

CITY OF DAYTON, OHIO
SINGLE AUDIT REPORTS
for the year ended December 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of City Council
City of Dayton

We have reviewed the Independent Auditor's Report of the City of Dayton, Montgomery County, prepared by Foxx & Company for the audit period January 1, 2001 through December 31, 2001. 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, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 7, 2002

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Foxx & Company
Certified Public Accountants

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

The Honorable Members of the City Commission
City of Dayton, Ohio

We have audited the general purpose financial statements of the City of Dayton, Ohio, as of and for the year ended December 31, 2001, and have issued our report thereon dated June 21, 2002. We did not audit the financial statements of the CityWide Development Corporation, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the general purpose financial statements, insofar as it relates to amounts included for the discretely presented component unit, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Dayton, Ohio's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Dayton, Ohio in a separate letter dated June 21, 2002.

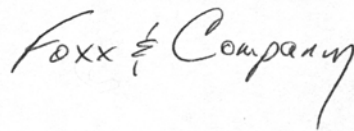
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Dayton, Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City of Dayton, Ohio's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition

is described in the accompanying Schedule of Findings and Questioned Costs as item 01-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions that are also considered to be material weaknesses. However, we consider item 01-01 to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of the City of Dayton, Ohio in a separate letter dated June 21, 2002.

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

A handwritten signature in cursive script that reads "Foxx & Company". The signature is written in dark ink on a light-colored background.

Cincinnati, Ohio
June 21, 2002



Foxx & Company
Certified Public Accountants

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH *OMB CIRCULAR A-133* AND SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

The Honorable Members of the City Commission
City of Dayton, Ohio

Compliance

We have audited the compliance of the City of Dayton, Ohio with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The City of Dayton, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Dayton, Ohio's management. Our responsibility is to express an opinion on the City of Dayton, Ohio's compliance based on our audit.

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

In our opinion, the City of Dayton, Ohio complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

Internal Control Over Compliance

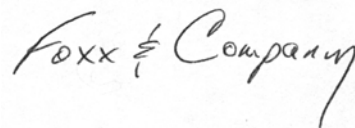
The management of the City of Dayton, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, grants applicable to federal programs. In planning and performing our audit, we considered the City of Dayton, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of City of Dayton, Ohio, as of and for the year ended December 31, 2001, and have issued our report thereon dated June 21, 2002. We did not audit the financial statements of the CityWide Development Corporation, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the general purpose financial statements, insofar as it relates to amounts included for the discretely presented component unit, is based on the report of the other auditors. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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



Cincinnati, Ohio
June 21, 2002

CITY OF DAYTON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended December 31, 2001

Grantor Agency/Program	CFDA Number	Project Number	Federal Receipts	Federal Expenditures
<u>U.S. Department of Commerce</u>				
Dayton Business Incubator	11.300	06-01-2820	\$ 883,782	\$ -
Total U.S. Department of Commerce			<u>\$ 883,782</u>	<u>\$ -</u>
<u>U.S. Department of Housing and Urban Development</u>				
Community Development Block Grants/Entitlements Grants	14.218	CB-00-MC-39-0010 CB-01-MC-39-0010	\$ 6,452,249 <u>1,751,844</u>	\$ 4,296,894 <u>4,396,568</u>
	Subtotal		<u>8,204,093</u>	<u>8,693,462</u>
Emergency Shelter Grants Program	14.231	CS-98-MC-39-0010	<u>295,528</u>	<u>372,028</u>
Shelter Plus Care	14.238	OH-16-C-93-1122	<u>811,158</u>	<u>1,012,618</u>
HOME Investment Partnerships	14.239	M-94-MC-39-0205 M-95-MC-39-0205 M-96-MC-39-0205 M-97-MC-39-0205 M-98-MC-39-0205 M-99-MC-39-0205 M-00-MC-39-0205 M-01-MC-39-0205	230,402 268,567 11,400 28,304 277,614 357,525 972,580 <u>18,000</u>	29,173 276,967 24,787 35,804 631,909 338,087 1,215,167 <u>88,093</u>
	Subtotal		2,164,392	2,639,987
Fair Housing Assistance Programs-State and Local	14.401	FF-105-K-98-5019	<u>-</u>	<u>9,743</u>
	Subtotal			
Total U.S. Department of Housing and Urban Development			<u>\$ 11,475,171</u>	<u>\$ 12,727,838</u>

CITY OF DAYTON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended December 31, 2001

Grantor Agency/Program	CFDA Number	Project Number	Federal Receipts	Federal Expenditures
<u>U.S. National Park Service</u>				
Rehabilitation Grant	15.919	00-CTY-1234-9301	\$ -	\$ 195,371
Total U.S. National Park Service			<u>\$ -</u>	<u>\$ 195,371</u>
<u>U.S. Department Of Justice</u>				
Byrne Formula Grant Program				
Safe Estates Program	16.579	00-DG-DO2-7554	\$ 6,161	\$ 1,740
Dayton Mediation Center Project		00-DG-DO2-7558	21,459	21,459
Community Justice Collaboration		00-DG-DO2-7567	<u>27,063</u>	<u>30,269</u>
	Subtotal		<u>54,683</u>	<u>53,468</u>
Grants to Encourage Arrest Policies	16.590	97-WE-VX-0070	<u>401,549</u>	<u>355,461</u>
99 Local Law Enforcement Block Grants Program	16.592	00-LB-VX-0100	\$ -	\$ 249,652
00 Local Law Enforcement Block Grant		00-LB-VX-2460	625,599	174,253
01 Local Law Enforcement Block Grant		01-LB-VX-2627	<u>527,324</u>	<u>-</u>
	Subtotal		<u>1,152,923</u>	<u>423,905</u>
Total U.S. Department of Justice			<u>\$ 1,609,155</u>	<u>\$ 832,834</u>

CITY OF DAYTON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended December 31, 2001

Grantor Agency/Program	CFDA Number	Project Number	Federal Receipts	Federal Expenditures
<u>U.S. Department of Transportation</u>				
Airport Improvement Program	20.106	3-39-0029-24-96	\$ 16,738	\$ -
		3-39-0029-26-97	64,924	24,581
		3-39-0029-28-98	614,689	-
		3-39-0029-29-98	53,297	60,339
		3-39-0030-03-99	22,079	5,556
		3-39-0029-30-99	40,267	96,488
		3-39-0029-31-99	434,139	280,967
		3-39-0029-32-99	164,536	279,858
		3-39-0029-33-99	319	6,229
		3-39-0029-34-00	249,023	384,033
		3-39-0029-35-00	383,547	399,138
		3-39-0029-36-00	7,858,634	7,828,634
		3-39-0029-37-01	-	28,649
		3-39-0029-39-01	-	6,236
		3-39-0030-04-01	<u>1,347,656</u>	<u>1,348,220</u>
	Subtotal		<u>11,249,848</u>	<u>10,748,928</u>
State and Community Highway Safety	20.600	99-J7-J-410	<u>-</u>	<u>551</u>
<i>Passed-through Ohio Department of Transportation</i>				
Highway Planning and Construction	20.205	PID 16584	324,550	-
		PID 15130	400,593	40,237
		PID 21254	-	1,612,352
		PID 16596	-	362,844
		PID 20892	-	300,000
		PID 16254	<u>-</u>	<u>587,444</u>
	Subtotal		<u>725,143</u>	<u>2,902,877</u>
Total U.S. Department Of Transportation			<u><u>\$ 11,974,991</u></u>	<u><u>\$ 13,652,356</u></u>

CITY OF DAYTON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended December 31, 2001

<u>Grantor Agency/Program</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>Federal Receipts</u>	<u>Federal Expenditures</u>
<u>U.S. Environmental Protection Agency</u> Brownfields	66.811	BP-985451	\$ 150,023	\$ 59,627
Total U.S. Environmental Protection Agency			<u>\$ 150,023</u>	<u>\$ 59,627</u>
Total Federal Financial Assistance			<u>\$ 26,093,122</u>	<u>\$ 27,468,026</u>

CITY OF DAYTON, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended December 31, 2001

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of City of Dayton, Ohio's federal award programs. The schedule has been prepared on the cash basis of accounting.

CITY OF DAYTON, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended December 31, 2001

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:
Material weakness(es) identified? : yes 9 no
Reportable condition(s) identified not
considered to be material weaknesses? 9 yes : none reported

Noncompliance material to financial statements noted? 9 yes : no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? 9 yes : no
Reportable condition(s) identified not
considered to be material weaknesses? 9 yes : none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to
be reported in accordance with Circular A-133, Section .510(a)? 9 yes : no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlements Grants
14.239	Home Investment Partnerships Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between
Type A and Type B programs: \$824,041

Auditee qualified as low-risk auditee? : yes 9 no

CITY OF DAYTON, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended December 31, 2001

**2. Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

<i>Finding Number</i>	01-01
-----------------------	-------

Reconciliation of Cash Balances

The City did not perform monthly bank account reconciliations during calendar year 2001. The City performed a single reconciliation of actual cash and investment balances to amounts recorded in the accounting system as of December 31, 2001. The annual reconciliation identified adjustments that needed to be made to the accounting system in order to properly state cash and investment balances. The City is in the process of implementing procedures to reconcile cash and investment balances to the accounting system on a monthly basis.

Recommendation

We recommend that the City implement procedures to ensure all cash and investment balances are reconciled to the accounting system on a monthly basis.

3. Findings and Questioned Costs for Federal Awards

None

CITY OF DAYTON, OHIO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

for the year ended December 31, 2001

There were no audit findings or questioned costs relative to Federal awards for the audit of the City of Dayton, Ohio for the year ended December 31, 2000.

CITY OF DAYTON, OHIO

CORRECTIVE ACTION PLAN

for the year ended December 31, 2001

Finding Number 01-01

The City has assigned specific staff to perform monthly reconciliations of cash balances. The reconciliations will be submitted to the Supervisor of the newly formed Audit Section for review. The monthly reconciliations will also be submitted to the Accounting and Treasury Manager and the Finance Director. The City is currently performing reconciliations and has completed a reconciliation of the City's accounting system to the bank balance for the first quarter of calendar year 2002.

Contact Person: Mr. Forrest K. Betche, Accounting and Treasury Manager.

Date: September 30, 2002

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City of Dayton, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2001

Prepared by:
Department of Finance
Cheryl J. Garrett, Finance Director
Forrest K. Betche, Accounting and Treasury Manager

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CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2001**

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CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2001**

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June 21, 2002

Mr. John Thomas
Interim City Manager
Dayton, Ohio

Dear Mr. Thomas:

With this letter, I transmit the City of Dayton's (the City) Comprehensive Annual Financial Report (CAFR) for 2001 to you, the Mayor and Commissioners, the citizens of this City, the investment community, and to all other interested parties. The CAFR was prepared using accounting principals generally accepted in the United States of America (GAAP) as applied to governmental units and contains all disclosures necessary to enable the reader to understand the City's financial affairs. Responsibility for both the accuracy of the data and completeness and fairness of the presentation rests with management of the City.

HIGHLIGHTS, MAJOR INITIATIVES, AND FUTURE ENDEAVORS

Excerpts from Mayor McLin's "Discover Dayton Welcome Letter" address these topics:

"Today Dayton is engaged in numerous community development projects that are changing the face of our community. As the Birthplace of Aviation where Orville and Wilbur Wright invented and perfected the airplane, Dayton is preparing for the Celebration of Powered Flight in 2003 to mark the Centennial anniversary of the flight that changed the world. To welcome the international visitors who will join our special celebration, we are investing heavily in our neighborhoods, our businesses and our entertainment venues. The combined effect is a stronger, more appealing community in which to live, work or play.

Dayton's vibrancy is obvious. For example, the Dayton Dragon's Minor league baseball team entertains thousands of people in their new downtown stadium. The RiverScape Park attracts crowds from throughout the region to view spectacular fountains, laser light shows and concerts. Our new downtown Schuster Performing Arts center is nearing completion at the heart of the city as well. The National City Second Street Public Market and the Oregon Historic District offer enjoyable shopping and entertainment activities. Plus, Dayton's diverse cultural scene and expansive parks system offers something for everyone on the go.

Dayton is also investing in diverse housing projects to meet the needs of virtually every age group and income level. New downtown lofts, apartments and condos are available through such projects as the Lofts on St. Clair, the Ice Avenue Lofts, the Firefly Lofts, the Landing, and Cooper Place condominiums. In addition, the City is creating suburban-style housing in other neighborhoods, including Wilmington Place, Pheasant Ridge, the Hook Estate, Wright Dunbar Village and Wolf Creek.

Our business-friendly philosophy is spurring new growth and creating new jobs, especially in our service and technology sectors. We pride ourselves on possessing a large skilled workforce fueled by five excellent universities and colleges. Our excellent air and ground transportation system make Dayton a central hub for virtually any business activity."

DEPARTMENTAL ACCOMPLISHMENT

The Department of Public Works touches the lives of every resident and visitor of the city in hundreds of ways. Depending upon your experience with the City, some of the services we provide are considered very well known, while some are less so. To most, it is common knowledge that we pick up trash, patch potholes, plow snow, mow parks, boulevards and expressways, issue permits for work in the Public Right-of-Way, and keep the equipment and buildings we need for work in good condition. Those services not as well known include fixing street parking meters, timing traffic signals, picking up dead animals, painting the traffic markings on streets, planting flowers in public places, salting the sidewalks around parks in inclement weather, injecting trees, inspecting bridges, bidding the projects for various City construction projects, replacing playground equipment, and on and on and on.

The year 2001 was very busy year for all six Divisions in the Department (Waste Collection, Street Maintenance, Fleet Management, Facilities Management, Parks and Forestry, and Engineering). Limiting our list of major accomplishments to ten for the year is:

- Operation: Clean Sweep was implemented in which 1,950 tons of debris from alleys, curbs and vacant lots were taken to the landfill. In conjunction with Code Enforcement, this was completed as the initial step in stricter enforcement of yard standards.
- A Geographic Information System (GIS) database was started and is almost complete for rerouting and data analysis.
- Extensive improvements in ADA wheelchair ramps (\$2.2 million) and asphalt resurfacing (\$3 million) were bid.
- Design and rehabilitation of Riverside Drive, Phase I and design of Innovation Drive (required for Hormel development) were completed.
- Installation of playground equipment at 10 playgrounds that meet the National Playgrounds Safety Institute standards.
- Completion of a bridge survey and recommendations for financing of the first two years of bridge needs. A twenty-five year plan for improvements was developed.
- Ten renovation projects were completed in City facilities (Manager's Office, Commission Offices, Recreation and Parks relocation, Dayton Government TV, the Homeownership Center, Police Chief's Office, Probation Offices, Convention Center and Finance and Accounting) with associated cost savings of \$625,000.
- A salt dome with a total capacity of 16,000 tons was constructed.
- Traffic signal upgrades of \$1,710,000 were initiated.
- Personnel participated in several disaster preparedness programs (flood fighting, weapons of mass destruction, etc.).

COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report (CAFR) is presented in three sections:

- The introductory section includes this letter of transmittal, the City's organization chart, and the GFOA Certificate of Achievement.
- The financial section includes the general purpose financial statements and notes, the combining and individual fund and account group financial statements and schedules as well as the independent auditors' report on the combined general purpose financial statements.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

REPORTING ENTITY

The City has included in the CAFR all of the funds, account groups, and activities for which it is financially accountable. The City has two component units: CityWide Development Corporation that is shown as a separate discrete component unit; and the Sister City Committee that is shown as a blended component unit within the special revenue funds. Both are included as part of the reporting entity because the primary government appoints all members of their board of trustees and is able to impose its will on the organizations. The City is associated with six jointly governed organizations. They include the Miami Valley Regional Planning Commission, the Miami Valley Fire/EMS Alliance, the Economic Development/Government Equity Program, the Montgomery County Family and Children First Council, the Hazardous Material Response Team and the Miami Valley Emergency Management Agency.

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

INTERNAL AND BUDGETARY CONTROL

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

FINANCIAL INFORMATION

General governmental fund balances: The fund balances for the following governmental funds indicate that cash and other assets exceed liabilities as of year-end. Fund balances represent the accumulation of revenues and other financing sources over expenditures and other financing uses. December 31, 2000 fund balances of the general and special revenue funds have been restated to reflect a change in accounting principal (see Note 3.A.).

General Governmental Fund Balances (in millions)
Years Ended December 31,

<u>Fund Balances</u>	<u>2001</u>	<u>2000</u>	<u>% Increase (Decrease)</u>
General	\$ 41.5	\$ 61.5	(32.5)%
Special Revenue	11.2	10.3	8.7
Debt Service	26.7	29.1	(8.2)
Capital Projects	<u>27.4</u>	<u>15.5</u>	76.8
Total	<u>\$106.8</u>	<u>\$116.4</u>	(6.3)%

Fund balance in the general fund decreased by approximately \$20.0 million dollars from 2000 to 2001. The decrease is primarily due to a significant increase in the net transfers out of approximately \$15.1 million in 2001 versus 2000. The general fund provided approximately \$22.0 million in transfers to the capital projects funds in 2001 for various permanent improvement and economic development projects. In 2001, the general fund provided approximately \$4.1 million for a communications antenna to aid police and fire, \$3.8 million to purchase land for economic development and \$9.0 million from accumulated balances in the special projects funds with in the general fund for economic development. General fund revenues exceeded expenditures by \$3.3 million in 2001. The general fund has a total of \$4,924,737 in interfund loans receivable due from other City funds at December 31, 2001.

Special revenue fund balance increased approximately \$1.2 million from 2000 to 2001. Revenue and expenditures for special revenue funds depend primarily on grant awards and related expenditures. The HUD special revenue fund has a \$674,692 interfund loan payable due to the City's general fund at December 31, 2001.

Debt service fund balance decreased approximately \$2.4 million from 2000 to 2001. The decrease is primarily due to principal and interest payments of \$2.3 million on a capital facilities general obligation bond that was issued in 2001. Principal and interest payments made by the debt service fund in 2001 and 2000 were \$10.8 million and \$8.7 million, respectively.

Capital projects fund balance increased approximately \$11.9 million from 2000 to 2001. The increase is primarily due to an increase in transfers in from the general fund and due to bond proceeds of approximately \$25.0 million received in 2001. The capital projects funds had net transfers in of \$17.7 million and \$3.6 million in 2001 and 2000, respectively. The Issue II capital projects fund has a \$2,306,880 interfund loan payable due to the City's general fund at December 31, 2001.

These fund balances give the City flexibility in the event of unforeseen revenue downturns or expenditure increases and reflects the City's long-term strategy of maintaining a strong balance sheet.

General governmental revenues: The following table shows the amounts generated in the City's major revenue sources in the general, special revenue, debt service, and capital projects funds.

General Governmental Revenues (in millions) Years Ended December 31,			
<u>Revenues</u>	<u>2001</u>	<u>2000</u>	<u>% Increase (Decrease)</u>
Municipal Income Taxes	\$109.2	\$112.7	(3.1)%
Property and Other Local Taxes	17.5	18.0	(2.8)
State Shared Taxes	21.9	22.7	(3.5)
Intergovernmental	26.5	29.2	(9.2)
Special Assessments	0.6	0.3	100.0
Charges for Services	21.6	22.3	(3.1)
Licenses and Permits	2.0	2.1	(4.8)
Fines and Forfeitures	2.5	1.7	47.1
Interest	7.1	9.8	(27.6)
Other	<u>8.6</u>	<u>4.6</u>	87.0
Total	<u>\$217.5</u>	<u>\$223.4</u>	(2.6)%

Municipal income taxes are the largest component of revenues totaling \$109.2 million or 50.02% and \$112.7 million or 50.44% of fiscal 2001 and 2000 revenues, respectively. The decrease in municipal income taxes of 3.1% is primarily due to the national economic downturn and its effect on the local economy as well as an increased unemployment rate. In addition, the City experienced a large collection of taxes in January 2001, which were accrued at December 31, 2000. A significant amount of previously delinquent taxes were collected at this time thus resulting in an increase to 2000's tax revenue over 1999's amount. The 2001 income tax revenue approximates 1999's income tax revenue.

Property and other local tax revenue decrease approximately \$0.5 million from 2000 to 2001. Property and other local tax revenue consist of real estate taxes, personal property taxes and hotel/motel taxes.

State shared taxes consist primarily of local government and local government revenue assistance funds, motor vehicle taxes, license taxes, gasoline taxes, inheritance taxes, and other State shared revenues designed to assist the City with major operations for the general benefit of the residents of the City. The decrease in State shared taxes is primarily attributable to a decrease in inheritance tax and motor vehicle and license tax. The City also experienced a slight decrease in local government funds on an accrual basis, however, these funds increased slightly on a cash basis.

Intergovernmental revenues consist of federal, state and local grants and subsidies used to finance particular projects. The decrease in intergovernmental revenues is primarily due to a decrease of approximately \$3.9 million in funds received in the HUD special revenue fund. For the HUD programs, revenue is closely associated with expenditures for which the City is reimbursed. Numerous older projects were completed in 2000, thus the City became more current on HUD projects in 2001. These timing issues have been primarily resolved in 2000 with 2001's revenue reflecting a more normal pattern. The City also experienced a \$1.2 million dollar increase in Issue II funds from the State of Ohio for projects awarded through this program.

Special assessment revenue increased over fiscal 2000. Special assessments are collected by benefited property owners. Special assessment revenue in the governmental funds approximated \$0.6 million.

Charges for services includes EMS charges, prisoner boarding fees, municipal court charges, indirect charges to various City departments, income tax collection charges and all other revenue derived by performing a service for another entity, individual of fund. Charges for services totaled \$21.6 million or 9.93% and \$22.3 million or 9.98% of fiscal 2001 and 2000 revenues, respectively. The slight decrease from fiscal 2000 to 2001 was 3.1% and cannot be attributed to any particular service of fee.

Fines and forfeitures increased approximately \$0.8 million or 47.1% from fiscal 2000 to 2001. This increase is primarily attributable to Racketeering Influence Corrupt Organization (RICO) forfeitures received in 2001 in the Law Enforcement special revenue fund. The timing of these seizures and their amounts can vary significantly between years. The City is also enforcing better collection policies.

Investment income decreased in 2001 by \$2.7 million or 27.6% over 2000 investment earnings due to drastic cuts in interest rates by the Federal Reserve Bank throughout the year --especially the aggressive monetary policy actions following the September 11, 2001, terrorist attacks.

Other revenue includes all revenue not included above. Other revenue increases approximately \$4.0 million from fiscal 2000 to 2001. Part of the increase is attributable to approximately \$1.5 million dollars received by the City due to the Anthem demutualization.

General governmental expenditures: The next table presents the City's major expenditures by function in the general, special revenue, debt service, and capital projects funds.

General Governmental Expenditures (in millions)
Years Ended December 31,

<u>Expenditures</u>	<u>2001</u>	<u>2000</u>	<u>% Increase (Decrease)</u>
Downtown	\$ 5.0	\$ 4.9	2.0%
Youth, Education and Human Services	1.4	1.3	7.7
Community Development and Neighborhoods	2.3	3.3	(30.3)
Economic Development	23.7	21.8	8.7
Leadership and Quality of Life	38.0	43.6	(12.8)
Corporate Responsibility	22.3	20.8	7.2
Public Safety and Justice	101.9	96.2	5.9
Other	0.4	0.0	400.0
Capital Outlay	45.3	24.5	84.9
Debt Service	<u>11.2</u>	<u>8.6</u>	30.2
	<u>\$251.5</u>	<u>\$225.0</u>	11.8%

In 2001, total general government expenditures increased by \$26.5 million or 11.8% over 2000. The primary reason for the increase is the capital outlay and debt service expenditures. The capital outlay expenditures increased \$20.8 million or 84.9% from 2000 to 2001. The expenditures were partially financed by transfers made from the City's general fund.

Some of the more significant projects whose capital outlay expenditures increased in 2001 over 2000 are as follows:

<u>Project</u>	<u>Increase (In millions)</u>
Community development projects	\$1.4
Issue II projects	1.1
Development fund project	3.2
Economic development capital projects	5.0
ITS radio transmitter replacement	0.9
Riverside drive reconstruction	1.9
Riverscape great miami project	2.7
2001 major thoroughfares resurfacing project	0.9
Convention center improvements project	1.9

The debt service expenditures increased \$2.6 million from 2000 to 2001. As discussed earlier under “General Government Fund Balances”, this increase is primarily due to a new capital facilities general obligation bond issue in 2001. This new issue required approximately \$2.3 million in principal and interest payments in 2001. The proceeds of the bond issue were receipted in the capital projects funds and the Golf enterprise fund. The Golf enterprise fund is responsible for payments of the principal and interest related to its portion of the bond issue and these amounts are not reflected in the general government proceeds or debt payments.

Enterprise operations: The following table presents summary information for the major enterprise funds.

Enterprise Operations (in millions)
Years Ended December 31,

<u>Fund/Operation</u>	<u>2001</u>	<u>2000</u>	<u>% Increase (Decrease)</u>
Dayton International Airport			
Assets	\$171.3	\$149.6	14.5%
Fund Equity	111.3	101.8	9.3
Operating Revenues	26.3	26.8	(1.9)
Operating Expenses	29.9	27.6	8.3
Operating Income	(3.6)	(0.8)	(350.0)
Water			
Assets	197.5	190.6	3.6%
Fund Equity	161.3	148.5	8.6
Operating Revenues	46.6	44.4	5.0
Operating Expenses	37.0	36.8	0.5
Operating Income	9.6	7.5	28.0
Sewer			
Assets	132.7	124.9	6.2%
Fund Equity	104.9	94.7	10.8
Operating Revenues	35.2	28.8	22.2
Operating Expenses	25.1	24.8	1.2
Operating Income	10.1	4.0	152.5

In 2001, total assets in the Dayton International Airport enterprise fund increased \$21.7 million over 2000 primarily due to an increase in fixed assets acquired as part of the Airport's continuing restoration project. In 2001, total fund equity increased \$9.5 million or 9.3% over 2000. Operating income decreased slightly due partially to the economic impact of terrorist attack on September 11, 2001. Operating expenses rose by 8.3% but were not able to be offset by an increase in operating income. Net income increased significantly from \$(2.3) million in 2000 to \$7.9 million in 2001. This increase is primarily due to approximately \$11.2 in intergovernmental grants and approximately \$3.0 million in passenger facility charges received in 2001. These amounts are reflected as capital contributions in the general purpose financial statements.

In 2001, activity for the Water enterprise fund remained relatively consistent with 2000. Total net income rose from \$11.4 million in 2000 to \$12.8 million in 2001.

In 2001, the assets in the Sewer enterprise fund increased \$7.8 million from 2000. This increase is primarily due to an increase in accounts receivable reported by the fund. The increase in the receivable is responsible for the increase in operating income of approximately \$6.1 million and the increase in net income of approximately \$6.4 million.

The City also maintains two other enterprise funds to account for storm water and golf operations. Total fund equity in the Storm Water enterprise fund increased \$1.1 million from \$5.3 million in 2000 to \$6.4 million in 2001. Total fund equity in the Golf enterprise fund decreased approximately \$400,000 from \$1.9 million in 2000 to \$1.5 million in 2001. Operating loss reported by the fund decreased from \$(741,169) in 2000 to \$(437,134) in 2001. The golf operations are continuing to restructure its operations to increase operating revenue and/or decrease operating expenses in an effort to obtain operating profit in the near future. The Golf enterprise fund has a \$1,073,000 interfund loan payable due to the City's general fund at December 31, 2001.

Internal service operations: The City maintains four internal service funds to service other funds of the City.

Internal service funds account for the financing of goods or services provided by one department or agency to other departments of the City 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 is not intended to produce a significant profit in the long run but to recover the total costs of providing goods or services.

