

CITY OF DAYTON, OHIO



Single Audit Reports

December 31, 2015



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Dayton, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 26, 2016

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CITY OF DAYTON, OHIO
SCHEDULE OF FEDERAL EXPENDITURES
for the year ended December 31, 2015

<u>Grantor Agency/Programs</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>Passed Through To Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Dept. of Housing and Urban Development</u>				
Community Development Block Grants/Entitlements Grants	14.218	B-11-MC-39-0010 B-13-MC-39-0010 B-12-MC-39-0010/B-13-MC-39-0010 B-13-MC-39-0010/B-14-MC-39-0010		2,397,217 199,742 1,519,999 <u>2,990,904</u>
Subtotal				7,107,862
Shelter Plus Care Grants	14.238	OH-16-C-40-5001 OH-0137-L-5-E-051306 OH-0137-L-5-E-051407 OH-0284-L-5-E-051406 OH-0284-L-5-E-051305 OH-0313-C-5-E-050900 OH-0396-L-5-E-051404 OH-0396-L-5-E-051303		498,692 221,736 207,803 1,561,373 537,127 90,264 38,520 <u>38,447</u>
Subtotal				3,193,962
HOME Investment Partnerships Program	14.239	M-07-MC-39-0205 M-08-DC-39-0205 M-09-DC-39-0205 M-10-MC-39-0205 M-12-DC-39-0205		454,254 255,738 50,000 987,101 <u>32,500</u>
Subtotal				1,779,593
Neighborhood Stabilization Program - ARRA	14.256	B-09-CN-OH-0029		659,138
Fair Housing Assistance Programs	14.401	FF-205-K-04-5019 FF-205-K-13-5019		151,734 <u>231,272</u>
Subtotal				383,006
Total U.S. Department of Housing and Urban Development				<u>\$ 13,123,561</u>
<u>U.S. Department of Justice</u>				
Public Safety Partnership and Community Policing Grants - ARRA	16.710	2009-RJ-WX-0066		206,329
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-JG-D01-6530 STEP-2015-57-00-00-00566-00 IDEP-2015-57-00-00-0386-00 2014-H3910-OH-DJ 2013-DJ-BX-0206	\$ 14,914	36,000 23,287 27,565 126,287 <u>14,914</u>
Subtotal				228,053
Prosecutor's Victim/ Witness 97	16.575	2010VAGENE500		137,570
Federal Law Enforcement RICO	16.000	Form DAG-71		303,306
WesSalehood Ptn Violent Offender PSN	16.609	2014-PS-PSN-42B		16,128
Total U.S. Department of Justice				<u>\$ 891,386</u>
<u>U.S. Department of Transportation</u>				
Airport Improvement Program	20.106	3-39-0029-7009 3-39-0029-7712 3-39-0030-1412 3-39-0029-8013 3-39-0030-1513 3-39-0029-081-2014 3-39-0029-082-2015 3-39-0030-017-2015 3-39-0030-016-2014		282,518 324,218 5,242 1,657,294 90,410 6,736,344 140,921 1,225 <u>177,050</u>
Subtotal				9,415,222

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Federal Transit Administration - Formula Grants	20.507	New Freedom Sidewalk Grant 11/1/2002	82,830
		City Wide Bus Pad Installation	<u>266,865</u>
Subtotal			<u>349,695</u>
 <i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction (Federal-Aid Highway Program) (ODOT)	20.205	PID# 88214 Agreement# 23720	
		PID# 88215 Agreement# 23592	6,273
		PID# 88217 Agreement# 23595	12,343
		PID# 86320 Agreement# 22819	3,056,081
		PID# 90787 Agreement# 24629	858
		PID# 90788 Agreement# 24635	679
		PID# 90789 Agreement# 24630	246
		PID# 90795 Agreement# 24774	212
		PID# 90796 Agreement# 24850	4,840
		PID# 93234 Agreement# 25247	181,079
		PID# 93236 Agreement# 25307	100,794
		PID# 93743 Agreement# 25554	106,712
		PID# 94722 Agreement# 2552	11,325
		PID# 93748 Agreement# 25555	<u>93,000</u>
Subtotal			<u>3,574,442</u>
 <i>Passed through Ohio Department of Public Safety</i>			
<u>Highway Safety Cluster</u>			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	OVITF-2013-00-00-00313-00	157,293
Subtotal			<u>157,293</u>
Total Highway Safety Cluster			<u>157,293</u>
Total U.S. Department of Transportation			<u>\$ 13,496,652</u>
<u>U.S. Department of Homeland Security</u>			
Metropolitan Medical Response System	97.071	EMW-2011-SS-00070	115,080
		2010-SS-TO-0012	103,549
		2009-SS-T9-0089 DPSFE144	113,143
		2007-GE-T7-0030	7,486
		2008-GE-T8-0025 E130	13,781
		2006-GM-T6-0051	<u>34,706</u>
Subtotal			<u>387,745</u>
Total Homeland Security Cluster			<u>387,745</u>
Total U.S. Department of Homeland Security			<u>\$ 387,745</u>
Total Expenditures of Federal Awards			<u>\$ 27,899,344</u>

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

CITY OF DAYTON, OHIO

SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES

for the year ended December 31, 2015

<u>Grantor Agency/Programs</u>	<u>Project Number</u>	<u>PFC Receipts</u>	<u>PFC Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passenger Facility Charges	Applications 4, 5, 6 & 7	\$ 4,154,228	\$ 665,308
Interest Earned		33,162	0
Total U.S. Department of Transportation		<u>\$ 4,187,390</u>	<u>\$ 665,308</u>

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

CITY OF DAYTON, OHIO

Notes to the Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges
For the Year Ended December 31, 2015

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of federal awards and schedule of passenger facility charges are prepared using the cash basis of accounting in accordance with the format as set forth in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States, Uniform Guidance, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration.

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

Members of the City Commission
City of Dayton, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 15, 2016, wherein we noted the City adopted GASB 68 and 71 as disclosed in Note 3. Our report also noted that we did not audit the financial statements of the discretely presented component unit, CityWide Development Corporation. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CityWide Development Corporation, is based solely on the report of the other auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Plattenburg & Associates, Inc.

Dayton, Ohio
June 15, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND SCHEDULE OF PASSENGER FACILITY CHARGES

Members of City Commission
City of Dayton

Report on Compliance for Each Major Federal Program

We have audited the City of Dayton, Ohio's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and the Passenger Facility Charge Audit Guide for Public Agencies (the "Guide"), issued by the Federal Aviation Administration, for the City's Passenger Facility Charge ("PFC") Program for the year ended December 31, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and its PFC Program is the responsibility of the City's management.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and the PFC Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its PFC Program for the year ended December 31, 2015.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and the PFC Program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and the PFC Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 15, 2016, which contained unmodified opinions on those financial statements, wherein we noted the City adopted GASB 68 and 71 as disclosed in Note 3. We did not audit the financial statements of the CityWide Development Corporation, the City's only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based on the report of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Dayton, Ohio
June 15, 2016

CITY OF DAYTON, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2015

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses were reported during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control were reported over major federal award programs during the audit.
5. The auditor's report on compliance for the major federal award programs for the City expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule. None were noted.
7. The programs tested as a major programs were: Airport Improvement Program CFDA #20.106 and Highway Planning and Construction CFDA #20.205.
8. The threshold used for distinguishing between Type A and B programs was \$836,980.
9. The City was not determined to be a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

**CITY OF DAYTON, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
DECEMBER 31, 2015**

Summary of Prior Audit Findings and Questioned Costs:

2014-1 Finding Type – Material Weakness – Controls Related to Utility Billing

The FY 2014 audit identified material weaknesses in the internal control of the utility billing process resulting in errors of water and sewer charges.

Status: Fully corrected

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Comprehensive Annual Financial Report

Fiscal year ended December 31, 2015

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2015 Administration



Nan Whaley
Mayor



Dean Lovelace
Commissioner



Joey D. Williams
Commissioner



Matt Joseph
Commissioner



Jeffrey Mims
Commissioner



Shelley A. Dickstein
Acting City Manager

City of Dayton, Ohio

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City of Dayton, Ohio

Comprehensive Annual Financial Report

January 1, 2015 – December 31, 2015

Prepared By

DEPARTMENT OF FINANCE

MISSION STATEMENT

As stewards of the public trust, our mission is to provide leadership, excellent services and participatory government to enhance the quality of life and sense of community for all who live, work, raise families, or conduct business in Dayton.

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Introduction

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CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015**

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CITY OF DAYTON, OHIO

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CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
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June 15, 2016

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Dayton, Ohio for the fiscal year ending December 31, 2015.

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

State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. The CAFR was prepared using Generally Accepted Accounting Principles (GAAP) as applied to governmental units and contains all disclosures necessary to enable the reader to understand the City's financial affairs. City management is responsible for providing accurate and complete data for a fair and comprehensive presentation of its financial position.

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

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 whose financial information for 2015 is shown as a separate financial statement. The City is associated with eight jointly governed organizations which include: the Miami Valley Regional Planning Commission, Miami Valley Fire/EMS Alliance, Economic Development/Government Equity Program, Montgomery County Human Services Planning & Development Department, Hazardous Material Response Team, Miami Valley Emergency Management Agency, Butler Township-Dayton JEDD (Joint Economic Development District), and Miami Township-Dayton JEDD.

This transmittal letter is designed to provide historical information about the City, as well as complement the required Management's Discussion and Analysis (MD&A). The 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 April 1, 1796, by a small group of settlers, seven years before the admission of Ohio to the Union in 1803. The town was incorporated in 1805 and given its name after Jonathan Dayton, a captain in the American Revolutionary War and youngest signer of the U.S. Constitution. In 1797, Daniel C. Cooper laid out the Mad River Road, the first overland connection between Cincinnati and Dayton. This opened up the "Mad River Country" at Dayton and the upper Miami Valley to settlement.

The City of Dayton was the first large city to adopt the Council Manager form of government in 1913. The Dayton City Commission is comprised of five members – a Mayor and four Commissioners – who 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.

Situated in southwestern Ohio, Dayton 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 include the cities of Vandalia, Trotwood, Kettering, Centerville, Beavercreek, Fairborn, West Carrollton, Huber Heights, Troy, and Miamisburg. As of the 2010 census, the population of Dayton was 141,527 (140,599 is the 2015 estimate population). The 2010 census for the Montgomery County population was 535,153 (532,258 is the 2015 estimate).

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 services, convention center, building inspection,

community and economic development, recreation and parks, golf, street and bridge maintenance, waste collection, and a municipal court system.

The annual budget serves as the foundation for the City of Dayton's financial planning and control. The City Commission is required to adopt the original budget after 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, department, and function.

LOCAL ECONOMY

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

Driven by the recent achievements since the implementation of the City's 2007 revised economic development goals contained in CitiPlan, the 20/20 Vision and Focus 2010, the City continues to concentrate development efforts on the following industries: Aerospace Research and Development; Information Technology; Human Sciences and Healthcare; and Advanced Materials and Manufacturing

The Aerospace Hub designation continues to create an active base for the development of aerospace and advanced materials industries. This will generate growth in Dayton's burgeoning aerospace research and development sector by attracting more companies specializing in technology, advanced manufacturing, and innovation. Throughout 2015, the Aerospace Hub and its partners came together to promote Dayton as an ideal location for this project by leveraging our expanding technological expertise, highly-educated workforce, and proximity to Wright-Patterson Air Force Base.

Tech Town is Dayton's urban technology campus, where state-of-the-art tech facilities meet leading edge and emerging innovations for the acceleration of technology commercialization. The campus offers collaborative office, laboratory and research space for entrepreneurs, start-ups, established companies and major employers. Tech Town is home to over 50 companies with more than 350 employees. In 2015, Tech Town added seven new companies, including Advratech, a solution oriented firm that bridges the gap between research, business, and technology, and MatchMD, a web-based communication system that provides rapid, efficient and documented text communication between hospital staff, physicians and other care providers. In addition, five existing businesses saw significant expansions in 2015, including UDRI Sensor Systems Division which is a division of the University of Dayton Research Institute focused on the commercialization of sensor technologies, and Tenet3, which focuses on consulting and strategy of cybersecurity. Finally, two additional companies announce their decision to locate at Tech Town early in 2016. **Ascend Innovations** will design and develop medical products with a particular focus on commercialization of locally development medical technology and **CH2MHill** is an established engineering firm providing services in water infrastructure, transportation and environmental sciences.

The University of Dayton continued to play an important role in this area and in 2015, Emerson Climate Technologies constructed The Helix, a 40,000 square foot building on five acres at the corner of Main and Stewart streets on land owned by University of Dayton. Emerson scientists along with visiting experts and support staff will research, develop and test new technologies for the heating, ventilation, air conditioning and refrigeration industries.

In addition to aerospace and information technology companies, Dayton is home to multiple hospitals, health care companies and social service agencies. Together, the industries of health, human sciences, and healthcare comprise a significant portion of the Dayton economy and contribute greatly to its success. For example, CareSource, which has been expanding in downtown for the past few years, now employs over 1,650 people and continues to grow. A number of companies continued to invest in their downtown locations in 2015, including Miami Valley Hospital, which undertook a \$2 million renovation of the Berry Center, and Good Samaritan Hospital, which opened the Family Medicine Building occupied by the Five Rivers Family Health Center and the Wright State University Boonshoft School of Medicine Family Practice Residency Program. The Dayton Children's Hospital has 2,000 employees and is underway with a \$140 million expansion and construction project. Goodwill Easter Seals Miami Valley opened the new \$11 million human services center on South Main Street in 2013. The facility is home to 125 employees, and the campus grew in 2015 with the opening of the Miracle House facility.

COMMUNITY AND ECONOMIC DEVELOPMENT

Downtown Development

Creating an attractive center city that likewise attracts people, businesses and investment is a key strategy in the Greater Downtown Dayton Plan. In recent years the City of Dayton has invested more than \$20 million in major infrastructure

improvements, such as street reconstruction, new bike racks and upgrades to public spaces. Interest from businesses, organizations and investors has increased with many projects poised to grow jobs and positively impact the downtown environment in the long and short term. Listed below is a sample of all the tremendous activity that occurred in Downtown Dayton

- ✓ The Dayton Link Bike Share program became operational. Twenty four bike stations in and around downtown provide access to 200 bicycles available to residents, workers, students and visitors.
- ✓ Barry Staff Headquarters - Construction of 12,000 square foot headquarters building for Barry Staff at the southeast corner of Webster and East Monument Avenue for \$2.5M completed in 2015.
- ✓ Dayton Metro Library - The flagship Main Library branch is undergoing a massive expansion and renovation project that will add a new three-story tower and quadruple the amount of public space in the facility.
- ✓ Dinsmore & Shohl, LLP - The law firm, with over 50 attorneys, completed a \$1.5 million office renovation as part of a new 10-year commitment to downtown.
- ✓ Water Street - The \$75 million mixed-use Water Street Development completed the 50,000 square foot commercial building and new three-level parking structure in 2015. The first occupants of a total of 219 apartments began moving in during fall of 2015.

In addition, housing growth continues to be strong for Greater Downtown, particularly in the downtown core. Occupancy rates in downtown housing remained high at more than 90 percent for both owner- and renter-occupied properties. Some of the notable downtown housing projects in 2015 included:

- ✓ DELCO Building (329 East First Street) - Adaptive reuse of a six-story former manufacturing building into 129 market-rate apartments with 5,000-square-foot first-floor restaurant/retail space. The \$25M project attracted \$5M in State Historic tax credits. The building is approximately 152,500 square feet.
- ✓ Brownstones at Second Street Housing - Construction of 24 townhomes near the intersection of East Second and Sears Streets project is underway. The first residents move in January 23, 2016.
- ✓ Water Street – As a part of the \$75 million mixed-use Water Street, 219 apartments were constructed and the first occupants began moving in during fall of 2015.

Neighborhood and Infrastructure Development

The City recognizes that strong and thriving neighborhoods are key to Dayton's livability and viability. Therefore, we continue to invest in neighborhood redevelopment projects and infrastructure. This reinvestment helps to stabilize neighborhoods, major transportation systems, and amenities while also encouraging investment from property owners and the business community. City administrators are aggressive and very successful in leveraging limited city resources with other state, local and federal resources to reinvest in all of its neighborhoods. Noted below are a few highlights of these projects:

- ✓ **REAP/Lot Links** assisted with funding and acquisition of tax-delinquent properties for rehabilitation, side-yard and building expansion.
- ✓ **Nuisance Demolition** leveraged City resources with \$4 million award from Neighborhood Improvement Program (TARP Bank Settlement) to demolish 192 fire-damaged and blighted structures.
- ✓ **South Main Street Widening** - Widening of parts of South Main Street from four to five lanes from South Patterson Boulevard to Stewart Street.
- ✓ Constructed a bike ramp for Broadway Street to the Wolf Creek Bike Path to facilitate safe bicycle travel to Edison School.
- ✓ Resurfaced alleys, residential streets, and thoroughfare streets throughout the City totaled 13.89 lane miles and \$1,354,495 amount spent in 2015
- ✓ **Reconstruction** of South Smithville Road from Cleveland Ave. to Wayne Ave. Reconstruction included new roadway, base, curb, walk, lighting, water line and storm sewer.
- ✓ Constructed a sidewalk along the south side of West Hillcrest Ave. from Catalpa Drive to Malvern Ave. to enhance pedestrian safety for students of Fairview School.
- ✓ **Sanitary Sewer Improvements included** new liner installations to approximately 34.6 linear miles of sanitary sewers in 2015 in over 6 neighborhoods.
- ✓ **Storm Sewer Improvements** included replacing approximately 1.0 linear mile of storm sewers. Project locations included: Caldwell Street, Kenmore Avenue and Free Pike.
- ✓ **Water Mains Improvements** included replacing approximately 5.3 linear miles of water mains throughout the city.

- ✓ **PSA Airlines, Inc.** constructed a new 77,500 square foot hangar at the Dayton International Airport; estimated total project cost is \$14M. Creating 50 new Jobs and retain 624 jobs by 12/31/2018.

FINANCIAL HEALTH AND STABILITY

Moody's Investors Services (Moody's) confirmed Dayton's general obligation bond credit rating at Aa2 and our non-tax revenue debt rating at Aa3. Standard & Poor's (S&P) confirmed Dayton's general obligation bond credit rating at AA and our non-tax revenue debt rating at AA-. S & P confirmed Dayton's Aviation revenue bond credit rating at AA. In addition, Fitch retained Dayton's BBB+ rating on Aviation. Moody's assigned initial ratings of Aa2 to both the Water System Revenue Bonds and Sewer System Revenue Bonds issued by Dayton in 2015. S&P assigned its AA- rating to both issuances. The announcements from all three rating agencies signal confidence in Dayton's financial management practices and long-term stability.

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

RELEVANT FINANCIAL POLICIES AND BUDGET PLANS

The City's long-standing policy is to maintain minimum reserve levels equal to six to ten weeks of operating expenses. The City Commission's policy is to apply the General Fund balance only to the following limited purposes: one-time strategic investments yielding a significant number of jobs; one-time strategic investments in technology reducing operating costs; and weathering a recession or economic shock during a maximum 24-month period.

Consistent with City policy to maintain the General Fund Reserve without increasing the City's income tax rate, City management took action to increase General Fund revenues and reduce General Fund expenditures. Retaining the permanent income tax rate at 2.25% means the City of Dayton has maintained the same earnings tax rate for at least 31 years.

After 20 years, The City updated its Investment Ordinance and Policies. Significant changes in the maturity and allowable investment products will assist the City in being more flexible to take advantage of market conditions and bring Dayton in line with State statutes. At the end of 2015, the City had increased its portfolio to \$333,069,903 and earned over \$2,154,495 in investment earnings.

In developing the 2015 General Fund Budget, the goal was to maintain service levels with a \$2.5 million planned use of cash reserves to fund capital investments. At the end of 2015, the City's cash reserve was \$24.3 million or \$5.3 million over the minimum threshold. However, given the strong budget performance in 2015, the \$2.5 million use of the reserve was not necessary.

The following is a list of the major budget solutions for the 2015 General Fund Budget:

1. In 2014 the City Commission adopted legislation implementing a six-year street light special assessment. The street light program will standardize, improve and update the street lighting system in the city and will reduce related equipment, energy and personnel expenditures in the General Fund by nearly \$1.8 million annually.
2. In an effort to make the waste collection operation more self-supporting, the annual waste collection fee was increased by \$10. On an annualized basis, this will increase General Fund revenue by an estimated \$560,000.
3. The City worked with other racino host communities and members of the legislature to implement a \$500,000 host-city payment that was promulgated in state law. The payment is for a period of two years with half payable by the state of Ohio and half from the racino operators.
4. The City replaced its current telephone system with Voice over Internet Protocol (VoIP) technology. When fully implemented, the annual savings is expected to be about \$400,000.

Internal and external changes affect how the City accounts and reports on its resources and expenses. One of the major external accounting rule changes that the City had to comply with and which is reflected in the 2015 financial statements is the Governmental Accounting Standards Board (GASB) Statement 68. The City implemented GASB Statement No. 68 "Accounting

and Financial Reporting for Pensions – an Amendment of GASB Statement 27” and GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68” during fiscal year 2015. These statements required the City to record a net pension liability of \$183,691,515 on the Statement of Net Position. This liability represents the City’s proportionate share of the unfunded pension liability of Ohio Public Employees’ Retirement System (OPERS) and Ohio Police and Fire Pension Fund (OP&F). The beginning net position for both the governmental activities and business-type activities were restated for the implementation of GASB 68 and 71. The City’s beginning net position was restated by \$157.8M, from \$1.15B to \$993.6M. The amount a public employer must contribute to its pension obligation is capped by law – an act of the Ohio General Assembly. The City strongly believes that this unfunded liability will not be an obligation that the City will have to pay. The unfunded liability could be addressed in a combination of different ways, including by the individual employees, further reforms from current contributors, capital shifts from non-mandated health care benefits, and lastly at the local government level.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Dayton for its CAFR for the year ended December 31, 2014, which represents the 33rd consecutive year for this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and organized CAFR, whose contents conform to program standards judged by the GFOA. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements, and the 2015 CAFR has been submitted to the GFOA for their review.

In September 2013, the Department of Finance was ISO 9001 certified. The Department maintains that certification annually thereafter through annual audits. The ISO 9001 certification requires an organization to demonstrate its ability to consistently provide products and services that meet customer needs and applicable statutory and regulatory requirements. Effective application of its systems enhances customer satisfaction by including processes for continual improvement and the assurance of conformity to customer needs and applicable statutory and regulatory requirements. This attainment is a great testament to its commitment to provide accurate and excellent financial services for the City and its stakeholders.

I extend my sincere gratitude to the Finance Department, especially the Financial Analysis Team for their diligent work in completing the 2015 CAFR and embracing its mission with excellence. I would also like to thank all other City departments, including the City Manager’s Office and the Office of Management and Budget who work to ensure the City’s financial health is sound, and to the those who contributed and assisted in the preparation of the report. Finally, I expressly applaud and appreciate the unwavering and effective support of the Mayor and City Commissioners. It is through their excellent leadership and informed policy direction that the City administration can excel in managing Dayton’s finances.

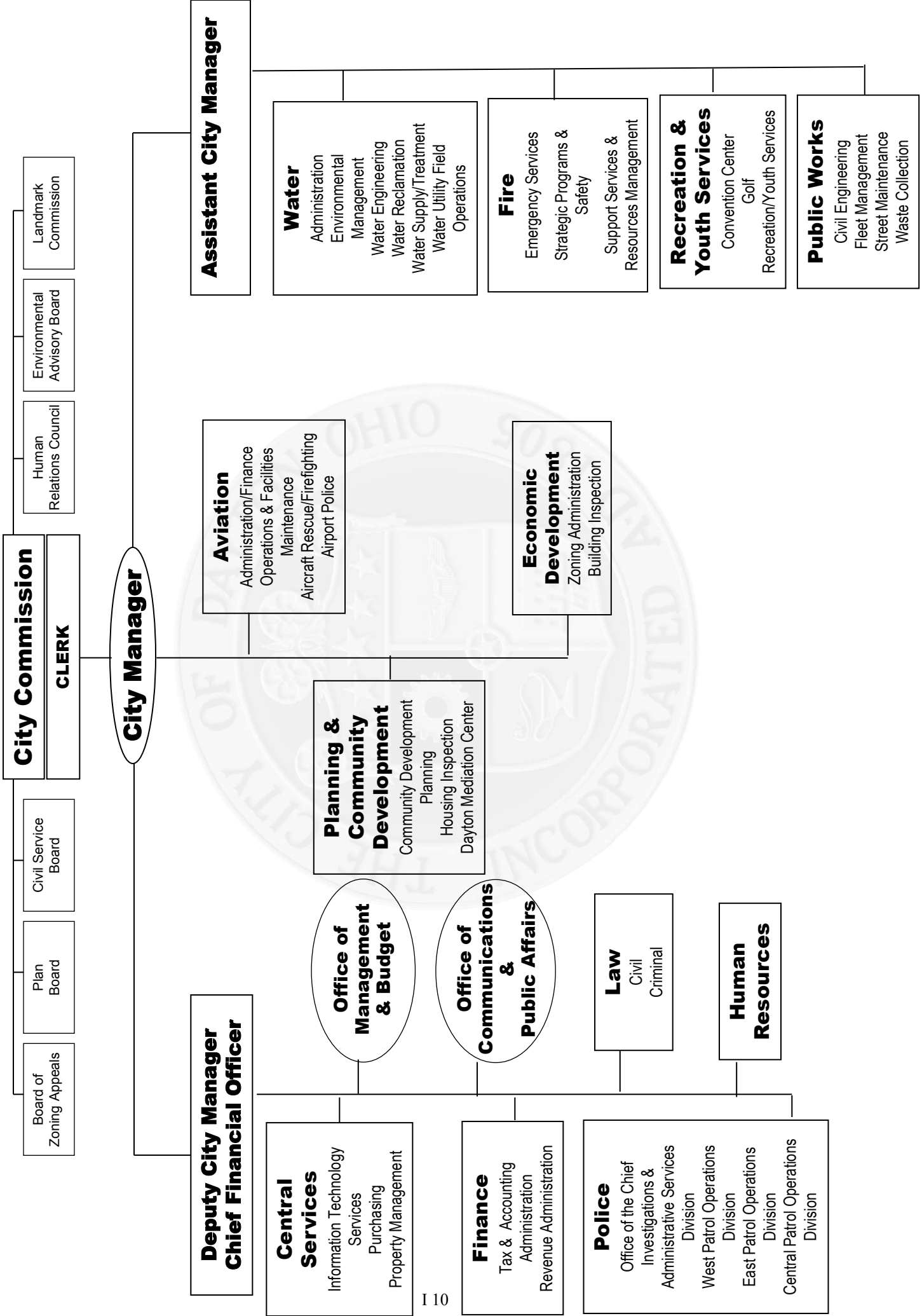
Respectfully submitted,



C. LaShea Smith, Director
Department of Finance
City of Dayton, Ohio

Organization of the City of Dayton

Citizens of Dayton



CITY OF DAYTON, OHIO

**LIST OF ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2015**

ELECTED OFFICIALS

Mayor	Nan Whaley
Commissioner	Dean Lovelace
Commissioner	Joey D. Williams
Commissioner	Matt Joseph
Commissioner	Jeffrey Mims

APPOINTED OFFICIALS

Acting City Manager	Shelley A. Dickstein
Deputy City Manager	Stanley A. Earley
Acting Asst. City Manager for Strategic Development	Joseph Parlette
Director ~ Aviation	Terrence Slaybaugh
Director ~ Central Services	Pete Hager
Secretary and Chief Examiner ~ Civil Service	Maurice Evans
Executive Asst. to the Commission ~ City Commission	Kery Gray
Director ~ Finance	C. LaShea Smith
Director and Chief ~ Fire	Jeffrey Payne
Executive Director ~ Human Relations Council	Catherine Crosby
Director ~ Human Resources	Kenneth Couch
Director ~ Law	Barbara Doseck
Director ~ Management and Budget	Barbara LaBrier
Clerk of Courts ~ Municipal Court	Mark Owens
Director ~ Planning and Community Development	Aaron Sorrell
Director and Chief ~ Police	Richard Biehl
Division Manager ~ Public Affairs	Toni Bankston
Director ~ Public Works	Fred Stovall
Acting Director ~ Recreation & Youth Services	Robin Williams
Director ~ Water	Tammi Clements



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Dayton
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



Financial

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INDEPENDENT AUDITOR'S REPORT

Members of the City Commission
City of Dayton, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton Ohio (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of CityWide Development Corporation, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CityWide Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2015, and the respective changes in financial position, and cash flows where applicable, thereof and the respective budgetary comparison for the General Fund and Other Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Dayton, Ohio
June 15, 2016

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

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, 2015. 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 2015 are as follows:

- The total net position of the City increased \$19,796,331 in 2015. Net position of governmental activities increased \$1,486,168 or 0.36% over 2014 and net position of business-type activities increased \$18,310,163 or 3.15% over 2014.
- The City had \$207,334,220 in revenues related to governmental activities. General revenues accounted for \$141,076,166 or 68.04% of total governmental activities revenue. Program specific revenues accounted for \$66,258,054 or 31.96% of total governmental activities revenue.
- The City had \$205,848,052 in expenses related to governmental activities; \$66,258,054 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$139,589,998 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$141,076,166.
- The general fund had revenues of \$161,053,757 in 2015. The expenditures and other financing uses of the general fund totaled \$160,203,130 in 2015. The net increase in the fund balance for the general fund was \$850,627 or 1.38% above 2014.
- The other special revenue major fund had \$4,205,956 in revenues and \$3,841,782 in expenditures in 2015. The fund balance in the other special revenue fund was \$5,785,179, a 6.72% increase from 2014.
- The debt service major fund had \$10,408,308 in revenues and other financing sources and \$9,648,762 in expenditures in 2015. The fund balance in the debt service fund was \$28,095,136, a 2.78% increase from 2014.
- The capital improvements major fund had \$17,833,754 in revenues and other financing sources and \$22,536,014 in expenditures in 2015. The fund balance for the capital improvements fund decreased \$4,702,260 or 14.59 % from 2014.
- Net position for the business-type activities, which are made up of the Dayton International Airport, water, sewer, storm water and golf enterprise funds, increased in 2015 by \$18,310,163.
- The Dayton International Airport enterprise fund had \$31,375,674 in operating revenues and \$39,785,121 in operating expenses in 2015. The Dayton International Airport enterprise fund also had non-operating revenues of \$157,535, non-operating expenses of \$2,661,392 and capital contributions of \$14,310,555. The net position of the Dayton International Airport enterprise fund increased \$3,397,251 or 1.26% from 2014.
- The water enterprise fund had \$52,151,541 in operating revenues and \$44,370,564 in operating expenses in 2015. The water enterprise fund also had non-operating revenues of \$186,968, non-operating expenses of \$912,828 and capital contributions of \$8,328. The net position of the water enterprise fund increased \$7,063,445 or 4.06% over 2014.
- The sewer enterprise fund had \$34,372,464 in operating revenues and \$26,828,359 in operating expenses in 2015. The sewer enterprise fund also had non-operating revenues of \$191,169 and non-operating expenses of \$1,076,625. The net position of the sewer enterprise fund increased \$6,658,649 or 6.03% over 2014.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

- In the general fund, the actual revenues were \$141,885 higher than they were in the final budget and actual expenditures and other financing uses were \$5,842,161 less than the amount in the final budget. Budgeted revenues increased \$4,602,300 from the original to the final budget. Budgeted expenditures and other financing uses increased \$7,790,200 from the original to the final budget.

Using this Comprehensive Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, this review examines the City's financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

1. Governmental Activities - Most of the City's programs and services are reported including police, fire, street and highway maintenance, HUD program operations, community and economic development and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.
2. Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's airport, water, sewer, storm water and golf operations are reported.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page F 13 of this report.

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major and nonmajor funds. The City's major governmental funds are the general fund, other special revenue fund, debt service fund and capital improvements fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages F 36 - F 44 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 46 - F 55 of this report.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statement can be found on page F 56 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 57 - F 120 of this report.

Government-Wide Financial Analysis

The table below is a summary of the City's net position at December 31, 2015 compared to December 31, 2014.

	Net Position					
	Governmental Activities <u>2015</u>	Restated Governmental Activities <u>2014</u>	Business-Type Activities <u>2015</u>	Restated Business-Type Activities <u>2014</u>	Total <u>2015</u>	Restated Total <u>2014</u>
<u>Assets</u>						
Current and other assets	\$ 228,783,156	\$ 241,139,689	\$ 239,515,608	\$ 201,125,568	\$ 468,298,764	\$ 442,265,257
Capital assets, net	<u>428,306,917</u>	<u>427,617,360</u>	<u>527,259,719</u>	<u>502,734,210</u>	<u>955,566,636</u>	<u>930,351,570</u>
Total assets	<u>657,090,073</u>	<u>668,757,049</u>	<u>766,775,327</u>	<u>703,859,778</u>	<u>1,423,865,400</u>	<u>1,372,616,827</u>
Deferred outflows	<u>22,662,092</u>	<u>14,888,566</u>	<u>7,799,454</u>	<u>4,543,535</u>	<u>30,461,546</u>	<u>19,432,101</u>
Total assest and deferred outflows	<u>679,752,165</u>	<u>683,645,615</u>	<u>774,574,781</u>	<u>708,403,313</u>	<u>1,454,326,946</u>	<u>1,392,048,928</u>
<u>Liabilities</u>						
Current liabilities	9,465,226	15,936,303	10,489,292	13,346,303	19,954,518	29,282,606
Long-term liabilities:						
Due within one year	17,972,509	16,552,718	9,185,196	7,079,079	27,157,705	23,631,797
Net pension liability	149,445,640	141,910,747	34,245,875	33,303,545	183,691,515	175,214,292
Other liabilities	<u>75,158,068</u>	<u>83,773,668</u>	<u>119,584,110</u>	<u>72,518,962</u>	<u>194,742,178</u>	<u>156,292,630</u>
Total liabilities	<u>252,041,443</u>	<u>258,173,436</u>	<u>173,504,473</u>	<u>126,247,889</u>	<u>425,545,916</u>	<u>384,421,325</u>
Deferred inflows	<u>14,705,146</u>	<u>13,952,771</u>	<u>604,721</u>	<u>-</u>	<u>15,309,867</u>	<u>13,952,771</u>
Total liabilities and deferred inflows	<u>266,746,589</u>	<u>272,126,207</u>	<u>174,109,194</u>	<u>126,247,889</u>	<u>440,855,783</u>	<u>398,374,096</u>
<u>Net Position</u>						
Net investment						
in capital assets	378,194,645	380,538,467	451,108,014	420,343,386	829,302,659	800,881,853
Restricted	63,381,287	60,235,431	-	-	63,381,287	60,235,431
Unrestricted	<u>(28,570,356)</u>	<u>(29,254,490)</u>	<u>149,357,573</u>	<u>161,812,038</u>	<u>120,787,217</u>	<u>132,557,548</u>
Total net position	<u>\$ 413,005,576</u>	<u>\$ 411,519,408</u>	<u>\$ 600,465,587</u>	<u>\$ 582,155,424</u>	<u>\$ 1,013,471,163</u>	<u>\$ 993,674,832</u>

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

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

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

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

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

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

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

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

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, for governmental activities from \$540,108,673 to \$411,519,408 and business-type activities from \$611,436,901 to \$582,155,424.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2015, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,013,471,163. At year-end, net positions were \$413,005,576 and \$600,465,587 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets and deferred outflows. At year-end, capital assets represented 65.71% of total assets and deferred outflows. Capital assets include land, right of ways, construction in progress (CIP), improvements other than buildings, buildings and improvements, equipment, software, vehicles and infrastructure.

The City's net investment in capital assets at December 31, 2015, was \$378,194,645 and \$451,108,014 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2015, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net position, \$63,381,287, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of is a deficit balance of \$28,570,356

The table on the next page shows the changes in net position for 2015 and 2014.

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CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

Change in Net Position

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>	Business-Type Activities <u>2015</u>	Business-Type Activities <u>2014</u>	Total <u>2015</u>	Total <u>2014</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 35,770,242	\$ 52,402,680	\$ 116,668,496	\$ 116,396,412	\$ 152,438,738	\$ 168,799,092
Operating grants and contributions	21,715,944	25,909,216	-	-	21,715,944	25,909,216
Capital grants and contributions	8,771,868	7,184,234	14,318,883	7,939,351	23,090,751	15,123,585
Total program revenues	<u>66,258,054</u>	<u>85,496,130</u>	<u>130,987,379</u>	<u>124,335,763</u>	<u>197,245,433</u>	<u>209,831,893</u>
General revenues:						
Property taxes	12,155,647	12,918,102	-	-	12,155,647	12,918,102
Income taxes	107,633,425	103,721,834	-	-	107,633,425	103,721,834
Payment in lieu of taxes	1,599,086	1,771,683	-	-	1,599,086	1,771,683
Unrestricted grants	14,236,917	15,529,135	-	-	14,236,917	15,529,135
Interest	1,852,285	1,722,766	535,994	485,592	2,388,279	2,208,358
Miscellaneous	3,598,806	3,453,599	11,606,143	12,044,998	15,204,949	15,498,597
Total general revenues	<u>141,076,166</u>	<u>139,117,119</u>	<u>12,142,137</u>	<u>12,530,590</u>	<u>153,218,303</u>	<u>151,647,709</u>
Total revenues	<u>207,334,220</u>	<u>224,613,249</u>	<u>143,129,516</u>	<u>136,866,353</u>	<u>350,463,736</u>	<u>361,479,602</u>
Expenses:						
Downtown	3,796,899	3,973,957	-	-	3,796,899	3,973,957
Youth, education and human services	550,914	3,499,722	-	-	550,914	3,499,722
Community development	23,517,538	22,225,850	-	-	23,517,538	22,225,850
Economic development	15,401,684	13,940,292	-	-	15,401,684	13,940,292
Leadership and quality of life	46,597,492	42,943,946	-	-	46,597,492	42,943,946
Corporate responsibility	15,284,297	14,189,753	-	-	15,284,297	14,189,753
Public safety and justice	97,757,003	90,511,356	-	-	97,757,003	90,511,356
Bond issuance costs	-	195,142	-	-	-	195,142
Interest and fiscal charges	2,942,225	2,608,301	-	-	2,942,225	2,608,301
Dayton International Airport	-	-	42,627,742	41,476,361	42,627,742	41,476,361
Water	-	-	45,493,204	46,245,372	45,493,204	46,245,372
Sewer	-	-	28,009,025	29,448,754	28,009,025	29,448,754
Other business-type activities:						
Storm water	-	-	5,662,740	5,480,442	5,662,740	5,480,442
Golf	-	-	3,026,642	2,957,656	3,026,642	2,957,656
Total expenses	<u>205,848,052</u>	<u>194,088,319</u>	<u>124,819,353</u>	<u>125,608,585</u>	<u>330,667,405</u>	<u>319,696,904</u>
Increase in net position before transfers	1,486,168	30,524,930	18,310,163	11,257,768	19,796,331	41,782,698
Transfers	-	(360,000)	-	360,000	-	-
Change in net position	<u>1,486,168</u>	<u>30,164,930</u>	<u>18,310,163</u>	<u>11,617,768</u>	<u>19,796,331</u>	<u>41,782,698</u>
Net position at beginning of year (Restated)	<u>411,519,408</u>	N/A	582,155,424	N/A	993,674,832	N/A
Net position at end of year	<u>\$ 413,005,576</u>	<u>\$ 411,519,408</u>	<u>\$ 600,465,587</u>	<u>\$ 582,155,424</u>	<u>\$ 1,013,471,163</u>	<u>\$ 993,674,832</u>

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$17,293,644 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$18,672,052.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2015 program expenses under GASB 68	\$ 205,848,052	\$ 127,217,837
Pension expense under GASB 68	(14,969,174)	(3,702,878)
2015 contractually required contributions	14,405,520	4,286,519
Adjusted 2015 program expenses	205,284,398	127,801,478
Total 2014 program expenses under GASB 27	194,088,319	125,608,585
Increase (decrease) in program expenses not related to pension	\$ 11,196,079	\$ 2,192,893

Governmental Activities

Governmental activities net position increased \$1,486,168 in 2015. This increase of 0.36% is due to the City's continuing efforts to reduce costs and increase operational efficiency.

