounts receivable mainly in the airport fund and sewer fund. Long-term liabilities of the business-type activities decreased \$36,650,302. This decrease can be attributed to scheduled principal payments on bonds, notes and loans in the airport fund, water fund and sewer fund as well as over \$23 million in additional airport revenue bonds that were defeased during 2007. Other liabilities increased due to an airline settlement due out of the airport fund to the airlines.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 69.73% of total assets. Capital assets include land, construction in progress (CIP), land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2007, were \$272,261,647 and \$380,340,354 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net assets, \$64,585,698, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$43,818,871 may be used to meet the government's ongoing obligations to citizens and creditors.

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**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

The table below shows the changes in net assets for fiscal years 2007 and 2006.

	<b>Change in Net Assets</b>					
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 30,331,644	\$ 28,349,225	\$ 131,594,599	\$ 129,481,245	\$ 161,926,243	\$ 157,830,470
Operating grants and contributions	19,245,962	16,701,482	-	-	19,245,962	16,701,482
Capital grants and contributions	15,536,992	11,253,574	15,058,562	15,408,247	30,595,554	26,661,821
Total program revenues	<u>65,114,598</u>	<u>56,304,281</u>	<u>146,653,161</u>	<u>144,889,492</u>	<u>211,767,759</u>	<u>201,193,773</u>
General revenues:						
Property taxes	23,444,142	21,788,008	-	-	23,444,142	21,788,008
Income taxes	113,785,961	117,876,441	-	-	113,785,961	117,876,441
Unrestricted grants	17,600,763	19,192,977	-	-	17,600,763	19,192,977
Interest	7,064,009	5,084,176	4,894,727	3,640,943	11,958,736	8,725,119
Miscellaneous	7,547,653	2,862,437	-	-	7,547,653	2,862,437
Total general revenues	<u>169,442,528</u>	<u>166,804,039</u>	<u>4,894,727</u>	<u>3,640,943</u>	<u>174,337,255</u>	<u>170,444,982</u>
Total revenues	<u>234,557,126</u>	<u>223,108,320</u>	<u>151,547,888</u>	<u>148,530,435</u>	<u>386,105,014</u>	<u>371,638,755</u>
<b>Expenses:</b>						
Downtown	5,666,737	4,978,385	-	-	5,666,737	4,978,385
Youth, education and human services	2,408,097	1,886,238	-	-	2,408,097	1,886,238
Community development	21,459,480	20,050,274	-	-	21,459,480	20,050,274
Economic development	15,999,955	9,348,825	-	-	15,999,955	9,348,825
Leadership and quality of life	43,224,368	43,411,252	-	-	43,224,368	43,411,252
Corporate responsibility	17,892,823	20,544,073	-	-	17,892,823	20,544,073
Public safety and justice	101,277,697	98,533,695	-	-	101,277,697	98,533,695
Other	1,378,197	1,105,280	-	-	1,378,197	1,105,280
Interest and fiscal charges	2,904,913	3,043,887	-	-	2,904,913	3,043,887
Dayton International Airport	-	-	41,813,989	39,032,293	41,813,989	39,032,293
Water	-	-	45,401,676	45,200,207	45,401,676	45,200,207
Sewer	-	-	30,889,719	32,375,482	30,889,719	32,375,482
Other business-type activity funds:					-	
Golf	-	-	3,322,911	3,121,707	3,322,911	3,121,707
Storm water	-	-	5,030,425	4,491,851	5,030,425	4,491,851
Total expenses	<u>212,212,267</u>	<u>202,901,909</u>	<u>126,458,720</u>	<u>124,221,540</u>	<u>338,670,987</u>	<u>327,123,449</u>
Increase in net assets before transfers	22,344,859	20,206,411	25,089,168	24,308,895	47,434,027	44,515,306
Transfers	<u>(239,196)</u>	<u>(61,500)</u>	<u>239,196</u>	<u>61,500</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>22,105,663</u>	<u>20,144,911</u>	<u>25,328,364</u>	<u>24,370,395</u>	<u>47,434,027</u>	<u>44,515,306</u>
Net assets at beginning of year	<u>358,560,553</u>	<u>338,415,642</u>	<u>482,965,688</u>	<u>458,595,293</u>	<u>841,526,241</u>	<u>797,010,935</u>
Net assets at end of year	<u>\$ 380,666,216</u>	<u>\$ 358,560,553</u>	<u>\$ 508,294,052</u>	<u>\$ 482,965,688</u>	<u>\$ 888,960,268</u>	<u>\$ 841,526,241</u>

# CITY OF DAYTON, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007

### Governmental Activities

Governmental activities net assets increased \$22,105,663 in 2007. This increase is a result of increasing revenues, specifically the property tax revenue, charges for services, grants and entitlements and investment income. The expenditures of the governmental activities increased 4.59% primarily in the areas of public safety and justice and economic development. The economic development expenditures increased due to the main street garage project that began during 2007.

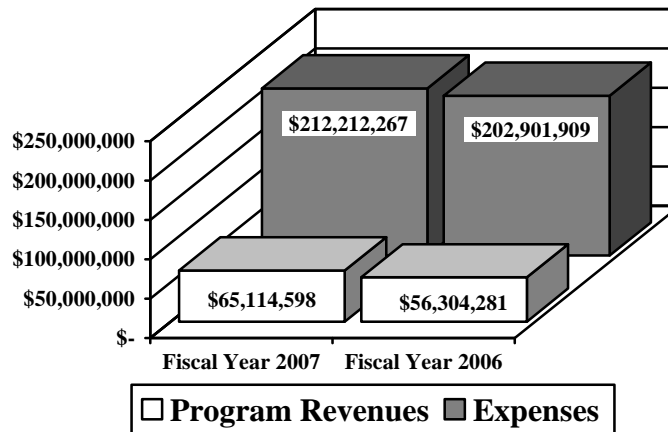
Public safety and justice, which primarily supports the operations of the police and fire departments accounted for \$101,277,697 of the total expenses of the City. These expenses were partially funded by \$17,363,610 in direct charges to users of the services. Leadership and quality of life expenses totaled \$43,224,368. Leadership and quality of life expenses were partially funded by \$4,251,275 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$19,245,962 in operating grants and contributions and \$15,536,992 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$8,133,785 subsidized leadership and quality of life and \$7,158,984 subsidized community development and neighborhoods. Of the total capital grants and contributions, \$15,536,992 subsidized leadership and quality of life programs.

General revenues totaled \$169,442,528, and amounted to 72.24% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$137,230,103. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$17,600,763.

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

**Governmental Activities – Program Revenues vs. Total Expenses**



**CITY OF DAYTON, OHIO**

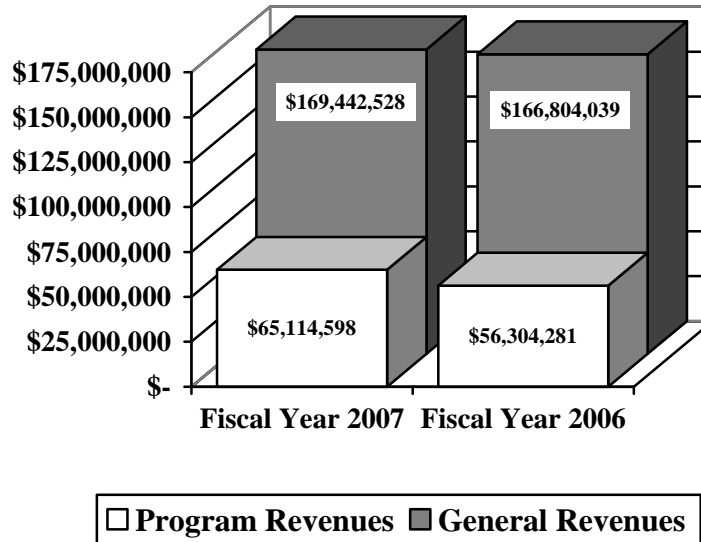
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Governmental Activities**

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Program Expenses:				
Downtown	\$ 5,666,737	\$ 4,719,291	\$ 4,978,385	\$ 4,472,833
Youth, education and human services	2,408,097	42,396	1,886,238	502,251
Community development and neighborhoods	21,459,480	11,299,813	20,050,274	13,188,475
Economic development	15,999,955	14,467,553	9,348,825	6,373,468
Leadership and quality of life	43,224,368	15,302,316	43,411,252	21,605,269
Corporate responsibility	17,892,823	15,359,695	20,544,073	17,204,051
Public safety and justice	101,277,697	82,753,380	98,533,695	80,081,901
Other	1,378,197	248,312	1,105,280	125,493
Interest and fiscal charges	<u>2,904,913</u>	<u>2,904,913</u>	<u>3,043,887</u>	<u>3,043,887</u>
Total Expenses	<u>\$ 212,212,267</u>	<u>\$ 147,097,669</u>	<u>\$ 202,901,909</u>	<u>\$ 146,597,628</u>

The dependence upon general revenues for governmental activities is apparent, with 70.34% of expenses supported through taxes and other general revenues.

**Governmental Activities – General and Program Revenues**





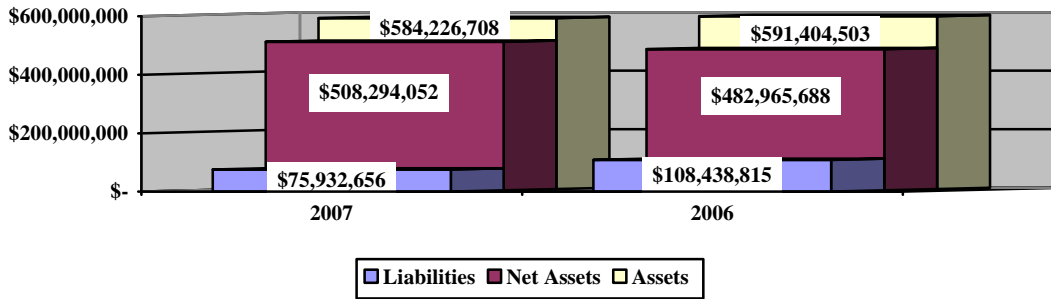
**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Business-Type Activities**

Business-type activities include the airport, water, sewer, storm water and golf enterprise funds. These programs had program revenues of \$146,653,161, general revenues of \$4,894,727 and expenses of \$126,458,720 for 2007. The graph below shows the business-type activities assets, liabilities and net assets at year-end.

**Net Assets in Business - Type Activities**



**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

The City's governmental funds (as presented on the balance sheet on page F 32) reported a combined fund balance of \$104,943,530 which is \$7,764,252 higher than last year's total of \$97,179,278. The debt service fund balance includes \$6,720,000 reserved for loans. The capital improvement fund balance includes \$5,395,215 reserved for advances to the component unit. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2007 for all major and nonmajor governmental funds.

	Fund Balances 12/31/07	(Restated) Fund Balances 12/31/06	Increase (Decrease)
Major Funds:			
General	\$ 41,966,373	\$ 37,341,954	\$ 4,624,419
Debt service	18,676,879	15,080,926	3,595,953
Capital improvement	20,228,719	23,447,765	(3,219,046)
Other Nonmajor Governmental Funds	24,071,559	21,308,633	2,762,926
<b>Total</b>	<b>\$ 104,943,530</b>	<b>\$ 97,179,278</b>	<b>\$ 7,764,252</b>

**CITY OF DAYTON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

***General Fund***

The City's general fund balance increased \$4,624,419 primarily due to an increase in expenditures from 2006 in the amount of \$1,938,008 but also an increase in revenues from 2006 in the amount of \$5,264,378. The table that follows assists in illustrating the revenues of the general fund.

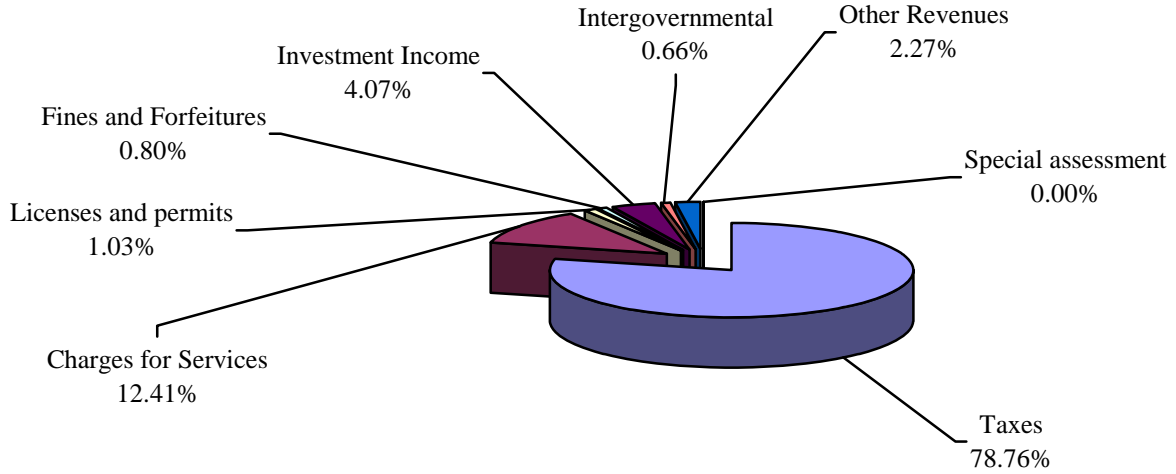
	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues			
Taxes	\$ 139,759,827	\$ 141,610,814	(1.31) %
Charges for services	22,023,549	20,543,391	7.21 %
Licenses and permits	1,824,105	1,693,325	7.72 %
Fines and forfeitures	1,428,558	1,588,473	(10.07) %
Investment income	7,230,175	5,051,430	43.13 %
Special assessments	2,640	228,267	(98.84) %
Intergovernmental	1,176,699	1,143,986	2.86 %
Other	<u>4,022,764</u>	<u>344,253</u>	1,068.55 %
Total	<u>\$ 177,468,317</u>	<u>\$ 172,203,939</u>	3.06 %

Tax revenue decreased \$1,850,987 or 1.31% due to tax lien sales that occurred in 2006, which increased tax revenue in 2006. State shared taxes also decreased due to local government revenue assistance revenues which were not collected in the 60 day available period. Investment income increased \$2,178,745 or 43.13%. This increase is the result of an increase in interest rates on the City's investments and an increase in the cash balance of the general fund. Charges for services increased \$1,480,158 or 7.21%. This increase is due mainly to an increase in EMS charges and waste collection fees collected by the City during 2007. There was a decrease in fines and forfeitures due to a decline in Municipal Court accounts for collection of fees.

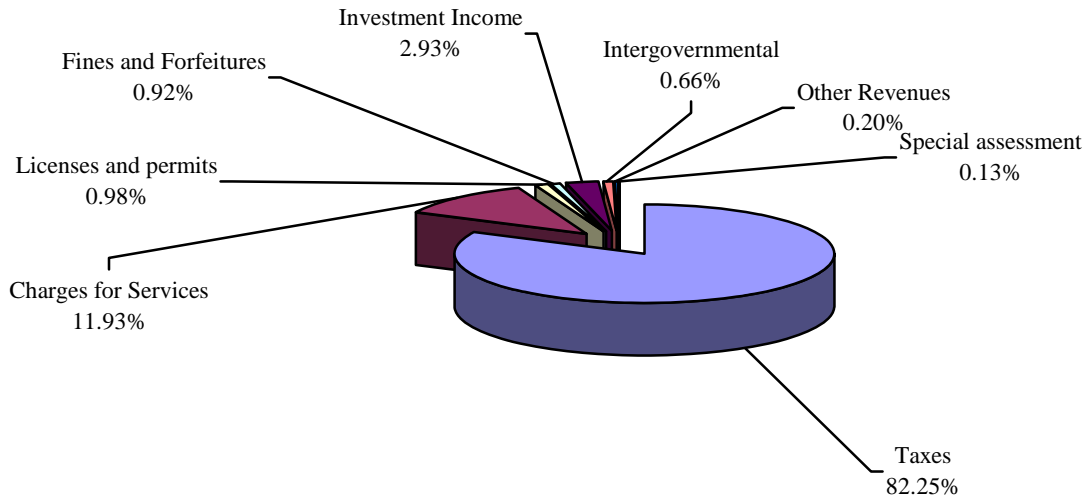
**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Revenues – Fiscal Year 2007**



**Revenues – Fiscal Year 2006**



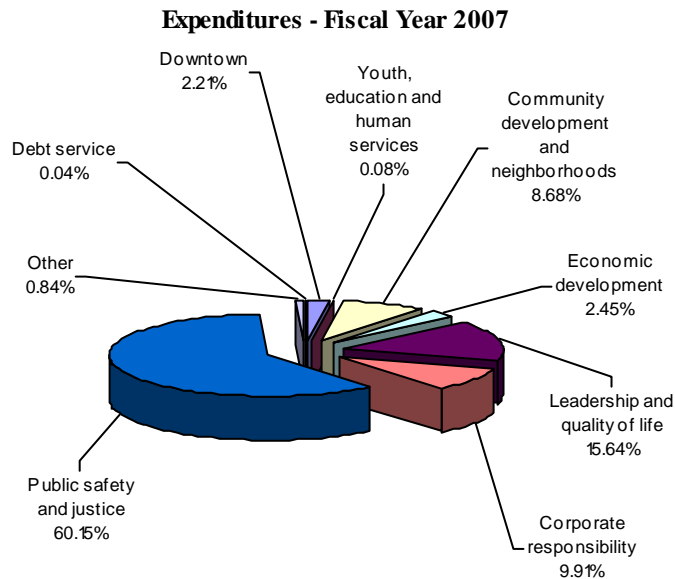
**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

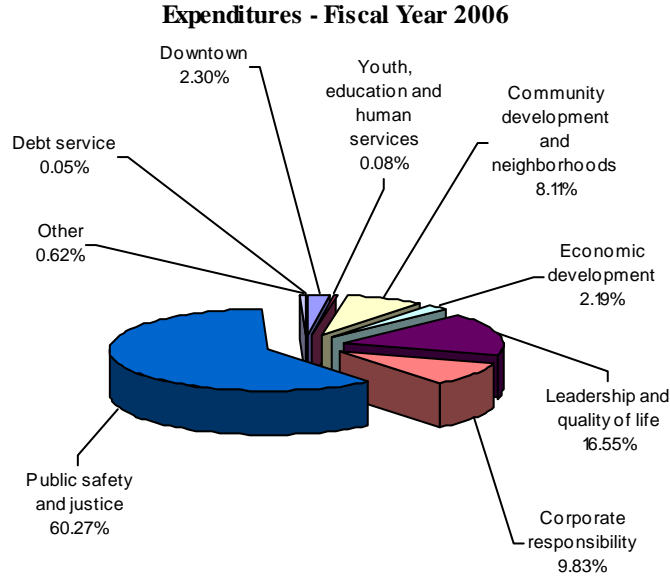
	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>			
Downtown	\$ 3,519,401	\$ 3,623,009	(2.86) %
Youth, education and human services	121,789	128,955	(5.56) %
Community development and neighborhoods	13,841,327	12,771,291	8.38 %
Economic development	3,903,145	3,448,571	13.18 %
Leadership and quality of life	24,947,850	26,083,392	(4.35) %
Corporate responsibility	15,804,603	15,490,179	2.03 %
Public safety and justice	95,967,072	94,980,617	1.04 %
Other expenses	1,332,285	973,450	36.86 %
Debt service	71,296	71,296	- %
<b>Total</b>	<b><u>\$ 159,508,768</u></b>	<b><u>\$ 157,570,760</u></b>	<b>1.23 %</b>

Overall expenditures of the general fund increased \$1,938,008 or 1.23%. The largest expenditure of the City, public safety and justice, increased \$986,455 or 1.04%. This increase can be attributed to an increase in spending in Fire Emergency Services, Special Investigation and Police Administration organizations. Community development expenditures increased \$1,070,036 or 8.38%. This increase is due to increases in the areas of Citizens Participation and Housing Inspection for accrued wages and fringe benefits. Also, accruals in accounts payable contributed to the increase. The increase of \$454,574 in economic development expenditures is due mainly to increases in the Building Inspection and Economic Development organizations. The most significant decrease was in the area of leadership and quality expenditures. The increase in other expenses can be attributed to increases in health insurance costs as well as an increase in the purchase of capital equipment.



**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**



***Debt Service***

The City's debt service fund balance increased \$3,595,953. The following tables illustrate the revenues and expenditures of the debt service fund. Expenditures decreased due to less principal retirement of debt.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 10,507,909	\$ 10,684,074	(1.65) %
Intergovernmental	886,590	867,667	2.18 %
Special assessments	253,041	308,303	(17.92) %
Other	<u>232,594</u>	<u>317,000</u>	(26.63) %
Total	<u>\$ 11,880,134</u>	<u>\$ 12,177,044</u>	(2.44) %

**CITY OF DAYTON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Expenditures</u></b>			
Downtown	\$ 560,000	\$ 560,000	- %
Corporate responsibility	-	835,170	(100.00) %
Other	45,063	132,690	(66.04) %
Principal retirement	5,220,448	5,913,474	(11.72) %
Interest and fiscal charges	<u>2,881,261</u>	<u>3,053,222</u>	(5.63) %
 Total	 <u>\$ 8,706,772</u>	 <u>\$ 10,494,556</u>	 (17.04) %

***Capital Improvements***

The City's capital improvements fund balance decreased \$3,219,046 due to an increase in capital outlay and economic development expenditures.

	<u>2007</u>	<u>Restated</u>	<u>Percentage</u>
	<u>Amount</u>	<u>2006</u>	<u>Change</u>
		<u>Amount</u>	
<b><u>Revenues</u></b>			
Taxes	\$ 1,028,356	\$ 1,282,636	(19.82) %
Charges for services	327,724	90,000	264.14 %
Licenses and permits	35,604	52,817	(32.59) %
Intergovernmental	15,685,941	16,956,512	(7.49) %
Special assessments	12,807	12,717	0.71 %
Other	<u>2,138,537</u>	<u>923,132</u>	131.66 %
 Total	 <u>\$ 19,228,969</u>	 <u>\$19,317,814</u>	 (0.46) %

The decrease of \$1,270,571 or 7.49% in the area of intergovernmental revenues can be attributed to two major bridge projects where State funding was received in 2006. The increase in other revenue was attributed to an increase in insurance payments for a loss of a City owned building.

	<u>2007</u>	<u>Restated</u>	<u>Percentage</u>
	<u>Amount</u>	<u>2006</u>	<u>Change</u>
		<u>Amount</u>	
<b><u>Expenditures</u></b>			
Economic development	\$ 8,830,197	\$ 1,349,936	554.12 %
Capital outlay	28,529,727	17,501,729	63.01 %
Debt service	<u>312,327</u>	<u>1,017,417</u>	(69.30) %
 Total	 <u>\$ 37,672,251</u>	 <u>\$19,869,082</u>	 <u>89.60 %</u>

## CITY OF DAYTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007

The increase in capital outlay can be attributed to an increase in capital projects that occurred during the year, including the Washington Street Bridge, the Dayton Technology Campus, and the Dayton Expressway Bridge repair. The increase in economic development expense is related to the main street garage project that is being constructed with the Montgomery County Port Authority. The City is assisting in the garage construction to spur economic development and job creation in the downtown area. Ownership of the garage will belong to the Port Authority. The 2006 debt service expenditures includes the principal retirement of \$1,000,000 for economic development revenue bonds. The 2007 debt service expenditures are for bond issue costs related to the issuance of capital facilities bonds.

#### **Budgeting Highlights – General Fund**

The final budget reflects revenues that were \$1,898,300 higher than the original budget. The variance from actual revenues was \$3.2 million for the original budget or 1.9% and \$1.3 million or 0.8% for the final budget. Three revenue categories realized variances in excess of 10%. The first was licenses and permits with actual revenues registering 15.1% or \$238,713 over the original budget and 9.9% over the final budget. Permit revenue increased almost 8% over 2007, performing better than expected especially in light of the slowing economy and problems in the housing sector. Special assessments revenue for 2007 was just \$2,640, which was almost 100% below the original and final budget. Write-offs during the year reduced current revenue to this low level. Other miscellaneous revenue sources were \$567,158 or 23% under the original budget, largely as a result of sales and rental revenues as well as a significant drop in various unplanned miscellaneous one-time sources.

On the expenditure side, actual expenditures were \$2.1 million or 1.3% under the original budget while the final budget was \$7.1 million or 4.2% higher than actual amounts. Expenditures on the downtown program area were \$322,531 or 8.2% under the original budget and \$482,531 or 11.8% under the final budget. Improvements at the Convention Center reduced bookings due to construction activity and consequently management also reined in expenditures. Youth, education and human services came in under the original and final budgets by 49.3% and 51.8%, respectively. Planned expenditures were once again spent from other categories leaving an unspent balance of about \$100,000. The final expenditure program with a variance in excess of 10% was the "other expenditure" category, which realized a 24.1% favorable variance to the original budget and was 36% to the final budget. The original budget included contingency funds that were transferred to the various program areas as such allocations were approved, the largest being for special public safety initiatives, outside legal counsel and executive search expenses. The final variance is a function of allowing some flexibility in contingency funds during the latter part of the year should actual revenues exceed the revised estimate.

Actual operating transfers were greater than the original budget due to the favorable revenue and expenditure variances, which allowed for the transfer of funds to finance needed capital improvement and development projects.

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

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

**CITY OF DAYTON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

The City's business-type funds (as presented on the Statement of Net Assets on pages F 38-41) reported a combined net assets of \$508,335,817, which is \$25,427,663 above last year's total of \$482,908,154. The schedule below indicates the net assets and the total change in net assets as of December 31, 2007 for all major and nonmajor business-type funds.

	<u>Net Assets</u> <u>12/31/07</u>	<u>Net Assets</u> <u>12/31/06</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
Dayton International Airport	\$ 222,108,163	\$ 205,639,831	\$ 16,468,332
Water	158,304,054	151,462,711	6,841,343
Sewer	107,489,073	107,041,397	447,676
Other Business-type funds	<u>20,434,527</u>	<u>18,764,215</u>	<u>1,670,312</u>
Total	<u>\$ 508,335,817</u>	<u>\$ 482,908,154</u>	<u>\$ 25,427,663</u>

***Dayton International Airport***

The City's Dayton International Airport net assets increased \$16,468,332 due mainly to capital contributions made to the fund. The following tables illustrate the revenues and expenses of the Dayton International Airport fund.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 36,590,813	\$ 35,204,238	3.94 %
Other	<u>2,720,408</u>	<u>6,615,874</u>	(58.88) %
Total	<u>\$ 39,311,221</u>	<u>\$ 41,820,112</u>	(6.00) %

Charges for services increased \$1,386,575 or 3.94%. This increase can be attributed to increases in landing fees, passenger fees, and airline space rent. Other revenues decreased \$3,895,466 or 58.88%. This decrease is due to a decrease in cargo facility charges and other miscellaneous revenue.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Operating Expenses</u></b>			
Personal services	\$ 9,299,188	\$ 10,563,756	(11.97) %
Benefit payments	3,491,661	3,595,058	(2.88) %
Contractual services	8,552,223	7,274,862	17.56 %
Materials and supplies	885,078	1,218,261	(27.35) %
Utilities	2,183,375	2,184,482	(0.05) %
Depreciation	7,912,869	8,100,939	(2.32) %
Other	<u>2,432,263</u>	<u>2,869,001</u>	(15.22) %
Total	<u>\$ 34,756,657</u>	<u>\$ 35,806,359</u>	(2.93) %

DIA operating expenses decreased \$1,049,702 or 2.93%. Personal services decreased \$1,264,568 or 11.97% due to re-organization within the airport and a decrease in overtime-civilian pay. Contractual services increased \$1,277,361 or 17.56%. This increase is primarily due to the airline settlement payable for monies owed to the airlines.



**CITY OF DAYTON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Interest revenue	\$ 3,645,455	\$ 2,627,525	38.74 %
Interest expense and fiscal charges	(7,026,699)	(3,370,599)	108.47 %
Loss of sale of capital assets	(2,746)	-	100.00 %
Capital contributions	<u>15,058,562</u>	<u>15,408,247</u>	(2.27) %
Total	<u>\$ 11,674,572</u>	<u>\$ 14,665,173</u>	(20.39) %

The increase in interest revenue is due to greater interest rates earned by the City's investments. The decrease in capital contributions is due to the City receiving less grant money during the year. Interest expense and fiscal charges increased due to costs associated with the defeasement of revenue bonds during 2008.

***Water***

The City's water fund increased by \$6,841,343 or 4.52%. This increase was a result of an increase in cash, related to charges for services while keeping expenses at a minimum percentage increase.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 47,211,818	\$ 42,226,954	11.80 %
Other	<u>3,732,551</u>	<u>4,861,528</u>	(23.22) %
Total	<u>\$ 50,944,369</u>	<u>\$ 47,088,482</u>	8.19 %

The increase in charges for services can be attributed to the increase in water rates, consumption levels and changes in customer base. Also, the consumption fee increased due to the extremely dry spring and early summer. The decrease in other revenues was due to less administrative costs billed to the sewer fund and the storm fund (a nonmajor enterprise fund).

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Operating Expenses</u></b>			
Personal services	\$ 14,668,555	\$ 15,516,268	(5.46) %
Benefit payments	5,343,417	5,329,367	0.26 %
Contractual services	4,883,242	4,650,573	5.00 %
Materials and supplies	4,446,181	4,366,627	1.82 %
Utilities	7,037,091	6,312,888	11.47 %
Depreciation	5,947,049	5,939,915	0.12 %
Other	<u>2,675,921</u>	<u>2,777,781</u>	(3.67) %
Total	<u>\$ 45,001,456</u>	<u>\$ 44,893,419</u>	0.24 %

**CITY OF DAYTON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

Personal services of the water fund decreased \$847,713 or 5.46% during 2007. This decrease can be attributed to re-allocation of engineering salaries to the sewer fund and the storm fund (a nonmajor enterprise fund). Utilities expense increased \$724,203 or 11.47%. This increase is due mainly to electric, gas and water rate increases by 7.86% and increasing consumption levels.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Interest revenue	\$ 1,249,272	\$ 1,013,418	23.27 %
Interest expense and fiscal charges	<u>(350,842)</u>	<u>(548,503)</u>	(36.04) %
Total	<u>\$ 898,430</u>	<u>\$ 464,915</u>	93.25 %

The increase interest revenue can be attributed to greater interest rates received on investments held by the City.

***Sewer***

The City's sewer fund increased \$447,676 or .42% during 2007. This increase was a result of an increase in sewer consumption fees and a decrease in overall expenses.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 31,160,587	\$ 32,000,393	(2.62) %
Other	<u>161,512</u>	<u>378,805</u>	(57.36) %
Total	<u>\$ 31,322,099</u>	<u>\$ 32,379,198</u>	(3.26) %

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Operating Expenses</u></b>			
Personal services	\$ 6,692,923	\$ 5,914,943	13.15 %
Benefit payments	2,413,472	2,101,039	14.87 %
Contractual services	8,260,126	10,712,917	(22.90) %
Materials and supplies	1,945,991	1,762,709	10.40 %
Utilities	2,433,495	2,744,297	(11.33) %
Depreciation	7,170,466	7,048,699	1.73 %
Other	<u>1,095,168</u>	<u>1,195,587</u>	(8.40) %
Total	<u>\$ 30,011,641</u>	<u>\$ 31,480,191</u>	(4.66) %

Personal services and benefit payments of the sewer fund increased \$777,980 and \$312,433, respectively. These increases are due to increased engineering salaries, overtime pay, health care and pension costs. Contractual services decreased \$2,452,791 or 22.90%.

