
City of Dayton, Ohio

Independent Auditors' Report on
Compliance and Internal Controls
and Schedule of Expenditures of Federal Awards
and Schedule of Passenger Facility Charges

December 31, 2009



Mary Taylor, CPA
Auditor of State

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

We have reviewed the Independent Auditor' Report of the City of Dayton, Montgomery County, prepared by Clark, Schaefer, Hackett & Co. for the audit period December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 25, 2010

TABLE OF CONTENTS

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards* 1 - 2

Report on Compliance with Requirements Applicable to Each Major
Program and on Internal Control Over Compliance in Accordance with
OMB Circular A-133 and on Schedule of Expenditures of Federal Awards
and Schedule of Passenger Facility Charges3 – 4

Schedule of Expenditures of Federal Awards.....5 – 7

Schedule of Passenger Facility Charges8

Notes to Schedule of Expenditures of Federal Awards9

Schedule of Findings and Questioned Costs..... 10 - 13

Summary Schedule of Prior Audit Findings14

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

Members of the City Commission
City of Dayton, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2010. We did not audit the financial statements of the City Wide Development Corporation, the City's only discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 2009-001 and 2009-002 in the accompanying schedule of findings and questioned costs to be material weaknesses.

2525 north limestone street, ste. 103
springfield, oh 45503

www.cshco.com
p. 937.399.2000
f. 937.399.5433

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as item 2009-003 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

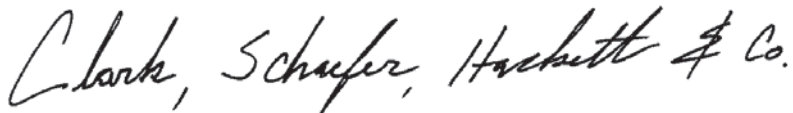
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters, which is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2009-004.

We noted certain additional matters that we reported to management of the City in a separate letter dated June 30, 2010.

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

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



Springfield, Ohio
June 30, 2010

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

Members of the City Commission
City of Dayton, Ohio

Compliance

We have audited the compliance of the City of Dayton, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs and the Passenger Facility Charge Audit Guide for Public Agencies (the "Guide"), issued by the Federal Aviation Administration, for the City's Passenger Facility Charge ("PFC") Program for the year ended December 31, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs and its PFC Program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs and its PFC Program for the year ended December 31, 2009.

Internal Control Over Compliance

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

2525 north limestone street, ste. 103
springfield, oh 45503

www.cshco.com
p. 937.399.2000
f. 937.399.5433

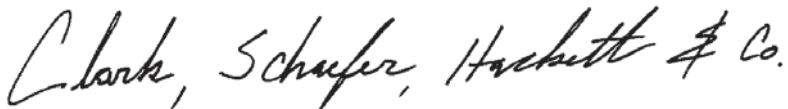
A deficiency in internal control over compliance exists when the design or the operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2009, and have issued our report thereon dated June 30, 2010. We did not audit the financial statements of the City Wide Development Corporation, the City's only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar, as it relates to the amounts included for the component unit, is based on the report of the other auditors. Our audit was performed for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of passenger facility charges are presented for the purpose of additional analysis as required by OMB Circular A-133 and the Guide and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Springfield, Ohio
June 30, 2010

CITY OF DAYTON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

Grantor Agency/Programs	CFDA Number		Project Number	Federal Expenditures
<u>U.S. Dept. of Housing and Urban Development</u>				
<u>CDBG - Entitlement Grants Cluster</u>				
Community Development Block Grants/Entitlements Grants	14.218		CB-07-MC-39-0010	\$ 1,123,785
			CB-08-MC-39-0010	950,887
			CB-08-MN-39-0006	513,426
			CB-09-MC-39-0010	4,489,825
Subtotal				<u>7,077,923</u>
Community Development Block Grants/Entitlement Grants	14.253	ARRA	CB-09-MY-39-0010	207,598
<u>Total CDBG - Entitlement Grants Cluster</u>				<u>7,285,521</u>
CDBG - State Program and Non-Entitlement Grant	14.228		A-Z-08-268-1	25,962
Emergency Shelter Grants Program	14.231		S-08-MC-39-0010	286,958
Shelter Plus Care	14.238		OH-16-C-30-5001	143,203
			OH-16-C-40-5001	192,285
			OH-16-C-50-5001	59,999
			OH-16-C-60-5001	80,681
			OH-16-C-70-5015	1,392,288
			OH-16-C-70-5014	416,228
Subtotal				<u>2,284,684</u>
HOME Investment Partnerships Program	14.239		M-07-MC-39-0205	1,034,616
			M-08-DC-39-0205	173,852
			M-09-DC-39-0205	2,761,588
Subtotal				<u>3,970,056</u>
CDBG - Brownfield Economic Development Initiative	14.246		B-04-SP-OH-0618	106,619
			B-04-SP-OH-0618	499,930
Subtotal				<u>606,549</u>
Homeless Prevention	14.257	ARRA	S-09-MY-39-0010	226,892
Fair Housing Assistance Programs	14.401		FF-205-K-98-5019	1,148
			FF-205-K-04-5019	8,182
			FF-205-K-04-5019	82,354
Subtotal				<u>91,684</u>
Total U.S. Department of Housing and Urban Development				\$ 14,778,306
<u>U.S. Department of Justice</u>				
Public Safety Partnership and Community Policing Grants	16.710	ARRA	2009-RJ-WX-0066	\$ 319,302
Byrne Memorial Justice Assistance Grant Program	16.738		2008-DJ-BX-0411	27,791
			2007-DJ-BX-1074	37,800
			2006-DJ-BX-0672	178,820
			2009-DJ-BX-0797	87,214
Subtotal				<u>331,625</u>
Anti-Gang Initiative	16.744		2007-PS-AGI-301	17,652
			2007-PS-AGI-361	56,171
Subtotal				<u>73,823</u>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590		2008-WE-AX-0041	86,020
Crime Victim Assistance	16.575		2005VAGENE500	40,231
Byrne Memorial Justice Assistance Grants to Local Governments	16.804	ARRA	2009-SB-B9-1364	639,676
Total U.S. Department of Justice				\$ 1,490,677

(Continued)

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

CITY OF DAYTON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)

Grantor Agency/Programs	CFDA Number		Project Number	Federal Expenditures
<u>U.S. Department of Transportation</u>				
Airport Improvement Program	20.106	ARRA	3-39-0029-6909	\$ 663,810
			3-39-0029-5807	6,202
			3-39-0029-6207	16,252
			3-39-0029-6307	269,659
			3-39-0029-6408	2,245,057
			3-39-0029-6508	252,877
			3-39-0029-6608	957,452
			3-39-0030-0908	1,823
			3-39-0029-7109	2,507,342
			3-39-0029-7009	645,572
			3-39-0029-6708	261,131
			3-39-0029-5807	45,900
			3-39-0029-6007	638,862
			3-39-0029-6107	306,344
			3-39-0029-5105	14,281
			3-39-0029-5606	7,857
			3-39-0030-0807	279
			3-39-0029-5907	576,690
			3-39-0029-7209	577,233
			3-39-0030-1109	19,335
			Subtotal	<u>10,013,958</u>
Federal Transit Formula Grants	20.507		Phoenix Gateway	13,200
			Gateway Bus Shelter	24,984
			Subtotal	<u>38,184</u>
<i>Passed through Ohio Department of Transportation</i>				
Highway Planning and Construction	20.205	ARRA ARRA	PID 86308	1,205,654
			PID 86307	346,120
			GG-2009-57-00-00-00823-00	29,971
			PID 80238	16,111
			PID 81022	813,535
			PID 76445	298,227
			PID 78823	479,774
			PID 84075	1,650,000
			PID 80024	6,887,253
			PID 78104	2,447,468
			PID 77774	24,774
			Subtotal	<u>14,198,887</u>
<i>Passed through Ohio Department of Public Safety</i>				
<u>Highway Safety Cluster</u>				
State and Community Highway Safety	20.600		HVEO -2009-57-00-00-00249-00	55,606
			HVEO-2010-57-00-00-00323-00	2,130
			Subtotal	<u>57,736</u>
Incentive Grants - Alcohol Impaired Driving Countermeasures	20.601		OVITF -2009-57-00-00-00379-00	161,555
			OVITF -2009-57-00-00-00379-00	16,517
			Subtotal	<u>178,072</u>
<u>Total Highway Safety Cluster</u>				<u>235,808</u>
Total U.S. Department of Transportation				\$ <u>24,486,837</u>

(Continued)

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

CITY OF DAYTON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

<u>Grantor Agency/Programs</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Homeland Security</u>			
Metropolitan Medical Response System	97.071	2006-GM-T6-0051	\$ 59,554
		75101140 EMW-2004-GR-0650	114,677
Subtotal			<u>174,231</u>
Disaster Grants - Public Assistance	97.036	FEMA-1805-DR-113-21000	69,900
Homeland Security Grant Program	97.067	2007-GE-T7-0030	214,383
TSA Airport Checked Baggage Inspection System Program	97.117	ARRA HSTS04-09-H-REC153	<u>365,640</u>
Total U.S. Department of Homeland Security			<u>\$ 824,154</u>
<u>U.S. Department of Commerce</u>			
Investment for Public Works and Economic Development Facilities	11.300	06-01-05153	<u>\$ 1,768,407</u>
Total U.S. Department of Commerce			<u>\$ 1,768,407</u>
<u>U.S. Department of Defense</u>			
Flood Control Projects	12.106	Sec. 594 Assistance	<u>\$ 366,937</u>
Total U.S. Department of Defense			<u>\$ 366,937</u>
<u>U.S. Department of Energy</u>			
Energy Efficiency and Conservation Block Grant Programs	81.128	ARRA DE-FOA-0000013	<u>\$ 221,220</u>
Total U.S. Department of Energy			<u>\$ 221,220</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 43,936,538</u>

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

CITY OF DAYTON, OHIO
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Grantor Agency/Programs</u>	<u>Project Number</u>	<u>PFC Receipts</u>	<u>PFC Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passenger Facilities Charges	Applications 4 and 5	\$ 5,453,849	\$ 2,609,083
Interest Earned		210,218	-
Total U.S. Department of Transportation		<u>\$ 5,664,067</u>	<u>\$ 2,609,083</u>

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

1. Basis of Presentation

The accompanying schedule of federal awards and schedule of passenger facility charges are prepared using the cash basis of accounting in accordance with the format as set forth in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration.

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	None noted

Identification of major programs:

CDGB – Entitlement Grants Cluster:

- CFDA 14.218 – Community Development Block Grants/Entitlements
- CFDA 14.253 – Community Development Block Grants/Entitlements ARRA

- CFDA 14.238 – Shelter Plus Care
- CFDA 14.257 – Homelessness Prevention
- CFDA 20.106 – Airport Improvement Program
- CFDA 20.205 – Highway Planning and Construction
- CFDA 97.117 – TSA Airport Checked Baggage Inspection System Program

Dollar threshold to distinguish between Type A and Type B programs:	\$1,318,096
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2009-001: Information Technology System

The accounts receivable application currently being utilized by the City to account for numerous types of amounts owed for services performed by the City is hosted on the Oracle database version 7.3.3., which is no longer being supported by Oracle. This significantly increases the risk that any technical issues encountered with the database may render the system inoperable for a significant period of time. In addition, it is not certain if information contained within the system could be retrieved if the system would become inoperable. The City is in the process of replacing the accounts receivable module within the accounting system, however as of the date of this report, the new module is not being utilized in the financial operations of the City. The conversion to and full utilization of the module is anticipated to occur during the later part of 2010.

Should the current accounts receivable application become inoperable for any significant amount of time it would significantly increase the risk that amounts owed to the City could not be identified or tracked in a timely basis.

The City should place an emphasis on replacing the accounts receivable module currently being utilized by avoiding any further delays in implementing, populating and utilizing the new module as soon as possible.

Management Response:

The upgrade to Oracle RDBMS 10 was completed fall, 2009. The upgrade to Banner 8.0 was completed January, 2010. The Accounts Receivable module is available in Banner 8.0. The migration from Oracle Receivables to Banner 8.0 is not yet complete. There is an outstanding system upgrade issue and process issue to resolve before this migration can be completed.

Finding 2009-002: Audit Adjustments

Management is responsible for designing and implementing internal controls over financial reporting which provides reasonable assurance of the integrity of the financial reporting process, the safeguarding of assets and compliance with applicable laws, regulations and contracts.

Audit adjustments were necessary to correct various errors, including:

- Recognition of intergovernmental receivables associated with grants awarded to the City during 2009 in which all eligibility requirements had been met during the year however not all of the grant funding had been received by year-end.
- Accruing retainage funds owed to contractors at year-end for which no payable was recorded or in some cases, the payable was not for the entire amount of retainage owed.
- Understatement of accounts receivable amounts recorded for the City's enterprise activities due to improper calculation of outstanding receivables recorded in the accounting system during the GAAP conversion process.
- Reducing amounts capitalized as construction in progress (CIP) in the enterprise funds due to errors noted in the worksheet used to track CIP in the GAAP conversion process.
- Reducing amount reported as accounts payable in the Airport Fund due to a journal entry from the prior year not being properly reversed out in the trial balance.

The City should review the procedures and controls in place to prepare its annual financial statements to ensure an adequate internal control environment exists to identify potential misstatements during the GAAP conversion process and preparation of the annual financial statements. The annual audit process should not be considered part of the internal controls to detect misstatements in the amounts reported on the financial statements.

Management Response:

The City will implement processes and procedures to; ensure that intergovernmental receivables are accurately reported in the future; will expand current procedures for capturing retainage; will ensure that our working papers agree to the last day of the year Accounts Receivable aged trial balance with the appropriate columns for items being classified as un-collectibles and another column adding January and February receipts to come to the ending Accounts Receivable; will thoroughly review and analyze all accounts payable for previous year and ensure all figures are properly reversed out to avoid understating current year's expenses.

Finding 2009-003: Financial Accounting System

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

In addition, the City utilizes certain "periods" after year-end to validate, reconcile and correct certain information within the accounts of the system. These additional periods seem to cause some difficulties with personnel utilizing various reports produced by the system because they are not sure which periods are included and if those reports present financial information occurring during the actual calendar year or if the information has been adjusted after year-end. Furthermore, it was noted that each transaction is given a document date which is assigned by the system when the data is entered. In the process of running certain system reports, a fiscal year is required to be entered as part of the search criteria and it is possible to pull transactions from a different fiscal year into a report for the current year.

Finally, it has been noted where reports produced by the system contain inconsistencies from one report to the next for the same financial transactions. In other instances certain reports are not reporting certain data accurately and frequently leads to additional schedules being manually prepared to ensure the data being reported by the system is accurate.

While the cost of obtaining a new accounting system may be prohibitive at the current time, the City should investigate alternative systems available which could be a better system than the one currently being utilized and plan for the future replacement of the current system.

Management Response:

The City has a process where Finance prints reports twice – once, after the year-end roll (12/31) and second, at the end of the 60-day accrual period (2/28). Generally, Finance only distributes the second report to the Compilation Team and the Audit Team. This audit year – the auditors requested a copy of the first report early to complete preliminary testing. Subsequently, the preliminary report was used to test budget statements. In the future, the February 28th report should be used for testing budget statements not the preliminary report.

When cash transaction are recorded in the Treasury System on Day 1 (i.e. 12/31), they are subsequently interfaced into our financial reporting system on Day 2 (i.e. 1/5). The City's financial reporting system maintains two dates, the transaction date and the activity date (system generated/interfaced date). Both dates are maintained in our financial reporting system, when querying in the transaction detail screen for a given period one will see interface dates for prior period transactions.

The City of Dayton inadvertently reported that there were inconsistencies in one of the reports used in analyzing revenues and expenses at year-end. Subsequently, it has been discovered that the inconsistency is not in the financial system report but in how the transaction data was analyzed for those funds.