Public safety and justice, which primarily supports the operations of the police and fire departments accounted for \$97,757,003 of the total expenses of the City. These expenses were partially funded by \$20,823,804 in direct charges to users of the services. Leadership and quality of life expenses totaled \$46,597,492. Leadership and quality of life expenses were partially funded by \$5,811,184 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$21,715,944 in operating grants and contributions and \$8,771,868 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$8,188,336 subsidized leadership and quality of life and \$10,722,348 subsidized community development and neighborhoods. The total capital grants and contributions, \$8,771,868 subsidized leadership and quality of life programs.

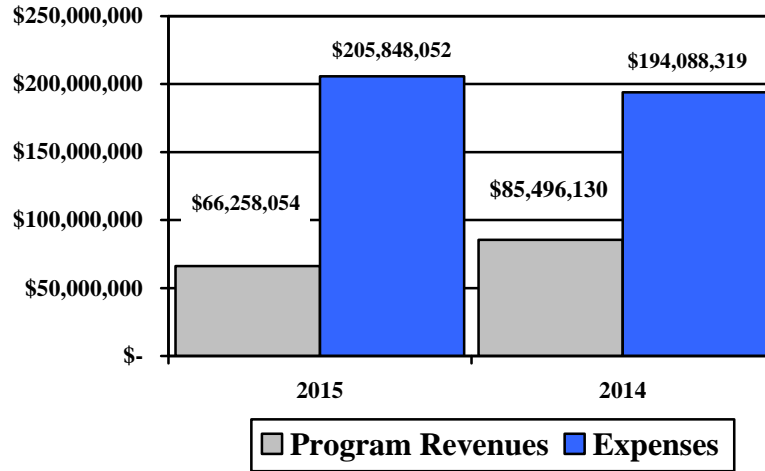
General revenues totaled \$141,076,166, and amounted to 68.04% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$119,789,072. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$14,236,917.

The statement of activities on pages F 34 – F 35 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.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

Governmental Activities – Program Revenues vs. Total Expenses



Governmental Activities

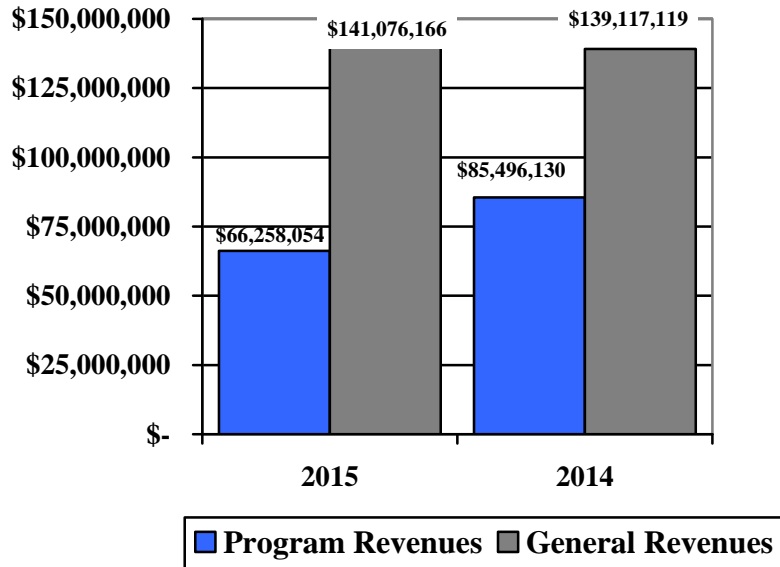
	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Program Expenses:				
Downtown	\$ 3,796,899	\$ 3,134,612	\$ 3,973,957	\$ 3,401,087
Youth, education and human services	550,914	126,482	3,499,722	2,816,188
Community development and neighborhoods	23,517,538	10,119,614	22,225,850	11,628,597
Economic development	15,401,684	11,128,320	13,940,292	5,089,663
Leadership and quality of life	46,597,492	23,826,104	42,943,946	10,271,253
Corporate responsibility	15,284,297	12,245,904	14,189,753	11,124,834
Public safety and justice	97,757,003	76,235,508	90,511,356	61,615,953
Bond issuance costs	-	-	195,142	195,142
Interest and fiscal charges	2,942,225	2,773,454	2,608,301	2,449,472
Total Expenses	<u>\$ 205,848,052</u>	<u>\$ 139,589,998</u>	<u>\$ 194,088,319</u>	<u>\$ 108,592,189</u>

The dependence upon general revenues for governmental activities is apparent, with 67.81% of expenses supported through taxes and other general revenues. Total governmental expenses were \$205,848,052, program revenues were \$66,258,054 and general revenues were \$141,076,166.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

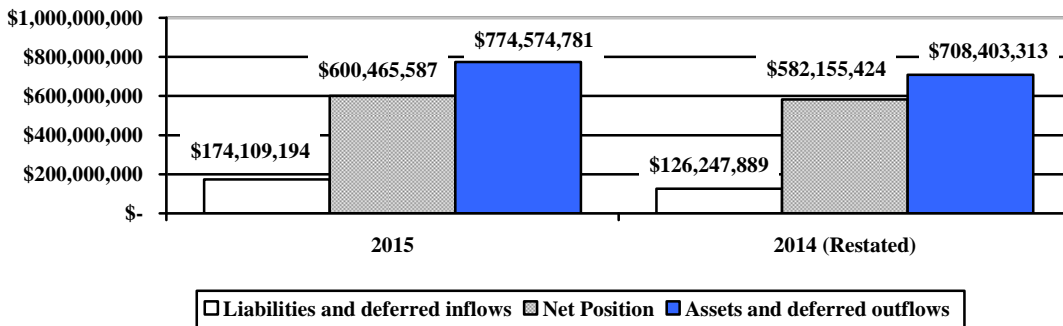
Governmental Activities – General and Program Revenues



Business-Type Activities

Business-type activities include the Dayton International Airport, water, sewer, storm water and golf enterprise funds. Overall, the net position of the business-type activities increased \$18,310,163 in 2015. This increase of 3.15% is due to the City's continuing efforts to reduce costs and increase operational efficiency. These programs had program revenues of \$130,987,379, general revenues of \$12,142,137 and expenses of \$124,819,353 for 2015. The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at year-end. See pages F 32 and F 33.

Net Position in Business - Type Activities



CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on page F 36 - F 37) reported a combined fund balance of \$131,944,662 which is \$6,477,033 lower than last year's total of \$138,421,695. The table below indicates the fund balances and the total change in fund balances as of December 31, 2015 for all major and nonmajor governmental funds.

	Fund Balances <u>12/31/15</u>	Fund Balances <u>12/31/14</u>	Increase/ <u>(Decrease)</u>
Major Funds:			
General	\$ 62,439,480	\$ 61,588,853	\$ 850,627
Other special revenue	5,785,179	5,421,005	364,174
Debt service	28,095,136	27,335,590	759,546
Capital improvement	27,516,222	32,218,482	(4,702,260)
Other nonmajor governmental funds	<u>8,108,645</u>	<u>11,857,765</u>	<u>(3,749,120)</u>
Total	<u>\$ 131,944,662</u>	<u>\$ 138,421,695</u>	<u>\$ (6,477,033)</u>

General Fund

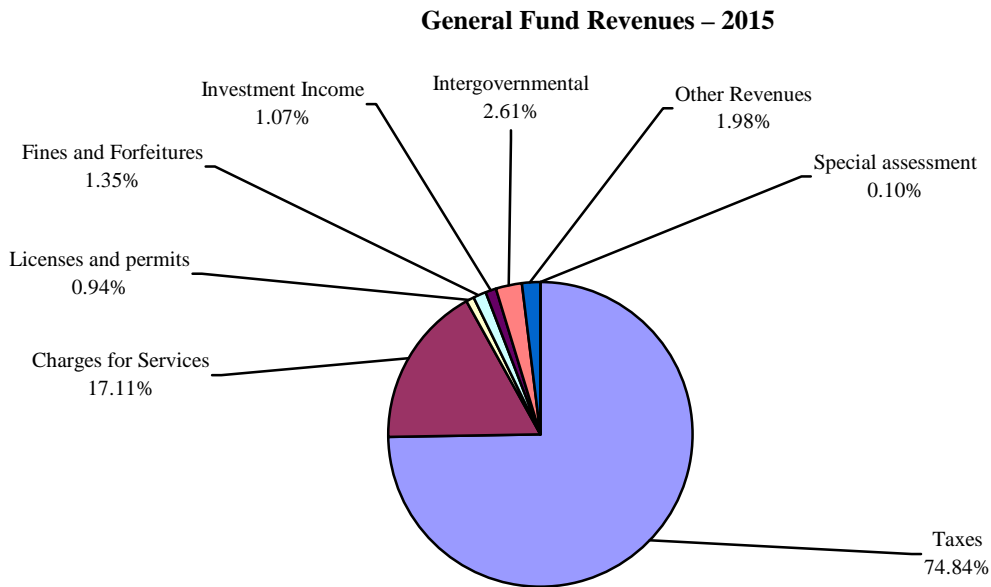
The City's general fund balance increased \$850,627. See the table above.

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Income, property and other taxes	\$ 120,533,183	\$ 117,383,181	2.68 %
Charges for services	27,552,585	25,945,726	6.19 %
Licenses and permits	1,512,717	1,348,270	12.20 %
Fines and forfeitures	2,181,301	3,344,171	(34.77) %
Investment income	1,728,300	1,584,111	9.10 %
Special assessments	153,980	177,352	(13.18) %
Intergovernmental	4,199,407	5,063,826	(17.07) %
Other	<u>3,192,284</u>	<u>3,406,509</u>	(6.29) %
Total	<u>\$ 161,053,757</u>	<u>\$ 158,253,146</u>	1.77 %

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

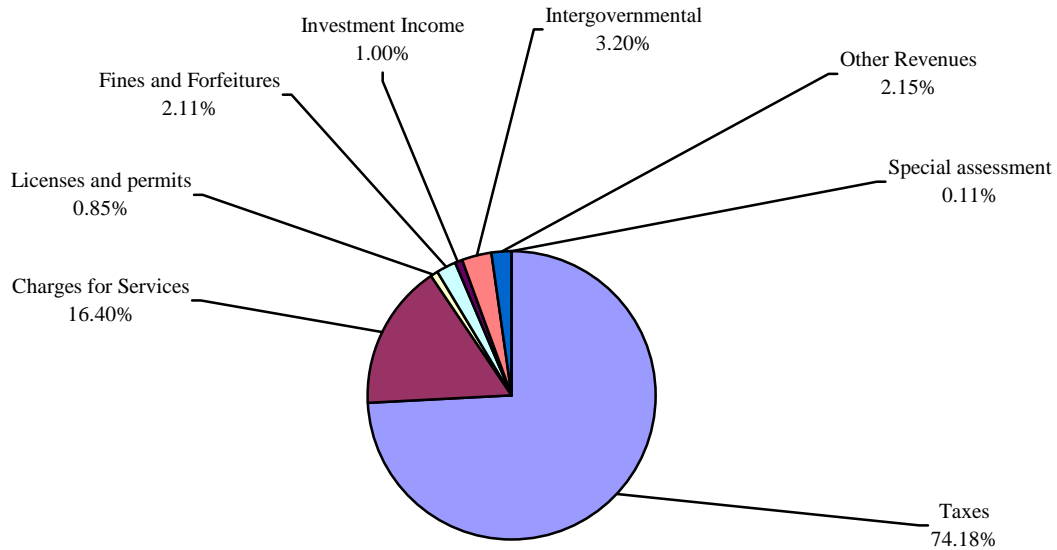
The above table assists in illustrating the revenues of the general fund. Overall revenues of the general fund increased \$2,800,611. The most significant increases were in the areas of licenses and permits, charges for services and investment revenue. The decrease in intergovernmental revenue was a result of the City receiving less local government revenue from the State of Ohio. The decrease in fines and forfeitures revenue is the result of less citations being issued and paid as a result of the end of the public safety photo enforcement program, which was repealed by the State legislature. Investment income increased \$144,189 or 9.10% due to an increase in the amount of interest allocated to the general fund. In 2014, the general fund received 35.37% of interest earnings and in 2015, the general fund received 44.45% of interest earnings from the portfolio investments. See the following charts for details.



CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

General Fund Revenues –2014



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

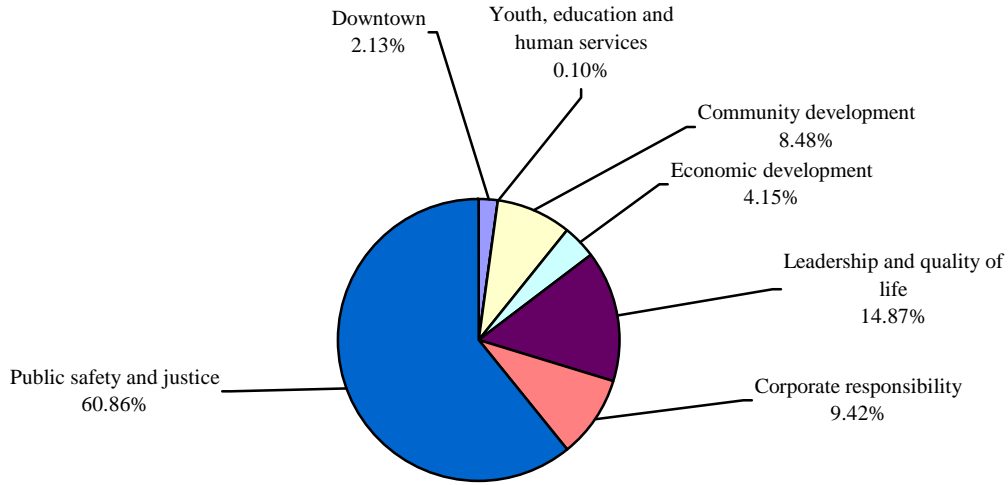
	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 3,217,932	\$ 3,133,077	2.71 %
Youth, education and human services	143,310	43,715	227.83 %
Community development and neighborhoods	12,789,481	12,132,154	5.42 %
Economic development	6,251,957	8,518,467	(26.61) %
Leadership and quality of life	22,419,522	20,846,393	7.55 %
Corporate responsibility	14,203,205	14,969,909	(5.12) %
Public safety and justice	<u>91,794,509</u>	<u>91,571,422</u>	0.24 %
Total	<u>\$ 150,819,916</u>	<u>\$ 151,215,137</u>	(0.26) %

Overall expenditures of the general fund remained stable, with an decrease of only \$395,221 or 0.26%. The largest expenditure of the City, public safety and justice, increased \$223,087 or 0.24%. The largest decrease in expenditures was in economic development, which had a decrease of \$2,266,510. This fluctuation is due to timing of development projects. The City anticipates increased spending for additional economic development projects in 2016. Youth, education, and human services had the largest percentage increase, 227.83%. However, this expenditure category only represents 0.10% of the general fund expenditures. See the charts below and on the following page.

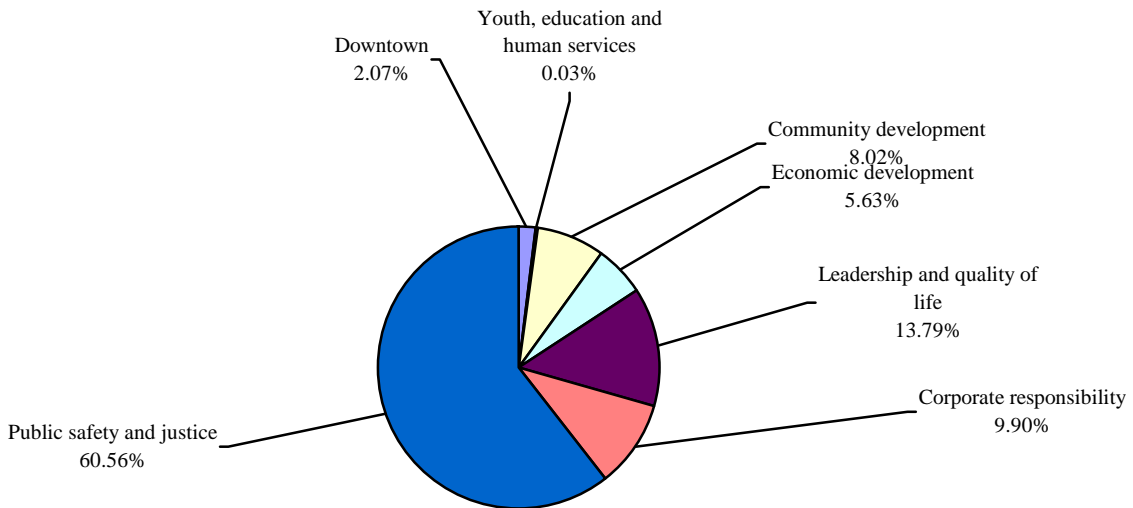
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

General Fund Expenditures – 2015



General Fund Expenditures – 2014



CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Other Special Revenue Fund

The City's other special revenue fund balance increased \$364,174. See page F 40. The increase in fund balance was the result of revenues exceeding expenses. The other special revenue major fund had \$4,205,956 in revenues and \$3,841,782 in expenditures in 2015. The fund balance in the other special revenue fund was \$5,785,179, a 6.72% increase from 2014. The other special revenue fund has a variety of projects many different revenue sources. Currently, the largest project is the street light assessment.

Debt Service

The City's debt service fund balance increased \$759,546. See page F 40. The increase in fund balance was the result of revenues exceeding principal and interest expenses related to governmental activities debt. The following tables illustrate the revenues and expenses of the debt service fund.

	2015 Amount	2014 Amount	Percentage Change
<u>Revenues</u>			
Taxes	\$ 8,832,709	\$ 6,621,402	33.40 %
Intergovernmental	21,092	2,561,893	(99.18) %
Special assessments	54,829	84,644	(35.22) %
Investment income	24,454	50,599	(51.67) %
Other	389,879	97,840	298.49 %
Total	\$ 9,322,963	\$ 9,416,378	(0.99) %
	2015 Amount	2014 Amount	Percentage Change
<u>Expenditures</u>			
Corporate responsibility	\$ 173,162	\$ 160,998	7.56 %
Bond issuance costs	-	137,465	(100.00) %
Principal retirement	6,472,303	7,528,143	(14.03) %
Interest and fiscal charges	3,003,297	2,832,903	6.01 %
Total	\$ 9,648,762	\$ 10,659,509	(9.48) %

The City issued bonds in 2014, which resulted in bond issuance costs. The City did not issue bond or notes in the governmental activities in 2015. The decrease in investment income is due to changes in the allocation of interest among the City's various funds. Special assessment revenue decreased due to the end of sidewalk and curb assessments from previous years. The City did not have any new sidewalk and curb assessments during 2015. The increase in interest expense was due to the first interest payments that were due on the State Infrastructure Bank (SIB) bonds and the various purpose general obligation bonds that were issued during 2014.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

Capital Improvements

The City's capital improvement fund's fund balance decreased by \$4,702,260 or 14.59%. See page F 40. The City issued bonds in previous years for capital improvements. The excess of expenditures over revenues represents the spending down of bond proceeds for capital projects. The tables below illustrate the revenues and expenses of the capital improvement fund. Revenues decreased \$293,545 or 2.68%. The decrease in tax revenue of 37.50% is due to a decrease in principal payments required on the manuscript debt related to recreational facilities. The tax revenue is used to reduce the balance of the manuscript debt. Expenditures decreased \$314,851 or 1.38%. In addition to the revenues listed on the chart below, the capital improvements fund had \$7,182,200 in transfers from the general fund to be used for capital improvements. The debt service payments made from the capital improvement fund were for capital leases, an OPWC loan and debt payments made with payment in lieu of tax revenue.

	2015	2014	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 321,800	\$ 514,880	(37.50) %
Charges for services	504,338	361,283	39.60 %
Intergovernmental	7,495,215	8,151,407	(8.05) %
Special assessments	936	-	100.00 %
Payments in lieu of taxes	1,675,558	1,590,825	5.33 %
Other	<u>653,707</u>	<u>326,704</u>	100.09 %
Total	<u>\$ 10,651,554</u>	<u>\$ 10,945,099</u>	(2.68) %

	2015	2014	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 280,000	\$ 50,000	460.00 %
Youth, education and human services	-	8	(100.00) %
Community development and neighbors	957,105	1,215,172	(21.24) %
Economic development	2,547,101	2,516,591	1.21 %
Leadership and quality of life	1,991,055	2,297,546	(13.34) %
Corporate responsibility	243,688	193,839	25.72 %
Capital outlay	15,878,315	16,329,574	(2.76) %
Debt service	<u>638,750</u>	<u>248,135</u>	157.42 %
Total	<u>\$ 22,536,014</u>	<u>\$ 22,850,865</u>	(1.38) %

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

2015 Budgeting Highlights – General Fund

The City's budgeting process is prescribed by the Ohio Revised Code (ORC) and the City of Dayton Charter, which was amended by voters in November of 2014. The budget is a representation of the City's various adopted appropriations. The annual expenditure budget is limited by the amount of anticipated revenues and available cash balances certified by the Budget Commission in accordance with the Ohio Revised Code. Given that the City's plans or priorities may change during the year or economic conditions may improve or deteriorate, revisions to the original budget are customary and necessary. For instance, if forecasted revenues are adjusted during the course of the year due to actual revenue performance, then the certificate of available resources and the appropriation should also be adjusted to ensure expenditures do not exceed available resources. In addition, if funding priorities change during the fiscal year, resources may be reallocated from one activity to another, necessitating a corresponding change in budget.

Budgetary information is presented for the general fund on page 43. With respect to changes to the general fund, the final budget reflects projected revenues that were \$4.6 million greater than the original budget, as the result of an improving economy. Consequently, actual revenues had a positive variance of \$4.7 million or 3.0% compared to the original budget and \$141,885 or 0.1% compared to the final budget. Actual general fund revenues performed better in six categories relative to the original forecast and underperformed in four. As it relates to the final budget, actual revenues exceeded the budget in three categories but fell short in seven, albeit in three categories by very small amounts. The variance to the original budget was 3% while the variance measured 0.1% to the final budget. Consequently, we either met or exceeded our performance metric of 3%.

A total of four revenue categories realized a variance in excess of 10% when compared to the original budget. Licenses and permits performed \$212,717 better than budgeted due to higher building permits while the other revenue category was \$535,345 short of the estimate due to lower than anticipated equipment sales and miscellaneous revenue. The largest variance was the \$1.2 million positive variance to the original budget reported by fines and forfeitures, which translated into a 92% favorable difference. The public safety photo enforcement program, which was effectively repealed by the Ohio Legislature in 2015, was operational longer and generated more revenue that was originally projected. The only negative variance that exceeded 10% was \$21,020 for special assessments.

Actual expenditures in 2015 were \$3.9 million or 2.5% under (favorable) the original budget while the final budget was \$4.8 million or 3.0% higher than actuals. Three of the eight programmatic areas realized variances in excess of 10%. Youth, education and human services was budgeted at \$60,000 and \$105,000, respectively but actual expenditures came in at \$150,493. Economic development reported expenditures \$774,749 or 10.1% lower than the original budget. Finally, the "other expenditure" category realized a \$1.9 million or 61.4% favorable variance to the original budget. This variance is a function of allowing some flexibility in contingency funds during the year. Actual operating transfers out were \$5.9 million over the original budget and \$1.1 million under the final budget. A higher level of transfers was incorporated into the final budget given the better than planned revenue growth and the lower than planned spending levels.

In both the original and final budget, use of fund balance was anticipated for special project activities as well as for investments. Funds for special projects are often received in one year and spent in later years, which was the case in 2015 especially as it relates to economic development projects. With the economy improving, economic development activity has picked up pace, which bodes well for future revenue growth. When the adjustment is made for prior year encumbrances, the general fund ended the year with a \$57.9 million fund balance, which is \$758,850 less than 2014.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The City's business-type funds (as presented on the statement of net position on pages F 46 - F 49) reported a combined net position of \$600,444,587 which is \$18,844,590 above last year's restated total of \$581,599,997.

The following table indicates the net position and the total change in net position as of December 31, 2015 for all major and nonmajor business-type funds. Net position has been restated for the implementation of GASB 68, as described in Note 3A.

	Net Position <u>12/31/15</u>	Restated Net Position <u>12/31/14</u>	Increase <u>(decrease)</u>
Major Funds:			
Dayton International Airport	\$ 273,682,473	\$ 270,285,222	\$ 3,397,251
Water	181,138,029	174,074,584	7,063,445
Sewer	117,026,001	110,367,352	6,658,649
Other Business-type activities	<u>28,598,084</u>	<u>26,872,839</u>	<u>1,725,245</u>
Total	<u>\$ 600,444,587</u>	<u>\$ 581,599,997</u>	<u>\$ 18,844,590</u>

Dayton International Airport (DIA)

The City's Dayton International Airport net position increased \$3,397,251 or 1.26%.

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

	2015 <u>Amount</u>	2014 <u>Amount</u>	Percentage <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 24,974,019	\$ 26,454,375	(5.60) %
Other	<u>6,401,655</u>	<u>5,810,298</u>	10.18 %
Total	<u>\$ 31,375,674</u>	<u>\$ 32,264,673</u>	(2.76) %

Operating revenues of the DIA fund decreased \$888,999 or 2.76%.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

	2015	2014	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 9,450,038	\$ 9,116,369	3.66 %
Benefit payments	3,628,943	3,598,647	0.84 %
Contractual services	9,511,786	8,278,942	14.89 %
Materials and supplies	1,427,726	1,734,180	(17.67) %
Utilities	1,796,313	2,106,141	(14.71) %
Depreciation	11,810,073	12,004,886	(1.62) %
Other	<u>2,160,242</u>	<u>2,078,550</u>	3.93 %
Total	<u>\$ 39,785,121</u>	<u>\$ 38,917,715</u>	2.23 %

Operating expenses increased \$867,406 or 2.23%. This increase is due to an increase in contractual services, which increased \$1,232,844 or 14.89%.

	2015	2014	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 155,821	\$ 132,657	17.46 %
Interest expense and fiscal charges	(1,830,912)	(2,010,646)	(8.94) %
Increase(decrease) in fair market value of investments	1,714	16,195	(89.42) %
Other financing sources	-	348,974	(100.00) %
Other financing sources	(34,097)	-	100.00 %
Bond issuance costs	(796,383)	(467,215)	70.45 %
Transfers in	-	300,000	(100.00) %
Capital contributions	<u>14,310,555</u>	<u>7,696,841</u>	85.93 %
Total	<u>\$ 11,806,698</u>	<u>\$ 6,016,806</u>	96.23 %

Other operating revenues and expenses increased \$5,789,892 or 96.23%. Capital contribution revenues increased by \$6,613,714 or 85.93% due to an increase in Federal grants that are being used for capital improvements, including significant upgrades to the terminal.

Water

The City's water fund net position increased by \$7,063,445 or 4.06%. See the table on F 20.

	2015	2014	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 47,377,507	\$ 47,702,941	(0.68) %
Other	<u>4,774,034</u>	<u>5,596,946</u>	(14.70) %
Total	<u>\$ 52,151,541</u>	<u>\$ 53,299,887</u>	(2.15) %

Operating revenues decreased \$1,148,346 or 2.15%. The City experienced a cooler and wetter summer and spring, which resulted in a decrease in water consumption.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

	<u>2015</u>	<u>2014</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 14,985,393	\$ 14,489,441	3.42 %
Benefit payments	5,663,714	5,913,600	(4.23) %
Contractual services	4,395,357	6,070,667	(27.60) %
Materials and supplies	4,087,112	4,358,464	(6.23) %
Utilities	5,885,292	5,823,990	1.05 %
Depreciation	6,523,768	6,017,476	8.41 %
Other	<u>2,829,928</u>	<u>2,823,444</u>	0.23 %
Total	<u>\$ 44,370,564</u>	<u>\$ 45,497,082</u>	(2.48) %

Operating expenses decreased \$1,126,518 or 2.48%.

	<u>2015</u>	<u>2014</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 186,277	\$ 133,940	39.07 %
Interest expense and fiscal charges	(562,893)	(557,445)	0.98 %
Increase (decrease) in fair market value of investments	691	26,495	(97.39) %
Bond issuance costs	(223,302)	-	100.00 %
Capital contributions	8,328	171,025	(95.13) %
Loss on sale of capital assets	<u>(126,633)</u>	<u>(59,468)</u>	112.94 %
Total	<u>\$ (717,532)</u>	<u>\$ (285,453)</u>	151.37 %

The loss on sale of capital assets was due to the disposal of assets that were not fully depreciated during 2015. The City issued Water revenue bonds during 2015, which resulted in an increase in bond issuance costs during 2015.

Sewer

The City's sewer fund net position increased \$6,658,649 or 6.03% during 2015. See page F 20.

	<u>2015</u>	<u>2014</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 33,960,790	\$ 32,034,019	6.01 %
Other	<u>411,674</u>	<u>251,626</u>	63.61 %
Total	<u>\$ 34,372,464</u>	<u>\$ 32,285,645</u>	6.46 %

Operating revenues increased \$2,086,819 or 6.46% due mainly to an increase in the collection of sewer fees.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

	<u>2015</u>	<u>2014</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 7,458,458	\$ 7,107,145	4.94 %
Benefit payments	2,752,799	2,852,346	(3.49) %
Contractual services	6,038,700	6,847,656	(11.81) %
Materials and supplies	2,216,479	2,015,748	9.96 %
Utilities	3,011,278	2,786,808	8.05 %
Depreciation	4,025,363	5,760,652	(30.12) %
Other	<u>1,325,282</u>	<u>1,130,760</u>	17.20 %
Total	<u>\$ 26,828,359</u>	<u>\$ 28,501,115</u>	(5.87) %

Operating expenses decreased \$1,672,756 or 5.87%.

	<u>2015</u>	<u>2014</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 189,033	\$ 124,417	51.94 %
Increase(decrease) in fair market value of investments	2,136	17,816	88.01 %
Interest expense and fiscal charges	(825,505)	(871,552)	5.28 %
Loss on sale of capital assets	(19,685)	-	100.00 %
Bond issuance costs	<u>(231,435)</u>	<u>-</u>	100.00 %
Total	<u>\$ (885,456)</u>	<u>\$ (729,319)</u>	(21.41) %

The City issued Sewer revenue bonds during 2015, therefore the Sewer fund had bond issuance costs of \$231,435 during 2015. The loss on sale of capital assets is the net of capital asset disposals less the accumulated depreciation on the asset and the proceeds from the sale of the asset.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2015, the City had \$955,566,636 (net of accumulated depreciation) invested in land, right of ways, buildings and improvements, improvements other than buildings, equipment, software, vehicles, infrastructure and construction in progress (CIP). Of this total, \$428,306,917 was reported in governmental activities and \$527,259,719 was reported in business-type activities. See Note 11 in the basic financial statements for additional capital asset disclosure.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

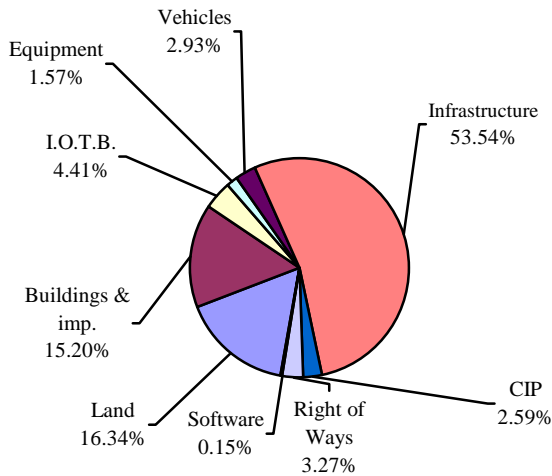
The following table shows December 31, 2015 balances compared to December 31, 2014:

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

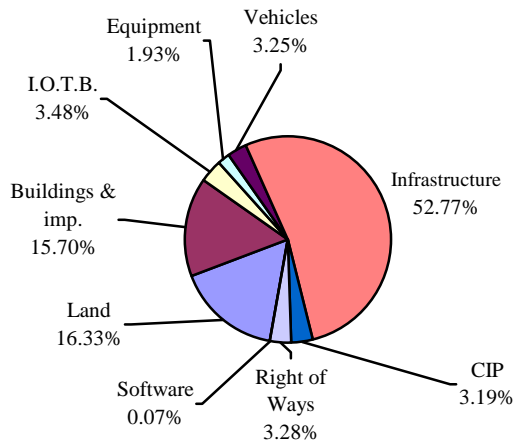
	Governmental Activities 2015	Governmental Activities 2014	Business-Type Activities 2015	Business-Type Activities 2014	Total 2015	Total 2014
Land	\$ 69,980,251	\$ 69,839,860	\$ 42,965,353	\$ 42,965,353	\$ 112,945,604	\$ 112,805,213
Construction in progress	11,091,570	13,656,873	34,696,930	30,498,257	45,788,500	44,155,130
Right of ways	14,007,402	14,007,402	-	-	14,007,402	14,007,402
Buildings and improvements	65,099,072	67,138,406	127,106,680	128,530,043	192,205,752	195,668,449
Improvements other than buildings (IOTB)	18,870,817	14,892,517	300,236,164	278,953,665	319,106,981	293,846,182
Equipment	6,742,834	8,247,153	5,789,635	6,379,967	12,532,469	14,627,120
Software	660,035	314,395	1,044,846	1,205,965	1,704,881	1,520,360
Vehicles	12,535,943	13,895,333	15,420,111	14,200,960	27,956,054	28,096,293
Infrastructure	<u>229,318,993</u>	<u>225,625,421</u>	<u>-</u>	<u>-</u>	<u>229,318,993</u>	<u>225,625,421</u>
Total	<u>\$ 428,306,917</u>	<u>\$ 427,617,360</u>	<u>\$ 527,259,719</u>	<u>\$ 502,734,210</u>	<u>\$ 955,566,636</u>	<u>\$ 930,351,570</u>

The following graphs show the breakdown of governmental capital assets by category for 2015 and 2014.

Capital Assets - Governmental Activities 2015



Capital Assets - Governmental Activities 2014

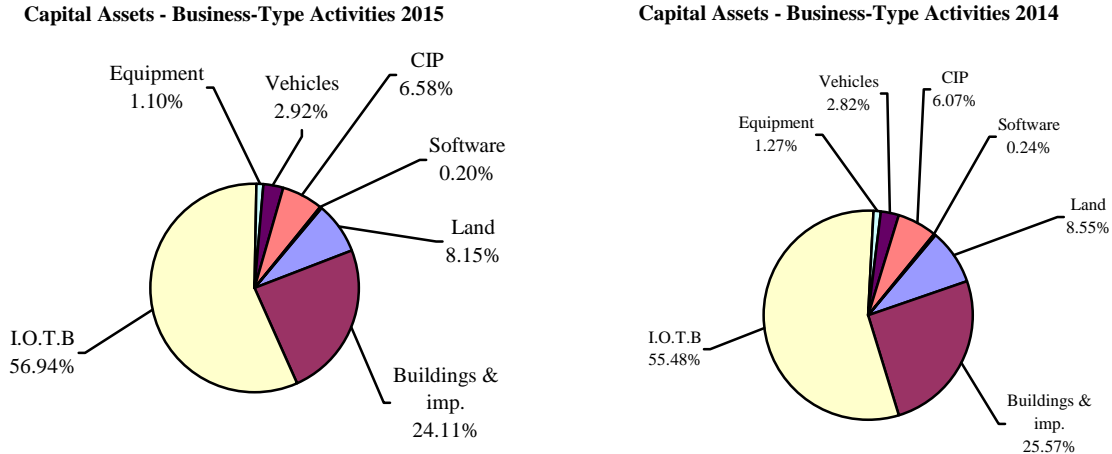


The City's largest governmental capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks, curbs, annexed roadways, street lighting, and traffic signals. These items are immovable and of value only to the City; however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 53.54% of the City's total governmental capital assets.

CITY OF DAYTON, OHIO

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

The following graphs show the breakdown of business-type capital assets by category for 2015 and 2014.



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 56.94% of the City's total business-type capital assets.