**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Nonoperating Expenses</u></b>			
Interest expense and fiscal charges	\$ (862,782)	\$ (981,024)	(12.05) %
Total	<u>\$ (862,782)</u>	<u>\$ (981,024)</u>	(12.05) %

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2007, the City had \$760,824,593 (net of accumulated depreciation) invested in land, buildings and improvements, improvements other than buildings, equipment, vehicles, infrastructure and construction in progress (CIP). Of this total, \$322,388,096 was reported in governmental activities and \$438,436,497 was reported in business-type activities. See Note 10 in the basic financial statements for additional capital asset disclosure. The following table shows fiscal year 2007 balances compared to 2006:

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

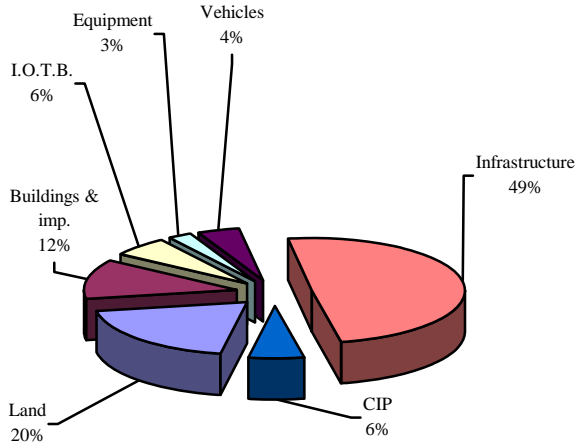
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>	Business-Type Activities <u>2007</u>	Business-Type Activities <u>2006</u>	Total <u>2007</u>	Total <u>2006</u>
Land	\$ 62,974,185	\$ 58,856,590	\$ 42,197,495	\$ 41,467,633	\$ 105,171,680	\$ 100,324,223
Buildings and improvements	38,818,616	37,519,413	90,610,876	88,974,906	129,429,492	126,494,319
Improvements other than buildings	20,057,567	19,561,128	248,807,440	232,073,522	268,865,007	251,634,650
Equipment	8,300,502	9,274,427	7,811,964	4,036,891	16,112,466	13,311,318
Vehicles	13,730,649	12,395,732	13,930,870	13,614,619	27,661,519	26,010,351
Infrastructure	159,479,083	138,448,429	-	-	159,479,083	138,448,429
Construction in progress	<u>19,027,494</u>	<u>29,501,589</u>	<u>35,077,852</u>	<u>59,869,462</u>	<u>54,105,346</u>	<u>89,371,051</u>
Total	<u>\$ 322,388,096</u>	<u>\$ 305,557,308</u>	<u>\$ 438,436,497</u>	<u>\$ 440,037,033</u>	<u>\$ 760,824,593</u>	<u>\$ 745,594,341</u>

**CITY OF DAYTON, OHIO**

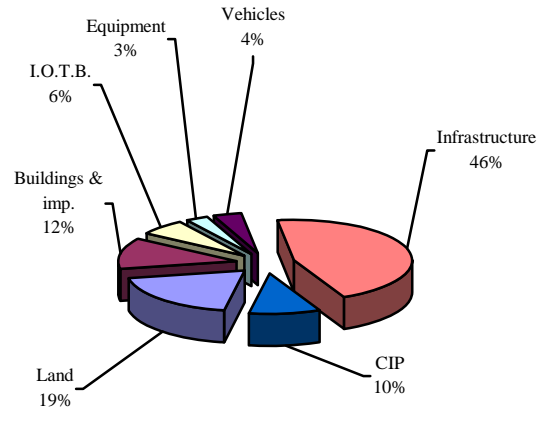
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

The following graphs show the breakdown of governmental capital assets by category for 2007 and 2006.

**Capital Assets - Governmental Activities 2007**



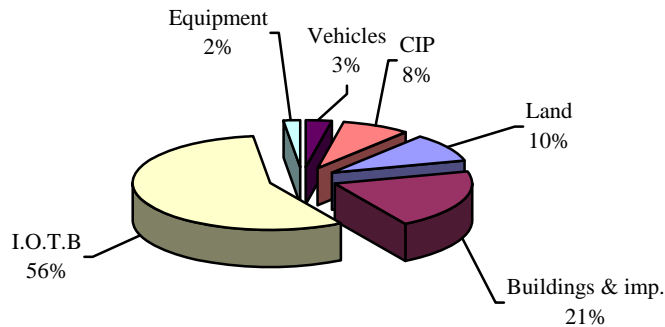
**Capital Assets - Governmental Activities 2006**



The City's largest capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks, curbs, annexed roadways, right-of-way, street lighting, and traffic signals. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 49% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2007 and 2006.

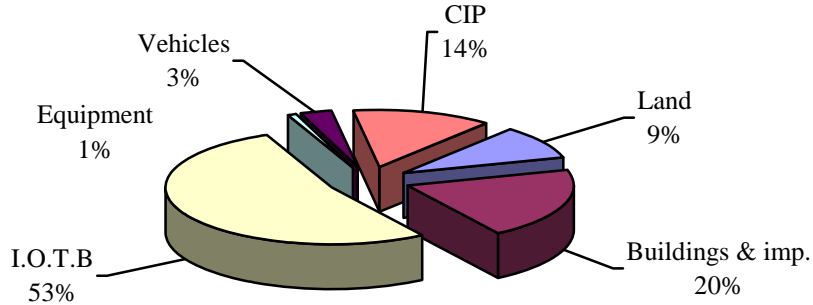
**Capital Assets - Business-Type Activities 2007**



**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

**Capital Assets - Business-Type Activities 2006**



The City's largest business-type capital asset category is improvements other than buildings (I.O.T.B) which primarily includes runways for the airport, water lines, sewer lines and storm water catch basins. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's I.O.T.B (cost less accumulated depreciation) represents approximately 56% of the City's total business-type capital assets.

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2007 and 2006:

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
General obligation bonds	\$ 54,900,224	\$ 49,727,772
Revenue bonds	9,015,000	9,500,000
Special assessment bonds	<u>555,600</u>	<u>753,500</u>
Total bonds	<u>64,470,824</u>	<u>59,981,272</u>
Capital lease obligations	<u>1,995,000</u>	<u>2,612,121</u>
Total long-term obligations	<u>\$ 66,465,824</u>	<u>\$ 62,593,393</u>

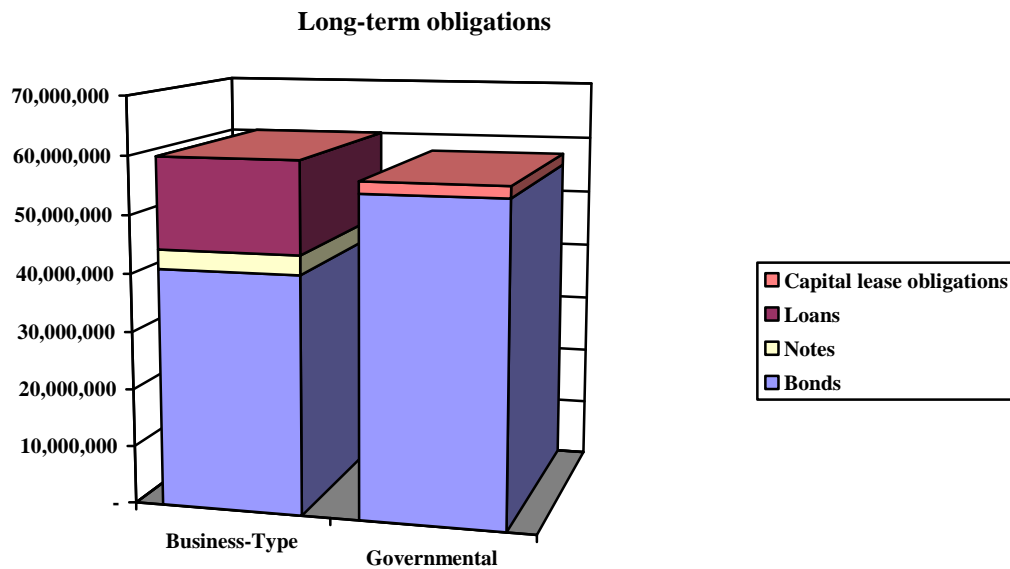
**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

	Business-type Activities <u>2007</u>	Business-type Activities <u>2006</u>
General obligation bonds	\$ 1,874,776	\$ 2,087,228
Revenue bonds	<u>39,185,000</u>	<u>70,730,000</u>
Total bonds	<u>41,059,776</u>	<u>72,817,228</u>
DIA Long-term Notes	<u>3,285,000</u>	<u>6,715,000</u>
Total Notes	<u>3,285,000</u>	<u>6,715,000</u>
OWDA loans	15,055,215	17,624,367
OPWC loans	<u>650,000</u>	<u>700,000</u>
Total loans	<u>15,705,215</u>	<u>18,324,367</u>
Capital lease obligations	<u>-</u>	<u>67,630</u>
Total long-term obligations	<u>\$ 60,049,991</u>	<u>\$ 97,924,225</u>

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

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



**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

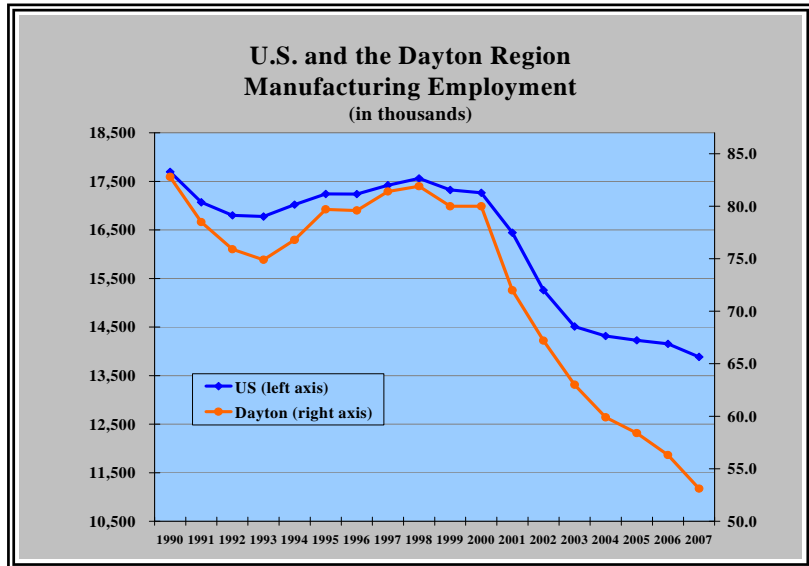
***Economic Factors and the 2008 Budget***

**Introduction**

The health and performance of the economy has a significant impact on the revenues generated by the City organization as well as the costs the City incurs. During times of slow growth, income taxes falter, property tax delinquencies increase and revenue generated from such areas as permitting retreat. When sluggish growth is coupled with inflationary pressures, revenues fall simultaneously with increases in costs. Unfortunately, this is precisely the economic environment experienced in 2007 with the growth in tax revenues stalling at the same time commodity costs, especially energy, increased dramatically.

**Employment**

As it relates to Dayton, a proportionately higher concentration in an industry with increasing productive capacity has translated into the need for fewer workers. Moreover, the substantial presence of General Motors/Delphi in the region, two companies that are in the process of restructuring with the latter trying to exit bankruptcy, has added further vulnerability to an already declining industry. Given these circumstances the percentage of workers employed in manufacturing dropped from 20.3% or 82,800 in 1990 to just over 53,100 or 13.2% in 2007, representing a loss of more than one-third of the 1990 manufacturing workforce.

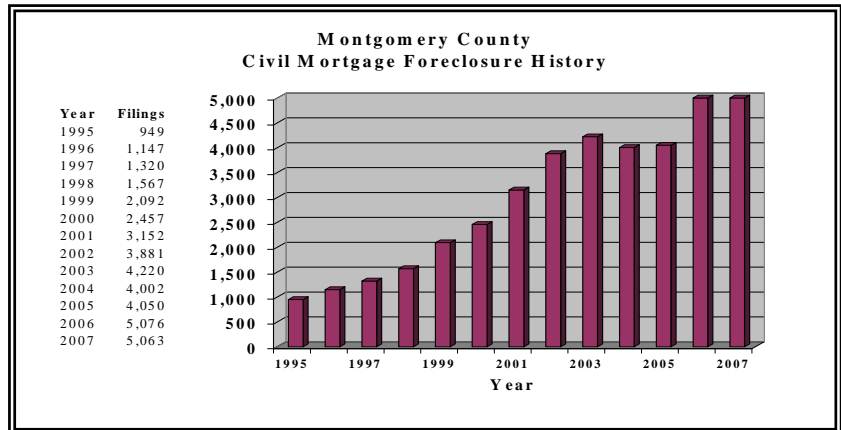


**Population**

Certainly, one major factor underlying the weak performance of Dayton and others is the lack of population growth. But what is not clear is the direction of the causation. In other words, is the lack of job growth the cause of population loss because workers go elsewhere to find opportunities or is it the lack of population that is affecting the lackluster job growth?

**Housing**

Foreclosures in Ohio have been elevated for several years and in 2007 were up 88%, the sixth highest in the nation. Low interest rates, flush credit and, in some cases, unscrupulous lenders combined with significant job losses have produced the consequence of mounting delinquencies followed by burgeoning foreclosures and sheriff sales.



## **CITY OF DAYTON, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

For the past 5 years, Montgomery County has earned the dubious distinction of having the first or second highest number of foreclosure filings per capita in the State. As the graph above indicates, filings increased from 949 in 1995 to 5,063 in 2007, a better than 5-fold increase. Barring any repeat foreclosures, this would represent more than 15% of the County's 254,451 housing units foreclosed in the last 13 years.

#### **Next Year's Budget and Rates**

The unencumbered general fund balance on a budgetary basis is expected to remain at the same level as in 2007.

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

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



**BASIC  
FINANCIAL STATEMENTS**

**CITY OF DAYTON, OHIO**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2007

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 99,169,984	\$ 108,288,986	\$ 207,458,970	\$ 913,756
Investments . . . . .	100,069	-	100,069	1,377,956
Receivables (net of allowances for uncollectibles):				
Property and other local taxes . . . . .	19,637,387	-	19,637,387	-
Municipal income taxes . . . . .	16,534,619	-	16,534,619	-
Accounts . . . . .	3,793,431	17,377,097	21,170,528	323,874
Contracts . . . . .	-	-	-	347,993
Special assessments . . . . .	3,137,189	1,013,915	4,151,104	-
Accrued interest . . . . .	593,779	399,662	993,441	2,009,034
Loans . . . . .	6,720,000	-	6,720,000	19,504,430
Other . . . . .	-	-	-	99,978
Internal balances . . . . .	129,395	(129,395)	-	-
Due from other governments . . . . .	21,567,245	2,683,957	24,251,202	-
Prepayments . . . . .	448,391	199,626	648,017	163,389
Materials and supplies inventory . . . . .	-	1,737,147	1,737,147	-
Inventory held for resale . . . . .	690,971	-	690,971	-
Deposits . . . . .	-	-	-	10,704
Unamortized bond issue costs . . . . .	463,973	1,776,752	2,240,725	-
Advances to component unit . . . . .	11,076,643	1,877,613	12,954,256	-
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	-	58,697	58,697	1,433,806
Cash with fiscal and escrow agents . . . . .	489,275	10,506,154	10,995,429	-
Equity investments . . . . .	-	-	-	1,735,368
Deferred bond costs . . . . .	-	-	-	86,230
Capital assets:				
Land and construction in progress . . . . .	82,001,679	77,275,347	159,277,026	-
Depreciable capital assets, net . . . . .	<u>240,386,417</u>	<u>361,161,150</u>	<u>601,547,567</u>	<u>12,039,267</u>
Total capital assets . . . . .	<u>322,388,096</u>	<u>438,436,497</u>	<u>760,824,593</u>	<u>12,039,267</u>
<b>Total assets . . . . .</b>	<u>506,940,447</u>	<u>584,226,708</u>	<u>1,091,167,155</u>	<u>40,045,785</u>

-- Continued

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

STATEMENT OF NET ASSETS (CONTINUED)  
DECEMBER 31, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 4,048,231	\$ 2,839,483	\$ 6,887,714	\$ 522,501
Contracts payable . . . . .	2,967,222	2,644,026	5,611,248	-
Airline settlement payable . . . . .	-	3,665,177	3,665,177	-
Accrued wages and benefits . . . . .	4,336,963	1,364,747	5,701,710	-
Retainage payable . . . . .	915,770	702,562	1,618,332	-
Grants payable . . . . .	-	-	-	711,055
Due to other governments . . . . .	8,596,415	799,613	9,396,028	-
Unearned revenue . . . . .	16,739,170	-	16,739,170	-
Accrued interest payable . . . . .	242,951	459,884	702,835	8,249
Accrued liabilities and other payables . . . . .	-	-	-	8,235,678
Advances from primary government . . . . .	-	-	-	12,954,256
Payable from restricted assets:				
Utility deposits . . . . .	-	58,697	58,697	-
Accrued interest payable . . . . .	-	133,122	133,122	-
Long-term liabilities:				
Due within one year . . . . .	10,828,259	7,084,442	17,912,701	435,157
Due in more than one year . . . . .	77,599,250	56,180,903	133,780,153	4,129,166
Total liabilities . . . . .	126,274,231	75,932,656	202,206,887	26,996,062
<b>Net assets:</b>				
Invested in capital assets, net of related debt . . . . .	272,261,647	380,340,354	652,602,001	8,772,200
Restricted for:				
Permanent fund:				
Expendable . . . . .	80,047	-	80,047	-
Nonexpendable . . . . .	102,228	-	102,228	-
Capital projects . . . . .	15,417,614	-	15,417,614	-
Debt service . . . . .	21,230,158	-	21,230,158	-
Housing and urban development . . . . .	4,517,000	-	4,517,000	-
Special projects . . . . .	10,971,944	-	10,971,944	-
Street and highway projects . . . . .	6,127,374	-	6,127,374	-
Bond proceeds restricted for construction . . . . .	-	-	-	14,159
Funds received for grants and contracts, not yet expended . . . . .	-	-	-	1,419,647
Program income from revolving loans . . . . .	-	-	-	142,854
Other purposes . . . . .	6,139,333	-	6,139,333	-
Unrestricted . . . . .	43,818,871	127,953,698	171,772,569	2,700,863
Total net assets . . . . .	\$ 380,666,216	\$ 508,294,052	\$ 888,960,268	\$ 13,049,723

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Downtown. . . . .	\$ 5,666,737	\$ 704,984	\$ 242,462	\$ -
Youth, education and human services. . . . .	2,408,097	19,333	2,346,368	-
Community development and neighborhoods . . . . .	21,459,480	3,000,683	7,158,984	-
Economic development . . . . .	15,999,955	1,328,746	203,656	-
Leadership and quality of life . . . . .	43,224,368	4,251,275	8,133,785	15,536,992
Corporate responsibility. . . . .	17,892,823	2,533,128	-	-
Public safety and justice. . . . .	101,277,697	17,363,610	1,160,707	-
Other . . . . .	1,378,197	1,129,885	-	-
Interest and fiscal charges. . . . .	2,904,913	-	-	-
Total governmental activities . . . . .	<u>212,212,267</u>	<u>30,331,644</u>	<u>19,245,962</u>	<u>15,536,992</u>
<b>Business-type Activities:</b>				
Dayton International Airport . . . . .	41,813,989	39,311,221	-	15,058,562
Water . . . . .	45,401,676	50,944,369	-	-
Sewer . . . . .	30,889,719	31,322,099	-	-
Other business-type activity funds:				
Golf. . . . .	3,322,911	3,353,732	-	-
Storm Water. . . . .	5,030,425	6,663,178	-	-
Total business-type activities . . . . .	<u>126,458,720</u>	<u>131,594,599</u>	<u>-</u>	<u>15,058,562</u>
Total primary government . . . . .	<u>\$ 338,670,987</u>	<u>\$ 161,926,243</u>	<u>\$ 19,245,962</u>	<u>\$ 30,595,554</u>
<b>Component Unit:</b>				
CityWide Development Corporation . . . . .	<u>\$ 4,322,166</u>	<u>\$ 2,797,313</u>	<u>\$ -</u>	<u>\$ 92,306</u>

**General Revenues:**

Property taxes levied for:

    General purposes. . . . .

    Debt service . . . . .

    Capital projects . . . . .

Income taxes levied for:

    General purposes. . . . .

Grants and entitlements not restricted to specific programs . . . . .

Investment earnings . . . . .

Miscellaneous . . . . .

Total general revenues . . . . .

Transfers . . . . .

Total general revenues and transfers. . . . .

Change in net assets . . . . .

**Net assets, January 1 . . . . .**

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (4,719,291)	\$ -	\$ (4,719,291)	\$ -
(42,396)	-	(42,396)	-
(11,299,813)	-	(11,299,813)	-
(14,467,553)	-	(14,467,553)	-
(15,302,316)	-	(15,302,316)	-
(15,359,695)	-	(15,359,695)	-
(82,753,380)	-	(82,753,380)	-
(248,312)	-	(248,312)	-
(2,904,913)	-	(2,904,913)	-
<u>(147,097,669)</u>	<u>-</u>	<u>(147,097,669)</u>	<u>-</u>
-	12,555,794	12,555,794	-
-	5,542,693	5,542,693	-
-	432,380	432,380	-
-	30,821	30,821	-
-	1,632,753	1,632,753	-
<u>-</u>	<u>20,194,441</u>	<u>20,194,441</u>	<u>-</u>
<u>(147,097,669)</u>	<u>20,194,441</u>	<u>(126,903,228)</u>	<u>-</u>
-	-	-	<u>(1,432,547)</u>
11,501,550	-	11,501,550	-
10,914,236	-	10,914,236	-
1,028,356	-	1,028,356	-
113,785,961	-	113,785,961	-
17,600,763	-	17,600,763	-
7,064,009	4,894,727	11,958,736	143,854
7,547,653	-	7,547,653	-
<u>169,442,528</u>	<u>4,894,727</u>	<u>174,337,255</u>	<u>143,854</u>
<u>(239,196)</u>	<u>239,196</u>	<u>-</u>	<u>-</u>
<u>169,203,332</u>	<u>5,133,923</u>	<u>174,337,255</u>	<u>143,854</u>
22,105,663	25,328,364	47,434,027	(1,288,693)
<u>358,560,553</u>	<u>482,965,688</u>	<u>841,526,241</u>	<u>14,338,416</u>
<u>\$ 380,666,216</u>	<u>\$ 508,294,052</u>	<u>\$ 888,960,268</u>	<u>\$ 13,049,723</u>

**CITY OF DAYTON, OHIO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2007**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 37,348,142	\$ 11,483,436	\$ 14,563,799	\$ 19,225,466	\$ 82,620,843
Investments . . . . .	-	-	-	100,069	100,069
Receivables (net of allowance for uncollectibles):					
Property and other local taxes . . . . .	9,837,265	9,800,122	-	-	19,637,387
Municipal income taxes . . . . .	16,534,619	-	-	-	16,534,619
Accounts . . . . .	3,695,276	-	9,501	66,734	3,771,511
Special assessments . . . . .	492,139	823,193	1,366,225	455,632	3,137,189
Accrued interest . . . . .	584,739	-	-	9,040	593,779
Loans . . . . .	-	6,720,000	-	-	6,720,000
Interfund loans . . . . .	1,946,710	-	-	-	1,946,710
Prepayments . . . . .	415,460	-	13,875	-	429,335
Due from other funds . . . . .	11,195	-	-	83,530	94,725
Due from other governments . . . . .	8,880,711	542,500	6,059,946	6,044,816	21,527,973
Advances to component unit . . . . .	-	-	5,395,215	5,681,428	11,076,643
Restricted assets:					
Cash with fiscal and escrow agents . . . . .	-	489,275	-	-	489,275
<b>Total assets . . . . .</b>	<b><u>\$ 79,746,256</u></b>	<b><u>\$ 29,858,526</u></b>	<b><u>\$ 27,408,561</u></b>	<b><u>\$ 31,666,715</u></b>	<b><u>\$ 168,680,058</u></b>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 2,117,851	\$ 13,478	\$ 1,409,900	\$ 427,568	\$ 3,968,797
Contracts payable . . . . .	686,258	-	1,338,038	901,676	2,925,972
Accrued wages and benefits . . . . .	3,831,805	2,354	20,540	322,800	4,177,499
Compensated absences payable . . . . .	37,251	-	-	14,622	51,873
Retainage payable . . . . .	-	-	846,845	68,925	915,770
Interfund loans payable . . . . .	-	-	-	1,946,710	1,946,710
Due to other funds . . . . .	251,411	-	10,604	40,004	302,019
Due to other governments . . . . .	6,397,653	-	-	6,484	6,404,137
Claimants payable . . . . .	49,177	-	-	-	49,177
Deferred revenue . . . . .	16,038,892	2,796,230	3,553,915	3,866,367	26,255,404
Unearned revenue . . . . .	8,369,585	8,369,585	-	-	16,739,170
<b>Total liabilities . . . . .</b>	<b><u>37,779,883</u></b>	<b><u>11,181,647</u></b>	<b><u>7,179,842</u></b>	<b><u>7,595,156</u></b>	<b><u>63,736,528</u></b>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	2,869,732	6,586	25,004,218	14,151,022	42,031,558
Reserved for prepayments . . . . .	415,460	-	13,875	-	429,335
Reserved for claims . . . . .	361,353	-	-	-	361,353
Reserved for advances to component unit . . . . .	-	-	5,395,215	5,681,428	11,076,643
Reserved for debt service . . . . .	-	11,950,293	-	-	11,950,293
Reserved for contributions to permanent fund . . . . .	-	-	-	102,228	102,228
Reserved for loans . . . . .	-	6,720,000	-	-	6,720,000
Unreserved, designated for various projects, reported in:					
General fund . . . . .	8,284,213	-	-	-	8,284,213
Special revenue funds . . . . .	-	-	-	1,146,380	1,146,380
Unreserved, undesignated (deficit), reported in:					
General fund . . . . .	30,035,615	-	-	-	30,035,615
Special revenue funds . . . . .	-	-	-	2,910,665	2,910,665
Permanent fund . . . . .	-	-	-	79,836	79,836
Capital projects funds . . . . .	-	-	(10,184,589)	-	(10,184,589)
<b>Total fund balances . . . . .</b>	<b><u>41,966,373</u></b>	<b><u>18,676,879</u></b>	<b><u>20,228,719</u></b>	<b><u>24,071,559</u></b>	<b><u>104,943,530</u></b>
<b>Total liabilities and fund balances . . . . .</b>	<b><u>\$ 79,746,256</u></b>	<b><u>\$ 29,858,526</u></b>	<b><u>\$ 27,408,561</u></b>	<b><u>\$ 31,666,715</u></b>	<b><u>\$ 168,680,058</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2007

<b>Total governmental fund balances</b>		\$ 104,943,530
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds.		321,017,797
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	\$ 2,861,074	
Income tax	6,759,464	
Special assessments	3,137,189	
State shared taxes	7,451,796	
Charges for services	1,488,583	
Accrued interest	173,146	
Intergovernmental revenues	4,384,152	
Total	26,255,404	26,255,404
Unamortized premiums on bond issuances are not recognized in the funds		(676,005)
Unamortized bond issuance costs are not recognized in the funds.		463,973
Unamortized deferred charges on refundings are not recorded in the funds.		343,490
Internal service funds are used by management to charge the costs of fleet management fire fleet management, stores and reproduction, workers' compensation, and plumbing to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net assets. The net assets of the internal service funds, including internal balances of \$41,765, are:		6,468,480
Long-term liabilities, including bonds, accrued interest, and compensated absences are not due and payable in the current period and therefore are not reported in the funds (exclusive of internal service fund liabilities).		
Accrued interest payable	(242,951)	
Special assessment bonds	(555,600)	
General obligation bonds	(54,900,224)	
Revenue bonds	(9,015,000)	
Compensated absences	(11,441,678)	
Capital lease payable	(1,995,000)	
Total	(78,150,453)	(78,150,453)
<b>Net assets of governmental activities</b>		<b>\$ 380,666,216</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Municipal income taxes . . . . .	\$ 113,156,087	\$ -	\$ -	\$ -	\$ 113,156,087
Property and other taxes . . . . .	11,095,223	10,507,909	1,028,356	-	22,631,488
State shared taxes . . . . .	15,508,517	-	-	5,927,062	21,435,579
Charges for services . . . . .	22,023,549	-	327,724	1,700,559	24,051,832
Licenses and permits . . . . .	1,824,105	-	35,604	1,527	1,861,236
Fines and forfeitures . . . . .	1,428,558	-	-	615,713	2,044,271
Intergovernmental . . . . .	1,176,699	886,590	15,685,941	13,894,416	31,643,646
Special assessments . . . . .	2,640	253,041	12,807	237,182	505,670
Investment income . . . . .	7,230,175	-	-	163,128	7,393,303
Other . . . . .	4,022,764	232,594	2,138,537	1,153,758	7,547,653
Total revenues . . . . .	<u>177,468,317</u>	<u>11,880,134</u>	<u>19,228,969</u>	<u>23,693,345</u>	<u>232,270,765</u>
<b>Expenditures:</b>					
Current:					
Downtown . . . . .	3,519,401	560,000	-	571,613	4,651,014
Youth, education and human services . . . . .	121,789	-	-	2,299,169	2,420,958
Community development and neighborhoods . . . . .	13,841,327	-	-	7,174,677	21,016,004
Economic development . . . . .	3,903,145	-	8,830,197	2,349,539	15,082,881
Leadership and quality of life . . . . .	24,947,850	-	-	11,977,622	36,925,472
Corporate responsibility . . . . .	15,804,603	-	-	793,071	16,597,674
Public safety and justice . . . . .	95,967,072	-	-	2,465,162	98,432,234
Other . . . . .	1,332,285	45,063	-	-	1,377,348
Capital outlay . . . . .	-	-	28,529,727	-	28,529,727
Debt service:					
Principal retirement . . . . .	68,403	5,220,448	-	501,000	5,789,851
Interest and fiscal charges . . . . .	2,893	2,881,261	-	-	2,884,154
Bond issuance costs . . . . .	-	-	312,327	-	312,327
Total expenditures . . . . .	<u>159,508,768</u>	<u>8,706,772</u>	<u>37,672,251</u>	<u>28,131,853</u>	<u>234,019,644</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	17,959,549	3,173,362	(18,443,282)	(4,438,508)	(1,748,879)
<b>Other financing sources (uses):</b>					
Sale of bonds . . . . .	-	-	19,745,000	-	19,745,000
Payment to refunded bond escrow agent . . . . .	-	-	(10,383,734)	-	(10,383,734)
Premium on bond issuance . . . . .	-	-	491,061	-	491,061
Transfers in . . . . .	-	422,591	5,794,500	7,201,434	13,418,525
Transfers out . . . . .	(13,335,130)	-	(422,591)	-	(13,757,721)
Total other financing sources (uses) . . . . .	<u>(13,335,130)</u>	<u>422,591</u>	<u>15,224,236</u>	<u>7,201,434</u>	<u>9,513,131</u>
Net change in fund balances . . . . .	4,624,419	3,595,953	(3,219,046)	2,762,926	7,764,252
<b>Fund balances at beginning of year (restated) .</b>	<u>37,341,954</u>	<u>15,080,926</u>	<u>23,447,765</u>	<u>21,308,633</u>	<u>97,179,278</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 41,966,373</u>	<u>\$ 18,676,879</u>	<u>\$ 20,228,719</u>	<u>\$ 24,071,559</u>	<u>\$ 104,943,530</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF DAYTON, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