Obtaining a new accounting system is not financially feasible at the current time. The cost associated with a new financial system does not warrant a new system. We are still able to produce a CAFR at year end and receive an Award for Excellence in Reporting.

Finding 2009-004: Negative Cash Balances

Ohio Rev. Code Section 5705.10 requires money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. During 2009, the overall HUD fund reported in the financial statements ended the year with a cash deficit of nearly \$1.4 million.

In addition, numerous other individual grant and project funds, which are rolled up into the funds which are reported in the financial statements, also reported ending cash deficits to varying degrees. The majority of these individual funds are reported within the miscellaneous grant and capital improvement funds.

The deficit cash balances appear to be the result of the expenditures occurring before the City receives the funding for certain projects and grants, or reimbursement grants. In these instances, the City must use local money to fund the project and then seek reimbursement through the grant. During the 2009 audit, numerous expenditures were noted in which the claim for reimbursement did not occur within 90 days of the City's payment to primary contractor.

To improve cash flow as well as address deficit cash balances in individual funds, the City should immediately identify which program/project costs are funded on a reimbursement basis and those that are considered drawdown programs/projects. Programs/projects identified as drawdown should request funding prior to expenditures being incurred. Procedures should be established in those funds identified as reimbursement program/projects to ensure necessary paperwork is completed and timely request for payments are made for costs eligible for reimbursement. In situations where cash deficits will occur due to reimbursement programs/projects, the City should utilize advances from the general fund until program/grant funding is received.

Management Response:

For the HUD Grant Receivable the City received 52% in Jan/Feb 2010 and 27% in March 2010 of the outstanding reimbursement requests. At the end of March the remaining unreimbursed expenses was \$421,890 (21%).

For the Miscellaneous Grant Receivable the City received 67% in Jan/Feb 2010 and 1.3% in Mar 2010 of the outstanding reimbursement requests. At the end of March the remaining unreimbursed expenses was \$422,132 (31.7%).

The City will continue to work to improve the timing of reimbursement request.

Section III – Federal Awards Findings and Questioned Costs

None Noted.

Finding 2008-001: Bank Reconciliation Process

Condition: The bank reconciliation for December 31, 2008 included a significant number of unallocated deposits and was not completed in a timely manner.

Status: Corrected.

Finding 2008-002: Financial Accounting System

Condition: The current financial accounting system of the City did not provide an efficient and effective means to allow individual transactions to be identified without utilizing a series of steps or procedures.

Status: Not fully corrected – see Finding 2009-003.

Finding 2008-003: Information Technology Systems Controls

Condition: Deficiencies were noted in the controls and security measures in place related to the City's information systems.

Status: Not fully corrected – see Finding 2009-001.

Finding 2008-004: Audit Adjustments

Condition: Several audit adjustments had to be made to the financial statements.

Status: Not fully corrected – see Finding 2009-002.

Finding 2008-005: Sub-recipient contracts

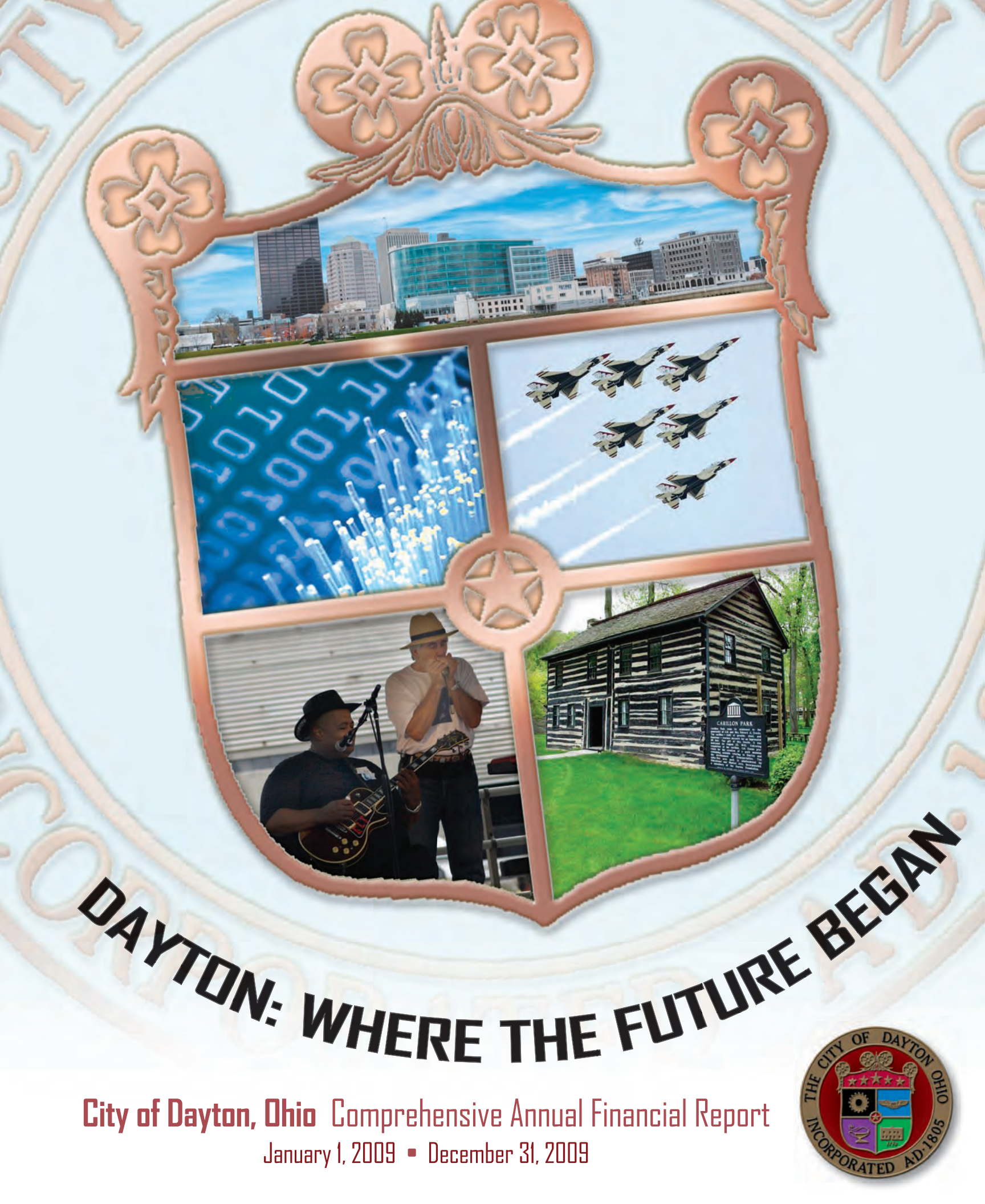
Condition: The City utilizes a sub-recipient agency to provide services under the federal Shelter Plus Care program. The contract between the City and the sub-recipient stipulates the City can advance the sub-recipient fund, however they are required to reconcile the amounts advanced to the actual rental costs incurred. The City did not receive any copies of the rental payments receipts to complete this reconciliation.

Status: Corrected.



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success

This Page is Intentionally Left Blank.



DAYTON: WHERE THE FUTURE BEGAN

City of Dayton, Ohio Comprehensive Annual Financial Report
January 1, 2009 ▪ December 31, 2009





Nan Whaley
Commissioner



Joey D. Williams
Commissioner



Gary D. Leitzell
Mayor



Dean Lovelace
Commissioner



Matt Joseph
Commissioner



Timothy H. Riordan
City Manager



The Five Stars represent the five members of the Dayton City Commission. The largest star in the center is elevated to designate the Mayor.



The Star in the center of the crest represents Dayton's City Manager and highlights the city manager form of government.



CITY OF DAYTON, OHIO
**Comprehensive Annual Financial Report
For the Year Ended December 31, 2009**

PREPARED BY:

Department of Finance

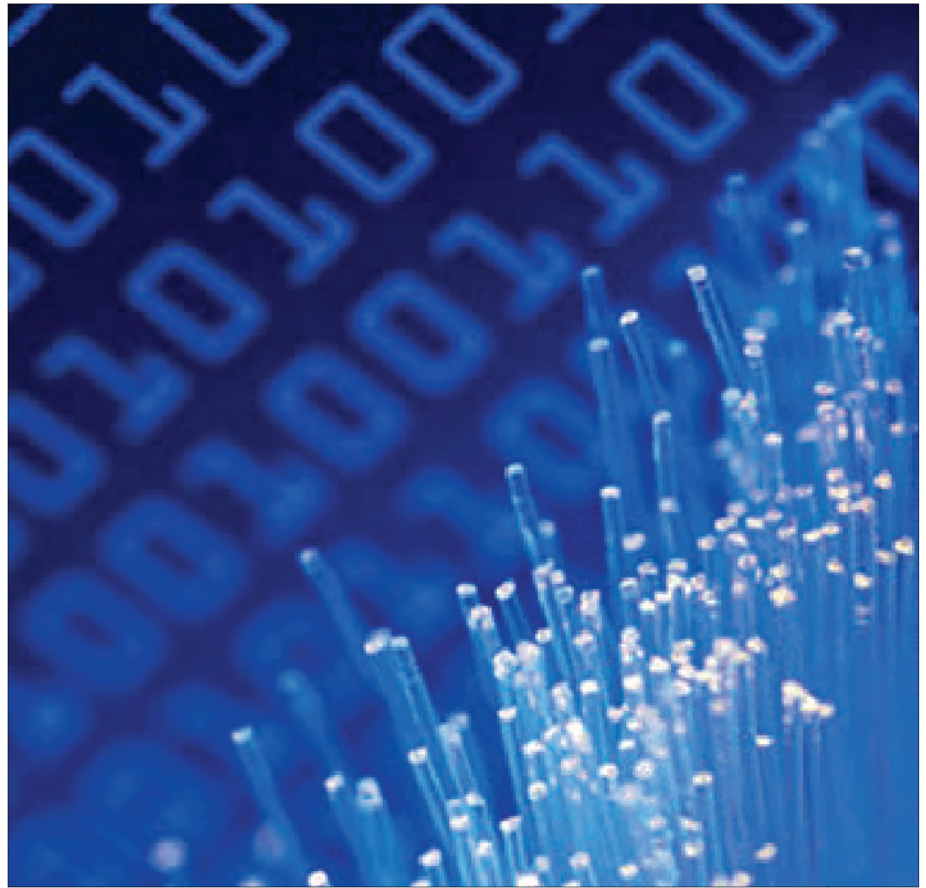
Cheryl J. Garrett, Director

Bejoy John, Deputy Finance Director

Candy H. Carr, Financial Services Supervisor

MISSION STATEMENT

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



Dayton seems to be moving from the manufacturing industry of yesteryear, to becoming a force in the high-tech global information technologies marketplace.



The Gear is a icon for Dayton's manufacturing and inventions. Dayton holds more patents than any other City.

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF DAYTON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009

Table of Contents

Title Page

INTRODUCTORY SECTION

Table of Contents I 1-4
Letter of Transmittal I 5-8
Organization of the City of Dayton I 9
List of Elected and Appointed Officials. I 10
Certificate of Achievement for Excellence in Financial Reporting. I 11

FINANCIAL SECTION

Independent Auditors' Report F 1-2
Management's Discussion and Analysis F 3-26

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets F 28-29
Statement of Activities F 30-31

Fund Financial Statements:

Balance Sheet - Governmental Funds F 32
Reconciliation of Total Governmental Fund Balances to Net Assets
of Governmental Activities. F 33
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds F 34
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities. F 35
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) -
General Fund F 36
Statement of Net Assets - Proprietary Funds F 38-41
Statement of Revenues, Expenses and Changes in
Net Assets - Proprietary Funds F 42-43
Statement of Cash Flows - Proprietary Funds F 44-47
Statement of Fiduciary Assets and Liabilities - Agency Funds. F 48

Index of Notes to the Basic Financial Statements F 49-50

Notes to the Basic Financial Statements. F 51-100

CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009**

Table of Contents
(Continued)

Combining Statements and Individual Fund Schedules:

Combining Statements - Nonmajor Governmental Funds

Fund Descriptions	F 103
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	F 104
Combining Balance Sheet - Nonmajor Governmental Funds	F 105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	F 106
Combining Balance Sheet - Nonmajor Special Revenue Funds	F 108-109
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	F 110-111
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Street Fund.	F 112
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Highway Maintenance Fund.	F 113
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Other Special Revenue Fund	F 114
Schedule of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual (Non-GAAP Budgetary Basis) - Miscellaneous Grants Fund.	F 115
Schedule of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual (Non-GAAP Budgetary Basis) - Permanent Fund.	F 116
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Fund	F 117
Combining Statements - Nonmajor Enterprise Funds	
Fund Descriptions.	F 118
Combining Statement of Net Assets - Nonmajor Enterprise Funds	F 119
Combining Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Enterprise Funds	F 120
Combining Statement of Cash Flows - Nonmajor Enterprise Funds.	F 121

CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009**

Table of Contents
(Continued)

Combining Statements – Internal Service Funds
Fund Descriptions F 122

Combining Statement of Net Assets - Internal Service Funds F 123

Combining Statement of Revenues, Expenses and Changes in
Net Assets - Internal Service Funds F 124

Combining Statement of Cash Flows - Internal Service Funds F 125

Combining Statements - Fiduciary Funds
Fund Descriptions F 126

Combining Statement of Changes in Assets and Liabilities - Agency
Funds F 127-130

STATISTICAL SECTION

Statistical Section Table of Contents. S 3

Net Assets by Component – Last Eight Fiscal Years. S 4-5

Changes in Net Assets – Last Eight Fiscal Years. S 6-9

Fund Balances, Governmental Funds – Last Ten Fiscal Years. S 10-11

Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years. S 12-13

Income Tax Revenue – Last Ten Fiscal Years S 14

Property Tax Levies and Collections – Last Ten Fiscal Years S 15

Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years. S 16-17

Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years. S 18-19

Principal Property Tax Payers – Current Year and Nine Years Ago. S 20

Special Assessment Billings and Collections – Last Ten Fiscal Years S 21

Ratios of Outstanding Debt By Type – Last Ten Fiscal Years S 22-23

Computation of Legal Debt Margin – Last Ten Fiscal Years. S 24-25

Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General
Obligation Bonded Debt Per Capita – Last Ten Fiscal Years. S 26

CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009**

Table of Contents
(Continued)

Ratio of Annual Debt Service Expenditures For General Obligation Bonded Debt
To Total General Governmental Expenditures – Last Ten Fiscal Years. S 27

Computation of Direct and Overlapping Debt – December 31, 2009. S 28

Water Enterprise Revenue Bond Coverage – Last Ten Fiscal Years S 29

Dayton International Airport Enterprise Revenue Bond Coverage – Last Ten Fiscal
Years. S 30

Business Indicators – Last Ten Fiscal Years S 31

Growth in Land Area – Selected Years S 32

Principal Employers – Current Year and Nine Years Ago. S 33

Estimated Civilian Labor Force and Annual Average Unemployment Rates – Last Ten Fiscal Years. S 34

Estimated Per Capita Income and Personal Income – Last Ten Fiscal Years. S 35

Dayton Metropolitan Statistical Area Employment, Nonagricultural Wage and Salary
Employment in Selected Industries – Last Ten Fiscal Years. S 36-37

Full Time Equivalent City Government Employees By Function/Program – Last Eight Fiscal Years. S 38

School Enrollment Trends in Montgomery County – Last Ten Fiscal Years. S 39

City of Dayton and Montgomery County, Ohio - Land Area – December 31, 2009. S 40

Building Permits Issued – Last Ten Fiscal Years. S 41

Average Cost of Housing Construction – Last Ten Fiscal Years. S 42

Operating Indicators and Capital Asset Statistics – Last Ten Fiscal Years. S 43



June 30, 2010

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Dayton, Ohio for the fiscal year ended December 31, 2009.