Debt Administration

The City had the following long-term obligations outstanding At December 31, 2015 and 2014:

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
General obligation bonds	\$ 34,245,000	\$ 38,620,000
Revenue bonds	26,200,000	28,285,000
Total bonds	<u>60,445,000</u>	<u>66,905,000</u>
OPWC loans	555,099	617,964
State infrastructure bank loan	2,500,000	2,500,000
State infrastructure bank bonds	3,540,000	3,540,000
Lease purchase agreement	1,621,171	1,995,320
Ohio Department of Development Loan	2,694,829	2,860,000
Total loans	<u>10,911,099</u>	<u>11,513,284</u>
Total long-term obligations	<u>\$ 71,356,099</u>	<u>\$ 78,418,284</u>

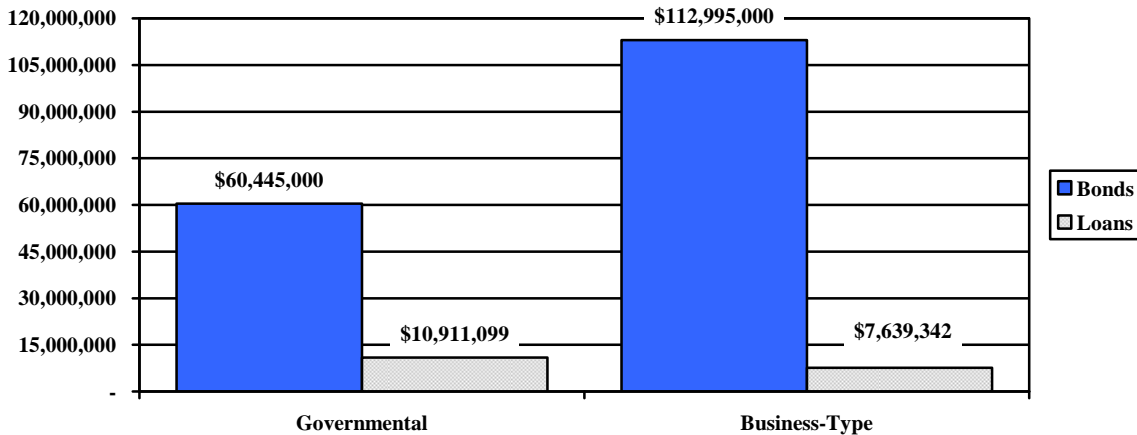
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

	Business-type Activities <u>2015</u>	Business-type Activities <u>2014</u>
General obligation bonds	\$ 35,035,000	\$ 36,525,000
Revenue bonds	<u>77,960,000</u>	<u>29,390,000</u>
Total bonds	<u>112,995,000</u>	<u>65,915,000</u>
Lease purchase agreements	526,651	648,196
OWDA loans	6,862,691	7,662,986
OPWC loans	<u>250,000</u>	<u>300,000</u>
Total loans	<u>7,639,342</u>	<u>8,611,182</u>
Total long-term obligations	<u>\$ 120,634,342</u>	<u>\$ 74,526,182</u>

See Note 14 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.

Long-term Obligations



Economic Factors and the 2016 Budget

Job growth in the Dayton metro-area has been stellar, registering 4%, since a significant turning point in January of 2014. This is on par with the breakneck growth of the national economy. And regional employment growth is not limited to a few sectors; it is broad-based, including all sectors save information.

The turnaround in the labor market has not fully impacted the local housing market, nevertheless, there are nascent signs of recovery. Property values fell in the 2014 revaluation for the third consecutive reappraisal period. The next triennial update will occur in 2017. However, delinquency collections have been climbing, prices have stabilized and in some cases are rising and vacancies are declining, all good signs that the housing market is healing.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

Economic development activity in Dayton has also gained significant tailwinds. Dayton Children's Medical Center is nearing completion of its \$140 million campus expansion. The exciting Water Street Development opened in 2015 with class A office space and 200 luxury apartment units. PSA Airlines continues its growth at the Dayton International Airport, most recently with the construction of a new maintenance hangar.

The City's General Fund performance underscores this positive momentum, with revenues increasing 2.9% or \$4.6 million on a budgetary basis. In 2015, income tax growth was its highest in 20 years, building permits climbed as a result of the improving economy, and charges for services rebounded after falling in 2014. These gains were offset by further cuts to state-shared taxes along with significant declines in fine revenue due the legislature's, in effect, elimination of the public safety photo enforcement program.

Employment and the Income Tax

The components of the income tax shed light on the condition of the Dayton economy. Specifically, growth in 2013 was solely attributable to the tax on business profits, which climbed 16% or \$1.7 million, while the tax on wages earned in the city, or withholding, fell 1.2%. The dramatic growth in business profits is thought to be the result of changes in the federal tax code which prompted businesses to remit prior to the effective date. Accordingly, the tax on business profits sank significantly during the first 11 months of 2014, yet the tax on profits was able to end the year with flat growth due to a large payment received in December. In 2015 the tax on business profits fell slightly when compared to the prior year.

For any economic recovery to gain real traction, wage and job growth is needed. This was realized in 2014 when withholding posted its second increase since 2006, rising 1.1% or nearly \$1 million. The gain would have been greater except for the severe winter. When the first quarter is omitted, withholding growth was 2.1%. As job growth continued, withholding recorded even larger gains in 2015, climbing \$3.8 million or 4.2%. A contributor to this growth is the withholding attributable to winnings from one of the state of Ohio's seven racinos, which is located in Dayton.

The original forecast for 2016 income tax is \$109.4 million or 1.8% growth. This rate of growth is about on par with the City's long run trend of 1.6%.

Property Values and the Property Tax

Although the city of Dayton did not enjoy the dramatic home value appreciation that many metro areas realized during the real estate boom; we were not immune to their subsequent bust. The decline has continued with the Auditor's revaluation conducted in 2014, impacting 2015 collections. In addition, 1,854 property owners received reductions to their property values through the Board of Revisions process.

To illustrate, total city real property valuations are down 25% from their peak in 2006 and are currently at their lowest levels since 2002. Moreover, 16,787 or 23% of properties in Dayton are vacant, according to the 2013 American Community Survey with many of these properties completely abandoned during the foreclosure process. This has left the City organization with over 6,000 vacant properties that must be mowed regularly during the spring and summer months and thousands of properties in such disrepair that demolition is the only option. With a typical vacant property demolition costing \$10,000, the City is not in a financial position to accomplish such a feat. Fortunately, federal and state resources have been assisting with the City's burgeoning demolition needs.

At the same time that values were falling, not unexpectedly, delinquencies were also on the rise. In 2009, 11.6% of the current levy was delinquent. By 2012 that number had increased to 14.7%, but was trimmed to 13.1% in 2014. Encouragingly, the rate dropped in 2015 to 11.6% and the total collection rate of 96.2% was the City's highest since 2008.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

Additionally, reimbursements from the repeal of the tangible personal property tax and the public utility tax by the State have been eliminated for all current year expense levies, for Dayton that means the general fund. And finally, since 2012, 0.5 mills have been shifted from the general fund to the bond retirement fund to help offset the loss of revenue due to the recent decline in values. Taken together, these factors have depressed collections over the last several years with the 2016 forecast for property and other local taxes at \$6.1 million, up slightly from \$6.0 million in 2015.

State Revenue Sharing and the Local Government Fund

When faced with a reported \$8 billion deficit in their 2012-2013 biennial budget, the governor and legislature chose to dramatically cut long-standing revenue-sharing programs with local governments. These reductions included eliminating the reimbursements associated with the tangible personal property and public utility taxes for all current expense levies, which reduced general fund revenues by \$1.6 million.

In addition to the cuts to tangible personal property and public utility reimbursements, the state also slashed the local government fund by 50% over two state fiscal years and has completely eliminated the local share of dealers in intangible taxes. These actions reduced revenues by \$6.3 million over the two-year period. And to further compound the situation, the Ohio legislature also passed legislation to eliminate the estate tax, 80% of which was credited to local governments. Though the effective date of the repeal was January of 2013, the City received \$2.5 million in 2013 and \$305,691 in 2014 from estates that predated the elimination of the tax. By 2015 estate revenue registered less than \$20,000. Taken together the impact of state cuts exceeds \$10 million annually in general fund support.

In its 2016-2017 biennial budget, the Ohio legislature once again cut the local government fund allocation to municipalities. This time the purpose was to redirect \$12 million in funds from cities to townships and villages as well as to redirect \$11 million to fund the law enforcement assistance program and the community police relations task force. All told, this will result in an 80% reduction in the City's municipal allocation, an estimated loss of \$825,000 in SFY 2017.

Casino Tax Revenue

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

All four casinos were operational by the first quarter of 2013. Casino revenues for the City were \$3.2 million in 2014, which was the first full year of operation for all four casinos followed by \$3.1 million in 2015. With video-lottery gambling at the seven racinos (horse-racing combined with gambling) the market appears saturated. Hence, the estimate for 2016 was decreased to \$3.0 million and is recorded under the intergovernmental category.

Other Sources

Given the reductions in state-shared revenues, the loss of contracted waste collection services to Riverside, the elimination of the public safety photo enforcement program and otherwise modest revenue growth, it was necessary to balance the 2016 budget with \$1.5 million of the cash reserve.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

Cost Containment and Workforce Reductions

After more than a decade of workforce reductions resulting in 700 or 40% fewer filled positions, 2013 marked the first year for stable employment levels followed by slight increases in 2014 and 2015. This is not to suggest, however, that cost containment is not still a reality for the City of Dayton organization. But what it does mean is that recruit classes for Police and Fire have been reinstated, after settling a lawsuit with the Department of Justice, and mission critical positions are being filled.

Wage increases were very modest in 2013 and 2014 while converting to a self-insured health plan and investing in wellness initiatives have helped rein in costs. Labor contracts for the 2015 -2017 contract period were executed with the City's four bargaining groups, resulting in a three-year wage package of 3%, 2% and 2%. Additionally, the contracts include several cost containment articles for health insurance.

Next Year's Budget and Rates

The unencumbered general fund balance on a budgetary basis is expected to remain within the minimum policy parameter level of 6 weeks of operating reserves.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact LaShea Smith, Finance Director, City of Dayton, 101 West Third Street, P.O. Box 22, Dayton, OH 45401-0022, or visit our website at www.daytonohio.gov.

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**BASIC
FINANCIAL STATEMENTS**

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2015

	<u>Primary Government</u>			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Equity in pooled cash and investments.	\$ 106,697,032	\$ 211,164,523	\$ 317,861,555	\$ 3,414,589
Cash with fiscal and escrow agents.	675	-	675	-
Receivables:				
Property and other local taxes	20,490,591	-	20,490,591	-
Municipal income taxes.	15,803,871	-	15,803,871	-
Accounts.	6,715,102	15,829,549	22,544,651	214,647
Payments in lieu of taxes.	2,448,624	-	2,448,624	-
Contracts.	-	-	-	307,459
Special assessments	14,901,117	1,730,073	16,631,190	-
Accrued interest	227,971	224,263	452,234	1,874,813
Due from other governments.	18,112,137	1,635,887	19,748,024	-
Loans receivable.	28,226,524	-	28,226,524	14,515,622
Internal balance	904,778	(904,778)	-	-
Due from component units.	11,673,217	1,349,796	13,023,013	-
Materials and supplies inventory.	-	1,649,173	1,649,173	-
Inventory held for resale.	442,988	-	442,988	-
Deposits.	-	-	-	1,106
Prepayments	844,549	497,873	1,342,422	139,152
Restricted assets:				
Equity in pooled cash and cash equivalents.	-	140,859	140,859	3,895,023
Cash with fiscal and escrow agents.	1,191,393	6,117,859	7,309,252	-
Net pension asset.	102,587	80,531	183,118	-
Equity investments.	-	-	-	553,294
Capital assets:				
Land and construction in progress.	95,079,223	77,662,283	172,741,506	-
Depreciable capital assets, net.	333,227,694	449,597,436	782,825,130	30,082,872
Total capital assets, net.	<u>428,306,917</u>	<u>527,259,719</u>	<u>955,566,636</u>	<u>30,082,872</u>
Total assets	<u>657,090,073</u>	<u>766,775,327</u>	<u>1,423,865,400</u>	<u>54,998,577</u>
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	1,421,026	1,727,225	3,148,251	-
Pension.	21,241,066	6,072,229	27,313,295	-
Total deferred outflows of resources	<u>22,662,092</u>	<u>7,799,454</u>	<u>30,461,546</u>	<u>-</u>

- - continued

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION (continued)
DECEMBER 31, 2015

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Liabilities:				
Accounts payable	\$ 1,889,535	\$ 3,089,415	\$ 4,978,950	\$ 312,851
Contracts payable	724,492	3,802,959	4,527,451	-
Retainage payable	465,662	1,362,757	1,828,419	-
Grants payable	-	-	-	652,225
Accrued wages and benefits payable	2,363,001	993,319	3,356,320	-
Due to other governments	3,846,959	707,144	4,554,103	-
Due to primary government	-	-	-	13,023,013
Accrued interest payable	175,577	392,839	568,416	1,289,072
Payable from restricted assets:				
Utility deposits	-	140,859	140,859	-
Accrued liabilities and other payables	-	-	-	1,271,486
Long-term liabilities:				
Due within one year	17,972,509	9,185,196	27,157,705	1,226,336
Due in more than one year	75,158,068	119,584,110	194,742,178	30,276,326
Net pension liability	149,445,640	34,245,875	183,691,515	-
Total liabilities	<u>252,041,443</u>	<u>173,504,473</u>	<u>425,545,916</u>	<u>48,051,309</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	12,174,859	-	12,174,859	-
Pension	1,050,937	604,721	1,655,658	-
Payments in lieu of taxes levied for the next fiscal year	1,479,350	-	1,479,350	-
Total deferred inflows of resources	<u>14,705,146</u>	<u>604,721</u>	<u>15,309,867</u>	<u>-</u>
Net position:				
Net investment in capital assets	378,194,645	451,108,014	829,302,659	(715,682)
Restricted for:				
Permanent fund:				
Expendable	80,622	-	80,622	-
Nonexpendable	102,228	-	102,228	-
Capital projects	13,624,265	-	13,624,265	-
Debt service	32,363,567	-	32,363,567	-
Housing and urban development	6,654,655	-	6,654,655	-
Special projects	5,785,179	-	5,785,179	-
Street and highway projects	1,533,193	-	1,533,193	-
Other purposes	3,237,578	-	3,237,578	2,086,883
Unrestricted (deficit)	(28,570,356)	149,357,573	120,787,217	5,576,067
Total net position	<u>\$ 413,005,576</u>	<u>\$ 600,465,587</u>	<u>\$ 1,013,471,163</u>	<u>\$ 6,947,268</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Downtown	\$ 3,796,899	\$ 659,723	\$ 2,564	\$ -
Youth, education and human services.	550,914	27,903	396,529	-
Community development and neighborhoods.	23,517,538	2,675,576	10,722,348	-
Economic development	15,401,684	2,769,150	1,504,214	-
Leadership and quality of life	46,597,492	5,811,184	8,188,336	8,771,868
Corporate responsibility.	15,284,297	2,834,131	204,262	-
Public safety and justice.	97,757,003	20,823,804	697,691	-
Interest and fiscal charges.	2,942,225	168,771	-	-
Total governmental activities	<u>205,848,052</u>	<u>35,770,242</u>	<u>21,715,944</u>	<u>8,771,868</u>
Business-type activities:				
Dayton International Airport.	42,627,742	24,974,019	-	14,310,555
Water.	45,493,204	47,377,507	-	8,328
Sewer.	28,009,025	33,960,790	-	-
Other business-type activities:				
Storm Water.	5,662,740	7,432,885	-	-
Golf.	3,026,642	2,923,295	-	-
Total business-type activities	<u>124,819,353</u>	<u>116,668,496</u>	<u>-</u>	<u>14,318,883</u>
Total primary government	<u>\$ 330,667,405</u>	<u>\$ 152,438,738</u>	<u>\$ 21,715,944</u>	<u>\$ 23,090,751</u>
Component Unit:				
CityWide Development Corporations	<u>\$ 5,654,299</u>	<u>\$ 4,854,775</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

- Property taxes levied for:
 - General purposes
 - Debt service.
- Income taxes levied for:
 - General purposes
- Payments in lieu of taxes
- Grants and entitlements not restricted
 - to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year (restated).

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (3,134,612)	\$ -	\$ (3,134,612)	\$ -
(126,482)	-	(126,482)	-
(10,119,614)	-	(10,119,614)	-
(11,128,320)	-	(11,128,320)	-
(23,826,104)	-	(23,826,104)	-
(12,245,904)	-	(12,245,904)	-
(76,235,508)	-	(76,235,508)	-
(2,773,454)	-	(2,773,454)	-
<u>(139,589,998)</u>	<u>-</u>	<u>(139,589,998)</u>	<u>-</u>
-	(3,343,168)	(3,343,168)	-
-	1,892,631	1,892,631	-
-	5,951,765	5,951,765	-
-	1,770,145	1,770,145	-
-	(103,347)	(103,347)	-
-	<u>6,168,026</u>	<u>6,168,026</u>	<u>-</u>
<u>(139,589,998)</u>	<u>6,168,026</u>	<u>(133,421,972)</u>	<u>-</u>
-	-	-	<u>(799,524)</u>
5,367,395	-	5,367,395	-
6,788,252	-	6,788,252	-
107,633,425	-	107,633,425	-
1,599,086	-	1,599,086	-
14,236,917	-	14,236,917	-
1,852,285	535,994	2,388,279	2,605
3,598,806	11,606,143	15,204,949	356,201
<u>141,076,166</u>	<u>12,142,137</u>	<u>153,218,303</u>	<u>358,806</u>
1,486,168	18,310,163	19,796,331	(440,718)
411,519,408	582,155,424	993,674,832	7,387,986
<u>\$ 413,005,576</u>	<u>\$ 600,465,587</u>	<u>\$ 1,013,471,163</u>	<u>\$ 6,947,268</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	<u>General</u>	<u>Other Special Revenue</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Assets:				
Equity in pooled cash and investments.	\$ 43,963,061	\$ 5,837,451	\$ 11,725,893	\$ 17,955,438
Cash with fiscal and escrow agents.	675	-	-	-
Receivables:				
Property and other local taxes.	8,887,851	-	11,602,740	-
Municipal income taxes.	15,803,871	-	-	-
Accounts.	6,588,339	87,889	-	7,580
Payments in lieu of taxes.	-	-	-	2,448,624
Special assessments.	346,102	13,858,384	95,511	-
Accrued interest.	201,019	1,311	-	-
Due from other funds.	337,828	26,230	-	-
Due from other governments.	5,479,681	79,083	189,654	3,995,586
Loans receivable.	6,375,620	-	15,515,000	6,335,904
Advances to other funds.	-	-	854,243	-
Prepayments.	659,285	3,163	-	14,013
Due from component units.	3,120,334	-	-	2,380,184
Restricted assets:				
Cash with fiscal and escrow agents.	-	-	-	1,191,393
Total assets	<u>\$ 91,763,666</u>	<u>\$ 19,893,511</u>	<u>\$ 39,983,041</u>	<u>\$ 34,328,722</u>
Liabilities:				
Accounts payable.	\$ 1,024,652	\$ 33,753	\$ -	\$ 248,277
Contracts payable.	555,621	63,032	-	63,479
Accrued wages and benefits payable.	2,086,705	28,725	-	9,865
Retainage payable.	-	-	-	339,010
Compensated absences payable.	66,937	-	-	-
Advances from other funds.	147,189	-	-	-
Due to other funds.	140,378	1,136	-	255
Due to other governments.	3,089,578	-	-	-
Claimants payable.	103,657	-	-	-
Total liabilities	<u>7,214,717</u>	<u>126,646</u>	<u>-</u>	<u>660,886</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	5,139,456	-	7,035,403	-
Delinquent property tax revenue not available.	3,736,912	-	4,567,337	-
Accrued interest not available.	132,162	862	-	-
Special assessments revenue not available.	346,102	13,858,384	95,511	-
Miscellaneous revenue not available.	3,151,426	59,607	-	7,500
Income tax revenue not available.	6,504,405	-	-	-
Intergovernmental revenue not available.	3,099,006	62,833	189,654	3,695,490
Payments in lieu of taxes levied for the next fiscal year.	-	-	-	1,163,232
Delinquent payment in lieu of taxes revenue not available.	-	-	-	1,285,392
Total deferred inflows of resources	<u>22,109,469</u>	<u>13,981,686</u>	<u>11,887,905</u>	<u>6,151,614</u>
Fund balances:				
Nonspendable.	10,582,684	3,163	-	-
Restricted.	-	5,782,016	27,686,642	9,434,711
Committed.	2,551,240	-	408,494	7,302,188
Assigned.	20,365,988	-	-	10,779,323
Unassigned.	28,939,568	-	-	-
Total fund balances	<u>62,439,480</u>	<u>5,785,179</u>	<u>28,095,136</u>	<u>27,516,222</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 91,763,666</u>	<u>\$ 19,893,511</u>	<u>\$ 39,983,041</u>	<u>\$ 34,328,722</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 1,947,120	\$ 81,428,963
-	675
-	20,490,591
-	15,803,871
31,294	6,715,102
-	2,448,624
601,120	14,901,117
678	203,008
-	364,058
8,202,647	17,946,651
-	28,226,524
-	854,243
-	676,461
6,172,699	11,673,217
-	1,191,393
<u>\$ 16,955,558</u>	<u>\$ 202,924,498</u>
\$ 491,008	\$ 1,797,690
39,314	721,446
146,455	2,271,750
126,652	465,662
-	66,937
-	147,189
366,714	508,483
-	3,089,578
-	103,657
<u>1,170,143</u>	<u>9,172,392</u>
-	12,174,859
-	8,304,249
446	133,470
601,120	14,901,117
28,464	3,246,997
-	6,504,405
7,046,740	14,093,723
-	1,163,232
-	1,285,392
<u>7,676,770</u>	<u>61,807,444</u>
102,228	10,688,075
8,216,413	51,119,782
-	10,261,922
-	31,145,311
<u>(209,996)</u>	<u>28,729,572</u>
<u>8,108,645</u>	<u>131,944,662</u>
<u>\$ 16,955,558</u>	<u>\$ 202,924,498</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015

Total governmental fund balances		\$ 131,944,662
<i>Amounts reported for governmental activities on the statement of net position are different than the net position because:</i>		
1. Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds.		427,418,371
2. Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property and other local taxes receivable	\$ 11,902,784	
Payments in lieu of taxes receivable	969,274	
Municipal income taxes receivable	6,504,405	
Accounts receivable	3,505,970	
Special assessments receivable	14,901,117	
Accrued interest receivable	133,470	
Due from other governments	10,236,215	
Total		48,153,235
3. Internal service funds are used by management to charge the costs of fleet management fire fleet management, stores and reproduction, workers' compensation, and plumbing to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position. The net position of the internal service funds, including internal balances of \$21,000 are:		16,053,076
4. In the statement of net position interest is accrued on bonds, whereas in governmental funds, interest is accrued when due.		(175,577)
5. Unamortized deferred amounts on refundings are not recognized in the governmental funds.		1,421,026
6. Unamortized premiums on bond issuances are not recognized in the governmental funds.		(5,002,774)
7. The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds		94,508
8. The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows are not reported in the governmental funds.		(126,765,999)
9. Long-term liabilities, including bonds and compensated absences are not due and payable in the current period and therefore are not reported in the funds (exclusive of internal service fund liabilities).		
General obligation bonds	(34,245,000)	
Revenue bonds	(26,200,000)	
Lease obligations	(1,621,171)	
State Infrastructure Bank Loan	(2,500,000)	
State Infrastructure Bank Bonds	(3,540,000)	
Compensated absences	(8,778,853)	
OPWC loans	(555,099)	
ODOD Loan	(2,694,829)	
Total		(80,134,952)
Net position of governmental activities		\$ 413,005,576

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General</u>	<u>Other Special Revenue</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Revenues:				
Municipal income taxes	\$ 107,375,864	\$ -	\$ -	\$ -
Property and other taxes.	5,324,687	-	6,414,253	321,800
State shared taxes.	7,832,632	-	2,418,456	-
Charges for services.	27,552,585	207,691	-	504,338
Licenses and permits	1,512,717	36,542	-	-
Fines and forfeitures	2,181,301	27,065	-	-
Intergovernmental.	4,199,407	89,389	21,092	7,495,215
Special assessments	153,980	2,537,481	54,829	936
Investment income.	1,728,300	2,803	24,454	-
Payments in lieu of taxes.	-	-	-	1,675,558
Increase (decrease) in FMV of investments.	(16,644)	140	-	-
Other	3,208,928	1,304,845	389,879	653,707
Total revenues	<u>161,053,757</u>	<u>4,205,956</u>	<u>9,322,963</u>	<u>10,651,554</u>
Expenditures:				
Current:				
Downtown	3,217,932	-	-	280,000
Youth, education and human services.	143,310	-	-	-
Community development and neighborhoods.	12,789,481	82,448	-	957,105
Economic development	6,251,957	704,684	-	2,547,101
Leadership and quality of life	22,419,522	2,643,406	-	1,991,055
Corporate responsibility.	14,203,205	-	173,162	243,688
Public safety and justice.	91,794,509	411,244	-	-
Capital outlay	-	-	-	15,878,315
Debt service:				
Principal retirement.	-	-	6,472,303	589,882
Interest and fiscal charges	-	-	3,003,297	48,868
Total expenditures	<u>150,819,916</u>	<u>3,841,782</u>	<u>9,648,762</u>	<u>22,536,014</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>10,233,841</u>	<u>364,174</u>	<u>(325,799)</u>	<u>(11,884,460)</u>
Other financing sources (uses):				
Transfers in	-	-	1,085,345	7,182,200
Transfers (out).	<u>(9,383,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(9,383,214)</u>	<u>-</u>	<u>1,085,345</u>	<u>7,182,200</u>
Net change in fund balances	850,627	364,174	759,546	(4,702,260)
Fund balances at beginning of year.	<u>61,588,853</u>	<u>5,421,005</u>	<u>27,335,590</u>	<u>32,218,482</u>
Fund balances at end of year	<u>\$ 62,439,480</u>	<u>\$ 5,785,179</u>	<u>\$ 28,095,136</u>	<u>\$ 27,516,222</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 107,375,864
-	12,060,740
5,188,850	15,439,938
714,194	28,978,808
-	1,549,259
528,951	2,737,317
15,452,891	27,257,994
31,176	2,778,402
1,592	1,757,149
-	1,675,558
64	(16,440)
321,279	5,878,638
<u>22,238,997</u>	<u>207,473,227</u>
2,266	3,500,198
350,447	493,757
9,629,529	23,458,563
5,361,055	14,864,797
9,219,721	36,273,704
180,000	14,800,055
2,478,513	94,684,266
-	15,878,315
-	7,062,185
-	3,052,165
<u>27,221,531</u>	<u>214,068,005</u>
<u>(4,982,534)</u>	<u>(6,594,778)</u>
1,233,414	9,500,959
-	(9,383,214)
<u>1,233,414</u>	<u>117,745</u>
(3,749,120)	(6,477,033)
11,857,765	138,421,695
<u>\$ 8,108,645</u>	<u>\$ 131,944,662</u>

**CITY OF DAYTON, OHIO
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Net change in fund balances - total governmental funds		\$ (6,477,033)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
1. Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$15,725,633) exceeded depreciation expense (\$14,884,156) in the current period (exclusive of internal service fund activity).		841,477
2. The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to increase net position.		(83,588)
3. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Municipal income taxes	\$ 257,561	
Property and other local taxes	(17,885)	
Payments in lieu of taxes	(76,472)	
Charges for services	(139,786)	
Intergovernmental	2,134,447	
Special assessments	(2,412,654)	
Investment income	53,039	
Total	(201,750)	(201,750)
4. Repayments of bond, loan and capital lease principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities on the statement of net position.		
Bond principal payments	6,460,000	
Loan principal payments	228,036	
Capital lease principal payments	374,149	
Total	7,062,185	7,062,185
5. 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	(3,773)	
Amortization of bond premiums and discounts	287,729	
Amortization of deferred charges on refundings	(174,016)	
Total	109,940	109,940
6. Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(35,098)
7. Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflow:		14,013,895
8. Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(14,641,716)
9. 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 of the internal service funds, including internal balances of \$534,427, is allocated among governmental activities.		897,856
Change in net position of governmental activities		\$ 1,486,168

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 103,618,900	\$ 107,452,900	\$ 107,411,832	\$ (41,068)
Property and other taxes	5,813,200	5,919,900	5,953,122	33,222
State shared taxes	7,282,100	7,298,300	7,280,796	(17,504)
Charges for services	27,342,500	26,775,500	27,658,742	883,242
Licenses and permits	1,300,000	1,585,000	1,512,717	(72,283)
Fines and forfeitures	1,275,000	2,476,500	2,443,866	(32,634)
Intergovernmental	4,602,200	4,506,800	4,164,747	(342,053)
Special assessments	175,000	142,400	153,980	11,580
Investment income	1,620,600	1,760,700	1,729,228	(31,472)
Other	3,576,700	3,290,500	3,041,355	(249,145)
Total revenues	<u>156,606,200</u>	<u>161,208,500</u>	<u>161,350,385</u>	<u>141,885</u>
Expenditures:				
Current:				
Downtown	3,452,900	3,486,900	3,364,424	122,476
Youth, education and human services	60,000	105,000	150,493	(45,493)
Community development and neighborhoods	13,249,700	13,792,200	13,567,804	224,396
Economic development	7,677,600	7,499,200	6,902,851	596,349
Leadership and quality of life	22,633,000	23,188,700	22,492,365	696,335
Corporate responsibility	15,079,400	15,604,400	14,771,928	832,472
Public safety and justice	94,758,200	96,055,300	93,650,126	2,405,174
Other	3,123,700	1,127,900	1,204,411	(76,511)
Debt service:				
Principal retirement	68,300	70,400	70,395	5
Interest and fiscal charges	8,700	8,700	6,528	2,172
Total expenditures	<u>160,111,500</u>	<u>160,938,700</u>	<u>156,181,325</u>	<u>4,757,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,505,300)</u>	<u>269,800</u>	<u>5,169,060</u>	<u>4,899,260</u>
Other financing uses:				
Transfers (out)	<u>(3,505,000)</u>	<u>(10,468,000)</u>	<u>(9,383,214)</u>	<u>1,084,786</u>
Total other financing uses	<u>(3,505,000)</u>	<u>(10,468,000)</u>	<u>(9,383,214)</u>	<u>1,084,786</u>
Net change in fund balances	(7,010,300)	(10,198,200)	(4,214,154)	5,984,046
Fund balance at beginning of year	58,613,765	58,613,765	58,613,765	-
Prior year encumbrances appropriated	3,455,304	3,455,304	3,455,304	-
Fund balance at end of year	<u>\$ 55,058,769</u>	<u>\$ 51,870,869</u>	<u>\$ 57,854,915</u>	<u>\$ 5,984,046</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OTHER SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 77,100	\$ 164,200	\$ 165,211	\$ 1,011
Licenses and permits	17,100	36,300	36,542	242
Fines and forfeitures	12,600	26,900	27,065	165
Special assessments	1,183,700	2,521,400	2,537,481	16,081
Investment income	1,500	3,300	3,282	(18)
Intergovernmental	41,700	88,800	89,389	589
Other	600,900	1,280,000	1,288,163	8,163
Total revenues	<u>1,934,600</u>	<u>4,120,900</u>	<u>4,147,133</u>	<u>26,233</u>
Expenditures:				
Current:				
Community development and neighborhoods	85,000	85,000	81,709	3,291
Economic development	1,021,600	1,321,600	984,929	336,671
Leadership and quality of life	2,584,600	3,194,200	2,819,541	374,659
Public safety and justice	1,231,000	1,275,300	461,576	813,724
Total expenditures	<u>4,922,200</u>	<u>5,876,100</u>	<u>4,347,755</u>	<u>1,528,345</u>
Excess of expenditures over revenues	(2,987,600)	(1,755,200)	(200,622)	1,554,578
Fund balances at beginning of year	3,412,448	3,412,448	3,412,448	-
Prior year encumbrances appropriated	44,849	44,849	44,849	-
Fund balance at end of year	<u>\$ 469,697</u>	<u>\$ 1,702,097</u>	<u>\$ 3,256,675</u>	<u>\$ 1,554,578</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Assets:				
Current assets:				
Equity in pooled cash and investments.	\$ 66,538,748	\$ 74,089,847	\$ 57,901,389	\$ 12,634,539
Receivables:				
Accounts.	2,527,690	6,452,237	5,309,269	1,540,353
Special assessments	-	744,360	360,789	624,924
Accrued interest	66,433	77,513	62,137	18,180
Due from other funds	-	4,324,320	-	-
Due from other governments.	1,459,659	176,228	-	-
Advances to other funds	-	-	-	-
Due from component units.	-	1,349,796	-	-
Materials and supplies inventory.	24,061	1,625,112	-	-
Inventory held for resale.	-	-	-	-
Prepayments	153,452	258,687	80,765	4,969
Total current assets	<u>70,770,043</u>	<u>89,098,100</u>	<u>63,714,349</u>	<u>14,822,965</u>
Noncurrent assets:				
Net pension asset.	18,713	36,237	17,983	7,598
Capital assets:				
Land and construction in progress.	47,659,357	17,805,549	11,052,835	1,144,542
Depreciable capital assets, net.	224,114,570	118,593,279	89,568,220	17,321,367
Total capital assets, net.	<u>271,773,927</u>	<u>136,398,828</u>	<u>100,621,055</u>	<u>18,465,909</u>
Restricted assets:				
Equity in pooled cash and cash equivalents	-	140,859	-	-
Cash with fiscal and escrow agents	3,906,134	1,081,575	1,130,150	-
Total restricted assets.	<u>3,906,134</u>	<u>1,222,434</u>	<u>1,130,150</u>	<u>-</u>
Total noncurrent assets	<u>275,698,774</u>	<u>137,657,499</u>	<u>101,769,188</u>	<u>18,473,507</u>
Total assets	<u>346,468,817</u>	<u>226,755,599</u>	<u>165,483,537</u>	<u>33,296,472</u>
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	1,727,225	-	-	-
Pension.	1,854,744	2,472,220	1,226,850	518,415
Total deferred outflows of resources	<u>3,581,969</u>	<u>2,472,220</u>	<u>1,226,850</u>	<u>518,415</u>
Total assets and deferred outflows of resources	<u>350,050,786</u>	<u>229,227,819</u>	<u>166,710,387</u>	<u>33,814,887</u>

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 211,164,523	\$ 25,268,069
15,829,549	-
1,730,073	-
224,263	24,963
4,324,320	217,562
1,635,887	165,486
-	147,189
1,349,796	-
1,649,173	-
-	442,988
497,873	168,088
<u>238,405,457</u>	<u>26,434,345</u>
80,531	8,079
77,662,283	75,000
449,597,436	813,546
<u>527,259,719</u>	<u>888,546</u>
140,859	-
6,117,859	-
<u>6,258,718</u>	<u>-</u>
<u>533,598,968</u>	<u>896,625</u>
<u>772,004,425</u>	<u>27,330,970</u>
1,727,225	-
6,072,229	551,187
<u>7,799,454</u>	<u>551,187</u>
<u>779,803,879</u>	<u>27,882,157</u>

- - Continued

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			Nonmajor Enterprise Funds
	Dayton International Airport	Water	Sewer	
Liabilities:				
Current liabilities:				
Accounts payable	366,131	1,882,169	718,661	122,454
Contracts payable	2,378,334	991,181	312,501	120,943
Retainage payable	309,413	470,962	517,887	64,495
Accrued wages and benefits payable	289,021	418,957	202,680	82,661
Due to other funds	1,783	56,178	3,608,554	729,340
Due to other governments	542,138	161,393	710	2,903
Accrued interest payable	119,137	83,981	189,721	-
Compensated absences payable - current	629,371	1,038,747	475,495	233,579
Advances from other funds	-	-	-	854,243
General obligation bonds payable	565,000	965,000	990,000	-
Revenue bonds payable	1,750,000	550,000	580,000	-
OWDA loans payable	-	-	831,353	-
OPWC loans payable	-	-	50,000	-
Claims and judgments payable	-	-	-	-
Capital lease obligations payable	139,677	234,955	128,601	23,418
Payable from restricted assets:				
Utility deposits	-	140,859	-	-
Total current liabilities	7,090,005	6,994,382	8,606,163	2,234,036
Long-term liabilities:				
Compensated absences payable	331,070	546,415	250,127	122,870
General obligation bonds payable	9,451,545	11,740,000	11,980,000	-
Revenue bonds payable	47,911,403	15,170,663	15,848,679	-
OWDA loans payable	-	-	6,031,338	-
OPWC loans payable	-	-	200,000	-
Net pension liability	11,434,553	13,371,626	6,635,726	2,803,970
Claims and judgments payable	-	-	-	-
Total long-term liabilities	69,128,571	40,828,704	40,945,870	2,926,840
Total liabilities	76,218,576	47,823,086	49,552,033	5,160,876
Deferred inflows of resources:				
Pension	149,737	266,704	132,353	55,927
Total deferred inflows of resources	149,737	266,704	132,353	55,927
Total liabilities and deferred inflows of resources	76,368,313	48,089,790	49,684,386	5,216,803
Net position:				
Net investment in capital assets	232,540,780	121,366,067	78,920,696	18,280,471
Unrestricted	41,141,693	59,771,962	38,105,305	10,317,613
Total net position	\$ 273,682,473	\$ 181,138,029	\$ 117,026,001	\$ 28,598,084

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

Net position of business-type activities:

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
3,089,415	91,845
3,802,959	3,046
1,362,757	-
993,319	91,251
4,395,855	1,602
707,144	757,381
392,839	-
2,377,192	194,835
854,243	-
2,520,000	-
2,880,000	-
831,353	-
50,000	-
-	3,745,518
526,651	
140,859	-
<u>24,924,586</u>	<u>4,885,478</u>
1,250,482	102,488
33,171,545	-
78,930,745	-
6,031,338	-
200,000	-
34,245,875	2,981,236
-	3,779,416
<u>153,829,985</u>	<u>6,863,140</u>
<u>178,754,571</u>	<u>11,748,618</u>
604,721	59,463
<u>604,721</u>	<u>59,463</u>
<u>179,359,292</u>	<u>11,808,081</u>
451,108,014	888,546
<u>149,336,573</u>	<u>15,185,530</u>
600,444,587	<u>\$ 16,074,076</u>
<u>21,000</u>	
<u>\$ 600,465,587</u>	

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			Nonmajor Enterprise Funds
	Dayton International Airport	Water	Sewer	
Operating revenues:				
Charges for services	\$ 24,974,019	\$ 47,377,507	\$ 33,960,790	\$ 10,356,180
Other operating revenues	6,401,655	4,774,034	411,674	18,780
Total operating revenues.	<u>31,375,674</u>	<u>52,151,541</u>	<u>34,372,464</u>	<u>10,374,960</u>
Operating expenses:				
Personal services	9,450,038	14,985,393	7,458,458	3,120,613
Fringe benefits.	3,628,943	5,663,714	2,752,799	1,167,382
Contract services.	9,511,786	4,395,357	6,038,700	2,179,054
Materials and supplies.	1,427,726	4,087,112	2,216,479	390,580
Cost of sales.	-	-	-	-
Utilities	1,796,313	5,885,292	3,011,278	196,791
Claims expense	-	-	-	-
Depreciation.	11,810,073	6,523,768	4,025,363	871,712
Other	2,160,242	2,829,928	1,325,282	674,950
Total operating expenses.	<u>39,785,121</u>	<u>44,370,564</u>	<u>26,828,359</u>	<u>8,601,082</u>
Operating income (loss)	<u>(8,409,447)</u>	<u>7,780,977</u>	<u>7,544,105</u>	<u>1,773,878</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(1,830,912)	(562,893)	(825,505)	(48,955)
Loss on sale of capital assets.	(34,097)	(126,633)	(19,685)	-
Bond issuance costs	(796,383)	(223,302)	(231,435)	-
Interest income.	155,821	186,277	189,033	900
Increase (decrease) in fair market value of investmen	1,714	691	2,136	(578)
Total nonoperating revenues (expenses).	<u>(2,503,857)</u>	<u>(725,860)</u>	<u>(885,456)</u>	<u>(48,633)</u>
Income (loss) before contributions and transfers	(10,913,304)	7,055,117	6,658,649	1,725,245
Transfer out	-	-	-	-
Capital contributions.	14,310,555	8,328	-	-
Change in net position	3,397,251	7,063,445	6,658,649	1,725,245
Net position at beginning of year (restated).	<u>270,285,222</u>	<u>174,074,584</u>	<u>110,367,352</u>	<u>26,872,839</u>
Net position at end of year	<u>\$ 273,682,473</u>	<u>\$ 181,138,029</u>	<u>\$ 117,026,001</u>	<u>\$ 28,598,084</u>