The Fleet Management internal service fund had a decrease in total fund equity of \$62,000 from \$411,464 in 2000 to \$349,459 in 2001. The decrease is primarily due to increased operating expenses during 2001. The Fleet Management internal service fund has an \$855,000 interfund loan payable due to the City's general fund at December 31, 2001.

The Stores and Reproduction internal service fund had a decrease in total fund equity of \$85,904 from \$345,780 in 2000 to \$259,876 in 2001. The decrease is primarily due to decreased operating revenues during 2001. The net loss for the fund improved by \$27,832 from \$(113,736) in 2000 to \$(85,904) in 2001.

The Workers' Compensation internal service fund had an increase in total fund equity of approximately \$2.5 million from \$6.2 million in 2000 to \$8.7 million in 2001. This increase is primarily due to a decrease in the premiums due the Bureau of Workers' Compensation and due to a decrease in the liability related to claims payable in future years. This liability is based upon actuarial assumptions and can vary between years. The retained earnings of the Workers' Compensation internal service fund has been restated as of January 1, 2001 to reflect a change in the amount reported as claims liability at December 31, 2000 (See Note 3.A).

The Plumbing Shop internal service fund increased total fund equity by \$41,672 from \$(87,685) at 2000 to \$(46,013) at 2001. Net income for the fund improved by \$159,868 from a net loss of \$(118,196) at 2000 to net income of \$41,672 at 2001. The increase in net income is primarily due to increased operating revenue and decreased operating expenses. The Plumbing Shop internal service fund has a \$14,895 interfund loan payable due to the City's general fund at December 31, 2001.

Fiduciary operations: The City maintains two nonexpendable trust funds and various agency funds that are accounted for in its fiduciary operations.

The City's agency funds account for assets held by the City in a trustee capacity as an agent for individuals, private organizations, or other governmental units. Total assets for agency funds at December 31, 2001 were \$11,528,725.

The Schantz Waldruhe Park nonexpendable trust fund accounts for the interest earned on Dayton Power & Light stock that is used for the improvement, care and maintenance of Waldruhe Park. Total assets of the fund at December 31, 2001 were \$92,742 with \$82,014 of the fund balance being reserved since the principal may not be expended.

The Forrest B. Lucas nonexpendable trust fund accounts for the interest earned on a contribution made by Forrest B. Lucas that is to be used for fire department training. Total assets of the fund at December 31, 2001 were \$52,847 with \$50,000 of the fund balance being reserved since the principal may not be expended.

ECONOMIC CONDITION AND OUTLOOK

The City's economy is diversified as evidenced by the major employers shown below that are located in Dayton.

<u>Company</u>	<u>Nature of Activity of Business</u>	<u>Approximate Employment</u>
Miami Valley Hospital	Hospital	5,000
Montgomery County	Government	5,000
Delphi Automotive	Automotive components	4,000
Dayton City School District	Education	3,600
Good Samaritan Hospital	Hospital	3,000
AT&T/NCR	Computer technology	2,900
City of Dayton	Government	2,700
University of Dayton	Education	2,600
Reynolds & Reynolds	Information technology	2,300
Behr Dayton Thermal Products	Automotive components	2,000
Emery Air Freight Corporation	Distribution	2,000
Sinclair Community College	Education	1,800
United States Postal Service	Government	1,800
State of Ohio	Government	1,700
Veterans Administration	Government	1,500
Children's Medical Center	Hospital	1,400
Grandview Hospital	Hospital	1,300

- The automotive industry employs 25,000 people within the region
- Wright Patterson Air Force Base (WPAFB), adjacent to Dayton, employs in excess of 23,000 people

Unemployment for the City increased from 6.0 percent in 2000 to 7.4 percent in 2001. The number of building permits decreased from 1,652 to 1,206 (includes all permit types) over the same time period.

CASH MANAGEMENT

Equity in pooled cash and cash equivalents totaled approximately \$215.6 million at December 31, 2001 a decrease of approximately \$9.4 million from December 31, 2000. This decrease was due primarily to a deficiency in cash received versus cash expended in 2001 for the operations of the City. The decrease was partially offset by and increases in the fair market value of investments of approximately \$4.7 million. The City's cash and cash equivalents and investments with fiscal agents, including the restricted portion, dropped this year by \$2.7 million, from \$5.5 million at December 31, 2000 to \$2.8 million at December 31, 2001.

Investments of cash are guided by City ordinance and Ohio Revised Code, which restricts the type and duration of investments. Interest earned is distributed to governmental, proprietary, and fiduciary funds based upon their weighted average cash balance. Cash investment practices by trustees are determined by bond indentures and various trust agreements. During 2001, the City continued its policy of investing primarily in U.S. Treasury obligations with maturities of about five years, commercial paper, federal agency securities, Dayton special assessment debt, mutual fund investments, Dayton Power & Light stock, certificates of deposit, and STAR Ohio.

Total interest income for 2001 was \$14.3 million compared with \$18.6 million for 2000. This decrease is primarily due to the drastic cuts in interest rates by the Federal Reserve Bank throughout the year.

DEBT ADMINISTRATION

The City maintains a low net direct debt per capita amount, and a low debt to estimated true valuation of property percentage.

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Net general bonded debt per capita, City of Dayton	\$326	\$201	\$164	\$250	\$55
Net general bonded debt to estimated true total value of property, City of Dayton	0.92%	0.58%	0.53%	0.85%	0.19%

Net general bonded debt per capita (bonded debt supported by taxes less the debt service fund balance) is a measure of the magnitude of debt on a basis comparable to other cities. The ratio of net general bonded debt to total estimated true value of property measures the burden of debt to the wealth and property value of a given jurisdiction. Net general bonded debt totaled \$54 million, \$33 million, \$28 million, \$43 million, \$9 million and \$15 million for the years ended December 31, 2001, 2000 1999, 1998, 1997, and 1996, respectively.

The following are the latest bond ratings for general obligation tax supported debt:

Moody’s Investor Service, Inc.	A2
Standard and Poor’s Corporation	A+

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City contracts with various insurance companies and maintains comprehensive and catastrophic coverage as a focus of its risk management program. In addition, the City participates in the Ohio Bureau of Workers’ Compensation retrospective rating program.

INDEPENDENT AUDIT

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dayton for its comprehensive annual financial report for the year ended December 31, 2000. This was the nineteenth consecutive year that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report whose contents conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

My appreciation is extended to the various elected officials, the City Manager, department heads, and employees responsible for contributing to the sound financial position of the City. I would like to acknowledge the efforts of the Accounting and Treasury staff, other members of the Finance Department, and our consultant, Trimble, Julian & Grube, Inc., all of whom contributed to the development of this CAFR.

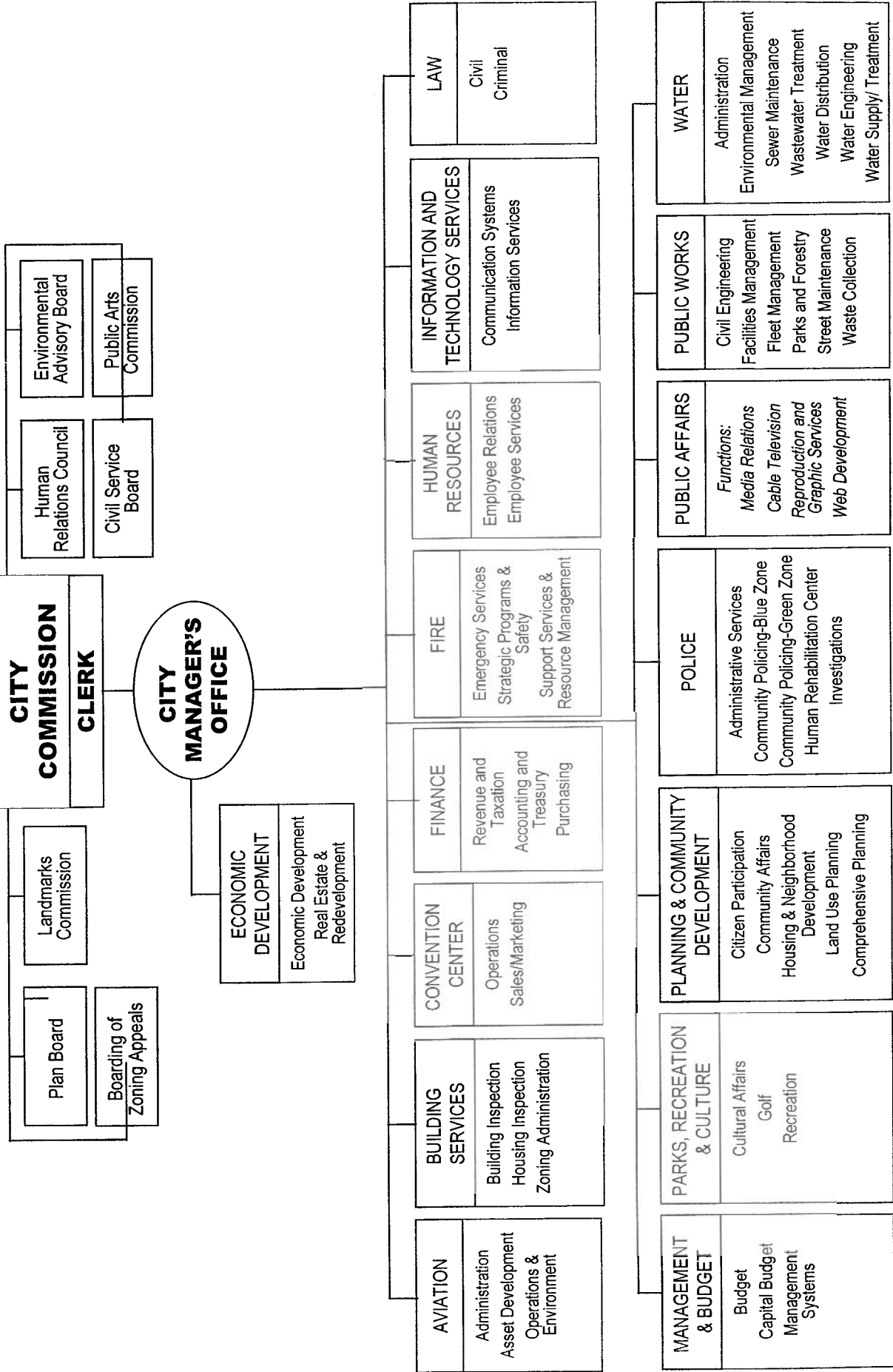
Respectively submitted,



Cheryl J. Garrett
Finance Director
Secretary of the Board of Sinking Fund Trustees

Organization of the City of Dayton

Citizens of Dayton



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, 2000

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



Imelda A. Auer
President

Jeffrey L. Essler
Executive Director



Foxx & Company
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Commission
City of Dayton, Ohio

We have audited the accompanying general purpose financial statements of the City of Dayton, Ohio, as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Dayton, Ohio's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the CityWide Development Corporation, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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

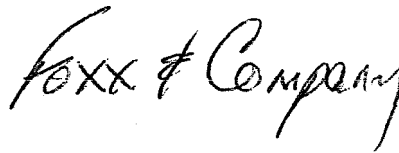
In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Dayton, Ohio as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting Financial Reporting for Nonexchange Transactions* and GASB Statement No. 36 *Recipient Reporting for Certain Shared Nonexchange Revenues* as of December 31, 2001 (amendment to GASB 33). The implementation of these statements resulted in a change to the City's method of accounting for certain nonexchange revenue.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2002 on our consideration of the City of Dayton, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Dayton, Ohio. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects in relation to the general purpose financial statements taken as a whole.

The Introductory and Statistical Sections listed in the table of contents are presented for the purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Dayton, Ohio. This supplementary information is the responsibility of the City of Dayton's management. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Fox & Company". The signature is written in dark ink and is positioned to the right of the date and location text.

Cincinnati, Ohio
June 21, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

The following general purpose financial statements, along with the notes to the general purpose financial statements, present an overview of the City's financial position at December 31, 2001, and the results of operations and cash flows of the proprietary funds and nonexpendable trust fund for the year then ended.

CITY OF DAYTON, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
 DECEMBER 31, 2001

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Assets and Other Debits						
Assets:						
Equity in pooled cash and cash equivalents	\$30,430,972	\$5,041,626	\$16,168,672	\$26,201,739	\$109,434,057	\$21,016,811
Investments	-	-	-	-	-	-
Cash and cash equivalents with fiscal agents	-	-	-	-	6,073	-
Investments with fiscal agents	-	-	-	-	-	-
Cash and cash equivalents in segregated accounts	-	30,207	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Property and other local taxes	9,818,544	2,634,298	7,122,980	-	-	-
Municipal income taxes	12,599,845	-	-	-	-	-
Accounts	3,183,194	17,112	-	22,792	34,834,676	20,011
Special assessments	-	263,247	625,467	-	-	-
Accrued interest	1,272,716	25,337	-	80,361	1,180,839	-
Loans	-	-	10,080,000	-	-	-
Notes and contracts	-	-	-	-	-	-
Interfund loans	4,924,737	-	-	-	-	-
Due from other funds	363,178	1,150	-	21,785	3,307,690	641,990
Due from other governments	8,242,734	4,224,538	41,235	4,562,582	401,673	-
Taxes levied for other governments	-	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	1,058,250	-
Inventory held for resale	-	-	-	-	-	492,454
Unamortized bond issuance costs	-	-	-	-	1,182,421	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	23,602	-
Cash and cash equivalents with fiscal agents	-	-	441,899	-	135,259	-
Advances to component unit	-	5,462,250	-	2,469,204	2,529,688	-
Judgment receivable	-	-	-	-	270,000	-
Investment in real estate	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-
Other asset	-	-	-	-	-	-
Fixed assets (net of accumulated depreciation)	-	-	-	-	360,889,641	474,315
Other Debits:						
Amount available in debt service fund for general long-term obligations	-	-	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-
Total assets and other debits	<u>\$70,835,920</u>	<u>\$17,699,765</u>	<u>\$34,480,253</u>	<u>\$33,358,463</u>	<u>\$515,253,869</u>	<u>\$22,645,581</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
	Trust and Agency	General Fixed Assets			
\$7,349,979	\$ -	\$ -	\$215,643,856	\$ -	\$215,643,856
82,014	-	-	82,014	-	82,014
1,197,886	-	-	1,203,959	-	1,203,959
1,037,600	-	-	1,037,600	-	1,037,600
-	-	-	30,207	3,617,044	3,647,251
-	-	-	19,575,822	-	19,575,822
-	-	-	12,599,845	-	12,599,845
-	-	-	38,077,785	-	38,077,785
-	-	-	888,714	-	888,714
-	-	-	2,559,253	1,969,374	4,528,627
-	-	-	10,080,000	20,424,032	30,504,032
-	-	-	-	1,755,658	1,755,658
-	-	-	4,924,737	-	4,924,737
-	-	-	4,335,793	-	4,335,793
-	-	-	17,472,762	-	17,472,762
2,006,835	-	-	2,006,835	-	2,006,835
-	-	-	1,058,250	-	1,058,250
-	-	-	492,454	-	492,454
-	-	-	1,182,421	172,555	1,354,976
-	-	-	23,602	-	23,602
-	-	-	577,158	-	577,158
-	-	-	10,461,142	-	10,461,142
-	-	-	270,000	-	270,000
-	-	-	-	17,722,454	17,722,454
-	-	-	-	1,488,553	1,488,553
-	-	-	-	186,418	186,418
-	157,659,692	-	519,023,648	117,416	519,141,064
-	-	16,604,497	16,604,497	-	16,604,497
-	-	75,953,103	75,953,103	-	75,953,103
<u>\$11,674,314</u>	<u>\$157,659,692</u>	<u>\$92,557,600</u>	<u>\$956,165,457</u>	<u>\$47,453,504</u>	<u>\$1,003,618,961</u>

- Continued

CITY OF DAYTON, OHIO

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)
DECEMBER 31, 2001

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities, Fund Equity and Other Credits						
Liabilities:						
Accounts payable	\$2,095,730	\$196,075	\$ -	\$436,971	\$3,247,718	\$247,307
Contracts payable	610,163	190,090	-	3,140,272	3,795,295	-
Contracts payable retainage	-	53,408	-	-	291,512	-
Accrued wages and benefits	4,977,783	393,709	2,972	16,566	1,396,620	144,051
Compensated absences payable	45,831	1,655	-	-	2,263,357	279,137
Accrued interest payable	-	-	-	-	923,241	-
Due to other funds	290,182	177,463	-	12,952	3,567,641	124,614
Due to other governments	4,643,202	7,363	-	6,826	822,714	723,326
Due to others	-	-	-	-	-	-
Interfund payable	-	674,962	-	2,306,880	1,073,000	869,895
Claimants payable	35,725	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Withholdings and deposits	-	-	-	-	-	-
Payable from restricted assets:						
Utility deposits	-	-	-	-	23,602	-
Accrued interest payable	-	-	-	-	240,403	-
Current portion of revenue bonds	-	-	-	-	6,975,000	-
Deferred revenue	16,597,627	4,828,183	7,789,682	72,648	-	-
General obligation notes payable	-	-	-	-	7,600,000	-
Loans payable	-	-	-	-	-	-
Advance from primary government	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
OPWC loan payable	-	-	-	-	950,000	-
OWDA loan payable	-	-	-	-	19,957,154	-
General obligation bonds payable	-	-	-	-	3,829,025	-
Revenue bonds payable	-	-	-	-	56,718,738	-
Special assessment bonds with governmental commitment	-	-	-	-	-	-
Claims payable	-	-	-	-	-	10,904,858
Capital leases payable	-	-	-	-	16,102,341	73,226
Total liabilities	29,296,243	6,522,908	7,792,654	5,993,115	129,777,361	13,366,414
Fund Equity and Other Credits:						
Investment in general fixed assets	-	-	-	-	-	-
Contributed capital	-	-	-	-	142,368,604	86,010
Retained earnings:						
Reserved for revenue bond renewal and replacement	-	-	-	-	56,917	-
Unreserved (deficit)	-	-	-	-	243,050,987	-
Fund balances:						
Reserved for encumbrances	3,921,269	7,614,546	3,102	14,089,369	-	-
Reserved for claimants	384,500	-	-	-	-	-
Reserved for advances to component unit	-	5,462,250	-	2,469,204	-	-
Reserved for debt service	-	-	16,604,497	-	-	-
Reserved for contributions for nonexpendable trust	-	-	-	-	-	-
Reserved for loan receivable	-	-	10,080,000	-	-	-
Unreserved:						
Designated	8,708,515	-	-	-	-	-
Undesignated (deficit)	28,525,393	(1,899,939)	-	10,806,775	-	9,193,157
Total equity and other credits	41,539,677	11,176,857	26,687,599	27,365,348	385,476,508	9,279,167
Total liabilities, equity and other credits	\$70,835,920	\$17,699,765	\$34,480,253	\$33,358,463	\$515,253,869	\$22,645,581

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations			
Trust and Agency					
\$ -	\$ -	\$ -	\$6,223,801	\$2,437,190	\$8,660,991
-	-	-	7,735,820	-	7,735,820
-	-	-	344,920	-	344,920
-	-	-	6,931,701	-	6,931,701
-	-	9,850,608	12,440,588	-	12,440,588
-	-	-	923,241	-	923,241
162,941	-	-	4,335,793	-	4,335,793
2,869,514	-	-	9,072,945	379,594	9,452,539
750,571	-	-	750,571	-	750,571
-	-	-	4,924,737	-	4,924,737
-	-	-	35,725	-	35,725
-	-	-	-	464,064	464,064
7,745,699	-	-	7,745,699	-	7,745,699
-	-	-	23,602	-	23,602
-	-	-	240,403	1,037,396	1,277,799
-	-	-	6,975,000	-	6,975,000
-	-	-	29,288,140	3,459,626	32,747,766
-	-	-	7,600,000	-	7,600,000
-	-	-	-	2,275,114	2,275,114
-	-	-	-	10,461,142	10,461,142
-	-	-	-	844,867	844,867
-	-	-	950,000	-	950,000
-	-	-	19,957,154	-	19,957,154
-	-	70,705,963	74,534,988	3,940,000	78,474,988
-	-	11,530,000	68,248,738	-	68,248,738
-	-	471,029	471,029	-	471,029
-	-	-	10,904,858	-	10,904,858
-	-	-	16,175,567	-	16,175,567
11,528,725	-	92,557,600	296,835,020	25,298,993	322,134,013
-	157,659,692	-	157,659,692	-	157,659,692
-	-	-	142,454,614	-	142,454,614
-	-	-	56,917	-	56,917
-	-	-	243,050,987	-	243,050,987
-	-	-	25,628,286	-	25,628,286
-	-	-	384,500	-	384,500
-	-	-	7,931,454	-	7,931,454
-	-	-	16,604,497	-	16,604,497
132,014	-	-	132,014	-	132,014
-	-	-	10,080,000	-	10,080,000
-	-	-	8,708,515	-	8,708,515
13,575	-	-	46,638,961	22,154,511	68,793,472
145,589	157,659,692	-	659,330,437	22,154,511	681,484,948
\$11,674,314	\$157,659,692	\$92,557,600	\$956,165,457	\$47,453,504	\$1,003,618,961

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CITY OF DAYTON, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Municipal income taxes	\$109,203,036	\$ -	\$ -	\$ -	\$109,203,036
Property and other local taxes	9,130,439	2,263,281	6,126,871	-	17,520,591
State shared taxes	17,714,675	4,164,302	-	-	21,878,977
Intergovernmental	1,148,911	14,124,790	695,886	10,542,865	26,512,452
Special Assessments	793	12,017	204,520	352,653	569,983
Charges for services	20,350,543	1,017,684	119,645	172,317	21,660,189
Licenses and permits	1,928,291	-	-	111,212	2,039,503
Fines and forfeitures	1,335,077	1,119,440	-	-	2,454,517
Interest	6,398,883	125,679	44,429	517,387	7,086,378
Other	7,521,206	295,692	268,368	522,490	8,607,756
Total revenue.	<u>174,731,854</u>	<u>23,122,885</u>	<u>7,459,719</u>	<u>12,218,924</u>	<u>217,533,382</u>
Expenditures:					
Current:					
Downtown	4,461,369	-	560,000	-	5,021,369
Youth, education and human services	692,763	743,428	-	-	1,436,191
Community development and neighborhoods	881,768	1,449,404	-	-	2,331,172
Economic development	14,688,173	8,970,805	-	-	23,658,978
Leadership and quality of life	26,516,220	11,448,280	-	-	37,964,500
Corporate responsibility	21,382,393	603,478	364,590	-	22,350,461
Public safety and justice	100,035,747	1,864,786	-	-	101,900,533
Other	302,018	71,364	-	-	373,382
Capital outlay	2,471,754	228,740	-	42,591,587	45,292,081
Debt service:					
Principal retirement	-	-	6,524,068	-	6,524,068
Interest and fiscal charges	-	-	4,333,196	85	4,333,281
Bond issuance costs	-	-	-	356,193	356,193
Total expenditures.	<u>171,432,205</u>	<u>25,380,285</u>	<u>11,781,854</u>	<u>42,947,865</u>	<u>251,542,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,299,649</u>	<u>(2,257,400)</u>	<u>(4,322,135)</u>	<u>(30,728,941)</u>	<u>(34,008,827)</u>
Other financing sources (uses):					
Proceeds from sale of bonds	-	-	-	24,911,873	24,911,873
Premium and accrued interest on bonds sold	-	-	-	17,377	17,377
Proceeds from sale of fixed assets	24,713	4,675	-	-	29,388
Operating transfers in	3,785,864	3,280,174	1,866,739	23,960,957	32,893,734
Operating transfers out	(27,077,583)	(178,663)	(1,485)	(6,291,803)	(33,549,534)
Total other financing sources (uses)	<u>(23,267,006)</u>	<u>3,106,186</u>	<u>1,865,254</u>	<u>42,598,404</u>	<u>24,302,838</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(19,967,357)</u>	<u>848,786</u>	<u>(2,456,881)</u>	<u>11,869,463</u>	<u>(9,705,989)</u>
Fund balances, January 1 (restated).	<u>61,507,034</u>	<u>10,328,071</u>	<u>29,144,480</u>	<u>15,495,885</u>	<u>116,475,470</u>
Fund balances, December 31.	<u>\$41,539,677</u>	<u>\$11,176,857</u>	<u>\$26,687,599</u>	<u>\$27,365,348</u>	<u>\$106,769,481</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF DAYTON, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND, SPECIAL REVENUE FUNDS, AND DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Municipal income taxes	\$111,137,701	\$109,203,036	(\$1,934,665)	\$ -	\$ -	\$ -
Property and other local taxes	9,240,369	9,079,514	(160,855)	2,337,188	2,263,282	(73,906)
State shared taxes	17,997,172	17,714,675	(282,497)	4,345,768	4,164,301	(181,467)
Intergovernmental	1,169,265	1,148,911	(20,354)	2,191,156	2,082,139	(109,017)
Special Assessments	807	793	(14)	-	-	-
Charges for services	20,742,417	20,350,543	(391,874)	1,152,782	917,307	(235,475)
Licenses and permits	1,962,453	1,928,291	(34,162)	-	-	-
Fines and forfeitures	1,358,730	1,335,077	(23,653)	950,976	1,119,440	168,464
Interest	6,512,247	6,398,883	(113,364)	106,475	125,337	18,862
Other	7,679,605	7,521,206	(158,399)	286,058	237,037	(49,021)
Total revenues	177,800,766	174,680,929	(3,119,837)	11,370,403	10,908,843	(461,560)
Expenditures:						
Current:						
Downtown	4,650,416	4,339,002	311,414	-	-	-
Youth, education and human services	722,118	673,762	48,356	34,013	86,246	(52,233)
Community development and neighborhood	801,760	748,070	53,690	-	-	-
Economic development	15,310,574	14,285,303	1,025,271	65,677	47,934	17,743
Leadership and quality of life	27,639,826	25,788,929	1,850,897	9,849,408	10,064,763	(215,355)
Corporate responsibility	22,288,457	20,795,913	1,492,544	535,310	548,200	(12,890)
Public safety and justice	104,274,692	97,291,952	6,982,740	1,444,352	2,321,893	(877,541)
Other	251,364	234,533	16,831	37,879	96,051	(58,172)
Capital outlay	2,576,493	2,403,958	172,535	98,137	118,829	(20,692)
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	178,515,700	166,561,422	11,954,278	12,064,776	13,283,916	(1,219,140)
Excess (deficiency) of revenues over (under) expenditures	(714,934)	8,119,507	8,834,441	(694,373)	(2,375,073)	(1,680,700)
Other financing sources (uses):						
Proceeds from sale of fixed assets	0	24,713	24,713	0	4,675	4,675
Operating transfers in	3,852,934	3,785,864	(67,070)	2,785,363	2,641,044	(144,319)
Operating transfers out	(31,241,900)	(27,077,583)	4,164,317	(37,824)	(57,242)	(19,418)
Total other financing sources	(27,388,966)	(23,267,006)	4,121,960	2,747,539	2,588,477	(159,062)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(28,103,900)	(15,147,499)	12,956,401	2,053,166	213,404	(1,839,762)
Fund balances, January 1 (restated)	50,937,512	50,937,512	-	3,169,001	3,169,001	-
Unexpended prior year encumbrances	1,950,943	1,950,943	-	534,041	534,041	-
Fund balances, December 31	\$24,784,555	\$37,740,956	\$12,956,401	\$5,756,208	\$3,916,446	(\$1,839,762)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Debt Service		
Budget	Actual	Variance: Favorable (Unfavorable)
\$ -	\$ -	\$ -
5,347,164	6,126,871	779,707
-	-	-
607,327	695,886	88,559
178,493	204,520	26,027
104,419	119,645	15,226
-	-	-
-	-	-
38,775	44,429	5,654
234,215	268,368	34,153
<u>6,510,393</u>	<u>7,459,719</u>	<u>949,326</u>
982,124	560,000	422,124
-	-	-
-	-	-
-	-	-
644,855	367,692	277,163
-	-	-
-	-	-
11,441,859	6,524,068	4,917,791
7,597,762	4,332,191	3,265,571
<u>20,666,600</u>	<u>11,783,951</u>	<u>8,882,649</u>
<u>(14,156,207)</u>	<u>(4,324,232)</u>	<u>9,831,975</u>
-	-	-
1,629,177	1,866,739	237,562
0	(1,485)	(1,485)
<u>1,629,177</u>	<u>1,865,254</u>	<u>236,077</u>
(12,527,030)	(2,458,978)	10,068,052
29,122,563	29,122,563	-
20,912	20,912	-
<u>\$16,616,445</u>	<u>\$26,684,497</u>	<u>\$10,068,052</u>