<b>Net change in fund balances - total governmental funds</b>		<b>\$ 7,764,252</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$27,702,620) exceeded depreciation expense (\$10,854,647) in the current period (exclusive of internal service fund activity).		16,847,973
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net assets.		(112,510)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	\$ 812,654	
Income tax	629,874	
Special assessments	1,927,243	
State shared taxes	1,688,303	
Charges for services	433,834	
Accrued interest	(329,294)	
Intergovernmental revenues	<u>(2,876,253)</u>	
Total		2,286,361
Repayments of bond and capital lease principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets.		
Bond principal payments	5,220,448	
Capital lease principal payments (exclusive of internal service activity)	<u>569,403</u>	
Total		5,789,851
Issuance of refunding bonds are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.		(19,745,000)
Payment to refunded bond escrow agent for the retirement of bonds are an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net assets. Deferred charges, bond premiums and bond issuance costs related to the refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred in the fiscal year:		
Bonds refunded	10,035,000	
Deferred charges on refundings	348,734	
Premium on refunding bonds	(491,061)	
Bond issuance costs of refunding bonds	<u>312,327</u>	
Total		10,205,000
In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the following:		
Increase in accrued interest payable	(18,636)	
Amortization of bond issue costs	(15,534)	
Amortization of bond premiums	19,937	
Amortization of deferred charges on refundings	<u>(5,244)</u>	
Total		(19,477)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(807,472)
Internal service funds used by management to charge the costs of fleet management, fire fleet management, stores and reproduction, workers' compensation, and plumbing to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service funds revenues are eliminated. The net revenue (expense) of the internal service funds, including internal balances of \$99,299, is allocated among governmental activities.		<u>(103,315)</u>
<b>Change in net assets of governmental activities</b>		<b><u>\$ 22,105,663</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Municipal income taxes . . . . .	\$ 109,902,700	\$ 111,887,700	\$ 112,764,901	\$ 877,201
Property and other local taxes . . . . .	11,715,700	11,949,600	11,978,508	28,908
State shared taxes . . . . .	17,036,900	17,505,400	17,537,953	32,553
Charges for services . . . . .	21,339,600	21,185,600	21,898,292	712,692
Licenses and permits. . . . .	1,584,900	1,659,900	1,823,613	163,713
Fines and forfeitures. . . . .	1,510,000	1,349,100	1,441,383	92,283
Intergovernmental . . . . .	300,000	300,000	300,300	300
Special assessments . . . . .	267,200	267,200	2,640	(264,560)
Investment income . . . . .	6,236,400	6,094,000	5,951,198	(142,802)
Other . . . . .	2,461,100	2,054,300	1,893,942	(160,358)
<b>Total revenues. . . . .</b>	<b>172,354,500</b>	<b>174,252,800</b>	<b>175,592,730</b>	<b>1,339,930</b>
<b>Expenditures:</b>				
Current:				
Downtown . . . . .	3,919,000	4,079,000	3,596,469	482,531
Youth, education and human services. . . . .	195,000	205,000	98,880	106,120
Community development and neighborhoods. . . . .	13,924,700	14,430,000	13,885,136	544,864
Economic development . . . . .	3,685,200	4,126,000	3,771,779	354,221
Leadership and quality of life . . . . .	28,702,500	29,846,600	28,273,851	1,572,749
Corporate responsibility. . . . .	16,940,400	17,657,900	16,204,355	1,453,545
Public safety and justice . . . . .	96,142,800	97,815,800	95,996,950	1,818,850
Other . . . . .	1,880,400	2,228,400	1,427,179	801,221
<b>Total expenditures. . . . .</b>	<b>165,390,000</b>	<b>170,388,700</b>	<b>163,254,599</b>	<b>7,134,101</b>
Excess of revenues over expenditures. . . . .	6,964,500	3,864,100	12,338,131	8,474,031
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	220,000	-	23,126	23,126
Transfers out . . . . .	(7,184,500)	(10,474,500)	(13,335,130)	(2,860,630)
<b>Total other financing sources (uses) . . . . .</b>	<b>(6,964,500)</b>	<b>(10,474,500)</b>	<b>(13,312,004)</b>	<b>(2,837,504)</b>
Net change in fund balance. . . . .	-	(6,610,400)	(973,873)	5,636,527
<b>Fund balance at beginning of year. . . . .</b>	<b>16,799,938</b>	<b>16,799,938</b>	<b>16,799,938</b>	<b>-</b>
<b>Prior year encumbrances appropriated. . . . .</b>	<b>1,051,040</b>	<b>1,051,040</b>	<b>1,051,040</b>	<b>-</b>
<b>Fund balance at end of year. . . . .</b>	<b>\$ 17,850,978</b>	<b>\$ 11,240,578</b>	<b>\$ 16,877,105</b>	<b>\$ 5,636,527</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF DAYTON, OHIO**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31,2007

	<b>Business-type Activities -</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and cash equivalents . . . . .	\$ 54,879,476	\$ 25,802,205	\$ 22,719,042
Receivables (net of allowance for uncollectibles):			
Special assessments . . . . .	-	-	544,277
Accounts . . . . .	3,506,112	7,334,869	5,237,320
Accrued interest . . . . .	330,816	68,846	-
Due from other funds . . . . .	-	3,857,972	17,596
Due from other governments . . . . .	2,518,599	134,009	31,349
Prepayments. . . . .	93,080	101,506	5,040
Materials and supplies inventory . . . . .	47,109	1,690,038	-
Inventory held for resale . . . . .	-	-	-
Advances to component unit. . . . .	-	1,877,613	-
Restricted assets:			
Equity in pooled cash and cash equivalents . . . . .	-	58,697	-
Cash with fiscal and escrow agents. . . . .	3,302,088	7,204,066	-
Total current assets	<u>64,677,280</u>	<u>48,129,821</u>	<u>28,554,624</u>
Noncurrent assets:			
Unamortized bond issuance costs. . . . .	1,749,386	-	-
Capital assets:			
Land and construction in progress . . . . .	51,806,014	10,033,147	13,606,840
Depreciable capital assets, net . . . . .	154,479,986	104,765,201	86,808,877
Total capital assets . . . . .	<u>206,286,000</u>	<u>114,798,348</u>	<u>100,415,717</u>
Total noncurrent assets . . . . .	<u>208,035,386</u>	<u>114,798,348</u>	<u>100,415,717</u>
Total assets. . . . .	<u>272,712,666</u>	<u>162,928,169</u>	<u>128,970,341</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Other Enterprise</b>	<b>Total</b>	
\$ 4,888,263	\$ 108,288,986	\$ 16,549,141
469,638	1,013,915	-
1,298,796	17,377,097	21,920
-	399,662	-
333	3,875,901	365,991
-	2,683,957	39,272
-	199,626	19,056
-	1,737,147	-
-	-	690,971
-	1,877,613	-
-	58,697	-
-	10,506,154	-
<u>6,657,030</u>	<u>148,018,755</u>	<u>17,686,351</u>
27,366	1,776,752	-
1,829,346	77,275,347	75,000
<u>15,107,086</u>	<u>361,161,150</u>	<u>1,295,299</u>
<u>16,936,432</u>	<u>438,436,497</u>	<u>1,370,299</u>
<u>16,963,798</u>	<u>440,213,249</u>	<u>1,370,299</u>
<u>23,620,828</u>	<u>588,232,004</u>	<u>19,056,650</u>

-- Continued

**CITY OF DAYTON, OHIO**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS (CONTINUED)  
 DECEMBER 31, 2007

	<b>Business-type Activities</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable . . . . .	617,829	1,417,251	649,207
Contracts payable . . . . .	1,488,198	722,644	397,463
Airline settlement payable. . . . .	3,665,177	-	-
Accrued wages and benefits . . . . .	384,544	598,992	237,546
Compensated absences - current. . . . .	273,729	486,153	193,787
Retainage payable . . . . .	436,429	77,652	188,481
Accrued interest payable. . . . .	13,500	-	440,572
Due to other funds . . . . .	26,881	68,544	3,243,318
Due to other governments . . . . .	671,477	127,294	404
Claims payable - current. . . . .	-	-	-
General obligation notes payable - current. . . . .	1,400,000	-	-
General obligation bonds payable - current. . . . .	-	-	-
OWPC loan payable - current. . . . .	-	-	50,000
OWDA loan payable - current. . . . .	-	-	3,261,383
Payable from restricted assets:			
Utility deposits . . . . .	-	58,697	-
Accrued interest payable . . . . .	133,122	-	-
Revenue bonds - current. . . . .	1,090,000	-	-
Total current liabilities. . . . .	<u>10,200,886</u>	<u>3,557,227</u>	<u>8,662,161</u>
Noncurrent liabilities:			
Compensated absences. . . . .	600,713	1,066,888	425,275
Claims payable . . . . .	-	-	-
General obligation bonds payable . . . . .	-	-	-
General obligation notes payable. . . . .	1,885,000	-	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding). . . . .	37,917,904	-	-
OPWC loan payable . . . . .	-	-	600,000
OWDA loan payable . . . . .	-	-	11,793,832
Total noncurrent liabilities. . . . .	<u>40,403,617</u>	<u>1,066,888</u>	<u>12,819,107</u>
Total liabilities . . . . .	<u>50,604,503</u>	<u>4,624,115</u>	<u>21,481,268</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt . . . . .	165,742,482	114,798,348	84,710,502
Unrestricted. . . . .	56,365,681	43,505,706	22,778,571
Total net assets . . . . .	<u>\$ 222,108,163</u>	<u>\$ 158,304,054</u>	<u>\$ 107,489,073</u>

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

Net assets of business-type activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Other Enterprise</b>	<b>Total</b>	
155,196	2,839,483	79,434
35,721	2,644,026	41,250
-	3,665,177	-
143,665	1,364,747	159,464
108,280	1,061,949	121,976
-	702,562	-
5,812	459,884	-
624,788	3,963,531	71,067
438	799,613	2,192,278
-	-	403,939
-	1,400,000	-
221,110	221,110	-
-	50,000	-
-	3,261,383	-
-	58,697	-
-	133,122	-
-	1,090,000	-
<u>1,295,010</u>	<u>23,715,284</u>	<u>3,069,408</u>
237,625	2,330,501	267,724
-	-	9,292,803
1,653,666	1,653,666	-
-	1,885,000	-
-	37,917,904	-
-	600,000	-
-	11,793,832	-
<u>1,891,291</u>	<u>56,180,903</u>	<u>9,560,527</u>
<u>3,186,301</u>	<u>79,896,187</u>	<u>12,629,935</u>
15,089,022	380,340,354	1,370,299
5,345,505	127,995,463	5,056,416
<u>\$ 20,434,527</u>	<u>508,335,817</u>	<u>\$ 6,426,715</u>
	(41,765)	
	<u>\$ 508,294,052</u>	

**CITY OF DAYTON, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<b>Business-type Activities -</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 36,590,813	\$ 47,211,818	\$ 31,160,587
Other . . . . .	2,720,408	3,732,551	161,512
<b>Total operating revenues . . . . .</b>	<b>39,311,221</b>	<b>50,944,369</b>	<b>31,322,099</b>
<b>Operating expenses:</b>			
Personal services . . . . .	9,299,188	14,668,555	6,692,923
Benefit payments . . . . .	3,491,661	5,343,417	2,413,472
Contractual services . . . . .	8,552,223	4,883,242	8,260,126
Materials and supplies . . . . .	885,078	4,446,181	1,945,991
Utilities . . . . .	2,183,375	7,037,091	2,433,495
Cost of sales . . . . .	-	-	-
Depreciation . . . . .	7,912,869	5,947,049	7,170,466
Claims . . . . .	-	-	-
Other . . . . .	2,432,263	2,675,921	1,095,168
<b>Total operating expenses . . . . .</b>	<b>34,756,657</b>	<b>45,001,456</b>	<b>30,011,641</b>
<b>Operating income (loss) . . . . .</b>	<b>4,554,564</b>	<b>5,942,913</b>	<b>1,310,458</b>
<b>Nonoperating revenues (expenses):</b>			
Interest revenue . . . . .	3,645,455	1,249,272	-
Loss on disposal of capital assets . . . . .	(2,746)	-	-
Interest expense and fiscal charges . . . . .	(7,026,699)	(350,842)	(862,782)
<b>Total nonoperating revenues (expenses) . . . . .</b>	<b>(3,383,990)</b>	<b>898,430</b>	<b>(862,782)</b>
<b>Income (loss) before capital contributions and transfers . . . . .</b>	<b>1,170,574</b>	<b>6,841,343</b>	<b>447,676</b>
Capital contributions . . . . .	15,058,562	-	-
Transfers in . . . . .	239,196	-	-
<b>Changes in net assets . . . . .</b>	<b>16,468,332</b>	<b>6,841,343</b>	<b>447,676</b>
<b>Net assets, January 1 . . . . .</b>	<b>205,639,831</b>	<b>151,462,711</b>	<b>107,041,397</b>
<b>Net assets, December 31 . . . . .</b>	<b>\$ 222,108,163</b>	<b>\$ 158,304,054</b>	<b>\$ 107,489,073</b>

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>Enterprise Funds</b>		<b>Governmental</b>
<b>Other</b>		<b>Activities -</b>
<b>Enterprise</b>	<b>Total</b>	<b>Internal</b>
		<b>Service Funds</b>
\$ 10,010,269	\$ 124,973,487	\$ 14,693,082
6,641	6,621,112	43,842
<u>10,016,910</u>	<u>131,594,599</u>	<u>14,736,924</u>
3,428,514	34,089,180	4,036,360
1,199,094	12,447,644	1,469,401
1,814,867	23,510,458	1,116,939
625,640	7,902,890	614,469
279,697	11,933,658	9,815
-	-	4,136,443
583,643	21,614,027	96,251
-	-	3,507,440
286,185	6,489,537	51,138
<u>8,217,640</u>	<u>117,987,394</u>	<u>15,038,256</u>
<u>1,799,270</u>	<u>13,607,205</u>	<u>(301,332)</u>
-	4,894,727	-
-	(2,746)	-
<u>(128,958)</u>	<u>(8,369,281)</u>	<u>(1,282)</u>
<u>(128,958)</u>	<u>(3,477,300)</u>	<u>(1,282)</u>
1,670,312	10,129,905	(302,614)
-	15,058,562	-
-	239,196	100,000
<u>1,670,312</u>	<u>25,427,663</u>	<u>(202,614)</u>
<u>18,764,215</u>		<u>6,629,329</u>
<u>\$ 20,434,527</u>		<u>\$ 6,426,715</u>
	<u>(99,299)</u>	
	<u>\$ 25,328,364</u>	

CITY OF DAYTON, OHIO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<b>Business-type Activities -</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers . . . . .	\$ 40,062,720	\$ 46,858,674	\$ 32,263,039
Cash received from interfund services provided. . . . .	-	-	-
Cash received from other operating revenues . . . . .	2,663,645	4,668,898	157,652
Cash payments for personal services . . . . .	(9,339,281)	(14,623,652)	(6,578,557)
Cash payments for fringe benefits . . . . .	(3,505,215)	(5,354,114)	(2,426,316)
Cash payments for contract services. . . . .	(5,042,598)	(5,065,964)	(8,914,317)
Cash payments for materials and supplies. . . . .	(947,609)	(4,651,554)	(1,931,784)
Cash payments for cost of goods sold. . . . .	-	-	-
Cash payments for utilities . . . . .	(2,015,667)	(6,508,517)	(2,465,708)
Cash payments for claims . . . . .	-	-	-
Cash payments for other operating expenses . . . . .	(2,442,914)	(2,635,744)	(1,091,412)
Net cash provided by (used in) operating activities. . . . .	<u>19,433,081</u>	<u>12,688,027</u>	<u>9,012,597</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from advance to component unit . . . . .	-	164,392	-
Transfers in. . . . .	239,196	-	-
Net cash provided by noncapital financing activities. . . . .	<u>239,196</u>	<u>164,392</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets . . . . .	(11,981,297)	(3,468,498)	(2,686,473)
Capital contributions . . . . .	13,768,654	-	-
Proceeds from loans . . . . .	-	-	688,122
Principal paid on notes . . . . .	(3,430,000)	-	-
Interest paid on notes. . . . .	(499,039)	-	-
Principal paid on bonds. . . . .	(26,355,000)	(5,190,000)	-
Interest paid on bonds . . . . .	(4,478,137)	(255,151)	-
Principal paid on loans . . . . .	-	-	(3,307,274)
Interest paid on loans. . . . .	-	-	(882,616)
Principal paid on capital leases . . . . .	-	(67,630)	-
Interest paid on capital leases. . . . .	-	(2,861)	-
Net cash used in capital and related financing activities. . . . .	<u>(32,974,819)</u>	<u>(8,984,140)</u>	<u>(6,188,241)</u>
<b>Cash flows from investing activities:</b>			
Interest received . . . . .	3,688,168	1,245,141	-
Net cash provided by investing activities . . . . .	<u>3,688,168</u>	<u>1,245,141</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents . . . . .	(9,614,374)	5,113,420	2,824,356
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>67,795,938</u>	<u>27,951,548</u>	<u>19,894,686</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u>\$ 58,181,564</u>	<u>\$ 33,064,968</u>	<u>\$ 22,719,042</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Other Enterprise</b>	<b>Total</b>	
\$ 10,046,361	\$ 129,230,794	\$ -
-	-	14,372,877
6,531	7,496,726	227,511
(3,346,280)	(33,887,770)	(3,982,680)
(1,161,269)	(12,446,914)	(1,473,693)
(1,824,556)	(20,847,435)	(1,168,090)
(635,996)	(8,166,943)	(861,248)
-	-	(4,145,740)
(237,918)	(11,227,810)	(8,676)
-	-	(3,404,903)
(270,923)	(6,440,993)	(50,836)
<u>2,575,950</u>	<u>43,709,655</u>	<u>(495,478)</u>
-	164,392	-
-	239,196	100,000
-	<u>403,588</u>	<u>100,000</u>
(1,655,265)	(19,791,533)	(191,576)
-	13,768,654	-
-	688,122	-
-	(3,430,000)	-
-	(499,039)	-
(212,452)	(31,757,452)	-
(125,706)	(4,858,994)	-
-	(3,307,274)	-
-	(882,616)	-
-	(67,630)	(47,718)
-	(2,861)	(1,282)
<u>(1,993,423)</u>	<u>(50,140,623)</u>	<u>(240,576)</u>
-	4,933,309	-
-	<u>4,933,309</u>	-
582,527	(1,094,071)	(636,054)
<u>4,305,736</u>	<u>119,947,908</u>	<u>17,185,195</u>
<u>\$ 4,888,263</u>	<u>\$ 118,853,837</u>	<u>\$ 16,549,141</u>

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**CITY OF DAYTON, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<b>Business-type Activities -</b>		
	<u>Dayton International Airport</u>	<u>Water</u>	<u>Sewer</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss) . . . . .	\$ 4,554,564	\$ 5,942,913	\$ 1,310,458
Adjustments:			
Depreciation . . . . .	7,912,869	5,947,049	7,170,466
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable . . . . .	3,404,362	(180,375)	1,244,314
(Increase) decrease in due from other funds . . . . .	10,782	534,719	(3,860)
(Increase) decrease in prepaid assets . . . . .	4,421	98,221	16,637
Increase in due from other governments . . . . .	-	(134,009)	(31,349)
Increase in special assessments receivable . . . . .	-	-	(110,513)
Increase in materials and supplies inventory . . . . .	(3,036)	(179,408)	-
Decrease in inventory held for resale . . . . .	-	-	-
Increase (decrease) in accounts payable . . . . .	(37,148)	6,588	(187,632)
Increase (decrease) in contracts payable . . . . .	300,306	578,294	(134,949)
Increase in airline settlement payable . . . . .	3,665,177	-	-
Increase (decrease) in retainage payable . . . . .	(379,495)	76,434	81,995
Increase (decrease) in accrued wages and benefits . . . . .	(24,524)	(8,729)	17,275
Increase (decrease) in due to other funds . . . . .	20,963	32,500	(444,505)
Increase (decrease) in due to other governments . . . . .	32,963	(30,345)	13
Decrease in utility deposits . . . . .	-	(38,760)	-
Increase (decrease) in compensated absences payable . . . . .	(29,123)	42,935	84,247
Increase in claims payable . . . . .	-	-	-
Net cash provided by (used in) operating activities . . . . .	<u>\$ 19,433,081</u>	<u>\$ 12,688,027</u>	<u>\$ 9,012,597</u>

**Non-cash transactions:**

During 2007, the Dayton International Airport received \$1,927,519 in capital grants, which was recognized as a receivable in 2006. A receivable in the amount of \$3,217,427 has been recorded for capital grants in 2007.

At December 31, 2006, the Water, Sewer, and Dayton International Airport enterprise funds purchased \$173,188, \$756,574, and \$1,494,792, respectively, in capital assets on account. At December 31, 2007, Water fund, Sewer fund, Dayton International Airport fund and Storm Sewer fund (a nonmajor enterprise fund) purchased \$612,364, \$348,353, \$1,682,612 and \$9,915, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Other Enterprise</b>	<b>Total</b>	
\$ 1,799,270	\$ 13,607,205	\$ (301,332)
583,643	21,614,027	96,251
73,906	4,542,207	(10,702)
(110)	541,531	(156,951)
-	119,279	(908)
-	(165,358)	(39,272)
(37,814)	(148,327)	-
-	(182,444)	-
-	-	58,133
103,472	(114,720)	(392,224)
28,908	772,559	29,250
-	3,665,177	-
-	(221,066)	-
63,331	47,353	15,337
(95,385)	(486,427)	70,352
1	2,632	86,170
-	(38,760)	-
56,728	154,787	34,051
-	-	16,367
<u>\$ 2,575,950</u>	<u>\$ 43,709,655</u>	<u>\$ (495,478)</u>

**CITY OF DAYTON, OHIO**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
DECEMBER 31, 2007**

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 6,811,746
Cash and cash equivalents with fiscal agent . . . . .	879,875
Investments with fiscal agent . . . . .	<u>4,300,091</u>
Total assets . . . . .	<u>\$ 11,991,712</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 4,589
Due to other governments . . . . .	2,269,540
Due to others. . . . .	3,882,179
Withholdings and deposits . . . . .	<u>5,835,404</u>
Total liabilities . . . . .	<u>\$ 11,991,712</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

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For the Year Ended December 31, 2007**

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## **CITY OF DAYTON, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007**

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

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

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply these FASB Statements and Interpretations. The most significant of the City's accounting policies are described below.

##### **A. Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds, departments and agencies that are not legally separate from the City. For the City, this includes providing water supply and treatment, sewer and storm water maintenance, wastewater treatment, airport services, fire and emergency medical services, police protection, a convention center, building inspection, neighborhood support, recreation and parks, golf, street and bridge maintenance, waste collection, and a municipal court.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves their budget, the issuance of their debt or the levying of their taxes for the organization.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

##### *DISCRETELY PRESENTED COMPONENT UNIT*

The City has included one discretely presented component unit, the Citywide Development Corporation (CWDC), as part of this report. CWDC was established in 1972 as a private, non-profit development organization which supports the City in a number of ways - primarily as its development financing arm. CWDC's relationship with the City is established via its stated mission: fostering economic development through creating and retaining jobs for City residents, providing administrative support to assist in neighborhood development, increasing tax revenues, and improving the Dayton area economy. Because the City appoints all members of CWDC's board of trustees and is empowered to remove them at will, CWDC is a component unit of the City. CWDC issues separately audited financial statements with a December 31 year-end. Its most recently audited financial statements may be obtained from Citywide Development Corporation, 8 North Main Street, Dayton, Ohio 45402-1916. Further disclosures for the discretely presented component unit can be found in Note 20.

##### *JOINTLY GOVERNED ORGANIZATIONS*

*Miami Valley Regional Planning Commission* - The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami, and Montgomery Counties, the City of Dayton, City of Riverside, City of New Carlisle, and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the general fund. The City contributed \$76,442 for the operation of the Commission during 2007. Financial information can be obtained from Nora Lake, Executive Director, at 40 West Fourth Street, Dayton, Ohio 45402.

*Miami Valley Fire/EMS Alliance* - The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS Services by volunteers, two representatives appointed by the members who are provided Fire/EMS Services by a combination of full time employees and volunteers, and a representative appointed by the members who are provided Fire/EMS Services by full time employees. Payments to the Alliance are made from the general fund. The City contributed \$39,883 for the operation of the Alliance during 2007. Financial information can be obtained from Mike Hoverland, Director, at 444 W. Third Street, Suite 13-204, Dayton, Ohio 45402.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

*Miami Township-Dayton Joint Economic Development District* - In an effort to promote regional growth and economic development, the City has entered into a contract with Miami Township to create a Joint Economic Development District (JEDD). The City entered into a separate contract with Miami Township in July, 2005. In accordance with state law the Districts Board of Trustees levied a 2% income tax effective January 1, 2007. The proceeds of that tax are allocated, in accordance with the contract, primarily to the Township. In consideration for its receipt of a share of the District's income taxes, the City will receive 50% of the property tax revenue from parcels located within the District. The Township will utilize these JEDD revenues, in part, to construct infrastructure and improvement near the Dayton-Wright Brothers Airport. The City received \$222,618 in revenues through the JEDD in 2007.

*Butler Township-Dayton Joint Economic Development District* - In an effort to promote regional growth and economic development, the City has entered into a contract with Butler Township to create a Joint Economic Development District (JEDD). The City entered into a separate contract with Butler Township in July, 2006. In accordance with State Law, the Districts Board of Trustees levied a 1.75% income tax effective in 2007. The proceeds of that tax are allocated, in accordance with the contract, to the Township. In consideration for its receipt of a share of the District's income taxes, the City will receive 50% of the property tax revenue from parcels located within the District. The District will utilize these JEDD revenues to facilitate economic development to create or preserve jobs and employment opportunities and to improve economic welfare. The City received \$4,666 in revenues through the JEDD in 2007.

*Economic Development/Government Equity Program* - The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced, and that County economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, township, and cities within Montgomery County, and Montgomery County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the County. The ED/GE Advisory Committee, made up of alternating member entities representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued, and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the general fund.

The City did not contribute to the operation of ED/GE during 2007. Financial information can be obtained from Linda Gum, Administrative Assistant, at 451 West Third Street, Dayton, Ohio 45402.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

Montgomery County Family and Children First Council - The City participates in the Montgomery County Family and Children First Council. The Council coordinates and integrates those services within Montgomery County which are available for families and children and establishes a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children. The Council is governed by a board of nineteen trustees, one of which is the Mayor of the City of Dayton. The City did not contribute to the operation of the Council during 2007. Financial information can be obtained from Sue Daily, Executive Director, at 451 West Third Street, P.O. Box 972, Dayton, Ohio 4522-3100.

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

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

The Board established hazardous materials incident response guidelines to provide for response procedures in the event of an incident. In the event of a hazardous material incident within any local government that is a member of this organization, the other members will respond to render assistance. The funding for the operation of the response team is through contributions from each entity. In addition, the persons or company responsible for any hazardous materials emergency is required by state law to reimburse the team any costs associated with clean up. There is no explicit and measurable equity interest in HAZMAT. During 2007, the City contributed \$23,765 to HAZMAT. Financial information can be obtained from Edwin Kovar, Executive Director at 4200 Lake Center Drive, Trotwood, Ohio 45426.

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

The funding for the operation of the Agency is through contributions from each participating entity. Payments to the Agency are made from the general fund. The City contributed \$33,236 for the operation of the Agency during 2007. Financial information can be obtained from Edwin Kovar, Executive Director at 4200 Lake Center Drive, Trotwood, Ohio 45426.

#### **B. 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 fiduciary funds. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

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

**C. Fund Accounting**

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

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

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

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

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

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

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

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

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

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

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

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

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

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

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

##### D. Measurement Focus

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

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

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

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

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

##### E. Basis of Accounting

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

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

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, interest, grants, fees and rentals.

*Unearned Revenue and Deferred Revenue* - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as unearned revenue.

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

Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2007, are recorded 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 costs, such as depreciation and amortization, are not recognized in governmental funds.

**F. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.



**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

All funds, except agency funds, are legally required to be budgeted. The Capital Improvement fund and the HUD Programs fund (a nonmajor governmental fund), pursuant to the City's charter, are not required to be budgeted annually. These funds' appropriations, after their initial appropriations by Council at the time capital monies/grants are received (bond proceeds, etc.), remain intact until they are expended or modified by Council. Such monies are appropriated on a project level with specific identification of each project being budgeted.

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenues of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2007.

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

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

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

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

**G. Cash and Cash Equivalents**

Cash balances of the City's funds, except cash and cash equivalents and investments held by fiscal agents, are pooled and invested in order to provide improved cash management. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" and "Investments" on the statement of net assets. The HUD Programs fund (a nonmajor governmental fund) had expended amounts greater than its share of the cash management pool of cash and cash equivalents. This fund had a negative cash balance at year-end that was eliminated by a short-term interfund loan from the general fund. This loan is classified as an "interfund receivable" and "interfund payable" on the fund financial statements (see Note 5.B).

During 2007, investments were limited to federal agency securities, U.S. Treasury notes, City owned debt, U.S. Government money market mutual funds, Dayton Power and Light stock, non-negotiable certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for non-participating investment contracts, investments are stated at fair value which is based on quoted market prices. For U.S. Government money market mutual funds, fair value is determined by the fund's share price at December 31, 2007. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2007.

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

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

Interest income is distributed to the funds according to City Ordinance and statutory requirements. Interest revenue earned during 2007 was \$7,230,175 in the general fund, which includes \$5,130,966 assigned from other City funds. The nonmajor governmental funds and enterprise funds also received interest in the amount of \$163,128 and \$4,894,727, respectively.

**H. Inventory of Supplies**

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

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

**I. Restricted Assets**

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

**J. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of bridges, curbs, lighting, sidewalks, and roads. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is capitalized in the proprietary funds.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

##### **K. Interfund Balances**

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

##### **L. Prepayments**

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

##### **M. Compensated Absences**

The City follows the provisions of Governmental Accounting Standards Board Statement No. 16 "Accounting for Compensated Absences". Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time and compensatory time when earned for all employees with more than one year of service.