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

Change in net position of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 116,668,496	\$ 37,629,476
11,606,143	412,658
128,274,639	38,042,134
35,014,502	3,415,188
13,212,838	1,237,697
22,124,897	1,126,332
8,121,897	2,342,458
-	3,355,274
10,889,674	27,342
-	25,560,181
23,230,916	73,521
6,990,402	485,710
119,585,126	37,623,703
8,689,513	418,431
(3,268,265)	-
(180,415)	-
(1,251,120)	-
532,031	63,472
3,963	(729)
(4,163,806)	62,743
4,525,707	481,174
-	(117,745)
14,318,883	-
18,844,590	363,429
	15,710,647
	\$ 16,074,076
(534,427)	
\$ 18,310,163	

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Cash flows from operating activities:				
Cash received from customers.	\$ 25,340,600	\$ 47,149,045	\$ 33,248,071	\$ 10,374,065
Cash received from interfund services provided.	-	-	-	-
Cash received from other operations	6,576,107	4,694,859	411,674	18,780
Cash payments for personal services.	(9,590,648)	(15,235,416)	(7,555,820)	(3,193,404)
Cash payments for fringe benefits.	(3,788,252)	(6,053,406)	(2,944,569)	(1,253,548)
Cash payments for contractual services	(9,627,141)	(4,400,022)	(5,982,805)	(2,100,700)
Cash payments for materials and supplies	(1,474,249)	(4,253,449)	(2,158,362)	(387,312)
Cash payments for cost of goods sold.	-	-	-	-
Cash payments for utilities.	(1,963,268)	(5,812,564)	(3,044,319)	(187,462)
Cash payments for claims	-	-	-	-
Cash payments for other expenses	(2,174,587)	(2,846,722)	(1,359,371)	(635,376)
Net cash provided by operating activities.	<u>3,298,562</u>	<u>13,242,325</u>	<u>10,614,499</u>	<u>2,635,043</u>
Cash flows from noncapital financing activities:				
Cash received from advance from component unit.	-	325,572	-	-
Cash payments for advance to component unit.	-	(177,582)	-	-
Cash used in transfers out	-	-	-	-
Cash received from interfund loans	-	-	-	-
Interest paid on interfund loans.	-	-	-	(48,908)
Cash used in repayment of interfund loans.	-	-	-	(232,598)
Net cash provided by (used in) noncapital financing activities.	<u>-</u>	<u>147,990</u>	<u>-</u>	<u>(281,506)</u>
Cash flows from capital and related financing activities:				
Capital contributions.	13,733,081	-	-	-
Acquisition of capital assets	(17,292,048)	(16,043,247)	(15,245,940)	(1,326,380)
Principal paid on loans.	-	-	(850,295)	-
Interest paid on loans.	-	-	(287,291)	-
Principal paid on capital leases.	(32,236)	(54,224)	(29,680)	(5,405)
Interest paid on capital leases.	(280)	(471)	(258)	(47)
Principal paid on bonds.	(4,235,000)	(925,000)	(935,000)	-
Interest paid on bonds.	(1,681,726)	(524,814)	(535,399)	-
Bond issuance costs.	(796,383)	(223,302)	(231,435)	-
Payment to refunded bond escrow agent.	(8,511,884)	-	-	-
Premium on bonds.	1,706,870	633,302	661,435	-
Bond proceeds.	29,590,000	15,090,000	15,770,000	-
Net cash used in capital and related financing activities.	<u>12,480,394</u>	<u>(2,047,756)</u>	<u>(1,683,863)</u>	<u>(1,331,832)</u>
Cash flows from investing activities:				
Interest received and fair market value adjustment	168,255	194,684	203,146	(578)
Net cash provided by investing activities	<u>168,255</u>	<u>194,684</u>	<u>203,146</u>	<u>(578)</u>
Net increase (decrease) in cash and investments.	15,947,211	11,537,243	9,133,782	1,021,127
Cash and investments at beginning of year.	<u>54,497,671</u>	<u>63,775,038</u>	<u>49,897,757</u>	<u>11,613,412</u>
Cash and investments at end of year.	<u>\$ 70,444,882</u>	<u>\$ 75,312,281</u>	<u>\$ 59,031,539</u>	<u>\$ 12,634,539</u>

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 116,111,781	\$ -
-	37,317,297
11,701,420	412,658
(35,575,288)	(3,456,085)
(14,039,775)	(1,324,656)
(22,110,668)	(1,273,952)
(8,273,372)	(2,428,035)
-	(3,110,063)
(11,007,613)	(27,924)
-	(26,521,372)
(7,016,056)	(258,118)
<u>29,790,429</u>	<u>(670,250)</u>
325,572	-
(177,582)	-
-	(117,745)
-	70,395
(48,908)	-
(232,598)	(200,000)
<u>(133,516)</u>	<u>(247,350)</u>
13,733,081	-
(49,907,615)	(5,189)
(850,295)	-
(287,291)	-
(121,545)	-
(1,056)	-
(6,095,000)	-
(2,741,939)	-
(1,251,120)	-
(8,511,884)	-
3,001,607	-
<u>60,450,000</u>	<u>-</u>
<u>7,416,943</u>	<u>(5,189)</u>
<u>565,507</u>	<u>61,747</u>
<u>565,507</u>	<u>61,747</u>
37,639,363	(861,042)
<u>179,783,878</u>	<u>26,129,111</u>
<u>\$ 217,423,241</u>	<u>\$ 25,268,069</u>

-- Continued

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (8,409,447)	\$ 7,780,977	\$ 7,544,105	\$ 1,773,878
Adjustments:				
Depreciation	11,810,073	6,523,768	4,025,363	871,712
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable.	967,220	(374,626)	(770,149)	(10,015)
Increase in net pension asset.	(13,613)	(26,361)	(13,082)	(5,527)
Increase in deferred outflows - pension.	(655,892)	(830,162)	(411,972)	(174,083)
Decrease (increase) in due from other funds.	-	(194,105)	-	-
Decrease (increase) in due from other governments.	(426,187)	124,883	-	22,062
Decrease (increase) in prepayments.	(63,160)	(213,247)	(65,937)	13
Decrease (increase) in special assessments receivable.	-	129,652	57,430	5,838
Increase in materials and supplies inventory.	41,869	(71,993)	-	-
Increase in inventory held for resale.	-	-	-	-
Increase (decrease) in accounts payable.	(626,677)	507,085	309,582	100,552
Increase (decrease) in contracts payable	872,822	(542,373)	(437,252)	(78,499)
Increase (decrease) in retainage payable	(627,571)	135,862	78,847	64,495
Increase (decrease) in accrued wages and benefits.	(208,617)	(304,812)	(162,024)	(70,537)
Increase (decrease) in due to other funds.	288	48,578	161,550	44,412
Increase in net pension liability.	427,098	302,020	149,879	63,333
Increase in deferred inflows - pension.	149,737	266,704	132,353	55,927
Increase (decrease) in due to other governments.	59,251	20,818	92	(448)
Increase (decrease) in compensated absences payable.	1,368	(47,104)	15,714	(28,070)
Increase in utility deposits.	-	6,761	-	-
Decrease in claims payable.	-	-	-	-
Net cash provided by operating activities	<u>\$ 3,298,562</u>	<u>\$ 13,242,325</u>	<u>\$ 10,614,499</u>	<u>\$ 2,635,043</u>

Non-cash transactions:

During 2015, the Dayton International Airport received \$1,217,496 in capital grants, which was recognized as a receivable in 2014. Receivables in the amount of \$1,794,970 and \$8,328 have been recorded for capital grants in 2015 for the Dayton International Airport and the Water enterprise funds, respectively.

At December 31, 2015, the Water, Sewer, Dayton International Airport and Storm Water enterprise funds purchased \$2,155,921, \$1,031,199, \$2,236,582 and \$195,759, respectively, in capital assets on account. At December 31, 2014, the Water, Sewer, Dayton International Airport and Storm Water enterprise funds purchased \$1,905,097, \$1,456,461, \$4,222,344 and \$6,334, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 8,689,513	\$ 418,431
23,230,916	73,521
(187,570)	14,418
(58,583)	(5,877)
(2,072,109)	(185,085)
(194,105)	(181,534)
(279,242)	(132,284)
(342,331)	67,325
192,920	-
(30,124)	-
-	246,958
290,542	(75,244)
(185,302)	3,046
(348,367)	-
(745,990)	(73,561)
254,828	(15,841)
942,330	67,337
604,721	59,463
79,713	(967,266)
(58,092)	9,867
6,761	-
-	6,076
<u>\$ 29,790,429</u>	<u>\$ (670,250)</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2015

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 4,032,900
Investments with fiscal agent	868,952
Cash and cash equivalents with fiscal agent . .	1,039,235
Receivables:	
Accounts	173,895
Special assessments.	7,421,550
Intergovernmental.	90,671
Total assets	\$ 13,627,203
Liabilities:	
Accounts payable	\$ 6,801
Intergovernmental payable.	1,821,572
Due to others.	8,594,335
Withholdings and deposits.	3,204,495
Total liabilities.	\$ 13,627,203

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 - DESCRIPTION OF THE CITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

DISCRETELY PRESENTED COMPONENT UNIT

The City has included one discretely presented component unit, the City-Wide Development Corporation (CWDC), as part of this report. CWDC was established in 1972 as a private, non-profit development organization which supports the City in a number of ways - primarily as its development financing arm. CWDC's relationship with the City is established via its stated mission: fostering economic development through creating and retaining jobs for City residents, providing administrative support to assist in neighborhood development, increasing tax revenues, and improving the Dayton area economy. Because the City appoints all members of CWDC's Board of Trustees and is empowered to remove them at will, CWDC is a component unit of the City. CWDC issues separately audited financial statements with a December 31 year end. Its most recently audited financial statements may be obtained from Citywide Development Corporation, 8 North Main Street, Dayton, Ohio 45402-1916. Further disclosures for the discretely presented component unit can be found in Note 22.

JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission - The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Dayton, City of Riverside, City of New Carlisle and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member and two at-large representatives. Payments to the Commission are made from the general fund. The City contributed \$65,102 for the operation of the Commission during 2015. Financial information can be obtained from Brian Martin, Executive Director, at 10 N. Ludlow Street Suite 700, Dayton, Ohio 45402.

Miami Valley Fire/EMS Alliance - The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS Services by volunteers, two representatives appointed by the members who are provided Fire/EMS Services by a combination of full time employees and volunteers and a representative appointed by the members who are provided Fire/EMS Services by full time employees. Payments to the Alliance are made from the general fund. The City contributed \$33,966 for the operation of the Alliance during 2015. Financial information can be obtained from Jackie Leland, Director, at 444 W. Third Street, Suite 20-231, Dayton, Ohio 45402.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

Miami Township-Dayton Joint Economic Development District - In an effort to promote regional growth and economic development, the City has entered into a contract with Miami Township to create a Joint Economic Development District (JEDD). The City entered into a separate contract with Miami Township in July, 2005. In accordance with State law, the Districts Board of Trustees levied a 1.75% income tax effective January 1, 2008. The proceeds of that tax are allocated, in accordance with the contract, primarily to the Township. In consideration for its receipt of a share of the District's income taxes, the City will receive 50% of the property tax revenue from parcels located within the District. The Township will utilize these JEDD revenues, in part, to construct infrastructure and improvement near the Dayton-Wright Brothers Airport. The City received \$85,368 in revenues through the JEDD in 2015.

Butler Township-Dayton Joint Economic Development District - In an effort to promote regional growth and economic development, the City has entered into a contract with Butler Township to create a Joint Economic Development District (JEDD). The City entered into a separate contract with Butler Township in July, 2006. In accordance with State Law, the Districts Board of Trustees levied a 1.75% income tax effective in 2008. The proceeds of that tax are allocated, in accordance with the contract, to the Township. In consideration for its receipt of a share of the District's income taxes, the City will receive 50% of the property tax revenue from parcels located within the District. The District will utilize these JEDD revenues to facilitate economic development to create or preserve jobs and employment opportunities and to improve economic welfare. The City received \$13,000 in revenues through the JEDD in 2015.

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 2015. Financial information can be obtained from Michael Norton-Smith, Community and Economic Development Specialist, Montgomery County, 451 W. Third Street, 10th Floor, Dayton, OH 45422, 937-224-3850, e-mail: smithmn@mcOhio.org

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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 2015. Financial information can be obtained from Tom Kelley, Executive Director, at 451 West Third Street, P.O. Box 972, Dayton, Ohio 45422-3100.

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

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

The Board established hazardous materials incident response guidelines to provide for response procedures in the event of an incident. In the event of a hazardous material incident within any local government that is a member of this organization, the other members will respond to render assistance. The funding for the operation of the response team is through contributions from each entity. In addition, the persons or company responsible for any hazardous materials emergency is required by State law to reimburse the team any costs associated with clean up. There is no explicit and measurable equity interest in HAZMAT. During 2015, the City contributed \$20,314 to HAZMAT. Financial information can be obtained from Danny Bristow, Executive Director at 444 West Third Street, Suite 20-231, Dayton, Ohio 45402.

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

The funding for the operation of the Agency is through contributions from each participating entity. Payments to the Agency are made from the general fund. The City contributed \$28,305 for the operation of the Agency during 2015. Financial information can be obtained from Jeff Jordan, Executive Director, 117 South Main Street, Suite 721, Dayton, Ohio 45422.

B. Basis of Presentation

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

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

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

C. Fund Accounting

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

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

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

Other special revenue fund - To account for monies committed by City ordinance to finance various special projects undertaken by the City.

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

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

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

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

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

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

- b. **Internal Service Funds** - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds include programs for fleet maintenance, fire fleet maintenance, plumbing services, workers' compensation, health insurance and stores and reproduction services.
3. **Fiduciary Funds** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds which are used to account for items such as building permit surcharge, prisoner's personal accounts, performance bonds, and as other situations where the City's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, and other governments.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

D. Measurement Focus

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

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

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

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

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

E. Basis of Accounting

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources have been reported for the following items related to the City's net pension liability: (1) the net difference between projected and actual investment earnings on pension plan assets, (2) the City's contributions to the pension systems subsequent to the measurement date and (3) differences between employer's contributions and the employer's proportional share of contributions.

In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The City also reports deferred inflow of resources for the following items related to the City's net pension liability: (1) differences between expected and actual experience and (2) differences between employer's contributions and the employer's proportional share of contributions. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

F. Budgetary Process

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

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 unassigned 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 2015.

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 assign that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as assignments of fund balances for subsequent-year expenditures for governmental funds.

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

G. Cash and Cash Equivalents

Cash balances of the City's funds, except cash and cash equivalents and investments held by fiscal agents, are pooled and invested in order to provide improved cash management. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the statement of net position.

During 2015, investments were limited to federal agency securities, U.S. Treasury notes, City owned debt, U.S. Government money market mutual funds and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for non-participating investment contracts, investments are stated at fair value which is based on quoted market prices. For U.S. Government money market mutual funds, fair value is determined by the fund's share price at December 31, 2015. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on December 31, 2015.

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

The City utilizes a financial institution to service bonded debt as principal and interest payments become due. The balance in these accounts along with reserves held for replacement and improvement for enterprise funds, money held by the municipal court, money held by the Dayton Foundation and money in the executive savings plan are shown as "cash and cash equivalents with fiscal agents" and "investments with fiscal agents".

Interest income is distributed to the funds according to City Ordinance and statutory requirements. Interest revenue earned during 2015 was \$1,728,300 in the general fund, which includes \$1,394,483 assigned from other City funds.

H. Inventory of Supplies

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

I. Restricted Assets

Restricted assets are those which are legally restricted in their use by bond indentures, or other legal instruments. Restricted assets in the enterprise funds include "equity in pooled cash and cash equivalents" and "cash with fiscal and escrow agents". The "equity in pooled cash and cash equivalents" represent utility deposits held by the City. The "cash with fiscal and escrow agents" are the proceeds from bond and loan issues that are required by the bond indenture or loan agreement to be held by a financial services corporation.

J. Capital Assets

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

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

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

K. Interfund Balances

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

L. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2015, 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

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.

N. Accrued Liabilities and Long-Term Obligations

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

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

O. Bond Premium and Discount/Accounting Gain or Loss

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

On the governmental fund financial statements, bond premiums and discounts are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 14.

P. Interfund Activity

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

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

Q. Fund Balance

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In accordance with the City's fund balance policy, assigned amounts represent intended uses established by policies of City Commission, which includes giving the Finance Director the authority to constrain monies for intended purposes.

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

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

R. Estimates

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

S. Contributions of Capital

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

T. Net Position

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

U. Pensions

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For 2015, the City implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the City's pension plan disclosures, as presented in Note 17 to the financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities and business-type activities at January 1, 2015 have been restated as follows:

	<u>Governmental Activities</u>	<u>Internal Service Funds</u>			
Net position as previously reported	\$ 540,108,673	\$ 18,256,242			
Deferred outflows - payments subsequent to measurement date	13,293,524	366,102			
Net pension asset	27,958	2,202			
Net pension liability	<u>(141,910,747)</u>	<u>(2,913,899)</u>			
 Restated net position at January 1, 2015	 <u>\$ 411,519,408</u>	 <u>\$ 15,710,647</u>			
	<u>Business-Type Activities</u>	<u>Dayton International Airport</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor Enterprise Funds</u>
Net position as previously reported	\$ 611,436,901	\$ 280,088,725	\$ 185,492,256	\$ 116,033,420	\$ 29,267,073
Deferred outflows - payments subsequent to measurement date	4,000,120	1,198,852	1,642,058	814,878	344,332
Net pension asset	21,948	5,100	9,876	4,901	2,071
Net pension liability	<u>(33,303,545)</u>	<u>(11,007,455)</u>	<u>(13,069,606)</u>	<u>(6,485,847)</u>	<u>(2,740,637)</u>
 Restated net position at January 1, 2015	 <u>\$ 582,155,424</u>	 <u>\$ 270,285,222</u>	 <u>\$ 174,074,584</u>	 <u>\$ 110,367,352</u>	 <u>\$ 26,872,839</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on governmental fund balances.

B. Deficit Fund Balances

Fund balances at December 31, 2015 included the following individual fund deficit:

<u>Nonmajor fund</u>	<u>Deficit</u>
Miscellaneous Grants	\$ 209,996

This fund had a deficit cash balance at December 31, 2015 and the deficit cash balance was covered by a due to / due from other funds from the general fund.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

A. Cash on Hand

At year-end, the City had \$47,325 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. Cash with Fiscal Agent

At year-end, the City had \$7,309,252 in restricted cash with fiscal agent held by a financial institution related to debt issuances.

C. Deposits with Financial Institutions

At December 31, 2015, the carrying amount of all City deposits was a deficit of \$3,020,569. As of December 31, 2015, \$6,020,636 of the City's bank balance of \$6,521,332 was exposed to custodial risk as discussed below, while \$500,696 was covered by the FDIC.

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2015, 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
FFCB	\$ 47,243,291	\$ -	\$ 5,003,500	\$ 18,435,365	\$ 2,292,134	\$ 21,512,292
FHLB	74,451,926	6,497,340	13,227,298	2,990,820	18,468,295	33,268,173
FHLMC	68,195,788	-	-	11,967,680	11,957,960	44,270,148
FNMA	42,168,029	-	5,642,908	2,489,925	6,980,640	27,054,556
US Treasury Notes	8,634,884	1,998,600	-	3,239,860	-	3,396,424
City Owned Debt	1,410,000	-	-	-	-	1,410,000
Executive Severance						
Money Market	868,952	868,952	-	-	-	-
US Government						
Money Market	6,272,091	6,272,091	-	-	-	-
STAR Ohio	<u>83,790,318</u>	<u>83,790,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 333,035,279</u>	<u>\$ 99,427,301</u>	<u>\$ 23,873,706</u>	<u>\$ 39,123,650</u>	<u>\$ 39,699,029</u>	<u>\$ 130,911,593</u>

The weighted average maturity of investments is 1.56 years.

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The following table includes the percentage of each investment type held by the City at December 31, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FFCB	\$ 47,243,291	14.19
FHLB	74,451,926	22.36
FHLMC	68,195,788	20.48
FNMA	42,168,029	12.66
US Treasury Notes	8,634,884	2.59
City Owned Debt	1,410,000	0.42
Executive Severance		
Money Market	868,952	0.26
US Government		
Money Market	6,272,091	1.88
STAR Ohio	83,790,318	25.16
Total	<u>\$ 333,035,279</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ (3,020,569)
Investments	333,035,279
Cash on hand	47,325
Cash with fiscal agent	1,191,393
Total	<u>\$ 331,253,428</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 107,889,100
Business type activities	217,423,241
Agency funds	5,941,087
Total	<u>\$ 331,253,428</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Due from/to other funds consisted of the following at December 31, 2015, as reported on the fund statements:

<u>Due to</u>	Due from				<u>Due from Total</u>
	<u>General</u>	<u>Other Special Revenue</u>	<u>Water</u>	<u>Internal Service</u>	
General	\$ -	\$ -	\$ 43	\$ 140,335	\$ 140,378
Capital Improvement	46	-	-	209	255
Other Special Revenue	3	-	-	1,133	1,136
Nonmajor Government	336,464	-	-	30,250	366,714
Dayton International Airport	11	-	-	1,772	1,783
Water	1,106	26,230	-	28,842	56,178
Sewer	172	-	3,596,658	11,724	3,608,554
Nonmajor Enterprise	-	-	727,619	1,721	729,340
Internal Service	26	-	-	1,576	1,602
Due to total	<u>\$ 337,828</u>	<u>\$ 26,230</u>	<u>\$ 4,324,320</u>	<u>\$ 217,562</u>	<u>\$ 4,905,940</u>

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

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

- B.** Due to component unit and due from primary government consisted of the following at December 31, 2015, as reported on the fund statements:

<u>Due from/Due to</u>	<u>General</u>	<u>Capital improvements</u>	<u>Nonmajor governmental</u>	<u>Water</u>	<u>Total</u>
Component Unit	<u>\$ 3,120,334</u>	<u>\$ 2,380,184</u>	<u>\$ 6,172,699</u>	<u>\$ 1,349,796</u>	<u>\$ 13,023,013</u>

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- C. Interfund transfers for the year ended December 31, 2015, consisted of the following, as reported on the fund statements:

<u>Transfer from</u>	Transfer to			<u>Total</u>
	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental</u>	
General	\$ 967,600	\$ 7,182,200	\$ 1,233,414	\$ 9,383,214
Internal Service	<u>117,745</u>	<u>-</u>	<u>-</u>	<u>117,745</u>
Total	<u>\$ 1,085,345</u>	<u>\$ 7,182,200</u>	<u>\$ 1,233,414</u>	<u>\$ 9,500,959</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The City transferred \$117,745 from the fire fleet internal service fund to the debt service fund for related debt payments.

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

- D. Advances to/from other funds for the year ended December 31, 2015, consisted of the following, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Debt Service	Nonmajor Enterprise	\$ 854,243
Internal Service	General	<u>147,189</u>
Total		<u>\$ 1,001,432</u>

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

The City also has \$3,539,800 in manuscript bonds outstanding related to the recreational facilities project. The loan was made between sub-funds within the capital projects fund. Intrafund loans are not presented on the basic financial statements.

The City also has \$113,501 in manuscript bonds outstanding in the debt service fund related to special assessments. This loan was made between sub-funds of the debt service fund. Intrafund loans are not presented on the basic financial statements.

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

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Dayton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2015 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2015 operations and the collection of delinquent taxes has been offset by deferred inflows of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2015 was \$10 per \$1,000 of assessed value. The assessed values of real and public utility property for tax year 2015 are as follows:

Real property

Residential/agricultural	\$ 898,309,000
Commercial/industrial	420,278,830

Public utility

Real	2,135,170
Personal	98,380,270
Total assessed value	<u>\$ 1,419,103,270</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. On May 6, 2014, at the regular primary election, the voters of the City approved a Charter Amendment authorizing the City Commission to levy an income tax at the annual rate of 2.25% for a continuing period commencing January 1, 2015. Ordinance 31288-14, being approved by the electorate, became effective January 1, 2015. 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 2015, as reported in the governmental fund financial statements on the modified accrual basis of accounting, was \$107,375,864.

NOTE 8 - TAX INCREMENT FINANCING DISTRICT (TIF)

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

PILOT revenue was \$1,675,558 in 2015 as reported in the fund financial statements. The TIF has a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT's cease and property taxes then apply to the increased property values.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 9 - RECEIVABLES

Receivables at December 31, 2015, 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, 2015, as well as intended to finance 2015 operations.

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

Governmental activities:

Property and other local taxes	\$ 20,490,591
Municipal income taxes	15,803,871
Accounts	6,715,102
Payments in lieu of taxes	2,448,624
Special assessments	14,901,117
Accrued interest	227,971
Loans	28,226,524
Due from other governments	18,112,137

Business-type activities:

Accounts	15,829,549
Special assessments	1,730,073
Accrued interest	224,263
Due from other governments	1,635,887

Receivables have been disaggregated on the face of the basic financial statements. Amounts reported as “due from other governments” in the governmental activities include local government and local government revenue assistance from the State of Ohio, motor vehicle license and gasoline taxes, homestead and rollback, grants and estate taxes. The amounts reported as “due from other governments” in the business-type activities include various State and federal grants whose eligibility requirements have been met by year end. The only receivables not expected to be collected within the subsequent year are the special assessments and the loans. The special assessments are collected over the term of the assessment and the loans receivable which will be collected annually through 2040 (See Note 10).

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 10 - LOANS RECEIVABLE

A. Dayton-Montgomery County Port Authority

During 2008, the City issued \$32,000,000 in economic development revenue bonds payable from nontax revenues of the City. The City loaned \$20,100,000 of the proceeds to the Dayton-Montgomery County Port Authority (the "Port Authority") to assist in financing the costs of constructing a parking facility to be used by CareSource, a nonprofit corporation. The Port Authority will make loan payments semiannually on July 1 and December 1 at a 4.67% interest rate. The final loan payment is due December 1, 2028. The Port Authority is currently in default of this loan and unpaid interest adds to the principal outstanding on the loan. At December 31, 2015, the amount owed to the City was \$21,919,997. However, the City reports loans receivable net of uncollectible amounts. Due to the non-recourse language in the loan and the Port Authority's current state of default, the City has recorded a receivable of \$15,515,000 for this loan and considers \$6,404,997 uncollectible. However, the Port Authority remains liable for the entire balance of the loan, including the portion in default.

B. City-Wide Community Urban Redevelopment Corporation

On January 6, 2010, the City loaned the City-Wide Community Urban Redevelopment Corporation \$6,335,904 to assist in the construction of a new recreation complex. At the end of seven years, the loan may be forgiven in exchange for the City gaining ownership of the recreation complex. This loan has an interest rate of 3.95% per year with principal payments beginning January 1, 2021. The final loan payment is due December 1, 2039. At December 31, 2015, the amount owed to the City was \$6,335,904.

C. Dayton TechTown Investment Fund, LLC.

On June 28, 2010, the City loaned \$7,375,620 to Dayton TechTown Investment Fund, LLC. for the continued development of a technology park. The loan has a 2.0% interest rate with required principal payments beginning June 27, 2017. The final loan payment is due June 27, 2040. At December 31, 2015, the amount owed to the City was \$6,375,620.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 11 - CAPITAL ASSETS

A. Capital asset activity for the governmental activities for the year ended December 31, 2015 was as follows:

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/15</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 69,839,860	\$ 140,391	\$ -	\$ 69,980,251
Construction in progress	13,656,873	12,283,522	(14,848,825)	11,091,570
Right-of-ways	<u>14,007,402</u>	<u>-</u>	<u>-</u>	<u>14,007,402</u>
Total capital assets, not being depreciated	<u>97,504,135</u>	<u>12,423,913</u>	<u>(14,848,825)</u>	<u>95,079,223</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	148,062,389	542,090	-	148,604,479
Improvements other than buildings	57,367,249	4,916,372	-	62,283,621
Equipment	31,647,767	548,070	(11,631,019)	20,564,818
Software	813,245	508,286	-	1,321,531
Motor vehicles	50,266,808	1,045,789	(5,432,074)	45,880,523
Infrastructure	<u>312,624,284</u>	<u>10,595,128</u>	<u>-</u>	<u>323,219,412</u>
Total capital assets, being depreciated	<u>600,781,742</u>	<u>18,155,735</u>	<u>(17,063,093)</u>	<u>601,874,384</u>
<i>Less: accumulated depreciation</i>				
Building improvements	(80,923,983)	(2,581,424)	-	(83,505,407)
Improvements other than buildings	(42,474,732)	(938,072)	-	(43,412,804)
Equipment	(23,400,614)	(1,986,429)	11,565,059	(13,821,984)
Software	(498,850)	(162,646)	-	(661,496)
Motor vehicles	(36,371,475)	(2,387,551)	5,414,445	(33,344,581)
Infrastructure	<u>(86,998,863)</u>	<u>(6,901,555)</u>	<u>-</u>	<u>(93,900,418)</u>
Total accumulated depreciation	<u>(270,668,517)</u>	<u>(14,957,677)</u>	<u>16,979,504</u>	<u>(268,646,690)</u>
Total capital assets being depreciated, net	<u>330,113,225</u>	<u>3,198,058</u>	<u>(83,589)</u>	<u>333,227,694</u>
Governmental activities capital assets, net	<u>\$ 427,617,360</u>	<u>\$ 15,621,971</u>	<u>\$ (14,932,414)</u>	<u>\$ 428,306,917</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 11 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

Downtown	\$ 397,367
Youth, education and human services	3,064
Community development and neighborhoods	486,489
Economic development	648,719
Leadership and quality of life	9,312,894
Corporate responsibility	764,813
Public safety and justice	<u>3,287,849</u>
Total depreciation expense - governmental activities	<u>\$ 14,901,195</u>

The governmental activities also received a fully depreciated vehicle from the Dayton International Airport with an original cost of \$56,482.

B. Capital asset activity for the business-type activities for the year ended December 31, 2015, was as follows:

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/15</u>
Business-type activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 42,965,353	\$ -	\$ -	\$ 42,965,353
Construction in progress	<u>30,498,257</u>	<u>40,192,329</u>	<u>(35,993,656)</u>	<u>34,696,930</u>
Total capital assets, not being depreciated	<u>73,463,610</u>	<u>40,192,329</u>	<u>(35,993,656)</u>	<u>77,662,283</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	224,038,250	3,370,586	-	227,408,836
Improvements other than buildings	700,881,183	35,983,502	-	736,864,685
Equipment	22,470,731	1,033,435	(2,348,151)	21,156,015
Software	1,539,801	145,033	-	1,684,834
Vehicles	<u>42,714,766</u>	<u>3,205,611</u>	<u>(1,718,616)</u>	<u>44,201,761</u>
Total capital assets, being depreciated	<u>991,644,731</u>	<u>43,738,167</u>	<u>(4,066,767)</u>	<u>1,031,316,131</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(95,508,207)	(4,793,949)	-	(100,302,156)
Improvements other than buildings	(421,927,518)	(14,701,003)	-	(436,628,521)
Equipment	(16,090,764)	(1,577,688)	2,302,072	(15,366,380)
Software	(333,836)	(306,152)	-	(639,988)
Vehicles	<u>(28,513,806)</u>	<u>(1,852,124)</u>	<u>1,584,280</u>	<u>(28,781,650)</u>
Total accumulated depreciation	<u>(562,374,131)</u>	<u>(23,230,916)</u>	<u>3,886,352</u>	<u>(581,718,695)</u>
Total capital assets being depreciated, net	<u>429,270,600</u>	<u>20,507,251</u>	<u>(180,415)</u>	<u>449,597,436</u>
Business-type activities capital assets, net	<u>\$ 502,734,210</u>	<u>\$ 60,699,580</u>	<u>\$ (36,174,071)</u>	<u>\$ 527,259,719</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 11 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to the enterprise funds as follows:

Business-type Activities:

Dayton International Airport	\$ 11,810,073
Water	6,523,768
Sewer	4,025,363
Storm water	598,453
Golf	<u>273,259</u>
Total depreciation expense - business-type activities	<u>\$ 23,230,916</u>

C. Outstanding contractual commitments related to construction in progress for the year ended December 31, 2015, was as follows:

Governmental activities	\$ 19,797,247
Water	10,217,394
Sewer	6,901,782
Dayton International Airport	<u>35,697,910</u>
Total outstanding contractual commitments	<u>\$ 72,614,333</u>

NOTE 12 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE

In a prior year, the City entered into a lease purchase agreement to assist in the purchase of new radio equipment.

General capital assets acquired by the agreement have been capitalized in the amount equal to the present value of the future minimum lease payments as of the date of their inception. For the City, a corresponding liability was recorded in the government-wide financial statements. The City made principal payments of \$374,149 in the capital projects fund, \$32,236 in the Dayton International Airport Fund, \$54,224 in the water fund, \$29,680 in the sewer fund and \$5,405 in the stormwater fund (a nonmajor enterprise fund).

Capital assets consisting of equipment have been capitalized in the amount of \$2,643,516. This amount represents the present value of the minimum lease payments at the time of acquisition. The radios are being used by both enterprise and governmental activities and are capitalized in the amount of \$1,995,320 in the governmental activities, \$289,179 in the water fund, \$158,281 in the sewer fund, \$171,913 in the Dayton International Airport Fund and \$28,823 in the storm water fund (a nonmajor enterprise fund).

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 12 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future minimum lease payments required under the lease purchase agreement and the present value of the minimum lease payments as of December 31, 2015:

Year Ending <u>December 31,</u>	Governmental <u>Activities</u>	Water <u>Fund</u>	Storm Water <u>Fund</u>	Sewer <u>Fund</u>	Dayton International <u>Airport</u>
2016	\$ 1,652,860	\$ 239,547	\$ 23,876	\$ 131,115	\$ 142,407
Total minimum lease payments	1,652,860	239,547	23,876	131,115	142,407
Less: amount representing interest	<u>(31,689)</u>	<u>(4,592)</u>	<u>(458)</u>	<u>(2,514)</u>	<u>(2,730)</u>
Present value of future minimum lease payments	<u>\$ 1,621,171</u>	<u>\$ 234,955</u>	<u>\$ 23,418</u>	<u>\$ 128,601</u>	<u>\$ 139,677</u>

NOTE 13 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE

A. The City is the lessor of land and space at the Dayton International Airport (the "Airport") under noncancellable leases. The leases are between the Dayton International Airport and various vendors that use the Airport for their operations. The cost of the leased area, the carrying value and the annual depreciation expense cannot be accurately determined as they represent varying percentages of the overall land and building assets of the Airport. The leases have varying terms from three to sixty-five years. The future minimum lease payments as of December 31, 2015, are as follows:

Year Ending <u>December 31,</u>	Minimum <u>Lease Payments</u>
2016	\$ 2,110,025
2017	2,101,773
2018	2,074,839
2019	1,764,603
2020	1,501,225
2021 - 2025	5,018,590
2026 - 2030	2,319,558
2031 - 2035	2,101,298
2036 - 2040	913,074
2041 - 2045	779,920
2046 - 2050	835,500
2051 - 2054	<u>548,901</u>
Totals	<u>\$ 22,069,306</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 13 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE - (Continued)

B. The City is the lessee of Recplex facility. The lease is between City-Wide Community Urban Redevelopment Corporation and the City of Dayton (See Note 10). The City is responsible for the operation and maintenance of the facility. This lease agreement expires on December 31, 2039 or upon written agreement by the City-Wide Community Urban Redevelopment Corporation and the City. The future minimum lease payments as of December 31, 2015 are as follows:

Year Ending <u>December 31,</u>	Minimum <u>Lease Payments</u>
2016	\$ 365,380
2017	405,000
2018	417,150
2019	429,665
2020	442,554
2021 - 2025	2,420,069
2026 - 2030	2,805,523
2031 - 2035	3,252,370
2036 - 2040	<u>2,971,086</u>
Totals	<u>\$ 13,508,797</u>

NOTE 14 - LONG-TERM OBLIGATIONS

A. The beginning balance of the long-term obligations was restated as described in Note 3A. The changes in the City's governmental activities long-term obligations during the year consist of the following:

	Issue <u>Date</u>	Maturity <u>Date</u>	Interest <u>Rate (%)</u>	Original	Restated	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> 12/31/15	Amounts
				Issue <u>Amount</u>	Balance 12/31/14				Due in <u>One Year</u>
<i>Governmental activities:</i>									
General obligation bonds:									
Capital facilities	10/25/07	12/01/27	4.0 - 5.0	19,745,000	7,425,000	-	(1,015,000)	6,410,000	1,030,000
Various purpose and refunding	07/28/09	12/01/29	2.5 - 5.0	26,483,111	13,650,000	-	(1,465,000)	12,185,000	1,505,000
Capital improvement	09/22/10	12/01/15	1.5 - 2.0	2,680,000	555,000	-	(555,000)	-	-
Energy conservation bonds	06/11/11	12/01/25	4.98	1,615,000	1,295,000	-	(110,000)	1,185,000	110,000
Various purpose bonds	10/11/12	12/01/32	3.0 - 4.0	11,385,000	9,995,000	-	(945,000)	9,050,000	980,000
Various purpose bonds	9/9/14	12/01/34	1.25 - 4.0	5,700,000	<u>5,700,000</u>	<u>-</u>	<u>(285,000)</u>	<u>5,415,000</u>	<u>325,000</u>
Total general obligation bonds					<u>38,620,000</u>	<u>-</u>	<u>(4,375,000)</u>	<u>34,245,000</u>	<u>3,950,000</u>
Revenue bonds:									
Baseball revenue refunding bonds	12/30/09	12/01/19	2.25 - 3.5	7,925,000	4,205,000	-	(795,000)	3,410,000	815,000
Economic development	09/22/10	12/1/31	2.0 - 4.125	2,500,000	2,145,000	-	(100,000)	2,045,000	100,000
Economic development refunding bonds	11/14/12	12/01/28	3.0 - 5.0	24,170,000	<u>21,935,000</u>	<u>-</u>	<u>(1,190,000)</u>	<u>20,745,000</u>	<u>1,230,000</u>
Total revenue bonds					<u>28,285,000</u>	<u>-</u>	<u>(2,085,000)</u>	<u>26,200,000</u>	<u>2,145,000</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

	Issue	Maturity	Original Issue	Restated Balance			Balance	Amounts Due in
	Date	Date	Amount	12/31/14	Increase	Decrease	12/31/15	One Year
Governmental activities:								
Other long-term obligations:								
Ohio Public Works								
Commission loan	07/01/02	07/01/17	\$ 239,750	\$ 79,558	\$ -	\$ (25,734)	\$ 53,824	\$ 26,511
Ohio Public Works								
Commission loan	4/5/2013	7/1/2029	556,971	538,406	-	(37,131)	501,275	37,131
Ohio Department of								
Development loan	04/01/10	04/21/25	2,860,000	2,860,000	-	(165,171)	2,694,829	254,025
State Infrastructure								
Bank loan	12/4/2014	11/15/2036		2,500,000	-	-	2,500,000	-
State Infrastructure								
Bank bonds	12/4/2014	11/15/2036		3,540,000	-	-	3,540,000	75,000
Net pension liability				141,910,747	7,534,893	-	149,445,640	-
Lease purchase agreement				1,995,320	-	(374,149)	1,621,171	1,621,171
Judgments				7,163	103,657	(7,163)	103,657	103,657
Claims				7,518,858	20,790,168	(20,784,093)	7,524,933	3,745,517
Compensated absences				9,091,578	5,998,094	(5,946,558)	9,143,114	6,014,497
Total other long-term obligations				<u>170,041,630</u>	<u>34,426,812</u>	<u>(27,339,999)</u>	<u>177,128,443</u>	<u>11,877,509</u>
Total governmental activities				<u>\$ 236,946,630</u>	<u>\$ 34,426,812</u>	<u>\$ (33,799,999)</u>	<u>237,573,443</u>	<u>\$ 17,972,509</u>
Add: unamortized bond premiums and discounts							<u>5,002,774</u>	
Total on statement of net position							<u>\$ 242,576,217</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 was used for capital improvements. The \$10,035,000 issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

On July 28, 2009, the City issued general obligation bonds (Series 2009 various purpose and refunding bonds) in the amount of \$27,255,000 for the following purposes: \$771,889 to advance refund the callable portion of the Series 2001 golf renovation general obligation bonds, \$5,023,111 to advance refund the callable portion of the Series 2001 capital facilities general obligation bonds, \$8,730,000 to advance refund the callable portion of the Series 1998 capital facilities general obligation bonds and \$12,730,000 for capital improvements. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded Series 1998 capital facilities general obligation bonds at December 31, 2015, is \$4,520,000

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

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

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

The reacquisition price exceeded the net carrying amount of the old debt by \$519,666. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The City has pledged future nontax revenues in the City's general fund to repay \$12,190,000 in Series 1999 economic development revenue bonds. The proceeds were used for the Dayton baseball stadium project. On December 30, 2009, the City issued revenue bonds (Series 2009 baseball revenue refunding bonds) to advance refund the callable portion of the Series 1999 baseball revenue bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$180,965. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The balance of the refunded Series 1999 baseball revenue bonds at December 31, 2015 is \$3,410,000. The Series 1999 revenue bonds are payable solely from nontax revenues in the City's general fund and are payable through 2019. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license and permit fees. Annual principal and interest payments on the revenue bonds are expected to require less than 2.55 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2009 baseball revenue refunding bonds is \$3,697,155. Principal and interest paid for the current year on the Series 1999 baseball revenue bonds was \$795,000 and \$130,080. General fund nontax revenues for the current year were \$36,321,167.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

The City has pledged future nontax revenues in the City's general fund to repay \$32,000,000 in Series 2008 economic development revenue bonds. The proceeds were used for the construction of parking facilities and a loan to the Dayton-Montgomery County Port Authority related to the construction of the parking facility. On November 14, 2012, the City issued revenue bonds (Series 2012 economic development refunding bonds) to advance refund the Series 2008 economic development bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded Series 2008 economic development revenue bonds at December 31, 2015 is \$20,745,000. The Series 2012 revenue bonds are payable solely from nontax revenues in the general fund and are payable through 2028. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license permit fees. Annual principal and interest payments on the revenues bonds are expected to require less than 5.59 percent of general fund nontax revenues. The City has designated, through authorizing legislation, nontax revenues from the loan payments made by the Port Authority and income and profit related to the parking facility to be used for the debt repayment. The total principal and interest remaining to be paid on the Series 2012 revenue bonds is \$26,408,312. Principal and interest paid for the current year prior to the refunding was \$1,190,000 and \$839,450. General fund nontax revenues for the current year were \$36,321,167.