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

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

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

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

PROFILE OF THE CITY OF DAYTON

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

The Dayton City Commission is comprised of the Mayor and four City Commissioners. They are elected at-large on a non-partisan basis for four-year overlapping terms. All policy items are decided by the City Commission, which is empowered by the City Charter to pass ordinances and resolutions, adopt regulations and appoint the City Manager.

Dayton is a city in southwestern Ohio. It is the county seat and the largest city in Montgomery County. Dayton is a part of several other communities called the Greater Dayton area which includes the communities of Vandalia, Trotwood, Kettering, Centerville, Beavercreek, Fairborn, West Carrollton, Huber Heights, Troy, and Miamisburg. The 2009 population estimate of Dayton was 154,200. The estimate for the Greater Dayton Area had a population of 542,237.

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

The City has included in the CAFR all of the funds for which it is financially accountable. The City has one component unit: Citywide Development Corporation that is shown as a separate discrete component unit. The City is associated with eight jointly governed organizations. They include the Miami Valley Regional Planning Commission, the Miami Valley Fire/EMS Alliance, the Economic Development/Government Equity Program, the Montgomery County Family and Children First Council, the Hazardous Material Response Team, the Miami Valley Emergency Management Agency, the Butler Township-Dayton JEDD, and the Miami Township-Dayton JEDD.

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

LOCAL ECONOMY

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

Spurred by the City's 2007 revised economic development goals in the City's most recent citywide planning effort (CitiPlan, the 20/20 Vision and Focus 2010), the City is concentrating development efforts on the following industries to transform its economic base:

- Aerospace Research and Development
- Data Management Incubator, Sensors & Radio Frequency Identification (RFID) Technologies
- Healthcare

Due to the proximity of Wright Patterson Air Force Base (WPAFB) to the City and the location of the University of Dayton within the City, the City and the region have a large concentration of science and engineering PhDs and information-technology workers in the overall workforce. WPAFB, along with the University, and the resource pool that they attract could be a major catalyst in the transformation of the local economic base.

WPAFB is the largest single-site employer in the State. Occupying more than 8,000 acres with a combined military and civilian employment of approximately 22,000, WPAFB is one of the largest research and development centers in the country. WPAFB is home to the Air Force Materiel Command, which includes the Sensors Directorate and the Propulsion Directorate. The Sensors Directorate, with an annual budget of \$110 million, conducts research, test and evaluation, acquisition management services and logistics support for Air Force weapons systems. As a result of military base realignments, the City and region expects to benefit by the transition of approximately 1,200 jobs (1,100 jobs after departing missions are taken into account) to WPAFB with the consolidation of the Human Effectiveness and Sensors Directorates at WPAFB. The Propulsion Directorate, with an annual budget of \$380 million, provides propulsion technologies to aircraft, rockets and spacecrafts and conducts related research and development.

The City is focusing on the healthcare industry as an area of potential growth with area hospitals employing more than 14,700 people. Four of the area hospitals are the driving force behind revitalization efforts with the City to create vibrant sustainable communities.

CareSource, an Ohio nonprofit managed health care plan provider, completed construction and now occupies its new \$55 million, 324,000 square foot headquarters in the Central Business District within the City of Dayton. The City supported development in this area with the construction of a new \$20 million, seven floor, 1,200-space parking garage.

The City and its development partner, CityWide Development Corporation, are redeveloping the former General Motors manufacturing site in the northeast quadrant of the City's downtown area into a high-technology office campus to be known as Tech Town. On this 30-acre Brownfield redevelopment site, the City has constructed a 42,000-square foot building that was completed on June 30, 2009, opened on August 1, 2009 and was fully leased. A second building is currently being designed. The plan is for a 60,000 square foot structure with construction commencing in spring 2010 and completion scheduled for spring 2011. Tech Town's proximity to WPAFB allows the City to attract businesses that wish to locate near WPAFB.

The City recently announced the creation of the Dayton Economic Attraction Program to assist businesses that are expanding in the City. Companies located downtown would receive an annual grant equal to 75% of payroll taxes for three years for the net new jobs greater than five created in a calendar year. Companies located in one of the City's targeted cluster groups outside of the Central Business District may receive an annual grant equal to 50% of payroll taxes for three years for net new jobs greater than five created in a calendar year. Jobs created in the Dayton Economic Attraction Program must pay a living wage as defined by the City's Living Wage ordinance, which is approximately \$11 per hour.

LONG-TERM FINANCIAL PLANNING

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

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

RELEVANT FINANCIAL POLICIES

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

AWARDS AND ACKNOWLEDGEMENTS

This was the 27th consecutive year that the Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Dayton for its CAFR for the year ended December 31, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and organized Comprehensive Annual Financial Report, whose contents conform to program standards judged by the GFOA. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement program requirements, and the 2009 CAFR has been submitted to the GFOA for their review.

We hereby acknowledge a sincere extension of gratitude to all who contributed their time and effort towards the completion of this 2009 CAFR assignment. My appreciation is extended to the City Commission Office, the City Manager's Office, City department heads, and all City employees responsible for contributing to the sound financial position of the City. I would like to acknowledge the efforts of the Accounting and Treasury staff, other members of the Finance Department and our consultant, Julian and Grube, Inc., all of whom contributed to the development of the CAFR.

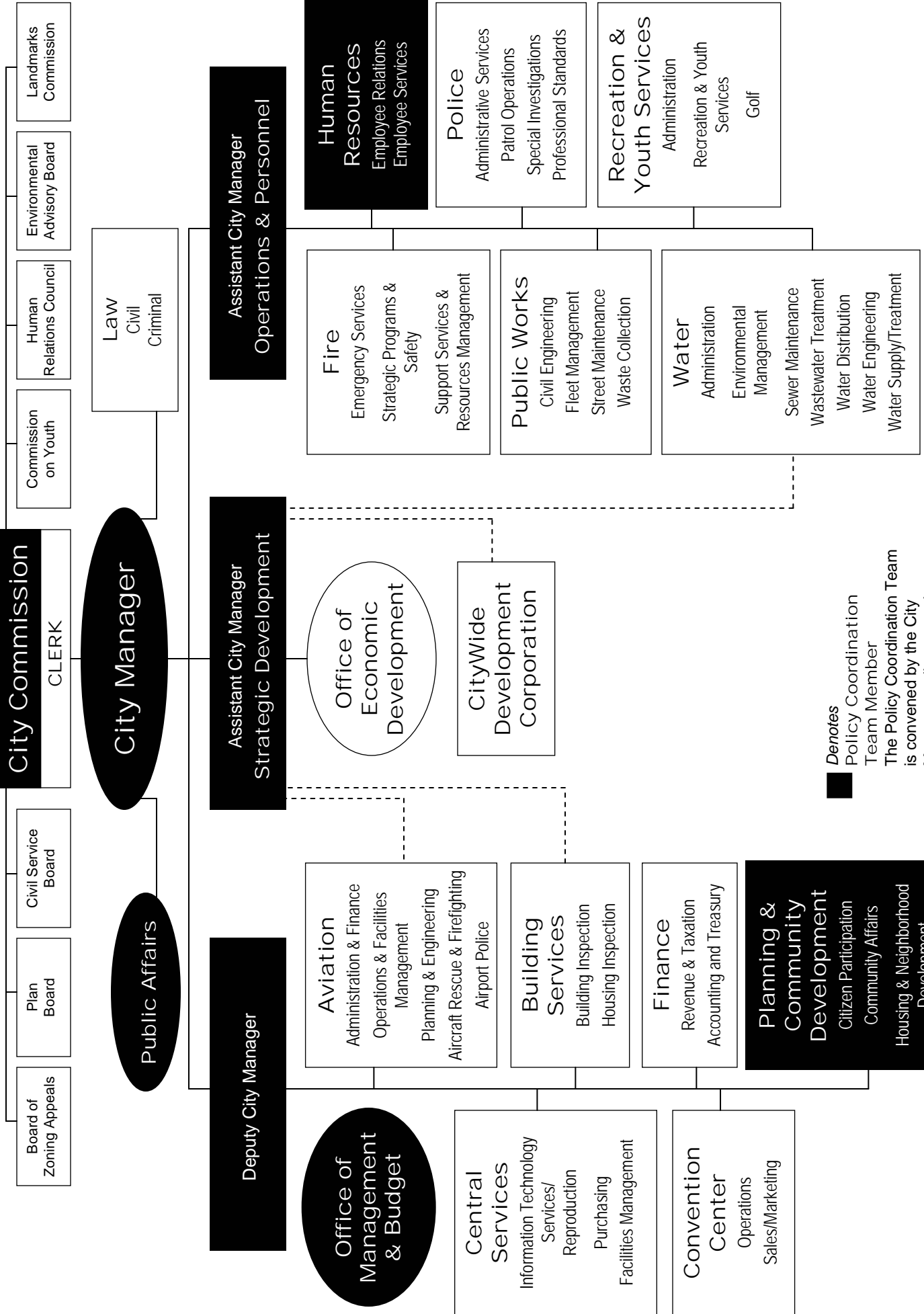
Respectively submitted,

A handwritten signature in black ink, reading "Cheryl J. Garrett". The signature is written in a cursive style with a long, sweeping tail on the final letter.

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

Organization of the City of Dayton

Citizens of Dayton



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

CITY OF DAYTON, OHIO

**LIST OF ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2009**

ELECTED OFFICIALS

Mayor	Rhine McLin
Commissioner	Matt Joseph
Commissioner	Dean Lovelace
Commissioner	Nan Whaley
Commissioner	Joey D. Williams

APPOINTED OFFICIALS

City Manager	Timothy H. Riordan
Deputy City Manager	Stanley Earley
Asst. City Manager ~ Strategic Development	Shelley Dickstein
Director ~ Aviation	Iftikhar Ahmad
Acting Director ~ Building Services	Michael Cromartie
Director ~ Central Services	Pete Hager
Secretary and Chief Examiner ~ Civil Service	Giselle Johnson
Executive Asst. to the Commission ~ City Commission	Kery Gray
Director ~ Dayton Convention Center	Bart Shaw
Director ~ Finance	Cheryl J. Garrett
Director & Chief ~ Fire	Herbert Redden, II
Executive Director ~ Human Relations Council	Tom Wahrlab
Acting Director ~ Human Resources	Wanda Smith
Director ~ Law	John Danish
Director ~ Management & Budget	Barbara LaBrier
Director ~ Planning & Community Development	John Gower
Director & Chief ~ Police	Richard Biehl
Director ~ Public Affairs	Thomas Biedenham
Director ~ Public Works	Fred Stovall
Acting Director ~ Recreation & Youth Services	C. LaShea Smith
Director ~ Water	Tammi Clements

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, 2008

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.



A large, stylized handwritten signature in black ink, appearing to read "HAR".

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

THIS PAGE IS INTENTIONALLY LEFT BLANK



Dayton invented aviation and continues to grow in inventions paving the way in flight through space and beyond. Dayton is also the home to the world's second largest International Air Show.



The Wings celebrate Dayton as the birthplace of Aviation with the invention of the airplane in 1903 by Daytonians Wilbur and Orville Wright.

THIS PAGE IS INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITORS' REPORT

City Commission
City of Dayton, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City Wide Development Corporation, the City's only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio as of December 31, 2009, and the respective change in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

2525 north limestone street, ste. 103
springfield, oh 45503

www.cshco.com
p. 937.399.2000
f. 937.399.5433

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

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

A handwritten signature in cursive script that reads "Clark, Schaefer, Hackett & Co." The signature is written in black ink on a light-colored background.

Springfield, Ohio
June 30, 2010

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

The management's discussion and analysis of the City of Dayton's (the "City") financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- The total net assets of the City increased \$22,312,130. Net assets of the City were restated as described in Note 3.C. Net assets of governmental activities increased \$10,763,563 or 2.72% over 2008 and net assets of business-type activities increased \$11,548,567 or 2.16% over 2008.
- General revenues accounted for \$139,700,633 or 63.90% of total governmental activities revenue. Program specific revenues accounted for \$78,906,238 or 36.10% of total governmental activities revenue.
- The City had \$207,180,347 in expenses related to governmental activities; \$78,906,238 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$128,274,109 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$139,700,633.
- The general fund had revenues and other financing sources of \$153,467,273 in 2009. This represents a decrease of \$19,545,609 from 2008 revenues. The expenditures and other financing uses of the general fund, which totaled \$161,223,163 in 2009, decreased \$10,161,788 from 2008. The net decrease in fund balance for the general fund was \$7,755,890 or 17.79%.
- The debt service major fund had \$33,305,970 in revenues and other financing sources and \$34,210,470 in expenditures and other financing uses in 2009. The fund balance in the debt service fund was \$42,188,046, a 2.10% decrease from 2008. The fund balance of the debt service fund was restated as described in Note 3.C.
- The capital improvements major fund had \$35,861,323 in revenues and other financing sources and \$47,271,547 in expenditures in 2009. The fund balance for the capital improvements fund decreased \$11,410,224 or 69.57%.
- Net assets for the business-type activities, which are made up of the Dayton International Airport, water, sewer, storm water and golf enterprise funds, increased in 2009 by \$11,548,567.
- The Dayton International Airport enterprise fund had \$30,655,950 in operating revenues and \$38,063,817 in operating expenses in 2009. The Dayton International Airport enterprise fund also had non-operating revenues of \$471,666, non-operating expenses of \$2,082,373, capital contributions of \$16,881,998 and transfers in of \$149,758. The net assets of the Dayton International Airport enterprise fund increased \$8,013,182 or 3.27%.
- The water enterprise fund had \$47,743,750 in operating revenues and \$45,517,470 in operating expenses in 2009. The water enterprise fund also had non-operating revenues of \$244,902, capital contributions of \$216,235 and transfers in of \$261,063. The net assets of the water enterprise fund increased \$2,948,480 or 1.82%.
- The sewer enterprise fund had \$30,998,739 in operating revenues and \$31,458,777 in operating expenses in 2009. The sewer enterprise fund also had non-operating expenses of \$451,675 and transfers in of \$104,586. The net assets of the sewer enterprise fund decreased \$807,127 or 0.76%.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

- In the general fund, the actual revenues and other financing sources came in \$324,080 lower than they were in the final budget and actual expenditures and other financing uses were \$14,510,347 less than the amount in the final budget. Budgeted revenues and other financing sources decreased \$11,840,487 from the original to the final budget. Budgeted expenditures and other financing uses increased \$4,680,500 from the original to the final budget.

Using this Comprehensive Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

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

Proprietary Funds

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

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Fiduciary Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F 49 - F 100 of this report.

Government-Wide Financial Analysis

The Statement of Net Assets provides the perspective of the City as a whole. The table below provides a summary of the City's net assets at December 31, 2009 compared to December 31, 2008. The net assets of the governmental activities and business-type activities at December 31, 2008 have been restated as described in Note 3.C.