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

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

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

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

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

**N. Accrued Liabilities and Long-Term Obligations**

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

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

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

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight line method. Unamortized bond issuance costs are reported as a separate line item on the statement of net assets.

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

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

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

**P. Interfund Activity**

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

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

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

**Q. Fund Balance Reserves**

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

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

**R. Fund Designations**

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

*General Fund*

<u>Project</u>	<u>Amount Designated</u>
Special Assessments	\$ 177,538
Employee Termination	3,710,262
27th Payroll Administration	2,527,000
Unclaimed Money	376,841
Unemployment	976,133
PRC Sponsorships	104,535
DEDE Contractual Services	56,250
Mediation Center	116,916
Employee Professional Development	231,169
Mayor's Heritage	<u>7,569</u>
Total General Fund	<u>\$ 8,284,213</u>

*Street Maintenance*

<u>Project</u>	<u>Amount Designated</u>
Capital Equipment	<u>\$ 1,146,380</u>
Total Nonmajor Governmental Fund	<u>\$ 1,146,380</u>

**S. Estimates**

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

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

**T. Contributions of Capital**

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

**U. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City did not have any net assets restricted by enabling legislation.

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

**V. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2007.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Fund Reclassifications**

Management of the City has determined that certain fund reclassifications are required to properly report the intended use of certain City funds. A fund reclassification has been recorded combine the Law Enforcement fund (a nonmajor governmental fund) into the Miscellaneous Grants fund (a nonmajor governmental fund) for reporting purposes. A fund reclassification has also been recorded to combine the Economic Development/Government Equity Improvement fund (a nonmajor governmental fund) and the Issue II fund (a nonmajor governmental fund) into the Capital Improvement fund (a major governmental fund) for reporting purposes. The fund reclassifications had the following effect on the City's governmental fund balances as previously reported:

	<u>Capital Improvement</u>	<u>Nonmajor Governmental</u>
Fund balance as previously reported at December 31, 2006	\$ 24,256,830	\$ 20,499,568
Effect of fund reclassifications	<u>(809,065)</u>	<u>809,065</u>
Restated fund balance at January 1, 2007	<u>\$ 23,447,765</u>	<u>\$ 21,308,633</u>

The fund reclassifications had no effect on the net assets of the governmental activities as previously reported at December 31, 2006.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**B. Change in Accounting Principles**

For 2007, the City has implemented GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans", GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", and GASB Statement No. 48 "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues".

GASB Statements No. 43 and No. 45 establish uniform standards of financial reporting for other postemployment benefit plans and increase the usefulness and improve the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 43 and No. 45 did not have an effect on the financial statements of the City; however, the Postemployment Benefit disclosures (See Note 17) have been modified for their implementation.

GASB Statement No. 48 established criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the City; however, additional disclosure related to revenues pledged for the repayment of revenue bonds has been provided in Note 13.

**C. Compliance**

- i.* Contrary to Ohio Revised Code Section 5705.10, the City had a negative cash balance in the HUD Programs fund (a nonmajor governmental fund) of \$1,946,710. For GAAP purposes, this amount has been reported as a fund liability (see Note 5.B).
- ii.* The following fund had expenditure in excess of appropriations for the year ended December 31, 2007 in noncompliance with Ohio Revised Code 5705.41(B):

<u>Nonmajor fund</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess</u>
Highway maintenance	\$ 400,000	\$ 433,333	\$ 33,333

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State Statutes classify monies held by the City into three categories:

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

Inactive deposits are public deposits not required for use within the current five year period of designation of depositories as defined by the City's investment policy. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.



**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

1. Bonds and other obligations guaranteed by the United States;
2. Discount notes of the Federal National Mortgage Association;
3. Bonds of the State of Ohio; and
4. Bonds of any municipal corporation, village, county, township, or other political subdivision of Ohio, as to which there is no default of principal, interest or coupons.

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

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

**A. Cash on Hand**

At year-end, the City had \$55,258 in undeposited cash on hand which is included on the financial statements of the City as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At December 31, 2007, the carrying amount of all City deposits was \$2,791,847. As of December 31, 2007, \$8,201,811 of the City's bank balance of \$8,793,057 was exposed to custodial risk as discussed below, while \$591,246 was covered by the Federal Deposit Insurance Corporation.

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

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

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

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
U.S. Treasury Notes	\$ 21,970,780	\$ 15,980,620	\$ 5,990,160	\$ -	\$ -	\$ -
FFCB	20,050,000	-	-	20,050,000	-	-
FHLMC	20,073,900	-	10,053,100	10,020,800	-	-
FHLB	30,103,200	10,015,600	20,087,600	-	-	-
FNMA	10,006,300	10,006,300	-	-	-	-
City Owned Debt	3,230,600	-	-	-	-	3,230,600
Executive Severance						
money market	944,519	944,519	-	-	-	-
Stock	100,069	100,069	-	-	-	-
U.S. Government						
money market	14,351,001	14,351,001	-	-	-	-
STAR Ohio	106,927,403	106,927,403	-	-	-	-
	<u>\$ 227,757,772</u>	<u>\$ 158,325,512</u>	<u>\$ 36,130,860</u>	<u>\$ 30,070,800</u>	<u>\$ -</u>	<u>\$ 3,230,600</u>

The weighted average maturity of investments is .46 years.

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

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

*Credit Risk:* STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The City's investments in federal agency securities and U.S. Treasury notes were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

*Concentration of Credit Risk:* The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the City at December 31, 2007:

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Treasury notes	\$ 21,970,780	9.65
FFCB	20,050,000	8.80
FHLMC	20,073,900	8.81
FHLB	30,103,200	13.22
FNMA	10,006,300	4.39
City Owned Debt	3,230,600	1.42
Executive Severance money market	944,519	0.41
Stock	100,069	0.04
U.S. Government money market	14,351,001	6.30
STAR Ohio	<u>106,927,403</u>	<u>46.96</u>
 Total	 <u>\$ 227,757,772</u>	 <u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 2,791,847
Investments	227,757,772
Cash on hand	<u>55,258</u>
Total	<u>\$ 230,604,877</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 99,759,328
Business type activities	118,853,837
Agency funds	<u>11,991,712</u>
Total	<u>\$ 230,604,877</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Due from/to other funds consisted of the following at December 31, 2007, as reported on the fund statements:

Due To	Due From								
	General	Capital Improvements	Nonmajor Special Revenue	Dayton International Airport	Water	Sewer	Nonmajor Enterprise	Internal Service	Due from Total
General	\$ -	\$ 77	\$ 5,399	\$ 2,382	\$ 2,476	\$ 741	\$ 80	\$ 40	\$ 11,195
Nonmajor									
Governmental	77,923	346	-	-	-	5,261	-	-	83,530
Internal Service	172,613	10,181	34,605	60	48,472	22,228	6,814	71,018	365,991
Water	542	-	-	24,439	-	3,215,088	617,894	9	3,857,972
Sewer	-	-	-	-	17,596	-	-	-	17,596
Nonmajor									
Enterprise	333	-	-	-	-	-	-	-	333
Due to Total	<u>\$ 251,411</u>	<u>\$ 10,604</u>	<u>\$ 40,004</u>	<u>\$ 26,881</u>	<u>\$ 68,544</u>	<u>\$ 3,243,318</u>	<u>\$ 624,788</u>	<u>\$ 71,067</u>	<u>\$ 4,336,617</u>

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

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

- B.** Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2007, consist of the following individual fund loan receivable and payable as reported on the fund statements:

<u>Interfund Payable to:</u>	<u>Nonmajor Governmental</u>
General	<u>\$ 1,946,710</u>
Total	<u>\$ 1,946,710</u>

The interfund loan payable in the nonmajor governmental funds to the general fund is to cover a negative cash balance in the HUD Programs fund at year-end. This interfund loan will be repaid as resources become available in the HUD programs fund.

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

- C.** Advances to component unit and advances from primary government consisted of the following at December 31, 2007, as reported on the fund statements:

<u>Advance To</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental</u>	<u>Water</u>	<u>Total</u>
Component Unit	<u>\$ 5,395,215</u>	<u>\$ 5,681,428</u>	<u>\$ 1,877,613</u>	<u>\$ 12,954,256</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

D. Interfund transfers for the year ended December 31, 2007, consisted of the following, as reported on the fund statements:

<u>Transfer From</u>	<u>Transfers To</u>					<u>Total</u>
	<u>Capital Improvement</u>	<u>Nonmajor Governmental</u>	<u>Debt Service</u>	<u>Internal Service Funds</u>	<u>Dayton International Airport</u>	
General	\$ 5,794,500	\$ 7,201,434	\$ -	\$ 100,000	\$ 239,196	\$ 13,335,130
Capital Improvement	-	-	422,591	-	-	422,591
<b>Total</b>	<b>\$ 5,794,500</b>	<b>\$ 7,201,434</b>	<b>\$ 422,591</b>	<b>\$ 100,000</b>	<b>\$ 239,196</b>	<b>\$ 13,757,721</b>

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

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

**NOTE 6 - PROPERTY TAXES**

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

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

Tangible personal property tax revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 12.5% for 2007. This percentage will be reduced to 6.25% for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2007-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Dayton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2007 operations. The receivable is therefore offset by a credit to unearned revenue.

The full tax rate for all City operations for the year ended December 31, 2007, was \$10 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:

	<u>Amount</u>	<u>Percent</u>
Real property	\$ 1,767,313,000	90.71
Public utility real and personal property	73,262,480	3.76
Tangible personal property	<u>107,769,573</u>	<u>5.53</u>
Total assessed value	<u>\$ 1,948,345,053</u>	<u>100.00</u>

**NOTE 7 - INCOME TAX**

On March 27, 1984, the City Commission levied a municipal income tax of 1.75% on substantially all income earned within the City. In addition, on March 14, 2006, the City renewed their additional .50% levy through December 31, 2014. The City income tax also applies to the net income of businesses located or doing business within the City. The residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100% of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City of Dayton at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City of Dayton administers the collection of income taxes and the assessment of interest and penalties. Income tax proceeds are to be used to pay the cost of administering the tax and are recorded in the general fund. Income tax revenue for 2007, as reported in the governmental fund financial statements on the modified accrual basis of accounting, was \$113,156,087.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

#### NOTE 8 - RECEIVABLES

Receivables at December 31, 2007, consisted of taxes, accounts (billings for user charged services), special assessments, accrued interest, loans, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the basic financial statements. Receivables have been recorded to the extent that they are both measurable and available at December 31, 2007, as well as intended to finance fiscal 2007 operations.

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

#### **Governmental Activities:**

Municipal income taxes	\$ 16,534,619
Property and other local taxes	19,637,387
Accounts	3,793,431
Special assessments	3,137,189
Accrued interest	593,779
Loans	6,720,000
Due from other governments	21,567,245

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

Accounts	\$ 17,377,097
Special assessment	1,031,915
Accrued interest	399,662
Due from other governments	2,683,957

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

#### NOTE 9 - LOANS RECEIVABLE

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

The obligations of the stadium owner to make a loan payment on any loan payment date shall be forgiven if neither the stadium owner nor the team owner has materially breached, violated, or failed to fully perform any provision contained in the ground lease, the stadium lease, or the plaza lease (see Note 12) and the team owner has committed to play all club home games at the stadium during the then current calendar year. At December 31, 2007, the amount owed to the City was \$6,720,000.



**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 10 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended December 31, 2007, was as follows:

	<u>Balance</u> <u>12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/07</u>
<b>Governmental Activities</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 58,856,590	\$ 4,138,294	\$ (20,699)	\$ 62,974,185
Construction in progress	<u>29,501,589</u>	<u>14,570,063</u>	<u>(25,044,158)</u>	<u>19,027,494</u>
Total capital assets, not being depreciated	<u>88,358,179</u>	<u>18,708,357</u>	<u>(25,064,857)</u>	<u>82,001,679</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	96,871,231	3,564,946	-	100,436,177
Improvements other than buildings	51,858,117	1,914,845	-	53,772,962
Equipment	22,487,306	387,281	-	22,874,587
Vehicles	45,422,829	3,345,744	(811,638)	47,956,935
Infrastructure	<u>185,846,377</u>	<u>25,017,181</u>	<u>-</u>	<u>210,863,558</u>
Total capital assets, being depreciated	<u>402,485,860</u>	<u>34,229,997</u>	<u>(811,638)</u>	<u>435,904,219</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(59,351,818)	(2,265,743)	-	(61,617,561)
Improvements other than buildings	(32,296,989)	(1,418,406)	-	(33,715,395)
Equipment	(13,212,879)	(1,361,206)	-	(14,574,085)
Vehicles	(33,027,097)	(1,919,016)	719,827	(34,226,286)
Infrastructure	<u>(47,397,948)</u>	<u>(3,986,527)</u>	<u>-</u>	<u>(51,384,475)</u>
Total accumulated depreciation	<u>(185,286,731)</u>	<u>(10,950,898)</u>	<u>719,827</u>	<u>(195,517,802)</u>
Total capital assets being depreciated, net	<u>217,199,129</u>	<u>23,279,099</u>	<u>(91,811)</u>	<u>240,386,417</u>
Governmental activities capital assets, net	<u>\$ 305,557,308</u>	<u>\$ 41,987,456</u>	<u>\$ (25,156,668)</u>	<u>\$ 322,388,096</u>

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

<b><u>Governmental Activities:</u></b>	
Downtown	\$ 1,007,747
Youth, education and human services	2,075
Community development and neighborhoods	376,562
Economic development	91,960
Leadership and quality of life	6,054,790
Corporate responsibility	1,258,902
Public safety and justice	<u>2,158,862</u>
Total depreciation expense - governmental activities	<u>\$ 10,950,898</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

	<u>Balance</u> <u>12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/07</u>
<b>Business-Type Activities</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 41,467,633	\$ 729,862	\$ -	\$ 42,197,495
Construction in progress	<u>59,869,462</u>	<u>7,124,456</u>	<u>(31,916,066)</u>	<u>35,077,852</u>
Total capital assets, not being depreciated	<u>101,337,095</u>	<u>7,854,318</u>	<u>(31,916,066)</u>	<u>77,275,347</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	154,821,693	4,877,932	-	159,699,625
Improvements other than buildings	514,858,504	32,692,914	-	547,551,418
Equipment	11,581,813	4,562,974	-	16,144,787
Vehicles	<u>37,653,236</u>	<u>1,944,165</u>	<u>(148,362)</u>	<u>39,449,039</u>
Total capital assets, being depreciated	<u>718,915,246</u>	<u>44,077,985</u>	<u>(148,362)</u>	<u>762,844,869</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(65,846,787)	(3,241,962)	-	(69,088,749)
Improvements other than buildings	(282,784,982)	(15,958,996)	-	(298,743,978)
Equipment	(7,544,922)	(787,901)	-	(8,332,823)
Vehicles	<u>(24,038,617)</u>	<u>(1,625,168)</u>	<u>145,616</u>	<u>(25,518,169)</u>
Total accumulated depreciation	<u>(380,215,308)</u>	<u>(21,614,027)</u>	<u>145,616</u>	<u>(401,683,719)</u>
Total capital assets being depreciated, net	<u>338,699,938</u>	<u>22,463,958</u>	<u>(2,746)</u>	<u>361,161,150</u>
Business-type activities capital assets, net	<u>\$ 440,037,033</u>	<u>\$ 30,318,276</u>	<u>\$ (31,918,812)</u>	<u>\$ 438,436,497</u>

Depreciation expense was charged to the enterprise funds as follows:

**Business-Type Activities**

Dayton International Airport	\$ 7,912,869
Water	5,947,049
Sewer	7,170,466
Storm Water	363,200
Golf	<u>220,443</u>
Total depreciation expense - business type activities	<u>\$ 21,614,027</u>

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

In previous years, the City entered into capitalized leases for computer equipment, copiers, and land.

The leases meet the criteria of capital leases as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

Capital assets consisting of computer equipment in the general fund, copiers in the Stores and Reproduction fund and computer equipment in the Water fund have been capitalized in the amounts of \$205,326, \$343,990 and \$203,007, respectively. This represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2007, for the computer equipment in the general fund, copiers in the Stores and Reproduction fund and computer equipment in the Water fund was \$82,130, \$286,659, and \$81,202, respectively, leaving a current book value of \$123,196, \$57,331 and \$121,805, respectively. Capital assets consisting of land have also been capitalized in the governmental activities in the amount of \$4,500,000. Principal payments in fiscal year 2007 totaled \$68,403, \$501,000, \$47,718 and \$67,630 made out of the general fund, the Other Special Revenue fund (a nonmajor governmental fund), Stores and Reproduction fund, and Water fund, respectively.

The following is an analysis of assets leased under capital leases as of December 31, 2007:

	<u>Governmental Activities</u>			
	<u>General Fund</u>	Nonmajor <u>Governmental Funds</u>	<u>Internal Service Stores and Reproduction Fund</u>	<u>Enterprise Water Fund</u>
Equipment	\$ 205,326	\$ -	\$ 343,990	\$ 203,007
Land	<u>-</u>	<u>4,500,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 205,326</u>	<u>\$ 4,500,000</u>	<u>\$ 343,990</u>	<u>\$ 203,007</u>

All lease obligations, except for the lease agreement for acquisition of land, were retired in 2007. The only remaining lease obligation at December 31, 2007 is the acquisition of land in which principal payments are made from the Other Special Revenue fund (a nonmajor governmental fund).

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2007:

	<u>Governmental Activities</u>
	Nonmajor <u>Governmental Funds</u>
Year Ending December 31,	
2008	\$ 501,000
2009	<u>1,494,000</u>
Total	<u>1,995,000</u>
Less: amount representing interest	<u>-</u>
Present value of minimum lease payments	<u>\$ 1,995,000</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

The City is the lessor of land and space at the Dayton International Airport (the "Airport") under noncancellable leases. The leases are between the Dayton International Airport and various vendors that use the Airport for their operations. The cost of the leased area, the carrying value and the annual depreciation expense cannot be accurately determined as they represent varying percentages of the overall land and building assets of the Airport. The leases have varying terms from three to sixty five years. The future minimum lease payments as of December 31, 2007, are as follows:

<u>Year Ending December 31</u>	<u>Minimum Lease Payments</u>
2008	\$ 6,224,392
2009	6,117,077
2010	1,497,609
2011	1,276,006
2012	1,165,197
2013 - 2017	<u>6,494,202</u>
Totals	<u>\$ 22,774,483</u>

The City is also the lessor of land and space to the Riverfront Area Redevelopment Enterprises, Inc. The ground lease is \$9,000 per year and the plaza lease is \$1,000 per year, both payable in annual installments before or on April 1 each year for the next 20 years. Both of these payments must be made each year for the \$560,000 loan payment to be forgiven each year (see Note 9). The City does possess capital assets relating to this lease agreement as the liability for the construction (baseball revenue bonds payable) are offset by a receivable from the Riverfront Area Redevelopment Enterprises, Inc.; therefore, disclosure of the cost, carrying value and depreciation expense is not required. The future minimum lease payments as of December 31, 2007, are as follows:

<u>Year Ending December 31</u>	<u>Minimum Lease Payments</u>
2008	\$ 10,000
2009	10,000
2010	10,000
2011	10,000
2012	10,000
2013 - 2017	50,000
2018 - 2019	<u>20,000</u>
Totals	<u>\$ 120,000</u>

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE 13 - LONG-TERM OBLIGATIONS**

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

<i>Governmental Activities:</i>	Issue Date	Maturity Date	Interest Rate (%)	Original				Amounts	
				Issue Amount	Balance 12/31/06	Increase	Decrease	Balance 12/31/07	Due in One Year
<b>General Obligation Bonds:</b>									
Road Improvements	06/01/89	12/01/09	7.000	\$ 5,200,000	\$ 780,000	\$ -	\$ (260,000)	\$ 520,000	\$ 260,000
Human Rehabilitation Center	06/01/89	12/01/09	7.000	2,425,000	375,000	-	(125,000)	250,000	125,000
Police District Facilities	06/01/89	12/01/09	7.000	1,815,000	285,000	-	(95,000)	190,000	95,000
Capital Facilities	10/01/93	11/01/13	4.5 - 4.75	7,465,000	2,520,000	-	(2,520,000)	-	-
Taxable Housing Improvements	10/01/93	11/01/13	5.35 - 6.5	3,035,000	1,085,000	-	(155,000)	930,000	155,000
Capital Facilities	10/01/94	11/01/14	4.5 - 8.0	3,280,000	1,230,000	-	(1,230,000)	-	-
Capital Facilities	05/01/98	12/01/18	4.6 - 5.0	15,630,000	9,235,000	-	(7,630,000)	1,605,000	850,000
Capital Facilities	12/01/98	12/01/20	3.1 - 5.125	22,200,000	10,455,000	-	(555,000)	9,900,000	575,000
Capital Facilities	02/01/01	12/01/14	3.75 - 4.65	24,911,861	13,582,772	-	(1,382,548)	12,200,224	1,438,890
Capital Facilities	06/09/04	12/01/19	3.0 - 5.25	11,360,000	10,180,000	-	(620,000)	9,560,000	635,000
Capital Facilities	10/25/07	12/01/27	4.0 - 5.0	19,745,000	-	19,745,000	-	19,745,000	1,325,000
Total G.O. bonds					49,727,772	19,745,000	(14,572,548)	54,900,224	5,458,890
<b>Revenue Bonds:</b>									
Baseball Revenue Bonds	03/01/99	12/01/19	5.69 - 6.85	12,190,000	9,500,000	-	(485,000)	9,015,000	515,000
Total revenue bonds					9,500,000	-	(485,000)	9,015,000	515,000
<b>Special Assessment Bonds:</b>									
Ornamental Lighting	11/01/99	11/01/07	6.000	71,270	7,100	-	(7,100)	-	-
Sidewalk Construction	11/01/97	11/01/07	6.000	10,141	1,000	-	(1,000)	-	-
Sidewalk Construction	11/01/98	11/01/08	6.000	9,098	1,800	-	(900)	900	900
Sidewalk Construction	11/01/00	11/01/10	6.000	127,575	51,200	-	(12,800)	38,400	12,800
Sidewalk Construction	12/01/01	12/01/11	6.000	11,089	5,500	-	(1,100)	4,400	1,100
Sidewalk Construction	11/01/02	11/01/07	6.000	174,863	35,000	-	(35,000)	-	-
Sidewalk Construction	11/01/02	11/01/12	6.000	251,050	150,600	-	(25,100)	125,500	25,100
Ornamental Lighting	11/01/02	11/01/12	6.000	88,276	52,800	-	(8,800)	44,000	8,800
Sidewalk Construction	12/01/03	12/01/08	6.000	172,725	70,000	-	(35,000)	35,000	35,000
Sidewalk Construction	12/01/03	12/01/13	6.000	167,947	116,900	-	(16,700)	100,200	16,700
Sidewalk Construction	12/01/04	12/01/07	6.000	26,559	8,800	-	(8,800)	-	-
Sidewalk Construction	12/01/04	12/01/09	6.000	112,047	67,200	-	(22,400)	44,800	22,400
Sidewalk Construction	12/01/04	12/01/14	6.000	232,415	185,600	-	(23,200)	162,400	23,200
Total special assessment bonds					753,500	-	(197,900)	555,600	146,000

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

	Issue	Maturity	Interest	Original	Balance			Balance	Amounts
<i>Governmental Activities:</i>	<u>Date</u>	<u>Date</u>	<u>Rate (%)</u>	<u>Issue</u>	<u>12/31/06</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/07</u>	<u>Due in</u>
				<u>Amount</u>					<u>One Year</u>
<b>Other Long-Term Obligations:</b>									
Judgements					\$ 14,919	\$ 34,258	\$ -	\$ 49,177	\$ 49,177
Claims					9,680,375	516,952	(500,585)	9,696,742	403,939
Compensated absences					11,094,766	6,096,658	(5,308,173)	11,883,251	3,754,255
Capital lease obligations					2,612,121	-	(617,121)	1,995,000	501,000
Total other long-term obligations					<u>23,402,181</u>	<u>6,647,868</u>	<u>(6,425,879)</u>	<u>23,624,170</u>	<u>4,708,371</u>
Total governmental activities					<u>\$ 83,383,453</u>	<u>\$ 26,392,868</u>	<u>\$ (21,681,327)</u>	<u>88,094,994</u>	<u>\$ 10,828,259</u>
Less: unamortized deferred charges								(343,490)	
Add: unamortized bond premiums								<u>676,005</u>	
Total on statement of net assets								<u>\$ 88,427,509</u>	

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

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

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

The reacquisition price exceeded the net carrying amount of the old debt by \$348,734. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by 3.12% and resulted in an economic gain of \$313,356.

The City has pledged future nontax revenues in the City's general fund to repay \$12,190,000 in Series 1999 economic development revenue bonds. The proceeds were used for the Dayton baseball stadium project. The Series 1999 revenue bonds are payable solely from nontax revenues in the City's general fund and are payable through 2019. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license and permit fees. Annual principal and interest payments on the revenue bonds are expected to require less than 2.99 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 1999 revenue bonds is \$13,500,802. Principal and interest paid for the current year was \$1,127,746. General fund nontax revenues for the current year were \$37,708,490.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

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

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

Capital lease obligations will be paid from the nonmajor governmental funds (see Note 11).

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2007, the City's total debt margin was \$177,987,916 and the unvoted debt margin was \$86,075,322.

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2007 for the governmental activities:

Year	General Obligation Bonds			Revenue Bonds			Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 5,458,890	\$ 2,926,495	\$ 8,385,385	\$ 515,000	\$ 612,286	\$ 1,127,286	\$ 146,000	\$ 3,336	\$ 149,336
2009	5,887,280	2,595,431	8,482,711	545,000	579,689	1,124,689	110,100	24,576	134,676
2010	5,253,244	1,989,021	7,242,265	580,000	544,918	1,124,918	87,700	17,970	105,670
2011	6,142,699	1,760,380	7,903,079	620,000	505,188	1,125,188	74,900	12,708	87,608
2012	6,317,709	1,475,289	7,792,998	660,000	462,718	1,122,718	73,800	8,214	82,014
2013 - 2017	16,685,402	4,247,286	20,932,688	4,055,000	1,568,995	5,623,995	63,100	5,178	68,278
2018 - 2022	7,180,000	1,123,237	8,303,237	2,040,000	212,008	2,252,008	-	-	-
2023 - 2027	1,975,000	275,400	2,250,400	-	-	-	-	-	-
Totals	\$ 54,900,224	\$ 16,392,539	\$ 71,292,763	\$ 9,015,000	\$ 4,485,802	\$ 13,500,802	\$ 555,600	\$ 71,982	\$ 627,582

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

**B.** Changes during 2007 in the City's long-term business-type obligations were as follows:

<i>Business Type Activities:</i>	Issue	Maturity	Interest	Original	Balance	<u>Increase</u>	<u>Decrease</u>	Balance	Amounts
	<u>Date</u>	<u>Date</u>	<u>Rate (%)</u>	<u>Issue Amount</u>	<u>12/31/06</u>			<u>12/31/07</u>	<u>Due in One Year</u>
<b>General Obligation Bonds:</b>									
Golf renovations	02/01/01	12/14/14	3.30 to 4.65	\$ 3,828,139	\$ 2,087,228	\$ -	\$ (212,452)	\$ 1,874,776	\$ 221,110
Total general obligation bonds					<u>2,087,228</u>	<u>-</u>	<u>(212,452)</u>	<u>1,874,776</u>	<u>221,110</u>
<b>Revenue Bonds:</b>									
Dayton International Airport	10/01/95	12/15/15	3.85 to 5.5	30,510,000	4,945,000	-	(4,945,000)	-	-
Refunding Waterworks	03/01/99	12/01/07	3.50 to 4.15	46,690,000	5,190,000	-	(5,190,000)	-	-
Dayton International Airport	10/31/03	12/01/32	2.00 to 5.00	6,085,000	5,745,000	-	(125,000)	5,620,000	130,000
Dayton International Airport	10/31/03	12/01/11	2.00 to 3.75	9,330,000	6,535,000	-	(6,535,000)	-	-
Dayton International Airport	10/31/03	12/01/32	2.00 to 5.35	30,190,000	28,805,000	-	(610,000)	28,195,000	630,000
Dayton International Airport	10/12/05	12/01/20	3.00 to 4.35	6,000,000	5,690,000	-	(320,000)	5,370,000	330,000
Dayton International Airport	10/12/05	12/01/15	3.00 to 5.00	13,865,000	13,820,000	-	(13,820,000)	-	-
Total revenue bonds					<u>70,730,000</u>	<u>-</u>	<u>(31,545,000)</u>	<u>39,185,000</u>	<u>1,090,000</u>
<b>General Obligation Notes</b>									
Airport Notes Series A 2006	07/06/06	12/01/10	5.00	\$ 4,685,000	4,685,000	-	(1,400,000)	3,285,000	1,400,000
Airport Notes Series B 2006	07/06/06	12/01/10	5.95-6.00	2,030,000	2,030,000	-	(2,030,000)	-	-
Total general obligation notes					<u>6,715,000</u>	<u>-</u>	<u>(3,430,000)</u>	<u>3,285,000</u>	<u>1,400,000</u>
<b>Other long-term obligations</b>									
Ohio Water Development Authority Loan	12/20/88	07/01/23	3.80 to 8.3	73,198,476	17,624,367	688,122	(3,257,274)	15,055,215	3,261,383
Ohio Public Works Commission Loan	07/01/97	01/01/20	0.00	1,000,000	700,000	-	(50,000)	650,000	50,000
Compensated absences payable					3,237,663	1,816,245	(1,661,458)	3,392,450	1,061,949
Capital lease obligations					<u>67,630</u>	<u>-</u>	<u>(67,630)</u>	<u>-</u>	<u>-</u>
Total other long-term obligations					<u>21,629,660</u>	<u>2,504,367</u>	<u>(5,036,362)</u>	<u>19,097,665</u>	<u>4,373,332</u>
Total business-type activities					<u>\$ 101,161,888</u>	<u>\$ 2,504,367</u>	<u>\$ (40,223,814)</u>	<u>63,442,441</u>	<u>\$ 7,084,442</u>
Less: unamortized deferred charge on refunding								(170,757)	
Less: unamortized bond premiums and discounts								(6,339)	
Total on statement of net assets								<u>\$ 63,265,345</u>	

Enterprise fund general obligation bonds were used for golf renovations. The bonds will be paid from the golf enterprise fund.

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



## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

On October 31, 2003, the City issued revenue bonds (Series 2003 Bonds). A portion of the proceeds of the 2003 bonds were issued to retire \$8,000,000 in general obligation bond anticipation notes that the City issued to pay costs of Airport improvements and to prepay the City's obligations for the lease-purchase agreement entered into to finance the terminal environment restoration project. Portions of the bonds were used to improve the Airport by the acquisition, construction, furnishing and equipping of parking, roadway, airfield and terminal improvements and providing all necessary and related improvements. A portion of the proceeds was used to advance refund the Series 1992 bonds (principal \$8,235,000) and variable interest rates. The issuance proceeds were deposited into a special escrow trust fund, which consists of cash and direct or guaranteed non-callable government obligations. The principal of this escrow trust, when due, will be sufficient to pay on the redemption date the principal of, redemption premium and interest on the Series 1992 bonds. This refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net assets. A portion of these bonds were defeased in 2007.