The reacquisition price exceeded the net carrying amount of the old debt by \$675,285. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The City has pledged future nontax revenues in the City's general fund to repay \$2,500,000 in Series 2010 economic development revenue bonds. The proceeds were used to assist in financing the costs of the demolition, site remediation and construction of public and private infrastructure improvements located in the Tech Town commercial park. The Series 2010 revenue bonds are payable solely from nontax revenues in the general fund and are payable through 2031. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license permit fees. Annual principal and interest payments on the revenue bonds are expected to require less than .49 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2010 revenue bonds is \$2,787,218. Principal and interest paid for the current year was \$100,000 and \$77,079. General fund nontax revenues for the current year were \$36,321,167.

On September 9, 2014, the City issued various purpose general obligation bonds, par value \$5,700,000. The interest rates on the current interest bonds range from 1.25% to 4.0%. 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, 2033.

The City has two Ohio Public Works Commission loans. The first loan was issued for the East Fifth Street rehabilitation project. The loan was issued at a 3.0% interest rate and a maturity date of July 1, 2017. The loan will be paid from the debt service fund. The second loan was issued for the Brown Street reconstruction project. The loan was issued at 0% interest rate with a maturity date of January 2029. The loan will be paid from the debt service fund.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

See Note 13 for detail on the lease purchase agreement.

See Note 17 for detail on the net pension liability.

On December 4, 2014, the Ohio Department of Transportation ("ODOT") issued the City bonds, par value \$3,540,000 and a loan in the amount of \$2,500,000 through the State Infrastructure Bank ("SIB"). The bonds have a final maturity date of November 15, 2036 and an interest rate of 3.428%, with semi-annual principal and interest payments. The loan has a maturity date of November 1, 2036, with a 3.0% interest rate, beginning December 4, 2015. Principal and interest payments are due semi-annually. The loan had a zero percent interest rate until December 4, 2015.

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, 2015, the City's total debt margin was \$103,622,593 and the unvoted debt margin was \$32,667,430.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2015 for the governmental activities:

Year Ending December 31,	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 3,950,000	\$ 1,344,667	\$ 5,294,667	\$ 2,145,000	\$ 989,034	\$ 3,134,034
2017	3,915,000	1,195,514	5,110,514	2,210,000	913,184	3,123,184
2018	4,055,000	1,059,750	5,114,750	2,300,000	833,799	3,133,799
2019	3,360,000	913,324	4,273,324	2,395,000	735,866	3,130,866
2020	2,625,000	772,747	3,397,747	1,575,000	631,641	2,206,641
2021 - 2025	8,390,000	2,594,695	10,984,695	8,945,000	2,087,606	11,032,606
2026 - 2030	6,170,000	991,498	7,161,498	6,465,000	494,749	6,959,749
2031 - 2032	1,780,000	122,437	1,902,437	165,000	6,806	171,806
Totals	<u>\$ 34,245,000</u>	<u>\$ 8,994,632</u>	<u>\$ 43,239,632</u>	<u>\$ 26,200,000</u>	<u>\$ 6,692,685</u>	<u>\$ 32,892,685</u>

Year Ending December 31,	Ohio Public Works Commission Loans			Ohio Department of Development Loan		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 63,642	\$ 1,417	\$ 65,059	\$ 254,025	\$ 83,817	\$ 337,842
2017	64,444	616	65,060	261,750	75,447	337,197
2018	37,131	-	37,131	269,713	66,820	336,533
2019	37,132	-	37,132	277,917	57,934	335,851
2020	37,131	-	37,131	286,372	48,773	335,145
2021 - 2025	185,656	-	185,656	1,345,052	98,597	1,443,649
2026 - 2030	129,963	-	129,963	-	-	-
Totals	<u>\$ 555,099</u>	<u>\$ 2,033</u>	<u>\$ 557,132</u>	<u>\$ 2,694,829</u>	<u>\$ 431,388</u>	<u>\$ 3,126,217</u>

Year Ending December 31,	State Infrastructure Bank Bonds			State Infrastructure Bank Loan		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 75,000	\$ 107,056	\$ 182,056	\$ -	\$ -	\$ -
2017	150,000	105,744	255,744	95,356	76,334	171,690
2018	150,000	103,494	253,494	98,238	73,452	171,690
2019	150,000	101,056	251,056	101,207	70,483	171,690
2020	150,000	97,962	247,962	104,266	67,424	171,690
2021 - 2025	770,000	431,709	1,201,709	570,552	287,898	858,450
2026 - 2030	855,000	309,871	1,164,871	662,150	196,300	858,450
2031 - 2035	1,015,000	148,425	1,163,425	768,454	89,996	858,450
2036 - 2037	225,000	6,375	231,375	99,777	3,788	103,565
Totals	<u>\$ 3,540,000</u>	<u>\$ 1,411,692</u>	<u>\$ 4,951,692</u>	<u>\$ 2,500,000</u>	<u>\$ 865,675</u>	<u>\$ 3,365,675</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

A. The beginning balance of the long-term obligations was restated as described in Note 3A. The changes in the City's business-type activities long-term obligations during the year consist of the following:

	Issue	Maturity	Interest	Original	Restated			Balance	Amounts
<i>Business-type activities:</i>	<u>Date</u>	<u>Date</u>	<u>Rate (%)</u>	<u>Issue</u>	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/15</u>	<u>Due in</u>
				<u>Amount</u>	<u>12/31/14</u>				<u>One Year</u>
General obligation bonds:									
Water	10/11/12	12/1/2032	3.0 - 4.0	\$15,300,000	\$ 13,630,000	\$ -	\$ (925,000)	\$ 12,705,000	\$ 965,000
Sewer	10/11/12	12/1/2032	3.0 - 4.0	15,600,000	13,905,000	-	(935,000)	12,970,000	990,000
Dayton International Airport parking garage	07/28/09	12/1/2029	1.75 to 6.5	10,820,000	8,990,000	-	(7,675,000)	1,315,000	420,000
Dayton International Airport refunding bonds	12/3/2015	12/1/2029	1.0 to 4.0	8,045,000	-	8,045,000	-	8,045,000	145,000
Total general obligation bonds					<u>36,525,000</u>	<u>8,045,000</u>	<u>(9,535,000)</u>	<u>35,035,000</u>	<u>2,520,000</u>
Revenue bonds:									
Water	12/3/2015	12/1/2035	1.0 to 4.0	15,090,000	-	15,090,000	-	15,090,000	550,000
Sewer	12/3/2015	12/1/2035	1.0 to 4.0	15,770,000	-	15,770,000	-	15,770,000	580,000
Dayton International Airport	12/30/2015	12/1/2035	3.0 to 5.0	21,545,000	-	21,545,000	-	21,545,000	690,000
Dayton International Airport	10/12/05	12/01/20	3.00 to 4.35	6,000,000	2,815,000	-	(2,815,000)	-	-
Dayton International Airport	9/9/14	12/01/32	2.30 to 5.00	26,950,000	26,575,000	-	(1,020,000)	25,555,000	1,060,000
Total revenue bonds					<u>29,390,000</u>	<u>52,405,000</u>	<u>(3,835,000)</u>	<u>77,960,000</u>	<u>2,880,000</u>
Other long-term obligations									
Ohio water development authority loan	01/01/03	07/01/23	3.80 to 3.95	15,079,710	7,662,986	-	(800,295)	6,862,691	831,353
Ohio public works Commission loan	07/01/97	01/01/20	0.00	1,000,000	300,000	-	(50,000)	250,000	50,000
Compensated absences payable					3,685,766	2,344,147	(2,402,239)	3,627,674	2,377,192
Net pension liability					33,303,545	942,330	-	34,245,875	-
Lease purchase agreement					648,196	-	(121,545)	526,651	526,651
Total other long-term obligations					<u>45,600,493</u>	<u>3,286,477</u>	<u>(3,374,079)</u>	<u>45,512,891</u>	<u>3,785,196</u>
Total business-type activities					<u>\$ 111,515,493</u>	<u>\$ 63,736,477</u>	<u>\$ (16,744,079)</u>	<u>158,507,891</u>	<u>\$ 9,185,196</u>
Add: unamortized bond premiums and discounts								<u>4,507,290</u>	
Total on statement of net position								<u>\$ 163,015,181</u>	

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

On July 28, 2009, the City issued taxable general obligation bonds (Series 2009 Dayton International Airport parking garage bonds) for the acquisition, construction, furnishing and equipping of airport improvements, including parking facilities. The issue is comprised of current interest bonds, par value \$10,820,000. The interest rates on the current interest bonds range from 1.75 - 6.50%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029. During 2015, the City issued general obligation bonds (Series 2015 refunding bonds) to refund a portion of the Series 2009 Dayton International Airport parking garage bonds. The balance of the refunded series 2009 bonds was \$7,275,000.

On December 3, 2015 the City issued airport refunding bonds (Series 2015 Airport Refunding Bonds), par value \$8,045,000. The interest rates on the current interest bonds range from 1.0 – 4.0%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The proceeds was used to advance refund a portion of the Series 2009 Dayton Internal Airport parking garage bonds. The issuance proceeds were deposited into an 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 2009 bonds. This refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,236,884. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 14 years by \$941,813 and resulted in an economic gain of \$784,733

On December 3, 2015 the City issued \$15,090,000 in water revenue bonds. The bonds have a current interest rates ranging from 1.0% to 4.0%. The City has pledged future water revenues, net of specified operating expenses, to repay the Series 2015 water system revenue bonds. The proceeds were used for water capital improvements. The Series 2015 revenue bonds are payable solely from revenues in the water fund and are payable through 2035. The total principal and interest remaining to be paid on the Series 2015 revenue bonds is \$21,569,956.

On December 3, 2015, the City issued \$15,770,000 in sewer revenue bonds. The bonds have a current interest rates ranging from 1.0% to 4.0%. The City has pledged future sewer revenues, net of specified operating expenses, to repay the Series 2015 sewer system revenue bonds. The proceeds were used for sewer capital improvements. The Series 2015 revenue bonds are payable solely from revenues in the sewer fund and are payable through 2035. The total principal and interest remaining to be paid on the Series 2015 revenue bonds is \$22,544,199.

On December 30, 2015, the City issued \$26,575,000 in Airport revenue bonds. The bonds have a current interest rates ranging from 3.0% to 5.0%. The City has pledged future airport revenues, net of specified operating expenses, to repay the Series 2015 Airport revenue bonds. The proceeds were used for the acquisition and construction of airport improvements. The Series 2015 revenue bonds are payable solely from revenues from the airport fund and are payable through 2035. The total principal and interest remaining to be paid on the Series 2015 revenue bonds is \$31,557,626.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

On September 9, 2014, the City issued airport revenue bonds (Series 2014 Bonds), par value \$26,950,000. The proceeds was used to advance refund the Series 2003A and 2003C revenue bonds. The issuance proceeds were deposited into a 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 2003A and 2003C bonds. This refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net position. The balance of the refunded Series 2003A and 2003C airport revenue bonds at December 31, 2015 is \$26,940,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$534,479. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The City has pledged future airport revenues, net of specified operating expenses, to repay \$6,000,000 in Series 2005, \$26,950,000 in Series 2014, and \$21,545,000 in Series 2015 in airport revenue bonds. The Series 2005, 2014, 2015 airport revenue bonds are payable solely from airport net revenues and are payable through 2035. The City retired the 2005 bonds in 2015. Annual principal and interest payments on the bonds are expected to require 42.42 percent of net customer revenues. Net customer revenues included both PFC and CFC charges that were used for debt service. The total principal and interest remaining to be paid on the Series 2005, 2014 and 2015 airport revenue bonds is \$72,319,866. Principal and interest paid for the current year and total customer net revenues were \$2,682,784 and \$6,324,245 respectively.

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, 2015, the City had outstanding borrowings of \$6,862,691 through OWDA.

The City has pledged future sewer revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and are payable through 2023. Annual principal and interest payments on the loans are expected to require 12.98 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$7,798,449. Principal and interest paid for the current year were \$1,087,586 and customer net revenues were \$11,758,501.

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 the Dayton International Airport fund, the Water fund, the Sewer fund, the Storm Water fund and the Golf fund.

See Note 17 for detail on the net pension liability.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2015 for the business-type activities.

Year Ending December 31,	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 2,520,000	\$ 1,332,980	\$ 3,852,980	\$ 2,885,000	\$ 2,909,160	\$ 5,794,160
2017	2,000,000	1,235,162	3,235,162	3,015,000	2,905,030	5,920,030
2018	2,080,000	1,155,012	3,235,012	3,135,000	2,788,829	5,923,829
2019	2,130,000	1,069,563	3,199,563	3,270,000	2,658,880	5,928,880
2020	2,200,000	999,112	3,199,112	3,400,000	2,523,179	5,923,179
2021 - 2025	10,020,000	3,801,063	13,821,063	18,715,000	10,927,237	29,642,237
2026 - 2030	10,680,000	1,737,713	12,417,713	22,600,000	7,021,487	29,621,487
2031 - 2033	3,405,000	166,888	3,571,888	20,940,000	2,292,775	23,232,775
Totals	<u>\$ 35,035,000</u>	<u>\$ 11,497,493</u>	<u>\$ 46,532,493</u>	<u>\$ 77,960,000</u>	<u>\$ 34,026,577</u>	<u>\$ 111,986,577</u>

Year Ending December 31,	OWDA Loan			OPWC Loan		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 831,353	\$ 199,704	\$ 1,031,057	\$ 50,000	\$ -	\$ 50,000
2017	863,616	174,525	1,038,141	50,000	-	50,000
2018	897,134	148,368	1,045,502	50,000	-	50,000
2019	931,950	121,195	1,053,145	50,000	-	50,000
2020	968,119	119,466	1,087,585	50,000	-	50,000
2021 - 2024	2,370,519	104,056	2,474,575	-	-	-
Totals	<u>\$ 6,862,691</u>	<u>\$ 867,314</u>	<u>\$ 7,730,005</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>

NOTE 15 - 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 15 - RISK MANAGEMENT - (Continued)

The City is fully insured through premium-based insurance policies for all other types of insurance. In 2015, the City contracted with various insurance companies to provide the following coverages:

<u>Type of Coverage</u>	<u>Coverage</u>
Primary and Excess Airport Liability	\$100,000,000
Excess of Airport Policy	50,000,000
Property	891,443,245
Property: Supplemental Coverages	71,800,000
General Liability (North West Railway)	10,000,000
Commercial Liability (Convention Center)	2,000,000
Tenant Liability (Convention Center)	1,000,000
Errors and Omissions (Ambulance Attendants)	3,000,000
Errors and Omissions (Municipal Court)	500,000
Garagekeepers: Liability	2,000,000
Garagekeepers: Test Driving	1,000,000
Inland Marine	365,975
General Liability (Zion Cultural Center)	2,000,000
Excess Umbrella Coverage (Zion Cultural Center)	5,000,000
General Liability	
(Community Service Program for Dayton Municipal Court)	100,000
(Community Service Program for Dayton Municipal Court - Additional various coverages)	3,510,000
Travel (AD&D)	1,000,000
Executive Management Liability Policy	2,000,000
Public Officials Bond	2,500,000

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

The City's policy for reporting a claims liability is based on the requirements GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. It is the opinion of the City's legal counsel that, as of December 31, 2015, there were \$102,070 in outstanding claims pending that are reported as a component of claimants payable in the general fund. Claims activity for 2015 and 2014 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>
2015	\$ 7,163	\$ 229,140	\$ (134,233)	\$ 102,070
2014	39,856	83,683	(116,376)	7,163

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 15 - RISK MANAGEMENT - (Continued)

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

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

The claims liability of \$4,828,684 reported at December 31, 2015, as estimated by the third party administrator, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Of the \$4,828,684 claims liability, \$1,049,269 of the liability is due within one year and is reported as a current liability in the statement of net position for the proprietary funds. The remaining portion is a noncurrent liability of \$3,779,416. The estimate was not affected by non-incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the funds' claims liability amount in 2015 and 2014 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>
2015	\$ 4,977,717	\$ 1,951,716	\$ (2,100,749)	\$ 4,828,684
2014	5,022,290	1,873,469	(1,918,042)	4,977,717

C. Health Insurance

On January 1, 2012, the City became self-insured for medical and prescription drug benefits (the "Program"). The Program is administered through a third-party administrator who manages and processes the claims. The City makes required payments to the third-party administrator to reimburse them for the claim payments. The City's stop-loss coverage through the Program is limited to \$200,000 per claim with a stop-loss annual coverage aggregate that is 115% of the expected annual claims amounts in the Program. The city has reported a liability in both the health insurance internal service fund and government-wide financial statements amounting to \$2,696,249 for the claims payable liability.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 15 - RISK MANAGEMENT - (Continued)

Changes in the claims payable liability in 2015 and 2014 were as follows:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2015	\$ 2,541,141	\$ 23,608,465	\$ (23,453,357)	\$ 2,696,249
2014	2,657,366	16,737,314	(16,853,539)	2,541,141

NOTE 16 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Compensatory time off in lieu of overtime pay is an option given to uniformed Police and Fire Personnel under union contract. It is given on the basis of time and one-half for actual hours worked. Police officers, sergeants, and lieutenants may use up to 136 hours in any year, and accumulate up to 272 hours in any year. An employee may only carry forward 136 hours in a calendar year. Currently, overtime pay is paid as overtime hours worked by those uniformed employees who have already accumulated the maximum hours allowed.

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

Sick leave is accrued at the rate of one and one-fourth credits per month. The maximum sick leave accrual which can be carried forward into January is 125 credits. Accrued sick leave in excess of 125 credits must be converted to vacation credits in January at the rate of two sick leave days for one vacation day. A credit is generally equal to one complete work shift of eight (8) hours, but may be worth additional periods for fire personnel. Upon retirement, payment may be made for one-half of the total sick leave accumulation, up to a maximum of 140 days.

B. Insurance Benefits

The City is self-insured for medical benefits through Anthem Blue Cross/Blue Shield Health Maintenance insurance plans as described in Note 15.C. Dental insurance is provided to employees through Superior and Ohio AFSCME Care. Group Life and Accidental Death and Dismemberment insurance is provided to employees through Hartford Life and Accident Insurance Company. The City provided life insurance coverage amounts range from \$20,000 to \$300,000 according to employee position and employees may purchase additional supplemental coverage.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 16 - 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 separation from the City, retirement, death or an unforeseeable emergency.

NOTE 17 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

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

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

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

The City's contractually required contribution for both the Traditional Pension Plan and the Combined Plan was \$8,876,462 for 2015. Of this amount, \$821,628 is reported as due to other governments.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
 2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
 Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
 Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$9,815,577 for 2015. Of this amount \$752,957 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2014, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 67,571,930	\$ 116,119,585	\$ 183,691,515
Proportionate share of the net pension asset	183,118	-	183,118
Proportion of the net pension liability	0.56024600%	2.24151040%	
Proportion of the net pension asset	0.47560300%	0.00000000%	
Pension expense	\$ 7,422,102	\$ 11,249,950	\$ 18,672,052

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred outflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 3,616,610	\$ 5,004,646	\$ 8,621,256
City contributions subsequent to the measurement date	8,876,462	9,815,577	18,692,039
Total deferred outflows of resources	\$ 12,493,072	\$ 14,820,223	\$ 27,313,295
Deferred inflows of resources			
Differences between expected and actual experience	1,242,983	-	1,242,983
Difference between employer contributions and proportionate share of contributions	104,769	307,900	412,669
Total deferred inflows of resources	\$ 1,347,752	\$ 307,900	\$ 1,655,652

\$18,692,039 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2016.

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

	OPERS	OP&F	Total
Year Ending December 31:			
2016	\$ 301,424	\$ 1,174,187	\$ 1,475,611
2017	301,424	1,174,187	1,475,611
2018	797,796	1,174,187	1,971,983
2019	897,507	1,174,185	2,071,692
2020	(6,646)	-	(6,646)
Thereafter	(22,648)	-	(22,648)
Total	\$ 2,268,857	\$ 4,696,746	\$ 6,965,603

Actuarial Assumptions - OPERS

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

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/asset in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75 percent
Future salary increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or ad hoc COLA	3 percent, simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.31 %
Domestic equities	19.90	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 8 percent for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 124,312,985	\$ 67,571,930	\$ 19,782,286
Combined Plan	\$ 23,780	\$ (183,118)	\$ (347,190)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation date	January 1, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8.25 percent
Projected salary increases	4.25 percent to 11 percent
Payroll increases	3.75 percent
Inflation assumptions	3.25 percent
Cost of living adjustments	2.60 percent and 3.00 percent

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

The most recent experience study was completed January 1, 2012.

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
 Total	 <u>120.00 %</u>	

* levered 2x

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 160,610,953	\$ 116,119,585	\$78,448,924

NOTE 18 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 18 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2015, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2015 was 2.00%.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were \$1,479,410, \$1,407,023, and \$630,293, respectively; 92.07% has been contributed for 2015 and 100% has been contributed for 2014 and 2013. The remaining 2015 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

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

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

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

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

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 18 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2015, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$135,078 and \$102,504 for the year ended December 31, 2015, \$126,316 and \$97,531 for the year ended December 31, 2014, and \$719,435 and \$592,369, for the year ended December 31, 2013. 100% has been contributed for 2014 and 2013. 92.69% has been contributed for police and 92.32% has been contributed for firefighters for 2015. The remaining 2015 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

NOTE 19 - 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 and other special revenue fund, a major special revenue 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, 2015

NOTE 19 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations of the general fund and other special revenue for the year ended December 31, 2015, on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balance

	<u>General</u>	<u>Other Special Revenue</u>	
Budget basis	\$ (4,214,154)	\$ (200,622)	
Net adjustment for revenues	(296,628)	58,823	
Net adjustment for expenditures	(570,378)	(557,455)	
Adjustment for encumbrances	<u>5,931,787</u>	<u>1,063,428</u>	
GAAP basis	<u>\$ 850,627</u>	<u>\$ 364,174</u>	

NOTE 20 - COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 4,623,818
Other special revenue	969,999
Debt service	19,575
Capital improvement	20,197,870
Nonmajor governmental	<u>14,329,515</u>
Total	<u>\$ 40,140,777</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 21 - FUND BALANCE

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

Fund balance	General	Other Special Revenue	Debt Service Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays	\$ 659,285	\$ 3,163	\$ -	\$ -	\$ -	\$ 662,448
Advances to component unit	3,120,334	-	-	-	-	3,120,334
Perpetual care	-	-	-	-	102,228	102,228
Loans receivable	6,375,620	-	-	-	-	6,375,620
Unclaimed monies	427,445	-	-	-	-	427,445
Total nonspendable	10,582,684	3,163	-	-	102,228	10,688,075
Restricted:						
Street and highway programs	-	-	-	-	1,997,584	1,997,584
Special projects	-	5,782,016	-	-	-	5,782,016
Housing and urban development	-	-	-	-	6,138,266	6,138,266
Debt service	-	-	27,686,642	-	-	27,686,642
Capital projects	-	-	-	9,434,711	-	9,434,711
Permanent fund	-	-	-	-	80,563	80,563
Total restricted	-	5,782,016	27,686,642	9,434,711	8,216,413	51,119,782
Committed:						
Capital projects	-	-	-	7,302,188	-	7,302,188
Community development	693,336	-	-	-	-	693,336
Economic development	99,108	-	-	-	-	99,108
Leadership and quality of life	613,695	-	-	-	-	613,695
Corporate responsibility	677,262	-	-	-	-	677,262
Public safety	467,839	-	-	-	-	467,839
Special assessments	-	-	408,494	-	-	408,494
Total committed	2,551,240	-	408,494	7,302,188	-	10,261,922
Assigned:						
Downtown	3,291	-	-	-	-	3,291
Community development	5,784	-	-	-	-	5,784
Economic development	23,372	-	-	-	-	23,372
Leadership and quality of life	261,883	-	-	-	-	261,883
Corporate responsibility	150,117	-	-	-	-	150,117
Public safety	180,061	-	-	-	-	180,061
Special payroll	1,726,453	-	-	-	-	1,726,453
Termination pay	1,908,764	-	-	-	-	1,908,764
Special assessments	-	-	-	-	-	-
Unemployment	962,428	-	-	-	-	962,428
Other purposes	378,899	-	-	-	-	378,899
MVH community based policing	13,840	-	-	-	-	13,840
Community Police Council	69,256	-	-	-	-	-
HRC Special Projects	54,485	-	-	-	-	-
Sunrise Bomberger Center	112,492	-	-	-	-	112,492
PRC Sponsorships	79,151	-	-	-	-	-
Mediation center	63,531	-	-	-	-	63,531
Professional development	153,985	-	-	-	-	153,985
Nationwide settlement	246,789	-	-	-	-	246,789
Judgments	1,521,521	-	-	-	-	1,521,521
Development	4,892,408	-	-	-	-	4,892,408
Real estate development	22,644	-	-	-	-	22,644
Subsequent year appropriations	7,534,834	-	-	-	-	7,534,834
Capital projects	-	-	-	10,779,323	-	10,779,323
Total assigned	20,365,988	-	-	10,779,323	-	31,145,311
Unassigned	28,939,568	-	-	-	(209,996)	28,729,572
Total fund balances	\$ 62,439,480	\$ 5,785,179	\$ 28,095,136	\$ 27,516,222	\$ 8,108,645	\$ 131,944,662

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT

A. Basis of Accounting

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

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

The financial statements have been prepared on an accrual basis. In 2010, the GASB issued statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The presented combined financial statements (including notes) reflect the standards noted above and consecutive statements through GASB Statement No. 66. GASB statements Nos. 67 through 79 became effective during 2015; however, management has reviewed these statements and determined they are not relevant to CityWide given the nature of its operations.

In January 2014, CityWide entered into a Memorandum of Understanding with the City. The Memorandum states that the City will remove its employees and officials as members of CityWide in order to accommodate certain federal requirements necessary for CityWide to become a Community Development Financial Institution (CDFI). The Memorandum states that if CityWide has not obtained CDFI certification by December 31, 2014, then the city employees and officials will be reinstated as members of CityWide. In December 2014, the City agreed to extend the date for CityWide to obtain CDFI certification to December 31, 2015. In December 2015, CityWide received notification that its application to become a CDFI was approved. Therefore, effective January 2016, the City of Dayton employees and officials are no longer members of CityWide. CityWide will not be considered a component unit of the City for fiscal year 2016.

B. Deposits and Investments

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

Deposits: The carrying amounts of CityWide’s deposits were \$7,309,612 and \$8,035,633 as of December 31, 2015 and 2014, respectively. The bank balance of CityWide’s deposits was \$7,395,904 and \$8,150,025 as of December 31, 2015 and 2014, respectively. Of the balance:

1. \$2,570,519 and \$2,250,914 were covered by federal depository insurance as of December 31, 2015 and 2014, respectively.
2. \$4,825,385 and \$5,899,111 were uncollateralized and uninsured as of December 31, 2015 and 2014, respectively.

The FDIC insurance limit for non-interest bearing accounts and interest bearing accounts is up to \$250,000. These limits were effective through December 31, 2015.

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

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

	2015	2014
Equity in pooled cash and investments	\$ 3,414,589	\$ 3,558,302
Restricted equity in pooled cash and investments	3,895,023	4,477,331
Total per combined statements of net position	\$ 7,309,612	\$ 8,035,633
Deposits	\$ 7,309,612	\$ 8,035,633
Total per GASB Statement No. 40	\$ 7,309,612	\$ 8,035,633

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

C. Notes Payable/Advance from Primary Government

Notes and loans payable/due from primary government at December 31, 2015, 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	1,349,796
Note for redevelopment of Hawthorn School Building	City of Dayton	681,584
Note for Webster Street Project	City of Dayton	165,000
Note for Phoenix Redevelopment Areas	City of Dayton	2,272,699
Other Notes Payable	City of Dayton	335,334
Loan Payable for Tech Town Campus	City of Dayton	<u>2,785,000</u>
Total advance from primary government		<u>\$ 13,023,013</u>
Note for Phoenix Project	OHFA	\$ 300,000
Note for Housing Loans	Third-Party Insurance Company	<u>1,017,867</u>
Total notes payable to other parties		<u>\$ 1,317,867</u>

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

D. Loans Payable

Loans payable at December 31, 2015 consisted of the following:

<u>Description</u>	<u>Maturity Date</u>	<u>Amount</u>
Loan with City of Dayton classified as advance from primary government	October 1, 2031	\$ 2,235,000
Real estate loan with a financial institution	March 2018	467,602
Real estate loan with a financial institution	December 31, 2039	8,351,000
Real estate loan with a financial institution	June 27, 2040	9,894,000
Loan payable with a financial institution (includes an interest rate swap)	April 2019	<u>1,322,800</u>
Total		<u>\$ 22,270,402</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

The debt service requirements to maturity are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 913,820	\$ 568,409	\$ 1,482,229
2017	930,424	532,616	1,463,040
2018	1,181,930	498,898	1,680,828
2019	612,512	474,120	1,086,632
2020	480,577	464,075	944,652
Thereafter	<u>18,151,139</u>	<u>4,407,043</u>	<u>22,558,182</u>
Total	<u>\$ 22,270,402</u>	<u>\$ 6,945,161</u>	<u>\$ 29,215,563</u>

CityWide has entered into an interest rate swap agreement with a bank, whereby the bank pays CityWide the same floating interest rate based on the notional principal of \$1,322,800, and CityWide pays a fixed rate of 4.85% to the bank. The notional principal of the swap amortizes through April 2019. The fair valuation of the interest rate swap resulted in a mark to market liability of \$13,841 and \$20,777 as of December 31, 2015 and 2014; respectively, which is included in accrued liabilities in the combined financial statements. The interest rate swap agreement expires on April 15, 2019.

F. Operating Lease

CityWide has various operating leases for office equipment and office space. The leases expire at various times through 2019. Rent expense associated with these leases was \$15,532 for the year ended December 31, 2015. CityWide is responsible for various costs under the lease including insurance, taxes and maintenance.

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

Year Ending <u>December 31,</u>	<u>Amount</u>
2016	\$ 15,532
2017	14,062
2018	12,588
2019	<u>7,343</u>
Total	<u>\$ 49,525</u>

G. Retirement Plans

CityWide maintains a defined-contribution pension plan administered by an unrelated insurance company. This noncontributory plan covers all salaried employees with at least one year of service. Amendments to the plan require approval by the Board of Trustees. CityWide contributed 8% for both 2015 and 2014, respectively, of each eligible employee's annual salary, plus 5.7% of salaries greater than \$118,500. Plan contributions, net of forfeitures, were approximately \$118,068 and \$113,696 in 2015 and 2014, respectively.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

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

	<u>2015</u>	<u>2014</u>
Pension value	\$ 1,036,201	\$ 1,102,019
401(k) value	<u>1,358,325</u>	<u>1,337,040</u>
Total	<u><u>\$ 2,394,526</u></u>	<u><u>\$ 2,439,059</u></u>

H. Contingencies

CityWide is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and, natural disasters. CityWide manages these risks through the purchase of commercial insurance.

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

CityWide receives various financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of CityWide at December 31, 2015.

NOTE 23 - 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, 2015, to December 31, 2015, 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS

	<u>2014</u>	<u>2013</u>
<i>Traditional Plan:</i>		
City's proportion of the net pension liability	0.560246%	0.560246%
City's proportionate share of the net pension liability	\$ 67,571,930	\$ 66,045,704
City's covered-employee payroll	\$ 67,411,033	\$ 66,466,608
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	100.24%	99.37%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	86.36%
 <i>Combined Plan:</i>		
City's proportion of the net pension asset	0.475603%	0.475603%
City's proportionate share of the net pension asset	\$ 183,119	\$ 49,906
City's covered-employee payroll	\$ 1,738,508	\$ 1,438,292
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	10.53%	3.47%
Plan fiduciary net position as a percentage of the total pension asset	114.83%	104.56%

Note: Information prior to 2013 was unavailable.

Amounts presented as of the City's measurement date which is the prior year.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS

	<u>2014</u>	<u>2013</u>
City's proportion of the net pension liability	2.24151040%	2.24151040%
City's proportionate share of the net pension liability	\$ 116,119,585	\$ 109,168,588
City's covered-employee payroll	\$ 42,914,752	\$ 43,703,657
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	270.58%	249.79%
Plan fiduciary net position as a percentage of the total pension liability	72.20%	73.00%

Note: Information prior to 2013 was unavailable.

Amounts presented as of the City's measurement date which is the prior year.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 8,678,982	\$ 8,089,324	\$ 8,640,659	\$ 6,878,420
Contributions in relation to the contractually required contribution	<u>(8,678,982)</u>	<u>(8,089,324)</u>	<u>(8,640,659)</u>	<u>(6,878,420)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 72,324,850	\$ 67,411,033	\$ 66,466,608	\$ 68,784,200
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%	10.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 197,480	\$ 208,621	\$ 186,978	\$ 98,164
Contributions in relation to the contractually required contribution	<u>(197,480)</u>	<u>(208,621)</u>	<u>(186,978)</u>	<u>(98,164)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,645,667	\$ 1,738,508	\$ 1,438,292	\$ 1,234,767
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%	7.95%

Note: Information prior to 2010 was unavailable for the combined plan.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 6,823,221	\$ 6,488,756	\$ 6,536,423	\$ 5,847,515	\$ 6,917,267	\$ 7,723,282
<u>(6,823,221)</u>	<u>(6,488,756)</u>	<u>(6,536,423)</u>	<u>(5,847,515)</u>	<u>(6,917,267)</u>	<u>(7,723,282)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 68,232,210	\$ 72,771,095	\$ 80,448,283	\$ 83,535,929	\$ 82,841,521	\$ 83,948,717
10.00%	8.92%	8.13%	7.00%	8.35%	9.20%
\$ 105,120	\$ 118,154	\$ -	\$ -	\$ -	\$ -
<u>(105,120)</u>	<u>(118,154)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,322,264	\$ 1,219,759	\$ -	\$ -	\$ -	\$ -
7.95%	9.69%	8.13%	7.00%	8.35%	9.20%

CITY OF DAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>Police:</i>				
Contractually required contribution	\$ 4,997,877	\$ 4,599,130	\$ 3,876,616	\$ 3,123,636
Contributions in relation to the contractually required contribution	<u>(4,997,877)</u>	<u>(4,599,130)</u>	<u>(3,876,616)</u>	<u>(3,123,636)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 26,304,616	\$ 24,205,947	\$ 24,406,816	\$ 24,499,106
Contributions as a percentage of covered-employee payroll	19.00%	19.00%	15.88%	12.75%
 <i>Fire:</i>				
Contractually required contribution	\$ 4,817,700	\$ 4,396,569	\$ 3,931,652	\$ 3,466,063
Contributions in relation to the contractually required contribution	<u>(4,817,700)</u>	<u>(4,396,569)</u>	<u>(3,931,652)</u>	<u>(3,466,063)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 20,500,851	\$ 18,708,804	\$ 19,288,563	\$ 20,093,119
Contributions as a percentage of covered-employee payroll	23.50%	23.50%	20.38%	17.25%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 3,108,863	\$ 3,524,787	\$ 3,327,952	\$ 3,547,664	\$ 3,366,500	\$ 3,137,659
<u>(3,108,863)</u>	<u>(3,524,787)</u>	<u>(3,327,952)</u>	<u>(3,547,664)</u>	<u>(3,366,500)</u>	<u>(3,137,659)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 24,383,239	\$ 27,645,388	\$ 26,101,584	\$ 27,824,816	\$ 26,403,922	\$ 26,703,481
12.75%	12.75%	12.75%	12.75%	12.75%	11.75%
\$ 3,403,911	\$ 3,930,474	\$ 3,821,620	\$ 3,953,996	\$ 4,032,190	\$ 3,714,028
<u>(3,403,911)</u>	<u>(3,930,474)</u>	<u>(3,821,620)</u>	<u>(3,953,996)</u>	<u>(4,032,190)</u>	<u>(3,714,028)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 19,732,817	\$ 22,785,357	\$ 22,154,319	\$ 22,921,716	\$ 23,375,014	\$ 22,173,301
17.25%	17.25%	17.25%	17.25%	17.25%	16.75%

CITY OF DAYTON, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.