Net Assets

	Governmental Activities 2009	(Restated) Governmental Activities 2008	Business-Type Activities 2009	(Restated) Business-Type Activities 2008	Total 2009	Total 2008
<u>Assets</u>						
Current and other assets	\$ 196,749,735	\$ 212,510,422	\$ 173,692,600	\$ 161,178,669	\$ 370,442,335	\$ 373,689,091
Capital assets, net	<u>361,678,430</u>	<u>334,356,820</u>	<u>452,305,552</u>	<u>443,464,998</u>	<u>813,983,982</u>	<u>777,821,818</u>
Total assets	<u>558,428,165</u>	<u>546,867,242</u>	<u>625,998,152</u>	<u>604,643,667</u>	<u>1,184,426,317</u>	<u>1,151,510,909</u>
<u>Liabilities</u>						
Long-term liabilities						
outstanding	113,205,254	111,689,872	64,452,228	57,600,610	177,657,482	169,290,482
Other liabilities	<u>38,708,040</u>	<u>39,426,062</u>	<u>15,435,931</u>	<u>12,481,631</u>	<u>54,143,971</u>	<u>51,907,693</u>
Total liabilities	<u>151,913,294</u>	<u>151,115,934</u>	<u>79,888,159</u>	<u>70,082,241</u>	<u>231,801,453</u>	<u>221,198,175</u>
<u>Net Assets</u>						
Invested in capital						
assets, net of related debt	304,910,802	282,480,043	401,965,547	389,630,233	706,876,349	672,110,276
Restricted	91,563,337	96,325,940	-	-	91,563,337	96,325,940
Unrestricted	<u>10,040,732</u>	<u>16,945,325</u>	<u>144,144,446</u>	<u>144,931,193</u>	<u>154,185,178</u>	<u>161,876,518</u>
Total net assets	<u>\$ 406,514,871</u>	<u>\$ 395,751,308</u>	<u>\$ 546,109,993</u>	<u>\$ 534,561,426</u>	<u>\$ 952,624,864</u>	<u>\$ 930,312,734</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2009, the City's assets exceeded liabilities by \$952,624,864. At year-end, net assets were \$406,514,871 and \$546,109,993 for the governmental activities and the business-type activities, respectively.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 68.72% of total assets. Capital assets include land, construction in progress (CIP), land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2009, were \$304,910,802 and \$401,965,547 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2009, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$91,563,337, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$10,040,732 may be used to meet the government's ongoing obligations to citizens and creditors.

The table on the next page shows the changes in net assets for 2009 and 2008. The net assets for governmental activities and business-type activities at December 31, 2008 have been restated as described in Note 3.C. Other expenses for 2008 have been reclassified to leadership and quality of life expenses to conform to 2009's presentation.

THIS SPACE LEFT BLANK INTENTIONALLY

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Change in Net Assets

	Governmental Activities <u>2009</u>	(Restated) Governmental Activities <u>2008</u>	Business-Type Activities <u>2009</u>	(Restated) Business-Type Activities <u>2008</u>	Total <u>2009</u>	Total <u>2008</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 28,987,368	\$ 28,910,674	\$ 119,732,135	\$ 120,390,047	\$ 148,719,503	\$ 149,300,721
Operating grants and contributions	24,147,823	20,423,979	-	-	24,147,823	20,423,979
Capital grants and contributions	<u>25,771,047</u>	<u>13,489,575</u>	<u>17,098,233</u>	<u>21,316,626</u>	<u>42,869,280</u>	<u>34,806,201</u>
Total program revenues	<u>78,906,238</u>	<u>62,824,228</u>	<u>136,830,368</u>	<u>141,706,673</u>	<u>215,736,606</u>	<u>204,530,901</u>
General revenues:						
Property taxes	19,070,860	24,167,118	-	-	19,070,860	24,167,118
Income taxes	99,817,917	108,868,331	-	-	99,817,917	108,868,331
Unrestricted grants	14,827,230	17,912,684	-	-	14,827,230	17,912,684
Interest	1,311,141	5,340,622	716,568	2,764,220	2,027,709	8,104,842
Miscellaneous	<u>4,673,485</u>	<u>11,889,101</u>	<u>-</u>	<u>-</u>	<u>4,673,485</u>	<u>11,889,101</u>
Total general revenues	<u>139,700,633</u>	<u>168,177,856</u>	<u>716,568</u>	<u>2,764,220</u>	<u>140,417,201</u>	<u>170,942,076</u>
Total revenues	<u>218,606,871</u>	<u>231,002,084</u>	<u>137,546,936</u>	<u>144,470,893</u>	<u>356,153,807</u>	<u>375,472,977</u>
Expenses:						
Downtown	5,182,850	5,570,112	-	-	5,182,850	5,570,112
Youth, education and human services	2,264,862	2,583,667	-	-	2,264,862	2,583,667
Community development	21,342,171	21,460,067	-	-	21,342,171	21,460,067
Economic development	14,263,940	9,810,580	-	-	14,263,940	9,810,580
Leadership and quality of life	47,091,889	49,247,083	-	-	47,091,889	49,247,083
Corporate responsibility	17,707,683	17,442,665	-	-	17,707,683	17,442,665
Public safety and justice	95,706,450	101,533,014	-	-	95,706,450	101,533,014
Interest and fiscal charges	3,620,502	4,849,682	-	-	3,620,502	4,849,682
Dayton International Airport	-	-	40,310,513	31,958,820	40,310,513	31,958,820
Water	-	-	45,672,640	45,811,605	45,672,640	45,811,605
Sewer	-	-	31,994,865	30,855,192	31,994,865	30,855,192
Other business-type activities:						
Golf	-	-	3,281,384	3,196,937	3,281,384	3,196,937
Storm water	<u>-</u>	<u>-</u>	<u>5,401,928</u>	<u>5,090,241</u>	<u>5,401,928</u>	<u>5,090,241</u>
Total expenses	<u>207,180,347</u>	<u>212,496,870</u>	<u>126,661,330</u>	<u>116,912,795</u>	<u>333,841,677</u>	<u>329,409,665</u>
Increase in net assets before transfers	11,426,524	18,505,214	10,885,606	27,558,098	22,312,130	46,063,312
Transfers	<u>(662,961)</u>	<u>344,798</u>	<u>662,961</u>	<u>(344,798)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>10,763,563</u>	<u>18,850,012</u>	<u>11,548,567</u>	<u>27,213,300</u>	<u>22,312,130</u>	<u>46,063,312</u>
Net assets at beginning of year (restated)	<u>395,751,308</u>	<u>376,901,296</u>	<u>534,561,426</u>	<u>507,348,126</u>	<u>930,312,734</u>	<u>884,249,422</u>
Net assets at end of year	<u>\$ 406,514,871</u>	<u>\$ 395,751,308</u>	<u>\$ 546,109,993</u>	<u>\$ 534,561,426</u>	<u>\$ 952,624,864</u>	<u>\$ 930,312,734</u>

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Governmental Activities

Governmental activities net assets increased \$10,763,563 in 2009. This slight increase of 2.72% is due to the City's continuing efforts to reduce costs and increase operational efficiency.

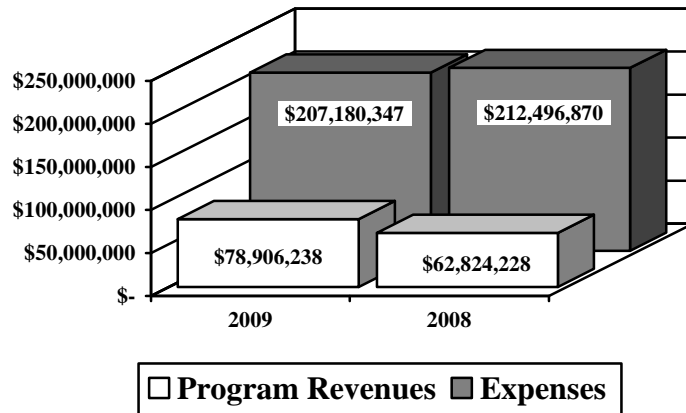
Public safety and justice, which primarily supports the operations of the police and fire departments accounted for \$95,706,450 of the total expenses of the City. These expenses were partially funded by \$17,398,578 in direct charges to users of the services. Leadership and quality of life expenses totaled \$47,091,889. Leadership and quality of life expenses were partially funded by \$4,411,912 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$24,147,823 in operating grants and contributions and \$25,771,047 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$6,190,345 subsidized leadership and quality of life and \$13,306,998 subsidized community development and neighborhoods. Of the total capital grants and contributions, \$14,510,035 subsidized economic development programs.

General revenues totaled \$139,700,633, and amounted to 63.90% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$118,888,777. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$14,827,230.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the Graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities. Other expenses for 2008 have been reclassified to leadership and quality of life expenses to conform to 2009's presentation.

Governmental Activities – Program Revenues vs. Total Expenses



CITY OF DAYTON, OHIO

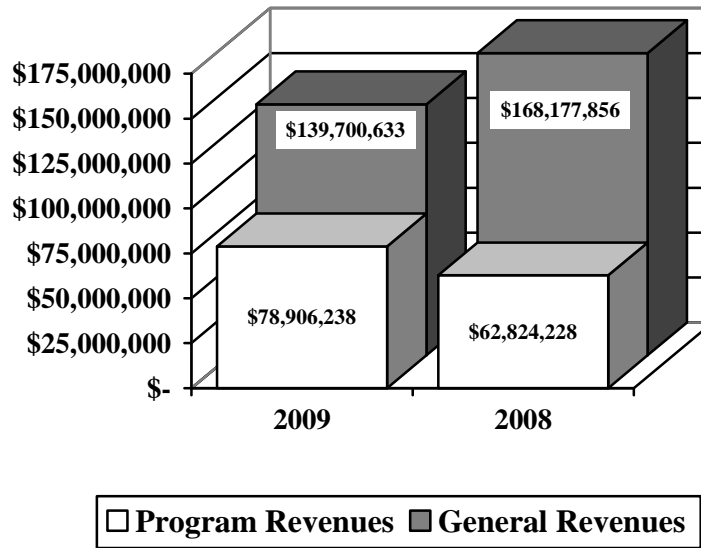
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Program Expenses:				
Downtown	\$ 5,182,850	\$ 4,505,990	\$ 5,570,112	\$ 5,000,053
Youth, education and human services	2,264,862	1,931,366	2,583,667	138,794
Community development and neighborhoods	21,342,171	4,611,308	21,460,067	12,822,220
Economic development	14,263,940	(2,611,522)	9,810,580	(6,027,307)
Leadership and quality of life	47,091,889	26,552,929	49,247,083	37,067,269
Corporate responsibility	17,707,683	14,772,471	17,442,665	14,512,507
Public safety and justice	95,706,450	74,891,065	101,533,014	81,309,424
Interest and fiscal charges	<u>3,620,502</u>	<u>3,620,502</u>	<u>4,849,682</u>	<u>4,849,682</u>
Total Expenses	<u>\$ 207,180,347</u>	<u>\$ 128,274,109</u>	<u>\$ 212,496,870</u>	<u>\$ 149,672,642</u>

The dependence upon general revenues for governmental activities is apparent, with 61.91% of expenses supported through taxes and other general revenues.

Governmental Activities – General and Program Revenues



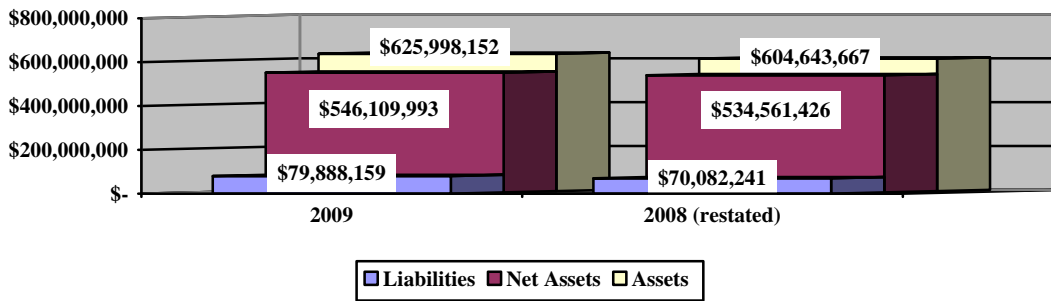
CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Business-Type Activities

Business-type activities include the Dayton International Airport, water, sewer, storm water and golf enterprise funds. These programs had program revenues of \$136,830,368, general revenues of \$716,568 and expenses of \$126,661,330 for 2009. The graph below shows the business-type activities assets, liabilities and net assets at year-end.

Net Assets in Business - Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on page F 32) reported a combined fund balance of \$106,535,267 which is \$18,459,878 lower than last year's total of \$124,995,145 (restated). The debt service fund balance includes \$25,700,000 reserved for loans. The capital improvement fund balance includes \$5,393,043 reserved for advances to the component unit. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2009 for all major and nonmajor governmental funds. The debt service fund balance at December 31, 2008 has been restated as described in Note 3.C.

	Fund Balances 12/31/09	(Restated) Fund Balances 12/31/08	Increase/ (Decrease)
Major Funds:			
General	\$ 35,838,414	\$ 43,594,304	\$ (7,755,890)
Debt service	42,188,046	43,092,546	(904,500)
Capital improvement	4,991,626	16,401,850	(11,410,224)
Other nonmajor governmental funds	23,517,181	21,906,445	1,610,736
Total	<u>\$ 106,535,267</u>	<u>\$ 124,995,145</u>	<u>\$ (18,459,878)</u>

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

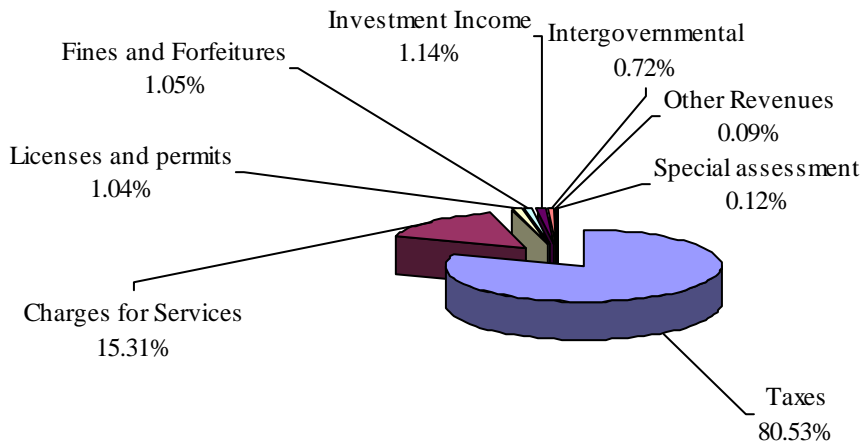
General Fund

The City's general fund balance decreased \$7,755,890. The City underwent a variety of cost saving measures, including offering voluntary termination benefits, to reduce the number of City employees and reduce the associated personnel costs. The City's ability to control costs enabled the fund balance in the general fund to remain stable despite an overall decrease in revenues. The decrease in revenues is primarily due to the decrease in tax revenue as a result of the economic recession. The table that follows assists in illustrating the revenues of the general fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues			
Taxes	\$ 122,933,570	\$ 135,152,156	(9.04) %
Charges for services	23,368,644	22,900,500	2.04 %
Licenses and permits	1,585,081	1,803,864	(12.13) %
Fines and forfeitures	1,604,520	1,805,640	(11.14) %
Investment income	1,745,338	4,638,962	(62.38) %
Special assessments	189,434	286,250	(33.82) %
Intergovernmental	1,097,695	1,314,139	(16.47) %
Other	<u>138,078</u>	<u>5,111,371</u>	(97.30) %
Total	<u>\$ 152,662,360</u>	<u>\$ 173,012,882</u>	(11.76) %

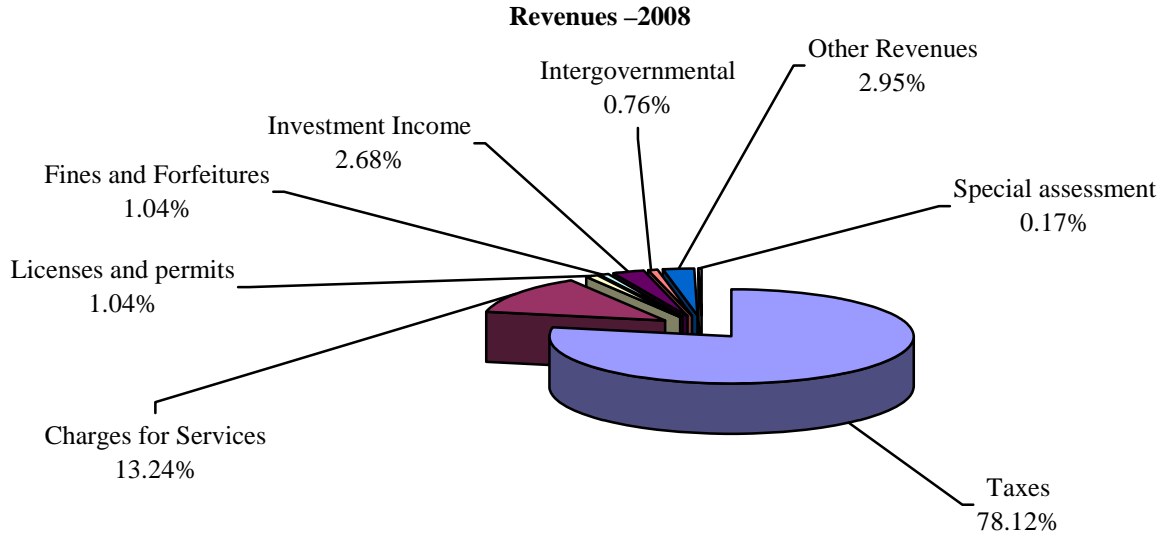
Overall revenues of the general fund decreased \$20,350,522 or 11.76%. The most significant decreases were in the areas of tax revenue and other revenue. Tax revenue decreased \$12,218,586 or 9.04%. This decrease is mainly the result of lower municipal income tax collections. The decrease in other revenue is the result of decrease in indirect costs and miscellaneous revenues. Investment income decreased \$2,893,624 or 62.38%. This decrease is the result of lower interest rates earned on investments compared to 2008.