CITY OF DAYTON, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total Primary Government (Memorandum Only)	Component Unit
	Enterprise	Internal Service	Nonexpendable Trust		
Operating revenues:					
Charges for services	\$111,735,117	\$13,832,193	\$ -	\$125,567,310	\$658,855
Interest	-	-	6,019	6,019	-
Decrease in fair market value of investment:	-	-	(29,996)	(29,996)	-
Contributions and donations	-	-	50,000	50,000	-
Rental income	-	-	-	-	1,461,501
SBA service fees	-	-	-	-	135,154
Other	3,516,145	578,334	-	4,094,479	523,679
Total operating revenues	<u>115,251,262</u>	<u>14,410,527</u>	<u>26,023</u>	<u>129,687,812</u>	<u>2,779,189</u>
Operating expenses:					
Personal services	30,169,078	3,195,933	-	33,365,011	1,366,947
Benefit payments	9,103,727	993,551	-	10,097,278	-
Contractual services	21,721,582	3,433,360	2,509	25,157,451	476,693
Materials and supplies	5,893,044	548,373	-	6,441,417	-
Utilities	10,641,204	1,071	-	10,642,275	-
Cost of sales	-	2,980,613	-	2,980,613	-
Depreciation	17,563,101	159,608	-	17,722,709	594,372
Real estate costs	-	-	-	-	405,687
Other	3,467,418	181,225	-	3,648,643	336,169
Total operating expenses	<u>98,559,154</u>	<u>11,493,734</u>	<u>2,509</u>	<u>110,055,397</u>	<u>3,179,868</u>
Operating income	<u>16,692,108</u>	<u>2,916,793</u>	<u>23,514</u>	<u>19,632,415</u>	<u>(400,679)</u>
Nonoperating revenues (expenses):					
Interest	7,183,254	-	-	7,183,254	576,949
Intergovernmental	86,991	-	-	86,991	-
Gain on disposal of fixed assets	85,935	20,011	-	105,946	-
Loss on investments	-	-	-	-	(69,936)
Provision for loan losses	-	-	-	-	(132,830)
Impairment of real estate held for investment	-	-	-	-	(37,500)
Interest and fiscal charges	(7,077,703)	(7,220)	-	(7,084,923)	(309,451)
Total nonoperating revenues (expenses)	<u>278,477</u>	<u>12,791</u>	<u>-</u>	<u>291,268</u>	<u>27,232</u>
Income before capital contributions and operating transfers	16,970,585	2,929,584	23,514	19,923,683	(373,447)
Capital contributions	14,145,360	-	-	14,145,360	1,016,229
Operating transfers in	682,800	-	-	682,800	-
Operating transfers out	(27,000)	-	-	(27,000)	-
Net income	<u>31,771,745</u>	<u>2,929,584</u>	<u>23,514</u>	<u>34,724,843</u>	<u>642,782</u>
Retained earnings/fund balance					
January 1 (restated)	<u>211,336,159</u>	<u>6,263,573</u>	<u>122,075</u>	<u>217,721,807</u>	<u>21,511,729</u>
Retained earnings/fund balance					
December 31	243,107,904	9,193,157	145,589	252,446,650	22,154,511
Contributed capital at December 31	<u>142,368,604</u>	<u>86,010</u>	<u>-</u>	<u>142,454,614</u>	<u>-</u>
Total fund equity at December 31	<u>\$385,476,508</u>	<u>\$9,279,167</u>	<u>\$145,589</u>	<u>\$394,901,264</u>	<u>\$22,154,511</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**Total Reporting
Entity
(Memorandum
Only)**

\$126,226,165
6,019
(29,996)
50,000
1,461,501
135,154
4,618,158

132,467,001

34,731,958
10,097,278
25,634,144
6,441,417
10,642,275
2,980,613
18,317,081
405,687
3,984,812

113,235,265

19,231,736

7,760,203
86,991
105,946
(69,936)
(132,830)
(37,500)
(7,394,374)

318,500

19,550,236

15,161,589
682,800
(27,000)

35,367,625

239,233,536

274,601,161

142,454,614

\$417,055,775

CITY OF DAYTON, OHIO

COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS, AND DISCRETELY PREPENDED COMPONENT UNIT
 FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total Primary Government (Memorandum Only)	Component Unit
	Enterprise	Internal Service	Nonexpendable Trust		
Increase (decrease) in cash and cash equivalents:					
Cash flows from operating activities:					
Cash received from customers	\$100,338,056	\$ -	\$ -	\$100,338,056	\$2,294,548
Cash received from quasi-external operating transactions with other funds	-	13,940,622	-	13,940,622	-
Cash received from contributions and donations	-	-	50,000	50,000	-
Cash received from pass-through revenue not yet expended	-	-	-	-	523,061
Cash received from other operating revenues	3,790,572	597,951	-	4,388,523	658,833
Cash payments for personal services	(30,092,400)	(3,196,808)	-	(33,289,208)	(1,344,555)
Cash payments for fringe benefits	(9,056,372)	(983,699)	-	(10,040,071)	-
Cash payments for contract services	(20,585,140)	(6,505,123)	(2,509)	(27,092,772)	-
Cash payments for materials and supplies	(6,405,965)	(3,465,574)	-	(9,871,539)	-
Cash payments for utilities	(11,179,011)	(1,123)	-	(11,180,134)	-
Cash payments for pass-through expenditures not yet reimbursed	-	-	-	-	(1,573,852)
Cash payments for other operating expenses	(2,927,883)	-	-	(2,927,883)	(591,150)
Net cash provided by (used in) operating activities	23,881,857	386,246	47,491	24,315,594	(33,115)
Cash flows from noncapital financing activities:					
Cash used in repayment of interfund loans	1,073,000	(470,563)	-	602,437	-
Cash received from interfund loans	(3,639,951)	394,895	-	(3,245,056)	-
Cash received from repayment of advance to component unit	441,986	-	-	441,986	-
Transfers in from other funds	877,800	-	-	877,800	-
Transfers out to other funds	(27,000)	(2,900,000)	-	(2,927,000)	-
Net cash used in noncapital financing activities	(1,274,165)	(2,975,668)	-	(4,249,833)	-
Cash flows from capital and related financing activities:					
Acquisition and construction of fixed assets	(33,315,721)	-	-	(33,315,721)	(6,306)
Capital contributions	14,955,115	-	-	14,955,115	1,016,229
Purchase of real estate held for investment	-	-	-	-	(1,130,984)
Proceeds from sale of general obligation bonds	3,774,197	-	-	3,774,197	-
Proceeds from sale of general obligation notes	7,600,000	-	-	7,600,000	1,254,271
Principal paid on general obligation notes	(8,600,000)	-	-	(8,600,000)	(504,892)
Principal paid on general obligation notes	(305,240)	-	-	(305,240)	-
Principal paid on general obligation bonds	(824,102)	-	-	(824,102)	(210,000)
Interest paid on general obligation bonds	(317,234)	-	-	(317,234)	(133,460)
Principal paid on revenue bonds	(6,695,000)	-	-	(6,695,000)	-
Interest paid on revenue bonds	(3,485,243)	-	-	(3,485,243)	-
Principal paid on OWDA loans	(2,962,995)	-	-	(2,962,995)	-
Interest paid on OWDA loans	(1,822,979)	-	-	(1,822,979)	-
Principal paid on OPWC loans	(50,000)	-	-	(50,000)	-
Principal paid on loans	-	-	-	-	(162,149)
Interest paid on loans	-	-	-	-	(184,791)
Principal paid on capital leases	(1,724,540)	(85,465)	-	(1,810,005)	-
Interest paid on capital leases	(992,617)	(7,220)	-	(999,837)	-
Net cash used in capital and related financing activities	(34,766,359)	(92,685)	-	(34,859,044)	(62,082)
Cash flows from investing activities:					
Change in fair market value of cash equivalents	1,359,571	-	-	1,359,571	-
Principal payments received on loans to other borrowers	-	-	-	-	3,361,742
Loan disbursements to other borrowers	-	-	-	-	(3,398,927)
Purchase of equity investments	-	-	-	-	(138,180)
Interest	6,499,270	-	6,019	6,505,289	642,588
Net cash provided by investing activities	7,858,841	-	6,019	7,864,860	467,223
Net increase (decrease) in cash and cash equivalents	(4,299,826)	(2,682,107)	53,510	(6,928,423)	372,026
Cash and cash equivalents, January 1	113,898,817	23,698,918	10,065	137,607,800	3,245,018
Cash and cash equivalents, December 31	\$109,598,991	\$21,016,811	\$63,575	\$130,679,377	\$3,617,044

**Total Reporting
Entity
(Memorandum
Only)**

\$102,632,604

13,940,622
50,000

523,061
5,047,356
(34,633,763)
(10,040,071)
(27,092,772)
(9,871,539)
(11,180,134)

(1,573,852)
(3,519,033)

24,282,479

602,437
(3,245,056)

441,986
877,800
(2,927,000)

(4,249,833)

(33,322,027)
15,971,344
(1,130,984)
3,774,197
8,854,271
(9,104,892)
(305,240)
(1,034,102)
(450,694)
(6,695,000)
(3,485,243)
(2,962,995)
(1,822,979)
(50,000)
(162,149)
(184,791)
(1,810,005)
(999,837)

(34,921,126)

1,359,571

3,361,742
(3,398,927)
(138,180)
7,147,877

8,332,083

(6,556,397)

140,852,818

\$134,296,421

- Continued

CITY OF DAYTON, OHIO

COMBINED STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total Primary Government (Memorandum Only)	Component Unit
	Enterprise	Internal Service	Nonexpendable Trust		
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$16,692,108	\$2,916,793	\$23,514	\$19,632,415	(\$400,679)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	17,563,101	159,608	-	17,722,709	594,372
Interest - nonexpendable trust fund	-	-	(6,019)	(6,019)	-
Change in fair market value of investments - nonexpendable trust fund	-	-	29,996	29,996	-
Changes in assets and liabilities:					
Increase in accounts receivable	(10,434,284)	(394)	-	(10,434,678)	(1,375,391)
Decrease in other assets	-	-	-	-	148,454
Decrease in due from other funds	917,232	162,757	-	1,079,989	-
Decrease in due from other governments	128,303	-	-	128,303	-
Decrease in judgements receivable	60,000	-	-	60,000	-
Decrease in material and supplies inventory	75,898	-	-	75,898	-
Decrease in inventory held for resale	-	61,467	-	61,467	-
Increase (decrease) in accounts payable	(3,280,952)	(142,718)	-	(3,423,670)	632,062
Decrease in contracts payable	2,372,663	-	-	2,372,663	-
Increase in retainage payable	214,145	-	-	214,145	-
Increase in accrued wages and benefits	261,021	4,618	-	265,639	-
Increase (decrease) in due to other funds	93,453	(232,579)	-	(139,126)	-
Decrease in due to other governments	(583,583)	(1,944,554)	-	(2,528,137)	-
Decrease in deferred revenue	(77,520)	-	-	(77,520)	-
Increase in utility deposits	1,102	-	-	1,102	-
Decrease in compensated absences payable	(120,830)	(45,488)	-	(166,318)	-
Increase in grants payable	-	-	-	-	259,388
Increase in accrued liabilities	-	-	-	-	108,679
Decrease in claims payable	-	(553,264)	-	(553,264)	-
Net cash provided by (used in) operating activities	\$23,881,857	\$386,246	\$47,491	\$24,315,594	(\$33,115)

Non-Cash Transactions:

Primary Government:

During 2001, the Dayton International Airport received \$767,365 in capital grants, which was recognized as a receivable in 2000. A receivable in the amount of \$314,682 has been recorded for capital grants in 2001.

During 2001, the Dayton International Airport received \$357,062 in passenger facility charges used for capital improvements, which were recognized as a receivable in 2000. No receivable has been recorded for passenger facility charges in 2001.

During 2001, the Dayton International Airport entered into a \$3,974,000 capital lease agreement. This agreement is part of the Environmental Restoration Project which began in 1999.

Component Unit:

Distribution of real estate, paid for by Rehabarama project, to a partnership	\$504,354
Receipt of real estate, paid for by Genesis Project	1,649,314
Note receivable due from third party converted to equity investment in Con	150,000
Receipt of third-party stock due to insurance demutualization	28,815

Total \$2,332,483

Reconciliation of cash and cash equivalents of nonexpendable trust fund to balance sheet:

Cash and cash equivalents - all fiduciary funds	\$8,547,865
Cash and cash equivalents - agency funds	8,484,290
Cash and cash equivalents - nonexpendable trust fund	<u><u>\$63,575</u></u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**Total Reporting
Entity
(Memorandum
Only)**

\$19,231,736

18,317,081
(6,019)

29,996

(11,810,069)

148,454

1,079,989

128,303

60,000

75,898

61,467

(2,791,608)

2,372,663

214,145

265,639

(139,126)

(2,528,137)

(77,520)

1,102

(166,318)

259,388

108,679

(553,264)

\$24,282,479

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CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds, departments and agencies that are not legally separate from the City. For the City, this includes providing water supply and treatment, sewer and storm water maintenance, wastewater treatment, airport services, fire and emergency medical services, police protection, a convention center, building inspection, correctional facilities, 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; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves 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 GPFS as follows:

CITY OF DAYTON, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001**

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

DISCRETELY PRESENTED COMPONENT UNIT

The City has included one discretely presented component unit, the CityWide Development Corporation (CWDC), as part of this report. CWDC was established in 1972 as a private, non-profit development organization which supports the City in a number of ways - primarily as its development financing arm. CWDC's relationship with the City is established via its stated mission: fostering economic development through creating and retaining jobs for City residents, providing administrative support to assist in neighborhood development, increasing tax revenues, and improving the Dayton area economy. Because the City appoints all members of CWDC's board of trustees and is empowered to remove them at will, CWDC is a component unit of the City. CWDC issues separately audited financial statements with a December 31 year-end. Its most recently audited financial statements may be obtained from CityWide Development Corporation, 8 North Main Street, Dayton, Ohio 45402-1916. Further disclosures for the discretely presented component unit can be found in Note 21.

BLENDED COMPONENT UNIT

The City of Dayton Sister City Committee (DSCC) is a blended component unit shown as a special revenue fund of the City of Dayton. The DSCC was created as a not for profit organization under Ohio Revised Code Section 1702.01 in 1966. The DSCC is governed by twenty six committee members, four of which are City of Dayton employees. The Dayton City Commission appoints all board members and provides all financial support or has solicited contributions on behalf of the DSCC. The DSCC provides services solely for the City. Financial information can be obtained for the DSCC by contacting Ms. Marion Sweeney at P.O. Box 97, Dayton, Ohio, 45402-0097.

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 \$83,740 for the operation of the Commission during 2001. Financial information can be obtained from Nora Lake, Executive Director, at 40 West Fourth Street, Dayton, Ohio 45402.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

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

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 \$43,090 for the operation of the Alliance during 2001. Financial information can be obtained from Mike Hoverland, Director, at 444 W. Third Street, Suite 13-204, Dayton, Ohio 45402.

Economic Development/Government Equity Program - The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced, and that County economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, 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. The City has agreed to be a member for nine years, ending December 31, 2001. 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 2000. Financial information can be obtained from Linda Gum, Administrative Assistant, at 451 West Third Street, Dayton, Ohio 45402.

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. During 2001, the City contributed \$26,500 to the Council. Financial information can be obtained from Sue Daily, Executive Director, at 451 West Third Street, P.O. Box 972, Dayton, Ohio 4522-3100.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

Hazardous Material Response Team - The City is a member of a Hazardous Material Response Team ("HAZ MAT") 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 HAZ MAT Advisory Board oversees the operation of HAZ MAT 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 HAZ MAT. During 2001, the City contributed \$14,560 to HAZ MAT. Financial information can be obtained from Edwin Kovar, Executive Director at 4200 Lake Center Drive, Trotwood, Ohio 45426.

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

The funding for the operation of the Agency is through contributions from each participating entity. Payments to the Agency are made from the General Fund. The City contributed \$16,380 for the operation of the Agency during 2001. Financial information can be obtained from Edwin Kovar, Executive Director at 4200 Lake Center Drive, Trotwood, Ohio 45426.

B. Basis of Presentation-Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund - The general fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Special Revenue Funds - The special revenue funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specific purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal, interest and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary and nonexpendable trust funds).

PROPRIETARY FUND TYPES

The proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds - The enterprise funds are used to 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 goods or services to the general public on a continuing basis be recovered or financed 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.

Internal Service Funds - The internal service funds are used to 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.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

FIDUCIARY FUNDS

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

Nonexpendable Trust Funds - The nonexpendable trust funds are used to account for financial resources of which only the interest earnings may be used for specific purposes as stated in the trust agreement. These funds are accounted for in essentially the same manner as proprietary funds.

Agency Funds - The agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City other than those accounted for in proprietary and nonexpendable trust funds.

General Long-Term Obligations Account Group - This account group is used to account for all long-term obligations of the City except those accounted for in the proprietary and nonexpendable trust funds.

C. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. 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 are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental and agency funds use the modified accrual basis of accounting. Proprietary and nonexpendable trust funds use the accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the reporting of expenses and expenditures.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

Revenues - Exchange and Non-exchange Transactions:

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

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 fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal 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: interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), special assessments, fines and forfeitures, fees and rentals.

Deferred Revenue:

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

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance year 2002 operations, have been recorded as deferred revenues. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures:

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

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

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

D. 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. Capital Projects funds and the HUD Programs Special Revenue 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.

In addition, the Dayton Sister Cities Special Revenue fund is not budgeted because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain separate budgetary information. Budget basis financial statements for these funds are not, therefore, presented in this report because such statements would not be meaningful, nor are they required. 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.

Tax Budget:

A tax budget of estimated revenues and expenditures for all budgeted funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenues of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

Appropriations:

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

Encumbrances:

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

E. Cash and Cash Equivalents

Cash balances of the City's funds, except cash and cash equivalents and investments held by fiscal agents and cash and cash equivalents and investments in segregated accounts, are pooled and invested in order to provide improved cash management. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. Some funds had expended amounts greater than their share of pooled cash and cash equivalents. These funds had negative cash balances at fiscal year end that were eliminated by a short-term loan from the general fund. These loans are classified as "interfund receivables" and "interfund payables".

During 2001, investments were limited to commercial paper, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, U.S. Treasury Notes, City owned debt, mutual funds, Dayton Power and Light stock, certificates of deposit, and STAR Ohio. Except for non-participating investment contracts, investments are stated at fair value which is based on quoted market prices. For open-end mutual funds, fair value is determined by the fund's share price at December 31, 2001. Non-participating investment contracts such as non negotiable certificates of deposit are reported at cost.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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 share price which is the price the investment could be sold for on December 31, 2001.

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

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

Cash and cash equivalents that are held separately by CityWide Development Corporation, the discretely presented component unit, and the City of Dayton Sister Cities Committee, the blended component unit, are recorded on the balance sheet as "cash and cash equivalents in segregated accounts".

Interest income is distributed to the funds according to City Ordinance and statutory requirements. Interest revenue earned during 2001 was \$6,398,883 in the general fund, which includes \$4,230,132 assigned from other City funds. The special revenue funds, the debt service fund, capital projects funds, enterprise funds, and the nonexpendable trust funds also received interest revenue of \$125,679, \$44,429, \$517,387, \$7,183,254, and \$6,019 respectively.

F. Inventory of Supplies

Inventories of proprietary funds are valued using a weighted average method (cost of purchases added to current inventory value divided by the number of items in stock.) The cost of inventory items are recorded as expenses when used. As other departments purchase supplies from the internal services funds, they are charged an amount equal to the weighted average plus an average of fifteen percent markup. Inventory reported by the internal service funds consist of supplies held for use by other City departments. Inventory reported by the enterprise fund consists of fuel and pipes, valves, and clamps that have not yet been put into service.

G. 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 "cash and cash equivalents" and "cash and cash equivalents with fiscal agents". "Cash and cash equivalents" represent utility deposits held by the City. "Cash with fiscal agents" are the proceeds from revenue bond issues that are required by the bond indenture to be held by a financial services corporation. Restricted assets in the debt service fund include "cash and cash equivalents with fiscal agents". This represents the residual proceeds from baseball bonds issued during 2000 after the loan was made to Riverfront Area Redevelopment Enterprises, Inc., that are being held in a money market account. This money is restricted for the interest payments on the new baseball revenue bonds.

CITY OF DAYTON, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001**

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

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are valued at their estimated fair market value on the date received. The City's capitalization threshold is ten thousand dollars.

Improvements are capitalized. Improvements to fixed assets are depreciated over the remaining useful lives of the related fixed assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs, gutters, sidewalks, and drainage systems are not capitalized, as these assets are immovable and of value only to the City.

Depreciation of all fixed assets is computed using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Life (years)</u>
Buildings and Building Improvements	10 to 40
Improvements other than Buildings	10 to 25
Equipment	3 to 15
Motorized Vehicles	3 to 10

I. Capitalization of Interest

The City's policy is to capitalize net interest on revenue bond construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. When a project is substantially complete (over ninety percent or when the asset is placed in service) the asset is moved from construction-in progress to its appropriate fixed asset account. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2001, interest costs incurred on construction projects in proprietary funds were not material.

J. Interfund Asset/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

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

K. 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.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. The amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the General Long-Term Obligations Account Group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences that will be paid from governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year-end are considered not to have been paid using current available financial resources. Bonds are recognized as a liability of the General Long-Term Obligations Account Group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

M. Bond Premiums and Discounts

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight line method since the results are not significantly different from the effective interest method. Bond discounts are presented as a reduction of the face amount of the bonds payable whereas issuance costs are recorded as deferred charges.

The accounting loss on the refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

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

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/ expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All remaining interfund transfers are reported as operating transfers.

O. Reservations of Fund Equity

The City reserves fund balance for amounts that are legally segregated for a specific purpose or which are not available for appropriation. Unreserved fund balance indicates a portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, claimants, advances to component unit, amounts reserved for contributions for the nonexpendable trust fund in accordance with the trust agreement, and reserved for loan receivable from Riverfront Area Redevelopment Enterprises, Inc. The reserve for claimants represents unclaimed monies that the City must hold for five years before the money can be used for general fund expenditures. The City loaned the Riverfront Area Redevelopment Enterprises, Inc. \$10,080,000 (See Note 9), which is recorded as a reserve of fund balance in the debt service fund as of December 31, 2001.

Retained earnings have been reserved for revenue bond renewal and replacement in accordance with the terms of the revenue bond indentures, for amounts that should be accumulated for the repair and replacement of assets acquired or constructed with revenue bond proceeds.

P. Fund Designations

Fund balance designations maybe established to indicate tentative planned expenditures of financial resources. The designations reflect the City's intentions and are subject to change. Designations are reported as part of unreserved fund balance. The City Commission has designated the following amounts within the general fund:

<u>Project</u>	<u>Amount Designated</u>
Judgements	\$1,735,875
Technology	696,472
Termination Pay	727,114
Unemployment	501,762
Anthem Demutualiation	1,513,169
Development	2,636,956
West Dayton Development	<u>897,167</u>
Total	<u>\$8,708,515</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

Q. Contributed Capital

Contributions of capital in proprietary funds arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. In accordance with GASB Statement No. 33, capital contributions received in 2001 are recorded as revenue and a component of retained earnings at year-end.

Because the City did not prepare financial statements in accordance with generally accepted accounting principles prior to 1980, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings.

R. Estimates

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

S. Total Columns on General Purpose Financial Statements

Total columns on the GPFS are captioned Total "(Memorandum Only)", to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

When the title of a statement indicates that the component unit is included, two columns are presented. The first is captioned "Total Primary Government (Memorandum Only)" to indicate that only those activities that comprise the City's legal entity have been included. The second is captioned "Total Reporting Entity (Memorandum Only)" and includes the activities and operations of the City's legally separate discretely presented component unit. The total column on the statements which do not include component units have no additional caption.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Restatement of Fund Balances/Retained Earnings

Prior Period Adjustment - Due to errors and omissions in the amounts previously reported at December 31, 2000, fund balance/retained earnings has been restated in the Dayton Sister City special revenue fund to properly report cash in segregated accounts, in the Dayton International Airport enterprise fund to properly report a capital lease payable and the related assets acquired through the capital lease agreement and in the Workers' Compensation internal service fund to properly report claims payable at December 31, 2000. The effect of these prior period adjustments are described below.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY - (Continued)

Change in Accounting Principle - GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”, and GASB Statement No. 36, “Recipient Reporting for Certain Shared Nonexchange Revenues”, were implemented during fiscal 2001. These statements pertain to the financial reporting of certain types of revenue received by the City for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions and voluntary nonexchange transactions. The effect due to the adoption of these statements are described below.

The prior period adjustments and the change in accounting principle had the following effect on the excess of revenues and other financing sources over expenditures and other financing uses/net income as previously reported:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Internal Service</u>
Excess/income as previously reported	\$6,844,514	\$235,649	\$14,607,707	\$(10,344,544)
Adjustment to properly state cash in segregated accounts	-	10,565	-	-
Adjustment to record capital lease payable and related assets acquired	-	-	1,527,797	-
Adjustment to properly state claims payable	-	-	-	6,332,312
Adjustment to record GASB No. 33 and No. 36 implementation	<u>2,153,529</u>	<u>309,536</u>	-	-
Restated excess/income at December 31, 2000	<u>\$8,998,043</u>	<u>\$555,750</u>	<u>\$16,135,504</u>	<u>\$ (4,012,232)</u>

The prior period adjustments and the change in accounting principle had the following effect on fund balance/retained earnings as previously reported:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Internal Service</u>
Fund balance/retained earnings as previously reported	\$59,353,505	\$10,007,970	\$209,808,335	\$ (68,739)
Adjustment to properly state cash in segregated accounts	-	10,565	-	-
Adjustment to record capital lease payable and related assets acquired	-	-	1,527,797	-
Adjustment to properly state claims payable	-	-	-	6,332,312
Adjustment to record GASB No. 33 and No. 36 implementation	<u>2,153,529</u>	<u>309,536</u>	-	-
Restated fund balance/retained earnings at January 1, 2001	<u>\$61,507,034</u>	<u>\$10,328,071</u>	<u>\$211,336,132</u>	<u>\$6,263,573</u>

CITY OF DAYTON, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001**

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY - (Continued)

The December 31, 2000, fund balances in the general and special revenue funds as reported in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types have been restated to reflect the implementation of GASB No. 33 and No. 36. The general fund balance has been restated from \$48,783,983 at December 31, 2000 to \$50,937,512 at January 1, 2001 and the special revenue fund balance has been restated from \$2,859,465 at December 31, 2000 to \$3,169,001 at January 1, 2001.