Combining Statements and Schedules

**COMBINING STATEMENTS
AND SCHEDULES**

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**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Municipal income taxes	\$ 103,618,900	\$ 107,452,900	\$ 107,411,832	\$ (41,068)
Property and other taxes	5,813,200	5,919,900	5,953,122	33,222
State shared taxes	7,282,100	7,298,300	7,280,796	(17,504)
Charges for services	27,342,500	26,775,500	27,658,742	883,242
Licenses and permits	1,300,000	1,585,000	1,512,717	(72,283)
Fines and forfeitures	1,275,000	2,476,500	2,443,866	(32,634)
Intergovernmental	4,602,200	4,506,800	4,164,747	(342,053)
Special assessments	175,000	142,400	153,980	11,580
Investment income	1,620,600	1,760,700	1,729,228	(31,472)
Other	3,576,700	3,290,500	3,041,355	(249,145)
Total revenues	156,606,200	161,208,500	161,350,385	141,885
Expenditures:				
General operating:				
General government:				
Clerk of commission	1,080,400	1,116,900	1,117,399	(499)
Civil service board	1,235,200	1,413,200	1,368,571	44,629
Human relations council	757,900	767,900	748,999	18,901
City manager's office	1,226,600	1,335,600	1,324,142	11,458
Department of public affairs	659,600	689,600	680,020	9,580
Department of planning & community development	1,494,900	2,462,600	2,333,624	128,976
Department of building services	2,803,100	-	-	-
Clerk of courts	3,371,700	3,451,700	3,353,406	98,294
Municipal court	3,975,200	3,975,200	3,736,704	238,496
Office of economic development	1,054,500	3,060,800	2,925,037	135,763
Department of management and budget	882,000	873,000	846,661	26,339
Department of water	75,000	87,000	83,929	3,071
Department of law	2,647,600	2,432,800	2,221,300	211,500
Department of finance	2,979,200	3,004,700	2,936,691	68,009
Department of human resources	882,900	1,137,900	1,096,132	41,768
Department of central services	14,213,200	14,480,900	13,886,293	594,607
Department of police	48,352,000	49,067,500	48,087,591	979,909
Department of fire	37,209,900	37,652,900	36,865,285	787,615
Department of public works	17,757,000	18,261,600	17,947,010	314,590
Department of recreation and youth services	6,351,900	6,516,700	6,393,077	123,623
Non-departmental	3,123,700	1,127,900	1,142,480	(14,580)
Special projects	7,901,000	7,943,200	7,010,051	933,149
Debt service:				
Principal retirement	68,300	70,400	70,395	5
Interest and fiscal charges	8,700	8,700	6,528	2,172
Total expenditures	160,111,500	160,938,700	156,181,325	4,757,375
Excess (deficiency) of revenues over (under) expenditures	(3,505,300)	269,800	5,169,060	4,899,260
Other financing uses:				
Transfers (out)	(3,505,300)	(10,468,000)	(9,383,214)	1,084,786
Total other financing (uses)	(3,505,300)	(10,468,000)	(9,383,214)	1,084,786
Net change in fund balances	(7,010,600)	(10,198,200)	(4,214,154)	5,984,046
Fund balance at beginning of year	58,613,765	58,613,765	58,613,765	-
Prior year encumbrances appropriated	3,455,304	3,455,304	3,455,304	-
Fund balance at end of year	\$ 55,058,469	\$ 51,870,869	\$ 57,854,915	\$ 5,984,046

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 OTHER SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 77,100	\$ 164,200	\$ 165,211	\$ 1,011
Licenses and permits	17,100	36,300	36,542	242
Fines and forfeitures	12,600	26,900	27,065	165
Special assessments	1,183,700	2,521,400	2,537,481	16,081
Intergovernmental	41,700	88,800	89,389	589
Investment income	1,500	3,300	3,282	(18)
Rental income	-	-	-	-
Other	600,900	1,280,000	1,288,163	8,163
Total revenues	<u>1,934,600</u>	<u>4,120,900</u>	<u>4,147,133</u>	<u>26,233</u>
Expenditures:				
Community development and neighborhoods	85,000	85,000	81,709	3,291
Economic development	1,021,600	1,321,600	984,929	336,671
Leadership and quality of life	2,584,600	3,194,200	2,819,541	374,659
Public safety and justice	1,231,000	1,275,300	461,576	813,724
Total expenditures	<u>4,922,200</u>	<u>5,876,100</u>	<u>4,347,755</u>	<u>1,528,345</u>
Net change in fund balance	(2,987,600)	(1,755,200)	(200,622)	1,554,578
Fund balance at beginning of year	3,412,448	3,412,448	3,412,448	-
Prior year encumbrances appropriated	<u>44,849</u>	<u>44,849</u>	<u>44,849</u>	<u>-</u>
Fund balance at end of year	<u>\$ 469,697</u>	<u>\$ 1,702,097</u>	<u>\$ 3,256,675</u>	<u>\$ 1,554,578</u>

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.

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
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 1,764,360	\$ 182,760	\$ 1,947,120
Receivables:			
Accounts	31,294	-	31,294
Special assessments	601,120	-	601,120
Accrued interest	588	90	678
Due from other governments	8,202,647	-	8,202,647
Advances to component units	6,172,699	-	6,172,699
	<u>\$ 16,772,708</u>	<u>\$ 182,850</u>	<u>\$ 16,955,558</u>
Total assets	<u>\$ 16,772,708</u>	<u>\$ 182,850</u>	<u>\$ 16,955,558</u>
Liabilities:			
Accounts payable	\$ 491,008	\$ -	\$ 491,008
Contracts payable	39,314	-	39,314
Accrued wages and benefits payable	146,455	-	146,455
Retainage payable	126,652	-	126,652
Due to other funds	366,714	-	366,714
	<u>1,170,143</u>	<u>-</u>	<u>1,170,143</u>
Total liabilities	<u>1,170,143</u>	<u>-</u>	<u>1,170,143</u>
Deferred inflows of resources:			
Accrued interest not available	387	59	446
Special assessments revenue not available	601,120	-	601,120
Miscellaneous revenue not available	28,464	-	28,464
Intergovernmental revenue not available	7,046,740	-	7,046,740
	<u>7,676,711</u>	<u>59</u>	<u>7,676,770</u>
Total deferred inflows of resources	<u>7,676,711</u>	<u>59</u>	<u>7,676,770</u>
Fund Balances:			
Nonspendable	-	102,228	102,228
Restricted	8,135,850	80,563	8,216,413
Unassigned	(209,996)	-	(209,996)
	<u>7,925,854</u>	<u>182,791</u>	<u>8,108,645</u>
Total fund balances	<u>7,925,854</u>	<u>182,791</u>	<u>8,108,645</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,772,708</u>	<u>\$ 182,850</u>	<u>\$ 16,955,558</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
State shared taxes.	\$ 5,188,850	\$ -	\$ 5,188,850
Charges for services.	714,194	-	714,194
Fines and forfeitures	528,951	-	528,951
Intergovernmental.	15,452,891	-	15,452,891
Special assessments	31,176	-	31,176
Investment income	1,377	215	1,592
Increase in FMV of investments.	66	(2)	64
Other	321,279	-	321,279
Total revenues	<u>22,238,784</u>	<u>213</u>	<u>22,238,997</u>
Expenditures:			
Current:			
General government:			
Downtown.	2,266	-	2,266
Youth, education and human services.	350,447	-	350,447
Community development and neighborhoods.	9,629,529	-	9,629,529
Economic development	5,361,055	-	5,361,055
Leadership and quality of life	9,219,721	-	9,219,721
Corporate responsibility.	180,000	-	180,000
Public safety and justice.	2,478,513	-	2,478,513
Total expenditures.	<u>27,221,531</u>	<u>-</u>	<u>27,221,531</u>
Excess of revenues over expenditures.	<u>(4,982,747)</u>	<u>213</u>	<u>(4,982,534)</u>
Other financing sources:			
Transfers in	1,233,414	-	1,233,414
Total other financing sources	<u>1,233,414</u>	<u>-</u>	<u>1,233,414</u>
Net change in fund balances	(3,749,333)	213	(3,749,120)
Fund balances at beginning of year.	<u>11,675,187</u>	<u>182,578</u>	<u>11,857,765</u>
Fund balances at end of year	<u>\$ 7,925,854</u>	<u>\$ 182,791</u>	<u>\$ 8,108,645</u>

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CITY OF DAYTON, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015

	<u>Street</u>	<u>Highway Maintenance</u>	<u>HUD Programs</u>
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 779,282	\$ 626,603	\$ 358,475
Receivables:	-		
Accounts	14,944	-	16,350
Special assessments	-	-	601,120
Accrued interest	-	-	-
Due from other governments	2,199,457	213,309	1,859,595
Advances to component units	-	-	6,172,699
Total assets	<u>\$ 2,993,683</u>	<u>\$ 839,912</u>	<u>\$ 9,008,239</u>
Liabilities:			
Accounts payable	\$ 48,915	\$ 3,880	\$ 422,001
Contracts payable	-	-	23,935
Accrued wages and benefits payable	50,394	3,012	73,466
Retainage payable	-	-	126,652
Due to other funds	27,234	-	3,700
Total liabilities	<u>126,543</u>	<u>6,892</u>	<u>649,754</u>
Deferred inflows of resources:			
Accrued interest not available	-	-	-
Special assessments revenue not available	-	-	601,120
Miscellaneous revenue not available	13,764	-	14,700
Intergovernmental revenue not available	1,536,052	152,760	1,604,399
Total deferred inflows of resources	<u>1,549,816</u>	<u>152,760</u>	<u>2,220,219</u>
Fund Balances:			
Fund balances (deficit):			
Restricted	1,317,324	680,260	6,138,266
Unassigned	-	-	-
Total fund balances	<u>1,317,324</u>	<u>680,260</u>	<u>6,138,266</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,993,683</u>	<u>\$ 839,912</u>	<u>\$ 9,008,239</u>

<u>Miscellaneous Grants</u>	<u>Total</u>
\$ -	\$ 1,764,360
-	31,294
-	601,120
588	588
3,930,286	8,202,647
-	6,172,699
<u>\$ 3,930,874</u>	<u>\$ 16,772,708</u>
\$ 16,212	\$ 491,008
15,379	39,314
19,583	146,455
-	126,652
<u>335,780</u>	<u>366,714</u>
386,954	1,170,143
387	387
-	601,120
-	28,464
<u>3,753,529</u>	<u>7,046,740</u>
<u>3,753,916</u>	<u>7,676,711</u>
-	8,135,850
<u>(209,996)</u>	<u>(209,996)</u>
<u>(209,996)</u>	<u>7,925,854</u>
<u>\$ 3,930,874</u>	<u>\$ 16,772,708</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, 2015

	<u>Street</u>	<u>Highway Maintenance</u>	<u>HUD Programs</u>
Revenues:			
State shared taxes	\$ 4,768,622	\$ 420,228	\$ -
Charges for services	395,646	-	34,055
Fines and forfeitures	-	-	-
Intergovernmental	-	-	13,432,376
Special assessments	-	-	31,176
Investment income	-	-	-
Increase (decrease) in FMV of investments	-	-	71
Other	<u>62,562</u>	<u>-</u>	<u>11,972</u>
Total revenues	<u>5,226,830</u>	<u>420,228</u>	<u>13,509,650</u>
Expenditures:			
Current:			
General government:			
Downtown	-	-	2,266
Youth, education and human services	-	-	350,447
Community development and neighborhoods	4,630	-	9,425,746
Economic development	-	-	131,640
Leadership and quality of life	6,216,589	307,059	2,432,442
Corporate responsibility	-	-	180,000
Public safety and justice	<u>-</u>	<u>-</u>	<u>43,799</u>
Total expenditures	<u>6,221,219</u>	<u>307,059</u>	<u>12,566,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(994,389)</u>	<u>113,169</u>	<u>943,310</u>
Other financing sources:			
Transfers in	<u>735,000</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>735,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(259,389)	113,169	943,310
Fund balances			
at beginning of year	<u>1,576,713</u>	<u>567,091</u>	<u>5,194,956</u>
Fund balances at end of year	<u>\$ 1,317,324</u>	<u>\$ 680,260</u>	<u>\$ 6,138,266</u>

Miscellaneous Grants	Total
\$ -	\$ 5,188,850
284,493	714,194
528,951	528,951
2,020,515	15,452,891
-	31,176
1,377	1,377
(5)	66
246,745	321,279
<u>3,082,076</u>	<u>22,238,784</u>
-	2,266
-	350,447
199,153	9,629,529
5,229,415	5,361,055
263,631	9,219,721
-	180,000
2,434,714	2,478,513
<u>8,126,913</u>	<u>27,221,531</u>
<u>(5,044,837)</u>	<u>(4,982,747)</u>
<u>498,414</u>	<u>1,233,414</u>
<u>498,414</u>	<u>1,233,414</u>
(4,546,423)	(3,749,333)
<u>4,336,427</u>	<u>11,675,187</u>
<u>\$ (209,996)</u>	<u>\$ 7,925,854</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State shared taxes	\$ 4,865,700	\$ 4,865,700	\$ 4,875,970	\$ 10,270
Charges for services	393,900	393,900	394,751	851
Other	100,700	100,700	100,880	180
Total revenues.	<u>5,360,300</u>	<u>5,360,300</u>	<u>5,371,601</u>	<u>11,301</u>
Expenditures:				
Department of public works	5,451,100	6,474,100	6,393,961	80,139
Total expenditures.	<u>5,451,100</u>	<u>6,474,100</u>	<u>6,393,961</u>	<u>80,139</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(90,800)</u>	<u>(1,113,800)</u>	<u>(1,022,360)</u>	<u>91,440</u>
Other financing sources:				
Transfers in	-	735,000	735,000	-
Total other financing sources	<u>-</u>	<u>735,000</u>	<u>735,000</u>	<u>-</u>
Net change in fund balance	(90,800)	(378,800)	(287,360)	91,440
Fund balance at beginning of year.	1,161,571	1,161,571	1,161,571	-
Prior year encumbrances appropriated.	99,514	99,514	99,514	-
Fund balance at end of year.	<u>\$ 1,170,285</u>	<u>\$ 882,285</u>	<u>\$ 973,725</u>	<u>\$ 91,440</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
State shared taxes	\$ 439,700	\$ 439,700	\$ 430,423	\$ (9,277)
Total revenues.	<u>439,700</u>	<u>439,700</u>	<u>430,423</u>	<u>(9,277)</u>
Expenditures:				
Department of public works	439,700	439,700	397,722	41,978
Total expenditures.	<u>439,700</u>	<u>439,700</u>	<u>397,722</u>	<u>41,978</u>
Net change in fund balance	-	-	32,701	32,701
Fund balance at beginning of year.	565,993	565,993	565,993	-
Prior year encumbrances appropriated.	<u>95,593</u>	<u>95,593</u>	<u>95,593</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 661,586</u>	<u>\$ 661,586</u>	<u>\$ 694,287</u>	<u>\$ 32,701</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Fines and forfeitures	\$ 4,035,900	\$ 4,134,200	\$ 528,952	\$ (3,605,248)
Intergovernmental.	14,290,400	14,638,400	1,872,906	(12,765,494)
Charges for Services	\$ 2,170,700	2,223,600	284,493	(1,939,107)
Other	1,220,900	1,250,700	159,930	(1,090,770)
Total revenues.	<u>21,717,900</u>	<u>22,246,900</u>	<u>2,846,281</u>	<u>(19,400,619)</u>
Expenditures:				
Other grants				
Other.	20,607,000	21,503,500	16,249,272	5,254,228
Total other	<u>20,607,000</u>	<u>21,503,500</u>	<u>16,249,272</u>	<u>5,254,228</u>
Total expenditures.	<u>20,607,000</u>	<u>21,503,500</u>	<u>16,249,272</u>	<u>5,254,228</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,110,900</u>	<u>743,400</u>	<u>(13,402,991)</u>	<u>(14,146,391)</u>
Other financing sources:				
Transfers in	4,374,900	4,481,400	573,375	(3,908,025)
Total other financing sources	<u>4,374,900</u>	<u>4,481,400</u>	<u>573,375</u>	<u>(3,908,025)</u>
Net change in fund balances	5,485,800	5,224,800	(12,829,616)	(18,054,416)
Fund balance at beginning of year.	4,901,305	4,901,305	4,901,305	-
Prior year encumbrances appropriated.	7,871,861	7,871,861	7,871,861	-
Fund balance at end of year	<u>\$ 18,258,966</u>	<u>\$ 17,997,966</u>	<u>\$ (56,450)</u>	<u>\$ (18,054,416)</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PERMANENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Other	\$ 100	\$ 200	\$ 226	\$ 26
Total revenues.	100	200	226	26
Expenditures:				
Other	50,000	50,000	-	50,000
Total expenditures.	50,000	50,000	-	50,000
Net change in fund balances	(49,900)	(49,800)	226	50,026
Fund balance at beginning of year.	<u>289,908</u>	<u>289,908</u>	<u>289,908</u>	<u>-</u>
Fund balance at end of year	<u>\$ 240,008</u>	<u>\$ 240,108</u>	<u>\$ 290,134</u>	<u>\$ 50,026</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, 2015

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues:				
Property and other taxes.	\$ 6,764,200	\$ 6,770,700	\$ 6,736,053	\$ (34,647)
Intergovernmental.	2,449,700	2,452,100	2,439,548	(12,552)
Other	565,700	511,100	563,334	52,234
Total revenues.	<u>9,779,600</u>	<u>9,733,900</u>	<u>9,738,935</u>	<u>5,035</u>
Expenditures:				
Department of finance	<u>9,822,800</u>	<u>10,048,400</u>	<u>9,980,229</u>	<u>68,171</u>
Total expenditures.	<u>9,822,800</u>	<u>10,048,400</u>	<u>9,980,229</u>	<u>68,171</u>
Excess of expenditures over revenues	<u>(43,200)</u>	<u>(314,500)</u>	<u>(241,294)</u>	<u>73,206</u>
Other financing sources:				
Transfers in	<u>971,600</u>	<u>972,600</u>	<u>967,600</u>	<u>(5,000)</u>
Total other financing sources	<u>971,600</u>	<u>972,600</u>	<u>967,600</u>	<u>(5,000)</u>
Net change in fund balance	928,400	658,100	726,306	68,206
Fund balance at beginning of year.	12,345,541	12,345,541	12,345,541	-
Prior year encumbrances appropriated.	<u>18,808</u>	<u>18,808</u>	<u>18,808</u>	-
Fund balance at end of year	<u>\$ 13,292,749</u>	<u>\$ 13,022,449</u>	<u>\$ 13,090,655</u>	<u>\$ 68,206</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS

Nonmajor Enterprise Funds

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

Storm Water

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

Golf

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

CITY OF DAYTON, OHIO

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2015**

	Storm Water	Golf	Total
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 12,486,377	\$ 148,162	\$ 12,634,539
Receivables:			
Accounts	1,540,353	-	1,540,353
Special assessments	624,924	-	624,924
Accrued interest	18,180	-	18,180
Prepayments	3,350	1,619	4,969
Total current assets.	<u>14,673,184</u>	<u>149,781</u>	<u>14,822,965</u>
Noncurrent assets:			
Capital assets:			
Net pension asset	5,664	1,934	7,598
Land and construction in progress.	549,615	594,927	1,144,542
Depreciable capital assets, net	13,590,337	3,731,030	17,321,367
Total capital assets, net.	<u>14,145,616</u>	<u>4,327,891</u>	<u>18,473,507</u>
Total noncurrent assets.	<u>14,145,616</u>	<u>4,327,891</u>	<u>18,473,507</u>
Total assets.	<u>28,818,800</u>	<u>4,477,672</u>	<u>33,296,472</u>
Deferred outflows of resources:			
Pension.	386,442	131,973	518,415
Total assets and deferred outflows of resources	<u>29,205,242</u>	<u>4,609,645</u>	<u>33,814,887</u>
Liabilities:			
Current liabilities:			
Accounts payable.	61,721	60,733	122,454
Contracts payable.	109,445	11,498	120,943
Retainage payable.	64,495	-	64,495
Accrued wages and benefits payable	61,331	21,330	82,661
Due to other funds	729,161	179	729,340
Due to other governments	-	2,903	2,903
Compensated absences payable - current	165,046	68,533	233,579
Advances from other funds.	-	854,243	854,243
Capital lease obligations payable	23,418	-	23,418
Total current liabilities.	<u>1,214,617</u>	<u>1,019,419</u>	<u>2,234,036</u>
Long-term liabilities:			
Compensated absences payable	86,819	36,051	122,870
Net pension liability	2,090,165	713,805	2,803,970
Total long-term liabilities	<u>2,176,984</u>	<u>749,856</u>	<u>2,926,840</u>
Total liabilities.	<u>3,391,601</u>	<u>1,769,275</u>	<u>5,160,876</u>
Deferred inflows of resources:			
Pension.	41,690	14,237	55,927
Total liabilities and deferred inflows of resources	<u>3,433,291</u>	<u>1,783,512</u>	<u>5,216,803</u>
Net position:			
Net investment in capital assets	13,966,012	4,314,459	18,280,471
Unrestricted (deficit).	11,805,939	(1,488,326)	10,317,613
Total net position	<u>\$ 25,771,951</u>	<u>\$ 2,826,133</u>	<u>\$ 28,598,084</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 7,432,885	\$ 2,923,295	\$ 10,356,180
Other operating revenues	18,780	-	18,780
Total operating revenues	<u>7,451,665</u>	<u>2,923,295</u>	<u>10,374,960</u>
Operating expenses:			
Personal services	2,322,197	798,416	3,120,613
Fringe benefits	895,472	271,910	1,167,382
Contract services	1,338,092	840,962	2,179,054
Materials and supplies	142,796	247,784	390,580
Utilities	73,593	123,198	196,791
Depreciation	598,453	273,259	871,712
Other	265,187	409,763	674,950
Total operating expenses	<u>5,635,790</u>	<u>2,965,292</u>	<u>8,601,082</u>
Operating income (loss)	<u>1,815,875</u>	<u>(41,997)</u>	<u>1,773,878</u>
Nonoperating revenues (expenses):			
Interest and fiscal charges	(47)	(48,908)	(48,955)
Interest income	900	-	900
Increase in fair market value of investments	(578)	-	(578)
Total nonoperating revenues (expenses)	<u>275</u>	<u>(48,908)</u>	<u>(48,633)</u>
Change in net position	1,816,150	(90,905)	1,725,245
Net position at beginning of year	<u>23,955,801</u>	<u>2,917,038</u>	<u>26,872,839</u>
Net position at end of year	<u>\$ 25,771,951</u>	<u>\$ 2,826,133</u>	<u>\$ 28,598,084</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers.	\$ 7,450,770	\$2,923,295	\$ 10,374,065
Cash received from other operations.	18,780	-	18,780
Cash payments for personal services.	(2,379,783)	(813,621)	(3,193,404)
Cash payments for fringe benefits.	(960,337)	(293,211)	(1,253,548)
Cash payments for contractual services.	(1,269,892)	(830,808)	(2,100,700)
Cash payments for materials and supplies.	(140,316)	(246,996)	(387,312)
Cash payments for utilities.	(79,050)	(108,412)	(187,462)
Cash payments for other expenses.	(266,886)	(368,490)	(635,376)
	<u>2,373,286</u>	<u>261,757</u>	<u>2,635,043</u>
Net cash provided by operating activities.			
Cash flows from noncapital financing activities:			
Cash used in repayment of interfund loans.	-	(232,598)	(232,598)
Interest paid on interfund loans.	-	(48,908)	(48,908)
	<u>-</u>	<u>(281,506)</u>	<u>(281,506)</u>
Net cash used in noncapital financing activities.			
Cash flows from capital and related financing activities:			
Acquisition of capital assets.	(1,326,380)	-	(1,326,380)
Principal paid on bonds.	(5,405)	-	(5,405)
Interest paid on bonds.	(47)	-	(47)
	<u>(1,331,832)</u>	<u>-</u>	<u>(1,331,832)</u>
Net cash used in capital and related financing activities.			
Cash flows from investing activities:			
Interest received.	(578)	-	(578)
	<u>(578)</u>	<u>-</u>	<u>(578)</u>
Net cash provided by investing activities.			
Net increase (decrease) in cash and cash equivalents.	1,040,876	(19,749)	1,021,127
Cash and cash equivalents at beginning of year.	<u>11,445,501</u>	<u>167,911</u>	<u>11,613,412</u>
Cash and cash equivalents at end of year	<u>\$ 12,486,377</u>	<u>\$ 148,162</u>	<u>\$ 12,634,539</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income.	\$ 1,815,875	\$ (41,997)	\$ 1,773,878
Adjustments:			
Depreciation	598,453	273,259	871,712
Changes in assets and liabilities:			
(Increase) decrease in materials and (Increase) in net pension asset	(4,120)	(1,407)	(5,527)
(Increase) in deferred outflows for pension	(129,766)	(44,317)	(174,083)
Decrease in accounts receivable.	(10,015)	-	(10,015)
Decrease (increase) in prepayments.	(3,350)	3,363	13
Decrease (increase) in due from other governments	22,062	-	22,062
Increase in special assessments receivable	5,838	-	5,838
Decrease in accounts payable.	42,599	57,953	100,552
Increase (decrease) in contracts payable	(84,628)	6,129	(78,499)
Decrease in retainage payable	64,495	-	64,495
Increase (decrease) in accrued wages and benefits.	(55,427)	(15,110)	(70,537)
Increase (decrease) in due to other funds.	44,408	4	44,412
Decrease in due to other governments	-	(448)	(448)
Increase (decrease) in net pension liability	47,210	16,123	63,333
Increase (decrease) in deferred inflows of resources	41,690	14,237	55,927
Increase (decrease) in compensated absences payable	(22,038)	(6,032)	(28,070)
	<u>\$ 2,373,286</u>	<u>\$ 261,757</u>	<u>\$ 2,635,043</u>
Net cash provided by operating activities.			

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - INTERNAL SERVICE FUNDS

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

Fleet Management

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

Fire Fleet Management

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

Stores and Reproduction

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

Health Insurance

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

Workers' Compensation

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

Plumbing Shop

To account for plumbing services to departments within the City.

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2015

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Health Insurance</u>
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 656,683	\$ 294,482	\$ 176,732	\$ 6,402,602
Receivables:				
Accrued interest	-	-	-	-
Due from other funds	167,659	14,773	34,946	184
Due from other governments	131,511	33,975	-	-
Prepayments	-	15,012	-	153,076
Interfund loan receivable	-	-	-	-
Inventory held for resale	140,840	302,148	-	-
Total current assets	<u>1,096,693</u>	<u>660,390</u>	<u>211,678</u>	<u>6,555,862</u>
Noncurrent assets:				
Net pension asset	4,672	1,237	280	332
Capital assets:				
Land	-	75,000	-	-
Depreciable capital assets, net	44,687	660,263	6,003	-
Total noncurrent assets	<u>49,359</u>	<u>736,500</u>	<u>6,283</u>	<u>332</u>
Deferred outflows of resources:				
Pension	318,742	84,369	19,114	22,682
Total assets and deferred outflows of resources	<u>1,464,794</u>	<u>1,481,259</u>	<u>237,075</u>	<u>6,578,876</u>
Liabilities:				
Current liabilities:				
Accounts payable	10,392	10,953	45,249	11,778
Contracts payable	-	-	-	2,074
Accrued wages and benefits payable	39,542	13,497	5,362	6,027
Due to other funds	244	152	-	-
Due to other governments	-	-	-	-
Compensated absences payable - current	42,325	13,436	25,165	10,421
Claims and judgments payable	-	-	-	2,696,249
Total current liabilities	<u>92,503</u>	<u>38,038</u>	<u>75,776</u>	<u>2,726,549</u>
Long-term liabilities:				
Compensated absences payable	22,264	7,067	13,237	5,482
Net pension liability	1,723,997	456,327	103,386	122,684
Claims and judgements payable	-	-	-	-
Total long-term liabilities	<u>1,746,261</u>	<u>463,394</u>	<u>116,623</u>	<u>128,166</u>
Total liabilities	<u>1,838,764</u>	<u>501,432</u>	<u>192,399</u>	<u>2,854,715</u>
Deferred inflows of resources:				
Pension	34,386	9,102	2,062	2,447
Total deferred inflows of resources	<u>34,386</u>	<u>9,102</u>	<u>2,062</u>	<u>2,447</u>
Total liabilities and deferred inflows of resources	<u>1,873,150</u>	<u>510,534</u>	<u>194,461</u>	<u>2,857,162</u>
Net position:				
Net investment in capital assets	44,687	735,263	6,003	-
Unrestricted	(453,043)	235,462	36,611	3,721,714
Total net position	<u>\$ (408,356)</u>	<u>\$ 970,725</u>	<u>\$ 42,614</u>	<u>\$ 3,721,714</u>

Workers' Compensation	Plumbing Shop	Total
\$ 17,199,499	\$ 538,071	\$ 25,268,069
24,963	-	24,963
-	-	217,562
-	-	165,486
-	-	168,088
147,189	-	147,189
-	-	442,988
<u>17,371,651</u>	<u>538,071</u>	<u>26,434,345</u>
1,009	549	8,079
-	-	75,000
<u>18,309</u>	<u>84,284</u>	<u>813,546</u>
<u>19,318</u>	<u>84,833</u>	<u>896,625</u>
68,844	37,436	551,187
<u>17,459,813</u>	<u>660,340</u>	<u>27,882,157</u>
8,077	5,396	91,845
972	-	3,046
22,953	3,870	91,251
640	566	1,602
757,381	-	757,381
89,675	13,813	194,835
<u>1,049,269</u>	<u>-</u>	<u>3,745,518</u>
<u>1,928,967</u>	<u>23,645</u>	<u>4,885,478</u>
47,172	7,266	102,488
372,361	202,481	2,981,236
<u>3,779,416</u>	<u>-</u>	<u>3,779,416</u>
<u>4,198,949</u>	<u>209,747</u>	<u>6,863,140</u>
<u>6,127,916</u>	<u>233,392</u>	<u>11,748,618</u>
7,427	4,039	59,463
<u>7,427</u>	<u>4,039</u>	<u>59,463</u>
<u>6,135,343</u>	<u>237,431</u>	<u>11,808,081</u>
18,309	84,284	888,546
<u>11,306,161</u>	<u>338,625</u>	<u>15,185,530</u>
<u>\$ 11,324,470</u>	<u>\$ 422,909</u>	<u>\$ 16,074,076</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Fleet Management	Fire Fleet Management	Stores and Reproduction	Health Insurance
Operating revenues:				
Charges for services	\$ 8,709,382	\$ 1,491,839	\$ 175,137	\$ 21,576,369
Other operating revenues	76,098	13,054	316,978	-
Total operating revenues	<u>8,785,480</u>	<u>1,504,893</u>	<u>492,115</u>	<u>21,576,369</u>
Operating expenses:				
Personal services	1,907,791	515,763	123,016	200,876
Fringe benefits	720,416	185,430	53,875	45,757
Contract services	555,013	63,846	272,291	15,775
Materials and supplies	2,133,207	239	272	6,233
Cost of sales	2,877,337	447,471	30,466	-
Utilities	-	27,342	-	-
Claims expense	-	-	-	23,608,465
Depreciation	19,546	27,049	6,005	-
Other	21,506	2,689	29,554	410,082
Total operating expenses	<u>8,234,816</u>	<u>1,269,829</u>	<u>515,479</u>	<u>24,287,188</u>
Operating income (loss)	<u>550,664</u>	<u>235,064</u>	<u>(23,364)</u>	<u>(2,710,819)</u>
Nonoperating revenues:				
Interest income	-	-	-	-
(Decrease) in fair market value of investments	-	-	-	-
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	550,664	235,064	(23,364)	(2,710,819)
Transfers out	<u>-</u>	<u>(117,745)</u>	<u>-</u>	<u>-</u>
Change in net position	550,664	117,319	(23,364)	(2,710,819)
Net position at beginning of year	<u>(959,020)</u>	<u>853,406</u>	<u>65,978</u>	<u>6,432,533</u>
Net position at end of year	<u>\$ (408,356)</u>	<u>\$ 970,725</u>	<u>\$ 42,614</u>	<u>\$ 3,721,714</u>

Workers' Compensation	Plumbing Shop	Total
\$ 5,183,527	\$ 493,222	\$ 37,629,476
6,528	-	412,658
<u>5,190,055</u>	<u>493,222</u>	<u>38,042,134</u>
442,147	225,595	3,415,188
153,531	78,688	1,237,697
214,918	4,489	1,126,332
76,731	125,776	2,342,458
-	-	3,355,274
-	-	27,342
1,951,716	-	25,560,181
9,159	11,762	73,521
21,879	-	485,710
<u>2,870,081</u>	<u>446,310</u>	<u>37,623,703</u>
<u>2,319,974</u>	<u>46,912</u>	<u>418,431</u>
63,472	-	63,472
(729)	-	(729)
<u>62,743</u>	<u>-</u>	<u>62,743</u>
2,382,717	46,912	481,174
-	-	(117,745)
2,382,717	46,912	363,429
8,941,753	375,997	15,710,647
<u>\$ 11,324,470</u>	<u>\$ 422,909</u>	<u>\$ 16,074,076</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Health Insurance</u>
Cash flows from operating activities:				
Cash received from interfund services provided . . .	\$ 8,397,498	\$ 1,490,462	\$ 176,219	\$ 21,576,369
Cash received from other operations	76,098	13,054	316,978	
Cash payments for personal services	(1,960,603)	(522,294)	(117,803)	(200,446)
Cash payments for fringe benefits.	(778,378)	(199,175)	(55,269)	(47,342)
Cash payments for contractual services	(564,584)	(72,593)	(249,370)	(168,851)
Cash payments for materials and supplies	(2,202,872)	-	(272)	(6,233)
Cash payments for cost of goods sold	(2,640,117)	(437,733)	(32,213)	-
Cash payments for utilities.	-	(27,924)	-	-
Cash payments for claims.	-	-	-	(23,453,357)
Cash payments for other expenses	(20,025)	(2,683)	(32,031)	(181,432)
Net cash provided by operating activities.	<u>307,017</u>	<u>241,114</u>	<u>6,239</u>	<u>(2,481,292)</u>
Cash flows from noncapital financing activities:				
Cash payments for interfund loans.	(200,000)	-	-	-
Cash received from interfund loans.	-	-	-	-
Cash used in transfers out	-	(117,745)	-	-
Net cash provided by (used in) noncapital financing activities	<u>(200,000)</u>	<u>(117,745)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(5,189)	-	-	-
Net cash used in capital and related financing activities	<u>(5,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest received and fair market value adjustment	-	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents.	101,828	123,369	6,239	(2,481,292)
Cash and cash equivalents at beginning of year.	554,855	171,113	170,493	8,883,894
Cash and cash equivalents at end of year	<u>\$ 656,683</u>	<u>\$ 294,482</u>	<u>\$ 176,732</u>	<u>\$ 6,402,602</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 550,664	\$ 235,064	\$ (23,364)	\$ (2,710,819)
Adjustments:				
Depreciation	19,546	27,049	6,005	-
Changes in assets and liabilities:				
(Increase) in net pension asset	(3,399)	(900)	(204)	(241)
(Increase) deferred outflows for pension	(107,032)	(28,331)	(6,418)	(7,616)
Decrease (increase) in accounts receivable	249	14,169	-	-
Decrease in due from other funds.	(167,659)	(14,773)	1,082	(184)
Decrease (increase) in prepayments	-	(477)	-	67,802
(Increase) decrease in due from other governments	(131,511)	(773)	-	-
Increase in inventory held for resale.	237,220	9,738	-	-
Increase (decrease) in accounts payable	(77,761)	(8,613)	18,697	9,264
Decrease in contracts payable	-	-	-	2,074
Increase (decrease) in accrued wages and benefits.	(62,418)	(15,129)	1,745	749
Increase (decrease) in due to other funds	(12,957)	6	-	(3,382)
Increase (decrease) in net pension liability	38,940	10,307	2,335	2,771
Increase (decrease) in due to other governments.	-	-	-	-
Increase in deferred inflows - pension.	34,386	9,102	2,062	2,447
Increase (decrease) in compensated absences payable. . .	(11,251)	4,675	4,299	735
Increase (decrease) in claims payable.	-	-	-	155,108
Net cash provided by operating activities	<u>\$ 307,017</u>	<u>\$ 241,114</u>	<u>\$ 6,239</u>	<u>\$ (2,481,292)</u>