Revenues – 2009



CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**



The table that follows assists in illustrating the expenditures of the general fund. Other expenditures for 2008 have been reclassified to leadership and quality of life expenses to conform to 2009's presentation.

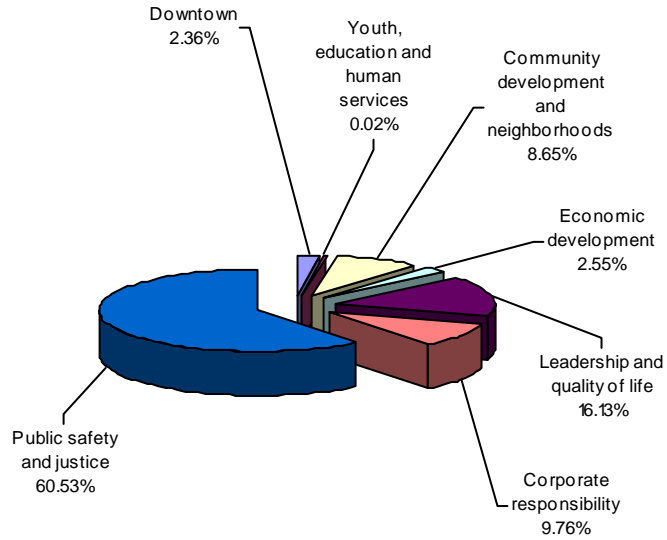
	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 3,537,383	\$ 3,729,197	(5.14) %
Youth, education and human services	34,129	128,532	(73.45) %
Community development and neighborhoods	12,982,602	14,524,168	(10.61) %
Economic development	3,823,697	3,607,301	6.00 %
Leadership and quality of life	24,215,492	28,732,501	(15.72) %
Corporate responsibility	14,648,932	15,005,722	(2.38) %
Public safety and justice	<u>90,866,260</u>	<u>96,101,123</u>	(5.45) %
Total	<u><u>\$ 150,108,495</u></u>	<u><u>\$ 161,828,544</u></u>	(7.24) %

Overall expenditures of the general fund decreased \$11,720,049 or 7.24%. The largest expenditure of the City, public safety and justice, decreased \$5,234,863 or 5.45% due to cost cutting measures. Several positions were abolished due to attrition and eleven positions were moved from the general fund to nonmajor governmental funds. Leadership and quality of life decreased due to cost cutting measures such as decreases in recreation and open space, comprehensive strategic planning and certain legislative action. Civil engineering, infrastructure, maintenance and development expenditures were also decreased. The decrease in community development and neighbors is the result of wages freezes and the implementation of cost saving days. The decrease in corporate responsibility was attributed to a decline in payments for the Senior Residents Tax Credit program.

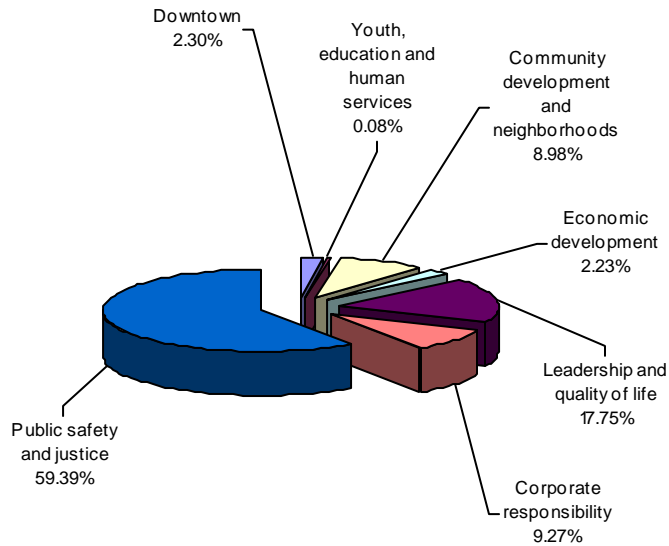
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Expenditures - 2009



Expenditures - 2008



CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Debt Service

The City's debt service fund balance decreased \$904,500. The following tables illustrate the revenues and expenses of the debt service fund.

	<u>2009</u>	<u>2008</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 9,296,628	\$ 9,870,203	(5.81) %
Intergovernmental	1,050,358	1,089,139	(3.56) %
Special assessments	117,652	162,985	(27.81) %
Other	<u>135,313</u>	<u>346,528</u>	(60.95) %
Total	<u>\$ 10,599,951</u>	<u>\$ 11,468,855</u>	(7.58) %
	<u>2009</u>	<u>2008</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 560,000	\$ 560,000	- %
Economic development	13	-	100.00 %
Corporate responsibility	495,335	-	100.00 %
Principal retirement	6,542,380	6,151,464	6.35 %
Interest and fiscal charges	<u>4,084,645</u>	<u>5,306,684</u>	(23.03) %
Total	<u>\$ 11,682,373</u>	<u>\$ 12,018,148</u>	(2.79) %

The decrease in taxes was attributed to the State phasing out Tangible Personal Property tax revenue. The decrease in other revenue was the result of a decrease in billings for the Courthouse Square project. The increase in principal retirement was due to the City paying off 3 bonds issued in 1989. This early payment resulted in increased principal payments.

Capital Improvements

The City's capital improvements fund decreased by \$11,410,224 or 69.57%. Revenues of the capital improvements fund increased \$6,791,118 or 44.13%. The most significant increase was in the area of intergovernmental revenue which increased \$8,387,320. This increase is the result of new grants in 2009 for the American Recovery and Reinvestment Act (ARRA) and the downtown gateway project. Charges for services increased due to an increase in billings for sidewalk and curb repair. Expenditures increased \$20,430,446 or 76.12%. This increase is the result of expenditures related to the following projects: the Stewart Street Bridge, the Edwin C. Moses Bridge, the Dayton Tech Campus and the Main Street Reconstruction. The City also implemented a Neighborhood Stabilization Program to assist in the repair of foreclosed and abandoned properties. Other expenditures for 2008 have been reclassified to leadership and quality of life expenses to conform to 2009's presentation.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>2009</u>	<u>2008</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 1,106,009	\$ 1,355,313	(18.39) %
Charges for services	324,881	89,219	264.14 %
Licenses and permits	36,156	10,699	237.94 %
Intergovernmental	18,114,720	9,727,400	86.22 %
Special assessments	12,800	12,329	3.82 %
Other	<u>2,586,514</u>	<u>4,195,002</u>	(38.34) %
Total	<u>\$ 22,181,080</u>	<u>\$15,389,962</u>	44.13 %
	<u>2009</u>	<u>2008</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 46,405	\$ -	100.00 %
Youth, education and human services	24,984	-	100.00 %
Community development and neighbors	593,719	13,532	4,287.52 %
Economic development	6,417,920	1,960,529	227.36 %
Leadership and quality of life	5,202,610	14,412	35,999.15 %
Corporate responsibility	890	-	100.00 %
Public safety and justice	27,377	-	100.00 %
Capital outlay	34,887,179	24,852,628	40.38 %
Debt service	<u>70,463</u>	<u>-</u>	100.00 %
Total	<u>\$ 47,271,547</u>	<u>\$26,841,101</u>	76.12 %

Budgeting Highlights – General Fund

The City's budgeting process is prescribed by the Ohio Revised Code (ORC) and the City of Dayton Charter. Essentially the budget is a representation of the City's various adopted appropriations. The annual expenditure budget is limited by the amount of anticipated revenues and available cash balances certified by the Budget Commission in accordance with the ORC. Given that City's plans or priorities may change during the year or economic conditions may improve or deteriorate, revisions to the original budget are customary and necessary. For instance, if budgeted revenues are adjusted during the course of the year due to actual activity, then the appropriations should be adjusted accordingly. In addition, if funding priorities change during the fiscal year, resources may be reallocated from one activity to another, necessitating a corresponding change in budget.

Budgetary information is presented for the general fund on page F 36. With respect to changes to the general fund, the final budget reflects revenues that were \$8.8 million less than the original budget. Actual revenues were \$8.9 million or 5.4% under the original budget and \$149,080 or 0.1% less than the final budget. Six revenue categories realized variances in excess of 10%, largely as a result of the worst recession since the Great Depression. The first was state-shared taxes with actual revenues registering 13.6% or \$2.1 million under the original budget and just 1.0% over the final budget. State taxes distributed to local governments retreated as a consequence of the deep national recession. Licenses and permits experienced receipts over budget by 12.4% compared to the original budget and 5.8% less than the final budget. Building and other permits floundered in the face of declining real property values. Intergovernmental revenues were \$212,479 under original budget or 15.8% due to lower levels of homestead rollback. Special assessments revenue for 2009 was \$30,634 or 19.3% higher than the final estimate.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Investment income performed very poorly as interest rates collapsed to near historic lows in the face of the severe recession. Actual earnings were \$1.9 million or 46% less than the original budget and \$11,560 or 0.5% under the final. Other miscellaneous revenue sources were \$157,667 or 5.7% under the original budget, largely as a result of the sales and miscellaneous revenue categories.

Given the sizable difference between actual and budgeted revenues, significant reductions in expenditures were necessary. Consequently, actual expenditures were \$9.5 million or 5.9% under the original budget while the final budget was \$9.7 million or 6.0% higher than actuals. Three of the eight programmatic areas realized variances in excess of 10%. Economic development came in under both the original and final budgets by over 10%, namely 63.3% or \$6,389,599 and 10.7% or \$443,399, respectively. Personnel vacancies, a wage freeze and wage rate reductions, in the form of furlough days, are responsible for a majority of the budgetary savings. The second expenditure program with a variance in excess of 10% was corporate responsibility, which realized a \$86.9 million or 85.3% favorable variance to the original budget and a \$1.7 million or 10.8% variance to the final budget. Again, personnel related reductions and fiscal belt tightening throughout the City organization underlie these variances. Finally, the "other expenditure" category realized a \$1.1 million or 63.5% favorable variance to the original budget and a \$1.2 million or 64.9% favorable variance to the final budget. The variance is a function of allowing some flexibility in contingency funds during the year. However, given the actual performance of revenues, contingency funds were used very sparingly.

Actual net operating transfers were \$2.9 million or 39.4% over the original budget and \$4.6 million or 31.0% under the final budget. The original budget included intra-fund transfers in that were removed from the final budget while the final budget was increased to allow for the potential transfer of funds to finance unplanned contingencies.

Proprietary Funds

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

The City's business-type funds (as presented on the statement of net assets on pages F 38 - F 41) reported a combined net assets of \$546,130,951, which is \$11,986,917 above last year's total of \$534,144,034 (restated). The schedule on the following page indicates the net assets and the total change in net assets as of December 31, 2009 for all major and nonmajor business-type funds.

	Net Assets <u>12/31/09</u>	(Restated) Net Assets <u>12/31/08</u>	Increase (Decrease)
Major Funds:			
Dayton International Airport	\$ 253,268,287	\$ 245,255,105	\$ 8,013,182
Water	164,535,540	161,587,060	2,948,480
Sewer	105,590,448	106,397,575	(807,127)
Other Business-type activities	<u>22,736,676</u>	<u>20,904,294</u>	<u>1,832,382</u>
Total	<u>\$ 546,130,951</u>	<u>\$ 534,144,034</u>	<u>\$ 11,986,917</u>

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Dayton International Airport

The City's Dayton International Airport net assets increased \$8,013,182 due mainly to capital contributions made to the fund. The following tables illustrate the revenues and expenses of the Dayton International Airport fund.

	<u>2009</u>	<u>2008</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 24,943,894	\$ 24,199,137	3.08 %
Other	<u>5,712,056</u>	<u>6,868,281</u>	(16.83) %
Total	<u>\$ 30,655,950</u>	<u>\$ 31,067,418</u>	(1.32) %

Operating revenues of the DIA fund decreased \$411,468. This decrease is mainly the result of decreased revenues for customer facility charges for auto rentals as well as a decrease in other miscellaneous revenues.

	<u>2009</u>	<u>2008</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 8,357,108	\$ 9,179,423	(8.96) %
Benefit payments	3,069,251	2,723,465	12.70 %
Contractual services	12,219,435	3,662,022	233.68 %
Materials and supplies	716,302	932,089	(23.15) %
Utilities	1,977,538	1,832,641	7.91 %
Depreciation	9,461,860	8,973,698	5.44 %
Other	<u>2,262,323</u>	<u>2,568,210</u>	(11.91) %
Total	<u>\$ 38,063,817</u>	<u>\$ 29,871,548</u>	27.42 %

Operating expenses increased \$8,192,269 or 27.42%. This increase is due to an increase in contractual services. Contractual services increased \$8,557,413 or 233.68% due to an increase in other professional services related to security system upgrades, land use studies and non-capitalized expenses related to a new airport parking garage.