B. Accountability

The Golf enterprise fund and the Plumbing Shop internal service fund had deficit retained earnings at December 31, 2001, of \$115,560 and \$76,524, respectively. The retained earnings deficits are the results of revenues not covering operating costs. The City has made routine operating transfers to these funds in the past and plan to continue to do so in the future on an as needed basis. Procedures are being implemented to ensure these funds will become profitable in the future.

C. Compliance

The general fund - Department of Public Affairs, general fund - Office of Economic Development, general fund - Department of Finance and the Miscellaneous Grants special revenue fund had excesses of expenditures plus encumbrances over appropriations of \$48,407, \$22,219, \$296,803, and \$1,319,643, respectively, for the year ended December 31, 2001.

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The investment and deposit of City monies are governed by City Ordinance and the Ohio Revised Code. 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 that Commission has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director 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.

According to City Ordinance, interim monies can be invested in the following obligations which mature within five years from the date the investments were completed:

CITY OF DAYTON, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

1. U. S. Treasury Bills, Notes, and Bonds;
2. U.S. government agency and instrumentality coupon and discount securities;
3. Certificates of Deposit;
4. Repurchase agreements with institutions having a signed master repurchase agreement on file with the Director of Finance;
5. Securities lending agreements with institutions having a signed securities lending agreement on file with the Director of Finance;
6. Bankers' Acceptances;
7. NOW accounts;
8. Money Market Mutual Funds (open ended investment companies) registered with the Securities and Exchange Commission;
9. State of Ohio Treasurer's investment pool (STAR Ohio);
10. Securities of any of the states of the United States or any of their political sub-divisions rated "A" or better by Moody's or S&P;
11. Prime commercial paper; and
12. Corporate notes rated at least AA (not to exceed 15% of the portfolio).

The City may also invest in the following instruments within the indicated maturities:

1. Repurchase agreements that do not exceed ninety days;
2. Money Market Mutual Funds with an average portfolio maturity which does not exceed 120 days;
3. Investments matched to a specific cash flow requirement; and
4. City of Dayton notes or bonds up to twenty years 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the City's deposits was \$4,335,507 and the related bank balance was \$10,074,676. Of the bank balance, \$430,234 was covered by federal deposit insurance and \$9,644,442 was considered uninsured and uncollateralized. Although 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 Federal Deposit Insurance Corporation.

Investments: Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. STAR Ohio, an investment fund operated by the Ohio State Treasurer, and Mutual Fund Investments are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Commercial Paper	\$3,997,110	\$ -	\$ 51,212	\$ 4,048,322
FHLMC Notes	5,214,840	-	108,156	5,322,996
FNMA Notes	9,294,060	-	206,629	9,500,689
FHLB Note	-	-	101,672	101,672
U.S. Treasury Notes	150,926,020	-	569,931	151,495,951
City Owned Debt	3,696,029	-	-	3,696,029
Mutual Fund Investments	-	-	-	784,267
Dayton Power and Light Stock	82,014	-	-	82,014
STAR Ohio	-	-	-	39,230,949
Total	<u>\$173,210,073</u>	<u>\$ -</u>	<u>\$1,037,600</u>	<u>\$214,262,889</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The reconciliation between classifications of cash and investments on the general purpose financial statements and the classifications per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 217,478,782	\$ 1,119,614
Investments of the Cash Management Pool:		
Commercial Paper	(3,997,110)	3,997,110
FHLMC Notes	(5,214,840)	5,214,840
FNMA Notes	(9,294,060)	9,294,060
U.S. Treasury Notes	(150,926,020)	150,926,020
Mutual Funds	(784,267)	784,267
Dayton Special Assessment Debt	(3,696,029)	3,696,029
STAR Ohio	<u>(39,230,949)</u>	<u>39,230,949</u>
GASB Statement No. 3	<u>\$ 4,335,507</u>	<u>\$214,262,889</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 5 - INTERFUND ASSETS/LIABILITIES

- A. Interfund balances, related to charges for goods and services rendered, at December 31, 2001, consist of the following amounts due to and due from other funds:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 363,178	\$ 290,182
<u>Special Revenue Funds</u>		
Street	-	157,067
HUD Programs	-	16,530
Law Enforcement	1,150	3,676
Miscellaneous Grants	-	190
Total Special Revenue Funds	<u>1,150</u>	<u>177,463</u>
<u>Capital Projects Funds</u>		
Capital Improvement	21,785	12,952
Total Capital Projects Funds	<u>21,785</u>	<u>12,952</u>
<u>Enterprise Funds</u>		
Dayton International Airport	-	488
Water	3,307,690	370,080
Sewer	-	2,646,848
Storm Water	-	520,430
Golf	-	29,795
Total Enterprise Funds	<u>3,307,690</u>	<u>3,567,641</u>
<u>Internal Service Funds</u>		
Fleet Management	588,385	122,424
Stores and Reproduction	40,818	-
Plumbing Shop	12,787	2,190
Total Internal Service Funds	<u>641,990</u>	<u>124,614</u>
Agency Funds	-	162,941
Total	<u><u>\$4,335,793</u></u>	<u><u>\$4,335,793</u></u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 5 - INTERFUND ASSETS/LIABILITIES - (Continued)

- B.** Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2001, consist of the following individual fund loans receivable and payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$4,924,737	\$ -
<u>Special Revenue Funds</u>		
HUD Programs	-	674,962
<u>Capital Projects Fund</u>		
Issue II	-	2,306,880
<u>Enterprise Fund</u>		
Golf	-	1,073,000
<u>Internal Service Funds</u>		
Fleet Management	-	855,000
Plumbing Shop	-	14,895
Total Internal Service Funds	<u>-</u>	<u>869,895</u>
Total	<u>\$4,924,737</u>	<u>\$4,924,737</u>

- C.** Interfund balances between the primary government and the component unit at December 31, 2001, were as follows:

	<u>Advances to Component Unit</u>	<u>Advances from Primary Government</u>
Primary Government Funds:		
<u>Special Revenue Fund</u>		
HUD Programs	\$ 5,462,250	\$ -
<u>Capital Projects Fund</u>		
Capital Improvement	2,469,204	-
<u>Enterprise Fund</u>		
Water	<u>2,529,688</u>	<u>-</u>
Total Primary Government Funds	<u>10,461,142</u>	<u>-</u>
Component Unit:		
City-Wide Development	<u>-</u>	<u>10,461,142</u>
Total Advances	<u>\$10,461,142</u>	<u>\$10,461,142</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 5 - INTERFUND ASSETS/LIABILITIES - (Continued)

D. The following is a summarized breakdown of the City's operating transfers for 2001:

	<u>Operating Transfers-In</u>	<u>Operating Transfers-Out</u>
General Fund	\$ 3,785,864	\$27,077,583
<u>Special Revenue Funds</u>		
Street	2,385,840	-
HUD Programs	624,130	121,423
Miscellaneous Grants	186,415	44,432
Dayton Sister Cities	15,000	-
Law	<u>68,789</u>	<u>12,808</u>
Total Special Revenue Funds	<u>3,280,174</u>	<u>178,663</u>
Debt Service Fund	1,866,739	1,485
<u>Capital Projects Funds</u>		
Capital Improvement	23,077,067	5,171,508
Economic Development/Government	407,525	234,348
Issue II	<u>476,365</u>	<u>885,947</u>
Total Capital Projects Funds	<u>23,960,957</u>	<u>6,291,803</u>
<u>Enterprise Funds</u>		
Dayton International Airport	132,500	27,000
Water	242,500	-
Sewer	143,800	-
Storm Water	15,000	-
Golf	<u>149,000</u>	<u>-</u>
Total Enterprise Funds	<u>682,800</u>	<u>27,000</u>
Total Operating Transfers	<u>\$33,576,534</u>	<u>\$33,576,534</u>

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2001 for real and public utility property taxes represents collections of 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility property) is for 2001 taxes.

2001 real property taxes are levied after October 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after October 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2001, was \$10.00 per \$ 1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

	Amount	Percent
Real Property	\$1,321,740,600	69.50
Public Utility Real Property	139,196,290	7.32
Tangible Personal Property	440,728,086	23.18
Total Assessed Value	\$1,901,664,976	100.00

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.

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

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 represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2001. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2001 operations. The receivable is therefore offset by a credit to deferred revenue.

NOTE 7 - INCOME TAX

On March 27, 1984, the City Commission levied a municipal income tax of 1.75 percent on substantially all income earned within the City. In addition, during 2000, the City renewed their additional.50 percent levy through December 31, 2006. 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 percent 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 2001 was \$109,203,036.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 7 - INCOME TAX - (Continued)

The City acts as the income tax collecting agent for the following communities:

Brookville	Huber Heights	Phillipsburg
Farmersville	Trotwood	West Milton
Yellow Springs	Englewood	Cedarville

For this collection service, the City charges a fee ranging from approximately two percent to five percent of gross collections. Undistributed taxes collected for these cities are shown as due to other governments in the agency funds.

NOTE 8 -RECEIVABLES

Receivables at December 31, 2001, consisted of property and other local taxes, municipal income taxes, accounts, special assessments, accrued interest, due from other funds, interfund, loans, and intergovernmental receivables arising from grants and entitlements. Utility accounts receivable at December 31, 2001, were \$34,834,676. Receivables are considered fully collectible except emergency medical services and utility accounts. Fifteen percent of emergency medical services are considered uncollectible and one percent of utility receivables are considered uncollectible. Seventy five percent of weed control and eighty six percent of nuisance abatement special assessments are uncollectible also. All intergovernmental receivables have been classified as "Due From Other Governments" on the combined balance sheet. Intergovernmental receivables have been recorded to the extent eligibility requirements have been met by year-end and the amounts are measurable.

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

<u>Fund/Description</u>	<u>Amount</u>
<u>General Fund</u>	
Local Government and Local Government Revenue Assistance	\$7,940,400
Estate Tax	244,059
Homestead and Rollback	56,487
Miscellaneous	1,788
Total General Fund	<u>8,242,734</u>
<u>Special Revenue Funds</u>	
<u>Street</u>	
Motor Vehicle License	864,679
State Gasoline Excise Tax	873,356
Gasoline Tax	440,296
Homestead and Rollback	15,251
Total Street	<u>2,193,582</u>
<u>Highway Maintenance</u>	
Motor Vehicle License	70,109
State Gasoline Excise Tax	70,812
Gasoline Tax	35,700
Total Highway Maintenance	<u>176,621</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 8 -RECEIVABLES - (Continued)

Fund/Description	Amount
<u>Special Revenue Funds - (continued)</u>	
<u>HUD Programs</u>	
Emergency Shelter Grant	\$ 120,051
Shelter Plus Care	420,014
Community Development Block Grant	780,321
HOME Grant	490,275
Total HUD Programs	<u>1,810,661</u>
<u>Miscellaneous Grants</u>	
EMS Grant	4,835
MCAP Grant	24,820
MVRTA Police Services	11,074
Miscellaneous	2,945
Total Miscellaneous Grants	<u>43,674</u>
Total Special Revenue Funds	<u>4,224,538</u>
<u>Debt Service Fund</u>	
Homestead and Rollback	<u>41,235</u>
<u>Capital Projects Funds</u>	
<u>Capital Improvement</u>	
Liscum Drive	88,194
Signal Upgrade Phase III	587,444
Signal Upgrade Phase II	40,237
Permissive Tax	725,977
Total Capital Improvements	<u>1,441,852</u>
<u>Economic Development/Government Equity Improvement</u>	
Economic Development/Government Equity Improvement Grants	<u>316,693</u>
<u>Issue II</u>	
East Fifth Street Rehabilitation	335,366
Riverside Drive Phase I	1,618,454
Barstow Storm Sewer	175,535
Wheelchair Ramp Installation	674,682
Total Issue II	<u>2,804,037</u>
Total Capital Projects Funds	<u>4,562,582</u>
<u>Enterprise Funds</u>	
<u>Dayton International Airport</u>	
FAA - Land Acquisition	314,682
<u>Sewer</u>	
Sanitary Sewer Rehabilitation	<u>86,991</u>
Total Enterprise Funds	<u>401,673</u>
Total All Funds	<u>\$17,472,762</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 9 - LOANS RECEIVABLE

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

The obligations of the stadium owner to make a loan payment on any loan payment date shall be forgiven if neither the stadium owner nor the team owner has materially breached, violated, or failed to fully perform any provision contained in the ground lease, the stadium lease, or the plaza lease (See Note 12) and the team owner has committed to play all club home games at the stadium during the then current calendar year. At December 31, 2001, the amount owed to the City was \$10,080,000.

NOTE 10 - FIXED ASSETS

A. Changes in general fixed assets during the year ended December 31, 2001, were as follows:

	Balance at January 1, 2001	Additions	Deletions	Balance at December 31, 2001
Land	\$ 47,514,855	\$ 5,843,533	\$ (2,468,265)	\$ 50,890,123
Buildings	41,341,006	-	(287,000)	41,054,006
Building Improvements	45,405,151	2,430,067	-	47,835,218
Improvements other than Buildings	51,468,302	8,702,193	-	60,170,495
Equipment	17,620,300	868,921	(127,963)	18,361,258
Motorized Vehicles	38,364,000	2,209,644	(1,252,149)	39,321,495
Construction-In Progress	<u>16,904,118</u>	<u>10,096,601</u>	<u>(8,480,012)</u>	<u>18,520,707</u>
Totals	258,617,732	<u>\$30,150,959</u>	<u>\$(12,615,389)</u>	276,153,302
Less: Accumulated Depreciation	<u>(112,907,285)</u>			<u>(118,493,610)</u>
Net Fixed Assets	<u>\$ 145,710,447</u>			<u>\$ 157,659,692</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 10 - FIXED ASSETS - (Continued)

Construction-in-progress reported for general fixed assets is composed of the following:

	Project <u>Authorization</u>	Expended at <u>12/31/01</u>	<u>Committed</u>
Convention Center Restorations	\$ 1,022,690	\$ 586,270	\$ 436,420
Fire Facility Improvement	183,635	15,309	168,326
Signal Rebuild, Phase III	600,000	570,205	29,795
ODD Dayton Supply and Treatment	500,000	330,514	169,486
Baseball Stadium	6,180,630	2,577,331	3,603,299
Underground Storage	1,005,512	638,866	366,646
Public Facility Improvement	885,200	38,843	846,357
One Stop Shop	1,767,200	1,035,919	731,281
Barstow Ave. Storm Sewer	767,740	571,112	196,628
Wheelchair Ramps	1,000,000	805,322	194,678
Signal Rebuild, Phase IV	1,062,500	46,625	1,015,875
ITS Radio Transmitter	4,113,000	942,024	3,170,976
Roadwork 1999	4,779,573	3,672,413	1,107,160
Northeast PB	174,800	115,448	59,352
2001 Parks and Recreation	730,000	202,675	527,325
Reibold Block Transportation	2,585,071	723,183	1,861,888
Facilities	821,000	560,065	260,935
Convention Center Improvements	3,572,430	1,924,638	1,647,792
Helena St. Culvert	560,000	3,261	556,739
Sidewalk and Curb	2,436,966	2,140,627	296,339
Clemmer Ave. Reconstruction	214,000	11,169	202,831
City Avenues Sidewalks and Curbs	263,000	138,129	124,871
Recreation and Parks Improvements	964,700	859,509	105,191
Fitch Mallory House Stabilization	<u>220,250</u>	<u>11,250</u>	<u>209,000</u>
 Total	 <u>\$36,409,897</u>	 <u>\$18,520,707</u>	 <u>\$17,889,190</u>

B. A summary of the enterprise funds' fixed assets at December 31, 2001, follows:

<u>Asset Category</u>	Dayton					<u>Total</u>
	<u>International Airport</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Water</u>	<u>Golf</u>	
Land	\$ 21,429,261	\$ 7,362,648	\$ 2,103,937	\$ -	\$ 594,927	\$ 31,490,773
Buildings	27,987,978	11,798,633	3,629,246	-	1,844,551	45,260,408
Building Improvements	43,474,534	34,685,553	2,892,051	-	1,560,728	82,612,866
Building Improvements other than Buildings	149,031,282	107,227,430	162,193,510	-	4,216,261	422,668,483
Equipment	1,397,159	3,745,318	2,835,035	-	277,725	8,255,237
Motorized Vehicles	8,592,369	10,838,738	4,761,344	314,833	3,227,259	27,734,543
Construction-in-Progress	<u>7,003,383</u>	<u>8,310,327</u>	<u>6,290,773</u>	<u>-</u>	<u>151,308</u>	<u>21,755,791</u>
Totals	258,915,966	183,968,647	184,705,896	314,833	11,872,759	639,778,101
Less: Accumulated						
Depreciation	<u>(105,090,982)</u>	<u>(77,282,561)</u>	<u>(91,019,255)</u>	<u>(80,051)</u>	<u>(5,415,611)</u>	<u>(278,888,460)</u>
Net Fixed Asset	<u>\$ 153,824,984</u>	<u>\$106,686,086</u>	<u>\$ 93,686,641</u>	<u>\$234,782</u>	<u>\$ 6,457,148</u>	<u>\$ 360,889,641</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 10 - FIXED ASSETS - (Continued)

Construction-in-progress reported in the enterprise funds is composed of the following:

<u>Dayton International Airport</u>	<u>Project Authorization</u>	<u>Expended at 12/31/01</u>	<u>Committed</u>
DWBA Runway Rehabilitation	\$ 2,310,559	\$1,503,617	\$ 806,942
Cargo/Concourse Dr. Construction	1,000,000	10,704	989,296
Cargo Apron Expansion Construction	504,310	370,851	133,459
Baggage Claim Rehabilitation	329,415	242,228	87,187
Parking Garage Concept Design	1,545,000	1,030,841	514,159
Parking Lot Rehabilitation	30,000	12,438	17,562
Taxiway W Phase III	3,439,315	1,879,746	1,559,569
Taxiway W Phase II	360,774	305,023	55,751
NE Deicing Apron Extension	800,000	425,689	374,311
Concourse CD/Rehabilitation	1,020,000	599,857	420,143
Terminal Apron Expansion	200,000	77,237	122,763
Perimeter RD PHI	65,000	47,750	17,250
ReHab RW 6L/24R & 18/36	552,000	296,494	255,506
ED Dev - GAC2 Development	<u>202,000</u>	<u>200,908</u>	<u>1,092</u>
	<u>\$12,358,373</u>	<u>\$7,003,383</u>	<u>\$5,354,990</u>
<u>Water</u>			
Ottawa Yard Complex I	\$ 2,500,000	\$1,084,805	\$ 1,415,195
Water Revenue	621,658	133,373	488,285
Water Main Extension Improvements	2,215,000	250,209	1,964,791
Strand Avenue Elevated Tank	600,000	467,107	132,893
Burkhard Water Tower	500,000	81,064	418,936
Well rehabilitation	700,000	464,870	235,130
Wellfield Improvement (2)	1,988,090	471,263	1,516,827
Well Field Improvement Main/Mad	1,189,386	291,244	898,142
Miami Treatment Plant Controls	250,000	165,305	84,695
Well Rahab/Replacement	250,000	97,987	152,013
Digize Infrastructure	750,000	616,717	133,283
Burkhart Reservoir PU	160,000	1,145	158,855
Wellfield Improvement 1	10,050,000	66,657	9,983,343
Wellfield Interconnect	700,000	126,120	573,880
Mulberry Water Main Installation	1,354,400	4,400	1,350,000
Crestway Water Main Installation	2,720,000	1,775,986	944,014
Water Dist mains/Clayton	1,369,170	186,323	1,182,847
Building Renovation/320 W. Main	727,367	494,695	232,672
WTP Improvements	1,000,000	398,560	601,440
Wellsfield Development	971,279	582,102	389,177
Ottawa SCADA Treatment System Imp.	500,000	61,722	438,278
Miami Tp Filter Improvements	1,250,000	133,265	1,116,735
Calavary Reservoir Improvement	160,000	105,249	54,751

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 10 - FIXED ASSETS - (Continued)

<u>Water</u>	<u>Project Authorization</u>	<u>Expended at 12/31/01</u>	<u>Committed</u>
Miami WTP Roofing	\$ 300,000	\$ 242,506	\$ 57,494
Chlorine Feed System Modification	500,000	3,269	496,731
Misc. Water Main Ext. Improvement	<u>250,000</u>	<u>4,384</u>	<u>245,616</u>
	<u>\$33,576,350</u>	<u>\$8,310,327</u>	<u>\$25,266,023</u>
 <u>Sewer</u>			
Sludge Disposal Program	\$ 2,728,527	\$ 651,593	\$ 2,076,934
West Side Trunk Sani Sewer	1,945,800	1,336,486	609,314
Sewer Maintenance Stockroom Exp	177,232	80,222	97,010
AWT Facilities Improvement	10,450,000	1,644,266	8,805,734
Sewer Maintenance Vehicle shelter	80,000	2,640	77,360
Sanitary Rehab. Phase 3	220,000	122,716	97,284
Blanche Sanitary Replacement	85,000	71,650	13,350
Weaver/Dennison/Della Sanitary Replacement	265,000	178,404	86,596
Leonhard Sanitary Replacement	75,000	53,723	21,277
Cargill Sanitary Sewer Rehabilitation	90,409	90,410	(1)
Sewer Maintenance Building Improvement	1,170,777	1,043,936	126,841
SW Trunk Sanitary Sewer Improvement	10,260,020	52,974	10,207,046
SW Trunk Sanitary Sewer Improvement	464,035	96,558	367,477
WWT-WWTP SCADA System Improvement	30,825	14,048	16,777
WWTP SCADA System Update	1,000,000	751,930	248,070
Hunter Avenue Sanitary Sewer	40,000	681	39,319
Carillon Part Sanitary Sewer	75,000	51,000	24,000
South East Sewer Phase 3	<u>248,051</u>	<u>47,536</u>	<u>200,515</u>
	<u>\$29,405,676</u>	<u>\$6,290,773</u>	<u>\$23,114,903</u>
 <u>Golf</u>			
Golf Cart Storage Building	<u>\$ 210,000</u>	<u>\$ 151,308</u>	<u>\$ 58,692</u>

C. A summary of the internal service funds' fixed assets at December 31, 2001, follows:

<u>Asset Category</u>	<u>Fleet Management</u>	<u>Central Stores and Reproduction</u>	<u>Workers' Compensation</u>	<u>Plumbing Shop</u>	<u>Total</u>
Buildings	\$ 719,197	\$ -	\$ -	\$ -	\$ 719,197
Building Improvements	43,906	-	-	-	43,906
Equipment	709,170	557,042	37,269	-	1,303,481
Motorized Vehicles	<u>935,073</u>	<u>-</u>	<u>-</u>	<u>100,359</u>	<u>1,035,432</u>
Totals	2,407,346	557,042	37,269	100,359	3,102,016
Less: Accumulated					
Depreciation	<u>(2,136,556)</u>	<u>(370,244)</u>	<u>(37,269)</u>	<u>(83,632)</u>	<u>(2,627,701)</u>
Net Fixed Assets	<u>\$ 270,790</u>	<u>\$ 186,798</u>	<u>\$ 0</u>	<u>\$ 16,727</u>	<u>\$ 474,315</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

In a prior year, the Dayton International Airport enterprise fund entered into a lease purchase agreement with Dayton Power and Light to finance a terminal environment restoration project. The terminal restorations will be reported in the fixed assets of the Airport enterprise fund. In order to properly state the fixed assets acquired and the capital lease obligation at December 30, 2000, a prior period adjustment has been made (See Note 2.A. for detail). The City amended the lease agreement in 2001 to acquire additional assets.

In prior years, the City entered into capitalized leases for copiers and 100 golf carts. The leases meet the criteria of capital leases as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Fund fixed assets acquired by capital lease and the related liability and interest expense have been reported in the Golf enterprise fund and Stores and Reproduction internal service fund. Principal payments in 2001 totaled \$1,653,869 for the Dayton International Airport, \$70,673 for the Golf enterprise fund and \$85,465 for the Stores and Reproduction internal service fund.