	Workers' Compensation	Plumbing Shop	Total
\$	5,183,527	\$ 493,222	\$ 37,317,297
	6,528	-	412,658
	(424,466)	(230,473)	(3,456,085)
	(158,689)	(85,803)	(1,324,656)
	(214,347)	(4,207)	(1,273,952)
	(78,550)	(140,108)	(2,428,035)
	-	-	(3,110,063)
	-	-	(27,924)
	(3,068,015)	-	(26,521,372)
	(21,947)	-	(258,118)
	<u>1,224,041</u>	<u>32,631</u>	<u>(670,250)</u>
	-	-	(200,000)
	70,395	-	70,395
	-	-	(117,745)
	<u>70,395</u>	<u>-</u>	<u>(247,350)</u>
	-	-	(5,189)
	-	-	(5,189)
	<u>61,747</u>	<u>-</u>	<u>61,747</u>
	<u>61,747</u>	<u>-</u>	<u>61,747</u>
	1,356,183	32,631	(861,042)
	<u>15,843,316</u>	<u>505,440</u>	<u>26,129,111</u>
\$	<u><u>17,199,499</u></u>	<u><u>538,071</u></u>	<u><u>25,268,069</u></u>
\$	2,319,974	\$ 46,912	\$ 418,431
	9,159	11,762	73,521
	(734)	(399)	(5,877)
	(23,117)	(12,571)	(185,085)
	-	-	14,418
	-	-	(181,534)
	-	-	67,325
	-	-	(132,284)
	-	-	246,958
	(2,215)	(14,616)	(75,244)
	972	-	3,046
	12,666	(11,174)	(73,561)
	(74)	566	(15,841)
	8,411	4,573	67,337
	(967,266)	-	(967,266)
	7,427	4,039	59,463
	7,870	3,539	9,867
	(149,032)	-	6,076
\$	<u><u>1,224,041</u></u>	<u><u>32,631</u></u>	<u><u>(670,250)</u></u>

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - FIDUCIARY FUNDS

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

Agency Funds

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

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

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance 12/31/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/15</u>
Guaranty				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 49,649	\$ -	\$ -	\$ 49,649
Total assets.	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
Liabilities:				
Intergovernmental payable.	\$ 49,649	\$ -	\$ -	\$ 49,649
Total liabilities.	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
Performance Bond				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 14,119	\$ -	\$ -	\$ 14,119
Total assets.	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
Liabilities:				
Withholdings and deposits.	\$ 14,119	\$ -	\$ -	\$ 14,119
Total liabilities.	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
Developer Construction Payments				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 3,000	\$ -	\$ -	\$ 3,000
Total assets.	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Liabilities:				
Due to others.	\$ 3,000	\$ -	\$ -	\$ 3,000
Total liabilities.	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Deposit of Taxes/Courthouse Square				
Assets:				
Accounts receivable.	\$ 174,382	\$ 173,895	\$ 174,382	\$ 173,895
Total assets.	<u>\$ 174,382</u>	<u>\$ 173,895</u>	<u>\$ 174,382</u>	<u>\$ 173,895</u>
Liabilities:				
Intergovernmental payable.	\$ 83,711	\$ 83,224	\$ 83,711	\$ 83,224
Due to others.	90,671	90,671	90,671	90,671
Total liabilities.	<u>\$ 174,382</u>	<u>\$ 173,895</u>	<u>\$ 174,382</u>	<u>\$ 173,895</u>
Dependent Care				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,228	\$ -	\$ -	\$ 2,228
Total assets.	<u>\$ 2,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,228</u>
Liabilities:				
Intergovernmental payable.	\$ 2,228	\$ -	\$ -	\$ 2,228
Total liabilities.	<u>\$ 2,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,228</u>

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CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/15</u>
Fire Proceeds				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 1,047,336	\$ -	\$ 20,623	\$ 1,026,713
Total assets.	<u>\$ 1,047,336</u>	<u>\$ -</u>	<u>\$ 20,623</u>	<u>\$ 1,026,713</u>
Liabilities:				
Intergovernmental payable.	\$ 1,047,336	\$ -	\$ 20,623	\$ 1,026,713
Total liabilities.	<u>\$ 1,047,336</u>	<u>\$ -</u>	<u>\$ 20,623</u>	<u>\$ 1,026,713</u>
Urban Renewal Comp Dep				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 53,520	\$ -	\$ -	\$ 53,520
Total assets.	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
Liabilities:				
Withholdings and deposits.	\$ 53,520	\$ -	\$ -	\$ 53,520
Total liabilities.	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
Building Permit Surcharge				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 13,882	\$ 9,061	\$ 1,612	\$ 21,331
Total assets.	<u>\$ 13,882</u>	<u>\$ 9,061</u>	<u>\$ 1,612</u>	<u>\$ 21,331</u>
Liabilities:				
Accounts payable	\$ 1,612	\$ 6,801	\$ 1,612	\$ 6,801
Due to others.	12,270	2,260	-	14,530
Total liabilities.	<u>\$ 13,882</u>	<u>\$ 9,061</u>	<u>\$ 1,612</u>	<u>\$ 21,331</u>
Payroll Withholding				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 1,246,029	\$ 2,368,149	\$ 1,246,029	\$ 2,368,149
Receivables:				
Intergovernmental.	90,671	90,671	90,671	90,671
Total assets.	<u>\$ 1,336,700</u>	<u>\$ 2,458,820</u>	<u>\$ 1,336,700</u>	<u>\$ 2,458,820</u>
Liabilities:				
Due to others.	\$ 178,118	\$ 190,916	\$ 178,118	\$ 190,916
Withholdings and deposits.	1,158,582	2,267,904	1,158,582	2,267,904
Total liabilities.	<u>\$ 1,336,700</u>	<u>\$ 2,458,820</u>	<u>\$ 1,336,700</u>	<u>\$ 2,458,820</u>
Special Improvement District				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 125,375	\$ -	\$ 1,829	\$ 123,546
Receivables:				
Special assessments.	1,294,660	7,421,550	1,294,660	7,421,550
Total assets.	<u>\$ 1,420,035</u>	<u>\$ 7,421,550</u>	<u>\$ 1,296,489</u>	<u>\$ 7,545,096</u>
Liabilities:				
Due to others.	\$ 1,420,035	\$ 7,421,550	\$ 1,296,489	\$ 7,545,096
Total liabilities.	<u>\$ 1,420,035</u>	<u>\$ 7,421,550</u>	<u>\$ 1,296,489</u>	<u>\$ 7,545,096</u>

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CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/15</u>
GMR Trading Project				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 46,946	\$ -	\$ 14,447	\$ 32,499
Total assets.	<u>\$ 46,946</u>	<u>\$ -</u>	<u>\$ 14,447</u>	<u>\$ 32,499</u>
Liabilities:				
Intergovernmental payable.	\$ 46,946	\$ -	\$ 14,447	\$ 32,499
Total liabilities.	<u>\$ 46,946</u>	<u>\$ -</u>	<u>\$ 14,447</u>	<u>\$ 32,499</u>
Miami Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 492,747	\$ 83,407	\$ 277,569	\$ 298,585
Total assets.	<u>\$ 492,747</u>	<u>\$ 83,407</u>	<u>\$ 277,569</u>	<u>\$ 298,585</u>
Liabilities:				
Intergovernmental payable.	\$ 492,747	\$ 83,407	\$ 277,569	\$ 298,585
Total liabilities.	<u>\$ 492,747</u>	<u>\$ 83,407</u>	<u>\$ 277,569</u>	<u>\$ 298,585</u>
Butler Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 61,874	\$ 12,172	\$ 34,485	\$ 39,561
Total assets.	<u>\$ 61,874</u>	<u>\$ 12,172</u>	<u>\$ 34,485</u>	<u>\$ 39,561</u>
Liabilities:				
Intergovernmental payable.	\$ 61,874	\$ 12,172	\$ 34,485	\$ 39,561
Total liabilities.	<u>\$ 61,874</u>	<u>\$ 12,172</u>	<u>\$ 34,485</u>	<u>\$ 39,561</u>
EPA GMR Trading Project				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 19,108	\$ -	\$ 19,108	\$ -
Total assets.	<u>\$ 19,108</u>	<u>\$ -</u>	<u>\$ 19,108</u>	<u>\$ -</u>
Liabilities:				
Due to others.	\$ 19,108	\$ -	\$ 19,108	\$ -
Total liabilities.	<u>\$ 19,108</u>	<u>\$ -</u>	<u>\$ 19,108</u>	<u>\$ -</u>

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CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/15</u>
Municipal Courts				
Assets:				
Cash and cash equivalents with fiscal agent	\$ 1,403,016	\$ 1,039,235	\$ 1,403,016	\$ 1,039,235
Total assets.	<u>\$ 1,403,016</u>	<u>\$ 1,039,235</u>	<u>\$ 1,403,016</u>	<u>\$ 1,039,235</u>
Liabilities:				
Intergovernmental payable.	\$ 548,121	\$ 289,113	\$ 548,121	\$ 289,113
Due to others.	854,895	750,122	854,895	750,122
Total liabilities.	<u>\$ 1,403,016</u>	<u>\$ 1,039,235</u>	<u>\$ 1,403,016</u>	<u>\$ 1,039,235</u>
Executive Severance				
Assets:				
Investments with fiscal agent	\$ 652,761	\$ 868,952	\$ 652,761	\$ 868,952
Total assets.	<u>\$ 652,761</u>	<u>\$ 868,952</u>	<u>\$ 652,761</u>	<u>\$ 868,952</u>
Liabilities:				
Withholdings and deposits.	\$ 652,761	\$ 868,952	\$ 652,761	\$ 868,952
Total liabilities.	<u>\$ 652,761</u>	<u>\$ 868,952</u>	<u>\$ 652,761</u>	<u>\$ 868,952</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 3,175,813	\$ 2,472,789	\$ 1,615,702	\$ 4,032,900
Investments with fiscal agent	652,761	868,952	652,761	868,952
Cash and cash equivalents with fiscal agent	1,403,016	1,039,235	1,403,016	1,039,235
Receivables:				
Accounts	174,382	173,895	174,382	173,895
Special assessments.	1,294,660	7,421,550	1,294,660	7,421,550
Intergovernmental.	90,671	90,671	90,671	90,671
Total assets.	<u>\$ 6,791,303</u>	<u>\$ 12,067,092</u>	<u>\$ 5,231,192</u>	<u>\$ 13,627,203</u>
Liabilities:				
Accounts payable	\$ 1,612	\$ 6,801	\$ 1,612	\$ 6,801
Intergovernmental payable.	2,332,612	467,916	978,956	1,821,572
Due to others.	2,578,097	8,455,519	2,439,281	8,594,335
Withholdings and deposits.	1,878,982	3,136,856	1,811,343	3,204,495
Total liabilities.	<u>\$ 6,791,303</u>	<u>\$ 12,067,092</u>	<u>\$ 5,231,192</u>	<u>\$ 13,627,203</u>



Statistical

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STATISTICAL SECTION

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

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CITY OF DAYTON, OHIO

STATISTICAL SECTION

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

Contents

Page

Financial Trends

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

S 4 - S 13

Revenue Capacity

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

S 14 - S 21

Debt Capacity

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

S 22 - S 32

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 33 - S 44

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 45

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

CITY OF DAYTON, OHIO

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

	2006	2007 (1)	2008 (1)	2009 (1)
Governmental activities				
Net investment in capital assets	\$ 242,926,214	\$ 271,643,144	\$ 282,480,043	\$ 300,486,474
Restricted	71,779,813	332,238,842	378,805,983	91,563,337
Unrestricted	43,854,526	43,818,871	16,945,325	10,040,732
Total governmental activities net assets/position	<u>\$ 358,560,553</u>	<u>\$ 647,700,857</u>	<u>\$ 678,231,351</u>	<u>\$ 402,090,543</u>
Business-type activities				
Net investment in capital assets	\$ 346,386,163	\$ 380,238,011	\$ 389,630,233	\$ 401,965,547
Unrestricted	136,579,525	127,953,698	144,931,193	144,144,446
Total business-type activities net assets/position	<u>\$ 482,965,688</u>	<u>\$ 508,191,709</u>	<u>\$ 534,561,426</u>	<u>\$ 546,109,993</u>
Primary government				
Net investment in capital assets	\$ 589,312,377	\$ 651,881,155	\$ 672,110,276	\$ 702,452,021
Restricted	71,779,813	332,238,842	378,805,983	91,563,337
Unrestricted	180,434,051	171,772,569	161,876,518	154,185,178
Total primary government net assets/position	<u>\$ 841,526,241</u>	<u>\$ 1,155,892,566</u>	<u>\$ 1,212,792,777</u>	<u>\$ 948,200,536</u>

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

(2) The City implemented GASB Statements No. 63 and 65 in 2012.

Only balances after December 31, 2011 are presented in accordance with GASB Statements No. 63 and 65.

(3) Amounts have been restated to reflect the implementation of GASB Statements No. 68 and 71, which were implemented in 2015.

Source: City of Dayton financial records

2010	2011 (1) (2)	2012 (1)	2013	2014 (3)	2015
\$ 321,452,359	\$ 332,540,773	\$ 370,313,674	\$ 375,002,891	\$ 380,538,467	\$ 378,194,645
99,691,871	77,231,301	71,969,027	63,085,637	60,235,431	63,381,287
7,086,581	42,181,978	58,329,858	71,855,215	(29,254,490)	(28,570,356)
<u>\$ 428,230,811</u>	<u>\$ 451,954,052</u>	<u>\$ 500,612,559</u>	<u>\$ 509,943,743</u>	<u>\$ 411,519,408</u>	<u>\$ 413,005,576</u>
\$ 419,111,268	\$ 429,634,383	\$ 401,528,337	\$ 407,888,085	\$ 420,343,386	\$ 451,108,014
146,350,941	145,543,923	190,338,004	191,931,048	161,812,038	149,357,573
<u>\$ 565,462,209</u>	<u>\$ 575,178,306</u>	<u>\$ 591,866,341</u>	<u>\$ 599,819,133</u>	<u>\$ 582,155,424</u>	<u>\$ 600,465,587</u>
\$ 740,563,627	\$ 762,175,156	\$ 771,842,011	\$ 782,890,976	\$ 800,881,853	\$ 829,302,659
99,691,871	77,231,301	71,969,027	63,085,637	60,235,431	63,381,287
153,437,522	187,725,901	248,667,862	263,786,263	132,557,548	120,787,217
<u>\$ 993,693,020</u>	<u>\$ 1,027,132,358</u>	<u>\$ 1,092,478,900</u>	<u>\$ 1,109,762,876</u>	<u>\$ 993,674,832</u>	<u>\$ 1,013,471,163</u>

CITY OF DAYTON, OHIO

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

	2006	2007	2008	2009
Expenses				
Governmental activities:				
Downtown	\$ 4,978,385	\$ 5,666,737	\$ 5,570,112	\$ 5,182,850
Youth, education and human services	1,886,238	2,408,097	2,583,667	2,264,862
Community development and neighbors	20,050,274	21,459,480	21,460,067	21,342,171
Economic development	9,348,825	15,999,955	9,810,580	14,263,940
Leadership and quality of life	43,411,252	43,224,368	48,563,961	47,091,889
Corporate responsibility	20,544,073	17,892,823	17,442,665	17,707,683
Public safety and justice	98,533,695	101,277,697	101,533,014	95,706,450
Other	1,105,280	1,378,197	683,122	-
Bond issuance costs	-	-	-	-
Interest and fiscal charges	3,043,887	2,904,913	4,849,682	3,620,502
Total governmental activities expenses	202,901,909	212,212,267	212,496,870	207,180,347
Business type activities:				
Dayton International Airport	39,032,293	41,813,989	31,958,820	40,310,513
Water	45,200,207	45,401,676	45,811,605	45,672,640
Sewer	32,375,482	30,889,719	30,855,192	31,994,865
Golf	3,121,707	3,322,911	3,196,937	3,281,384
Storm Water	4,491,851	5,030,425	5,090,241	5,401,928
Total business-type activities expenses	124,221,540	126,458,720	116,912,795	126,661,330
Total primary government expenses	\$ 327,123,449	\$ 338,670,987	\$ 329,409,665	\$ 333,841,677
Program Revenues				
Governmental activities:				
Charges for services:				
Downtown	\$ 505,552	\$ 704,984	\$ 570,059	\$ 588,229
Youth, education and human services	17,994	19,333	40,322	7,618
Community development and neighbors	2,204,445	3,000,683	2,313,335	2,289,894
Economic development	1,179,367	1,328,746	1,161,369	1,438,105
Leadership and quality of life	4,380,757	4,251,275	5,128,446	4,411,912
Corporate responsibility	2,169,808	2,533,128	2,341,620	2,853,032
Public safety and justice	16,911,515	17,363,610	17,328,246	17,398,578
Other	979,787	1,129,885	27,277	-
Interest and fiscal charges	-	-	-	-
Operating grants and contributions	16,701,482	19,245,962	20,423,979	24,147,823
Capital grants and contributions	11,253,574	15,536,992	13,489,575	25,771,047
Total governmental activities program revenue	56,304,281	65,114,598	62,824,228	78,906,238
Business type activities:				
Charges for services:				
Dayton International Airport	41,820,112	39,311,221	31,067,418	30,655,950
Water	47,088,482	50,944,369	48,944,620	47,743,750
Sewer	32,379,198	31,322,099	30,398,157	30,998,739
Golf	3,295,321	3,353,732	3,291,376	3,250,241
Storm Water	4,898,132	6,663,178	6,688,476	7,083,455
Capital grants and contributions	15,408,247	15,058,562	21,316,626	17,098,233
Total business-type activities program revenue	144,889,492	146,653,161	141,706,673	136,830,368
Total primary government program revenue	\$ 201,193,773	\$ 211,767,759	\$ 204,530,901	\$ 215,736,606

	2010	2011 (1)	2012	2013	2014	2015
\$	5,159,078	\$ 2,922,503	\$ 3,894,895	\$ 3,596,856	\$ 3,973,957	\$ 3,796,899
	2,514,310	2,395,344	1,058,361	2,904,850	3,499,722	550,914
	26,843,290	32,086,879	31,880,468	27,516,705	22,225,850	23,517,538
	8,432,763	10,105,180	9,492,689	15,682,768	13,940,292	15,401,684
	41,299,206	40,275,561	35,672,811	42,108,488	42,943,946	46,597,492
	16,832,625	15,884,692	15,225,815	16,027,649	14,189,753	15,284,297
	96,284,218	94,294,723	93,120,303	93,221,162	90,511,356	97,757,003
	-	-	-	-	-	-
	-	-	693,878	-	195,142	-
	3,978,196	4,556,429	2,767,292	2,958,434	2,608,301	2,942,225
	<u>201,343,686</u>	<u>202,521,311</u>	<u>193,806,512</u>	<u>204,016,912</u>	<u>194,088,319</u>	<u>205,848,052</u>
	30,688,222	32,572,362	36,571,471	40,954,651	41,476,361	42,627,742
	46,619,869	47,618,625	44,084,645	46,445,617	46,245,372	45,493,204
	30,931,209	32,420,315	29,765,334	31,515,981	29,448,754	28,009,025
	3,026,601	2,922,959	3,123,360	2,956,261	2,957,656	3,026,642
	6,389,207	6,177,790	4,997,022	5,312,757	5,480,442	5,662,740
	<u>117,655,108</u>	<u>121,712,051</u>	<u>118,541,832</u>	<u>127,185,267</u>	<u>125,608,585</u>	<u>124,819,353</u>
\$	<u>318,998,794</u>	<u>\$ 324,233,362</u>	<u>\$ 312,348,344</u>	<u>\$ 331,202,179</u>	<u>\$ 319,696,904</u>	<u>\$ 330,667,405</u>
\$	629,749	\$ 672,824	\$ 531,072	\$ 571,365	\$ 572,477	\$ 659,723
	7,092	8,674	11,032	17,205	7,965	27,903
	2,240,217	3,106,283	2,547,442	3,456,330	3,017,823	2,675,576
	4,317,785	1,997,277	2,445,796	3,446,864	6,401,968	2,769,150
	6,136,336	5,673,292	5,001,134	6,942,907	13,688,808	5,811,184
	2,452,413	3,118,657	2,518,064	2,667,492	2,850,358	2,834,131
	18,243,867	22,027,599	23,624,400	21,385,906	25,704,452	20,823,804
	-	-	-	-	-	-
	-	-	-	-	158,829	168,771
	33,479,834	35,387,609	34,438,364	24,584,286	25,909,216	21,715,944
	17,935,099	12,849,894	12,626,114	11,761,088	7,184,234	8,771,868
	<u>85,442,392</u>	<u>84,842,109</u>	<u>83,743,418</u>	<u>74,833,443</u>	<u>85,496,130</u>	<u>66,258,054</u>
	25,673,711	23,644,457	24,508,791	24,723,701	26,454,375	24,974,019
	49,318,157	43,529,551	45,700,719	44,291,334	47,702,941	47,377,507
	32,558,557	30,119,740	33,115,458	30,245,346	32,034,019	33,960,790
	3,180,466	2,946,618	3,123,224	2,997,480	2,874,737	2,923,295
	7,213,504	5,264,927	7,383,856	7,345,250	7,330,340	7,432,885
	18,967,012	14,064,510	10,436,869	13,857,011	7,939,351	14,318,883
	<u>136,911,407</u>	<u>119,569,803</u>	<u>124,268,917</u>	<u>123,460,122</u>	<u>124,335,763</u>	<u>130,987,379</u>
\$	<u>222,353,799</u>	<u>\$ 204,411,912</u>	<u>\$ 208,012,335</u>	<u>\$ 198,293,565</u>	<u>\$ 209,831,893</u>	<u>\$ 197,245,433</u>

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CITY OF DAYTON, OHIO

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

	2006	2007	2008	2009
Net (Expense)/Revenue				
Governmental activities	\$ (146,597,628)	\$ (147,097,669)	\$ (149,672,642)	\$ (128,274,109)
Business-type activities	20,667,952	20,194,441	24,793,878	10,169,038
Total primary government net expense	<u>\$ (125,929,676)</u>	<u>\$ (126,903,228)</u>	<u>\$ (124,878,764)</u>	<u>\$ (118,105,071)</u>
General Revenues and Other Changes in Net Assets/Position				
Governmental activities:				
Property taxes	\$ 21,788,008	\$ 23,444,142	\$ 24,167,118	\$ 19,070,860
Income taxes	117,876,441	113,785,961	108,868,331	99,817,917
Payments in lieu of taxes	-	-	-	-
Grants and entitlements	19,192,977	17,600,763	17,912,684	14,827,230
Investment earnings	5,084,176	7,064,009	5,340,622	1,311,141
Miscellaneous	2,862,437	7,547,653	11,889,101	4,673,485
Transfers	(61,500)	(239,196)	344,798	(662,961)
Total governmental activities general revenues	<u>166,742,539</u>	<u>169,203,332</u>	<u>168,522,654</u>	<u>139,037,672</u>
Business type activities:				
Investment earnings	3,640,943	4,894,727	2,764,220	716,568
Miscellaneous	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Transfers	61,500	239,196	(344,798)	662,961
Total business-type activities	<u>3,702,443</u>	<u>5,133,923</u>	<u>2,419,422</u>	<u>1,379,529</u>
Total primary government	<u>\$ 170,444,982</u>	<u>\$ 174,337,255</u>	<u>\$ 170,942,076</u>	<u>\$ 140,417,201</u>
Changes in Net Assets/Position				
Governmental activities	\$ 20,144,911	\$ 22,105,663	\$ 18,850,012	\$ 10,763,563
Business-type activities	24,370,395	25,328,364	27,213,300	11,548,567
Total primary government	<u>\$ 44,515,306</u>	<u>\$ 47,434,027</u>	<u>\$ 46,063,312</u>	<u>\$ 22,312,130</u>

(1) The City implemented GASB Statements No. 63 and 65 in 2012.

Only balances after December 31, 2011 are presented in accordance with GASB Statement No. 63.

Source: City of Dayton financial records

2010	2011 (1)	2012	2013	2014	2015
\$ (115,901,294)	\$ (117,679,202)	\$ (110,063,094)	\$ (129,183,469)	\$ (108,592,189)	\$ (139,589,998)
19,256,299	(2,142,248)	5,727,085	(3,725,145)	(1,272,822)	6,168,026
<u>\$ (96,644,995)</u>	<u>\$ (119,821,450)</u>	<u>\$ (104,336,009)</u>	<u>\$ (132,908,614)</u>	<u>\$ (109,865,011)</u>	<u>\$ (133,421,972)</u>
\$ 18,798,224	\$ 19,373,301	\$ 10,055,324	\$ 14,355,108	\$ 12,918,102	\$ 12,155,647
98,399,957	100,129,761	100,336,653	101,967,172	103,721,834	107,633,425
1,426,155	669,323	1,076,054	1,406,710	1,771,683	1,599,086
16,327,237	19,159,472	14,833,540	15,376,160	15,529,135	14,236,917
1,960,831	1,945,150	1,931,883	1,241,997	1,722,766	1,852,285
5,123,860	1,199,153	3,848,415	4,167,506	3,453,599	3,598,806
5,298	368,339	354,169	-	(360,000)	-
<u>142,041,562</u>	<u>142,844,499</u>	<u>132,436,038</u>	<u>138,514,653</u>	<u>138,757,119</u>	<u>141,076,166</u>
101,215	236,896	557,911	113,372	485,592	535,994
-	13,509,995	10,757,208	11,564,565	12,044,998	11,606,143
-	-	-	-	-	-
(5,298)	(368,339)	(354,169)	-	360,000	-
<u>95,917</u>	<u>13,378,552</u>	<u>10,960,950</u>	<u>11,677,937</u>	<u>12,890,590</u>	<u>12,142,137</u>
<u>\$ 142,137,479</u>	<u>\$ 156,223,051</u>	<u>\$ 143,396,988</u>	<u>\$ 150,192,590</u>	<u>\$ 151,647,709</u>	<u>\$ 153,218,303</u>
\$ 26,140,268	\$ 25,165,297	\$ 22,372,944	\$ 9,331,184	\$ 30,164,930	\$ 1,486,168
19,352,216	11,236,304	16,688,035	7,952,792	11,617,768	18,310,163
<u>\$ 45,492,484</u>	<u>\$ 36,401,601</u>	<u>\$ 39,060,979</u>	<u>\$ 17,283,976</u>	<u>\$ 41,782,698</u>	<u>\$ 19,796,331</u>

CITY OF DAYTON, OHIO

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

	2006	2007 (2)	2008 (2)	2009
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	2,985,745	3,646,545	2,418,755	3,571,816
Unreserved, reported in:				
Designated for future years' expenditures	6,949,009	8,284,213	10,172,634	6,585,539
Undesignated	27,407,200	30,035,615	31,002,915	25,681,059
Total general fund	<u>\$ 37,341,954</u>	<u>\$ 41,966,373</u>	<u>\$ 43,594,304</u>	<u>\$ 35,838,414</u>
Other Special Revenue				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Reserved	947,858	2,664,425	3,449,888	3,397,002
Unreserved (deficit), reported in:				
Special revenue funds	9,976,403	8,307,519	8,226,916	9,163,395
Total other special revenue	<u>\$ 10,924,261</u>	<u>\$ 10,971,944</u>	<u>\$ 11,676,804</u>	<u>\$ 12,560,397</u>
Debt Service Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Reserved	15,080,926	18,676,879	43,092,546	42,188,046
Total debt service fund	<u>\$ 15,080,926</u>	<u>\$ 18,676,879</u>	<u>\$ 43,092,546</u>	<u>\$ 42,188,046</u>
Capital Improvement Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Reserved	22,459,015	30,413,308	27,221,279	26,133,688
Unreserved (deficit)	1,797,815	(12,394,589)	(10,819,429)	(21,142,062)
Total capital improvement fund	<u>\$ 24,256,830</u>	<u>\$ 18,018,719</u>	<u>\$ 16,401,850</u>	<u>\$ 4,991,626</u>
Other governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Reserved	32,270,832	29,372,979	28,917,903	46,929,773
Unreserved (deficit), reported in:				
Designated, special revenue funds	1,253,000	1,146,380	1,116,000	398,848
Special revenue funds	(18,389,902)	(12,982,580)	(14,876,682)	(31,069,843)
Permanent fund	67,805	79,836	60,413	76,302
Capital projects funds	(1,480,796)	-	-	-
Total governmental funds	<u>\$ 13,720,939</u>	<u>\$ 17,616,615</u>	<u>\$ 15,217,634</u>	<u>\$ 16,335,080</u>
Total Fund Balances, Governmental Funds	<u>\$ 101,324,910</u>	<u>\$ 107,250,530</u>	<u>\$ 129,983,138</u>	<u>\$ 111,913,563</u>

(1) The City implemented GASB Statement No. 54 in 2011.

Only balances after December 31, 2011 are presented in accordance with GASB Statement No. 54.

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

Source: City of Dayton financial records

2010	2011 (1) (2)	2012 (2)	2013	2014	2015
\$ -	\$ 9,695,165	\$ 10,166,112	\$ 10,556,945	\$ 11,113,881	\$ 10,582,684
-	4,543,378	2,952,023	1,877,155	1,985,533	2,551,240
-	11,900,572	17,106,981	22,147,568	21,268,158	20,365,988
-	29,291,035	31,114,283	26,287,308	27,221,281	28,939,568
3,131,124	-	-	-	-	-
5,322,656	-	-	-	-	-
26,153,904	-	-	-	-	-
<u>\$ 34,607,684</u>	<u>\$ 55,430,150</u>	<u>\$ 61,339,399</u>	<u>\$ 60,868,976</u>	<u>\$ 61,588,853</u>	<u>\$ 62,439,480</u>
\$ -	\$ 476	\$ -	\$ -	\$ 500	\$ 3,163
-	5,821,124	5,971,337	5,678,456	5,420,505	5,782,016
8,141,647	-	-	-	-	-
6,104,504	-	-	-	-	-
<u>\$ 14,246,151</u>	<u>\$ 5,821,600</u>	<u>\$ 5,971,337</u>	<u>\$ 5,678,456</u>	<u>\$ 5,421,005</u>	<u>\$ 5,785,179</u>
\$ -	\$ 553	\$ -	\$ -	\$ -	\$ -
-	39,378,381	28,369,891	26,962,021	26,915,684	27,686,642
-	192,652	331,130	407,021	419,906	408,494
42,541,211	-	-	-	-	-
<u>\$ 42,541,211</u>	<u>\$ 39,571,586</u>	<u>\$ 28,701,021</u>	<u>\$ 27,369,042</u>	<u>\$ 27,335,590</u>	<u>\$ 28,095,136</u>
\$ -	\$ -	\$ -	\$ 6,563	\$ -	\$ -
-	4,758,591	10,424,439	8,427,005	15,704,146	9,434,711
-	5,026,521	8,436,236	9,591,625	8,310,682	7,302,188
-	11,243,145	6,790,703	8,885,969	8,203,654	10,779,323
28,184,390	-	-	-	-	-
(18,628,322)	-	-	-	-	-
<u>\$ 9,556,068</u>	<u>\$ 21,028,257</u>	<u>\$ 25,651,378</u>	<u>\$ 26,911,162</u>	<u>\$ 32,218,482</u>	<u>\$ 27,516,222</u>
\$ -	\$ 102,228	\$ 103,727	\$ 102,228	\$ 102,228	\$ 102,228
-	11,128,174	10,856,667	8,104,755	11,755,537	8,216,413
76,695,945	-	-	-	-	-
-	-	-	-	-	-
(57,406,792)	-	-	-	-	(209,996)
70,250	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 19,359,403</u>	<u>\$ 11,230,402</u>	<u>\$ 10,960,394</u>	<u>\$ 8,206,983</u>	<u>\$ 11,857,765</u>	<u>\$ 8,108,645</u>
<u>\$ 120,310,517</u>	<u>\$ 133,081,995</u>	<u>\$ 132,623,529</u>	<u>\$ 129,034,619</u>	<u>\$ 138,421,695</u>	<u>\$ 131,944,662</u>

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

	2006	2007	2008	2009
Revenues				
Taxes	\$ 159,082,912	\$ 157,223,154	\$ 152,514,608	\$ 139,011,038
Charges for services	22,083,074	24,051,832	23,926,449	25,037,733
Licenses and permits	1,750,262	1,861,236	1,817,153	1,630,319
Fines and forfeits	3,450,859	2,044,271	2,908,861	2,106,189
Intergovernmental	28,044,012	31,643,646	25,707,748	39,699,451
Special assessments	1,076,163	505,670	546,047	422,608
Payments in lieu of taxes	-	-	-	-
Investment income	5,131,388	7,393,303	4,286,751	2,927,657
Increase (decrease) in FMV of investments	-	-	599,485	(1,085,864)
Other	2,862,437	7,547,653	11,889,101	4,648,485
Total revenues	<u>223,481,107</u>	<u>232,270,765</u>	<u>224,196,203</u>	<u>214,397,616</u>
Expenditures				
Current:				
Downtown	4,183,009	4,651,014	4,604,197	4,143,788
Youth, education and human services	1,928,205	2,420,958	2,581,447	2,280,237
Community development and neighborhoods	18,959,062	21,016,004	20,981,602	22,259,601
Economic development	9,464,377	15,082,881	11,191,284	15,047,900
Leadership and quality life	37,073,237	36,925,472	41,676,303	40,991,411
Corporate responsibility	19,489,965	16,597,674	16,401,770	17,125,159
Public safety and justice	97,403,724	98,432,234	100,009,551	95,240,850
Other	1,107,606	1,377,348	685,888	-
Capital outlay	17,501,729	28,529,727	24,852,628	34,908,638
Debt service:				
Principal retirement	7,480,101	5,789,851	6,652,464	8,047,222
Interest and fiscal charges	3,076,308	2,884,154	4,707,848	3,557,790
Bond issuance costs	-	312,327	598,836	586,476
Total expenditures	<u>217,667,323</u>	<u>234,019,644</u>	<u>234,943,818</u>	<u>244,189,072</u>
Excess(deficiency) of revenues over expenditures	5,813,784	(1,748,879)	(10,747,615)	(29,791,456)
Other Financing Sources (Uses)				
Sale of capital assets	100,000	-	-	-
Transfers in	21,682,063	13,418,525	9,831,205	11,818,503
Transfers out	(21,843,563)	(13,757,721)	(9,556,407)	(12,678,413)
Bonds issued	-	19,745,000	32,000,000	34,408,111
Issuance of loans	-	-	239,750	-
Payment of refunded bond escrow agent	-	(10,383,734)	-	(22,528,097)
Premium (discount) on bond issuance	-	491,061	(348,901)	311,474
(Discount) on note issuance	-	-	-	-
Capital lease transactions	-	-	-	-
Total other financing sources (uses)	<u>(61,500)</u>	<u>9,513,131</u>	<u>32,165,647</u>	<u>11,331,578</u>
Net change in fund balance	<u>\$ 5,752,284</u>	<u>\$ 7,764,252</u>	<u>\$ 21,418,032</u>	<u>\$ (18,459,878)</u>
Capital expenditures	\$ 17,332,478	\$ 27,702,620	\$ 24,555,847	\$ 39,799,258
Debt service as a percentage of noncapital expenditures	5.27%	4.20%	5.40%	5.68%

Source: City of Dayton financial records

2010	2011	2012	2013	2014	2015
\$ 136,753,834	\$ 134,006,534	\$ 128,586,427	\$ 131,413,081	\$ 132,423,102	\$ 134,876,542
26,265,870	26,910,213	27,256,576	26,855,263	27,395,234	28,978,808
1,314,956	1,561,850	1,616,712	1,458,434	1,381,915	1,549,259
2,276,856	2,402,917	5,926,766	4,217,985	3,815,470	2,737,317
50,996,557	55,538,646	45,662,634	38,037,763	31,756,758	27,257,994
380,767	333,328	297,589	344,211	754,970	2,778,402
1,039,654	604,596	873,495	1,195,609	1,590,825	1,757,149
1,926,077	1,730,915	1,858,064	1,497,795	1,639,315	1,675,558
50,814	186,772	80,325	(240,888)	32,885	(16,440)
9,506,045	4,148,279	6,282,291	9,830,450	5,528,609	5,878,638
<u>230,511,430</u>	<u>227,424,050</u>	<u>218,440,879</u>	<u>214,609,703</u>	<u>206,319,083</u>	<u>207,473,227</u>
4,117,582	3,804,513	3,346,771	3,139,384	3,183,464	3,500,198
2,512,611	2,409,496	2,518,658	2,902,251	708,900	493,757
26,873,157	32,366,889	31,889,756	28,406,652	22,550,030	23,458,563
13,900,769	10,063,494	9,529,602	15,142,478	13,346,277	14,864,797
41,347,850	30,741,740	28,678,675	32,029,419	32,784,866	36,273,704
15,536,916	14,967,599	13,901,301	15,163,461	15,486,893	14,800,055
95,698,192	93,849,670	94,598,883	95,650,844	95,477,660	94,684,266
-	-	-	-	-	-
18,226,238	15,253,781	16,942,861	14,798,332	16,329,574	15,878,315
8,030,000	9,516,702	9,918,875	8,446,175	7,708,143	7,062,185
3,828,281	4,401,891	2,785,143	3,164,241	2,843,361	3,052,165
137,068	-	693,878	-	195,142	-
<u>230,208,664</u>	<u>217,375,775</u>	<u>214,804,403</u>	<u>218,843,237</u>	<u>210,614,310</u>	<u>214,068,005</u>
302,766	10,048,275	3,636,476	(4,233,534)	(4,295,227)	(6,594,778)
-	-	-	-	-	-
12,481,039	6,767,335	8,590,551	6,838,592	6,076,041	9,500,959
(12,488,042)	(6,455,775)	(8,168,518)	(6,750,939)	(6,318,132)	(9,383,214)
5,180,000	1,615,000	35,555,000	-	9,240,000	-
2,860,000	-	-	556,971	2,500,000	-
-	-	(35,364,951)	-	-	-
13,884	-	5,435,222	-	249,270	-
-	-	-	-	(60,196)	-
-	-	-	-	1,995,320	-
<u>8,046,881</u>	<u>1,926,560</u>	<u>6,047,304</u>	<u>644,624</u>	<u>13,682,303</u>	<u>117,745</u>
<u>\$ 8,349,647</u>	<u>\$ 11,974,835</u>	<u>\$ 9,683,780</u>	<u>\$ (3,588,910)</u>	<u>\$ 9,387,076</u>	<u>\$ (6,477,033)</u>
\$ 29,626,529	\$ 18,744,758	\$ 21,668,262	\$ 16,716,779	\$ 19,494,767	\$ 15,725,633
5.91%	7.01%	6.58%	5.74%	5.52%	5.10%

CITY OF DAYTON, OHIO

**GROSS INCOME TAX REVENUE BY PAYER TYPE
LAST TEN FISCAL YEARS**

Year	Withholding	% of withholding to total	Total Non-withholding	% of non-withholding to total	Total	Individual Accounts	% of individual to total	Business Accounts	% of Business to total	Total
2006	\$ 102,033,754	86.79%	\$ 15,532,269	13.21%	\$ 117,566,023	\$ 4,962,179	4.22%	\$ 10,570,090	8.99%	\$ 117,566,023
2007	101,226,600	86.33%	16,034,631	13.67%	117,261,231	5,790,379	4.94%	10,244,253	8.74%	117,261,231
2008	96,917,767	85.31%	16,683,194	14.69%	113,600,961	5,041,787	4.44%	11,641,406	10.25%	113,600,961
2009	90,581,920	87.41%	13,048,061	12.59%	103,629,981	4,485,865	4.33%	8,562,196	8.26%	103,629,981
2010	87,502,256	86.64%	13,497,453	13.36%	100,999,709	4,073,345	4.03%	9,424,110	9.33%	100,999,709
2011	86,866,507	84.51%	15,915,982	15.49%	102,782,489	4,732,700	4.60%	11,183,282	10.88%	102,782,489
2012	89,759,346	86.27%	14,286,616	13.73%	104,045,962	4,129,840	3.97%	10,156,776	9.76%	104,045,962
2013	88,682,519	84.47%	16,301,796	15.53%	104,984,315	4,482,437	4.27%	11,819,358	11.26%	104,984,315
2014	89,661,242	84.68%	16,219,013	15.32%	105,880,255	4,323,182	4.08%	11,895,831	11.24%	105,880,255
2015	93,006,624	85.30%	16,028,674	14.70%	109,035,298	4,274,278	3.92%	11,754,396	10.78%	109,035,298