The 1995 revenue bonds in the Dayton International Airport enterprise fund are reported at carrying value. Face value of the bond was \$33,960,000. The unamortized bond discount was \$154,100 and the unamortized deferred charge on the 1995 refunding was \$877,169. The deferred charge is being amortized as part of interest expense over the life of the new debt. These bonds were defeased during 2007.

The City has pledged future airport revenues, net of specified operating expenses, to repay \$36,275,000 in Series 2003 and \$6,000,000 in Series 2005 airport revenue bonds. The Series 2003 and 2005 airport revenue bonds are payable solely from airport net revenues and are payable through 2032. Annual principal and interest payments on the bonds are expected to require less than 34.45 percent of net revenues. The total principal and interest remaining to be paid on the Series 2003 and 2005 airport revenue bonds is \$67,959,454. Principal and interest paid for the current year and total customer net revenues were \$6,812,695 which excludes debt defeasement payments made in addition to required principal and interest payments, and \$19,778,065, respectively.

The revenue bonds in the Water enterprise fund are reported at carrying value. Face value of the bond was \$32,260,000. The unamortized deferred charge on the 1999 refunding was \$56,450. The deferred charge is being amortized as part of interest expense over the life of the new debt. These bonds were defeased in 2007.

The Dayton International Airport general obligation notes payable were issued on July 6, 2006 in the amounts of \$4,685,000 and \$2,030,000. These notes will be used for various capital improvements to the Airport. The \$2,030,000 note was defeased in 2007.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

The City of Dayton's Wastewater Treatment Plant capital improvement project is funded through the joint efforts of the United States Environmental Protection Agency (EPA) and the Ohio Water Development Authority (OWDA). Repayment amounts include capital expenses, administration fees, and accrued interest. The Ohio Water Development Authority Loan will be paid from the Sewer enterprise fund. At December 31, 2007, the City had outstanding borrowings of \$15,055,215 through OWDA. The future annual debt service principal and interest requirements for OWDA loans include only those loans that are finalized and all monies related to the projects are disbursed. As of December 31, 2007, the future annual debt service principal and interest payments for one OWDA loan was unavailable because monies related to the project are still being disbursed and the loan is not finalized.

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

Compensated absences will be paid from the fund from which the employees' salaries are paid which, for the City, are primarily the Dayton International Airport fund, the Water fund and the Sewer fund. Capital leases will be paid from the Water enterprise fund.

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2007 for the business-type activities:

Year	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 221,110	\$ 81,463	\$ 302,573	\$ 1,090,000	\$ 1,894,488	\$ 2,984,488
2009	277,720	72,509	350,229	1,115,000	1,860,958	2,975,958
2010	241,756	60,983	302,739	1,155,000	1,823,404	2,978,404
2011	362,301	50,709	413,010	1,200,000	1,780,969	2,980,969
2012	372,291	34,948	407,239	1,245,000	1,733,902	2,978,902
2013 - 2017	399,598	27,672	427,270	7,065,000	7,829,129	14,894,129
2018 - 2022	-	-	-	7,770,000	6,036,303	13,806,303
2023 - 2027	-	-	-	8,085,000	4,090,429	12,175,429
2028 - 2032	-	-	-	10,460,000	1,724,872	12,184,872
Totals	<u>\$ 1,874,776</u>	<u>\$ 328,284</u>	<u>\$ 2,203,060</u>	<u>\$ 39,185,000</u>	<u>\$ 28,774,454</u>	<u>\$ 67,959,454</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

<u>Year</u>	<u>OWDA Loan</u>			<u>OPWC Loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 2,827,494	\$ 357,954	\$ 3,185,448	\$ 50,000	\$ -	\$ 50,000
2009	185,124	144,491	329,615	50,000	-	50,000
2010	192,509	137,106	329,615	50,000	-	50,000
2011	200,188	129,427	329,615	50,000	-	50,000
2012	208,174	121,442	329,616	50,000	-	50,000
2013 - 2017	1,172,255	475,821	1,648,076	250,000	-	250,000
2018 - 2022	1,425,475	222,600	1,648,075	150,000	-	150,000
2023	320,102	9,514	329,616	-	-	-
<b>Totals</b>	<b>\$ 6,531,321</b>	<b>\$ 1,598,355</b>	<b>\$ 8,129,676</b>	<b>\$ 650,000</b>	<b>\$ -</b>	<b>\$ 650,000</b>

<u>Year</u>	<u>Airport Note Series A 2006</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,400,000	\$ 164,250	\$ 1,564,250
2009	1,400,000	94,250	1,494,250
2010	485,000	24,250	509,250
<b>Totals</b>	<b>\$ 3,285,000</b>	<b>\$ 282,750</b>	<b>\$ 3,567,750</b>

**NOTE 14 - RISK MANAGEMENT**

**A. Property and Liability**

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

The City is fully insured through premium-based insurance policies for all other types of insurance. In 2007, the City contracted with various insurance companies to provide the following coverages:

<u>Type of Coverage</u>	<u>Coverage</u>
Primary and Excess Airport Liability	\$100,000,000
Per Occurrence	50,000,000
Property	784,424,409
Vehicles	60,337,917
General Liability (North West Railway)	10,000,000
Commercial Liability (Convention Center)	2,000,000
Tenant Liability (Convention Center)	1,000,000
Errors and Omissions (Ambulance Attendants)	500,000
Errors and Omissions (Municipal Court)	500,000
Garagekeepers/Operators Liability	1,000,000
Comprehensive/Catastrophic Fleet	20,000,000
Air Show Liability	50,000,000
Inland Marine	335,790
General Liability (Zion Cultural Center)	2,000,000
Excess Umbrella Coverage (Zion Cultural Center)	5,000,000
General Liability (Community Service Program for Dayton Municipal Court)	3,000,000

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 14 - RISK MANAGEMENT - (Continued)**

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

The City's policy for reporting a claims liability is based on the requirements GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. It is the opinion of the City's legal counsel that, as of December 31, 2007, there were \$33,689 in outstanding claims pending that are reported as a component of claimants payable in the general fund. Claims activity for 2007 and 2006 are as follows:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2007	\$ -	\$ 615,174	\$ (581,485)	\$ 33,689
2006	-	1,000,364	(1,000,364)	-

**B. Workers' Compensation**

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

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

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

The claims liability of \$9,696,742 reported at December 31, 2007, as estimated by the third party administrator, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Of the \$9,696,742 claims liability, \$403,939 of the liability is due within one year and is reported as a current liability in the statement of net assets for the proprietary funds. The remaining portion is a noncurrent liability of \$9,292,803. The estimate was not affected by non-incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 14 - RISK MANAGEMENT - (Continued)**

Changes in the funds' claims liability amount in 2007 and 2006 were:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2007	\$ 9,680,375	\$ 3,421,270	\$ (3,404,903)	\$ 9,696,742
2006	10,653,147	2,368,519	(3,341,291)	9,680,375

**NOTE 15 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

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

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

**B. Insurance Benefits**

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

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

#### NOTE 15 - OTHER EMPLOYEE BENEFITS - (Continued)

##### C. Deferred Compensation Plans

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

#### NOTE 16 - PENSION PLANS

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

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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.

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.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

#### NOTE 16 - PENSION PLANS - (Continued)

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 \$6,917,267, \$7,723,282 and \$7,935,280 respectively; 88.26 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

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

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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 \$3,366,500 and \$4,032,190 for the year ended December 31, 2007, \$3,137,659 and \$3,714,028 for the year ended December 31, 2006, and \$3,048,931 and \$3,612,992 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 74.38 percent has been contributed for police and 76.04 percent has been contributed for firefighters for 2007.

#### NOTE 17 - POSTEMPLOYMENT BENEFIT PLANS

#### **A. 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.

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 or by calling (614) 222-5601 or 800-222-7377.

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE 17 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)**

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 \$4,595,960, \$3,777,693 and \$3,323,678 respectively; 88.26 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.

**B. Police and Firemen's Disability and 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.

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 check or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide 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.



**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE 17 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)**

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 \$1,782,265 and \$1,577,813 for the year ended December 31, 2007, \$2,069,519 and \$1,771,306 for the year ended December 31, 2006, and \$2,010,997 and \$1,723,119 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 76.04 percent has been contributed for police and 74.38 percent has been contributed for firefighters for 2007.

**NOTE 18 - BUDGETARY BASIS OF ACCOUNTING**

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a modified accrual basis with exceptions. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations of the general fund for the year ended December 31, 2007, on the GAAP basis to the budget basis are as follows:

**Net Change in Fund Balance**

	<u>General</u>
Budget basis	\$ (973,873)
Net adjustment for revenues	1,875,587
Net adjustment for expenditures	(610,827)
Net adjustment for other sources/uses	(23,126)
Adjustment for encumbrances	4,356,658
GAAP basis	\$ 4,624,419

**NOTE 19 - CONDUIT DEBT OBLIGATIONS**

The City has the following conduit debt obligations at December 31, 2007:

	<u>Original Issue Amount</u>	<u>Amount Outstanding</u>
Emery Revenue Refunding - 1998	\$ 46,000,000	\$ 46,000,000
Emery Revenue Refunding - 1996	17,000,000	17,000,000
Emery Revenue Refunding - 1996	13,000,000	13,000,000
Emery Revenue Refunding - 1996	16,000,000	16,000,000
Emery Revenue Refunding - 1996	16,000,000	16,000,000
Ohio Special Facilities Revenue - 1999	7,015,000	6,115,000

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

**NOTE 20 - DISCRETELY PRESENTED COMPONENT UNIT**

**A. Basis of Accounting**

CityWide prepares its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34, "Basic Financial Statement and Management's Discussion and Analysis". CityWide reports as a business-type activity, as defined by GASB Statement No. 34. Business-type activities are those that are financed in whole or by part by fees charged to external parties for goods or services.

The financial statements have been prepared on an accrual basis. All Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989 have been applied, except for those that conflict with GASB pronouncements, based upon the provisions of GASB Statement No. 30, as amended by GASB Statement No. 34

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 20 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)**

**B. Deposits and Investments**

The following information classifies deposits and investments by categories of risk.

Deposits:

The carrying amount of Citywide Development Corporation deposits was \$1,420,851 and the bank balance was \$1,548,203. Of the bank balance \$403,692 was covered by federal depository insurance, and \$1,144,511 was uncollateralized and uninsured.

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

	2007	2006
Bond Funds	\$ -	\$ 849,567
CDs Held to Maturity	825,000	825,000
Money Markets	926,711	115,125
Commerical Paper	552,956	547,997
Total	\$ 2,304,667	\$ 2,337,689

A reconciliation between the classifications of “cash and cash equivalents” on the statement of net assets and the classifications of “deposits” and “investments” presented above per GASB Statement No. 3, as amended by GASB Statement No. 40, is as follows:

	2007	2006
Cash and cash equivalents	\$ 913,756	\$ 1,009,027
Restricted cash and cash equivalents	1,433,806	175,024
Investments	1,377,956	2,222,564
Total per Combined Statement of Net Assets	\$ 3,725,518	\$ 3,406,615
Deposits	\$ 1,420,851	\$ 1,068,926
Investments	2,304,667	2,337,689
Total per GASB Statement No. 3	\$ 3,725,518	\$ 3,406,615

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 20 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)**

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

Notes payable/advance from primary government at December 31, 2007, consisted of the following:

<u>Note</u>	<u>Payable to</u>	<u>Amount</u>
Noninterest-bearing Note for Landing Project	City of Dayton	\$ 5,433,600
Noninterest-bearing Note for Wellfield Project	City of Dayton	1,877,613
Note for Renovation of Western Manor	City of Dayton and the Dayton Montgomery County Housing Authority	86,459
Note for redevelopment of Hawthorn School Building	City of Dayton	681,584
Note for Webster Street Project	City of Dayton	200,000
Note for development of West 3rd Street	City of Dayton	4,425,000
Note for Excelsior Project	City of Dayton	<u>250,000</u>
Total advance from primary government		<u>12,954,256</u>
Note for Housing Loans	Third-Party Insurance Company	466,382
Other Notes Payable		<u>118,753</u>
Total Notes Payable		<u>585,135</u>
Total Advance from primary government/notes payable		<u>\$ 13,539,391</u>

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

**D. Bonds Payable**

In fiscal year 2003, Citywide issued \$13,600,000 in Floating Rate Option notes. The proceeds of these bonds were used for the redevelopment of the Reynolds and Reynolds Technical Assistance Center. During 2003, the City also issued \$1,000,000 in Economic Development Revenue bonds with an interest rate of 5 percent. These bonds were paid off during 2006.

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

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 20 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)**

Principal maturities due under these agreements are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2008	\$ 335,000
2009	350,000
2010	375,000
2011	405,000
2012	430,000
Thereafter	<u>460,000</u>
Total	<u>\$ 2,355,000</u>

**E. Loans Payable**

Citywide has a real estate loan with a financial institution, with stated interest of 8.75% and an effective rate of approximately 2% less. This agreement contains a subjective acceleration clause. The loan is collateralized a \$25,000 certificate of deposit. The balance of the loan at December 31, 2007 is \$35,722.

Citywide has a real estate loan with a financial institution with variable interest rates equal to the prime rate. This loan is collateralized by property and the personal guarantees of two Citywide executives and matures on April 1, 2009. The balance of the loan at December 31, 2007 is \$1,082,284.

During 2005, Citywide borrowed \$100,000 for a construction loan with another company. This loan has a stated interest of 2.0%, payable upon maturity of the loan on May 25, 2010.

The debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2008	\$ 93,694
2009	1,024,312
2010	<u>100,000</u>
Total	<u>\$ 1,218,006</u>

**F. Operating Lease**

During 2006, Citywide began leasing a building from an unrelated party. The lease is for a five year, six month term expiring March, 2012. Citywide has the option to renew the lease for three successive five year terms. Monthly lease payments are \$6,792 for the first 32 months, \$10,187 for the next 12 months and \$11,885 for the final 22 months of the lease. Rent expense associated with this lease was \$81,498 for 2007. Citywide is responsible for property taxes and utilities as described in the lease agreement.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 20 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)**

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

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2008	\$ 81,498
2009	105,268
2010	134,132
2011	142,622
2012	<u>35,655</u>
Total	<u>\$ 499,175</u>

In 2006, Citywide entered into agreements to sublease a portion of the space to two unaffiliated organizations. Rental payments for the first space commenced on April 1, 2007 and rental payments for the second space commence on October 1, 2008 or when the premise is built out and ready for occupancy, whichever is earlier. The above lease expense will be offset by payments due under the subleases. Rents received from the subleases in excess of the above lease expense will be applied to outstanding loan interest and principal balances due by the lessor to Citywide. Future minimum lease payments to be received from non-cancellable subleases are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2008	\$ 175,868
2009	227,356
2010	227,356
2011	210,193
2012	<u>39,676</u>
Total	<u>\$ 880,449</u>

**NOTE 21 - CONTINGENCIES**

**A. Litigation**

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

**B. Grants**

For the period January 1, 2007, to December 31, 2007, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE 22 - SIGNIFICANT SUBSEQUENT EVENTS**

On January 10, 2008, the City issued \$32,000,000 in economic development revenue bonds with various interest rates between 4% and 5% with a maturity date of December 1, 2028. The City then entered into a loan agreement with the Dayton-Montgomery County Port Authority for \$20,100,000 in principal and \$12,433,058 in interest through December 1, 2028, for the construction of parking facilities at the Dayton International Airport.

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COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

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## CITY OF DAYTON, OHIO

### COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

#### Nonmajor Special Revenue Funds

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

##### *Street*

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

##### *Highway Maintenance*

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

##### *Special Projects*

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

##### *HUD Programs*

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

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

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

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

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

##### *Miscellaneous Grants*

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

#### Nonmajor Permanent Fund

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

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

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Municipal income taxes . . . . .	\$ 109,902,700	\$ 111,887,700	\$ 112,764,901	\$ 877,201
Property and other local taxes . . . . .	11,715,700	11,949,600	11,978,508	28,908
State shared taxes . . . . .	17,036,900	17,505,400	17,537,953	32,553
Charges for services . . . . .	21,339,600	21,185,600	21,898,292	712,692
Licenses and permits. . . . .	1,584,900	1,659,900	1,823,613	163,713
Fines and forfeitures. . . . .	1,510,000	1,349,100	1,441,383	92,283
Intergovernmental. . . . .	300,000	300,000	300,300	300
Special assessments . . . . .	267,200	267,200	2,640	(264,560)
Investment income . . . . .	6,236,400	6,094,000	5,951,198	(142,802)
Other . . . . .	2,461,100	2,054,300	1,893,942	(160,358)
<b>Total revenues. . . . .</b>	<b>172,354,500</b>	<b>174,252,800</b>	<b>175,592,730</b>	<b>1,339,930</b>
<b>Expenditures:</b>				
<b>General operating:</b>				
Clerk of commission . . . . .	1,236,000	1,250,000	1,106,527	143,473
Civil service board . . . . .	1,118,200	1,171,500	1,133,982	37,518
Human relations council . . . . .	827,500	852,500	833,007	19,493
Youth commission. . . . .	195,000	195,000	79,352	115,648
City manager's office . . . . .	1,011,800	1,040,600	1,023,570	17,030
Department of public affairs. . . . .	974,200	1,048,200	929,517	118,683
Cable TV operations . . . . .	321,300	395,700	369,406	26,294
Department of planning & community development. . . . .	2,855,000	3,195,000	2,975,456	219,544
Department of building services . . . . .	2,887,900	2,895,800	2,712,284	183,516
Clerk of courts . . . . .	3,497,600	3,497,600	3,376,649	120,951
Municipal court. . . . .	3,787,000	3,787,000	3,671,953	115,047
Office of economic development. . . . .	1,254,000	1,705,200	1,501,213	203,987
Department of management and budget . . . . .	1,068,100	1,038,100	832,436	205,664
Department of water . . . . .	83,700	94,700	82,371	12,329
Department of law . . . . .	2,047,600	2,254,500	2,129,724	124,776
Department of finance . . . . .	3,927,300	4,007,300	3,840,090	167,210
Department of human resources . . . . .	1,208,400	1,416,100	1,358,222	57,878
Department of information and technology services . . . . .	7,519,700	7,533,500	6,893,792	639,708
Department of police. . . . .	50,184,100	50,045,100	48,691,993	1,353,107
Department of fire . . . . .	37,114,300	38,815,700	38,362,325	453,375
Department of public works . . . . .	28,215,600	29,269,000	28,400,875	868,125
Department of parks, recreation and culture. . . . .	6,432,400	6,434,400	6,060,535	373,865
Non-departmental . . . . .	1,874,800	2,479,400	1,393,184	1,086,216
Convention center operating . . . . .	3,744,000	3,744,000	3,488,830	255,170
Special assessments . . . . .	267,200	267,200	152,847	114,353
Special projects . . . . .	1,737,300	1,955,600	1,854,459	101,141
<b>Total expenditures. . . . .</b>	<b>165,390,000</b>	<b>170,388,700</b>	<b>163,254,599</b>	<b>7,134,101</b>
Excess (deficiency) of revenues over (under) expenditures. . . . .	6,964,500	3,864,100	12,338,131	8,474,031
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	220,000	-	23,127	23,127
Transfers out . . . . .	(7,184,500)	(10,474,500)	(13,335,131)	(2,860,631)
<b>Total other financing sources (uses). . . . .</b>	<b>(6,964,500)</b>	<b>(10,474,500)</b>	<b>(13,312,004)</b>	<b>(2,837,504)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses. . . . .	-	(6,610,400)	(973,873)	5,636,527
<b>Fund balance at beginning of year. . . . .</b>	<b>16,799,938</b>	<b>16,799,938</b>	<b>16,799,938</b>	<b>-</b>
<b>Prior year encumbrances appropriated. . . . .</b>	<b>1,051,040</b>	<b>1,051,040</b>	<b>1,051,040</b>	<b>-</b>
<b>Fund balance at end of year. . . . .</b>	<b>\$ 17,850,978</b>	<b>\$ 11,240,578</b>	<b>\$ 16,877,105</b>	<b>\$ 5,636,527</b>

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**CITY OF DAYTON, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2007**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 19,143,558	\$ 81,908	\$ 19,225,466
Investments . . . . .	-	100,069	100,069
Receivables (net of allowances of uncollectibles):			
Accounts . . . . .	66,734	-	66,734
Special assessments . . . . .	455,632	-	455,632
Accrued interest . . . . .	8,742	298	9,040
Due from other funds . . . . .	83,530	-	83,530
Due from other governments . . . . .	6,044,816	-	6,044,816
Advances to component unit . . . . .	5,681,428	-	5,681,428
Total assets . . . . .	\$ 31,484,440	\$ 182,275	\$ 31,666,715
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 427,568	\$ -	\$ 427,568
Contracts payable . . . . .	901,676	-	901,676
Accrued wages and benefits . . . . .	322,800	-	322,800
Compensated absences payable . . . . .	14,622	-	14,622
Retainage payable . . . . .	68,925	-	68,925
Interfund payable . . . . .	1,946,710	-	1,946,710
Due to other funds . . . . .	40,004	-	40,004
Due to other governments . . . . .	6,484	-	6,484
Deferred revenue . . . . .	3,866,156	211	3,866,367
Total liabilities . . . . .	7,594,945	211	7,595,156
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	14,151,022	-	14,151,022
Reserved for advances to component unit . . . . .	5,681,428	-	5,681,428
Reserved for contributions to permanent fund . . . . .	-	102,228	102,228
Unreserved, designated for, reported in:			
Street maintenance . . . . .	1,146,380	-	1,146,380
Undesignated (deficit), reported in:			
Special revenue funds . . . . .	2,910,665	-	2,910,665
Permanent funds . . . . .	-	79,836	79,836
Total fund balances . . . . .	23,889,495	182,064	24,071,559
Total liabilities and fund balances . . . . .	\$ 31,484,440	\$ 182,275	\$ 31,666,715

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
State shared taxes . . . . .	\$ 5,927,062	\$ -	\$ 5,927,062
Charges for services . . . . .	1,700,559	-	1,700,559
Licenses and permits . . . . .	1,527	-	1,527
Fines and forfeitures . . . . .	615,713	-	615,713
Intergovernmental . . . . .	13,894,416	-	13,894,416
Special assessments . . . . .	237,182	-	237,182
Investment income . . . . .	156,730	6,398	163,128
Other . . . . .	1,148,125	5,633	1,153,758
<b>Total revenues.</b> . . . .	<u>23,681,314</u>	<u>12,031</u>	<u>23,693,345</u>
<b>Expenditures:</b>			
Current:			
Downtown . . . . .	571,613	-	571,613
Youth, education and human services. . . . .	2,299,169	-	2,299,169
Community development and neighborhoods. . . . .	7,174,677	-	7,174,677
Economic development . . . . .	2,349,539	-	2,349,539
Leadership and quality of life . . . . .	11,977,622	-	11,977,622
Corporate responsibility. . . . .	793,071	-	793,071
Public safety and justice. . . . .	2,465,162	-	2,465,162
Debt service:			
Principal retirement . . . . .	501,000	-	501,000
<b>Total expenditures.</b> . . . .	<u>28,131,853</u>	<u>-</u>	<u>28,131,853</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(4,450,539)</u>	<u>12,031</u>	<u>(4,438,508)</u>
<b>Other financing sources:</b>			
Transfers in . . . . .	7,201,434	-	7,201,434
<b>Total other financing sources.</b> . . . .	<u>7,201,434</u>	<u>-</u>	<u>7,201,434</u>
Net change in fund balances . . . . .	2,750,895	12,031	2,762,926
<b>Fund balances at beginning of year.</b> . . . .	<u>21,138,600</u>	<u>170,033</u>	<u>21,308,633</u>
<b>Fund balances at end of year.</b> . . . .	<u>\$ 23,889,495</u>	<u>\$ 182,064</u>	<u>\$ 24,071,559</u>

**CITY OF DAYTON, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2007

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Special Projects</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 2,828,461	\$ 301,300	\$ 11,245,397
Receivables (net of allowances of uncollectibles):			
Accounts. . . . .	885	-	64,797
Special assessments, net. . . . .	-	-	-
Accrued interest . . . . .	-	-	3,676
Due from other funds. . . . .	-	-	5,607
Due from other governments . . . . .	2,955,564	237,460	-
Advances to component unit . . . . .	-	-	250,000
Total assets. . . . .	<u>\$ 5,784,910</u>	<u>\$ 538,760</u>	<u>\$ 11,569,477</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ -	\$ -	\$ 290,231
Contracts payable. . . . .	-	-	303,735
Accrued wages and benefits . . . . .	165,653	-	2,258
Compensated absences payable . . . . .	-	-	-
Retainage payable . . . . .	-	-	-
Interfund loan payable . . . . .	-	-	-
Due to other funds . . . . .	30,663	-	238
Due to other governments . . . . .	-	-	-
Deferred revenue. . . . .	2,170,538	169,134	1,071
Total liabilities. . . . .	<u>2,366,854</u>	<u>169,134</u>	<u>597,533</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	1,237,078	-	2,414,425
Reserved for advances to component unit . . . . .	-	-	250,000
Unreserved, designated for, reported in:			
Special revenue funds. . . . .	1,146,380	-	-
Unreserved, undesignated (deficit), reported in:			
Special revenue funds . . . . .	1,034,598	369,626	8,307,519
Total fund balances . . . . .	<u>3,418,056</u>	<u>369,626</u>	<u>10,971,944</u>
Total liabilities and fund balances. . . . .	<u>\$ 5,784,910</u>	<u>\$ 538,760</u>	<u>\$ 11,569,477</u>



<b>HUD Programs</b>	<b>Miscellaneous Grants</b>	<b>Total</b>
\$ -	\$ 4,768,400	\$ 19,143,558
1,052	-	66,734
455,632	-	455,632
-	5,066	8,742
77,923	-	83,530
2,605,735	246,057	6,044,816
<u>5,431,428</u>	<u>-</u>	<u>5,681,428</u>
<u>\$ 8,571,770</u>	<u>\$ 5,019,523</u>	<u>\$ 31,484,440</u>
\$ 78,136	\$ 59,201	\$ 427,568
439,537	158,404	901,676
136,296	18,593	322,800
14,622	-	14,622
25,958	42,967	68,925
1,946,710	-	1,946,710
7,108	1,995	40,004
-	6,484	6,484
<u>1,406,403</u>	<u>119,010</u>	<u>3,866,156</u>
<u>4,054,770</u>	<u>406,654</u>	<u>7,594,945</u>
6,671,298	3,828,221	14,151,022
5,431,428	-	5,681,428
-	-	1,146,380
<u>(7,585,726)</u>	<u>784,648</u>	<u>2,910,665</u>
<u>4,517,000</u>	<u>4,612,869</u>	<u>23,889,495</u>
<u>\$ 8,571,770</u>	<u>\$ 5,019,523</u>	<u>\$ 31,484,440</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Special Projects</u>
<b>Revenues:</b>			
State shared taxes . . . . .	\$ 5,531,081	\$ 395,981	\$ -
Charges for services . . . . .	389,984	-	54,900
Licenses and permits . . . . .	-	-	1,527
Fines and forfeitures . . . . .	-	-	48,000
Intergovernmental . . . . .	-	-	-
Special assessments . . . . .	-	-	-
Investment income . . . . .	-	-	42,175
Other . . . . .	7,312	-	596,023
Total revenues . . . . .	<u>5,928,377</u>	<u>395,981</u>	<u>742,625</u>
<b>Expenditures:</b>			
Current:			
Downtown. . . . .	-	-	63,000
Youth, education and human services. . . . .	-	-	-
Community development and neighborhoods.	-	-	-
Economic development . . . . .	-	-	1,922,330
Leadership and quality of life . . . . .	9,338,358	400,000	595,198
Corporate responsibility. . . . .	-	-	793,071
Public safety and justice. . . . .	-	-	30,343
Debt service:			
Principal retirement . . . . .	-	-	501,000
Total expenditures . . . . .	<u>9,338,358</u>	<u>400,000</u>	<u>3,904,942</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(3,409,981)</u>	<u>(4,019)</u>	<u>(3,162,317)</u>
<b>Other financing sources:</b>			
Transfers in . . . . .	<u>3,145,500</u>	<u>-</u>	<u>3,210,000</u>
Total other financing sources. . . . .	<u>3,145,500</u>	<u>-</u>	<u>3,210,000</u>
Net change in fund balances. . . . .	(264,481)	(4,019)	47,683
<b>Fund balances at beginning of year . . . . .</b>	<u>3,682,537</u>	<u>373,645</u>	<u>10,924,261</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 3,418,056</u>	<u>\$ 369,626</u>	<u>\$ 10,971,944</u>