The following is an analysis of assets leased under capital leases as of December 31, 2001:

	Enterprise		Internal Service
	Dayton International Airport	Golf Fund	Stores and Reproduction Fund
Building Improvements	\$19,072,000	\$ -	\$ -
Equipment	-	-	399,327
Motorized Vehicles	-	<u>347,500</u>	<u>-</u>
Subtotal	19,072,000	347,500	399,327
Accumulated Depreciation	<u>(953,600)</u>	<u>(79,500)</u>	<u>(319,460)</u>
Carrying Value	<u>\$18,118,400</u>	<u>\$268,000</u>	<u>\$ 79,867</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2001:

Year Ending December 31	Enterprise		Internal Service
	Airport Fund	Golf Fund	Stores and Reproduction Fund
2002	\$ 2,741,068	\$ 76,934	\$75,222
2003	2,741,068	76,934	-
2004	2,741,068	76,934	-
2005	2,741,068	-	-
2006	2,741,067	-	-
Thereafter	<u>5,938,978</u>	<u>-</u>	<u>-</u>
Total	19,644,317	230,802	75,222
Less: Amount Representing Interest	<u>(3,753,983)</u>	<u>(18,795)</u>	<u>(1,996)</u>
Present Value of Minimum Lease Payments	<u>\$15,890,334</u>	<u>\$212,007</u>	<u>\$73,226</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 12 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE

The City leases office space under noncancellable leases. Total costs for such leases were \$415,905 for the year ended December 31, 2001. The future minimum lease payments as of December 31, 2001, are as follows:

<u>Year Ending December 31</u>	<u>Minimum Lease Payments</u>
2002	\$223,846
2003	148,707
2004	<u>74,354</u>
Totals	<u>\$446,907</u>

The City is the lessor of land and space (through Dayton International Airport enterprise fund) under noncancellable leases. Leases have varying terms from three to sixty five years. The future minimum rentals as of December 31, 2001, are as follows:

<u>Year Ending December 31</u>	<u>Minimum Lease Payments</u>
2002	\$ 8,050,153
2003	2,307,019
2004	2,072,633
2005	2,016,484
2006	1,960,990
2006 - 2042	<u>25,388,469</u>
Totals	<u>\$41,795,748</u>

The City is also the lessor of land and space to the Riverfront Area Redevelopment Enterprises, Inc. The ground lease is \$9,000 per year and the plaza lease is \$ 1,000 per year, both payable in annual installments before or on April 1 each year for the next 20 years. Both of these payments must be made each year for the \$560,000 loan payment to be forgiven each year (Note 9). The future minimum rentals as of December 31, 2001, are as follows:

<u>Year Ending December 31</u>	<u>Minimum Lease Payments</u>
2002	\$ 10,000
2003	10,000
2004	10,000
2005	10,000
2006	10,000
2007 - 2019	<u>130,000</u>
Totals	<u>\$180,000</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 13 - LONG-TERM OBLIGATIONS

A. Changes in the City's general long-term obligations during 2001 were as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Balance at December 31, 2000</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31,2001</u>
General Obligation Bonds:								
Courthouse Square Parking Garage	04/01/81	10/01/01	10.50	\$ 3,200,000	\$ 160,000	\$ -	\$ (160,000)	\$ 0
Western Avenue Improvement	06/01/86	12/01/06	7.625	9,000,000	2,700,000	-	(450,000)	2,250,000
Wegerzyn Center Improvement	06/01/86	12/01/06	7.625	1,000,000	300,000	-	(50,000)	250,000
Exhibition Center Improvement	06/01/86	12/01/06	7.625	6,200,000	1,860,000	-	(310,000)	1,550,000
Road Improvements	06/01/89	12/01/09	7.000	5,200,000	2,340,000	-	(260,000)	2,080,000
Human Rehabilitation Center	06/01/89	12/01/09	7.000	2,425,000	1,105,000	-	(120,000)	985,000
Police District Facilities	06/01/89	12/01/09	7.000	1,815,000	825,000	-	(90,000)	735,000
Capital Facilities	10/01/93	11/01/13	4.5 to 4.75	7,465,000	4,655,000	-	(355,000)	4,300,000
Taxable Housing Improvements	10/01/93	11/01/13	5.35 to 6.5	3,035,000	1,985,000	-	(150,000)	1,835,000
Capital Facilities	10/01/94	11/01/14	4.5 to 8.0	3,280,000	2,170,000	-	(190,000)	1,980,000
Capital Facilities	05/01/98	12/01/08	4.6 to 5.0	15,630,000	14,075,000	-	(780,000)	13,295,000
Capital Facilities	12/01/98	12/01/20	3.1 to 5.125	22,200,000	19,630,000	-	(1,605,000)	18,025,000
Capital Facilities	02/01/01	12/01/14	3.75 to 4.65	24,911,861	<u>0</u>	<u>24,911,861</u>	<u>(1,490,898)</u>	<u>23,420,963</u>
Total General Obligation Bonds					<u>\$51,805,000</u>	<u>\$24,911,861</u>	<u>\$(6,010,898)</u>	<u>\$70,705,963</u>
Revenue Bonds:								
Baseball Revenue Bonds	03/01/99	12/01/19	5.69 to 6.85	\$12,190,000	<u>\$11,870,000</u>	<u>\$ -</u>	<u>\$ (340,000)</u>	<u>\$11,530,000</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

	Issue Date	Maturity Date	Interest Rate	Original Issue Amount	Balance at December 31, 2000	Increases	Decreases	Balance at December 31, 2001
Special Assessment Bonds:								
Sidewalk Construction	06/01/91	06/01/01	6.000	\$ 58,149	\$ 6,000	\$ -	\$ (6,000)	\$ 0
Sidewalk Construction	06/01/91	06/01/01	6.000	47,568	5,000	-	(5,000)	0
Sidewalk Construction	12/01/91	12/01/01	6.000	13,704	1,374	-	(1,374)	0
Ornamental Lighting	11/23/92	11/23/02	6.000	479,762	96,000	-	(48,000)	48,000
Sidewalk Construction	12/01/92	12/01/02	6.000	19,976	4,000	-	(2,000)	2,000
Sidewalk Construction	12/01/93	12/01/03	6.000	28,479	8,700	-	(2,900)	5,800
Sidewalk Construction	11/01/94	11/01/04	6.000	15,219	6,000	-	(1,500)	4,500
Sidewalk Construction	11/01/95	11/01/05	6.000	30,459	15,000	-	(3,000)	12,000
Sidewalk Construction	11/01/96	11/01/06	6.000	29,566	18,000	-	(3,000)	15,000
Sidewalk Construction	11/01/96	11/01/01	6.000	61,709	12,300	-	(12,300)	0
Ornamental Lighting	11/01/97	11/01/07	6.000	71,270	49,700	-	(7,100)	42,600
Sidewalk Construction	11/01/97	11/01/07	6.000	10,141	7,000	-	(1,000)	6,000
Sidewalk Construction	11/01/97	11/01/02	6.000	22,036	8,800	-	(4,400)	4,400
Sidewalk Construction	11/01/98	11/01/03	6.000	41,384	24,000	-	(8,000)	16,000
Sidewalk Construction	11/01/98	11/01/01	6.000	30,543	10,000	-	(10,000)	0
Sidewalk Construction	11/01/98	11/01/08	6.000	9,098	7,200	-	(900)	6,300
Sidewalk Construction	11/01/00	11/01/03	6.000	65,838	65,838	-	(21,838)	44,000
Sidewalk Construction	11/01/00	11/01/05	6.000	112,082	112,082	-	(22,482)	89,600
Sidewalk Construction	11/01/00	11/01/10	6.000	127,575	127,575	-	(12,375)	115,200
Sidewalk Construction	12/01/01	12/01/02	6.000	713	0	713	-	713
Sidewalk Construction	12/01/01	12/01/04	6.000	24,299	0	24,299	-	24,299
Sidewalk Construction	12/01/01	12/01/06	6.000	23,528	0	23,528	-	23,528
Sidewalk Construction	12/01/01	12/01/11	6.000	11,089	0	11,089	-	11,089
Total Special Assessment Bonds					<u>584,569</u>	<u>59,629</u>	<u>(173,169)</u>	<u>471,029</u>
Compensated Absences					<u>10,993,007</u>	<u>-</u>	<u>(1,142,399)</u>	<u>9,850,608</u>
Total General Long-Term Obligations					<u>\$75,252,576</u>	<u>\$24,971,490</u>	<u>\$(7,666,466)</u>	<u>\$92,557,600</u>

General obligation bonds are unvoted and were used to construct street improvements and government construction projects or to pay off the police and fire pension liability. All general obligation bonds will be paid through the debt service fund from property tax revenues.

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

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Compensated absences will be paid from the fund from which the employees' salaries are paid.

As of December 31, 2001, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$199,674,822 and unvoted legal debt margin was \$104,591,574. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2001, were as follows:

General Long-Term Obligation Account Group				
Year	Special Assessment Bonds	General Obligation Bonds	Baseball Revenue Bonds	Totals
2002	\$182,190	\$ 8,916,015	\$ 1,126,660	\$ 10,224,865
2003	117,426	9,641,946	1,125,204	10,884,576
2004	78,622	10,366,171	1,127,290	11,572,083
2005	65,192	9,336,609	1,127,666	10,529,467
2006	36,432	6,758,780	1,126,092	7,921,304
2007-2011	75,918	27,795,621	5,629,828	33,501,367
2012-2016	-	17,002,494	5,623,953	22,626,447
2017-2021	-	5,754,580	3,374,768	9,129,348
Totals	<u>\$555,780</u>	<u>\$95,572,216</u>	<u>\$20,261,461</u>	<u>\$116,389,457</u>

B. Changes during 2001 in the City's long-term proprietary fund obligations were as follows:

	Issue Date	Maturity Date	Interest Rate	Original Issue Amount	Restated Balance at December 31, 2000	Increases	Decreases	Balance at December 31, 2001
General Obligation Bonds:								
Waterworks	04/01/81	10/01/01	10.50	\$1,600,000	\$ 80,000	\$ -	\$ (80,000)	\$ 0
Dayton International Airport	04/01/81	10/01/01	10.50	5,700,000	285,000	-	(285,000)	0
Dayton International Airport	06/01/82	12/01/02	12.63	4,770,000	460,000	-	(230,000)	230,000
Golf Renovations	02/01/01	12/14/14	3.30 to 4.65	3,828,139	<u>0</u>	<u>3,828,139</u>	<u>(229,102)</u>	<u>3,599,037</u>
Total General Obligation Bonds					<u>825,000</u>	<u>3,828,139</u>	<u>(824,102)</u>	<u>3,829,037</u>
Revenue Bonds:								
Dayton International Airport	10/01/92	12/01/11	3.25 to 5.8	15,175,000	10,510,000	-	(720,000)	9,790,000
Dayton International Airport	10/15/95	12/15/15	3.85 to 5.5	30,510,000	25,340,000	-	(1,170,000)	24,170,000
Refunding Waterworks	03/01/99	12/01/07	variable	46,690,000	<u>37,065,000</u>	<u>-</u>	<u>(4,805,000)</u>	<u>32,260,000</u>
Total Revenue Bonds					<u>72,915,000</u>	<u>-</u>	<u>(6,695,000)</u>	<u>66,220,000</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

	Issue Date	Maturity Date	Interest Rate	Original Issue Amount	Restated Balance at December 31, 2000	Increases	Decreases	Balance at December 31,2001
Other Proprietary Fund								
Long-Term Obligations:								
Ohio Water Development Authority Loan	12/20/88	12/01/13	6.85 to 8.3	\$59,259,894	\$ 22,920,149	\$ -	\$ (2,962,995)	\$ 19,957,154
Ohio Public Works Commission Loan	07/01/97	07/01/20	0.00	1,000,000	1,000,000	-	(50,000)	950,000
Compensated Absences Payable					2,655,236	-	(120,380)	2,534,856
Capital Leases Payable					14,011,574	3,974,000	(1,810,007)	16,175,567
Claims Payable					<u>11,458,122</u>	<u>-</u>	<u>(553,264)</u>	<u>10,904,858</u>
Total Other Long-Term Obligations					<u>52,045,081</u>	<u>3,974,000</u>	<u>(5,496,646)</u>	<u>50,522,435</u>
Total Proprietary Fund Long-Term Obligations					<u>\$125,785,081</u>	<u>\$7,802,139</u>	<u>\$(13,015,748)</u>	<u>\$ 120,571,472</u>

Enterprise fund general obligation bonds were used for the Water System, Dayton International Airport improvements and golf renovations. The bonds will be paid from the respective enterprise fund.

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

The revenue bonds in the Dayton International Airport Enterprise fund are reported at carrying value. Face value of the bond was \$33,960,000. The unamortized bond discount was \$326,902 and the unamortized deferred charge on the 1995 refunding was \$1,860,660. The deferred charge is being amortized as part of interest expense over the life of the new debt.

The revenue bonds in the Water Enterprise fund are reported at carrying value. Face value of the bond was \$32,260,000. The unamortized deferred charge on the 1999 refunding was \$338,700. The deferred charge is being amortized as part of interest expense over the life of the new debt.

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.

During 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.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Compensated absences will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the Dayton International Airport and Golf enterprise funds and the Stores and Reproduction internal service fund. The claims payable liability will be paid from the Workers' Compensation internal service fund.

The following is a schedule of future principal and interest payments for the proprietary funds:

Proprietary Funds					
<u>Year</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>OWDA Loans</u>	<u>OPWC Loan</u>	<u>Totals</u>
2002	\$ 580,936	\$10,096,133	\$ 4,548,323	\$ 50,000	\$ 15,275,392
2003	457,931	10,094,852	4,310,673	50,000	14,913,456
2004	592,164	10,093,765	4,073,023	50,000	14,808,952
2005	458,439	10,097,100	3,835,372	50,000	14,440,911
2006	302,879	10,109,910	3,440,960	50,000	13,903,749
2007-2011	1,670,858	24,389,696	5,918,025	250,000	32,228,579
2012-2016	834,509	9,910,739	-	250,000	10,995,248
2017-2021	-	-	-	200,000	200,000
Totals	<u>\$4,897,716</u>	<u>\$84,792,195</u>	<u>\$26,126,376</u>	<u>\$950,000</u>	<u>\$116,766,287</u>

NOTE 14 - NOTES PAYABLE

A summary of the short-term note transactions for the year ended December 31, 2001, follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Balance at December 31, 2000</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2001</u>
General Obligation Notes:								
Airport Improvement Notes	12/01/00	8/30/01	4.75	8,600,000	\$8,600,000	\$ -	\$(8,600,000)	\$ 0
Airport Improvement Notes	08/30/01	05/30/02	4.75	7,600,000	<u>0</u>	<u>7,600,000</u>	<u>-</u>	<u>7,600,000</u>
Total General Obligation Notes					<u>8,600,000</u>	<u>7,600,000</u>	<u>(8,600,400)</u>	<u>7,600,000</u>
Special Assessment Notes:								
Sidewalk Construction	11/01/00	11/01/01	6.00	1,400	<u>1,400</u>	<u>-</u>	<u>(1,400)</u>	<u>0</u>
Total Notes Payable					<u>\$8,601,400</u>	<u>\$7,600,000</u>	<u>\$(8,601,400)</u>	<u>\$7,600,000</u>

The general obligation airport improvement note payable outstanding is a bond anticipation note and will be paid from Dayton International Airport Enterprise fund. It is backed by the full faith and credit of the City and matures within one year.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 14 - NOTES PAYABLE - (Continued)

The special assessment note represents an assessment for sidewalk improvements. It is payable from tax assessments against the property owner whose benefits from the improvements exceed that of the general public. The special assessment note is backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt. This note will be repaid from the Capital Improvement capital projects fund.

NOTE 15 - SEGMENT INFORMATION

The City's maintains five enterprise funds to account for the Dayton International Airport, Water, Sewer, Storm Water and Golf activities. Key financial information as of and for the year ended December 31, 2001, for each enterprise fund is as follows:

	Dayton International Airport	Water	Sewer	Storm Water	Golf	Total
Operating Revenues	\$ 26,267,285	\$ 46,579,137	\$ 35,180,722	\$ 4,164,524	\$ 3,059,594	\$ 115,251,262
Depreciation Expense	5,871,407	5,111,212	6,181,010	31,098	368,374	17,563,101
Operating Income/(Loss)	(3,606,472)	9,573,791	10,137,139	1,024,784	(437,134)	16,692,108
Interest Income	855,083	4,721,423	1,528,273	78,475	-	7,183,254
Gain on Disposal of Fixed Assets	17,201	19,472	36,842	-	12,420	85,935
Interest and Fiscal Charges	3,560,195	1,674,847	1,704,152	-	138,509	7,077,703
Operating Transfers - In	132,500	242,500	143,800	15,000	149,000	682,800
Operating Transfers - Out	(27,000)	-	-	-	-	(27,000)
Net Income/(Loss)	7,956,477	12,882,339	10,228,893	1,118,259	(414,223)	31,771,745
Capital Contributions	14,145,360	-	-	-	-	14,145,360
Fixed Assets:						
Additions	19,801,869	9,932,378	7,348,878	21,548	515,299	37,619,972
Deletions	88,106	342,579	649,450	-	-	1,080,135
Net Working Capital (Deficit)	2,912,359	79,303,088	31,109,097	6,300,006	(1,271,024)	118,353,526
Total Assets	171,264,048	197,513,616	132,723,143	7,187,623	6,565,439	515,253,869
Long-Term Obligations:						
General Obligation Bonds Payable	-	-	-	-	3,422,536	3,422,536
Revenue Bonds Payable	29,797,438	26,921,300	-	-	-	56,718,738
OWDA Loan Payable	-	-	18,475,657	-	-	18,475,657
OPWC Loan Payable	-	-	925,000	-	-	925,000
Other Long-Term Obligations:						
Payable from Revenues	16,543,931	959,324	456,963	98,261	307,219	18,365,698
Total Equity	111,260,416	161,334,252	104,938,117	6,436,528	1,507,195	385,476,508
Total Encumbrances	7,330,947	12,500,994	14,517,141	166,628	68,555	34,584,265

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 16 - RISK MANAGEMENT

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 2001, the City contracted with various insurance companies to provide the following coverages:

<u>Type of Coverage</u>	<u>Coverage</u>
Primary and Excess Airport Liability	\$100,000,000
Per Occurrence	25,000,000
Property	521,821,274
General Liability (North West Railway)	5,000,000
Commercial Liability (Convention Center)	1,000,000
Errors and Omissions (Ambulance Attendants)	500,000
Garagekeepers/Operators Liability	3,000,000
Comprehensive/Catastrophic Fleet	20,000,000
Air Show Liability	95,000,000

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.

B. Workers' Compensation

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 16 - RISK MANAGEMENT - (Continued)

The claims liability of \$10,904,858 reported at December 31, 2001, as estimated by the third party administrator, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the funds' claims liability amount in 2000 and 2001 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2001	\$11,458,122	\$2,666,797	\$3,220,061	\$10,904,858
2000	10,628,514	1,769,025	939,417	11,458,122

The claims liability at December 31, 2000, was restated. See Note 3.A.

NOTE 17 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 17 - OTHER EMPLOYEE BENEFITS - (Continued)

B. Insurance Benefits

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

C. Deferred Compensation Plans

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

NOTE 18 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

All City full-time employees, other than uniformed employees, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system created by the State of Ohio. The PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2001 was 8.5% for employees other than law enforcement. In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. All other members of the PERS law enforcement program were placed in a newly named public safety division and continued to contribute at 9%. The employer contribution rate for employees other than law enforcement was 13.55% of covered payroll; 9.25% was the portion used to fund pension obligations for 2001. The employer contribution rate for law enforcement and public safety divisions was 16.70% of covered payroll; 12.40% was the portion used to fund pension obligations for 2001. The City's contributions for pension obligations to the PERS for the years ended December 31, 2001, 2000, and 1999 were \$7,959,610, \$5,339,039, and \$7,515,575, respectively; 74.56% has been contributed for 2001 and 100% for 2000 and 1999. \$2,025,118, representing the unpaid contribution for 2001, is recorded as a liability within the general fund.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 18 - DEFINED BENEFIT PENSION PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

Full-time uniformed employees of the City participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. The OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.0% for police officers and firefighters, respectively. The City's contributions for pension obligations to the OP&F for police and fire fighters for the years ended December 31, 2001, 2000, and 1999 were \$3,378,866, \$2,669,670, \$3,453,223 and \$3,951,811, \$3,075,488, and \$3,172,684, respectively; 94.83% has been contributed for 2001 and 100% for the years 2000 and 1999. \$2,043,831, representing the unpaid contributions for 2001, is recorded as a liability within the general fund.

NOTE 19 - POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

The PERS provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. Health care funding is on a pay-as-you-go basis. The Ohio Revised Code provides statutory authority for employer contributions. The PERS law enforcement program was separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2001 employer contribution rate for local government employers was 13.55% of covered payroll; 4.30% was the portion that was used to fund health care for the year. The law enforcement employer rate for 2001 was 16.70% of covered payroll; 4.30% was the portion used to fund health care for the year.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to the PERS. The City's contribution actually made to fund postemployment benefits was \$3,700,143.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 19 - POSTEMPLOYMENT BENEFITS - (Continued)

As of December 31, 2000 (the latest information available), the unaudited estimated net assets available for future OPEB payments were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively, at December 31, 2000 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 2000 (the latest information available), was 411,076.

In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. All other members of the PERS law enforcement program were placed in a newly named public safety division and continue to contribute at 9.0%. The employer contribution rate for both the law enforcement and public safety divisions is 16.70%.

Law enforcement officer benefits permit age and service retirement at an earlier age with a different formula than that for PERS members not covered under this division.

Additional information on the PERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the PERS December 31, 2001, Comprehensive Annual Financial Report.

B. Ohio Police and Fire Pension Fund

The OP&F provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24.0% of covered payroll. The Ohio Revised Code provides the authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.0% and 7.25% of covered payroll in 2000 and 2001, respectively. The allocation is 7.75% in 2002. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2000 (the latest information available), is 12,853 for police officers and 10,037 for firefighters. The amount of employer contributions used to pay postemployment benefits for police officers and firefighters were \$2,111,793 and \$1,796,278, respectively. OP&F's total health care expenses for the year ending December 31, 2000 (the latest information available), was \$106,160,054, which was net of member contributions of \$5,657,431.

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 20 - BUDGETARY BASIS OF ACCOUNTING

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund, Special Revenue Funds, and Debt Service Fund - Budget Basis is presented on a modified accrual basis with some adjustments. The adjustments between the budget basis and the GAAP basis are:

1. Encumbrance balances at year end are added to expenditures.
2. Expenditures against prior year encumbrances which are not reappropriated are deducted from expenditures.

The HUD Programs special revenue fund is not budgeted annually and is not included in the Special Revenue fund (Budget Basis) statements. In addition, the capital projects funds are not budgeted annually. These funds are budgeted when capital monies/grants are received. The Dayton Sister Cities special revenue fund is also not budgeted.

The adjustments necessary to convert the results of operations for the year ended December 31, 2001, on the GAAP basis to the budget basis are as follows:

	General	Special Revenue	Debt Service
GAAP Basis	\$(19,967,357)	\$ 848,786	\$(2,456,881)
Less:			
Reserve for Encumbrances (Adjusted for Nonbudgeted Funds)	(3,921,269)	(693,402)	(3,102)
Add:			
Expenditures Against Prior Year Budgets Nonbudgeted Activity	8,741,127 0	874,362 (816,342)	1,005 0
Budget Basis	\$(15,147,499)	\$ 213,404	\$(2,458,978)

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT

A. Basis of Accounting

CityWide prepares its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement Number 29, "The Use of Not-for-Profit Accounting and Financial Accounting Principles by Governmental Entities". CityWide elected to use the not-for-profit model, which includes the accounting and financial reporting principles contained in Statement of Position 78-10 as modified by all applicable Financial Accounting Standards Board pronouncements issued through November 30, 1989, and as modified by all GASB pronouncements issued after GASB Statement Number 1, "Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide".

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

B. Deposits and Investments

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits:

The carrying amount of CityWide Development Corporation deposits was \$195,848 and the related bank balance was \$445,541. Of the bank balance \$369,729 was covered by federal depository insurance, and \$75,812 was uncollateralized and uninsured.

Investments:

Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Mutual funds and money markets are unclassified since they are not evidenced by securities that exist in physical or book entry form. The following is a schedule of CityWide's investments according to GASB 3 Categorization:

	<u>Category 1</u>	<u>Fair Value</u>
Mutual Funds	\$ -	\$1,177,428
Money Markets	-	281
Commercial Paper	<u>2,243,487</u>	<u>2,243,487</u>
Total Investments	<u>\$2,243,487</u>	<u>\$3,421,196</u>

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

C. Notes Payable Advance from Primary Government

Notes payable/advance from primary government at December 31, 2001, 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	2,529,688
Note for Renovation of Western Manor	City of Dayton and the Dayton Montgomery County Housing Authority	162,551
Note for Redevelopment of Hawthorn School Building	City of Dayton	726,504
Note for Webster Street Project	City of Dayton	200,000
Note for Renovation of Ice Avenue Units	City of Dayton	150,000
Note for Renovation of 119 North Main Street	City of Dayton	150,000
Note for Woodrow Bucker Project	City of Dayton	<u>1,108,799</u>
Total Advance from Primary Government		<u>10,461,142</u>
Note for Redevelopment of Hawthorne School Building	McPherson Town Neighborhood Development Corporation, Inc.	250,000
Note for Renovation of Genesis Project Area	Affordable Housing Fund	350,000
Other Notes Payable	Not Disclosed	<u>244,867</u>
Total Notes Payable		<u>844,867</u>
Total Advance from Primary Government/Notes Payable		<u>\$11,306,009</u>

The amounts payable to the City are shown on the combined balance sheet as "Advance from Primary Government".

D. Bonds Payable

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

CITY OF DAYTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

Principal maturities due under these agreements are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2002	\$ 225,000
2003	235,000
2004	250,000
2005	270,000
Thereafter	<u>2,960,000</u>
Total	<u><u>\$3,940,000</u></u>

NOTE 22 - CONDUIT DEBT OBLIGATIONS

The City has the following conduit debt obligations at December 31, 2001:

	<u>Original Issue Amount</u>	<u>Amount Outstanding</u>
Emery Revenue Refunding - 1988	\$46,000,000	\$46,000,000
Emery Revenue Refunding - 1988	17,000,000	17,000,000
Emery Revenue Refunding - 1988	13,000,000	13,000,000
Emery Revenue Refunding - 1993	16,000,000	16,000,000
Emery Revenue Refunding - 1993	16,000,000	16,000,000
Good Samaritan Hospital Revenue - 1973	33,500,000	9,050,000
Good Samaritan Hospital Revenue - 1978	3,950,000	620,000
Ohio Special Facilities Revenue - 1999	7,015,000	6,810,000

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

CITY OF DAYTON, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001**

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, 2001, to December 31, 2001, 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.

NOTE 24 - SIGNIFICANT SUBSEQUENT EVENTS

On May 30, 2002, the City issued a \$6,850,000 Airport Improvement Note. The proceeds were used to partially retire the \$7,600,000 Airport Improvement Note that was issued on August 30, 2001 and matured on May 30, 2002. The new note bears an interest rate of 1.93% and matures December 2, 2002.

FINANCIAL STATEMENTS AND SCHEDULES
OF INDIVIDUAL
FUNDS AND ACCOUNT GROUPS

GENERAL FUND

To account for government resources which are not required to be accounted for in any other fund. The general fund balance is available to the City for any purpose it is expended or transferred according to the charter and/or the general laws of Ohio.

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Municipal income tax	\$111,137,701	\$109,203,036	(\$1,934,665)
Property and other local taxes	9,240,369	9,079,514	(160,855)
State shared taxes	17,997,172	17,714,675	(282,497)
Intergovernmental	1,169,265	1,148,911	(20,354)
Special assessments	807	793	(14)
Charges for services	20,742,417	20,350,543	(391,874)
Licenses and permits	1,962,453	1,928,291	(34,162)
Fines and forfeitures	1,358,730	1,335,077	(23,653)
Interest	6,512,247	6,398,883	(113,364)
Other	7,679,605	7,521,206	(158,399)
Total revenues	<u>177,800,766</u>	<u>174,680,929</u>	<u>(3,119,837)</u>
Expenditures:			
General operating:			
Clerk of Commission	1,101,700	1,023,503	78,197
Civil Service Board	1,391,500	1,274,642	116,858
Human Relations Council	1,052,600	957,124	95,476
City Manager's Office	960,600	871,093	89,507
Department of Public Affairs	1,111,200	1,159,607	(48,407)
Department of Planning	2,625,000	2,316,764	308,236
Department of Building Services	2,540,300	2,375,719	164,581
Clerk of Courts	2,951,900	2,762,068	189,832
Municipal Court	3,368,600	3,100,997	267,603
Office of Economic Development	1,221,100	1,243,319	(22,219)
Department of Management and Budget	1,029,500	1,002,962	26,538
Department of Water	62,400	56,318	6,082
Department of Law	1,916,900	1,686,409	230,491
Department of Finance	4,398,500	4,695,303	(296,803)
Department of Human Resources	1,242,200	1,165,641	76,559
Department of Information and Technology Services	8,488,000	7,869,844	618,156
Department of Police	54,243,200	50,562,325	3,680,875
Department of Fire	38,916,400	36,431,970	2,484,430
Department of Public Works	25,882,200	24,834,733	1,047,467
Department of Parks, Recreation, and Culture	6,279,400	5,897,550	381,850
Non-Departmental	956,600	593,333	363,267
Convention Center Operating	3,040,000	2,893,164	146,836
Special Assessments	370,700	323,512	47,188
Special Projects	13,365,200	11,463,522	1,901,678
Total expenditures	<u>178,515,700</u>	<u>166,561,422</u>	<u>11,954,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(714,934)</u>	<u>8,119,507</u>	<u>8,834,441</u>
Other financing sources (uses):			
Proceeds from sale of fixed assets	0	24,713	24,713
Operating transfers in	3,852,934	3,785,864	(67,070)
Operating transfers out	(31,241,900)	(27,077,583)	4,164,317
Total other financing sources (uses)	<u>(27,388,966)</u>	<u>(23,267,006)</u>	<u>4,121,960</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(28,103,900)</u>	<u>(15,147,499)</u>	<u>12,956,401</u>
Fund balance, January 1 (restated)	50,937,512	50,937,512	-
Unexpended prior year encumbrances	<u>1,950,943</u>	<u>1,950,943</u>	<u>-</u>
Fund balance, December 31	<u>\$24,784,555</u>	<u>\$37,740,956</u>	<u>\$12,956,401</u>

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SPECIAL REVENUE FUNDS

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

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.

Law Enforcement

To account for the fines generated from the prosecution of those in possession of contraband and the proceeds gained from the sale of confiscated contraband. This money may be spent for any law enforcement activity.

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.

Other Special Revenue

To account for probation fees and municipal court fees that are used for victim witness assistance and operation of the probation department.

Dayton Sister Cities

To account for financial activity of the City of Dayton's blended component unit.