**INCOME TAX FUND REVENUE DISTRIBUTION
NET OF REFUNDS
LAST TEN FISCAL YEARS**

Year	Budget Basis			GAAP (Modified Accrual Basis)		
	General Fund	Total	% Increase (Decrease)	General Fund	Total	% Increase (Decrease)
2006	\$ 113,767,671	\$ 113,767,671	1.32%	\$ 112,619,532	\$ 112,619,532	-0.18%
2007	112,794,901	112,794,901	-0.86%	113,156,087	113,156,087	0.48%
2008	110,449,891	110,449,891	-2.08%	109,008,881	109,008,881	-3.67%
2009	100,430,248	100,430,248	-9.07%	99,831,456	99,831,456	-8.42%
2010	98,205,983	98,205,983	-2.21%	98,824,027	98,824,027	-1.01%
2011	99,668,943	99,668,943	1.49%	100,362,688	100,362,688	1.56%
2012	101,624,151	101,624,151	1.96%	100,450,896	100,450,896	0.09%
2013	101,934,268	101,934,268	2.27%	101,359,488	101,359,488	0.99%
2014	102,649,505	102,649,505	1.01%	103,916,809	103,916,809	3.45%
2015	106,661,923	106,661,923	4.64%	107,375,864	107,375,864	5.94%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

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

<u>Fiscal year</u>	<u>Total tax levy</u>	<u>Current tax collections</u>	<u>Percent of levy collected</u>	<u>Delinquent tax collections (1)</u>	<u>Total tax collections</u>	<u>Percent of total tax collections to tax levy</u>	<u>Outstanding delinquent taxes</u>	<u>Percent of outstanding delinquent taxes to tax levy</u>
<u>Montgomery County</u>								
2006	22,098,556	20,809,488	94.17%	2,343,469	23,152,957	104.77%	2,526,394	11.43%
2007	20,334,804	19,544,381	96.11%	1,998,653	21,543,034	105.94%	3,390,837	16.68%
2008	19,483,451	17,932,392	92.04%	1,661,231	19,593,623	100.57%	5,911,972	30.34%
2009	18,205,975	17,052,225	93.66%	1,195,497	18,247,722	100.23%	4,700,112	25.82%
2010	17,867,159	16,460,622	92.13%	957,426	17,418,048	97.49%	5,879,954	32.91%
2011	16,976,964	15,321,147	90.25%	890,712	16,211,859	95.49%	6,723,836	39.61%
2012	15,724,338	13,342,279	84.85%	982,606	14,324,885	91.10%	6,590,787	41.91%
2013	15,270,433	13,344,519	87.39%	895,002	14,239,521	93.25%	7,927,702	51.92%
2014	15,459,902	13,432,271	86.88%	1,136,015	14,568,286	94.23%	8,043,185	52.03%
2015	14,207,597	12,559,556	88.40%	1,110,059	13,669,615	96.21%	8,141,799	57.31%

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

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

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

<u>Tax year</u>	<u>For</u>	<u>Real Property</u>		<u>Personal Property (1)</u>		<u>Public Utilities</u>	
		<u>Assessed value</u>	<u>Estimated actual value</u>	<u>Assessed value</u>	<u>Estimated actual value</u>	<u>Assessed value</u>	<u>Estimated actual value</u>
<u>Montgomery County</u>							
2006	2007	1,769,490,590	5,112,178,829	169,588,051	1,176,189,344	94,401,800	54,216,988
2007	2008	1,767,313,000	5,049,465,714	107,769,573	1,356,704,408	73,262,480	188,151,369
2008	2009	1,732,074,470	4,948,784,200	13,367,820	213,885,120	75,155,200	193,012,218
2009	2010	1,710,322,150	4,886,634,714	2,088,420	20,884,200	74,305,290	190,829,495
2010	2011	1,688,719,230	4,824,912,086	-	-	77,611,120	199,709,660
2011	2012	1,492,173,530	4,091,911,043	-	-	80,260,280	220,093,655
2012	2013	1,441,010,830	4,117,173,800	-	-	86,032,460	221,379,468
2013	2014	1,451,672,070	4,147,634,486	-	-	94,318,140	242,685,716
2014	2015	1,323,254,870	3,780,728,200	-	-	97,514,790	250,914,681
2015	2016	1,318,587,830	3,767,393,799	-	-	100,515,440	258,758,907

Source: County Auditor; Montgomery County, Ohio

N/A - Information not available

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

Assessed value	Total Total direct tax rate	Estimated actual value	Percent of total assessed to total estimated actual value
2,033,480,441	10.00	6,342,585,161	32.06%
1,948,345,053	10.00	6,594,321,491	29.55%
1,820,597,490	10.00	5,355,681,538	33.99%
1,786,715,860	10.00	5,098,348,409	35.04%
1,766,330,350	10.00	5,024,621,746	35.15%
1,572,433,810	10.00	4,312,004,698	36.47%
1,527,043,290	10.00	4,338,553,268	35.20%
1,545,990,210	10.00	4,390,320,202	35.21%
1,420,769,660	10.00	4,031,642,881	35.24%
1,419,103,270	10.00	4,026,152,706	35.25%

CITY OF DAYTON, OHIO

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

Direct 10 Mill Limitation (By Ohio Constitution) By November 6, 1945 Charter Amendment

<u>Fiscal Year</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Debt Service Fund</u>	<u>General</u>	<u>Total</u>
<u>Montgomery County</u>					
2006	\$ 0.40	\$ 0.40	\$ 4.60	\$ 5.00	\$ 9.60
2007	0.40	0.40	4.60	5.00	9.60
2008	0.40	0.40	4.60	5.00	9.60
2009	0.40	0.40	4.60	5.00	9.60
2010	0.40	0.40	4.60	5.00	9.60
2011	0.40	0.40	4.60	5.00	9.60
2012	0.40	0.40	4.80	4.80	9.60
2013	0.40	0.40	5.00	4.60	9.60
2014	0.40	0.40	5.10	4.50	9.60
2015	0.40	0.40	5.10	4.50	9.60

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

Source: County Auditor; Montgomery County, Ohio

City of Dayton

<u>Grand Total (1)</u>	<u>Dayton City School District</u>	<u>Montgomery County</u>	<u>Montgomery County Public Library</u>
\$ 10.00	\$ 70.85	\$ 18.24	\$ 1.25
10.00	70.85	20.25	1.25
10.00	75.75	20.94	1.25
10.00	75.75	20.94	1.75
10.00	76.52	20.94	1.75
10.00	77.52	20.94	1.75
10.00	79.85	20.94	3.31
10.00	79.85	20.94	3.31
10.00	79.85	21.94	3.31
10.00	81.35	22.94	3.31

CITY OF DAYTON, OHIO

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

Taxpayer	Fiscal Year 2015			Fiscal Year 2006		
	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	\$ 83,822,430	1	5.91%	\$ 52,893,390	1	2.60%
Vectren Energy Delivery	15,107,170	2	1.06%	10,840,930	7	0.53%
KND Real Estate 29 LLC	6,551,310	3	0.46%			
GLP Capital LP	6,531,830	4	0.46%			
Dayton Hotel II LLC	5,171,320	5	0.36%			
Miami Valley Hospital	4,265,500	6	0.30%			
Elizabeth Place Holdings LLC	4,006,500	7	0.28%			
DUCRU SPE LLC	3,953,770	8	0.28%			
Cloud Park Apartment	3,620,670	9	0.26%			
Premier Plaza LP	3,567,170	10	0.25%			
Delphi Automotive Systems Corporation				20,530,150	2	1.01%
NCR				19,788,340	3	0.97%
Ohio Bell Telephone Company				18,809,830	4	0.93%
Cargill Inc.				14,847,200	5	0.73%
Behr Dayton Thermal				14,555,560	6	0.72%
Dayton Heart Hospital				9,415,430	8	0.46%
Tate & Lyle Ingredients				7,761,000	9	0.38%
Marriott International				7,490,000	10	0.37%
Total	\$ 136,597,670		9.20%	\$ 176,931,830		8.70%

Source: County Auditor; Montgomery, County, Ohio

CITY OF DAYTON, OHIO

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

<u>Fiscal Year</u>	<u>Current Assements Due (1) (3)</u>	<u>Current Assessment Collected (1)</u>	<u>Percent of Current Collections to Current Assessments</u>	<u>Delinquent Assessments Collected</u>	<u>Total Assessments Collected</u>	<u>Percent of Total Assessments Collected to Current Due (2)</u>
2006	\$ 2,439,603	\$ 1,529,084	62.68%	\$ 741,577	\$ 2,270,661	93.08%
2007	2,339,548	2,023,233	86.48%	815,408	2,838,641	121.33%
2008	3,065,046	2,195,831	71.64%	419,295	2,615,126	85.32%
2009	3,404,912	1,829,865	53.74%	330,272	2,160,137	63.44%
2010	3,599,298	1,799,212	49.99%	260,117	2,059,329	57.21%
2011	4,432,302	2,280,991	51.46%	302,809	2,583,800	58.29%
2012	6,257,674	2,027,236	32.40%	277,857	2,305,093	36.84%
2013	4,727,901	2,010,113	42.52%	537,153	2,547,266	53.88%
2014	4,727,901	1,916,141	40.53%	498,060	2,414,201	51.06%
2015	7,449,675	4,133,966	55.49%	709,211	4,843,177	65.01%

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

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

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

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

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

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

Governmental Activities								
Fiscal Year	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Ohio Department of Development Loan	Capital Lease Obligations	OPWC Loans	SIB Loans	SIB Bonds
2006	\$ 49,727,772	\$ 9,500,000	\$ 753,500	\$ -	\$ 2,612,121	\$ -	\$ -	\$ -
2007	54,900,224	9,015,000	555,600	-	1,995,000	-	-	-
2008	49,441,334	40,500,000	409,600	-	1,494,000	208,176	-	-
2009	56,284,054	39,925,000	299,500	-	-	197,334	-	-
2010	52,818,927	40,650,000	211,800	2,860,000	-	175,161	-	-
2011	46,884,969	38,780,000	136,900	2,860,000	-	152,317	-	-
2012	49,149,087	33,923,806	63,100	2,860,000	-	128,782	-	-
2013	42,465,128	31,886,369	23,200	2,860,000	-	661,507	-	-
2014	42,556,962	29,758,933	-	2,860,000	1,995,320	617,964	2,500,000	3,419,608
2015	37,938,498	27,566,497	-	2,694,829	1,621,171	555,099	2,500,000	3,482,779

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

Source: City of Dayton financial records

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

Business-Type Activities

General Obligation Bonds	Revenue Bonds	OWDA Loans	OPWC Loans	Capital Lease Obligations	General Obligation Notes	Total Primary Government	Personal Income (1)	Percentage of Personal Income	Per Capita
\$ 2,087,228	\$ 70,730,000	\$ 17,624,367	\$ 700,000	\$ 67,630	\$ 6,715,000	\$ 160,517,618	\$ 27,693,775,000	0.58%	\$ 1,010
1,874,776	39,185,000	15,055,215	650,000	-	3,285,000	126,515,815	28,596,630,000	0.44%	796
1,653,666	38,095,000	11,774,364	600,000	-	1,885,000	146,061,140	29,736,127,000	0.49%	932
12,195,946	36,980,000	11,118,492	550,000	-	485,000	158,035,326	29,436,435,000	0.54%	1,025
11,591,073	35,825,000	10,437,177	500,000	-	-	155,069,138	30,220,395,000	0.51%	1,094
10,860,031	34,625,000	9,888,914	450,000	-	-	144,638,131	N/A	N/A	1,020
41,031,571	33,265,591	9,175,000	400,000	-	-	169,996,937	N/A	N/A	1,199
38,888,600	31,953,977	8,433,383	350,000	-	-	157,522,164	N/A	N/A	1,099
36,525,000	30,776,093	7,662,986	300,000	648,196	-	159,621,062	N/A	N/A	1,113
35,691,545	81,810,745	6,862,691	250,000	526,651	-	201,500,505	N/A	N/A	1,433

CITY OF DAYTON, OHIO

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assesed Value (2)	\$ 2,033,480,441	\$ 1,948,345,053	\$ 1,820,597,490	\$ 1,786,715,860
Legal debt margin:				
Debt limitation - 10.5% of Assesed Value	213,515,446	204,576,231	191,162,736	187,605,165
Total Voted and Unvoted Debt Outstanding	157,837,860	124,821,234	144,393,875	158,035,326
Less: Exempt Debt				
Airport General Obligation Bonds and Notes	(6,715,000)	(3,430,000)	(1,885,000)	(11,305,000)
Airport Revenue Bonds	(64,350,209)	(39,007,904)	(37,921,735)	(36,810,567)
Water Revenue Bonds	-	-	-	-
Sewer Revenue Bonds	-	-	-	-
Water General Obligation Bonds (3)	-	-	-	-
Sewer General Obligation Bonds (3)	-	-	-	-
Special Assessment Bonds and Notes	(753,500)	(555,600)	(409,600)	(299,500)
Economic Development Bonds	(9,500,000)	(9,015,000)	(40,500,000)	(39,925,000)
Total Exempt Debt	<u>(81,318,709)</u>	<u>(52,008,504)</u>	<u>(80,716,335)</u>	<u>(88,340,067)</u>
Total Debt Applicable to Limitation - Within 10.5% Limitations	76,519,151	72,812,730	63,677,540	69,695,259
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>(7,777,979)</u>	<u>(16,499,004)</u>	<u>(15,943,399)</u>	<u>(15,536,249)</u>
Net Debt Within 10.5% Limitation	<u>68,741,172</u>	<u>56,313,726</u>	<u>47,734,141</u>	<u>54,159,010</u>
Overall Debt Margin Within 10.5% Limitations	<u>\$ 144,774,274</u>	<u>\$ 148,262,505</u>	<u>\$ 143,428,595</u>	<u>\$ 133,446,155</u>
Unvoted Debt Limitation - 5.5% of Assesed Valuation	\$ 111,841,424	\$ 107,158,978	\$ 100,132,862	\$ 98,269,372
Debt Within 5.5% Limitations	76,519,151	72,812,730	63,677,540	69,695,259
Less Amount Available in Debt Service Fund	(7,777,979)	(16,499,004)	(15,943,399)	(15,536,249)
Net Debt Within 5.5% Limitation	<u>68,741,172</u>	<u>56,313,726</u>	<u>47,734,141</u>	<u>54,159,010</u>
Unvoted Debt Margin Within 5.5% Limitation	<u>\$ 43,100,252</u>	<u>\$ 50,845,252</u>	<u>\$ 52,398,721</u>	<u>\$ 44,110,362</u>

Source: City of Dayton financial records

- (1) Airport, Water and Sewer revenue bonds are shown net of premiums. For 2015, this amount was \$3,460,896.
- (2) Assesed valuations have been revised to agree with the assessed valuation by each tax year as provided by the Montgomery County Auditor.
- (3) Water and Sewer general obligation bonds are exempt debt.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,766,330,350	\$ 1,572,433,810	\$ 1,527,043,290	\$ 1,545,990,210	\$ 1,420,769,660	\$ 1,419,103,270
185,464,687	165,105,550	160,339,545	162,328,972	149,180,814	149,005,843
155,069,138	144,638,131	169,996,937	157,522,164	159,621,062	201,500,505
(10,470,000)	(10,115,000)	(9,750,000)	(9,375,000)	(8,990,000)	(10,016,545)
(35,659,399)	(34,462,592)	(33,265,591)	(32,090,000)	(30,232,678)	(52,051,403)
-	-	-	-	-	(15,720,663)
-	-	-	-	-	(16,428,679)
-	-	(15,300,000)	(14,520,000)	(13,630,000)	(12,705,000)
-	-	(15,600,000)	(14,805,000)	(13,905,000)	(12,970,000)
(211,800)	(136,900)	(63,100)	(23,200)	-	-
<u>(40,650,000)</u>	<u>(38,780,000)</u>	<u>(32,235,000)</u>	<u>(30,305,000)</u>	<u>(28,285,000)</u>	<u>(26,200,000)</u>
<u>(86,991,199)</u>	<u>(83,494,492)</u>	<u>(106,213,691)</u>	<u>(101,118,200)</u>	<u>(95,042,678)</u>	<u>(146,092,290)</u>
68,077,939	61,143,639	63,783,246	56,403,964	64,578,384	55,408,215
<u>(17,092,706)</u>	<u>(14,927,743)</u>	<u>(10,776,956)</u>	<u>(10,184,042)</u>	<u>(10,965,590)</u>	<u>(12,580,136)</u>
<u>50,985,233</u>	<u>46,215,896</u>	<u>53,006,290</u>	<u>46,219,922</u>	<u>53,612,794</u>	<u>42,828,079</u>
<u>\$ 134,479,454</u>	<u>\$ 118,889,654</u>	<u>\$ 107,333,255</u>	<u>\$ 116,109,050</u>	<u>\$ 95,568,020</u>	<u>\$ 106,177,764</u>
\$ 97,148,169	\$ 86,483,860	\$ 83,987,381	\$ 85,029,462	\$ 78,142,331	\$ 78,050,680
68,077,939	61,143,639	63,783,246	56,403,964	64,578,384	55,408,215
(17,092,706)	(14,927,743)	(10,776,956)	(10,184,042)	(10,965,590)	(12,580,136)
<u>50,985,233</u>	<u>46,215,896</u>	<u>53,006,290</u>	<u>46,219,922</u>	<u>53,612,794</u>	<u>42,828,079</u>
<u>\$ 46,162,936</u>	<u>\$ 40,267,964</u>	<u>\$ 30,981,091</u>	<u>\$ 38,809,540</u>	<u>\$ 24,529,537</u>	<u>\$ 35,222,601</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**

Fiscal Year	Population (3)	Assessed value (2)	Gross general bonded debt (1)	Less: Amounts available in Debt Service Fund (4)	Net general bonded debt (1)	Ratio of net general bonded debt to assessed value	Net general bonded debt per capita
2006	158,873	\$ 2,033,480,441	\$ 51,815,000	\$ 7,777,979	\$ 44,037,021	2.17%	\$ 277
2007	158,873	1,948,345,053	56,775,000	11,950,293	44,824,707	2.30%	\$ 282
2008	156,771	1,820,597,490	51,095,000	15,943,399	35,151,601	1.93%	\$ 224
2009	154,200	1,786,715,860	68,480,000	15,536,249	52,943,751	2.96%	\$ 343
2010	141,759	1,766,330,350	64,410,000	17,092,706	47,317,294	2.68%	\$ 334
2011	141,759	1,572,433,810	57,745,000	14,927,743	42,817,257	2.72%	\$ 302
2012	141,759	1,527,043,290	90,180,658	9,583,585	80,597,073	5.28%	\$ 569
2013	143,355	1,545,990,210	81,353,728	10,184,042	71,169,686	4.60%	\$ 496
2014	143,355	1,420,769,660	79,081,962	10,965,590	68,116,372	4.79%	\$ 475
2015	140,599	1,419,103,270	73,630,043	12,580,136	61,049,907	4.30%	\$ 434

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

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

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

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

CITY OF DAYTON, OHIO

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

Fiscal Year	Principal	Interest	Bond issuance costs	Total debt service	Total general governmental expenditures	Ratio of debt service to total general governmental expenditures
2006	\$ 7,480,101	\$ 3,076,308	\$ -	\$ 10,556,409	\$ 217,667,323	4.85%
2007	5,789,851	2,884,154	312,327	8,986,332	234,019,644	3.84%
2008	6,652,464	4,707,848	598,836	11,959,148	234,943,818	5.09%
2009	8,047,222	3,557,790	586,476	12,191,488	244,189,072	4.99%
2010	8,030,000	3,828,281	137,068	11,995,349	230,208,664	5.21%
2011	9,516,702	4,401,891	-	13,918,593	217,375,775	6.40%
2012	9,918,875	2,785,143	693,878	13,397,896	214,804,403	6.24%
2013	8,446,175	3,164,241	-	11,610,416	218,843,237	5.31%
2014	7,708,143	2,843,361	195,142	10,746,646	210,614,310	5.10%
2015	7,062,185	3,052,165	-	10,114,350	214,068,005	4.72%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2015**

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, 2015.

<u>Political subdivision of State of Ohio</u>	<u>2015 Debt Outstanding</u>	<u>Percentage applicable to Dayton</u>	<u>Amount applicable to Dayton</u>
Direct			
City of Dayton	\$ 76,358,873	100.00%	\$ 76,358,873
Total Direct Debt	<u>76,358,873</u>		<u>76,358,873</u>
Overlapping			
Montgomery County	39,001,338	15.68%	6,115,410
Dayton Metro Library District	169,280,000	19.94%	33,754,432
Dayton City School District	162,445,000	83.96%	136,388,822
Miami Valley Career Center	5,867,994	2.27%	133,203
Greene County Career Center	16,668	0.53%	88
Vandalia Butler City School District	48,599,551	2.49%	1,210,129
Mad River Local School District	7,640,000	23.46%	1,792,344
Huber Heights City School District	73,710,000	11.59%	8,542,989
Trotwood-Madison City School District	28,974,804	4.04%	1,170,582
Fairborn City School District	12,004,940	3.49%	418,972
Northridge Local School District	17,810,000	32.27%	5,747,287
Total Overlapping Debt	<u>565,350,295</u>		<u>195,274,258</u>
Total Direct and Overlapping Debt	<u>\$ 641,709,168</u>		<u>\$ 271,633,131</u>

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

CITY OF DAYTON, OHIO

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

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2006	\$ 7,947,706	\$ 3,381,510	\$ 1,101,749	\$ 4,483,259	1.77
2007	8,480,924	3,257,274	882,616	4,139,890	2.05
2008	7,661,321	3,280,851	675,575	3,956,426	1.94
2009	7,262,150	655,872	463,620	1,119,492	6.49
2010	9,596,696	681,315	438,177	1,119,492	8.57
2011	7,850,586	548,263	406,141	954,404	8.23
2012	10,831,537	713,914	373,672	1,087,586	9.96
2013	8,304,330	741,617	345,967	1,087,584	7.64
2014	9,687,415	770,397	317,188	1,087,585	8.91
2015	11,760,637	800,295	287,291	1,087,586	10.81

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

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**WATER ENTERPRISE REVENUE BOND COVERAGE
WATER REVENUE BONDS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Net Revenue Available for Debt Service (1)</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2015 (2)	14,491,713	-	-	-	-

(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.

(2) The City issued new water bonds in 2015. There were no payments due in 2015.

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

SEWER ENTERPRISE REVENUE BOND COVERAGE
SEWER REVENUE BONDS
LAST FISCAL YEAR

<u>Year</u>	<u>Net Revenue Available for Debt Service (1)</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2015 (2)	11,760,637	-	-	-	-

(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.

(2) The City issued new sewer bonds in 2015. There were no payments due in 2015.

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	
2006	\$ 16,742,217	\$ 3,630,000	\$ 2,813,589	\$ 6,443,589	2.60
2007	16,112,888	3,750,000	3,062,695	6,812,695	2.37
2008	11,735,966	1,090,000	1,894,488	2,984,488	3.93
2009	6,230,427	1,115,000	1,860,958	2,975,958	2.09
2010	10,544,858	1,155,000	1,823,404	2,978,404	3.54
2011	13,284,695	1,200,000	1,780,969	2,980,969	4.46
2012	9,162,019	1,245,000	1,733,902	2,978,902	3.08
2013	6,342,789	1,290,000	1,683,228	2,973,228	2.13
2014	8,233,042	1,350,000	1,628,664	2,978,664	2.76
2015	8,714,245	1,445,000	1,237,784	2,682,784	3.25

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

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

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**BUSINESS INDICATORS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Square Mile Area City of Dayton Year End (1)</u>	<u>Air Passengers (2)</u>	<u>Scheduled Airline Freight (2)</u>
2006	56 (+/-)	2,607,167	166,613
2007	56 (+/-)	2,833,081	10,455
2008	56 (+/-)	2,928,018	9,471
2009	56 (+/-)	2,506,271	10,388
2010	56 (+/-)	2,526,839	8,092
2011	56 (+/-)	2,528,856	8,549
2012	56 (+/-)	2,607,528	10,069
2013	56 (+/-)	2,503,961	7,819
2014	56 (+/-)	2,282,211	9,132
2015	56 (+/-)	2,137,085	8,542

<u>Year</u>	<u>Active Gas Meters (3)</u>	<u>Vehicle Registrations (4)</u>
2006	88,573	130,190
2007	81,606	123,640
2008	80,900	106,186
2009	80,233	102,921
2010	79,508	122,513
2011	78,753	123,008
2012	78,140	122,573
2013	77,647	116,811
2014	77,369	120,939
2015	76,735	124,365

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

CITY OF DAYTON, OHIO

**GROWTH IN LAND AREA
SELECTED YEARS**

<u>Year</u>	<u>Square miles at December 31</u>
1955	27
1960	34
1965	36
1970	40
1975	43
1980	54
1985	55
1990	55
1995	56
2000	56
2005	56
2010	56.5
2011	56.5
2012	56.5
2013	56.5
2014	56.5
2015	56.5

Source: Division of Planning City of Dayton

CITY OF DAYTON, OHIO

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

Employer	Fiscal Year 2015			Fiscal Year 2006		
	Employees	Rank	Percentage of Total Dayton Labor Force	Employees	Rank	Percentage of Total Dayton Labor Force
Premier Health Partners (1)	14,765	1	25.11%	5,600	1	7.89%
Kettering Health Network (2)	7,000	2	11.90%			
Montgomery County	3,884	3	6.61%			
Sinclair Community College	2,613	4	4.44%			
University of Dayton	2,297	5	3.91%	2,148	7	3.03%
Dayton Public Schools	2,085	6	3.55%	2,899	3	4.08%
Veterans Administration	2,002	7	3.40%	2,000	8	2.82%
City of Dayton	1,910	8	3.25%	2,400	6	3.38%
Childrens Medical Hospital	1,517	9	2.58%			
CareSource	1,200	10	2.04%			
Good Samaritan Hospital and Health				3,300	2	4.65%
NCR Corporation				2,700	4	3.80%
National City Bank				2,600	5	3.66%
Delphi Automotive Systems Corporation				2,000	9	2.82%
United Postal Service				1,876	10	2.64%
Total	39,273		66.79%	27,523		38.77%

Source: Dayton Business Journal

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

(2) Kettering Health Network includes Grandview Hospital

CITY OF DAYTON, OHIO

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

Year	Montgomery County		Dayton		Ohio		U.S.
	Labor Force	Unemployment rate	Labor force	Unemployment rate	Labor force	Unemployment rate	Unemployment rate
2006	271,900	6.05%	71,000	8.30%	5,839,200	5.37%	4.60%
2007	275,200	6.20%	71,500	7.20%	5,976,500	5.60%	4.60%
2008	270,500	8.40%	70,000	9.40%	5,954,200	7.60%	5.80%
2009	267,234	11.40%	69,188	12.60%	5,970,188	10.20%	9.30%
2010	261,705	10.10%	67,763	11.30%	5,897,559	10.10%	9.60%
2011	257,589	9.40%	61,108	11.00%	5,806,467	8.60%	8.90%
2012	252,888	7.00%	59,558	7.90%	5,747,885	7.20%	8.10%
2013	249,000	8.00%	59,000	9.40%	5,766,000	7.40%	7.40%
2014	250,300	6.00%	59,100	7.10%	5,719,000	5.70%	6.20%
2015	249,600	5.00%	58,800	5.80%	5,700,000	4.90%	5.30%

Source: State of Ohio Labor Market Information

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
2006	\$ 33,195	90.42%	\$ 5,273,789,235	\$ 33,658	91.68%	\$ 33,320	90.76%	\$ 36,714
2007	34,314	88.87%	\$ 5,451,568,122	34,732	89.95%	34,874	90.32%	38,611
2008	34,724	87.35%	\$ 5,443,716,204	34,715	87.33%	35,511	89.33%	39,751
2009	34,943	89.28%	\$ 5,388,210,600	35,669	91.14%	35,381	90.40%	39,138
2010	35,886	88.42%	\$ 5,087,163,474	36,302	89.45%	36,395	89.68%	40,584
2011	37,410	89.79%	\$ 5,303,204,190	37,684	90.45%	37,791	90.71%	41,663
2012	39,891	89.56%	\$ 5,654,908,269	39,795	89.34%	40,057	91.59%	43,735
2013	40,353	90.59%	\$ 5,720,400,927	40,150	90.14%	40,865	91.74%	44,543
2014	41,386	89.72%	\$ 5,932,890,030	40,851	88.56%	42,571	92.29%	46,129
2015	N/A	N/A	N/A	N/A	N/A	43,478	91.21%	47,669

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	2006	2007	2008	2009	2010
Total	408.4	403.3	396.2	372.5	369.4
Goods-Producing Industries	71.7	67.8	60.6	50.6	49.4
Natural Resources, Mining and Construction	15.2	14.7	13.7	11.6	10.9
Manufacturing	56.5	53.1	46.9	39.0	38.5
Service-Providing Industries	336.7	335.5	335.6	321.9	320.0
Trade, Transportation, and Utilities	70.0	68.7	67.0	63.1	61.4
Information	10.6	10.9	12.1	11.0	10.5
Financial Activities	20.1	20.1	18.6	16.8	16.5
Professional and Business Services	52.3	52.2	51.7	45.5	45.6
Educational and Health Services	64.7	65.8	68.9	68.7	69.0
Leisure and Hospitality	37.8	37.3	37.2	36.3	36.2
Other Services	16.4	16.0	15.5	14.9	15.2
Government	64.8	64.5	64.6	65.6	65.6

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

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

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

2011	2012	2013	2014	2015	Percentage of Total 2015 employment
376.1	378.1	376.4	372.0	379.1	100%
51.2	52.6	52.7	50.7	52.0	13.7%
11.1	11.4	11.4	11.7	12.0	3.2%
40.1	41.2	41.3	39.0	40.0	10.6%
324.9	325.5	323.7	321.3	327.1	86.3%
62.4	64.6	64.9	64.4	65.8	17.4%
9.8	8.9	8.7	8.5	8.4	2.2%
17.0	17.3	17.3	17.3	17.6	4.6%
48.3	48.7	47.5	48.6	50.1	13.2%
69.9	70.2	69.8	70.2	71.0	18.7%
37.0	37.1	36.9	37.2	37.8	10.0%
15.1	14.7	15.1	14.0	13.8	3.6%
65.4	64.0	63.5	61.1	62.6	16.5%

CITY OF DAYTON, OHIO

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

Function/Program	2006	2007 (1)	2008	2009	2010 (2)	2011	2012	2013	2014	2015
Governmental activities:										
Downtown	29	36	34	32	16	15	14	15	15	15
Youth, education and human services	3	4	1	1	-	1	1	1	1	-
Community development and neighbors	168	131	139	170	132	136	134	130	128	141
Economic development	39	45	43	42	35	33	26	30	32	7
Leadership and quality of life	281	421	368	251	143	184	178	171	303	214
Corporate responsibility	164	187	178	163	137	133	134	137	133	169
Public safety and justice	1,072	1,134	1,118	1,056	943	863	866	868	864	838
Business-type activities:										
Dayton International Airport	175	180	160	145	128	133	138	140	144	143
Water	242	257	260	267	245	237	218	232	164	246
Sewer	120	142	134	141	113	110	109	113	70	119
Golf	19	86	70	66	15	16	15	14	14	14
Storm Sewer	124	144	143	134	89	89	89	83	66	41
Total Full-Time Equivalent (FTE)	2,436	2,767	2,648	2,468	1,996	1,950	1,922	1,934	1,934	1,947

Source: City of Dayton ITS and Manangement & Budget

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

CITY OF DAYTON, OHIO

**SCHOOL ENROLLMENT TRENDS IN MONTGOMERY COUNTY
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>The University of Dayton (1)</u>	<u>Wright State University (2)</u>	<u>Sinclair Community College (3)</u>	<u>Total Colleges/ Universities</u>	<u>Dayton Public Schools (4)</u>
2006	10,503	16,870	22,786	50,159	17,054
2007	10,395	16,913	22,443	49,751	14,963
2008	10,920	17,662	23,259	51,841	14,486
2009	10,908	17,558	25,249	53,715	14,939
2010	11,214	18,447	25,942	55,603	15,122
2011	10,776	18,304	25,223	54,303	15,166
2012	11,186	17,789	23,641	52,616	14,515
2013	10,857	17,595	22,884	51,336	14,505
2014	11,368	17,779	21,358	50,505	14,013
2015	11,271	18,059	18,452	47,782	14,060

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

CITY OF DAYTON, OHIO

**CITY OF DAYTON AND
MONTGOMERY COUNTY, OHIO
LAND AREA
DECEMBER 31, 2015**

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

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

CITY OF DAYTON, OHIO

**BUILDING PERMITS ISSUED
LAST TEN FISCAL YEARS**

Year	New Construction	
	Permits issued (1)	Valuation (1)
2006	948	\$ 106,199,962
2007	843	135,523,498
2008	757	76,613,598
2009	793	111,538,280
2010	627	61,926,890
2011	624	76,837,017
2012	976	110,167,787
2013	1,020	71,059,409
2014	553	95,087,428
2015	591	83,727,498

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

CITY OF DAYTON, OHIO

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

<u>Year</u>	<u>Units</u>	<u>Total Permit Value</u>	<u>Single-family average structure cost</u>	<u>% Change from previous year</u>	<u>% Change from 2004</u>
2006	186	\$ 19,292,702	\$ 103,724	-11.88%	-12.49%
2007	134	12,431,781	92,774	-10.56%	-21.73%
2008	150	11,491,562	76,610	-17.42%	-35.37%
2009	123	11,114,593	90,363	17.95%	-23.76%
2010	27	3,823,530	141,612	56.72%	19.47%
2011	90	9,516,794	105,742	17.02%	-10.79%
2012	153	13,518,608	88,357	-16.44%	-25.46%
2013	44	3,459,005	78,614	-11.03%	-33.68%
2014	7	629,989	89,998	14.48%	-24.07%
2015	63	8,518,038	135,674	50.75%	14.46%

Source: Census Bureau

CITY OF DAYTON, OHIO

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Service										
Highways and Streets										
Streets (miles) **	967	969	1,718	1,718	1,718	1,718	1,718	1,718	1,718	1,719
Streetlights	18,650	18,650	20,163	20,163	20,252	20,235	20,391	20,427	19,720	19,720
Traffic Signals	325	325	325	325	325	313	313	314	320	316
Computerized Signals	178	225	275	275	275	275	275	314	320	316
Public Safety										
Police										
Headquarters	1	1	1	1	1	1	1	1	1	1
Training Academy	1	1	1	1	1	1	1	1	1	1
Number of Districts	5	5	5	5	5	5	5	5	5	5
Number of Employees	506	512	505	474	455	385	413	409	405	410
Fire										
Headquarters	1	1	1	1	1	1	1	1	1	1
Training Academy	1	1	1	1	1	1	1	1	1	1
Fire Stations	12	12	12	12	12	12	12	12	12	12
Number of Employees	385	383	379	346	341	332	308	314	318	327
City Fleet (public safety)										
Fire	101	99	96	97	94	99	108	84	88	91
Police	288	354	354	307	320	324	314	304	289	291
Recreation and parks										
Parks Acreage	1,389	1,389	1,389	1,374	1,374	1,374	1,374	1,374	1,374	1,374
Playgrounds	49	49	49	42	42	42	42	42	42	39
Total Facilities *	186	221	205	184	181	181	180	180	169	169
Parks	72	72	62	60	60	60	60	60	60	39
Swimming Pools	19	8	3	4	5	4	4	4	4	4
Tennis Courts	22	65	65	63	63	63	63	63	50	41
Community Centers	9	2	2	-	3	3	3	3	3	3
Senior Centers	2	1	1	1	1	-	-	-	-	-
Athletic Complexes	2	2	2	2	2	2	2	2	2	2
Specialized Facilities	4	1	1	-	-	-	-	1	1	1
Shelter Houses	53	53	53	37	37	37	37	37	36	37
Golf Courses	3	3	3	3	3	3	3	3	3	3
Spray Park Facilities	N/A	7	7	6	6	7	7	7	7	7
Recreation Centers	N/A	4	4	5	-	-	-	-	3	3
Cultural Centers	N/A	2	1	2	-	1	1	1	1	1
Teen Centers	N/A	1	1	1	1	1	-	-	-	-
Water										
Water Mains (miles)	800.28	803.07	803.33	804.29	806.12	807.03	806.61	807.03	807.03	807.26
Maximum Daily Capacity (millions of gallons)	50.30	51.60	46.53	43.79	43.82	43.21	44.30	41.00	42.00	43.20
Sewer										
Sanitary Sewers (miles)	601.28	601.39	602.85	603.11	603.05	603.18	603.27	603.40	603.40	730.00
Storm Sewers (miles)	402.28	402.85	403.35	403.61	403.62	403.67	403.67	403.67	403.67	576.60
Maximum Daily Capacity (millions of gallons)	37.56	35.97	35.06	32.61	33.72	33.03	29.80	28.69	28.33	28.33

Source: Various Departments, City of Dayton

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

N/A - Information not available

**Prior to 2008, straightline miles mode of measurement was used. After 2008, the mode of measurement was in Lane miles.

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We acknowledge the following Financial Services Personnel in the preparation of the Comprehensive Annual Financial Report. Fiscal Year Ended December 31, 2015

C. LaShea Smith	Finance Director
Bejoy C. John	Deputy Finance Director
Valerie Henderson	Financial Service Supervisor
Annette Brown	Financial Analyst I
James Delay	Finance Technician II
Saleh Asumani	Financial Analysis I
Jennifer Hill	Staff Support
Terrie Veal	Support Staff
Eugene Rick Duff	Support Staff
Shelley A. Dickstein	City Manager
Stanley A. Earley	Deputy City Manager
Joseph Parlette	Acting Assistant City Manager

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

The Department of Finance - Mission Statement

The Department of Finance provides accurate, efficient, and quality financial services in a systematic and professional manner. We are a customer focused TEAM that thrives in an environment of continuous improvement.

www. DaytonOhio .gov



Dave Yost • Auditor of State

CITY OF DAYTON

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 8, 2016**