	<u>2009</u>	<u>2008</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 471,666	\$ 1,790,431	(73.66) %
Interest expense and fiscal charges	(2,082,373)	(2,211,477)	(5.84) %
Loss of sale of capital assets	-	(29,828)	(100.00) %
Capital contributions	<u>16,881,998</u>	<u>21,316,626</u>	(20.80) %
Total	<u>\$ 15,271,291</u>	<u>\$ 20,865,752</u>	(26.81) %

Other operating revenues and expenses decreased \$5,594,461 due to a decrease in interest revenue and capital contributions. Interest revenue decreased due to lower interest rates earned on investments as well as a decrease in the cash balance of the fund. Capital contributions decreased due to lower federal grant money received for construction projects at the airport as well as a decrease in passenger facility charges.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Water

The City's water fund net assets increased by \$2,948,480 or 1.82%.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 45,148,024	\$ 45,382,902	(0.52) %
Other	<u>2,595,726</u>	<u>3,561,718</u>	(27.12) %
Total	<u>\$ 47,743,750</u>	<u>\$ 48,944,620</u>	(2.45) %

Operating revenues decreased \$1,200,870 or 2.45%. The most significant decrease was in other revenues which decreased 27.12%. This decrease is mainly due to a decrease in administrative overhead revenues received by the water fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 14,713,456	\$ 15,395,093	(4.43) %
Benefit payments	5,400,719	5,170,299	4.46 %
Contractual services	5,784,173	3,685,395	56.95 %
Materials and supplies	4,812,093	6,008,238	(19.91) %
Utilities	6,238,060	6,729,124	(7.30) %
Depreciation	6,450,497	6,343,172	1.69 %
Other	<u>2,118,472</u>	<u>2,426,838</u>	(12.71) %
Total	<u>\$ 45,517,470</u>	<u>\$ 45,758,159</u>	(0.53) %

Operating expenses decreased \$240,689 or 0.53%. This decrease is the result of cost cutting measures in the area of personal services and materials and supplies expenses.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 244,902	\$ 973,789	(74.85) %
Loss of sale of capital assets	-	(239,581)	(100.00) %
Capital contributions	<u>216,235</u>	<u>-</u>	100.00 %
Total	<u>\$ 461,137</u>	<u>\$ 734,208</u>	(37.19) %

Interest revenue of the water fund decreased \$728,887 due to a decrease in interest rates earned on investments.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Sewer

The City's sewer fund net assets decreased \$807,127 or 0.76% during 2009.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 30,527,482	\$ 29,612,848	3.09 %
Other	<u>471,257</u>	<u>785,309</u>	(39.99) %
Total	<u>\$ 30,998,739</u>	<u>\$ 30,398,157</u>	1.98 %

Operating revenues increased \$600,582 or 1.98% due mainly to an increase in consumption during 2009. Other operating revenues declined due to reduced meter sewer flows from other jurisdictions and customers outside the City.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 6,889,500	\$ 7,328,269	(5.99) %
Benefit payments	2,505,752	2,125,066	17.91 %
Contractual services	8,376,418	6,800,395	23.18 %
Materials and supplies	2,298,382	2,119,791	8.42 %
Utilities	2,968,559	3,692,392	(19.60) %
Depreciation	7,722,188	7,463,018	3.47 %
Other	<u>697,978</u>	<u>670,923</u>	4.03 %
Total	<u>\$ 31,458,777</u>	<u>\$ 30,199,854</u>	4.17 %

Operating expenses increased \$1,258,923 or 4.17% due mainly to an increase in contractual service expenses. This increase is mainly the result of increased sludge disposal fees and other professional service fees.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating Expenses</u>			
Interest expense and fiscal charges	\$ (451,675)	\$ (455,715)	0.89 %
Loss on disposal of capital assets	<u>-</u>	<u>(284,086)</u>	100.00 %
Total	<u>\$ (451,675)</u>	<u>\$ (739,801)</u>	38.95 %

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

Capital Assets and Debt Administration

Capital Assets

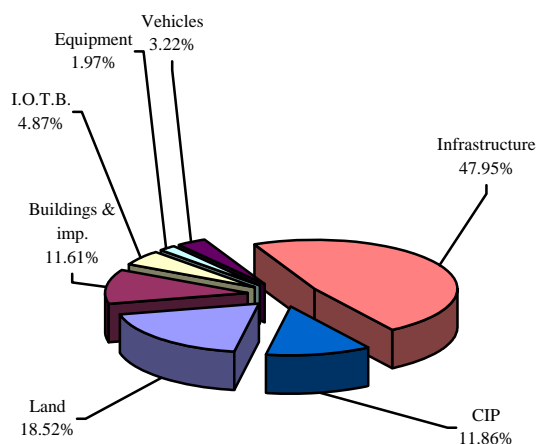
At December 31, 2009, the City had \$813,983,982 (net of accumulated depreciation) invested in land, buildings and improvements, improvements other than buildings, equipment, vehicles, infrastructure and construction in progress (CIP). Of this total, \$361,678,430 was reported in governmental activities and \$452,305,552 was reported in business-type activities. See Note 10 in the basic financial statements for additional capital asset disclosure. The following table shows December 31, 2009 balances compared to December 31, 2008:

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

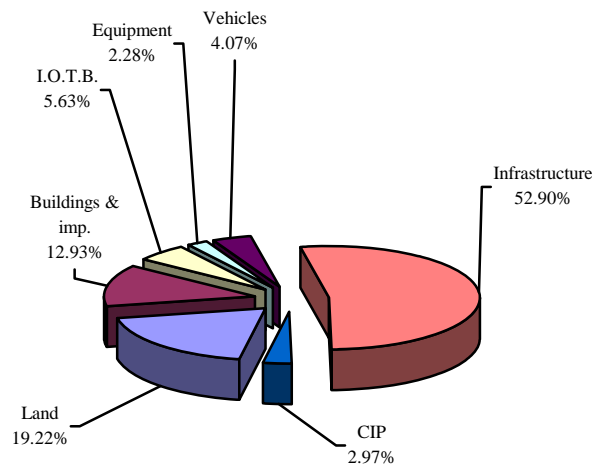
	Governmental Activities 2009	Governmental Activities 2008	Business-Type Activities 2009	Business-Type Activities 2008	Total 2009	Total 2008
Land	\$ 66,987,820	\$ 64,248,442	\$ 42,879,702	\$ 42,663,240	\$ 109,867,522	\$ 106,911,682
Construction in progress	42,902,447	9,915,488	43,686,959	24,809,724	86,589,406	34,725,212
Buildings and improvements	41,978,496	43,233,493	85,322,858	87,665,083	127,301,354	130,898,576
Improvements other than buildings	17,627,152	18,830,388	260,845,685	267,683,200	278,472,837	286,513,588
Equipment	7,134,633	7,632,609	6,864,677	7,654,579	13,999,310	15,287,188
Vehicles	11,645,189	13,623,073	12,705,671	12,989,172	24,350,860	26,612,245
Infrastructure	<u>173,402,693</u>	<u>176,873,327</u>	<u>-</u>	<u>-</u>	<u>173,402,693</u>	<u>176,873,327</u>
Total	<u>\$ 361,678,430</u>	<u>\$ 334,356,820</u>	<u>\$ 452,305,552</u>	<u>\$ 443,464,998</u>	<u>\$ 813,983,982</u>	<u>\$ 777,821,818</u>

The following graphs show the breakdown of governmental capital assets by category for 2009 and 2008.

Capital Assets - Governmental Activities 2009



Capital Assets - Governmental Activities 2008



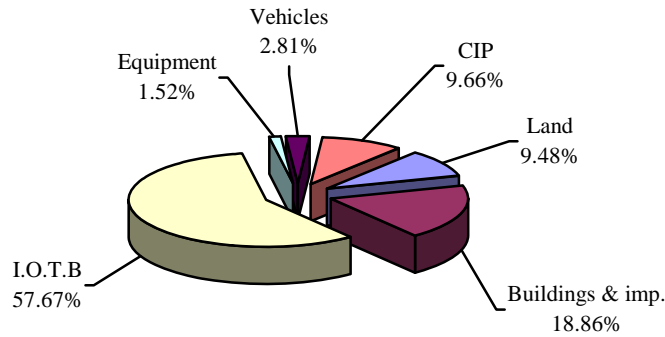
The City's largest capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks, curbs, annexed roadways, right-of-way, street lighting, and traffic signals. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 47.95% of the City's total governmental capital assets.

CITY OF DAYTON, OHIO

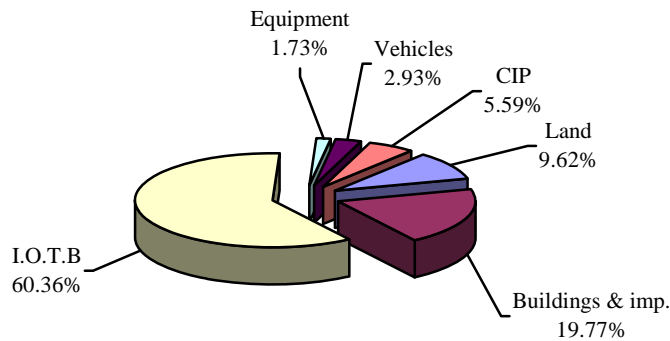
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

The following graphs show the breakdown of business-type capital assets by category for 2009 and 2008.

Capital Assets - Business-Type Activities 2009



Capital Assets - Business-Type Activities 2008



The City's largest business-type capital asset category is improvements other than buildings (I.O.T.B) which primarily includes runways for the airport, water lines, sewer lines and storm water catch basins. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's I.O.T.B (cost less accumulated depreciation) represents approximately 57.67% of the City's total business-type capital assets.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2009 and 2008:

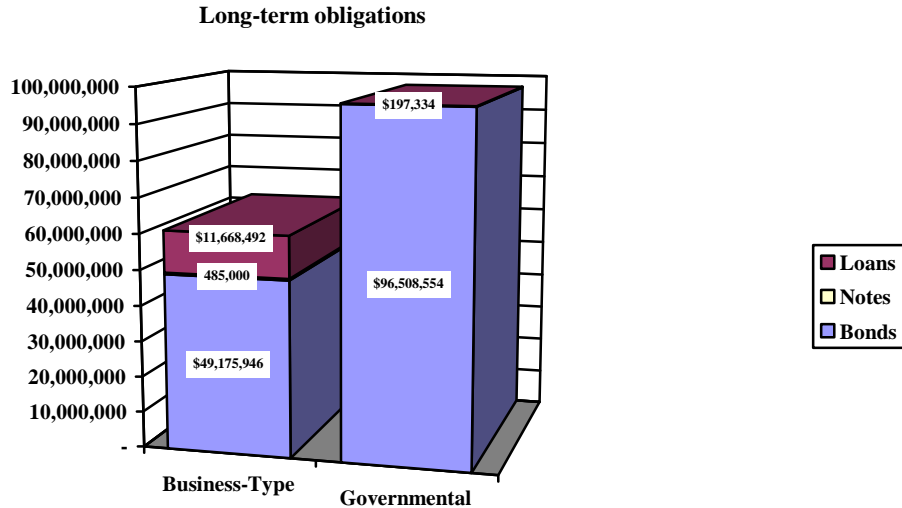
	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
General obligation bonds	\$ 56,284,054	\$ 49,441,334
Revenue bonds	39,925,000	40,500,000
Special assessment bonds	<u>299,500</u>	<u>409,600</u>
Total bonds	<u>96,508,554</u>	<u>90,350,934</u>
OPWC loans	197,334	208,176
Capital lease obligations	<u>-</u>	<u>1,494,000</u>
Total long-term obligations	<u>\$ 96,705,888</u>	<u>\$ 92,053,110</u>
	Business-type Activities <u>2009</u>	Business-type Activities <u>2008</u>
General obligation bonds	\$ 12,195,946	\$ 1,653,666
Revenue bonds	<u>36,980,000</u>	<u>38,095,000</u>
Total bonds	<u>49,175,946</u>	<u>39,748,666</u>
DIA Long-term Notes	<u>485,000</u>	<u>1,885,000</u>
Total Notes	<u>485,000</u>	<u>1,885,000</u>
OWDA loans	11,118,492	11,774,364
OPWC loans	<u>550,000</u>	<u>600,000</u>
Total loans	<u>11,668,492</u>	<u>12,374,364</u>
Total long-term obligations	<u>\$ 61,329,438</u>	<u>\$ 54,008,030</u>

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

CITY OF DAYTON, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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



Economic Factors and the 2010 Budget

To borrow a metaphor, it appears as though the worst of the economic tsunami has passed. As in the aftermath of most cataclysmic storms, our nation is now counting the casualties and taking stock of the damages. Although the worst may now be over, the recent downturn, known now as the “Great Recession”, has created a pervasive and persistent legacy in the collective psyche of our nation and much of the world. The balance sheets of many American families as well as American business, will take years to be restored, as will their confidence.

What presaged the recent recession was a housing asset bubble that was the result of lax lending standards, unchecked risk taking and old fashioned greed. When an unprecedented number of mortgages began to default, many of which had been securitized into mortgage-backed securities, the problem moved from Main Street to Wall Street. The solvency of the entire financial industry was in question and the stock market sold off sharply. With the prospect of job loss looming large and with the value of their assets sinking daily, consumers retreated from the malls and shopping centers. Businesses responded in kind with the lay-off of millions of workers and the recessionary cycle became entrenched. It would soon become the longest recession on record.

And yet recovery is underway in many parts of our nation. Gross Domestic Product (GDP), or the broadest measure of economic activity, has grown for 3 consecutive quarters, consumers are shopping again, and inchoate job growth can now be seen. Nevertheless, the U.S. is a large and diverse country and growth and prosperity has never been evenly distributed. The industrial Midwest was the first to enter the recession and will likely be among the last out. Dayton, for its part, has not seen job growth since prior to the 2001 recession and is at its lowest employment level since the mid-1980s. Montgomery County, in which Dayton is the county seat, has experienced an astonishing 20% decline in jobs since 2000, with about 50% of the loss coming from the previously well-paid manufacturing sector.

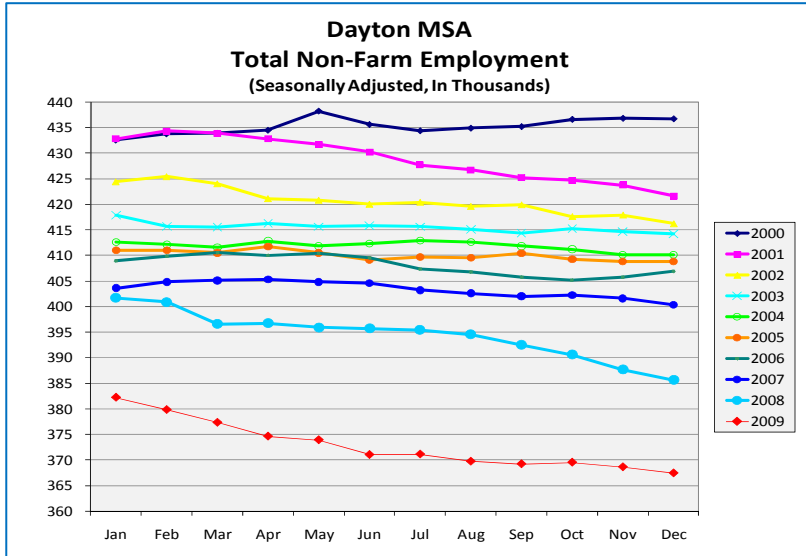
Budget planning in uncertain times such as these is indeed challenging. The 2010 budget was developed at a time when economic recovery for our nation seemed possible, but exactly when and to what extent and magnitude, could only be guessed. Certainly, the efforts of the Federal Reserve with its trillions of dollars in new lending facilities together with the stimulus provided by the American Recovery and Reinvestment Act have lessened the blow. However, City officials recognized that it may be years or even longer, before the Dayton region rebounds to its previous employment peaks.

CITY OF DAYTON, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Employment

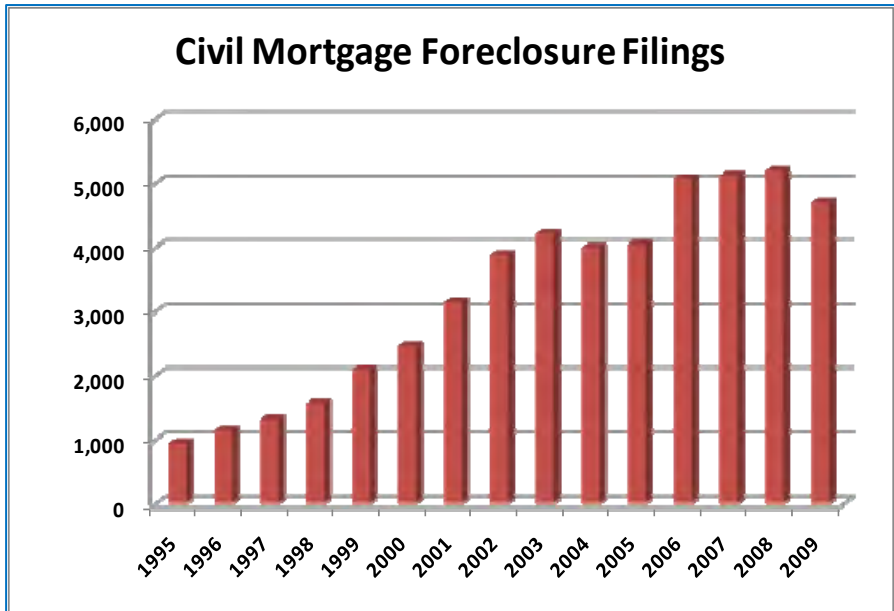
Unlike most of the nation, the Dayton region has been mired in economic decline for a decade. In other words, our region did not recover from the last recession in 2001 as the graph to the right illustrates. In fact, employment levels have not been this low for 25 years—or stated differently, for a generation. The major cause of the economic malaise can be summed up in one word: manufacturing. Since 1990, manufacturing employment is down an astonishing 42,700 or over 52%. The magnitude of the loss suggests a local manufacturing depression. Regrettably, with the closing of many local plants, these jobs are gone for good.