CITY OF DAYTON, OHIO

COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2001

	<u>Street</u>	<u>Highway Maintenance</u>	<u>HUD Programs</u>
Assets:			
Equity in pooled cash and cash equivalents	\$918,134	\$679,112	\$ -
Cash and cash equivalents in segregated accounts	-	-	-
Receivables (net of allowances for uncollectibles):			
Property and other local taxes	2,634,298	-	-
Accounts	3,469	-	2,383
Special assessments, net	-	-	263,247
Accrued interest	-	-	-
Due from other funds	-	-	-
Due from other governments	2,193,582	176,621	1,810,661
Advances to component unit	-	-	5,462,250
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$5,749,483</u>	<u>\$855,733</u>	<u>\$7,538,541</u>
 Liabilities:			
Accounts payable	\$90,183	\$ -	\$34,570
Contracts payable	-	-	171,783
Retainage payable	-	-	53,408
Accrued wages and benefits	234,567	-	130,937
Compensated absences payable	1,655	-	-
Due to other funds	157,067	-	16,530
Due to other governments	-	-	7,363
Interfund loan payable	-	-	674,962
Deferred revenue	4,400,093	141,938	263,247
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>4,883,565</u>	<u>141,938</u>	<u>1,352,800</u>
 Fund Equity:			
Reserved for encumbrances	205,729	-	6,570,083
Reserved for advances to component unit	-	-	5,462,250
Unreserved:			
Undesignated (deficit)	660,189	713,795	(5,846,592)
	<hr/>	<hr/>	<hr/>
Total fund equity	<u>865,918</u>	<u>713,795</u>	<u>6,185,741</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$5,749,483</u>	<u>\$855,733</u>	<u>\$7,538,541</u>

Law Enforcement	Miscellaneous Grants	Other Special Revenue	Dayton Sister Cities	Total
\$2,613,097	\$745,117	\$86,166	\$ -	\$5,041,626
-	-	-	30,207	30,207
-	-	-	-	2,634,298
423	10,837	-	-	17,112
-	-	-	-	263,247
25,337	-	-	-	25,337
1,150	-	-	-	1,150
-	43,674	-	-	4,224,538
-	-	-	-	5,462,250
<u>\$2,640,007</u>	<u>\$799,628</u>	<u>\$86,166</u>	<u>\$30,207</u>	<u>\$17,699,765</u>
\$51,106	\$19,638	\$578	\$ -	\$196,075
-	18,307	-	-	190,090
-	-	-	-	53,408
-	28,205	-	-	393,709
-	-	-	-	1,655
3,676	190	-	-	177,463
-	-	-	-	7,363
-	-	-	-	674,962
22,905	-	-	-	4,828,183
<u>77,687</u>	<u>66,340</u>	<u>578</u>	<u>-</u>	<u>6,522,908</u>
251,500	568,178	19,056	-	7,614,546
-	-	-	-	5,462,250
<u>2,310,820</u>	<u>165,110</u>	<u>66,532</u>	<u>30,207</u>	<u>(1,899,939)</u>
<u>2,562,320</u>	<u>733,288</u>	<u>85,588</u>	<u>30,207</u>	<u>11,176,857</u>
<u>\$2,640,007</u>	<u>\$799,628</u>	<u>\$86,166</u>	<u>\$30,207</u>	<u>\$17,699,765</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Street</u>	<u>Highway Maintenance</u>	<u>HUD Programs</u>
Revenues:			
Property and other local taxes	\$2,263,281	\$ -	\$ -
State shared taxes	3,869,415	294,887	-
Intergovernmental	254,934	-	12,042,651
Special assessments	-	-	12,017
Charges for services	342,117	-	100,377
Fines and forfeitures	-	-	-
Interest	-	-	57
Other	128,955	-	55,842
	<hr/>	<hr/>	<hr/>
Total revenues	6,858,702	294,887	12,210,944
Expenditures:			
Current:			
Youth, education and human services	-	-	679,349
Community development and neighborhoods	-	-	1,449,404
Economic development.	-	-	8,926,077
Leadership and quality of life.	9,544,510	-	1,537,554
Corporate responsibility	-	-	141,018
Public safety and justice	60,037	-	39,363
Other	-	-	-
Capital outlay.	-	-	131,590
	<hr/>	<hr/>	<hr/>
Total expenditure.	9,604,547	-	12,904,355
Excess (deficiency) of revenues over (under) expenditures	<hr/> (2,745,845)	<hr/> 294,887	<hr/> (693,411)
Other financing sources (uses):			
Proceeds from sale of fixed assets	3,469	-	783
Operating transfers in.	2,385,840	-	624,131
Operating transfers out	-	-	(121,423)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	2,389,309	-	503,491
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	<hr/> (356,536)	<hr/> 294,887	<hr/> (189,920)
Fund balances, January 1 (restated).	<hr/> 1,222,454	<hr/> 418,908	<hr/> 6,375,661
Fund balances, December 31	<hr/> <u>\$865,918</u>	<hr/> <u>\$713,795</u>	<hr/> <u>\$6,185,741</u>

Law Enforcement	Miscellaneous Grants	Other Special Revenue	Dayton Sister Cities	Total
\$ -	\$ -	\$ -	\$ -	\$2,263,281
-	-	-	-	4,164,302
1,159,081	668,124	-	-	14,124,790
-	-	-	-	12,017
-	534,142	41,048	-	1,017,684
1,119,440	-	-	-	1,119,440
125,337	-	-	285	125,679
8,436	100,429	-	2,030	295,692
<u>2,412,294</u>	<u>1,302,695</u>	<u>41,048</u>	<u>2,315</u>	<u>23,122,885</u>
-	64,079	-	-	743,428
-	-	-	-	1,449,404
-	2,716	28,525	13,487	8,970,805
-	360,237	5,979	-	11,448,280
445,835	16,625	-	-	603,478
687,015	1,078,371	-	-	1,864,786
-	71,364	-	-	71,364
71,636	25,514	-	-	228,740
<u>1,204,486</u>	<u>1,618,906</u>	<u>34,504</u>	<u>13,487</u>	<u>25,380,285</u>
<u>1,207,808</u>	<u>(316,211)</u>	<u>6,544</u>	<u>(11,172)</u>	<u>(2,257,400)</u>
423	-	-	-	4,675
68,788	186,415	-	15,000	3,280,174
(12,806)	(44,434)	-	-	(178,663)
<u>56,405</u>	<u>141,981</u>	<u>-</u>	<u>15,000</u>	<u>3,106,186</u>
1,264,213	(174,230)	6,544	3,828	848,786
<u>1,298,107</u>	<u>907,518</u>	<u>79,044</u>	<u>26,379</u>	<u>10,328,071</u>
<u>\$2,562,320</u>	<u>\$733,288</u>	<u>\$85,588</u>	<u>\$30,207</u>	<u>\$11,176,857</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGET BASIS)
 STREET FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Property and other local taxes	\$2,337,188	\$2,263,282	(\$73,906)
State shared taxes	3,995,768	3,869,414	(126,354)
Intergovernmental	263,259	254,934	(8,325)
Charge for services	353,289	342,117	(11,172)
Other.	136,748	128,955	(7,793)
	<hr/>	<hr/>	<hr/>
Total revenues	7,086,252	6,858,702	(227,550)
Expenditures:			
Department of public works	9,705,400	9,630,828	74,572
	<hr/>	<hr/>	<hr/>
Total expenditures.	9,705,400	9,630,828	74,572
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	(2,619,148)	(2,772,126)	(152,978)
Other financing sources (uses)			
Proceeds from sale of fixed assets	0	3,469	3,469
Operating transfers in	2,463,748	2,385,840	(77,908)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses).	2,463,748	2,389,309	(74,439)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	<hr/>	<hr/>	<hr/>
	(155,400)	(382,817)	(227,417)
Fund balance, January 1 (restated)	1,043,006	1,043,006	0
Prior year encumbrances appropriated	<hr/>	<hr/>	<hr/>
	-	-	-
Fund balance, December 31	<hr/>	<hr/>	<hr/>
	\$887,606	\$660,189	(\$227,417)

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGET BASIS)
 HIGHWAY MAINTENANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
State shared taxes	\$350,000	\$294,887	(\$55,113)
Total revenues	<u>350,000</u>	<u>294,887</u>	<u>(55,113)</u>
Excess (deficiency) of revenues over (under) expenditures	350,000	294,887	(55,113)
Fund balance, January 1 (restated).	418,908	418,908	0
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31.	<u>\$768,908</u>	<u>\$713,795</u>	<u>(\$55,113)</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGET BASIS)
 LAW ENFORCEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$984,651	\$1,159,081	\$174,430
Fines and forfeitures	950,976	1,119,440	168,464
Interest	106,475	125,337	18,862
Other	<u>7,526</u>	<u>8,436</u>	<u>910</u>
Total revenues	<u>2,049,628</u>	<u>2,412,294</u>	<u>362,666</u>
Expenditures:			
Department of police	<u>1,422,376</u>	<u>1,420,585</u>	<u>1,791</u>
Total expenditures	<u>1,422,376</u>	<u>1,420,585</u>	<u>1,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>627,252</u>	<u>991,709</u>	<u>364,457</u>
Other financing sources (uses):			
Proceeds from sale of fixed assets	0	423	423
Operating transfers in	58,437	68,789	10,352
Operating transfers out	<u>(12,824)</u>	<u>(12,808)</u>	<u>16</u>
Total other financing sources (uses)	<u>45,613</u>	<u>56,404</u>	<u>10,791</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>672,865</u>	<u>1,048,113</u>	<u>375,248</u>
Fund balance, January 1	<u>1,044,185</u>	<u>1,044,185</u>	<u>0</u>
Prior year encumbrances appropriated	<u>218,522</u>	<u>218,522</u>	<u>0</u>
Fund balance (deficit), December 31.	<u><u>\$1,935,572</u></u>	<u><u>\$2,310,820</u></u>	<u><u>\$375,248</u></u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGET BASIS)
 MISCELLANEOUS GRANTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$943,246	\$668,124	(\$275,122)
Charge for services	754,093	534,142	(219,951)
Other	<u>141,784</u>	<u>100,429</u>	<u>(41,355)</u>
Total revenues	<u>1,839,123</u>	<u>1,302,695</u>	<u>(536,428)</u>
Expenditures:			
Other grants	<u>859,300</u>	<u>2,178,943</u>	<u>(1,319,643)</u>
Total expenditures	<u>859,300</u>	<u>2,178,943</u>	<u>(1,319,643)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>979,823</u>	<u>(876,248)</u>	<u>(1,856,071)</u>
Other financing sources (uses):			
Operating transfers in	263,178	186,415	(76,763)
Operating transfers out	<u>(25,000)</u>	<u>(44,434)</u>	<u>(19,434)</u>
Total other financing sources (uses)	<u>238,178</u>	<u>141,981</u>	<u>(96,197)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,218,001	(734,267)	(1,952,268)
Fund balance, January 1	583,858	583,858	0
Prior year encumbrances appropriated	<u>315,519</u>	<u>315,519</u>	<u>0</u>
Fund balance, December 31	<u>\$2,117,378</u>	<u>\$165,110</u>	<u>(\$1,952,268)</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGET BASIS)
 OTHER SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
Revenues:			
Charge for services.	45,400	41,048	(\$4,352)
Total revenues	<u>45,400</u>	<u>41,048</u>	<u>(4,352)</u>
Expenditures:			
Municipal Court	77,700	53,560	24,140
Total expenditures	<u>77,700</u>	<u>53,560</u>	<u>24,140</u>
Excess (deficiency) of revenues over (under) expenditures	(32,300)	(12,512)	19,788
Fund balance, January 1	79,044	79,044	0
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31	<u><u>\$46,744</u></u>	<u><u>\$66,532</u></u>	<u><u>\$19,788</u></u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (BUDGET BASIS)
 ALL BUDGETED SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2001

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Property and other local taxes	\$2,337,188	\$2,263,282	(\$73,906)
State shared taxes	4,345,768	4,164,301	(181,467)
Intergovernmental	2,191,156	2,082,139	(109,017)
Charges for services	1,152,782	917,307	(235,475)
Fines and forfeiture	950,976	1,119,440	168,464
Interest.	106,475	125,337	18,862
Other	286,058	237,820	(48,238)
Total revenues	11,370,403	10,909,626	(460,777)
Expenditures:			
Department of public works	9,705,400	9,630,828	74,572
Department of police	1,422,376	1,420,585	1,791
Municipal court	77,700	53,560	24,140
Other grants	859,300	2,178,943	(1,319,643)
Total expenditures	12,064,776	13,283,916	(1,219,140)
Excess (deficiency) of revenues over (under) expenditures	(694,373)	(2,374,290)	(1,679,917)
Other financing sources (uses):			
Proceeds from sale of fixed assets	0	3,892	3,892
Operating transfers in	2,785,363	2,641,044	(144,319)
Operating transfers out	(37,824)	(57,242)	(19,418)
Total other financing sources (uses)	2,747,539	2,587,694	(159,845)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,053,166	213,404	(1,839,762)
Fund balances, January 1 (restated)	3,169,001	3,169,001	0
Prior year encumbrances appropriated	534,041	534,041	0
Fund balances, December 31	\$5,756,208	\$3,916,446	(\$1,839,762)

DEBT SERVICE FUND

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

Debt Service

To account for various revenues collected for the payment of general obligation and special assessment bonded debt.

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGET BASIS)
 DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Property and other local taxes	\$5,347,164	\$6,126,871	\$779,707
Intergovernmental	607,327	695,886	88,559
Special assessment	178,493	204,520	26,027
Charges for services	104,419	119,645	15,226
Interest	38,775	44,429	5,654
Other	<u>234,215</u>	<u>268,368</u>	<u>34,153</u>
Total revenues	<u>6,510,393</u>	<u>7,459,719</u>	<u>949,326</u>
Expenditures:			
Department of finance	<u>20,666,600</u>	<u>11,783,951</u>	<u>(8,882,649)</u>
Total expenditures	<u>20,666,600</u>	<u>11,783,951</u>	<u>(8,882,649)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,156,207)</u>	<u>(4,324,232)</u>	<u>9,831,975</u>
Other financing sources (uses):			
Operating transfers in	1,629,177	1,866,739	237,562
Operating transfers out	<u>0</u>	<u>(1,485)</u>	<u>(1,485)</u>
Total other financing sources (uses)	<u>1,629,177</u>	<u>1,865,254</u>	<u>236,077</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(12,527,030)</u>	<u>(2,458,978)</u>	<u>10,068,052</u>
Fund balance, January 1	29,122,563	29,122,563	0
Prior year encumbrances appropriated	<u>20,912</u>	<u>20,912</u>	<u>0</u>
Fund balance, December 31	<u>\$16,616,445</u>	<u>\$26,684,497</u>	<u>\$10,068,052</u>

CAPITAL PROJECTS FUNDS

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

Capital Improvement

To account for grants, operating transfers and bond revenues used to purchase equipment and construct buildings.

Economic Development/Government Equity Improvement

To account for grant revenues received from the County and used to develop and promote economic development.

Issue II

To account for Issue II funds received from the state of Ohio for each project awarded through this program and local matching funds.

The above funds appropriate monies 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 statement would not be meaningful.

CITY OF DAYTON, OHIO

COMBINING BALANCE SHEET
ALL CAPITAL PROJECTS FUNDS
DECEMBER 31, 2001

	<u>Capital Improvement</u>	<u>Economic Development/ Government Equity Improvement</u>	<u>Issue II</u>	<u>Total</u>
Assets:				
Equity in pooled cash and cash equivalents	\$25,322,387	\$879,352	\$ -	\$26,201,739
Receivables (net of allowances for uncollectibles):				
Accounts	22,792	-	-	22,792
Accrued interest	80,361	-	-	80,361
Due from other funds	21,785	-	-	21,785
Due from other governments	1,441,852	316,693	2,804,037	4,562,582
Advance to component unit.	2,469,204	-	-	2,469,204
Total assets	<u>\$29,358,381</u>	<u>\$1,196,045</u>	<u>\$2,804,037</u>	<u>\$33,358,463</u>
Liabilities:				
Accounts payable	\$365,227	\$55,415	\$16,329	\$436,971
Contracts payable	2,916,988	-	223,284	3,140,272
Accrued wages and benefits.	13,686	-	2,880	16,566
Due to other funds.	12,952	-	-	12,952
Due to other governments.	6,826	-	-	6,826
Interfund loan payable.	-	-	2,306,880	2,306,880
Deferred revenue	72,648	-	-	72,648
Total liabilities.	<u>3,388,327</u>	<u>55,415</u>	<u>2,549,373</u>	<u>5,993,115</u>
Fund Equity:				
Reserved for encumbrances	12,606,810	240,729	1,241,830	14,089,369
Reserved for advance to component unit	2,469,204	-	-	2,469,204
Unreserved - undesignated.	10,894,040	899,901	(987,166)	10,806,775
Total fund equity.	<u>25,970,054</u>	<u>1,140,630</u>	<u>254,664</u>	<u>27,365,348</u>
Total liabilities and fund equity	<u>\$29,358,381</u>	<u>\$1,196,045</u>	<u>\$2,804,037</u>	<u>\$33,358,463</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Capital Improvement	Economic Development/ Government Equity Improvement	Issue II	Total
Revenues:				
Intergovernmental	\$3,919,435	\$3,652,963	\$2,970,467	\$10,542,865
Special assessments	352,653	-	-	352,653
Charges for services	162,317	10,000	-	172,317
Licenses and permits	111,212	-	-	111,212
Interest	517,387	-	-	517,387
Other	435,517	86,973	-	522,490
Total revenues	5,498,521	3,749,936	2,970,467	12,218,924
Expenditures:				
Capital outlay	35,964,525	2,568,722	4,058,340	42,591,587
Debt service:				
Interest and fiscal charges	85	-	-	85
Bond issuance costs.	356,193	-	-	356,193
Total expenditures	36,320,803	2,568,722	4,058,340	42,947,865
Excess (deficiency) of revenues over (under) expenditures	(30,822,282)	1,181,214	(1,087,873)	(30,728,941)
Other financing sources (uses):				
Proceeds from sale of bonds	24,911,873	-	-	24,911,873
Premium and accrued interest on bonds sold.	17,377	-	-	17,377
Operating transfers in	23,077,067	407,525	476,365	23,960,957
Operating transfers out	(5,171,508)	(234,348)	(885,947)	(6,291,803)
Total other financing sources (uses)	42,834,809	173,177	(409,582)	42,598,404
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	12,012,527	1,354,391	(1,497,455)	11,869,463
Fund balances, January 1	13,957,527	(213,761)	1,752,119	15,495,885
Fund balances, December 31	\$25,970,054	\$1,140,630	\$254,664	\$27,365,348

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.

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 stations.

Sewer

To account for the provision of sanitary sewer service to the residential, commercial, and industrial consumers of the City of the Dayton 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.

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 BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 2001

	Dayton International Airport	Water	Sewer
Assets:			
Equity in pooled cash and cash equivalents	\$12,537,838	\$69,834,703	\$25,899,805
Cash with fiscal agent	5,180	893	-
Receivables (net of allowances for uncollectibles):			
Accounts	3,555,458	12,646,056	12,798,388
Accrued interest	146,389	769,311	251,319
Due from other funds		3,307,690	-
Due from other governments	314,682	-	86,991
Materials and supplies inventory	15,075	1,043,175	-
	<hr/>	<hr/>	<hr/>
Total current assets	16,574,622	87,601,828	39,036,503
Unamortized bond issue costs	807,525	324,070	-
Restricted assets:			
Equity in pooled cash and cash equivalents	-	23,602	-
Cash and cash equivalents with fiscal agent	56,917	78,342	-
Advances to component unit	-	2,529,688	-
Judgements receivable	-	270,000	-
Fixed assets (net of accumulated depreciation)	153,824,984	106,686,086	93,686,640
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$171,264,048</u>	<u>\$197,513,616</u>	<u>\$132,723,143</u>
Liabilities:			
Accounts payable	1,172,538	1,355,988	675,235
Contracts payable	1,423,521	717,771	1,643,858
Retainage payable	-	5,709	285,803
Accrued wages and benefits	426,644	593,829	248,640
Due to other governments	578,448	124,228	120,038
Due to other funds	488	370,080	2,646,848
Interfund loans payable	-	-	-
Accrued interest payable	122,754	-	800,487
Payables from restricted assets:			
Utility deposits	-	23,602	-
Accrued interest payable	132,870	107,533	-
Current portion of revenue bonds	1,975,000	5,000,000	-
General obligation notes payable	7,600,000	-	-
General obligation bonds payable	230,000	-	-
OWDA loans payable	-	-	1,481,497
OPWC loans payable	-	-	25,000
	<hr/>	<hr/>	<hr/>
Total current liabilities	13,662,263	8,298,740	7,927,406
Compensated absences payable	653,597	959,324	456,963
General obligation bonds payable	-	-	-
Revenue bonds payable	29,797,438	26,921,300	-
OWDA loans payable	-	-	18,475,657
OPWC loans payable	-	-	925,000
Capital lease payable	15,890,334	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	60,003,632	36,179,364	27,785,026
Fund Equity:			
Contributed capital	94,208,938	61,997	46,469,914
Retained earnings:			
Reserved for bond renewal and replacement	56,917	-	-
Unreserved (deficit)	16,994,561	161,272,255	58,468,203
Total fund equity	<hr/> 111,260,416	<hr/> 161,334,252	<hr/> 104,938,117
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$171,264,048</u>	<u>\$197,513,616</u>	<u>\$132,723,143</u>

Storm Water	Golf	Total
\$1,116,666	\$45,045	\$109,434,057
-	-	6,073
5,822,354	12,420	34,834,676
13,820	-	1,180,839
-	-	3,307,690
-	-	401,673
-	-	1,058,250
<u>6,952,840</u>	<u>57,465</u>	<u>150,223,258</u>
-	50,826	1,182,421
-	-	23,602
-	-	135,259
-	-	2,529,688
-	-	270,000
234,783	6,457,148	360,889,641
<u>\$7,187,623</u>	<u>\$6,565,439</u>	<u>\$515,253,869</u>
39,732	4,225	3,247,718
10,145	-	3,795,295
-	-	291,512
82,527	44,980	1,396,620
-	-	822,714
520,430	29,795	3,567,641
-	1,073,000	1,073,000
-	-	923,241
-	-	23,602
-	-	240,403
-	-	6,975,000
-	-	7,600,000
-	176,489	406,489
-	-	1,481,497
-	-	25,000
<u>652,834</u>	<u>1,328,489</u>	<u>31,869,732</u>
98,261	95,212	2,263,357
-	3,422,536	3,422,536
-	-	56,718,738
-	-	18,475,657
-	-	925,000
-	212,007	16,102,341
<u>751,095</u>	<u>5,058,244</u>	<u>129,777,361</u>
5,000	1,622,755	142,368,604
-	-	56,917
6,431,528	(115,560)	243,050,987
<u>6,436,528</u>	<u>1,507,195</u>	<u>385,476,508</u>
<u>\$7,187,623</u>	<u>\$6,565,439</u>	<u>\$515,253,869</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND EQUITY
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Dayton International Airport	Water	Sewer
Operating revenues:			
Charges for services	\$26,069,430	\$43,492,262	\$34,997,316
Other	197,855	3,086,875	183,406
	<hr/>	<hr/>	<hr/>
Total operating revenues.	26,267,285	46,579,137	35,180,722
Operating expenses:			
Personal services	8,580,090	13,321,938	5,395,604
Benefit payments	2,543,657	4,093,477	1,573,951
Contract services	5,313,963	6,912,401	7,793,857
Materials and supplies	1,648,923	2,437,414	1,283,728
Depreciation	5,871,407	5,111,212	6,181,010
Utilities	3,829,702	4,867,246	1,727,679
Other	2,086,015	261,658	1,087,754
Total operating expenses	<hr/> 29,873,757 <hr/>	<hr/> 37,005,346 <hr/>	<hr/> 25,043,583 <hr/>
Operating income (loss)	<hr/> (3,606,472) <hr/>	<hr/> 9,573,791 <hr/>	<hr/> 10,137,139 <hr/>
Nonoperating revenues (expenses):			
Interest	855,083	4,721,423	1,528,273
Intergovernmental	-	-	86,991
Gain on disposal of fixed assets	17,201	19,472	36,842
Interest and fiscal charges	<hr/> (3,560,195) <hr/>	<hr/> (1,674,847) <hr/>	<hr/> (1,704,152) <hr/>
Total nonoperating revenues (expenses).	<hr/> (2,687,911) <hr/>	<hr/> 3,066,048 <hr/>	<hr/> (52,046) <hr/>
Net income (loss) before capital contributions and operating transfers	<hr/> (6,294,383) <hr/>	<hr/> 12,639,839 <hr/>	<hr/> 10,085,093 <hr/>
Capital contributions	14,145,360	-	-
Operating transfers in	132,500	242,500	143,800
Operating transfers out	<hr/> (27,000) <hr/>	<hr/> - <hr/>	<hr/> - <hr/>
Net income (loss)	7,956,477	12,882,339	10,228,893
Retained earnings, January 1 (restated)	<hr/> 9,095,001 <hr/>	<hr/> 148,389,916 <hr/>	<hr/> 48,239,310 <hr/>
Retained earnings, December 31.	17,051,478	161,272,255	58,468,203
Contributed capital, December 31.	<hr/> 94,208,938 <hr/>	<hr/> 61,997 <hr/>	<hr/> 46,469,914 <hr/>
Total fund equity, December 31.	<hr/> <u>\$111,260,416</u> <hr/>	<hr/> <u>\$161,334,252</u> <hr/>	<hr/> <u>\$104,938,117</u> <hr/>