<b>HUD Programs</b>	<b>Miscellaneous Grants</b>	<b>Total</b>
\$ -	\$ -	\$ 5,927,062
715,382	540,293	1,700,559
-	-	1,527
-	567,713	615,713
9,904,682	3,989,734	13,894,416
237,182	-	237,182
-	114,555	156,730
79,772	465,018	1,148,125
<u>10,937,018</u>	<u>5,677,313</u>	<u>23,681,314</u>
-	508,613	571,613
2,299,169	-	2,299,169
6,874,981	299,696	7,174,677
-	427,209	2,349,539
1,462,938	181,128	11,977,622
-	-	793,071
-	2,434,819	2,465,162
-	-	501,000
<u>10,637,088</u>	<u>3,851,465</u>	<u>28,131,853</u>
<u>299,930</u>	<u>1,825,848</u>	<u>(4,450,539)</u>
<u>71,438</u>	<u>774,496</u>	<u>7,201,434</u>
<u>71,438</u>	<u>774,496</u>	<u>7,201,434</u>
371,368	2,600,344	2,750,895
<u>4,145,632</u>	<u>2,012,525</u>	<u>21,138,600</u>
<u>\$ 4,517,000</u>	<u>\$ 4,612,869</u>	<u>\$ 23,889,495</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 STREET FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State shared taxes . . . . .	\$ 5,181,700	\$ 5,398,800	\$ 5,447,024	\$ 48,224
Charges for services . . . . .	419,400	346,400	402,014	55,614
Other . . . . .	-	-	(10,401)	(10,401)
Total revenues. . . . .	<u>5,601,100</u>	<u>5,745,200</u>	<u>5,838,637</u>	<u>93,437</u>
<b>Expenditures:</b>				
Department of public works . . . . .	<u>9,354,100</u>	<u>10,663,300</u>	<u>10,341,833</u>	<u>321,467</u>
Total expenditures. . . . .	<u>9,354,100</u>	<u>10,663,300</u>	<u>10,341,833</u>	<u>321,467</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(3,753,000)</u>	<u>(4,918,100)</u>	<u>(4,503,196)</u>	<u>414,904</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	<u>2,500,000</u>	<u>3,145,500</u>	<u>3,145,500</u>	<u>-</u>
Total other financing sources. . . . .	<u>2,500,000</u>	<u>3,145,500</u>	<u>3,145,500</u>	<u>-</u>
Net change in fund balance . . . . .	<u>(1,253,000)</u>	<u>(1,772,600)</u>	<u>(1,357,696)</u>	<u>414,904</u>
<b>Fund balance at beginning of year . . . . .</b>	<u>2,493,358</u>	<u>2,493,358</u>	<u>2,493,358</u>	<u>-</u>
<b>Prior year encumbrances appropriated . . . . .</b>	<u>122,339</u>	<u>122,339</u>	<u>122,339</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,362,697</u>	<u>\$ 843,097</u>	<u>\$ 1,258,001</u>	<u>\$ 414,904</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 HIGHWAY MAINTENANCE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State shared taxes . . . . .	\$ 400,000	\$ 400,000	\$ 395,034	\$ (4,966)
Total revenues. . . . .	400,000	400,000	395,034	(4,966)
<b>Expenditures:</b>				
Department of public works . . . . .	400,000	400,000	433,333	(33,333)
Total expenditures. . . . .	400,000	400,000	433,333	(33,333)
Net change in fund balance . . . . .	-	-	(38,299)	(38,299)
<b>Fund balance at beginning of year. . . . .</b>	<u>311,719</u>	<u>311,719</u>	<u>311,719</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 311,719</u>	<u>\$ 311,719</u>	<u>\$ 273,420</u>	<u>\$ (38,299)</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 SPECIAL PROJECTS FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for services . . . . .	\$ 50,100	\$ 54,900	\$ 54,900	\$ -
Licenses and permits . . . . .	1,400	1,500	1,527	27
Investment income . . . . .	32,200	35,200	35,210	10
Other . . . . .	<u>525,700</u>	<u>575,300</u>	<u>575,650</u>	<u>350</u>
Total revenues. . . . .	<u>609,400</u>	<u>666,900</u>	<u>667,287</u>	<u>387</u>
<b>Expenditures:</b>				
Various departments. . . . .	<u>4,760,900</u>	<u>6,910,600</u>	<u>6,268,708</u>	<u>641,892</u>
Total expenditures. . . . .	<u>4,760,900</u>	<u>6,910,600</u>	<u>6,268,708</u>	<u>641,892</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(4,151,500)</u>	<u>(6,243,700)</u>	<u>(5,601,421)</u>	<u>642,279</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	<u>3,211,600</u>	<u>3,515,200</u>	<u>3,517,000</u>	<u>1,800</u>
Total other financing sources (uses) . . . . .	<u>3,211,600</u>	<u>3,515,200</u>	<u>3,517,000</u>	<u>1,800</u>
Net change in fund balance . . . . .	(939,900)	(2,728,500)	(2,084,421)	644,079
<b>Fund balance at beginning of year. . . . .</b>	9,626,191	9,626,191	9,626,191	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>587,054</u>	<u>587,054</u>	<u>587,054</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 9,273,345</u>	<u>\$ 7,484,745</u>	<u>\$ 8,128,824</u>	<u>\$ 644,079</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 MISCELLANEOUS GRANTS FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for services . . . . .	\$ 873,600	\$ 1,014,700	\$ 525,444	\$ (489,256)
Intergovernmental . . . . .	6,480,600	7,527,100	3,897,792	(3,629,308)
Other . . . . .	<u>1,854,000</u>	<u>2,153,400</u>	<u>1,115,119</u>	<u>(1,038,281)</u>
Total revenues. . . . .	<u>9,208,200</u>	<u>10,695,200</u>	<u>5,538,355</u>	<u>(5,156,845)</u>
<b>Expenditures:</b>				
Other grants . . . . .	<u>8,378,600</u>	<u>11,341,485</u>	<u>8,739,662</u>	<u>2,601,823</u>
Total expenditures. . . . .	<u>8,378,600</u>	<u>11,341,485</u>	<u>8,739,662</u>	<u>2,601,823</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>829,600</u>	<u>(646,285)</u>	<u>(3,201,307)</u>	<u>(2,555,022)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	1,311,600	1,523,200	788,796	(734,404)
Transfers out . . . . .	<u>(21,200)</u>	<u>(28,715)</u>	<u>(22,127)</u>	<u>6,588</u>
Total other financing sources (uses) . . . . .	<u>1,290,400</u>	<u>1,494,485</u>	<u>766,669</u>	<u>(727,816)</u>
Net change in fund balance . . . . .	2,120,000	848,200	(2,434,638)	(3,282,838)
<b>Fund balance (deficit) at beginning of year. . . . .</b>	(2,426,278)	(2,426,278)	(2,426,278)	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>3,470,966</u>	<u>3,470,966</u>	<u>3,470,966</u>	<u>-</u>
<b>Fund balance (deficit) at end of year . . . . .</b>	<u>\$ 3,164,688</u>	<u>\$ 1,892,888</u>	<u>\$ (1,389,950)</u>	<u>\$ (3,282,838)</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 DEBT SERVICE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 9,720,300	\$ 11,266,500	\$ 11,266,511	\$ 11
Special assessments . . . . .	218,300	253,000	253,042	42
Intergovernmental. . . . .	8,500	9,900	9,892	(8)
Other . . . . .	129,400	150,000	150,000	-
Total revenues. . . . .	<u>10,076,500</u>	<u>11,679,400</u>	<u>11,679,445</u>	<u>45</u>
<b>Expenditures:</b>				
Department of finance . . . . .	11,555,600	14,555,600	9,039,007	5,516,593
Total expenditures. . . . .	<u>11,555,600</u>	<u>14,555,600</u>	<u>9,039,007</u>	<u>5,516,593</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(1,479,100)</u>	<u>(2,876,200)</u>	<u>2,640,438</u>	<u>5,516,638</u>
<b>Other financing sources:</b>				
Sale of bonds. . . . .	71,300	82,600	82,594	(6)
Transfers in. . . . .	364,600	422,600	422,591	(9)
Total other financing sources. . . . .	<u>435,900</u>	<u>505,200</u>	<u>505,185</u>	<u>(15)</u>
Net change in fund balance . . . . .	(1,043,200)	(2,371,000)	3,145,623	5,516,623
<b>Fund balance at beginning of year (restated). . .</b>	8,216,419	8,216,419	8,216,419	-
<b>Prior year encumbrances appropriated . . . . .</b>	23,978	23,978	23,978	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ 7,197,197</u>	<u>\$ 5,869,397</u>	<u>\$ 11,386,020</u>	<u>\$ 5,516,623</u>



**CITY OF DAYTON, OHIO**

**COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS**

**Nonmajor Enterprise Funds**

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

***Storm Water***

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

***Golf***

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

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2007

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 4,486,424	\$ 401,839	\$ 4,888,263
Receivables (net of allowances of uncollectibles):			
Special assessments. . . . .	469,638	-	469,638
Accounts. . . . .	1,298,796	-	1,298,796
Due from other funds. . . . .	-	333	333
Unamortized bond issuance costs . . . . .	-	27,366	27,366
Capital assets:			
Land and construction in progress . . . . .	1,234,419	594,927	1,829,346
Depreciable capital assets, net . . . . .	10,085,031	5,022,055	15,107,086
Total capital assets. . . . .	<u>11,319,450</u>	<u>5,616,982</u>	<u>16,936,432</u>
Total assets. . . . .	<u>17,574,308</u>	<u>6,046,520</u>	<u>23,620,828</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 130,061	\$ 25,135	\$ 155,196
Contracts payable. . . . .	34,696	1,025	35,721
Accrued wages and benefits . . . . .	110,759	32,906	143,665
Compensated absences payable. . . . .	246,246	99,659	345,905
Accrued interest payable . . . . .	-	5,812	5,812
Due to other funds . . . . .	623,360	1,428	624,788
Due to other governments . . . . .	-	438	438
General obligation bonds payable. . . . .	-	1,874,776	1,874,776
Total liabilities. . . . .	<u>1,145,122</u>	<u>2,041,179</u>	<u>3,186,301</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt . . . . .	11,319,450	3,769,572	15,089,022
Unrestricted . . . . .	<u>5,109,736</u>	<u>235,769</u>	<u>5,345,505</u>
Total net assets . . . . .	<u>\$ 16,429,186</u>	<u>\$ 4,005,341</u>	<u>\$ 20,434,527</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<b>Storm Water</b>	<b>Golf</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 6,661,904	\$ 3,348,365	\$ 10,010,269
Other . . . . .	1,274	5,367	6,641
Total operating revenues . . . . .	<u>6,663,178</u>	<u>3,353,732</u>	<u>10,016,910</u>
<b>Operating expenses:</b>			
Personal services . . . . .	2,286,298	1,142,216	3,428,514
Benefit payments . . . . .	852,274	346,820	1,199,094
Contract services . . . . .	1,008,040	806,827	1,814,867
Materials and supplies. . . . .	208,185	417,455	625,640
Utilities . . . . .	104,230	175,467	279,697
Depreciation. . . . .	363,200	220,443	583,643
Other. . . . .	204,308	81,877	286,185
Total operating expenses . . . . .	<u>5,026,535</u>	<u>3,191,105</u>	<u>8,217,640</u>
Operating income. . . . .	<u>1,636,643</u>	<u>162,627</u>	<u>1,799,270</u>
<b>Nonoperating expenses:</b>			
Interest and fiscal charges . . . . .	-	(128,958)	(128,958)
Total nonoperating expenses. . . . .	<u>-</u>	<u>(128,958)</u>	<u>(128,958)</u>
Change in net assets. . . . .	1,636,643	33,669	1,670,312
<b>Net assets, January 1 . . . . .</b>	<u>14,792,543</u>	<u>3,971,672</u>	<u>18,764,215</u>
<b>Net assets, December 31 . . . . .</b>	<u>\$ 16,429,186</u>	<u>\$ 4,005,341</u>	<u>\$ 20,434,527</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers . . . . .	\$ 6,677,322	\$ 3,369,039	\$ 10,046,361
Cash received from other operating revenues . . . . .	1,274	5,257	6,531
Cash payments for personal services . . . . .	(2,206,856)	(1,139,424)	(3,346,280)
Cash payments for fringe benefits . . . . .	(814,383)	(346,886)	(1,161,269)
Cash payments for contract services. . . . .	(1,005,236)	(819,320)	(1,824,556)
Cash payments for materials and supplies. . . . .	(218,541)	(417,455)	(635,996)
Cash payments for utilities. . . . .	(84,303)	(153,615)	(237,918)
Cash payments for other operating expenses . . . . .	<u>(187,108)</u>	<u>(83,815)</u>	<u>(270,923)</u>
Net cash provided by operating activities. . . . .	<u>2,162,169</u>	<u>413,781</u>	<u>2,575,950</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets . . . . .	(1,519,993)	(135,272)	(1,655,265)
Principal paid on bonds . . . . .	-	(212,452)	(212,452)
Interest paid on bonds . . . . .	-	(125,706)	(125,706)
Net cash used in capital and related financing activities. . . . .	<u>(1,519,993)</u>	<u>(473,430)</u>	<u>(1,993,423)</u>
Net increase in cash and cash equivalents. . . . .	642,176	(59,649)	582,527
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>3,844,248</u>	<u>461,488</u>	<u>4,305,736</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u>\$ 4,486,424</u>	<u>\$ 401,839</u>	<u>\$ 4,888,263</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income. . . . .	\$ 1,636,643	\$ 162,627	\$ 1,799,270
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation . . . . .	363,200	220,443	583,643
Changes in assets and liabilities:			
Decrease in accounts receivable . . . . .	53,232	20,674	73,906
Increase in due from other funds . . . . .	-	(110)	(110)
Increase in special assessments. . . . .	(37,814)	-	(37,814)
Decrease in accounts payable . . . . .	86,996	16,476	103,472
Increase (decrease) in contracts payable. . . . .	34,696	(5,788)	28,908
Increase in accrued wages and benefits. . . . .	61,017	2,314	63,331
Decrease in due to other funds . . . . .	(92,117)	(3,268)	(95,385)
Increase in due to other governments. . . . .	-	1	1
Increase in compensated absences payable . . . . .	56,316	412	56,728
Net cash provided by operating activities. . . . .	<u>\$ 2,162,169</u>	<u>\$ 413,781</u>	<u>\$ 2,575,950</u>

**Non-cash transactions:**

At December 31, 2007, the Storm Water fund purchased \$5,929 in capital assets on account.

## CITY OF DAYTON, OHIO

### COMBINING STATEMENTS - INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

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

To account for plumbing services to departments within the City.

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2007

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>	<u>Plumbing Shop</u>	<u>Total</u>
<b>Assets:</b>						
Equity in pooled cash and cash equivalents. . . . .	\$ 432,179	\$ 119,568	\$ 57,655	\$ 15,800,976	\$ 138,763	\$ 16,549,141
Receivables (net of allowances of uncollectibles):						
Accounts. . . . .	-	21,920	-	-	-	21,920
Due from other funds. . . . .	172,873	87,660	22,715	-	82,743	365,991
Due from other governments . . . . .	-	39,272	-	-	-	39,272
Prepayments. . . . .	-	19,056	-	-	-	19,056
Inventory held for resale . . . . .	441,090	243,008	6,873	-	-	690,971
Capital assets:						
Land	-	75,000	-	-	-	75,000
Depreciable capital assets, net	274,191	864,122	12,799	91,581	52,606	1,295,299
Total capital assets. . . . .	<u>274,191</u>	<u>939,122</u>	<u>12,799</u>	<u>91,581</u>	<u>52,606</u>	<u>1,370,299</u>
Total assets. . . . .	<u>1,320,333</u>	<u>1,469,606</u>	<u>100,042</u>	<u>15,892,557</u>	<u>274,112</u>	<u>19,056,650</u>
<b>Liabilities:</b>						
Accounts payable. . . . .	\$ 32,136	\$ 25,964	\$ 9,901	\$ 9,872	\$ 1,561	\$ 79,434
Contracts payable. . . . .	-	-	-	41,250	-	41,250
Accrued wages and benefits . . . . .	95,489	17,728	7,875	26,929	11,443	159,464
Compensated absences payable . . . . .	229,201	59,019	12,139	49,801	39,540	389,700
Due to other funds . . . . .	70,389	-	-	257	421	71,067
Due to other governments . . . . .	-	-	-	2,192,278	-	2,192,278
Claims payable . . . . .	-	-	-	9,696,742	-	9,696,742
Total liabilities. . . . .	<u>427,215</u>	<u>102,711</u>	<u>29,915</u>	<u>12,017,129</u>	<u>52,965</u>	<u>12,629,935</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt . . . . .	274,191	939,122	12,799	91,581	52,606	1,370,299
Unrestricted . . . . .	<u>618,927</u>	<u>427,773</u>	<u>57,328</u>	<u>3,783,847</u>	<u>168,541</u>	<u>5,056,416</u>
Total net assets. . . . .	<u>\$ 893,118</u>	<u>\$ 1,366,895</u>	<u>\$ 70,127</u>	<u>\$ 3,875,428</u>	<u>\$ 221,147</u>	<u>\$ 6,426,715</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>	<u>Plumbing Shop</u>	<u>Total</u>
<b>Operating revenues:</b>						
Charges for services . . . . .	\$ 8,034,925	\$ 1,237,774	\$ 243,175	\$ 4,524,532	\$ 652,676	\$ 14,693,082
Other . . . . .	43,359	483	-	-	-	43,842
Total operating revenues . . . . .	<u>8,078,284</u>	<u>1,238,257</u>	<u>243,175</u>	<u>4,524,532</u>	<u>652,676</u>	<u>14,736,924</u>
<b>Operating expenses:</b>						
Personal services . . . . .	2,546,263	467,719	143,642	533,878	344,858	4,036,360
Benefit payment . . . . .	955,733	159,274	61,176	188,171	105,047	1,469,401
Contract services . . . . .	545,640	382,103	20,902	156,696	11,598	1,116,939
Materials and supplies. . . . .	75,372	299,028	4,266	83,609	152,194	614,469
Utilities . . . . .	-	9,815	-	-	-	9,815
Cost of sales . . . . .	4,075,712	-	60,731	-	-	4,136,443
Depreciation. . . . .	51,532	26,521	9,924	-	8,274	96,251
Claims expense. . . . .	-	-	-	3,507,440	-	3,507,440
Other. . . . .	30,511	769	-	19,437	421	51,138
Total operating expenses . . . . .	<u>8,280,763</u>	<u>1,345,229</u>	<u>300,641</u>	<u>4,489,231</u>	<u>622,392</u>	<u>15,038,256</u>
Operating income (loss) . . . . .	<u>(202,479)</u>	<u>(106,972)</u>	<u>(57,466)</u>	<u>35,301</u>	<u>30,284</u>	<u>(301,332)</u>
<b>Nonoperating expenses:</b>						
Interest and fiscal charges . . . . .	-	-	(1,282)	-	-	(1,282)
Total nonoperating expenses. . . . .	<u>-</u>	<u>-</u>	<u>(1,282)</u>	<u>-</u>	<u>-</u>	<u>(1,282)</u>
Income (loss) before transfers. . . . .	(202,479)	(106,972)	(58,748)	35,301	30,284	(302,614)
Transfers in . . . . .	-	-	100,000	-	-	100,000
Change in net assets . . . . .	(202,479)	(106,972)	41,252	35,301	30,284	(202,614)
<b>Net assets, January 1 . . . . .</b>	<u>1,095,597</u>	<u>1,473,867</u>	<u>28,875</u>	<u>3,840,127</u>	<u>190,863</u>	<u>6,629,329</u>
<b>Net assets, December 31 . . . . .</b>	<u>\$ 893,118</u>	<u>\$ 1,366,895</u>	<u>\$ 70,127</u>	<u>\$ 3,875,428</u>	<u>\$ 221,147</u>	<u>\$ 6,426,715</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>	<u>Plumbing Shop</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>						
Cash received from interfund services provided. . . . .	\$ 7,932,441	\$ 1,125,511	\$ 220,460	\$ 4,524,532	\$ 569,933	\$ 14,372,877
Cash received from other operating revenues . . . . .	174,786	483	11,253	-	40,989	227,511
Cash payments for personal services . . . . .	(2,535,143)	(457,035)	(141,985)	(520,655)	(327,862)	(3,982,680)
Cash payments for fringe benefits . . . . .	(955,184)	(158,367)	(61,516)	(195,165)	(103,461)	(1,473,693)
Cash payments for contract services. . . . .	(553,630)	(359,183)	(22,511)	(221,168)	(11,598)	(1,168,090)
Cash payments for materials and supplies. . . . .	(383,887)	(231,598)	(5,643)	(80,718)	(159,402)	(861,248)
Cash payments for cost of goods sold . . . . .	(4,085,472)	-	(60,268)	-	-	(4,145,740)
Cash payments for utilities. . . . .	-	(8,676)	-	-	-	(8,676)
Cash payments for claims . . . . .	-	-	-	(3,404,903)	-	(3,404,903)
Cash payments for other operating expenses . . . . .	(30,802)	(769)	-	(19,265)	-	(50,836)
Net cash provided by (used in) operating activities. . .	<u>(436,891)</u>	<u>(89,634)</u>	<u>(60,210)</u>	<u>82,658</u>	<u>8,599</u>	<u>(495,478)</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfers in from other funds. . . . .	-	-	100,000	-	-	100,000
Net cash provided by noncapital financing activities. .	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition of capital assets . . . . .	-	(99,995)	-	(91,581)	-	(191,576)
Principal paid on capital leases . . . . .	-	-	(47,718)	-	-	(47,718)
Interest paid on capital leases. . . . .	-	-	(1,282)	-	-	(1,282)
Net cash used in capital and related financing activities . . . . .	<u>-</u>	<u>(99,995)</u>	<u>(49,000)</u>	<u>(91,581)</u>	<u>-</u>	<u>(240,576)</u>
Net increase (decrease) in cash and cash equivalents. . .	(436,891)	(189,629)	(9,210)	(8,923)	8,599	(636,054)
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>869,070</u>	<u>309,197</u>	<u>66,865</u>	<u>15,809,899</u>	<u>130,164</u>	<u>17,185,195</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u>\$ 432,179</u>	<u>\$ 119,568</u>	<u>\$ 57,655</u>	<u>\$ 15,800,976</u>	<u>\$ 138,763</u>	<u>\$ 16,549,141</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss) . . . . .	\$ (202,479)	\$ (106,972)	\$ (57,466)	\$ 35,301	\$ 30,284	\$ (301,332)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation . . . . .	51,532	26,521	9,924	-	8,274	96,251
Changes in assets and liabilities:						
Increase in accounts receivable. . . . .	-	(10,702)	-	-	-	(10,702)
Increase in due from other funds . . . . .	(41,446)	(62,289)	(11,462)	-	(41,754)	(156,951)
Increase in due from other governments. . . . .	-	(39,272)	-	-	-	(39,272)
Increase in prepaid assets . . . . .	-	(908)	-	-	-	(908)
(Increase) decrease in inventory held for resale. . . . .	(9,760)	67,430	463	-	-	58,133
Increase (decrease) in accounts payable . . . . .	(316,505)	24,967	(2,986)	(90,849)	(6,851)	(392,224)
Increase in contracts payable . . . . .	-	-	-	29,250	-	29,250
Increase (decrease) in accrued wages and benefits . . . .	9,616	2,588	(189)	2,016	1,306	15,337
Increase in due to other funds . . . . .	70,098	-	-	190	64	70,352
Increase in due to other governments . . . . .	-	-	-	86,170	-	86,170
Increase in compensated absences payable . . . . .	2,053	9,003	1,506	4,213	17,276	34,051
Increase in claims payable. . . . .	-	-	-	16,367	-	16,367
Net cash provided by (used in) operating activities. . .	<u>\$ (436,891)</u>	<u>\$ (89,634)</u>	<u>\$ (60,210)</u>	<u>\$ 82,658</u>	<u>\$ 8,599</u>	<u>\$ (495,478)</u>



**CITY OF DAYTON, OHIO**

**COMBINING STATEMENTS - FIDUCIARY FUNDS**

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

**Agency Funds**

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

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

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Balance</u> <u>12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/07</u>
<b>Guaranty</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 49,649	\$ -	\$ -	\$ 49,649
Total assets. . . . .	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 49,649	\$ -	\$ -	\$ 49,649
Total liabilities. . . . .	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
<b>Performance Bond</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 14,119	\$ -	\$ -	\$ 14,119
Total assets. . . . .	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
<b>Liabilities:</b>				
Withholdings and deposits. . . . .	\$ 14,119	\$ -	\$ -	\$ 14,119
Total liabilities. . . . .	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
<b>Deposit of Taxes/Courthouse Square</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 138,175	\$ -	\$ -	\$ 138,175
Taxes levied for other governments. . . . .	360,031	-	360,031	-
Total assets. . . . .	<u>\$ 498,206</u>	<u>\$ -</u>	<u>\$ 360,031</u>	<u>\$ 138,175</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 498,206	\$ -	\$ 360,031	\$ 138,175
Total liabilities. . . . .	<u>\$ 498,206</u>	<u>\$ -</u>	<u>\$ 360,031</u>	<u>\$ 138,175</u>
<b>Dependent Care</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 9,980	\$ -	\$ 1,022	\$ 8,958
Total assets. . . . .	<u>\$ 9,980</u>	<u>\$ -</u>	<u>\$ 1,022</u>	<u>\$ 8,958</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 9,980	\$ -	\$ 1,022	\$ 8,958
Total liabilities. . . . .	<u>\$ 9,980</u>	<u>\$ -</u>	<u>\$ 1,022</u>	<u>\$ 8,958</u>
<b>Fire Proceeds</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 530,317	\$ 317,324	\$ 4,000	\$ 843,641
Total assets. . . . .	<u>\$ 530,317</u>	<u>\$ 317,324</u>	<u>\$ 4,000</u>	<u>\$ 843,641</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 4,000	\$ -	\$ 4,000	\$ -
Due to other governments . . . . .	526,317	317,324	-	843,641
Total liabilities. . . . .	<u>\$ 530,317</u>	<u>\$ 317,324</u>	<u>\$ 4,000</u>	<u>\$ 843,641</u>

-- Continued

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Balance 12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/07</u>
<b>Urban Renewal Comp Dep</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 53,520	\$ -	\$ -	\$ 53,520
Total assets. . . . .	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
<b>Liabilities:</b>				
Withholdings and deposits. . . . .	\$ 53,520	\$ -	\$ -	\$ 53,520
Total liabilities. . . . .	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
<b>Building Permit Surcharge</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 6,031	\$ 1,289	\$ 4,613	\$ 2,707
Total assets. . . . .	<u>\$ 6,031</u>	<u>\$ 1,289</u>	<u>\$ 4,613</u>	<u>\$ 2,707</u>
<b>Liabilities:</b>				
Accounts payable	\$ 2,850	\$ 1,289	\$ 2,850	\$ 1,289
Due to other governments . . . . .	3,181	-	1,763	1,418
Total liabilities. . . . .	<u>\$ 6,031</u>	<u>\$ 1,289</u>	<u>\$ 4,613</u>	<u>\$ 2,707</u>
<b>CompCare</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 57,520	\$ -	\$ 57,520	\$ -
Total assets. . . . .	<u>\$ 57,520</u>	<u>\$ -</u>	<u>\$ 57,520</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 57,520	\$ -	\$ 57,520	\$ -
Total liabilities. . . . .	<u>\$ 57,520</u>	<u>\$ -</u>	<u>\$ 57,520</u>	<u>\$ -</u>
<b>Payroll Withholding</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 6,453,661	\$ -	\$ 1,627,115	\$ 4,826,546
Total assets. . . . .	<u>\$ 6,453,661</u>	<u>\$ -</u>	<u>\$ 1,627,115</u>	<u>\$ 4,826,546</u>
<b>Liabilities:</b>				
Accounts payable	\$ 33,712	\$ -	\$ 30,412	\$ 3,300
Withholdings and deposits. . . . .	6,419,949	-	1,596,703	4,823,246
Total liabilities. . . . .	<u>\$ 6,453,661</u>	<u>\$ -</u>	<u>\$ 1,627,115</u>	<u>\$ 4,826,546</u>
<b>Special Improvement District</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 18,186	\$ -	\$ -	\$ 18,186
Total assets. . . . .	<u>\$ 18,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,186</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 18,186	\$ -	\$ -	\$ 18,186
Total liabilities. . . . .	<u>\$ 18,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,186</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Balance</u> <u>12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/07</u>
<b>GMR Trading Project</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 302,912	\$ 162,435	\$ -	\$ 465,347
Total assets. . . . .	<u>\$ 302,912</u>	<u>\$ 162,435</u>	<u>\$ -</u>	<u>\$ 465,347</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 302,912	\$ 162,435	\$ -	\$ 465,347
Total liabilities. . . . .	<u>\$ 302,912</u>	<u>\$ 162,435</u>	<u>\$ -</u>	<u>\$ 465,347</u>
<b>Miami Township-Dayton JEDD</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 164,002	\$ 222,618	\$ -	\$ 386,620
Total assets. . . . .	<u>\$ 164,002</u>	<u>\$ 222,618</u>	<u>\$ -</u>	<u>\$ 386,620</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 164,002	\$ 222,618	\$ -	\$ 386,620
Total liabilities. . . . .	<u>\$ 164,002</u>	<u>\$ 222,618</u>	<u>\$ -</u>	<u>\$ 386,620</u>
<b>Butler Township-Dayton JEDD</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ -	\$ 4,278	\$ -	\$ 4,278
Total assets. . . . .	<u>\$ -</u>	<u>\$ 4,278</u>	<u>\$ -</u>	<u>\$ 4,278</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ -	\$ 4,278	\$ -	\$ 4,278
Total liabilities. . . . .	<u>\$ -</u>	<u>\$ 4,278</u>	<u>\$ -</u>	<u>\$ 4,278</u>
<b>Emery</b>				
<b>Assets:</b>				
Investments with fiscal agent. . . . .	\$ -	\$ 3,355,572	\$ -	\$ 3,355,572
Total assets. . . . .	<u>\$ -</u>	<u>\$ 3,355,572</u>	<u>\$ -</u>	<u>\$ 3,355,572</u>
<b>Liabilities:</b>				
Due to others. . . . .	\$ -	\$ 3,355,572	\$ -	\$ 3,355,572
Total liabilities. . . . .	<u>\$ -</u>	<u>\$ 3,355,572</u>	<u>\$ -</u>	<u>\$ 3,355,572</u>
<b>Municipal Courts</b>				
<b>Assets:</b>				
Cash and cash equivalents with fiscal agents . . . . .	\$ 755,248	\$ 496,359	\$ 371,732	\$ 879,875
Total assets. . . . .	<u>\$ 755,248</u>	<u>\$ 496,359</u>	<u>\$ 371,732</u>	<u>\$ 879,875</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 371,732	\$ 353,268	\$ 371,732	\$ 353,268
Due to others. . . . .	383,516	143,091	-	526,607
Total liabilities. . . . .	<u>\$ 755,248</u>	<u>\$ 496,359</u>	<u>\$ 371,732</u>	<u>\$ 879,875</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Balance</u> <u>12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/07</u>
<b>Executive Severance</b>				
<b>Assets:</b>				
Investments with fiscal agents . . . . .	\$ 1,013,369	\$ -	\$ 68,850	\$ 944,519
Total assets. . . . .	<u>\$ 1,013,369</u>	<u>\$ -</u>	<u>\$ 68,850</u>	<u>\$ 944,519</u>
<b>Liabilities:</b>				
Withholdings and deposits. . . . .	\$ 1,013,369	\$ -	\$ 68,850	\$ 944,519
Total liabilities. . . . .	<u>\$ 1,013,369</u>	<u>\$ -</u>	<u>\$ 68,850</u>	<u>\$ 944,519</u>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 7,798,072	\$ 707,944	\$ 1,694,270	\$ 6,811,746
Cash and cash equivalents with fiscal agents . . . . .	755,248	496,359	371,732	879,875
Investments with fiscal agents . . . . .	1,013,369	3,355,572	68,850	4,300,091
Taxes levied for other governments. . . . .	360,031	-	360,031	-
Total assets. . . . .	<u>\$ 9,926,720</u>	<u>\$ 4,559,875</u>	<u>\$ 2,494,883</u>	<u>\$ 11,991,712</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 40,562	\$ 1,289	\$ 37,262	\$ 4,589
Due to other governments . . . . .	2,001,685	1,059,923	792,068	2,269,540
Due to others. . . . .	383,516	3,498,663	-	3,882,179
Withholdings and deposits. . . . .	7,500,957	-	1,665,553	5,835,404
Total liabilities. . . . .	<u>\$ 9,926,720</u>	<u>\$ 4,559,875</u>	<u>\$ 2,494,883</u>	<u>\$ 11,991,712</u>

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## STATISTICAL SECTION

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

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**CITY OF DAYTON, OHIO**

**STATISTICAL SECTION**

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

**Contents**

**Page**

**Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**S 4 - S 13**

**Revenue Capacity**

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

**S 14 - S 21**

**Debt Capacity**

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

**S 22 - S 30**

**Demographic and Economic Information**

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

**S 31 - S 42**

**Operating Information**

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

**S 43**

**Sources:** Sources are noted on the individual schedules. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**CITY OF DAYTON, OHIO**

**NET ASSETS BY COMPONENT  
LAST SIX FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 184,561,144	\$ 188,610,596	\$ 207,581,135	\$ 228,383,145
Restricted	60,703,404	53,916,504	63,442,672	65,403,080
Unrestricted	44,138,216	61,754,770	49,507,627	44,629,417
<b>Total governmental activities net assets</b>	<u>\$ 289,402,764</u>	<u>\$ 304,281,870</u>	<u>\$ 320,531,434</u>	<u>\$ 338,415,642</u>
 <b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 294,822,094	\$ 293,481,592	\$ 309,060,125	\$ 328,655,724
Restricted	9,685	-	-	-
Unrestricted	137,726,433	153,425,794	127,133,397	129,939,569
<b>Total business-type activities net assets</b>	<u>\$ 432,558,212</u>	<u>\$ 446,907,386</u>	<u>\$ 436,193,522</u>	<u>\$ 458,595,293</u>
 <b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 479,383,238	\$ 482,092,188	\$ 516,641,260	\$ 557,038,869
Restricted	60,713,089	53,916,504	63,442,672	65,403,080
Unrestricted	181,864,649	215,180,564	176,641,024	174,568,986
<b>Total primary government net assets</b>	<u>\$ 721,960,976</u>	<u>\$ 751,189,256</u>	<u>\$ 756,724,956</u>	<u>\$ 797,010,935</u>

Source: City of Dayton financial records

Note: 2002 was the first year the City implemented GASB Statement No. 34, so comparative information before that date is not available.