Job losses during the recession have not been limited to just manufacturing. Every sector except Education & Health Services and Leisure & Hospitality has experienced declines. Unemployment in the Dayton metropolitan area currently stands at 12.3% of the workforce while the City is even higher at 13.4%. Given that the City’s major revenue source is the income tax, the protracted downturn and loss of jobs has negatively impacted City revenues.

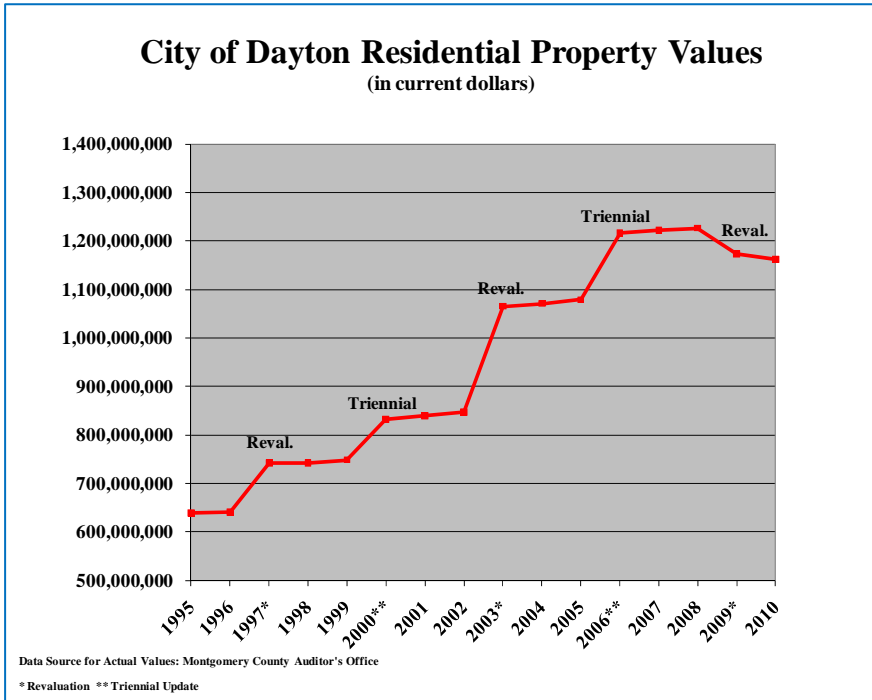
Property Values

As mentioned above, what precipitated the current downturn were the mortgage foreclosure crisis and the resulting plunge in property values that subtracted trillions of dollars in equity from the U.S. housing market. Although much of the Midwest did not participate in the rapid price appreciation experienced in such markets as Las Vegas, Miami, Phoenix and Los Angeles, we weren’t immune to the devastating aftermath.



CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009



As the graph above depicts, foreclosures in Montgomery County began to escalate in the late 1990s, peaked at just over 5,000 for three consecutive years and then improved to 4,703 filings in 2009. Despite the recent improvement, current levels represent an almost five-fold increase from 1995. Consequently, assessed residential property values have fallen for the last two years as shown in the adjacent graph and delinquencies have been steadily rising. Both of these factors have depressed 2010 property tax revenues for the City and will continue to do so in the future.

Local Government Revenue Sharing

The impact of the economic downturn on State of Ohio tax sources, and hence revenue-sharing with local governments, has been dramatic. The Local Government Fund is composed of 3.68% of all General Revenue Fund (GRF) tax sources distributed to municipalities based on a locally approved formula. For the State fiscal year ending on June 30, 2009, GRF tax receipts were down 12% and State projections for 2010 expect further declines. Governor Strickland's council of economic advisers' forecast projects job losses continuing until State fiscal year 2011. This forecast does not bode well for the City's second largest general fund revenue source.

Next Year's Budget and Rates

Despite the very difficult economic conditions faced by the City organization, the unencumbered general fund balance on a budgetary basis is expected to remain within the minimum policy parameter level of 6 weeks of operating reserves.

Contacting the City's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

CITY OF DAYTON, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Assets:				
Equity in pooled cash and cash equivalents	\$ 77,919,025	\$ 143,444,065	\$ 221,363,090	\$ 188,983
Investments	93,150	-	93,150	275,000
Receivables (net of allowances for uncollectibles):				
Property and other local taxes	22,398,893	-	22,398,893	-
Municipal income taxes	15,287,978	-	15,287,978	-
Accounts	3,967,710	15,163,666	19,131,376	180,060
Contracts	-	-	-	1,267,985
Special assessments	1,202,383	912,180	2,114,563	-
Accrued interest	515,168	400,198	915,366	1,979,562
Loans	25,700,000	-	25,700,000	20,661,501
Other	-	-	-	103,484
Internal balances	1,016,435	(1,016,435)	-	-
Due from other governments	32,805,411	6,101,221	38,906,632	-
Prepayments	444,888	246,653	691,541	110,774
Materials and supplies inventory	-	1,855,998	1,855,998	-
Inventory held for resale	671,729	-	671,729	-
Deposits	-	-	-	10,704
Advances to component unit	13,194,307	1,777,778	14,972,085	-
Unamortized bond issue costs	1,530,767	1,712,676	3,243,443	-
Restricted assets:				
Equity in pooled cash and cash equivalents	-	80,548	80,548	742,099
Cash with fiscal and escrow agents	1,891	3,014,052	3,015,943	-
Equity investments	-	-	-	1,659,081
Deferred bond costs	-	-	-	57,455
Capital assets:				
Land and construction in progress	109,890,267	86,566,661	196,456,928	-
Depreciable capital assets, net	<u>251,788,163</u>	<u>365,738,891</u>	<u>617,527,054</u>	<u>14,417,529</u>
Total capital assets	<u>361,678,430</u>	<u>452,305,552</u>	<u>813,983,982</u>	<u>14,417,529</u>
Total assets	<u>558,428,165</u>	<u>625,998,152</u>	<u>1,184,426,317</u>	<u>41,654,217</u>

-- Continued

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

STATEMENT OF NET ASSETS (CONTINUED)
DECEMBER 31, 2009

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Liabilities:				
Accounts payable	\$ 1,433,159	\$ 3,134,667	\$ 4,567,826	\$ 261,024
Contracts payable	5,405,554	6,460,876	11,866,430	-
Airline settlement payable	-	978,556	978,556	-
Accrued wages and benefits	3,559,892	1,081,579	4,641,471	-
Retainage payable	2,781,702	2,490,305	5,272,007	-
Grants payable	-	-	-	387,864
Due to other governments	7,567,231	788,851	8,356,082	-
Unearned revenue	17,663,406	-	17,663,406	-
Accrued interest payable	297,096	219,226	516,322	14,706
Accrued liabilities and other payables	-	-	-	1,932,736
Advances from primary government	-	-	-	14,972,085
Payable from restricted assets:				
Utility deposits	-	80,548	80,548	-
Accrued interest payable	-	201,323	201,323	-
Long-term liabilities:				
Due within one year	13,976,270	4,651,837	18,628,107	1,720,508
Due in more than one year	99,228,984	59,800,391	159,029,375	9,325,902
Total liabilities	<u>151,913,294</u>	<u>79,888,159</u>	<u>231,801,453</u>	<u>28,614,825</u>
Minority interest	-	-	-	9,848
Net assets:				
Invested in capital assets, net of related debt	304,910,802	401,965,547	706,876,349	11,809,640
Restricted for:				
Permanent fund:				
Expendable	76,354	-	76,354	-
Nonexpendable	102,228	-	102,228	-
Capital projects	19,926,984	-	19,926,984	-
Debt service	45,589,396	-	45,589,396	-
Housing and urban development	5,378,296	-	5,378,296	-
Special projects	12,560,397	-	12,560,397	-
Street and highway projects	3,013,380	-	3,013,380	-
Program income from revolving loans	-	-	-	742,099
Other purposes	4,916,302	-	4,916,302	-
Unrestricted	10,040,732	144,144,446	154,185,178	477,805
Total net assets	<u>\$ 406,514,871</u>	<u>\$ 546,109,993</u>	<u>\$ 952,624,864</u>	<u>\$ 13,029,544</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

		Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:				
Governmental Activities:				
Downtown	\$ 5,182,850	\$ 588,229	\$ -	\$ 88,631
Youth, education and human services	2,264,862	7,618	278,160	47,718
Community development and neighborhoods	21,342,171	2,289,894	13,306,998	1,133,971
Economic development	14,263,940	1,438,105	927,322	14,510,035
Leadership and quality of life	47,091,889	4,411,912	6,190,345	9,936,703
Corporate responsibility	17,707,683	2,853,032	80,480	1,700
Public safety and justice	95,706,450	17,398,578	3,364,518	52,289
Interest and fiscal charges	3,620,502	-	-	-
Total governmental activities	207,180,347	28,987,368	24,147,823	25,771,047
Business-type Activities:				
Dayton International Airport	40,310,513	30,655,950	-	16,881,998
Water	45,672,640	47,743,750	-	216,235
Sewer	31,994,865	30,998,739	-	-
Other business-type activities:				
Golf	3,281,384	3,250,241	-	-
Storm Water	5,401,928	7,083,455	-	-
Total business-type activities	126,661,330	119,732,135	-	17,098,233
Total primary government	\$ 333,841,677	\$ 148,719,503	\$ 24,147,823	\$ 42,869,280
Component Unit:				
CityWide Development Corporation	\$ 6,849,121	\$ 2,904,567	\$ -	\$ 3,726,077

General Revenues:

Property taxes levied for:

- General purposes
- Debt service
- Capital projects

Income taxes levied for:

- General purposes
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets, January 1 (restated)

Net assets, December 31

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (4,505,990)	\$ -	\$ (4,505,990)	\$ -
(1,931,366)	-	(1,931,366)	-
(4,611,308)	-	(4,611,308)	-
2,611,522	-	2,611,522	-
(26,552,929)	-	(26,552,929)	-
(14,772,471)	-	(14,772,471)	-
(74,891,065)	-	(74,891,065)	-
(3,620,502)	-	(3,620,502)	-
<u>(128,274,109)</u>	<u>-</u>	<u>(128,274,109)</u>	<u>-</u>
-	7,227,435	7,227,435	-
-	2,287,345	2,287,345	-
-	(996,126)	(996,126)	-
-	(31,143)	(31,143)	-
<u>-</u>	<u>1,681,527</u>	<u>1,681,527</u>	<u>-</u>
<u>-</u>	<u>10,169,038</u>	<u>10,169,038</u>	<u>-</u>
<u>(128,274,109)</u>	<u>10,169,038</u>	<u>(118,105,071)</u>	<u>-</u>
-	-	-	<u>(218,477)</u>
9,274,153	-	9,274,153	-
8,690,698	-	8,690,698	-
1,106,009	-	1,106,009	-
99,817,917	-	99,817,917	-
14,827,230	-	14,827,230	-
1,311,141	716,568	2,027,709	28,044
4,673,485	-	4,673,485	-
<u>139,700,633</u>	<u>716,568</u>	<u>140,417,201</u>	<u>28,044</u>
<u>(662,961)</u>	<u>662,961</u>	<u>-</u>	<u>-</u>
<u>139,037,672</u>	<u>1,379,529</u>	<u>140,417,201</u>	<u>28,044</u>
10,763,563	11,548,567	22,312,130	(190,433)
<u>395,751,308</u>	<u>534,561,426</u>	<u>930,312,734</u>	<u>13,219,977</u>
<u>\$ 406,514,871</u>	<u>\$ 546,109,993</u>	<u>\$ 952,624,864</u>	<u>\$ 13,029,544</u>

CITY OF DAYTON, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 30,231,610	\$ 15,576,635	\$ 1,231,530	\$ 16,195,183	\$ 63,234,958
Investments	-	-	-	93,150	93,150
Receivables (net of allowance for uncollectibles):					
Property and other local taxes	11,217,134	11,181,759	-	-	22,398,893
Municipal income taxes	15,287,978	-	-	-	15,287,978
Accounts	3,713,707	25,000	60,466	153,862	3,953,035
Special assessments	159,640	787,825	-	254,918	1,202,383
Accrued interest	484,686	12,541	9,428	8,513	515,168
Loans	-	25,700,000	-	-	25,700,000
Interfund loans	1,797,311	-	-	-	1,797,311
Due from other funds	47,909	-	2,506	9,912	60,327
Due from other governments	7,187,570	533,207	17,811,918	7,245,969	32,778,664
Prepayments	410,916	-	11,941	786	423,643
Advances from other funds	-	912,306	-	-	912,306
Advances to component unit	-	-	5,393,043	7,801,264	13,194,307
Restricted assets:					
Cash with fiscal and escrow agents	-	1,891	-	-	1,891
Total assets	<u>\$ 70,538,461</u>	<u>\$ 54,731,164</u>	<u>\$ 24,520,832</u>	<u>\$ 31,763,557</u>	<u>\$ 181,554,014</u>
Liabilities:					
Accounts payable	\$ 992,458	\$ 7,684	\$ 13,087	\$ 238,982	\$ 1,252,211
Contracts payable	700,445	-	1,811,219	2,893,890	5,405,554
Accrued wages and benefits	3,267,803	2,038	7,392	160,648	3,437,881
Retainage payable	-	-	2,760,243	21,459	2,781,702
Interfund loans payable	-	-	-	1,397,311	1,397,311
Due to other funds	78,285	3,247	1,907	40,051	123,490
Due to other governments	5,745,215	-	-	-	5,745,215
Claimants payable	3,647	-	-	-	3,647
Deferred revenue	15,080,491	3,698,446	14,935,358	3,494,035	37,208,330
Unearned revenue	8,831,703	8,831,703	-	-	17,663,406
Total liabilities	<u>34,700,047</u>	<u>12,543,118</u>	<u>19,529,206</u>	<u>8,246,376</u>	<u>75,018,747</u>
Fund Balances:					
Reserved for encumbrances	3,027,913	39,491	20,728,704	23,812,974	47,609,082
Reserved for prepayments	410,916	-	11,941	786	423,643
Reserved for claims	132,987	-	-	-	132,987
Reserved for advances	-	912,306	-	-	912,306
Reserved for advances to component unit	-	-	5,393,043	7,801,264	13,194,307
Reserved for debt service	-	15,536,249	-	-	15,536,249
Reserved for contributions to permanent fund	-	-	-	102,228	102,228
Reserved for loans	-	25,700,000	-	-	25,700,000
Unreserved, designated for various projects, reported in:					
General fund	6,585,539	-	-	-	6,585,539
Special revenue funds	-	-	-	398,848	398,848
Unreserved, undesignated (deficit), reported in:					
General fund	25,681,059	-	-	-	25,681,059
Special revenue funds	-	-	-	(8,675,221)	(8,675,221)
Permanent fund	-	-	-	76,302	76,302
Capital projects funds	-	-	(21,142,062)	-	(21,142,062)
Total fund balances	<u>35,838,414</u>	<u>42,188,046</u>	<u>4,991,626</u>	<u>23,517,181</u>	<u>106,535,267</u>
Total liabilities and fund balances	<u>\$ 70,538,461</u>	<u>\$ 54,731,164</u>	<u>\$ 24,520,832</u>	<u>\$ 31,763,557</u>	<u>\$ 181,554,014</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009