Storm Water	Golf	Total
\$4,143,917	\$3,032,192	\$111,735,117
20,607	27,402	3,516,145
<hr/>	<hr/>	<hr/>
4,164,524	3,059,594	115,251,262
<hr/>	<hr/>	<hr/>
1,644,918	1,226,528	30,169,078
493,762	398,880	9,103,727
750,534	950,827	21,721,582
181,457	341,522	5,893,044
31,098	368,374	17,563,101
36,923	179,654	10,641,204
1,048	30,943	3,467,418
<hr/>	<hr/>	<hr/>
3,139,740	3,496,728	98,559,154
<hr/>	<hr/>	<hr/>
1,024,784	(437,134)	16,692,108
<hr/>	<hr/>	<hr/>
78,475	-	7,183,254
-	-	86,991
-	12,420	85,935
-	(138,509)	(7,077,703)
<hr/>	<hr/>	<hr/>
78,475	(126,089)	278,477
<hr/>	<hr/>	<hr/>
1,103,259	(563,223)	16,970,585
<hr/>	<hr/>	<hr/>
-	-	14,145,360
15,000	149,000	682,800
-	-	(27,000)
<hr/>	<hr/>	<hr/>
1,118,259	(414,223)	31,771,745
<hr/>	<hr/>	<hr/>
5,313,269	298,663	211,336,159
<hr/>	<hr/>	<hr/>
6,431,528	(115,560)	243,107,904
<hr/>	<hr/>	<hr/>
5,000	1,622,755	142,368,604
<hr/>	<hr/>	<hr/>
<u>\$6,436,528</u>	<u>\$1,507,195</u>	<u>\$385,476,508</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Dayton International Airport</u>	<u>Water</u>	<u>Sewer</u>
Cash flows from operating activities:			
Cash received from customers	\$23,867,382	\$42,088,434	\$28,421,790
Cash received from other operations	336,405	3,210,770	183,406
Cash payments for personal services	(8,376,654)	(13,269,941)	(5,530,742)
Cash payments for fringe benefits	(2,554,797)	(4,051,354)	(1,618,455)
Cash payments for contract services	(4,653,625)	(6,872,051)	(7,317,216)
Cash payments for materials and supplies	(1,613,708)	(2,952,754)	(1,300,235)
Cash payments for utilities	(3,885,090)	(5,179,831)	(1,890,477)
Cash payments for other expenses	(2,100,095)	-	(827,489)
	<hr/>	<hr/>	<hr/>
Net cash provided by (used in) operating activities	1,019,818	12,973,273	10,120,582
Cash flows from noncapital financing activities:			
Cash received from interfund loans	-	-	-
Cash used in repayment of interfund loans	(100,068)	-	-
Cash received from repayment of advance to component unit	-	441,986	-
Transfers in from other funds	148,200	242,500	261,700
Transfers out to other funds	(27,000)	-	-
	<hr/>	<hr/>	<hr/>
Net cash provided by (used in) noncapital financing activities	21,132	684,486	261,700
Cash flows from capital and related financing activities:			
Aquisition of capital assets	(15,553,309)	(10,177,142)	(6,729,508)
Capital contributions	14,955,115	-	-
Proceeds of general obligation bonds	-	-	-
Proceeds of general obligation notes	7,600,000	-	-
Principal paid on general obligation notes	(8,600,000)	-	-
Interest paid on general obligation notes	(305,240)	-	-
Principal paid on general obligation bonds	(515,000)	(80,000)	-
Interest paid on general obligation bonds	(88,000)	(100,900)	-
Principal paid on revenue bonds	(1,890,000)	(4,805,000)	-
Interest paid on revenue bonds	(1,910,247)	(1,574,996)	-
Principal paid on OWDA loans	-	-	(2,962,995)
Interest paid on OWDA loans	-	-	(1,822,979)
Principal paid on OPWC loans	-	-	(50,000)
Principal paid on capital leases	(1,653,867)	-	-
Interest paid on capital leases	(982,442)	-	-
	<hr/>	<hr/>	<hr/>
Net cash provided by (used in) capital and related financing activities	(8,942,990)	(16,738,038)	(11,565,482)
Cash flows from investing activities:			
Change in fair market value of cash equivalents	270,987	828,539	248,316
Interest received	795,783	4,260,648	1,368,224
	<hr/>	<hr/>	<hr/>
Net cash provided by investing activities	1,066,770	5,089,187	1,616,540
Net increase (decrease) in cash and cash equivalents	(6,835,270)	2,008,908	433,340
Cash and cash equivalents, January 1	19,435,205	67,928,632	25,466,465
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, December 31	<u>\$12,599,935</u>	<u>\$69,937,540</u>	<u>\$25,899,805</u>

Storm Water	Golf	Total
\$2,928,067	\$3,032,383	\$100,338,056
20,607	39,384	3,790,572
(1,605,257)	(1,309,806)	(30,092,400)
(461,126)	(370,640)	(9,056,372)
(717,036)	(1,025,212)	(20,585,140)
(186,441)	(352,827)	(6,405,965)
(43,959)	(179,654)	(11,179,011)
-	(299)	(2,927,883)
(65,145)	(166,671)	23,881,857
-	1,073,000	1,073,000
-	(3,539,883)	(3,639,951)
-	-	441,986
48,500	176,900	877,800
-	-	(27,000)
48,500	(2,289,983)	(1,274,165)
(21,548)	(834,214)	(33,315,721)
-	-	14,955,115
-	3,774,197	3,774,197
-	-	7,600,000
-	-	(8,600,000)
-	-	(305,240)
-	(229,102)	(824,102)
-	(128,334)	(317,234)
-	-	(6,695,000)
-	-	(3,485,243)
-	-	(2,962,995)
-	-	(1,822,979)
-	-	(50,000)
-	(70,673)	(1,724,540)
-	(10,175)	(992,617)
(21,548)	2,501,699	(34,766,359)
11,729	-	1,359,571
74,615	-	6,499,270
86,344	-	7,858,841
48,151	45,045	(4,299,826)
1,068,515	0	113,898,817
<u>\$1,116,666</u>	<u>\$45,045</u>	<u>\$109,598,991</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Dayton International Airport</u>	<u>Water</u>	<u>Sewer</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	(\$3,606,472)	\$9,573,791	\$10,137,139
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	5,871,407	5,111,212	6,181,010
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(787,696)	(1,371,061)	(7,061,909)
Decrease in due from other funds	232,099	56,416	592,906
Decrease in due from other governments	-	35,545	92,758
Decrease in judgements receivable	-	60,000	-
Decrease in materials and supplies	6,315	69,583	-
Decrease in accounts payable	(1,128,527)	(876,616)	(1,163,670)
Increase in contracts payable	898,609	680,847	783,062
Increase (decrease) in retainage payable	(41,186)	(46,129)	275,803
Increase in accrued wages and benefits	79,331	119,656	29,962
Increase (decrease) in due to other funds	(12,598)	(299,731)	302,246
Increase (decrease) in due to other governments	(580,172)	(115,806)	112,395
Decrease in deferred revenue	(77,520)	-	-
Increase in utility deposits	-	1,102	-
Increase (decrease) in compensated absences payable	166,228	(25,536)	(161,120)
Net cash provided by operating activities	<u>\$1,019,818</u>	<u>\$12,973,273</u>	<u>\$10,120,582</u>

Storm Water	Golf	Total
\$1,024,784	(\$437,134)	\$16,692,108
31,098	368,374	17,563,101
(1,215,850)	2,232	(10,434,284)
15	35,796	917,232
-	-	128,303
-	-	60,000
-	-	75,898
(84,853)	(27,286)	(3,280,952)
10,145	-	2,372,663
25,657	-	214,145
23,247	8,825	261,021
120,612	(17,076)	93,453
-	-	(583,583)
-	-	(77,520)
-	-	1,102
-	(100,402)	(120,830)
<u>(\$65,145)</u>	<u>(\$166,671)</u>	<u>\$23,881,857</u>

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INTERNAL SERVICE FUNDS

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.

Stores and Reproduction

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

Workers' Compensation

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

Plumbing Shop

To account for plumbing services to departments within the City.

CITY OF DAYTON, OHIO

COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 2001

	<u>Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>
Assets:			
Equity in pooled cash and cash equivalents	\$463,714	\$135,003	\$20,418,094
Receivables (net of allowances for uncollectibles):			
Accounts	20,011	-	-
Due from other funds	588,385	40,818	-
Inventory held for resale	462,094	30,360	-
Property, plant and equipment (net of accumulated depreciation)	270,790	186,798	-
Total assets	<u>\$1,804,994</u>	<u>\$392,979</u>	<u>\$20,418,094</u>
Liabilities:			
Accounts payable	\$173,359	\$40,716	\$26,513
Accrued wages and benefits	112,910	4,823	11,291
Compensated absences payable	191,842	14,338	36,261
Due to other funds	122,424	-	-
Due to other governments	-	-	723,326
Interfund loans payable	855,000	-	-
Claims payable	-	-	10,904,858
Capital leases payable	-	73,226	-
Total liabilities	<u>1,455,535</u>	<u>133,103</u>	<u>11,702,249</u>
Fund Equity:			
Contributed capital	55,499	-	-
Retained earnings:			
Unreserved (deficit)	293,960	259,876	8,715,845
Total fund equity	<u>349,459</u>	<u>259,876</u>	<u>8,715,845</u>
Total liabilities and fund equity	<u>\$1,804,994</u>	<u>\$392,979</u>	<u>\$20,418,094</u>

Plumbing Shop	Total
\$ -	\$21,016,811
-	20,011
12,787	641,990
-	492,454
16,727	474,315
<u>\$29,514</u>	<u>\$22,645,581</u>
\$6,719	\$247,307
15,027	144,051
36,696	279,137
2,190	124,614
-	723,326
14,895	869,895
-	10,904,858
-	73,226
<u>75,527</u>	<u>13,366,414</u>
30,511	86,010
<u>(76,524)</u>	<u>9,193,157</u>
<u>(46,013)</u>	<u>9,279,167</u>
<u>\$29,514</u>	<u>\$22,645,581</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND EQUITY
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

	<u>Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>
Operating revenues:			
Charges for services.	\$7,229,575	\$360,265	\$5,638,927
Other	13,828	-	564,506
Total operating revenues.	<u>7,243,403</u>	<u>360,265</u>	<u>6,203,433</u>
Operating expenses:			
Personal services	2,407,651	103,465	355,128
Benefit payments	755,667	36,181	108,768
Contract services	706,609	105,472	2,610,768
Materials and supplies.	340,421	4,092	82,133
Cost of sales.	2,880,271	100,342	-
Utilities	1,071	-	-
Depreciation	60,918	89,397	2,401
Other	172,811	-	8,414
Total operating expenses.	<u>7,325,419</u>	<u>438,949</u>	<u>3,167,612</u>
Operating income (loss).	<u>(82,016)</u>	<u>(78,684)</u>	<u>3,035,821</u>
Nonoperating revenues (expenses):			
Gain on disposal of fixed assets	20,011	-	-
Interest and fiscal charges	-	(7,220)	-
Total nonoperating revenues (expenses).	<u>20,011</u>	<u>(7,220)</u>	<u>-</u>
Net income (loss).	(62,005)	(85,904)	3,035,821
Retained earnings, January 1 (restated)	<u>355,965</u>	<u>345,780</u>	<u>5,680,024</u>
Retained earnings, December 31	293,960	259,876	8,715,845
Contributed capital, December 31	<u>55,499</u>	<u>-</u>	<u>-</u>
Total fund equity, December 31	<u><u>\$349,459</u></u>	<u><u>\$259,876</u></u>	<u><u>\$8,715,845</u></u>

Plumbing Shop	Total
\$603,426	\$13,832,193
-	578,334
<u>603,426</u>	<u>14,410,527</u>
329,689	3,195,933
92,935	993,551
10,511	3,433,360
121,727	548,373
-	2,980,613
-	1,071
6,892	159,608
-	181,225
<u>561,754</u>	<u>11,493,734</u>
41,672	2,916,793
-	20,011
-	(7,220)
-	<u>12,791</u>
41,672	2,929,584
<u>(118,196)</u>	<u>6,263,573</u>
(76,524)	9,193,157
<u>30,511</u>	<u>86,010</u>
<u>(\$46,013)</u>	<u>\$9,279,167</u>

CITY OF DAYTON

COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>
Cash flows from operating activities:			
Cash received from quasi-external operating transactions with other funds	\$7,340,673	\$370,383	\$5,638,927
Cash received from other operations	33,445	-	564,506
Cash payments for personal services	(2,413,862)	(125,540)	(344,350)
Cash payments for fringe benefits	(743,119)	(39,952)	(107,200)
Cash payments for contract services	(1,311,318)	(82,836)	(5,101,973)
Cash payments for materials and supplies	(3,169,602)	(94,348)	(82,133)
Cash payments for utilities	<u>(1,123)</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(264,906)</u>	<u>27,707</u>	<u>567,777</u>
Cash flows from noncapital financing activities:			
Cash used in repayment of interfund loans	(400,000)	-	-
Cash received from interfund loans	380,000	-	-
Transfers out to other funds	<u>-</u>	<u>-</u>	<u>(2,900,000)</u>
Net cash used in noncapital financing activities	<u>(20,000)</u>	<u>-</u>	<u>(2,900,000)</u>
Cash flows from capital and related financing activities:			
Principal paid on capital leases	-	(85,465)	-
Interest paid on capital leases	<u>-</u>	<u>(7,220)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>-</u>	<u>(92,685)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(284,906)	(64,978)	(2,332,223)
Cash and cash equivalents, January 1	748,620	199,981	22,750,317
Cash and cash equivalents, December 31	<u>\$463,714</u>	<u>\$135,003</u>	<u>\$20,418,094</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(\$82,016)	(\$78,684)	\$3,035,821
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	60,918	89,397	2,401
Changes in assets and liabilities:			
Increase in accounts receivable	(394)	-	-
Decrease in due from other funds	130,283	10,118	9,569
Decrease in inventory held for resale	51,381	10,086	-
Increase (decrease) in accounts payable	(173,826)	27,547	6,613
Increase (decrease) in accrued wages and benefits	3,622	937	2,240
Increase (decrease) in due to other funds	(238,415)	(6,518)	(1,155)
Decrease in due to other governments	-	-	(1,944,554)
Increase (decrease) in compensated absences payable	(16,459)	(25,176)	10,106
Decrease in claims payable	<u>-</u>	<u>-</u>	<u>(553,264)</u>
Net cash provided by (used in) operating activities	<u>(\$264,906)</u>	<u>\$27,707</u>	<u>\$567,777</u>

<u>Plumbing Shop</u>	<u>Total</u>
\$590,639	\$13,940,622
-	597,951
(313,056)	(3,196,808)
(93,428)	(983,699)
(8,996)	(6,505,123)
(119,491)	(3,465,574)
-	(1,123)
<u>55,668</u>	<u>386,246</u>
(70,563)	(470,563)
14,895	394,895
-	(2,900,000)
<u>(55,668)</u>	<u>(2,975,668)</u>
-	(85,465)
-	(7,220)
-	(92,685)
0	(2,682,107)
0	23,698,918
<u>\$0</u>	<u>\$21,016,811</u>
\$41,672	\$2,916,793
6,892	159,608
-	(394)
12,787	162,757
-	61,467
(3,052)	(142,718)
(2,181)	4,618
13,509	(232,579)
-	(1,944,554)
(13,959)	(45,488)
-	(553,264)
<u>\$55,668</u>	<u>\$386,246</u>

FIDUCIARY FUNDS

To account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Nonexpendable Trust Funds

Schantz Waldruhe Park Trust

This fund accounts for the interest earned on Dayton Power & Light stock that is used for the improvement care and maintenance of Waldruhe Park.

Forrest B. Lucas Foundation

This fund accounts for interest earned on a contribution made by Forrest B. Lucas that is to be used for fire department training purposes.

Agency Funds

Agency funds are custodial in nature, and thus, do not recognize revenues, 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, and municipal court.

CITY OF DAYTON, OHIO

COMBINING BALANCE SHEET
ALL FIDUCIARY FUNDS
DECEMBER 31, 2001

Nonexpendable Trust

	Shantz Waldruhe Park Trust	Forrest B. Lucas Foundation	Agency	Total
Assets:				
Equity in pooled cash and cash equivalents	\$10,728	\$52,847	\$7,286,404	\$7,349,979
Investments	82,014	-	-	82,014
Cash and cash equivalents with fiscal agents	-	-	1,197,886	1,197,886
Investments with fiscal agents.	-	-	1,037,600	1,037,600
Taxes levied for other governments	-	-	2,006,835	2,006,835
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$92,742</u>	<u>\$52,847</u>	<u>\$11,528,725</u>	<u>\$11,674,314</u>
Liabilities:				
Due to other funds.	\$ -	\$ -	\$162,941	\$162,941
Due to other governments.	-	-	2,869,514	2,869,514
Due to others	-	-	750,571	750,571
Withholdings and deposits	-	-	7,745,699	7,745,699
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities.	<u>-</u>	<u>-</u>	<u>11,528,725</u>	<u>11,528,725</u>
Fund Equity:				
Fund balance:				
Reserved for contributions to nonexpendable trust.	82,014	50,000	-	132,014
Unreserved-undesignated.	10,728	2,847	-	13,575
Total fund equity	<hr/> <u>92,742</u>	<hr/> <u>52,847</u>	<hr/> <u>-</u>	<hr/> <u>145,589</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$92,742</u>	<u>\$52,847</u>	<u>\$11,528,725</u>	<u>\$11,674,314</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE
ALL NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Shantz Waldruhe Park Trust</u>	<u>Forrest B. Lucas Foundation</u>	<u>Total</u>
Operating revenues:			
Interest	\$3,172	\$2,847	\$6,019
Decrease in fair market value of investments	(29,996)	-	(29,996)
Contributions and donations	-	50,000	50,000
 Total operating revenues.	 (26,824)	 52,847	 26,023
Operating expenses:			
Contract services	2,509	-	2,509
Total operating expenses	2,509	-	2,509
 Net income (loss)	 (29,333)	 52,847	 23,514
 Fund balance, January 1	 122,075	 -	 122,075
 Fund balance, December 31.	 <u>\$92,742</u>	 <u>\$52,847</u>	 <u>\$145,589</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
ALL NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Shantz Waldruhe Park Trust	Forrest B. Lucas Foundation	Total
Cash flows from operating activities:			
Cash received from contributions and donations	\$ -	\$50,000	\$50,000
Cash payments for contract services	(2,509)	-	(2,509)
Net cash provided by (used in) operating activities	(2,509)	50,000	47,491
Cash flows from investing activities:			
Interest received	3,172	2,847	6,019
Net cash provided by investing activities	3,172	2,847	6,019
Net increase (decrease) in cash and cash equivalents . . .	663	52,847	53,510
Cash and cash equivalents, January 1	10,065	-	10,065
Cash and cash equivalents, December 31	\$10,728	\$52,847	\$63,575
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss).	(\$29,333)	\$52,847	\$23,514
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities activities:			
Interest	(3,172)	(2,847)	(6,019)
Change in fair market value of investments	29,996	-	29,996
Net cash provided by (used in) operating activities	(\$2,509)	\$50,000	\$47,491

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Balance 1/1/01</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/01</u>
Assets:				
Equity in pooled cash and cash equivalents	\$5,940,386	\$89,480,783	\$88,134,765	\$7,286,404
Cash and cash equivalents with fiscal agents	1,033,708	12,102,809	11,938,631	1,197,886
Investments with fiscal agents.	1,063,206	49,210	74,816	1,037,600
Accounts receivable	2,634	-	2,634	0
Taxes levied for other governments.	<u>2,604,800</u>	<u>2,006,835</u>	<u>2,604,800</u>	<u>2,006,835</u>
Total assets	<u>\$10,644,734</u>	<u>\$103,639,637</u>	<u>\$102,755,646</u>	<u>\$11,528,725</u>
Liabilities:				
Due to other funds	\$152,467	\$3,230,578	\$3,220,104	\$162,941
Due to other governments	4,001,507	7,656,352	8,788,345	2,869,514
Due to others.	0	5,916,303	5,165,732	750,571
Withholdings and deposits.	<u>6,490,760</u>	<u>86,833,771</u>	<u>85,578,832</u>	<u>7,745,699</u>
Total liabilities.	<u>\$10,644,734</u>	<u>\$103,637,004</u>	<u>\$102,753,013</u>	<u>\$11,528,725</u>

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GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets other than those accounted for in the proprietary and nonexpendable trust funds.

CITY OF DAYTON, OHIO

SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2001

General Fixed Assets:

Land	\$50,890,123
Buildings	41,054,006
Building Improvements	47,835,218
Improvements other than Buildings.	60,170,495
Equipment	18,361,258
Motorized Vehicles	39,321,495
Construction-in-Progress	<u>18,520,707</u>
Total General Fixed Assets	276,153,302
Less: Accumulated Depreciation	<u>(118,493,610)</u>
Net Fixed Assets	<u><u>\$157,659,692</u></u>

Investment in General Fixed Assets From:

General Fund Revenue	\$75,533,764
Special Revenue Funds Revenue	49,993,910
Capital Projects Funds Revenue	149,327,996
Trust and Agency Funds	1,286,332
Donations	<u>11,300</u>
Total Investment in General Fixed Assets	276,153,302
Less: Accumulated Depreciation.	<u>(118,493,610)</u>
Net Fixed Assets	<u><u>\$157,659,692</u></u>

CITY OF DAYTON, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
DECEMBER 31, 2001

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Building Improvements</u>	<u>Improvements Other than Buildings</u>
General Government:				
Control:				
City Commission	\$ -	\$ -	\$ -	\$ -
City Manager	-	3,359,703	2,090,707	814,272
Courts	-	-	-	-
Total Control	-	3,359,703	2,090,707	814,272
Maintenance and Support				
Planning	-	-	43,698	118,621
Law	-	-	-	-
Finance	-	-	-	502,036
Personnel	-	-	-	15,400
Data Processing	-	-	-	6,296,547
Purchasing	-	-	-	284,046
General Government	49,509,868	12,475,103	15,941,906	26,769,208
Neighborhood and Human Resources	-	-	1,047,137	804,813
Total Maintenance and Support	49,509,868	12,475,103	17,032,741	34,790,671
Total General Government	49,509,868	15,834,806	19,123,448	35,604,943
Public Safety:				
Police Protection	-	4,043,410	1,126,369	9,588,430
Fire Protection	-	5,783,374	1,924,633	2,273,477
Urban Development	-	-	-	116,813
Redevelopment	-	-	-	2,436,905
Neighborhood Development	-	-	-	-
Human Rehabilitation	-	628,503	7,955,625	76,352
Total Public Safety	-	10,455,287	11,006,627	14,491,977
Public Works				
Street Maintenance	-	232,861	-	-
Waste Collection	-	-	138,281	-
Recreation and Parks	-	8,008,113	2,421,113	5,175,897
Engineering	-	-	1,335,381	3,953,105
Convention Center	1,380,255	6,522,939	11,471,796	673,552
Total General Fixed Assets Allocated to Functions	<u>\$50,890,123</u>	<u>\$41,054,006</u>	<u>\$47,835,218</u>	<u>\$60,170,495</u>
Construction - in - Progress				
Total General Fixed Assets				
Less: Accumulated Depreciation				
Net Fixed Assets				

<u>Equipment</u>	<u>Motorized Vehicles</u>	<u>Total</u>
\$67,750	\$219,770	\$287,520
1,216,819	279,114	7,760,615
146,491	168,430	314,921
<u>1,431,060</u>	<u>667,314</u>	<u>8,363,056</u>
97,631	-	259,950
13,956	-	13,956
1,098,062	-	1,600,098
5,481	25,085	45,966
9,496,228	154,111	15,946,886
16,338	-	300,384
186,696	499,880	105,382,661
41,401	-	1,893,351
<u>10,955,793</u>	<u>679,076</u>	<u>125,443,252</u>
<u>12,386,853</u>	<u>1,346,390</u>	<u>133,806,308</u>
1,884,928	4,744,014	21,387,151
1,371,729	9,779,848	21,133,061
-	28,200	145,013
24,003	-	2,460,908
215,470	284,052	499,522
280,518	330,126	9,271,124
<u>3,776,648</u>	<u>15,166,240</u>	<u>54,896,779</u>
41,268	193,951	2,844,812
1,084,443	11,369,747	12,687,051
45,920	7,117,460	7,301,661
392,221	3,771,607	19,768,951
159,309	313,121	5,760,916
474,596	42,979	20,566,117
<u>\$18,361,258</u>	<u>\$39,321,495</u>	<u>\$257,632,595</u>
		<u>18,520,707</u>
		276,153,302
		<u>(118,493,610)</u>
		<u>\$157,659,692</u>

CITY OF DAYTON, OHIO

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
DECEMBER 31, 2001

<u>Function and Activity</u>	<u>Balance at January 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2001</u>
General Government:				
Control:				
City Commission	\$297,505	\$ -	\$9,985	\$287,520
City Manager	7,686,533	75,332	1,250	7,760,615
Courts	302,362	40,739	28,180	314,921
Total Control	8,286,400	116,071	39,415	8,363,056
Maintenance and Support				
Planning	235,398	25,802	1,250	259,950
Law	13,956	-	-	13,956
Finance	1,526,968	75,625	2,495	1,600,098
Personnel	45,966	-	-	45,966
Data Processing	10,616,747	5,442,331	112,192	15,946,886
Purchasing	301,659	-	1,275	300,384
General Government	102,515,254	5,843,536	2,976,129	105,382,661
Neighborhood and Human Resources	1,893,351	-	-	1,893,351
Total Maintenance and Support	117,149,299	11,387,294	3,093,341	125,443,252
Total General Government	125,435,699	11,503,365	3,132,756	133,806,308
Public Safety:				
Police Protection	20,778,051	1,009,509	400,409	21,387,151
Fire Protection	20,949,272	183,789	-	21,133,061
Urban Development	145,013	-	-	145,013
Redevelopment	2,446,560	14,348	-	2,460,908
Neighborhood Development	499,522	-	-	499,522
Human Rehabilitation	9,271,124	-	-	9,271,124
Total Public Safety	54,089,542	1,207,646	400,409	54,896,779
Public Works	496,707	2,348,105	-	2,844,812
Street Maintenance	12,482,928	204,123	-	12,687,051
Waste Collection	7,087,076	534,536	319,951	7,301,661
Recreation and Parks	19,620,983	414,475	266,507	19,768,951
Engineering	1,958,763	3,817,907	15,754	5,760,916
Convention Center	20,541,916	24,201	-	20,566,117
Construction - in - Progress	16,904,118	10,096,601	8,480,012	18,520,707
Total General Fixed Assets	258,617,732	\$30,150,959	\$12,615,389	276,153,302
Less: Accumulated Depreciation	(112,907,285)			(118,493,610)
Net Fixed Assets	\$145,710,447			\$157,659,692

STATISTICAL SECTION

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

CITY OF DAYTON, OHIO

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN YEARS (1)

Year(2)	Downtown	Youth, Education and Human Services	Community Development and Neighborhoods	Economic Development	Leadership and Quality of Life	Corporate Responsibility
2001	\$5,021,369	\$1,436,191	\$2,331,172	\$23,658,978	\$37,964,500	\$22,350,461
2000	4,869,311	1,301,481	3,281,232	21,838,458	43,581,245	20,761,269

Year	Policy Development	Economic Development	Neighborhood Development	Land Use	Community Security	Human Development
1999	\$4,209,530	\$8,666,422	\$21,562,100	\$27,568,631	\$47,025,960	\$17,112,029
1998	3,906,544	8,129,048	20,916,252	27,023,884	43,658,203	15,513,271
1997	3,517,339	6,234,581	22,007,949	24,691,637	41,438,538	16,557,005
1996	3,333,165	5,176,240	19,680,327	24,204,931	36,719,057	15,469,711
1995	3,035,584	5,016,975	17,697,932	23,086,873	33,746,207	13,812,617
1994	2,741,913	2,329,099	18,166,050	23,413,484	34,946,963	13,142,781
1993	3,183,915	2,339,069	20,507,222	22,431,467	29,816,483	14,520,709
1992	2,896,353	2,064,102	17,693,721	21,915,364	28,855,889	13,998,118

(1) Includes general, special revenue and debt service.

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

Source: Finance Department; City of Dayton, Ohio

Public Safety and Justice	Other	Capital Outlay	Debt Service	Total
\$101,900,533	\$373,382	\$2,700,494	\$10,857,264	\$208,594,344
96,185,438	-	802,361	8,673,494	196,424,978

Transportation	Administrative Services	Capital Outlay	Debt Service	Total
\$11,833,639	\$47,817,478	\$137,543	\$9,545,571	\$195,478,903
11,015,768	42,719,087	1,600,399	4,545,625	179,028,081
12,598,951	41,180,581	1,456,176	5,520,712	175,203,469
12,851,449	35,982,191	1,259,976	6,229,068	160,906,115
13,461,208	36,941,100	3,116,588	6,462,872	156,377,956
12,415,315	32,918,053	4,166,146	8,074,252	152,314,056
14,554,398	32,267,293	7,709,116	7,467,236	154,796,908
14,553,499	32,009,407	5,908,070	9,589,726	149,484,249

CITY OF DAYTON, OHIO

GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN YEARS (1)

Year	Taxes	Intergovernmental	Special Assessments	Charges for Services	Licenses and Permits	Fines and Forfeitures
2001	\$146,833,625	\$15,969,587	\$217,330	\$23,256,851	\$1,928,291	\$2,454,517
2000	153,002,507	19,702,445	258,235	22,092,957	1,995,969	1,754,313
1999	147,004,491	20,024,791	380,316	24,247,038	1,620,192	1,211,084
1998	143,115,776	15,426,707	499,771	21,049,556	1,651,854	1,486,577
1997	142,195,336	13,332,977	388,842	18,391,334	1,537,560	1,081,276
1996	136,955,246	11,160,341	532,893	14,169,018	1,341,104	3,141,376
1995	131,722,164	10,136,704	425,856	15,086,577	1,101,256	906,991
1994	129,387,223	11,555,482	524,771	11,848,319	1,095,730	2,382,328
1993	123,336,911	9,264,452	728,560	12,371,976	968,402	2,483,473
1992	120,549,938	9,064,694	903,047	13,500,332	981,122	2,535,513

(1) Includes General, Special Revenue and Debt Service Funds.