<u>2006</u>		<u>2007</u>	
\$	242,926,214	\$	272,261,647
	71,779,813		64,585,698
	43,854,526		43,818,871
<u>\$</u>	<u>358,560,553</u>	<u>\$</u>	<u>380,666,216</u>

\$	346,386,163	\$	380,340,354
	-		-
	136,579,525		127,953,698
<u>\$</u>	<u>482,965,688</u>	<u>\$</u>	<u>508,294,052</u>

\$	589,312,377	\$	652,602,001
	71,779,813		64,585,698
	180,434,051		171,772,569
<u>\$</u>	<u>841,526,241</u>	<u>\$</u>	<u>888,960,268</u>

**CITY OF DAYTON, OHIO**

**CHANGES IN NET ASSETS  
LAST SIX FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	2002	2003	2004	2005
<b>Expenses</b>				
Governmental activities:				
Downtown	\$ 5,673,050	\$ 5,418,423	\$ 5,031,993	\$ 5,064,225
Youth, education and human services	1,493,693	2,535,385	2,208,479	2,070,638
Community development and neighbors	2,634,232	21,769,149	20,163,040	20,037,194
Economic development	24,275,989	10,494,459	6,411,508	7,162,137
Leadership and quality of life	44,353,088	45,111,428	45,891,870	46,407,089
Corporate responsibility	17,075,875	17,020,585	15,950,738	16,907,149
Public safety and justice	102,284,144	89,976,989	92,954,582	94,599,294
Other	1,765,310	986,660	507,896	2,547,338
Interest and fiscal charges	4,449,764	3,430,708	3,944,038	3,072,035
<b>Total governmental activities expenses</b>	<b>204,005,145</b>	<b>196,743,786</b>	<b>193,064,144</b>	<b>197,867,099</b>
Business type activities:				
Dayton International Airport	35,815,035	35,502,289	39,961,191	40,802,335
Water	44,439,722	45,628,781	47,152,642	44,674,367
Sewer	28,256,027	27,210,776	28,903,051	28,319,647
Golf	3,527,006	3,118,857	2,472,685	2,536,878
Storm Water	3,440,565	2,636,386	3,983,545	4,933,239
<b>Total business-type activities expenses</b>	<b>115,478,355</b>	<b>114,097,089</b>	<b>122,473,114</b>	<b>121,266,466</b>
<b>Total primary government expenses</b>	<b>\$ 319,483,500</b>	<b>\$ 310,840,875</b>	<b>\$ 315,537,258</b>	<b>\$ 319,133,565</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Downtown	\$ 644,660	\$ 459,014	\$ 504,472	\$ 517,512
Youth, education and human services	186,360	26,724	29,987	20,593
Community development and neighbors	85,178	2,284,484	1,762,861	1,942,351
Economic development	2,341,364	3,074,605	1,689,779	2,092,562
Leadership and quality of life	7,251,167	5,791,514	6,769,017	5,693,276
Corporate responsibility	2,271,381	2,213,081	2,203,013	2,310,305
Public safety and justice	17,749,728	15,655,803	15,049,321	16,737,568
Other	279,748	93,175	51,096	573,462
Interest and fiscal charges	814,194	504,180	463,975	-
Operating grants and contributions	17,265,398	19,791,048	18,789,989	17,571,173
Capital grants and contributions	7,726,360	10,307,490	9,604,411	12,149,725
<b>Total governmental activities program revenue</b>	<b>56,615,538</b>	<b>60,201,118</b>	<b>56,917,921</b>	<b>59,608,527</b>
Business type activities:				
Charges for services:				
Dayton International Airport	30,274,531	42,239,421	42,943,773	40,174,905
Water	42,368,104	42,441,461	37,709,426	43,578,504
Sewer	40,681,646	26,666,859	28,143,643	27,796,918
Golf	3,144,663	2,951,887	4,273,982	2,931,243
Storm Water	2,641,653	2,583,042	2,785,709	6,698,328
Operating grants and contributions	250,717	-	-	-
Capital grants and contributions	19,157,629	14,845,098	14,794,084	18,926,901
<b>Total business-type activities program revenue</b>	<b>138,518,943</b>	<b>131,727,768</b>	<b>130,650,617</b>	<b>140,106,799</b>
<b>Total primary government program revenue</b>	<b>\$ 195,134,481</b>	<b>\$ 191,928,886</b>	<b>\$ 187,568,538</b>	<b>\$ 199,715,326</b>

<u>2006</u>	<u>2007</u>
\$ 4,978,385	\$ 5,666,737
1,886,238	2,408,097
20,050,274	21,459,480
9,348,825	15,999,955
43,411,252	43,224,368
20,544,073	17,892,823
98,533,695	101,277,697
1,105,280	1,378,197
3,043,887	2,904,913
<u>202,901,909</u>	<u>212,212,267</u>
39,032,293	41,813,989
45,200,207	45,401,676
32,375,482	30,889,719
3,121,707	3,322,911
4,491,851	5,030,425
<u>124,221,540</u>	<u>126,458,720</u>
<u>\$ 327,123,449</u>	<u>\$ 338,670,987</u>
\$ 505,552	\$ 704,984
17,994	19,333
2,204,445	3,000,683
1,179,367	1,328,746
4,380,757	4,251,275
2,169,808	2,533,128
16,911,515	17,363,610
979,787	1,129,885
-	-
16,701,482	19,245,962
11,253,574	15,536,992
<u>56,304,281</u>	<u>65,114,598</u>
41,820,112	39,311,221
47,088,482	50,944,369
32,379,198	31,322,099
3,295,321	3,353,732
4,898,132	6,663,178
-	-
<u>15,408,247</u>	<u>15,058,562</u>
<u>144,889,492</u>	<u>146,653,161</u>
<u>\$ 201,193,773</u>	<u>\$ 211,767,759</u>

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**CITY OF DAYTON, OHIO**

CHANGES IN NET ASSETS  
LAST SIX FISCAL YEARS  
(CONTINUED)  
(ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (147,389,607)	\$ (136,542,668)	\$ (136,146,223)	\$ (138,258,572)
Business-type activities	23,040,588	17,630,679	8,177,503	18,840,333
Total primary government net expense	<u>\$ (124,349,019)</u>	<u>\$ (118,911,989)</u>	<u>\$ (127,968,720)</u>	<u>\$ (119,418,239)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Property taxes	\$ 17,888,114	\$ 18,641,542	\$ 19,496,591	\$ 20,719,101
Income taxes	106,710,540	108,520,891	108,438,846	112,169,475
Grants and entitlements	27,039,019	19,081,383	20,377,849	18,276,100
Investment earnings	-	3,579,657	1,706,199	3,383,886
Miscellaneous	3,376,292	2,952,997	1,984,048	3,644,141
Transfers	(801,514)	(913,666)	-	-
Total governmental activities general revenues	<u>154,212,451</u>	<u>151,862,804</u>	<u>152,003,533</u>	<u>158,192,703</u>
Special Item				
Gain on sale of capital assets	25,646	-	781,586	-
Total general revenues and special items	<u>154,238,097</u>	<u>151,862,804</u>	<u>152,785,119</u>	<u>158,192,703</u>
Business type activities:				
Investment earnings	3,679,757	3,604,829	1,032,922	1,537,561
Miscellaneous	10,300	-	-	-
Gain on sale of capital assets	21,489	-	-	-
Transfers	801,514	913,666	-	-
Total business-type activities	<u>4,513,060</u>	<u>4,518,495</u>	<u>1,032,922</u>	<u>1,537,561</u>
Total primary government	<u>\$ 158,725,511</u>	<u>\$ 156,381,299</u>	<u>\$ 153,036,455</u>	<u>\$ 159,730,264</u>
<b>Changes in Net Assets</b>				
Governmental activities	\$ 6,848,490	\$ 15,320,136	\$ 16,638,896	\$ 19,934,131
Business-type activities	27,553,648	22,149,174	9,210,425	20,377,894
Total primary government	<u>\$ 34,402,138</u>	<u>\$ 37,469,310</u>	<u>\$ 25,849,321</u>	<u>\$ 40,312,025</u>

Source: City of Dayton financial records

Note: 2002 was the first year the City implemented GASB Statement No. 34, so comparative information before that date is not available.

<u>2006</u>	<u>2007</u>
\$ (146,597,628)	\$ (147,097,669)
20,667,952	20,194,441
<u>\$ (125,929,676)</u>	<u>\$ (126,903,228)</u>

\$ 21,788,008	\$ 23,444,142
117,876,441	113,785,961
19,192,977	17,600,763
5,084,176	7,064,009
2,862,437	7,547,653
(61,500)	(239,196)
<u>166,742,539</u>	<u>169,203,332</u>

-	-
<u>166,742,539</u>	<u>169,203,332</u>

3,640,943	4,894,727
-	-
-	-
61,500	239,196
<u>3,702,443</u>	<u>5,133,923</u>
<u>\$ 170,444,982</u>	<u>\$ 174,337,255</u>

\$ 20,144,911	\$ 22,105,663
24,370,395	25,328,364
<u>\$ 44,515,306</u>	<u>\$ 47,434,027</u>

**CITY OF DAYTON, OHIO**

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

	1998	1999	2000	2001
<b>General Fund</b>				
Reserved	\$ 7,533,606	\$ 9,397,735	\$ 10,974,654	\$ 4,305,769
Unreserved, reported in:				
Designated for future years' expenditures	-	-	9,728,322	8,708,515
Undesignated	43,380,483	43,111,256	38,650,529	28,525,393
<b>Total general fund</b>	<u>\$ 50,914,089</u>	<u>\$ 52,508,991</u>	<u>\$ 59,353,505</u>	<u>\$ 41,539,677</u>
 <b>Debt Service Fund</b>				
Reserved	\$ 193,500	\$ 11,400,950	\$ 10,661,917	\$ 26,687,599
Unreserved	18,146,857	17,500,248	18,482,563	-
<b>Total debt service fund</b>	<u>\$ 18,340,357</u>	<u>\$ 28,901,198</u>	<u>\$ 29,144,480</u>	<u>\$ 26,687,599</u>
 <b>Capital Improvement Fund</b>				
Reserved	\$ 18,481,745	\$ 22,808,013	\$ 15,373,557	\$ 15,076,014
Unreserved (deficit)	6,169,511	(640,521)	(1,416,030)	10,894,040
<b>Total capital improvement fund</b>	<u>\$ 24,651,256</u>	<u>\$ 22,167,492</u>	<u>\$ 13,957,527</u>	<u>\$ 25,970,054</u>
 <b>Other governmental Funds</b>				
Reserved	\$ 18,450,482	\$ 18,808,165	\$ 12,147,151	\$ 14,559,355
Unreserved (deficit), reported in:				
Designated, special revenue funds	-	-	-	-
Special revenue funds	(9,901,279)	(7,898,207)	(1,630,254)	(1,899,939)
Permanent fund	-	-	-	-
Capital projects funds	342,355	741,220	1,029,431	(87,265)
<b>Total governmental funds</b>	<u>\$ 8,891,558</u>	<u>\$ 11,651,178</u>	<u>\$ 11,546,328</u>	<u>\$ 12,572,151</u>
 <b>Total Fund Balances, Governmental Funds</b>	<u><u>\$ 102,797,260</u></u>	<u><u>\$ 115,228,859</u></u>	<u><u>\$ 114,001,840</u></u>	<u><u>\$ 106,769,481</u></u>

Source: City of Dayton financial records



2002	2003	2004	2005	2006	2007
\$ 2,798,924	\$ 4,077,216	\$ 4,451,193	\$ 4,846,464	\$ 2,985,745	\$ 3,646,545
-	1,226,505	2,161,198	3,573,236	6,949,009	8,284,213
31,594,377	34,784,392	29,795,216	36,132,638	27,407,200	30,035,615
<u>\$ 34,393,301</u>	<u>\$ 40,088,113</u>	<u>\$ 36,407,607</u>	<u>\$ 44,552,338</u>	<u>\$ 37,341,954</u>	<u>\$ 41,966,373</u>
\$ 24,087,261	\$ 17,839,709	\$ 15,333,393	\$ 13,298,438	\$ 15,080,926	\$ 18,676,879
-	-	-	-	-	-
<u>\$ 24,087,261</u>	<u>\$ 17,839,709</u>	<u>\$ 15,333,393</u>	<u>\$ 13,298,438</u>	<u>\$ 15,080,926</u>	<u>\$ 18,676,879</u>
\$ 18,370,993	\$ 15,435,869	\$ 23,208,822	\$ 14,836,284	\$ 22,459,015	\$ 30,413,308
2,067,381	(3,857,644)	916,028	2,013,719	1,797,815	(10,184,589)
<u>\$ 20,438,374</u>	<u>\$ 11,578,225</u>	<u>\$ 24,124,850</u>	<u>\$ 16,850,003</u>	<u>\$ 24,256,830</u>	<u>\$ 20,228,719</u>
\$ 18,520,083	\$ 15,712,394	\$ 12,711,217	\$ 20,867,328	\$ 19,535,089	\$ 19,934,678
-	486,000	400,000	-	1,253,000	1,146,380
(1,370,644)	1,060,593	4,402,528	184,630	1,124,470	2,910,665
16,380	36,805	53,439	58,896	67,805	79,836
(1,415,108)	2,497,998	739,531	(4,384,639)	(1,480,796)	-
<u>\$ 15,750,711</u>	<u>\$ 19,793,790</u>	<u>\$ 18,306,715</u>	<u>\$ 16,726,215</u>	<u>\$ 20,499,568</u>	<u>\$ 24,071,559</u>
<u>\$ 94,669,647</u>	<u>\$ 89,299,837</u>	<u>\$ 94,172,565</u>	<u>\$ 91,426,994</u>	<u>\$ 97,179,278</u>	<u>\$ 104,943,530</u>

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

	1998	1999	2000	2001
<b>Revenues (1)</b>				
Taxes	\$ 143,487,406	\$ 147,335,296	\$ 153,386,497	\$ 148,602,604
Intergovernmental	19,930,738	28,032,945	29,212,950	26,512,452
Investment income	7,772,741	6,177,393	9,810,194	7,086,378
Special assessments	506,197	383,044	272,107	569,983
Licenses and permits	1,698,008	1,687,321	2,083,365	2,039,503
Charges for services	21,104,306	24,259,158	22,313,071	21,660,189
Fines and forfeits	1,486,577	1,211,084	1,754,313	2,454,517
Miscellaneous	2,266,109	3,604,259	4,598,578	8,607,756
<b>Total revenues</b>	<u>198,252,082</u>	<u>212,690,500</u>	<u>223,431,075</u>	<u>217,533,382</u>
<b>Expenditures (1 &amp; 2)</b>				
Current:				
Downtown	-	-	4,869,311	5,021,369
Administrative Services	42,719,087	47,817,478	-	-
Youth, Education and Human Services	-	-	1,301,481	1,436,191
Community Development and Neighborhoods	-	-	3,281,232	2,331,172
Economic Development	8,129,048	8,666,422	21,838,458	23,658,978
Neighborhood Development	20,916,252	21,562,100	-	-
Human Development	15,513,271	17,112,029	-	-
Leadership and Quality Life	-	-	43,581,245	37,964,500
Corporate Responsibility	-	-	20,761,269	22,350,461
Policy Development	3,906,544	4,209,530	-	-
Transportation	11,015,768	11,833,639	-	-
Land Use	27,023,884	27,568,631	-	-
Community Security	43,658,203	47,025,960	-	-
Public safety and justice	-	-	96,185,438	101,900,533
Other	-	-	-	373,382
Capital outlay	23,138,732	22,995,587	24,523,977	45,292,081
Debt Service				
Principal	2,403,378	5,475,795	4,926,770	6,524,068
Interest	2,142,575	4,069,904	3,746,724	4,333,281
Bond issuance costs	-	-	-	356,193
<b>Total expenditures</b>	<u>200,566,742</u>	<u>218,337,075</u>	<u>225,015,905</u>	<u>251,542,209</u>
<b>Excess(deficiency) of revenues over expenditures</b>	(2,314,660)	(5,646,575)	(1,584,830)	(34,008,827)
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	245,164	2,484,795	18,449	29,388
Transfers in	12,677,774	19,577,043	26,563,590	32,893,734
Transfers out	(12,637,774)	(18,078,391)	(26,564,490)	(33,549,534)
Bonds issued	25,915,961	12,190,000	305,495	24,911,873
Refunding bonds issued	13,292,925	-	-	-
Payment of refunded bond escrow agent	-	-	-	-
Payment of Police and Fire Pensions	(13,194,936)	-	-	-
Premium on bond issuance	-	-	-	17,377
Capital lease transactions	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>26,299,114</u>	<u>16,173,447</u>	<u>323,044</u>	<u>24,302,838</u>
<b>Net change in fund balance</b>	<u>\$ 23,984,454</u>	<u>\$ 10,526,872</u>	<u>\$ (1,261,786)</u>	<u>\$ (9,705,989)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	2.56%	4.89%	4.33%	5.44%

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

(2) For 2000, the City of Dayton changed program classifications.

Source: City of Dayton financial records

2002	2003	2004	2005	2006	2007
\$ 145,251,212	\$ 147,286,520	\$ 149,926,379	\$ 154,210,979	\$ 159,082,912	\$ 157,223,154
24,096,216	28,609,999	25,333,452	17,329,078	28,044,012	31,643,646
3,332,301	3,623,500	2,288,903	3,483,518	5,131,388	7,393,303
693,360	1,033,045	1,034,415	652,363	1,076,163	505,670
1,980,844	2,120,143	1,817,222	1,903,063	1,750,262	1,861,236
23,813,556	22,262,759	20,295,875	22,898,740	22,083,074	24,051,832
2,249,333	2,083,662	1,832,710	1,944,186	3,450,859	2,044,271
8,319,580	5,756,600	4,767,369	6,554,510	2,862,437	7,547,653
<u>209,736,402</u>	<u>212,776,228</u>	<u>207,296,325</u>	<u>208,976,437</u>	<u>223,481,107</u>	<u>232,270,765</u>
4,807,733	3,747,343	4,167,407	4,093,181	4,183,009	4,651,014
-	-	-	-	-	-
1,506,653	2,531,763	2,237,230	2,060,357	1,928,205	2,420,958
2,468,203	20,353,743	20,311,675	19,230,564	18,959,062	21,016,004
24,328,537	6,996,268	6,410,373	7,049,497	9,464,377	15,082,881
-	-	-	-	-	-
-	-	-	-	-	-
39,442,705	37,705,241	41,319,775	40,423,448	37,073,237	36,925,472
15,813,881	16,035,551	14,870,289	15,423,671	19,489,965	16,597,674
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
100,912,458	90,354,455	92,673,272	92,422,480	97,403,724	98,432,234
1,747,482	918,216	506,890	2,544,612	1,107,606	1,377,348
22,165,044	29,742,434	23,346,465	22,818,819	17,501,729	28,529,727
6,198,173	7,350,552	9,228,813	5,774,552	7,480,101	5,789,851
4,317,835	3,430,374	3,962,946	3,097,330	3,076,308	2,884,154
-	-	199,535	-	-	312,327
<u>223,708,704</u>	<u>219,165,940</u>	<u>219,234,670</u>	<u>214,938,511</u>	<u>217,667,323</u>	<u>234,019,644</u>
(13,972,302)	(6,389,712)	(11,938,345)	(5,962,074)	5,813,784	(1,748,879)
-	150,000	824,849	101,600	100,000	-
9,119,979	17,092,990	15,249,526	16,692,371	21,682,063	13,418,525
(7,755,533)	(16,730,663)	(15,349,526)	(16,732,871)	(21,843,563)	(13,757,721)
1,568,387	395,485	11,731,021	-	-	19,745,000
-	-	-	-	-	-
-	-	-	-	-	(10,383,734)
-	-	-	-	-	-
-	-	244,535	-	-	491,061
-	112,090	4,500,000	205,326	-	-
<u>2,932,833</u>	<u>1,019,902</u>	<u>17,200,405</u>	<u>266,426</u>	<u>(61,500)</u>	<u>9,513,131</u>
<u>\$ (11,039,469)</u>	<u>\$ (5,369,810)</u>	<u>\$ 5,262,060</u>	<u>\$ (5,695,648)</u>	<u>\$ 5,752,284</u>	<u>\$ 7,764,252</u>
5.22%	5.69%	6.84%	4.62%	5.27%	4.37%

**CITY OF DAYTON, OHIO**

INCOME TAX REVENUE BY PAYER TYPE  
NET OF REFUNDS  
BUDGET (CASH) BASIS  
LAST TEN FISCAL YEARS

Year	Individual				Business Accounts				Total
	Withholding	% of total	Non-withholding	% of total	Total Individual	% of total	Business Accounts	% of total	
1998	\$ 98,871,677	100.00%	N/A	N/A	\$ 98,871,677	100.00%	N/A	N/A	98,871,677
1999	101,222,955	100.00%	N/A	N/A	101,222,955	100.00%	N/A	N/A	101,222,955
2000	102,193,340	100.00%	N/A	N/A	102,193,340	100.00%	N/A	N/A	102,193,340
2001	104,281,895	100.00%	N/A	N/A	104,281,895	100.00%	N/A	N/A	104,281,895
2002	100,229,065	95.89%	4,294,841	4.11%	104,523,906	93.68%	7,057,188	6.32%	111,581,094
2003	99,464,861	95.86%	4,297,342	4.14%	103,762,203	92.38%	8,556,088	7.62%	112,318,291
2004	99,902,076	95.53%	4,677,075	4.47%	104,579,151	92.72%	8,213,062	7.28%	112,792,213
2005	100,076,600	94.95%	5,321,371	5.05%	105,397,971	90.36%	11,245,776	9.64%	116,643,747
2006	102,033,754	95.36%	4,962,179	4.64%	106,995,933	91.01%	10,570,090	8.99%	117,566,023
2007	101,226,600	94.59%	5,790,379	5.41%	107,016,979	91.26%	10,244,253	8.74%	117,261,232

INCOME TAX FUND REVENUE DISTRIBUTION  
NET OF REFUNDS

Year	Budget (Cash) Basis			GAAP (Modified Accrual Basis)		
	General Fund	Total	% Increase (Decrease)	General Fund	Total	% Increase (Decrease)
1998	\$ 109,312,000	\$ 109,312,000	-2.30%	\$ 106,455,843	\$ 106,455,843	1.47%
1999	109,522,954	109,522,954	0.19%	109,247,348	109,247,348	2.62%
2000	111,018,161	111,018,161	1.37%	112,664,888	112,664,888	3.13%
2001	118,589,586	118,589,586	6.82%	109,203,036	109,203,036	-3.07%
2002	107,756,012	107,756,012	-9.14%	106,625,368	106,625,368	-2.36%
2003	105,281,708	105,281,708	-2.30%	108,554,027	108,554,027	1.81%
2004	108,494,807	108,494,807	3.05%	107,737,232	107,737,232	-0.75%
2005	112,281,500	112,281,500	3.49%	112,824,119	112,824,119	4.72%
2006	113,767,671	113,767,671	4.86%	112,619,532	112,619,532	4.53%
2007	112,794,901	112,794,901	0.46%	113,156,087	113,156,087	0.29%

Source: City of Dayton financial records

N/A - Information not available

**CITY OF DAYTON, OHIO**

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

Fiscal year	Total tax levy	Current tax collections	Percent of levy collected	Delinquent tax collections	Total tax collections	Percent of total tax collections to tax levy	Outstanding delinquent taxes	Percent of outstanding delinquent taxes to tax levy
<u>Montgomery County</u>								
1998	\$ 17,236,685	\$ 16,369,525	94.97%	\$ 887,443	\$ 17,256,968	100.12%	\$ 2,091,752	12.14%
1999	17,228,696	16,688,916	96.87%	889,833	17,578,749	102.03%	2,854,545	16.57%
2000	18,747,632	17,953,577	95.76%	1,028,171	18,981,748	101.25%	4,089,228	21.81%
2001	18,861,580	18,027,699	95.58%	1,121,799	19,149,498	101.53%	3,458,115	18.33%
2002	19,075,592	17,815,051	93.39%	1,327,331	19,142,382	100.35%	4,765,605	24.98%
2003	21,142,675	19,212,789	90.87%	1,265,481	20,478,270	96.86%	4,956,875	23.44%
2004	21,129,504	19,921,141	94.28%	1,441,368	21,362,509	101.10%	4,921,388	23.29%
2005	20,559,068	19,464,064	94.67%	2,004,760	21,468,824	104.43%	3,621,335	17.61%
2006	22,098,556	20,809,488	94.17%	2,343,469	23,152,957	104.77%	2,526,394	11.43%
2007	20,334,804	19,544,381	96.11%	1,998,653	21,543,034	105.94%	3,390,837	16.68%

Source: County Auditor; Montgomery County, Ohio

**CITY OF DAYTON, OHIO**

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

Tax year	For	Real Property		Personal Property		Public Utilities	
		Assessed value	Estimated actual value	Assessed value	Estimated actual value	Assessed value	Estimated actual value
<u>Montgomery County</u>							
1998	1999	\$ 1,196,725,090	N/A	\$ 356,354,152	N/A	\$ 146,457,920	N/A
1999	2000	1,199,695,480	N/A	387,618,846	N/A	150,755,290	N/A
2000	2001	1,308,366,160	N/A	403,346,103	N/A	142,951,440	N/A
2001	2002	1,321,740,600	N/A	440,728,086	N/A	139,196,290	N/A
2002	2003	1,349,792,850	N/A	456,304,945	N/A	101,461,400	N/A
2003	2004	1,605,463,590	N/A	402,063,173	N/A	106,740,710	N/A
2004	2005	1,618,667,120	N/A	318,067,610	N/A	106,951,010	N/A
2005	2006	1,629,682,550	N/A	324,633,707	N/A	101,590,570	N/A
2006	2007	1,789,262,590	5,112,178,829	220,535,502	1,176,189,344	95,959,270	54,216,988
2007	2008	1,767,313,000	5,049,465,714	107,769,573	1,356,704,408	73,262,480	188,151,369

Source: County Auditor; Montgomery County, Ohio

N/A - Information not available

Assessed value	Total		Percent of total assessed to total estimated actual value
	Total direct tax rate	Esimated actual value	
\$ 1,699,537,162	10.00	\$ 5,080,306,397	33.45%
1,738,069,616	10.00	5,161,385,240	33.67%
1,854,663,703	10.00	5,799,921,138	31.98%
1,901,664,976	10.00	5,897,206,567	32.25%
1,907,559,195	10.00	5,797,067,825	32.91%
2,114,267,473	11.70	6,269,282,241	33.72%
2,043,685,740	10.00	6,171,703,279	33.11%
2,055,906,827	10.00	6,125,085,429	33.57%
2,105,757,362	10.00	6,342,585,161	33.20%
1,948,345,053	10.00	6,594,321,491	29.55%

**CITY OF DAYTON, OHIO**

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

Fiscal Year	Direct 10 Mill Limitation (By Ohio Constitution)					By November 6, 1945 Charter Amendment		
	Debt Service Fund	Judgement Trust Fund	Street Maintenance Fund	Capital Improvement Fund	Total	Debt Service Fund	General	Total
<u>Montgomery County</u>								
1998 for 1999	0.15	-	1.35	-	1.50	3.50	5.00	8.50
1999 for 2000	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50
2000 for 2001	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50
2001 for 2002	0.15	-	1.35	-	1.50	3.50	5.00	8.50
2002 for 2003	0.15	-	1.35	-	1.50	3.50	5.00	8.50
2003 for 2004	0.15	-	1.35	1.70	3.20	3.50	5.00	8.50
2004 for 2005	1.17	-	0.33	-	1.50	3.50	5.00	8.50
2005 for 2006	1.17	-	0.33	-	1.50	3.50	5.00	8.50
2006 for 2007	0.40	-	-	-	0.40	4.60	5.00	9.60
2007 for 2008	0.40	-	-	-	0.40	4.60	5.00	9.60

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

Source: County Auditor; Montgomery County, Ohio



City of Dayton

<u>Grand Total</u>	<u>Dayton City School District</u>	<u>Montgomery County</u>	<u>Montgomery County Public Library</u>
10.00	62.65	16.64	0.26
10.00	62.65	16.64	0.26
10.00	62.65	16.64	0.26
10.00	62.65	16.64	0.26
10.00	70.85	16.64	0.26
11.70	70.85	17.24	0.26
10.00	70.85	18.24	0.26
10.00	70.85	18.24	0.26
10.00	70.85	18.24	1.25
10.00	70.85	20.25	1.25

**CITY OF DAYTON, OHIO**

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

Taxpayer	Fiscal Year 2007			Fiscal Year 1998		
	Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Dayton Power and Light Company	\$ 58,383,250	1	2.77%	\$ 94,884,410	1	5.58%
National Cash Register Company	16,785,130	2	0.80%			
Delphi Automotive Systems Corporation	14,200,520	3	0.67%			
Vectren Energy Delivery	12,461,720	4	0.59%			
Cargill Inc.	11,905,690	5	0.57%	27,107,430	5	1.59%
Behr Dayton Thermal	11,636,410	6	0.55%			
Ohio Bell Telephone Company	10,304,070	7	0.49%	45,571,790	2	2.68%
Marriot International	7,492,620	8	0.36%			
Dayton Heart Hospital	7,427,010	9	0.35%			
Tital Loan Investments	6,803,520	10	0.32%			
General Motors North American Operations				39,882,570	3	2.35%
AT&T/NCR				39,042,290	4	2.30%
Chrysler Corporation / Acustar				15,592,830	6	0.92%
Reynolds and Reynolds				9,964,260	7	0.71%
Emery Air Freight Corporation				9,883,030	8	0.58%
Standard Register				8,350,750	9	0.49%
Duriron Company Incorporated				8,107,990	10	0.48%
<b>Total</b>	<b>\$ 157,399,940</b>		<b>7.47%</b>	<b>\$ 298,387,350</b>		<b>17.68%</b>