Source: Finance Department; City of Dayton, Ohio

Investment Income	Other	Total
\$6,568,991	\$8,085,266	\$205,314,458
9,463,035	3,973,520	212,242,981
5,831,860	3,572,839	203,892,611
7,403,205	2,203,395	192,836,841
6,663,012	2,195,147	185,785,484
6,035,638	2,000,914	175,336,530
4,541,703	1,689,196	165,610,447
3,020,007	689,687	160,503,547
3,998,178	1,031,452	154,183,404
5,770,720	1,716,531	155,021,897

CITY OF DAYTON, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS (1)

Year	Current Tax Levy	Current Tax Collections	Percent of Current Collections to Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to Levy	Outstanding Delinquent Taxes	Percentage of Outstanding Delinquent Taxes to Total Levy
2001	\$18,861,580	\$18,027,699	95.6%	\$1,121,799	\$19,149,498	101.5%	\$3,458,115	18.3%
2000	18,747,632	17,953,577	95.8%	1,028,171	18,981,748	100.1%	4,089,228	21.8%
1999	17,228,696	16,688,916	96.8%	889,833	17,578,749	100.2%	2,854,545	16.6%
1998	17,236,685	16,369,525	95.0%	887,443	17,256,968	100.1%	2,091,752	12.1%
1997	17,139,435	16,499,010	96.3%	820,972	17,319,982	101.1%	2,721,684	15.9%
1996	15,955,014	15,303,711	95.9%	882,680	16,186,391	101.5%	2,754,440	17.3%
1995	15,865,444	15,284,346	96.3%	700,632	15,984,978	100.8%	2,560,886	16.1%
1994	15,828,987	14,720,696	93.0%	658,321	15,379,017	97.2%	2,654,699	16.8%
1993	15,708,639	15,342,123	97.7%	708,859	16,050,982	102.2%	2,754,087	17.5%
1992	15,866,107	15,346,317	96.7%	749,360	16,095,677	101.4%	2,246,536	14.2%

(1) Includes the General, Special Revenue, Debt Service, Trust and Agency Funds. Presented on the cash basis for all years.

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

ASSESSED VALUE AND ESTIMATED TRUE VALUE OF TAXABLE PROPERTY
LAST TEN YEARS (1)

Year	Real Property	Public Utility Real Property	Tangible Personal Property	Total Assessed Value	(1) Estimated Value	Percentage of Assessed Value To Estimated True Value
2001	\$1,321,740,600	\$139,196,290	\$440,728,086	\$1,901,664,976	\$5,897,206,567	32.25%
2000	1,308,366,160	142,951,440	403,346,103	1,854,663,703	5,799,921,138	31.98%
1999	1,199,695,480	150,755,290	387,618,846	1,738,069,616	5,161,385,240	33.67%
1998	1,196,725,090	146,457,920	356,354,152	1,699,537,162	5,080,306,397	33.45%
1997	1,197,994,870	146,932,600	364,241,202	1,709,168,672	5,048,624,860	33.85%
1996	1,098,801,200	144,608,520	352,091,721	1,595,501,441	4,774,338,272	33.42%
1995	1,092,389,270	153,879,570	340,355,176	1,586,624,016	4,922,188,818	32.23%
1994	1,101,588,140	148,330,870	331,905,260	1,581,824,270	4,898,818,212	32.29%
1993	1,076,506,330	148,783,680	347,624,932	1,572,914,942	4,891,328,328	32.16%
1992	1,097,505,920	141,675,220	369,648,678	1,608,829,818	4,962,243,228	32.42%

(1) This is calculated by dividing the assessed value by the assessment percentage. The percentages for 2001 were thirty-five percent (35%) for all real property, eighty-eight (88%) for public utility tangible personal property and twenty five percent (25%) for tangible personal and interexchange telecom public utility.

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

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

Collection Year	Direct 10 Mill Limitation (By Ohio Constitution)				By November 6, 1945 Charter Amendment		
	Debt Service Fund	Judgment Trust Fund	Street Maintenance Fund	Total	Debt Service Fund	General	Total
2001	\$0.15	\$0.00	\$1.35	\$1.50	\$3.50	\$5.00	\$8.50
2000	0.15	0.50	0.85	1.50	3.50	5.00	8.50
1999	0.15	0.50	0.85	1.50	3.50	5.00	8.50
1998	0.15	0.00	1.35	1.50	3.50	5.00	8.50
1997	0.15	0.50	0.85	1.50	3.50	5.00	8.50
1996	0.15	0.50	0.85	1.50	3.50	5.00	8.50
1995	0.15	0.50	0.85	1.50	3.50	5.00	8.50
1994	0.15	0.50	0.85	1.50	3.50	5.00	8.50
1993	0.15	0.50	0.85	1.50	3.50	5.00	8.50
1992	0.65	0.50	0.35	1.50	3.50	5.00	8.50

(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 of Dayton 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. Our City Charter also has a ten-mill limitation which prohibits the City from levying a total tax rate for all purposes in excess of ten mills. As a result of the passage of a Charter amendment, the City has been levying an additional 8.5 mills above the 1.5 mills. This additional millage has resulted in a total property tax rate of ten mills for the City of Dayton, the maximum permitted by the City Charter.

Source: County Auditor; Montgomery County, Ohio

City of Dayton Grand Total	Dayton City School District	Montgomery County	Montgomery County Public Library
\$10.00	\$62.65	\$16.64	\$0.26
10.00	62.65	16.64	0.26
10.00	62.65	16.64	0.26
10.00	62.65	16.64	0.26
10.00	62.65	16.64	0.72
10.00	62.65	16.64	0.72
10.00	62.65	16.64	0.72
10.00	62.65	16.14	0.00
10.00	62.65	13.65	0.00
10.00	52.25	13.65	0.00

CITY OF DAYTON, OHIO

SPECIAL ASSESSMENT BILLED AND COLLECTED
LAST TEN YEARS

Year (3)	Current Assessments Due (1)	Current Assessments Collected (1)	Percent of Current Collections to Current Assessments	Delinquent Assessments Collected (1)	Total Assessments Collected	Percent of Total Assessments Collected to Current Due (2)
2001	\$1,481,584	\$1,159,041	78.2%	\$192,008	\$1,351,049	91.2%
2000	1,392,991	769,441	55.2%	158,810	928,251	66.6%
1999	1,346,031	736,056	54.7%	189,940	925,996	68.8%
1998	1,726,054	1,171,223	67.9%	137,995	1,309,218	75.9%
1997	1,777,543	450,731	25.4%	106,135	556,866	31.3%
1996	1,001,476	358,649	35.8%	190,900	549,549	54.9%
1995	1,005,686	369,126	36.7%	118,995	488,121	48.5%
1994	809,459	390,427	48.2%	175,405	565,832	69.9%
1993	475,974	346,157	72.7%	109,309	455,466	95.7%
1992	489,145	390,187	79.8%	101,531	491,718	100.5%

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

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

(3) Beginning in 1994, this table includes nuisance abatement and weed mowing 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

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

Year	Net General Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
2001	\$54,101,466	\$1,901,664,976	166,179	2.84%	\$326
2000	33,448,972	1,854,663,703	166,179	1.80%	201
1999	27,526,130	1,738,069,616	167,475	1.58%	164
1998	43,224,643	1,699,537,162	172,947	2.54%	250
1997	9,463,362	1,709,168,672	172,947	0.55%	55
1996	14,767,060	1,595,501,441	178,540	0.93%	83
1995	19,402,055	1,586,624,016	182,005	1.22%	107
1994	24,078,345	1,581,824,270	182,005	1.52%	132
1993	24,885,632	1,572,914,942	182,005	1.58%	137
1992	19,587,597	1,608,829,818	182,005	1.30%	108

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

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

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

(4) In years 1996 - 1999 the City had no general obligation debt. All debt was repaid through enterprise operations.

CITY OF DAYTON, OHIO

COMPUTATION OF LEGAL DEBT MARGINS
DECEMBER 31, 2001

COMPUTATION OF OVERALL LEGAL DEBT MARGIN

Assessed Value		<u><u>\$1,901,664,976</u></u>
Overall Debt Limitation		
10 1/2 Percent of Assessed Valuation		\$199,674,822
Total Voted and Unvoted Debt Outstanding at December 21, 2001	181,263,183	
Less: Exempt Debt		
Primary Government:		
Golf Renovation General Obligation Bonds	3,599,037	
Airport General Obligation Bonds and Note	7,830,000	
Waterworks Revenue Bonds (1)	32,260,000	
Ohio Water Development Authority Loan	19,957,154	
Ohio Public Works Commission Loan	950,000	
Airport Revenue Bonds (1)	33,960,000	
Special Assessment Bonds and Note	471,029	
Capital Facilities and Various Purpose Income Tax Bonds	54,740,963	
Economic Development Bonds	<u>11,530,000</u>	
Debt Within 10 1/2 Percent Limitation	15,965,000	
Less: Bond Retirement Fund Balance	<u>16,604,497</u>	
Net Debt Subject to 10 1/2 Percent Limitation		<u>0</u>
Legal Debt Margin Within 10 1/2 Percent Limitation		<u><u>\$199,674,822</u></u>

COMPUTATION OF UNVOTED LEGAL DEBT MARGIN

Assessed Value		<u><u>\$1,901,664,976</u></u>
Unvoted Debt Limitation		
5 1/2 Percent of Assessed Valuation		\$104,591,574
Total Unvoted Debt Outstanding at December 21, 2001	181,263,183	
Less: Exempt Debt		
Primary Government:		
Golf Renovation General Obligation Bonds	3,599,037	
Airport General Obligation Bonds and Note	7,830,000	
Waterworks Revenue Bonds (1)	32,260,000	
Ohio Water Development Authority Loan	19,957,154	
Ohio Public Works Commission Loan	950,000	
Airport Revenue Bonds (1)	33,960,000	
Special Assessment Bonds and Note	471,029	
Capital Facilities and Various Purpose Income Tax Bonds	54,740,963	
Economic Development Bonds	<u>11,530,000</u>	
Debt Within 5 1/2 Percent Limitation	15,965,000	
Less: Bond Retirement Fund Balance	<u>16,604,497</u>	
Net Debt Subject to 5 1/2 Percent Limitation		<u>0</u>
Legal Debt Margin Within 5 1/2 Percent Limitation		<u><u>\$104,591,574</u></u>

(1) Airport and Waterworks revenue bonds are shown on the balance Sheet net of a discount and unamortized deferred charges of \$350,250 and \$1,993,566, respectively.

CITY OF DAYTON, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING
GENERAL OBLIGATION BONDED DEBT
DECEMBER 31, 2001

Jurisdiction	Assessed Value	Net General Bonded Debt	Percentage Overlapping	Net Tax Supported Overall Debt
Direct:				
City of Dayton	\$1,901,664,976	\$54,101,466	100%	<u>\$54,101,466</u>
Overlapping Debt:				
Dayton City School District	1,968,938,073	0	97.09%	0
Montgomery County	9,198,990,659	42,555,000	20.70%	<u>8,808,885</u>
Total Overlapping Debt				<u>8,808,885</u>
Total Direct and Overlapping Debt				<u><u>\$62,910,351</u></u>

Source: County Auditor; Montgomery County, Ohio

Note: The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

CITY OF DAYTON, OHIO

RATIO OF ANNUAL DEBT PRINCIPAL AND INTEREST EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL
GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS (1)

Year	Principal (2)	Interest and Fiscal Charges (2)	Total	Total General Expenditures	Ratio of Debt Service to General Expenditures
2001	\$6,524,068	\$4,333,196	\$10,857,264	\$208,594,344	5.20%
2000	4,465,000	2,917,114	7,382,114	201,192,360	3.70%
1999	5,295,000	3,139,008	8,434,008	195,478,903	4.30%
1998	2,200,000	2,057,228	4,257,228	179,028,081	2.40%
1997	2,657,475	1,840,797	4,498,272	175,203,469	2.60%
1996	4,147,664	2,081,404	6,229,068	160,906,115	3.90%
1995	4,120,582	2,342,289	6,462,871	156,377,956	4.10%
1994	5,636,163	2,438,089	8,074,252	152,314,056	5.30%
1993	5,200,939	2,266,297	7,467,236	154,796,908	4.80%
1992	6,969,964	2,619,762	9,589,726	149,484,249	6.40%

(1) Total General Expenditures include General, Special Revenue, and Debt Service Funds.

(2) Excludes general obligation debt reported in the enterprise funds.

Source: Finance Department; City of Dayton, Ohio

CITY OF DAYTON, OHIO

REVENUE BOND COVERAGE
DAYTON INTERNATIONAL AIRPORT
LAST TEN YEARS

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	\$17,388,079	\$1,890,000	\$1,910,247	\$3,800,247	4.58
2000	6,922,358	1,800,000	1,994,329	3,794,329	1.82
1999	9,114,117	1,725,000	2,073,164	3,798,164	2.40
1998	10,690,242	1,645,000	2,146,660	3,791,660	2.82
1997	9,775,151	1,580,000	2,215,570	3,795,570	2.58
1996	8,861,002	1,520,000	2,473,688	3,993,688	2.22
1995	4,915,697	1,075,000	3,199,898	4,274,898	1.15
1994	8,357,703	1,015,000	3,254,828	4,269,828	1.96
1993	5,228,138	970,000	3,305,815	4,275,815	1.22
1992	5,664,737	690,000	3,881,020	4,571,020	1.24

(1) Net Revenue Available for Debt Service is computed by adding net income (loss) for the reporting period to depreciation, amortization, and interest expense.

CITY OF DAYTON, OHIO

REVENUE BOND COVERAGE
WATER FUND
LAST TEN YEARS

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	\$19,668,398	\$4,805,000	\$1,493,310	\$6,298,310	3.12
2000	18,333,123	4,625,000	1,678,310	6,303,310	2.91
1999	15,414,054	5,000,000	1,389,983	6,389,983	2.41
1998	13,764,616	750,000	3,436,222	4,186,222	3.29
1997	11,138,819	710,000	3,478,112	4,188,112	2.66
1996	11,221,602	670,000	3,516,302	4,186,302	2.68
1995	14,246,626	2,095,000	4,204,486	6,299,486	2.26
1994	22,095,917	1,940,000	4,360,706	6,300,706	3.51
1993	19,453,064	1,800,000	4,502,118	6,302,118	3.09
1992	18,917,014	1,675,000	4,630,318	6,305,318	3.00

(1) Net Revenue Available for Debt Service is computed by adding net income (loss) for the reporting period to depreciation, amortization, and interest expense.

CITY OF DAYTON, OHIO

DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Fiscal Year	Population (1)	Public School Enrollment (2)				Unemployment Statistics (3)	Age Distribution of Population for the Last Three Censuses:			
		Elementary	Intermediate	High	Total		Age	2000	1990	1980
2001	166,179	12,023	3,345	5,474	20,842	7.4%	Under 5	7.1%	8.5%	8.2%
2000	166,179	11,995	3,568	5,516	21,079	6.0	5-14	14.1	13.8	14.3
1999	167,475	13,228	3,515	5,735	22,478	4.0	15-24	18.2	16.8	20.7
1998	172,947	16,305	3,386	6,595	26,286	6.6	25-34	14.1	18.0	16.1
1997	172,947	15,671	4,394	6,102	26,167	6.9	35-44	14.9	13.0	8.9
1996	178,540	16,052	4,328	6,599	26,979	7.6	45-54	12.1	8.3	9.5
1995	182,005	15,913	4,246	6,832	26,991	7.2	55-64	7.5	8.5	10.2
1994	182,005	16,210	4,442	6,690	27,342	8.5	65+	12.0	13.1	12.1
1993	182,005	15,979	4,593	6,568	27,140	8.2				
1992	182,005	16,532	4,601	6,171	27,304	9.5				

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

(2) Source: Records of the Dayton Board of Education, Office of Public Information.

(3) Unemployment rate are an average of that year. Source: Ohio Bureau of Employment Services.

CITY OF DAYTON, OHIO

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN YEARS

Year	Real Property (1)		Building Permits Issued (2)	Estimated Value of Buildings (2)	County Bank Deposits (3)
	Assessed Value	Estimated Market Value			
2001	\$1,321,740,600	\$3,776,401,714	1,206	\$129,052,146	\$208,298,000
2000	1,308,366,160	3,738,189,028	1,652	124,091,672	191,473,000
1999	1,199,695,480	3,427,701,371	1,564	80,143,557	2,994,378,000
1998	1,196,725,090	3,419,214,543	1,390	101,936,784	3,264,705,000
1997	1,197,994,870	3,422,842,486	1,634	82,811,189	3,530,314,000
1996	1,098,801,200	3,139,432,000	1,512	67,723,613	3,899,145,000
1995	1,092,389,270	3,121,112,200	1,571	91,960,478	3,995,114,000
1994	1,101,588,140	3,147,394,686	1,597	90,875,248	4,034,766,000
1993	1,076,506,330	3,075,732,371	1,574	84,860,993	3,834,335,000
1992	1,097,505,920	3,135,731,200	1,281	82,475,017	4,068,798,000

Source: (1) County Auditor; Montgomery County, Ohio

(2) City of Dayton Division of Business Services, Permit Section.

(3) Decrease for 2000 due to bank restructuring. Deposits at end of year are no longer held in Montgomery County, but in Cuyahoga County.

CITY OF DAYTON, OHIO

PRINCIPAL TAXPAYERS
DECEMBER 31, 2001

The following is a list of the ten largest ad valorem taxpayers (based on the taxable valuation of their property) subject to the City's taxing jurisdiction.

Taxpayer	Nature of Business	Tangible Property Taxable Valuation	Real Property Taxable Valuation (1)	Total Taxable Valuation (1)	Percentage of Total Assessed Valuation
Dayton Power and Light Company	Public Utility		\$51,863,080	\$51,863,080	2.73%
Delphi Automotive Systems Corporation	Automotive	\$52,521,980	4,056,190	56,578,170	2.97%
NCR	Computer Technology	19,263,090	16,290,710	35,553,800	1.87%
Ohio Bell Telephone Company	Public Utility		28,574,470	28,574,470	1.50%
Cargill, Incorporated	Manufacturing	21,247,870	2,155,650	23,403,520	1.23%
Tate & Lyle Citric Acid Incorporated	Manufacturing	15,232,140	1,308,240	16,540,380	0.87%
Emery Air Freight Incorporated	Air Freight	24,069,070		24,069,070	1.27%
Reynolds and Reynolds	Manufacturing	11,242,900		11,242,900	0.59%
Daimler Chrysler Corporation	Automotive	11,355,680	5,027,130	16,382,810	0.86%
Total		154,932,730	109,275,470	264,208,200	13.89%
All Other Taxpayers		285,795,356	1,351,661,420	1,637,456,776	86.11%
Total Assessed Valuation		<u>\$440,728,086</u>	<u>\$1,460,936,890</u>	<u>\$1,901,664,976</u>	<u>100.00%</u>

(1) Includes Public Utility Real

Source: County Auditor; Montgomery County, Ohio

(Continued)

CITY OF DAYTON, OHIO

PRINCIPAL TAXPAYERS
DECEMBER 31, 2001
(Continued)

The listing of employers as shown is based on income tax withholding recorded by the City of Dayton Division of Taxation.

Name of Taxpayer	Nature of Business
AT&T/NCR	Computer Technology
Delphi Automotive Systems Corporation	Automotive
Miami Valley Hospital	Hospital
Montgomery County	Government
City of Dayton	Government
Dayton City School District	Education
Reynolds and Reynolds	Manufacturing
University of Dayton	Education
Good Samaritan Hospital	Hospital
Veterans Administration	Hospital

CITY OF DAYTON, OHIO

MISCELLANEOUS STATISTICS DECEMBER 31, 2001

Date of Incorporation	February 12, 1805
Date Present Charter Adopted	August 12, 1913
Form of Government	Commission-Manager Plan
Area - Square Miles	56.3
Miles of Streets and Alleys Paved	855
Miles of Sewers:	
Storm	400
Sanitary	600
Number of Street Lights	20,030
Employees as of December 31, 2001 (all positions)	2,925
Elections:	
Number of Registered Voters	83,913
Number of Votes Cast in Last General Election	37,646
Percentage of Registered Voters Voting in Last General Election	44.86%
Municipal Water Department:	
Number of Accounts	58,321
Average Daily Consumption (million gallons)	48.00
Miles of Water Mains	772.9
Fire Protection:	
Number of Stations	14
Number of Employees	423
Police Protection:	
Number of Districts	5
Number of Employees	625
Recreation and Park Facilities:	
Number of Acres	2,000
Total Facilities	84
Tennis Courts	68
Golf Courses	6
Swimming Pools (including wading)	28

CITY OF DAYTON, OHIO

HIGHEST STANDARDS FOR FINANCIAL REPORTING

The following Department of Finance personnel contributed directly to the 2001 Comprehensive Annual Financial Report:

Cheryl J Garrett	Finance Director
Forrest K Betcher	Accounting & Treasury Manager
Frank K Ghand	Financial Analyst II
Gregory A Osborne	Financial Analyst II
Joseph M Rieger	Financial Analyst II
Linda M Odom	Financial Analyst I
Gayle E Reed	Financial Analyst I
Chris Wilson	Finance Technician II

Appreciation is extended to all the staff for a fine and useful product and also to individuals in: Accounting and Treasury, Revenue and Taxation, Department of Management and Budget, and the other offices that contributed to the preparation of this Report. We also wish to thank our consultant, Trimble, Julian and Grube, Inc., for their assistance on this project.

CITY OF DAYTON, OHIO

**PASSENGER FACILITY CHARGE
PROGRAM REPORT**

for the year ended December 31, 2001

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Schedule of Expenditures of Passenger Facility Charges	5
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Foxx & Company
Certified Public Accountants

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

The Honorable Members of the City Commission
City of Dayton, Ohio

We have audited the general purpose financial statements of the City of Dayton, Ohio, as of and for the year ended December 31, 2001, and have issued our report thereon dated June 21, 2002. We did not audit the financial statements of the CityWide Development Corporation, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the general purpose financial statements, insofar as it relates to amounts included for the discretely presented component unit, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Dayton, Ohio's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Dayton, Ohio in a separate letter dated June 21, 2002.

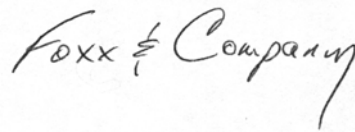
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Dayton, Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City of Dayton, Ohio's ability to record, process, summarize and report financial data

consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as Item 01-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider Item 01-01 to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of the City of Dayton, Ohio in a separate letter dated June 21, 2002.

This report is intended for the information of the audit committee management, the Ohio Auditor of State and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Fox & Company". The signature is written in dark ink on a light-colored background.

Cincinnati, Ohio
June 21, 2002



Foxx & Company
Certified Public Accountants

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH *THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR
PUBLIC AGENCIES* AND SCHEDULE OF EXPENDITURES OF PASSENGER
FACILITY CHARGES**

The Honorable Members of the City Commission
City of Dayton, Ohio

Compliance

We have audited the compliance of the City of Dayton, Ohio with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2001. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the City of Dayton, Ohio's management. Our responsibility is to express an opinion on the City of Dayton, Ohio's compliance based on our audit.

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

In our opinion, the City of Dayton, Ohio complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2001.

Internal Control Over Compliance

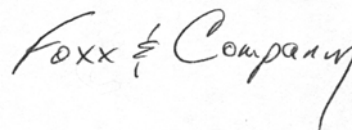
The management of the City of Dayton, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the City of Dayton, Ohio's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Passenger Facility Charges

We have audited the general purpose financial statements of City of Dayton, Ohio, as of and for the year ended December 31, 2001, and have issued our report thereon dated June 21, 2002. We did not audit the financial statements of the CityWide Development Corporation, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the general purpose financial statements, insofar as it relates to amounts included for the discretely presented component unit, is based on the report of the other auditors. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Passenger Facility Charges is presented for purposes of additional analysis as specified in the Guide and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of the audit committee management, the Ohio Auditor of State and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.



Cincinnati, Ohio
June 21, 2002

CITY OF DAYTON, OHIO
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
for the year ended December 31, 2001

<u>Grantor Agency/Program</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>PFC Receipts</u>	<u>PFC Expenditures</u>
<u>U. S. Department of Transportation</u>				
Passenger Facility Charges	N/A	Application 2	<u>\$ 3,198,875</u>	<u>\$ 600,000</u>
Total U.S. Department of Transportation			<u>\$ 3,198,875</u>	<u>\$ 600,000</u>

CITY OF DAYTON, OHIO

**NOTES TO SCHEDULE OF EXPENDITURES OF
PASSENGER FACILITY CHARGES**

for the year ended December 31, 2001

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Passenger Facility Charges is a summary of the activity of City of Dayton, Ohio's passenger facility charges. The schedule has been prepared on the cash basis of accounting. Passenger Facility Charges collected by the City of Dayton are legally restricted for capital projects and related expenditures, and cannot be used for any other purpose. Receipts reported consist of the following:

PFC Charges	\$3,198,875
Interest Income	<u>133,290</u>
Total	<u>\$3,332,165</u>

CITY OF DAYTON, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended December 31, 2001

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	: yes	9 no
Reportable condition(s) identified not considered to be material weaknesses?	9 yes	: none reported
Noncompliance material to financial statements noted?	9 yes	: no

Passenger Facility Charge Program

Internal Control over Passenger Facility Charge Program:		
Material weakness(es) identified?	9 yes	: no
Reportable condition(s) identified not considered to be material weaknesses?	9 yes	: none reported
Type of auditor's report issued on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with the Passenger Facility Charge Audit Guide for Public Agencies?	9 yes	: no

**2. Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

<i>Finding Number</i>	01-01
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Reconciliation of Cash Balances

The City did not perform monthly bank account reconciliations during calendar year 2001. The City performed a single reconciliation of actual cash and investment balances to amounts recorded in the accounting system as of December 31, 2001. The annual reconciliation identified adjustments that needed to be made to the accounting system in order to properly state cash and investment balances. The City is in the process of implementing procedures to cash and investment balances to the accounting system on a monthly basis.

Recommendation

We recommend that the City implement procedures to ensure all cash and investment balances are reconciled to the accounting system on a monthly basis.

3. Findings and Questioned Costs for Federal Awards

None

CITY OF DAYTON, OHIO
PASSENGER FACILITY CHARGES
for the year ended December 31, 2001

There were no audit findings or questioned costs relative to the Passenger Facility Charge Program for the audit of the City of Dayton, Ohio for the year ended December 31, 2000.

CITY OF DAYTON, OHIO

CORRECTIVE ACTION PLAN

for the year ended December 31, 2001

Finding Number 01-01

The City has assigned specific staff to perform monthly reconciliations of cash balances. The reconciliations will be submitted to the Supervisor of the newly formed Audit Section for review. The monthly reconciliations will also be submitted to the Accounting and Treasury Manager and the Finance Director. The City is currently performing reconciliations and has completed a reconciliation of the City's accounting system to the bank balance for the first quarter of calendar year 2002.

Contact Person: Mr. Forrest K. Betche, Accounting and Treasury Manager.

Date: September 30, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CITY OF DAYTON

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 27, 2002**