Source: County Auditor; Montgomery, County, Ohio

**CITY OF DAYTON, OHIO**

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

<u>Fiscal Year</u>	<u>Current Assements Due (1)</u>	<u>Current Assessment Collected (1)</u>	<u>Percent of Current Collections to Current Assessments</u>	<u>Delinquent Assessments Collected</u>	<u>Total Assessments Collected</u>	<u>Percent of Total Assessments Collected to Current Due (2)</u>
1998	\$ 1,726,054	\$ 1,171,223	67.86%	\$ 137,995	\$ 1,309,218	75.85%
1999	1,346,031	736,056	54.68%	189,940	925,996	68.79%
2000	1,392,991	769,441	55.24%	158,810	928,251	66.64%
2001	1,481,584	1,159,041	78.23%	192,008	1,351,049	91.19%
2002	1,734,308	1,179,253	68.00%	185,355	1,364,608	78.68%
2003	1,720,310	1,198,753	69.68%	238,209	1,436,962	83.53%
2004	1,814,540	1,250,199	68.90%	158,459	1,408,658	77.63%
2005	1,838,846	763,031	41.50%	138,406	901,437	49.02%
2006	2,439,603	1,529,084	62.68%	741,577	2,270,661	93.08%
2007	2,339,548	2,023,233	86.48%	815,408	2,838,641	121.33%

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

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

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

Source: County Auditor; Montgomery County, Ohio

**CITY OF DAYTON, OHIO**

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

Fiscal Year	Governmental Activities					Business-Type Activities		
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Lease Obligations	General Obligation Notes	Special Assessment Notes	General Obligation Bonds	Revenue Bonds
1998	\$ 61,565,000	\$ -	\$ 601,639	\$ -	\$ -	\$ 36,621	\$ 2,025,000	\$ 90,180,000
1999	56,270,000	12,190,000	420,844	-	-	-	1,420,000	7,888,400
2000	51,805,000	11,870,000	584,569	-	-	1,400	825,000	72,915,000
2001	70,705,963	11,530,000	471,029	-	-	-	3,829,037	66,220,000
2002	65,167,452	12,170,000	885,487	312,990	8,250,000	44,234	3,422,536	59,245,000
2003	58,635,798	11,790,000	1,095,285	332,660	8,250,000	48,130	3,104,190	89,345,000
2004	62,429,997	11,385,000	1,244,721	3,730,742	-	52,688	2,640,003	81,455,000
2005	54,962,646	10,955,000	977,100	3,255,561	-	-	2,292,354	80,210,000
2006	49,727,772	9,500,000	753,500	2,612,121	-	-	2,087,228	70,730,000
2007	54,900,224	9,015,000	555,600	1,995,000	-	-	1,874,776	39,185,000

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

Source: City of Dayton financial records

(1) Source: Bureau of Economic Analysis, US Department of Commerce

Business-Type Activities (Continued)

<u>OWDA Loans</u>	<u>OPWC Loans</u>	<u>Capital Lease Obligations</u>	<u>General Obligation Notes</u>	<u>Total Primary Government</u>	<u>Personal Income (1)</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 28,846,138	\$ -	\$ 531,896	\$ 14,100,000	\$ 197,886,294	\$ 22,583,342,000	0.88%	\$ 1,144
25,883,143	-	349,539	12,100,000	116,521,926	23,100,508,000	0.50%	696
22,920,149	1,000,000	441,371	8,600,000	170,962,489	24,210,487,000	0.71%	1,029
19,957,154	950,000	16,175,567	7,600,000	197,438,750	24,657,688,000	0.80%	1,202
16,994,159	900,000	14,284,427	12,850,000	194,526,285	25,130,233,000	0.77%	1,195
27,401,011	850,000	110,127	4,850,000	205,812,201	25,525,598,000	0.81%	1,272
24,539,685	800,000	-	9,350,000	197,627,836	25,935,393,000	0.76%	1,233
21,005,877	750,000	132,516	6,675,000	181,216,054	26,744,477,000	0.68%	1,131
17,624,367	700,000	67,630	6,715,000	160,517,618	26,744,477,000	0.60%	1,010
15,055,215	650,000	-	6,715,000	129,945,815	26,744,477,000	0.49%	818

**CITY OF DAYTON, OHIO**

COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Assessed Value (2)	\$ 1,699,537,162	\$ 1,738,069,616	\$ 1,854,663,703	\$ 1,901,664,976
Legal debt margin:				
Debt limitation - 10.5% of Assessed Value	178,451,402	182,497,310	194,739,689	199,674,822
Total Voted and Unvoted Debt Outstanding	197,354,398	187,623,987	170,521,118	181,263,183
Less: Exempt Debt				
Sewer General Obligation Bonds	-	-	-	-
Waterworks General Obligation Bonds and Notes	(240,000)	(160,000)	(80,000)	-
Airport General Obligation Bonds and Notes	(15,885,000)	(13,360,000)	(9,345,000)	(7,830,000)
Waterworks Revenue Bonds (1)	(50,805,000)	(41,690,000)	(37,065,000)	(32,260,000)
Ohio Water Development Authority Loan	(28,846,138)	(25,883,143)	(22,920,149)	(19,957,154)
Ohio Public Works Commission Loan	-	-	(1,000,000)	(950,000)
Airport Revenue Bonds (1)	(39,375,000)	(37,650,000)	(35,850,000)	(33,960,000)
Special Assessment Bonds and Notes	(638,260)	(420,844)	(585,969)	(471,029)
Other Exempt Debt	(39,130,000)	(48,225,000)	-	-
Capital Facilities and Various Purpose Income Tax Bonds	-	-	(33,705,000)	(54,740,963)
Economic Development Bonds	-	-	(11,870,000)	(11,530,000)
Golf Renovation General Obligation Bonds	-	-	-	(3,599,037)
Total Exempt Debt	<u>(174,919,398)</u>	<u>(167,388,987)</u>	<u>(152,421,118)</u>	<u>(165,298,183)</u>
Total Debt Applicable to Limitation - Within 10.5% Limitations	22,435,000	20,235,000	18,100,000	15,965,000
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>(18,340,357)</u>	<u>(28,743,870)</u>	<u>(18,356,028)</u>	<u>(16,604,497)</u>
Net Debt Within 10.5% Limitation	<u>4,094,643</u>	<u>(8,508,870)</u>	<u>-</u>	<u>-</u>
Overall Debt Margin Within 10.5% Limitation	<u>\$ 174,356,759</u>	<u>\$ 191,006,180</u>	<u>\$ 194,739,689</u>	<u>\$ 199,674,822</u>
Unvoted Debt Limitation - 5.5% of Assessed Valuation	\$ 93,474,544	\$ 95,593,829	\$ 102,006,504	\$ 104,591,574
Debt Within 5.5% Limitations	22,435,000	20,235,000	18,100,000	15,965,000
Less Amount Available in Debt Service Fund	(18,340,357)	(28,743,870)	(18,356,028)	(16,604,497)
Net Debt Within 5.5% Limitation	<u>4,094,643</u>	<u>(8,508,870)</u>	<u>-</u>	<u>-</u>
Unvoted Debt Margin Within 5.5% Limitation	<u>\$ 89,379,901</u>	<u>\$ 104,102,699</u>	<u>\$ 102,006,504</u>	<u>\$ 104,591,574</u>

Source: City of Dayton financial records

- (1) Airport and Waterworks revenue bonds are shown on the balance sheet net of a discount and unamortized deferred charges. For 2007, this amount was \$177,096.
- (2) Beginning in 2007, due to the rapid phase-out of the tangible personal property tax, including certain public utility personal property, and the length of bond issues, the taxable value of such property should be excluded from the assessed valuation used to calculate the legal debt margin. The adjusted personal property valuation is included, which excludes railroads and telephone personal property valuation.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 1,907,559,195	\$ 2,114,267,473	\$ 2,043,685,740	\$ 2,055,906,827	\$ 2,105,757,362	\$ 1,838,251,690
200,293,715	221,998,085	214,587,003	215,870,217	221,104,523	193,016,427
179,928,869	202,589,607	193,897,094	176,184,321	157,837,860	124,821,234
-	-	-	-	-	-
-	-	-	-	-	-
(12,850,000)	(4,850,000)	(9,350,000)	(6,675,000)	(6,715,000)	(3,430,000)
(27,260,000)	(21,839,200)	(5,235,650)	(10,927,100)	(5,133,550)	-
(16,994,159)	(27,401,011)	(24,539,685)	(21,005,877)	(17,624,365)	(15,055,215)
(900,000)	(850,000)	(800,000)	(750,000)	(700,000)	(650,000)
(31,985,000)	(64,951,733)	(62,645,625)	(67,639,245)	(64,350,209)	(39,007,904)
(929,721)	(1,143,415)	(1,297,409)	(977,100)	(753,500)	(555,600)
-	-	-	-	-	-
(56,912,452)	(51,810,798)	(57,034,997)	(35,962,645)	(31,974,008)	(23,705,224)
(12,170,000)	(11,790,000)	(11,385,000)	(10,955,000)	(9,500,000)	(9,015,000)
(3,422,536)	(3,104,190)	(2,640,003)	(2,292,354)	(2,087,228)	(1,874,776)
<u>(163,423,868)</u>	<u>(187,740,347)</u>	<u>(174,928,369)</u>	<u>(157,184,321)</u>	<u>(138,837,860)</u>	<u>(93,293,719)</u>
16,505,001	14,849,260	18,968,725	19,000,000	19,000,000	31,527,515
<u>(14,559,051)</u>	<u>(8,872,909)</u>	<u>(6,895,689)</u>	<u>(5,435,549)</u>	<u>(7,777,979)</u>	<u>(16,499,004)</u>
<u>1,945,950</u>	<u>5,976,351</u>	<u>12,073,036</u>	<u>13,564,451</u>	<u>11,222,021</u>	<u>15,028,511</u>
<u>\$ 198,347,765</u>	<u>\$ 216,021,734</u>	<u>\$ 202,513,967</u>	<u>\$ 202,305,766</u>	<u>\$ 209,882,502</u>	<u>\$ 177,987,916</u>
\$ 104,915,756	\$ 116,284,711	\$ 112,402,716	\$ 113,074,875	\$ 115,816,655	\$ 101,103,843
16,505,001	14,849,260	18,968,725	19,000,000	19,000,000	31,527,515
(14,559,051)	(8,872,909)	(6,895,689)	(5,435,549)	(7,777,979)	(16,499,004)
<u>1,945,950</u>	<u>5,976,351</u>	<u>12,073,036</u>	<u>13,564,451</u>	<u>11,222,021</u>	<u>15,028,511</u>
<u>\$ 102,969,806</u>	<u>\$ 110,308,360</u>	<u>\$ 100,329,680</u>	<u>\$ 99,510,424</u>	<u>\$ 104,594,634</u>	<u>\$ 86,075,332</u>

**CITY OF DAYTON, OHIO**

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

<u>Fiscal Year</u>	<u>Population (3)</u>	<u>Assessed value (2)</u>	<u>Net general bonded debt (1)</u>	<u>Ratio of net general bonded debt to assessed value</u>	<u>Net general bonded debt per capita</u>
1998	172,947	\$ 1,699,537,162	\$ 43,224,643	2.54%	\$ 250
1999	167,475	1,738,069,616	27,526,130	1.58%	\$ 164
2000	166,179	1,854,663,703	33,448,972	1.80%	\$ 201
2001	164,199	1,901,664,976	54,101,466	2.84%	\$ 329
2002	162,788	1,907,559,195	50,608,401	2.65%	\$ 311
2003	161,832	2,114,267,473	49,762,889	2.35%	\$ 307
2004	160,293	2,043,685,740	55,534,308	2.72%	\$ 346
2005	160,293	2,055,906,827	49,527,097	2.41%	\$ 309
2006	158,873	2,105,757,362	41,949,793	1.99%	\$ 264
2007	158,873	1,948,345,053	38,401,220	1.97%	\$ 242

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

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

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



**CITY OF DAYTON, OHIO**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>	<u>Total general governmental expenditures</u>	<u>Ratio of debt service to total general governmental expenditures</u>
1998	\$ 2,200,000	\$ 2,057,228	\$ 4,257,228	\$ 179,028,081	2.38%
1999	5,295,000	3,139,008	8,434,008	195,478,903	4.31%
2000	4,465,000	2,917,114	7,382,114	201,192,360	3.67%
2001	6,524,068	4,333,196	10,857,264	208,594,344	5.20%
2002	6,198,173	4,317,835	10,516,008	223,708,704	4.70%
2003	7,350,552	3,430,374	10,780,926	219,165,940	4.92%
2004	9,228,813	3,962,946	13,191,759	219,044,970	6.02%
2005	8,774,552	3,097,330	11,871,882	217,938,511	5.45%
2006	7,480,101	3,076,308	10,556,409	217,667,323	4.85%
2007	5,789,851	2,884,154	8,674,005	234,019,644	3.71%

Source: City of Dayton financial records

**CITY OF DAYTON, OHIO**

COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
AS OF DECEMBER 31, 2007

Debt of the City, authorized by the Council but not by a vote of the electors, is subject to overlapping restrictions with each respective county and school district. Limitations apply to each county total and should not be considered cumulatively. Total debt service charges for and one year of all overlapping debt must not exceed ten mills (1%) of the assessed property value. This determination is made by the respective county auditors each time a subdivision proposes to issue unvoted debt. The most recent data prepared by the county auditors for this purpose is as of December 31, 2006.

Political subdivision of State of Ohio	Net General Bonded Debt	Percentage applicable to Dayton	Amount applicable to Dayton
Direct			
City of Dayton	\$ 54,900,224	100.00%	\$ 54,900,224
<b><i>Per Montgomery County Auditor:</i></b>			
Overlapping			
Montgomery County	46,399,375	98.64%	45,768,344
School District	232,945,000	20.80%	48,452,560
Total	<u>\$ 334,244,599</u>		<u>\$ 149,121,128</u>

Source: County Auditor; Montgomery County, Ohio

**CITY OF DAYTON, OHIO**

WATER ENTERPRISE REVENUE BOND COVERAGE  
WATER SYSTEMS REVENUE REFUNDING BONDS SERIES 1999  
LAST NINE FISCAL YEARS

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
1998	\$ 13,764,616	\$ 750,000	\$ 3,436,222	\$ 4,186,222	3.29
1999	15,414,054	5,000,000	1,389,983	6,389,983	2.41
2000	18,333,123	4,625,000	1,678,310	6,303,310	2.91
2001	19,668,398	4,805,000	1,493,310	6,298,310	3.12
2002 (a)	6,368,233	5,000,000	1,301,110	6,301,110	1.01
2003 (a)	5,415,955	5,195,000	1,101,110	6,296,110	0.86
2004 (a)	5,036,318	5,405,000	893,310	6,298,310	0.80
2005	14,601,556	5,620,000	677,110	6,297,110	2.32
2006 (b)	17,477,353	5,850,000	452,310	6,302,310	2.77

(1) Net Revenue Available for Debt Service is computed by adding operating income (loss) for the reporting period to depreciation expense and interest revenue. The Net Revenue Available for Debt Service also includes restricted cash held by a fiscal agent to meet the Rate Covenant as described in Section 4.02 of the Trust Agreement.

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

(b) The City repaid these bonds in 2007, revenue bond coverage disclosure is no longer required.

Source: City of Dayton financial records

**CITY OF DAYTON, OHIO**

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

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements (2)			Coverage
		Principal	Interest	Total	
1998	\$ 10,690,242	\$ 1,645,000	\$ 2,146,660	\$ 3,791,660	2.82
1999	9,114,117	1,725,000	2,073,164	3,798,164	2.40
2000	6,922,358	1,800,000	1,994,329	3,794,329	1.82
2001	5,879,030	1,890,000	1,910,247	3,800,247	1.55
2002	4,936,408	1,975,000	1,820,023	3,795,023	1.30
2003	17,489,400	1,275,000	1,206,507	2,481,507	7.05
2004	14,839,413	2,485,000	3,357,370	5,842,370	2.54
2005	12,196,929	3,005,000	3,085,715	6,090,715	2.00
2006	16,742,217	3,630,000	2,813,589	6,443,589	2.60
2007	16,112,888	3,750,000	3,062,695	6,812,695	2.37

(1) Net Revenue Available for Debt Service is computed by adding operating income (loss) for the reporting period to depreciation expense and interest revenue. Also included in this calculation is the portion of Passenger Facility Charges (PFC) which were used for payment of debt service charges.

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

Source: City of Dayton financial records

**CITY OF DAYTON, OHIO**

**BUSINESS INDICATORS  
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Square Mile Area City of Dayton Year End (1)</u>	<u>Air Passengers (2)</u>	<u>Scheduled Airline Freight (2)</u>
1998	56 (+/-)	2,192,898	906,255
1999	56 (+/-)	2,237,823	987,051
2000	56 (+/-)	2,363,322	917,527
2001	56 (+/-)	2,145,826	588,901
2002	56 (+/-)	2,280,960	430,282
2003	56 (+/-)	2,603,129	360,796
2004	56 (+/-)	2,874,386	369,429
2005	56 (+/-)	2,438,210	370,329
2006	56 (+/-)	2,607,167	166,613
2007	56 (+/-)	2,833,081	10,455

<u>Year</u>	<u>Active Gas Meters</u>	<u>Vehicle Registrations</u>
1998	N/A	N/A
1999	N/A	N/A
2000	N/A	N/A
2001	85,396	N/A
2002	84,245	N/A
2003	83,065	N/A
2004	83,115	131,096
2005	84,458	120,623
2006	88,573	130,190
2007	81,606	123,640

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

**CITY OF DAYTON, OHIO**

**GROWTH IN LAND AREA  
SELECTED YEARS**

<u>Year</u>	<u>Square miles at December 31</u>
1950	23
1955	27
1960	34
1965	36
1970	40
1975	43
1980	54
1985	55
1990	55
1991	56
1992	56
1993	56
1994	56
1995	56
1996	56
1997	56
1998	56
1999	56
2000	56
2001	56
2002	56
2003	56
2004	56
2005	56
2006	56
2007	56

Source: Division of Planning City of Dayton

**CITY OF DAYTON, OHIO**

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

Employer	Fiscal Year 2007			Fiscal Year 1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Miami Valley Hospital	5,833	1	8.16%	4,200	3	5.43%
Montgomery County	5,294	2	7.40%	4,750	2	6.14%
Dayton Public Schools	3,150	3	4.41%	3,750	4	4.84%
Good Samaritan Hospital and Health	2,938	4	4.11%	2,700	7	3.49%
City of Dayton	2,767	5	3.87%	2,987	6	3.86%
University of Dayton	2,722	6	3.81%	2,600	8	3.36%
Sinclair Community College	2,303	7	3.22%			
Grandview Hospital	1,881	8	2.63%			
Childrens Medical Hospital	1,800	9	2.52%			
Veterns Administration	1,717	10	2.40%			
General Motors Corporation				5,000	1	6.46%
AT&T/NCR Corporation				3,200	5	4.13%
Franciscan Medical Center				2,200	9	2.84%
Acustar (formerly Chrysler)				2,100	10	2.71%
<b>Total</b>	<b>30,405</b>		<b>42.52%</b>	<b>33,487</b>		<b>43.26%</b>

Source: Dayton Business Journal

**CITY OF DAYTON, OHIO**

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

Year	Montgomery County		Dayton		Ohio		U.S.
	Labor Force	Unemployment rate	Labor force	Unemployment rate	Labor force	Unemployment rate	Unemployment rate
1998	281,800	4.10%	77,400	7.20%	5,736,700	6.60%	4.30%
1999	277,900	3.90%	76,200	6.70%	5,780,700	4.00%	4.30%
2000	279,600	4.00%	73,300	6.90%	5,807,000	6.00%	4.00%
2001	278,700	4.60%	73,400	7.90%	5,825,600	7.40%	4.40%
2002	276,700	6.00%	73,600	10.20%	5,836,500	5.60%	5.70%
2003	276,000	6.50%	72,500	7.60%	5,866,800	5.50%	6.20%
2004	273,300	6.60%	71,600	8.00%	5,875,300	7.10%	6.20%
2005	272,200	6.40%	71,200	7.60%	5,900,400	7.60%	5.90%
2006	271,900	6.05%	71,000	8.30%	5,839,200	5.37%	4.60%
2007	275,200	6.20%	71,500	7.20%	5,976,500	5.60%	4.60%

Source: Ohio Workforce Informer



**CITY OF DAYTON, OHIO**

ESTIMATED PER CAPITA INCOME AND PERSONAL INCOME  
LAST TEN FISCAL YEARS

Year	Dayton (MSA)			Montgomery County		Ohio		United States
	Per capita income	% of national average	Total personal income	Per capita income	% of national average	Per capita income	% of national average	Per capita income
1998	\$ 25,352	100.07%	\$ 4,384,552,344	\$ 25,517	100.72%	\$ 24,656	97.32%	\$ 25,334
1999	27,164	97.23%	\$ 4,549,290,900	27,487	98.38%	26,859	96.13%	27,939
2000	28,549	95.66%	\$ 4,744,244,271	28,949	97.00%	28,207	94.51%	29,845
2001	29,160	95.38%	\$ 4,788,042,840	29,827	97.56%	28,601	93.55%	30,574
2002	29,747	96.55%	\$ 4,842,454,636	30,404	98.68%	29,212	94.81%	30,810
2003	30,385	96.51%	\$ 4,917,265,320	30,784	97.78%	29,954	95.14%	31,484
2004	31,387	94.97%	\$ 5,031,116,391	31,773	96.14%	31,161	94.28%	33,050
2005	31,792	92.16%	\$ 5,096,035,056	32,133	93.15%	31,867	92.38%	34,495
2006	N/A	N/A	N/A	N/A	N/A	33,320	90.76%	36,714
2007	N/A	N/A	N/A	N/A	N/A	34,874	90.32%	38,611

Source: Bureau of Economic Analysis

N/A - Information not available

**CITY OF DAYTON, OHIO**

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

Industry	1998	1999	2000	2001	2002	2003	2004
<b>Total</b>	<b>432.2</b>	<b>431.7</b>	<b>435.3</b>	<b>428.8</b>	<b>420.6</b>	<b>415.5</b>	<b>411.8</b>
<b>Goods-Producing Industries</b>	<b>98.0</b>	<b>96.4</b>	<b>96.2</b>	<b>87.1</b>	<b>82.5</b>	<b>78.3</b>	<b>75.4</b>
Natural Resources, Mining and Construction	16.2	16.4	16.2	15.1	15.3	15.2	15.6
Manufacturing	81.9	80.0	80.0	72.0	67.2	63.1	59.9
<b>Service-Providing Industries</b>	<b>334.4</b>	<b>335.3</b>	<b>339.1</b>	<b>341.6</b>	<b>338.1</b>	<b>337.2</b>	<b>336.4</b>
Trade, Transportation, and Utilities	77.2	79.9	81.5	79.0	75.0	72.6	71.6
Information	10.2	10.3	10.3	11.5	11.6	11.4	11.1
Financial Activities	17.7	17.8	17.3	18.0	18.3	18.8	19.0
Professional and Business Services	51.9	51.6	52.4	54.8	52.7	53.9	53.2
Educational and Health Services	57.5	57.2	58.3	59.3	60.9	61.7	62.5
Leisure and Hospitality	36.2	35.9	36.1	35.5	35.7	36.5	37.1
Other Services	16.2	16.0	16.3	16.3	16.7	16.8	16.7
Government	67.5	66.5	66.8	67.2	67.3	65.4	65.1

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

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

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

2005	2006	2007	Percentage of Total 2007 employment
<b>409.4</b>	<b>408.2</b>	<b>408.2</b>	<b>100.00%</b>
<b>73.8</b>	<b>71.7</b>	<b>67.8</b>	<b>16.61%</b>
15.4	15.2	14.7	3.60%
58.4	56.5	53.1	13.01%
<b>335.7</b>	<b>336.5</b>	<b>335.6</b>	<b>82.21%</b>
71.1	70.0	68.7	16.83%
11.1	10.6	10.9	2.67%
19.0	20.1	20.1	4.92%
52.3	52.3	52.2	12.79%
63.7	64.7	65.8	16.10%
37.3	37.8	37.3	9.14%
16.7	16.4	16.0	3.92%
64.5	64.8	64.5	15.78%

**CITY OF DAYTON, OHIO**

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

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 (1)</u>
<b>Governmental activities:</b>							
Downtown	33	29	28	34	34	29	36
Youth, education and human services	6	4	4	4	3	3	4
Community development and neighbors	201	194	184	174	174	168	131
Economic development	50	50	33	40	40	39	45
Leadership and quality of life	377	336	317	317	299	281	421
Corporate responsibility	205	185	172	160	169	164	187
Public safety and justice	1,318	1,210	1,134	1,098	1,056	1,072	1,134
<b>Business-type activities:</b>							
Dayton International Airport	155	185	193	187	178	175	180
Water	261	266	273	268	253	242	257
Sewer	128	129	129	124	122	120	142
Golf	39	37	24	17	17	19	86
Storm Sewer	157	163	147	138	124	124	144
<b>Total Full-Time Equivalent (FTE)</b>	<u>2,930</u>	<u>2,788</u>	<u>2,638</u>	<u>2,561</u>	<u>2,469</u>	<u>2,436</u>	<u>2,767</u>

Source: City of Dayton ITS and Manangement & Budget

(1) - Starting in 2007 the City included both Fulltime and Parttime employees in the calculation so that the total would match the number of employees on record.

**CITY OF DAYTON, OHIO**

**SCHOOL ENROLLMENT TRENDS IN MONTGOMERY COUNTY  
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>The University of Dayton (1)</u>	<u>Wright State University (2)</u>	<u>Other Colleges/ Universities (3)</u>	<u>Total Colleges/ Universities</u>	<u>Dayton Public Schools (4)</u>
1998	10,188	N/A	19,999	30,187	26,286
1999	10,183	N/A	20,698	30,881	22,478
2000	10,318	15,398	21,348	47,064	21,079
2001	10,250	15,810	22,246	48,306	20,842
2002	10,125	16,517	22,917	49,559	20,788
2003	10,284	16,729	23,588	50,601	17,170
2004	10,495	16,944	23,241	50,680	19,829
2005	10,569	17,074	22,555	50,198	15,972
2006	10,503	16,870	22,786	50,159	17,054
2007	10,395	16,913	22,443	49,751	14,963

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

**CITY OF DAYTON, OHIO**

**CITY OF DAYTON AND  
MONTGOMERY COUNTY, OHIO  
LAND AREA  
DECEMBER 31, 2007**

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

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

**CITY OF DAYTON, OHIO**

**BUILDING PERMITS ISSUED  
LAST TEN FISCAL YEARS**

Year	New Construction	
	Permits issued (1)	Valuation (1)
1998	1,390	101,936,784
1999	1,564	80,143,557
2000	1,652	124,091,672
2001	1,206	129,052,146
2002	1,314	148,084,800
2003	1,407	133,241,900
2004	1,020	174,560,405
2005	957	135,844,107
2006	948	106,199,962
2007	843	135,523,498

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

**CITY OF DAYTON, OHIO**

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

<u>Year</u>	<u>Units</u>	<u>Total Permit Value</u>	<u>Single-family average structure cost</u>	<u>% Change from previous year</u>	<u>% Change from 1998</u>
1998	40	6,040,048	151,001	N/A	N/A
1999	43	6,499,504	151,151	0.10%	0.10%
2000	39	5,893,400	151,113	-0.03%	0.07%
2001	192	20,722,589	107,930	-28.58%	-28.52%
2002	222	22,801,633	102,710	-4.84%	-31.98%
2003	277	29,435,199	106,264	3.46%	-29.63%
2004	185	21,928,258	118,531	11.54%	-21.50%
2005	215	25,306,493	117,705	-0.70%	-22.05%
2006	186	19,292,702	103,724	-12.49%	-31.31%
2007	134	12,431,781	92,774	-21.18%	-38.56%

Source: Census Bureau



**CITY OF DAYTON, OHIO**

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Public Service</b>										
<b>Highways and Streets</b>										
Streets (miles)	855	855	855	855	855	855	855	855	967	969
Streetlights	19,712	19,800	19,900	20,030	19,188	19,356	21,292	23,421	18,650	18,650
Traffic Signals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	325	325
Computerized Signals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	178	225
<b>Public Safety</b>										
<b>Police</b>										
Headquarters	1	1	1	1	1	1	1	1	1	1
Training Academy	1	1	1	1	1	1	1	1	1	1
Number of Districts	5	5	5	5	5	5	5	5	5	5
Number of Employees	611	629	621	625	611	464	439	414	506	512
<b>Fire</b>										
Headquarters	1	1	1	1	1	1	1	1	1	1
Training Academy	1	1	1	1	1	1	1	1	1	1
Fire Stations	14	14	14	14	13	13	13	12	12	12
Number of Employees	422	404	437	423	413	379	376	366	385	383
<b>City Fleet (public safety)</b>										
Fire	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	101	99
Police	N/A	N/A	N/A	N/A	N/A	405	402	393	288	354
<b>Recreation and parks</b>										
Parks Acreage	2200	2200	2200	2000	1400	1400	1400	1400	1389	1389
Total Facilities	85	85	85	84	11	10	9	9	15	11
Parks	72	72	72	72	72	72	72	72	72	72
Playgrounds	49	49	49	49	49	49	49	49	49	49
Swimming Pools	28	28	28	28	16	16	19	14	19	8
Tennis Courts	78	78	78	68	22	22	22	22	22	65
Community Centers	11	11	11	11	11	11	11	10	9	2
Senior Centers	N/A	N/A	N/A	N/A	2	2	2	2	2	1
Athletic Complexes	N/A	N/A	N/A	N/A	2	2	2	2	2	2
Specialized Facilities	N/A	N/A	N/A	N/A	4	4	4	4	4	1
Shelter Houses	53	53	53	53	53	53	53	53	53	53
Golf Courses	6	6	6	6	3	3	3	3	3	3
Spray Park Facilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7
Recreation Centers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
Cultural Centers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
Teen Centers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
<b>Water</b>										
Water Mains (miles)	765.00	768.00	771.00	772.90	800.00	800.00	791.00	799.00	800.28	803.07
Maximum Daily Capacity (millions of gallons)	56.43	61.12	75.90	48.00	72.35	72.35	51.85	51.30	50.30	51.60
<b>Sewer</b>										
Sanitary Sewers (miles)	600.00	600.00	603.00	600.00	650.00	650.00	600.00	600.00	601.28	601.39
Storm Sewers (miles)	400.00	400.00	403.00	400.00	600.00	600.00	400.00	401.00	402.28	402.85
Maximum Daily Capacity (millions of gallons)	N/A	N/A	N/A	N/A	44.98	37.43	36.64	36.03	37.56	35.97

Source: Various Departments, City of Dayton

N/A - Information not available

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**Mary Taylor, CPA**  
Auditor of State

**CITY OF DAYTON**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 30, 2008**