Total governmental fund balances		\$ 106,535,267
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds.		360,431,997
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property and other local taxes receivable	\$ 4,700,112	
Municipal income taxes receivable	6,605,375	
Accounts receivable	1,609,975	
Special assessments receivable	1,202,383	
Accrued interest receivable	96,880	
Due from other governments	22,993,605	
Total	37,208,330	37,208,330
Unamortized premiums/discounts on bond issuances are not recognized in the funds		(584,038)
Unamortized bond issuance costs are not recognized in the funds.		1,530,767
Unamortized deferred charges on refundings are not recorded in the funds.		1,077,053
Internal service funds are used by management to charge the costs of fleet management fire fleet management, stores and reproduction, workers' compensation, and plumbing to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net assets. The net assets of the internal service funds, including internal balances of \$20,958, are:		7,678,326
In the statement of net assets interest is accrued on bonds, whereas in governmental funds, interest is accrued when due.		(297,096)
Long-term liabilities, including bonds and compensated absences are not due and payable in the current period and therefore are not reported in the funds (exclusive of internal service fund liabilities).		
Special assessment bonds	(299,500)	
General obligation bonds	(56,284,054)	
Revenue bonds	(39,925,000)	
Compensated absences	(9,180,674)	
OPWC loan	(197,334)	
Pollution remediation obligations	(1,179,173)	
Total	(107,065,735)	(107,065,735)
Net assets of governmental activities		\$ 406,514,871

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Municipal income taxes	\$ 99,831,456	\$ -	\$ -	\$ -	\$ 99,831,456
Property and other taxes	9,880,083	9,296,628	1,106,009	-	20,282,720
State shared taxes	13,222,031	-	-	5,674,831	18,896,862
Charges for services	23,368,644	-	324,881	1,344,208	25,037,733
Licenses and permits	1,585,081	-	36,156	9,082	1,630,319
Fines and forfeitures	1,604,520	-	-	501,669	2,106,189
Intergovernmental	1,097,695	1,050,358	18,114,720	19,436,678	39,699,451
Special assessments	189,434	117,652	12,800	102,722	422,608
Investment income	2,788,668	57,832	42,617	38,540	2,927,657
Decrease in FMV of investments	(1,043,330)	(22,519)	(19,018)	(997)	(1,085,864)
Other	138,078	100,000	2,562,915	1,847,492	4,648,485
Total revenues	<u>152,662,360</u>	<u>10,599,951</u>	<u>22,181,080</u>	<u>28,954,225</u>	<u>214,397,616</u>
Expenditures:					
Current:					
Downtown	3,537,383	560,000	46,405	-	4,143,788
Youth, education and human services	34,129	-	24,984	2,221,124	2,280,237
Community development and neighborhoods	12,982,602	-	593,719	8,683,280	22,259,601
Economic development	3,823,697	13	6,417,920	4,806,270	15,047,900
Leadership and quality of life	24,215,492	-	5,202,610	11,573,309	40,991,411
Corporate responsibility	14,648,932	495,335	890	1,980,002	17,125,159
Public safety and justice	90,866,260	-	27,377	4,347,213	95,240,850
Capital outlay	-	-	34,887,179	21,459	34,908,638
Debt service:					
Principal retirement	-	6,542,380	10,842	1,494,000	8,047,222
Interest and fiscal charges	-	3,498,169	59,621	-	3,557,790
Bond issuance costs	-	586,476	-	-	586,476
Total expenditures	<u>150,108,495</u>	<u>11,682,373</u>	<u>47,271,547</u>	<u>35,126,657</u>	<u>244,189,072</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,553,865</u>	<u>(1,082,422)</u>	<u>(25,090,467)</u>	<u>(6,172,432)</u>	<u>(29,791,456)</u>
Other financing sources (uses):					
Sale of bonds	-	22,337,868	12,070,243	-	34,408,111
Payment to refund bond escrow agent	-	(22,528,097)	-	-	(22,528,097)
Premium on bond issuance	-	311,474	-	-	311,474
Transfers in	804,913	56,677	1,610,000	9,346,913	11,818,503
Transfers out	(11,114,668)	-	-	(1,563,745)	(12,678,413)
Total other financing sources (uses)	<u>(10,309,755)</u>	<u>177,922</u>	<u>13,680,243</u>	<u>7,783,168</u>	<u>11,331,578</u>
Net change in fund balances	(7,755,890)	(904,500)	(11,410,224)	1,610,736	(18,459,878)
Fund balances at beginning of year (restated)	<u>43,594,304</u>	<u>43,092,546</u>	<u>16,401,850</u>	<u>21,906,445</u>	<u>124,995,145</u>
Fund balances at end of year	<u>\$ 35,838,414</u>	<u>\$ 42,188,046</u>	<u>\$ 4,991,626</u>	<u>\$ 23,517,181</u>	<u>\$ 106,535,267</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Net change in fund balances - total governmental funds \$ (18,459,878)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$39,799,258) exceeded depreciation expense (\$12,373,540) in the current period (exclusive of internal service fund activity). 27,425,718

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net assets. The City received \$62,210 in capital contributions and recorded (\$64,991) related to disposals. (2,781)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Municipal income taxes	\$ (13,539)	
Property taxes	(1,211,860)	
State shared taxes	(588,473)	
Charges for services	88,040	
Intergovernmental	6,663,250	
Special assessments	(259,721)	
Investment income	(530,652)	
Total	4,147,045	4,147,045

Repayments of bond, loan and capital lease principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets.

Bond principal payments	6,542,380	
Loan principal payments	10,842	
Capital lease principal payments	1,494,000	
Total	8,047,222	8,047,222

Issuance of bonds are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets. (34,408,111)

Payment to refunded bond escrow agent for the retirement of bonds is an other use in the governmental funds but the payment reduces long-term liabilities on the statement of net assets. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities.

The following refunding transactions occurred during the year:

Bonds refunded	21,708,111	
Deferred charges on refundings	819,986	
Total	22,528,097	22,528,097

Premiums on bonds and bond issuance costs related to the issuance of bonds are amortized over the life of the issuance in the statement of activities. The following transactions occurred in the fiscal year:

Premium on bonds	(311,474)	
Bond issuance costs	586,476	
Total	275,002	275,002

In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the following:

Decrease in accrued interest payable	26,343	
Amortization of bond issue costs	(63,676)	
Amortization of bond premiums and discounts	29,579	
Amortization of deferred charges on refundings	(54,958)	
Total	(62,712)	(62,712)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated absences	1,929,578	
Pollution remediation obligation	(829,173)	
Total	1,100,405	1,100,405

Internal service funds used by management to charge the costs of fleet management, fire fleet management, stores and reproduction, workers' compensation, and plumbing to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service funds revenues are eliminated. The net revenue (expense) of the internal service funds, including internal balances of \$438,350, is allocated among governmental activities. 173,556

Change in net assets of governmental activities \$ 10,763,563

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal income taxes	\$ 105,417,700	\$ 101,368,300	\$ 100,430,248	\$ (938,052)
Property and other local taxes	10,145,900	9,896,200	9,883,262	(12,938)
State shared taxes	15,678,500	13,409,300	13,545,039	135,739
Charges for services	22,824,800	23,249,500	23,475,636	226,136
Licenses and permits.	1,410,700	1,683,000	1,585,081	(97,919)
Fines and forfeitures.	1,768,000	1,551,700	1,663,326	111,626
Intergovernmental	1,345,300	1,132,800	1,132,821	21
Special assessments	200,000	158,800	189,434	30,634
Investment income	4,058,300	2,202,500	2,190,940	(11,560)
Other	2,769,100	2,204,200	2,611,433	407,233
Total revenues.	<u>165,618,300</u>	<u>156,856,300</u>	<u>156,707,220</u>	<u>(149,080)</u>
Expenditures:				
Current:				
Downtown	13,058,300	3,449,900	3,614,200	(164,300)
Youth, education and human services.	-	-	37,541	(37,541)
Community development and neighborhoods.	8,858,100	14,041,600	13,375,287	666,313
Economic development	10,089,100	4,142,900	3,699,501	443,399
Leadership and quality of life	32,824,000	27,227,200	25,000,543	2,226,657
Corporate responsibility.	94,899,100	15,638,600	13,951,228	1,687,372
Public safety and justice	1,910,800	97,344,000	92,471,285	4,872,715
Total expenditures.	<u>161,639,400</u>	<u>161,844,200</u>	<u>152,149,585</u>	<u>9,694,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,978,900</u>	<u>(4,987,900)</u>	<u>4,557,635</u>	<u>9,545,535</u>
Other financing sources (uses):				
Transfers in	4,058,400	979,913	804,913	(175,000)
Transfers out	(11,454,700)	(15,930,400)	(11,114,668)	4,815,732
Total other financing sources (uses)	<u>(7,396,300)</u>	<u>(14,950,487)</u>	<u>(10,309,755)</u>	<u>4,640,732</u>
Net change in fund balance.	(3,417,400)	(19,938,387)	(5,752,120)	14,186,267
Fund balance at beginning of year.	21,909,052	21,909,052	21,909,052	-
Prior year encumbrances appropriated.	2,506,696	2,506,696	2,506,696	-
Fund balance at end of year.	<u>20,998,348</u>	<u>\$ 4,477,361</u>	<u>\$ 18,663,628</u>	<u>\$ 14,186,267</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF DAYTON, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2009

	Business-type Activities -		
	Dayton International Airport	Water	Sewer
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 65,609,389	\$ 42,745,764	\$ 27,946,905
Receivables (net of allowance for uncollectibles):			
Special assessments	-	-	488,679
Accounts	2,603,818	6,571,994	4,516,181
Accrued interest	267,561	132,637	-
Due from other funds	-	3,442,957	5,533
Due from other governments	6,087,370	13,851	-
Prepayments.	83,465	118,771	44,417
Materials and supplies inventory	32,941	1,823,057	-
Inventory held for resale	-	-	-
Restricted assets:			
Equity in pooled cash and cash equivalents	-	80,548	-
Cash with fiscal and escrow agents.	3,014,052	-	-
Total current assets	<u>77,698,596</u>	<u>54,929,579</u>	<u>33,001,715</u>
Noncurrent assets:			
Advances to component unit.	-	1,777,778	-
Unamortized bond issuance costs.	1,704,857	-	-
Capital assets:			
Land and construction in progress	73,364,380	8,961,233	3,588,621
Depreciable capital assets, net	159,401,453	103,485,534	86,468,652
Total capital assets	<u>232,765,833</u>	<u>112,446,767</u>	<u>90,057,273</u>
Total noncurrent assets	<u>234,470,690</u>	<u>114,224,545</u>	<u>90,057,273</u>
Total assets.	<u>312,169,286</u>	<u>169,154,124</u>	<u>123,058,988</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Enterprise Funds		Governmental Activities - Internal Service Funds
Other Enterprise	Total	
\$ 7,142,007	\$ 143,444,065	\$ 14,684,067
423,501	912,180	-
1,471,673	15,163,666	14,675
-	400,198	-
14,884	3,463,374	147,317
-	6,101,221	26,747
-	246,653	21,245
-	1,855,998	-
-	-	671,729
-	80,548	-
-	3,014,052	-
<u>9,052,065</u>	<u>174,681,955</u>	<u>15,565,780</u>
-	1,777,778	-
7,819	1,712,676	-
652,427	86,566,661	75,000
<u>16,383,252</u>	<u>365,738,891</u>	<u>1,171,433</u>
<u>17,035,679</u>	<u>452,305,552</u>	<u>1,246,433</u>
<u>17,043,498</u>	<u>455,796,006</u>	<u>1,246,433</u>
<u>26,095,563</u>	<u>630,477,961</u>	<u>16,812,213</u>

-- Continued

CITY OF DAYTON, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS (CONTINUED)
 DECEMBER 31, 2009

	Business-type Activities		
	Dayton International Airport	Water	Sewer
Liabilities:			
Current liabilities:			
Accounts payable	324,948	1,607,336	1,144,134
Contracts payable	5,128,347	744,974	586,220
Airline settlement payable.	978,556	-	-
Accrued wages and benefits	286,380	471,417	224,196
Compensated absences - current.	408,171	774,257	325,155
Retainage payable	2,380,005	11,015	99,285
Interfund loans payable.	-	-	-
Accrued interest payable.	1,993	-	210,767
Due to other funds	8,450	73,505	2,898,349
Due to other governments	675,673	112,736	-
Claims payable - current.	-	-	-
General obligation notes payable - current.	485,000	-	-
General obligation bonds payable - current.	350,000	-	-
OWPC loan payable - current.	-	-	50,000
OWDA loan payable - current.	-	-	676,715
Payable from restricted assets:			
Utility deposits	-	80,548	-
Accrued interest payable	201,323	-	-
Revenue bonds - current.	1,155,000	-	-
Total current liabilities.	<u>12,383,846</u>	<u>3,875,788</u>	<u>6,214,821</u>
Noncurrent liabilities:			
Compensated absences.	391,586	742,796	311,942
Advances from other funds	-	-	-
Claims payable	-	-	-
General obligation bonds payable	10,470,000	-	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding).	35,655,567	-	-
OPWC loan payable	-	-	500,000
OWDA loan payable	-	-	10,441,777
Total noncurrent liabilities.	<u>46,517,153</u>	<u>742,796</u>	<u>11,253,719</u>
Total liabilities	<u>58,900,999</u>	<u>4,618,584</u>	<u>17,468,540</u>
Net assets:			
Invested in capital assets, net of related debt	195,470,266	112,446,767	78,388,781
Unrestricted.	57,798,021	52,088,773	27,201,667
Total net assets	<u>\$ 253,268,287</u>	<u>\$ 164,535,540</u>	<u>\$ 105,590,448</u>

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

Net assets of business-type activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Enterprise Funds		Governmental Activities - Internal Service Funds
Other Enterprise	Total	
58,249	3,134,667	180,948
1,335	6,460,876	-
-	978,556	-
99,586	1,081,579	122,011
172,666	1,680,249	172,933
-	2,490,305	-
-	-	400,000
6,466	219,226	-
566,241	3,546,545	983
442	788,851	1,822,016
-	-	77,924
-	485,000	-
254,873	604,873	-
-	50,000	-
-	676,715	-
-	80,548	-
-	201,323	-
-	1,155,000	-
<u>1,159,858</u>	<u>23,634,313</u>	<u>2,776,815</u>
165,650	1,611,974	165,906
912,306	912,306	-
-	-	6,212,124
1,121,073	11,591,073	-
-	35,655,567	-
-	500,000	-
-	10,441,777	-
<u>2,199,029</u>	<u>60,712,697</u>	<u>6,378,030</u>
<u>3,358,887</u>	<u>84,347,010</u>	<u>9,154,845</u>
15,659,733	401,965,547	1,246,433
7,076,943	144,165,404	6,410,935
<u>\$ 22,736,676</u>	<u>546,130,951</u>	<u>\$ 7,657,368</u>
	(20,958)	
	<u>\$ 546,109,993</u>	

CITY OF DAYTON, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-type Activities -		
	Dayton International Airport	Water	Sewer
Operating revenues:			
Charges for services	\$ 24,943,894	\$ 45,148,024	\$ 30,527,482
Other	5,712,056	2,595,726	471,257
Total operating revenues	30,655,950	47,743,750	30,998,739
Operating expenses:			
Personal services	8,357,108	14,713,456	6,889,500
Benefit payments	3,069,251	5,400,719	2,505,752
Contractual services	12,219,435	5,784,173	8,376,418
Materials and supplies	716,302	4,812,093	2,298,382
Utilities	1,977,538	6,238,060	2,968,559
Cost of sales	-	-	-
Depreciation	9,461,860	6,450,497	7,722,188
Claims	-	-	-
Other	2,262,323	2,118,472	697,978
Total operating expenses	38,063,817	45,517,470	31,458,777
Operating income (loss)	(7,407,867)	2,226,280	(460,038)
Nonoperating revenues (expenses):			
Interest revenue	961,972	454,096	-
Decrease in fair market value of investments	(490,306)	(209,194)	-
Interest expense and fiscal charges	(2,082,373)	-	(451,675)
Total nonoperating revenues (expenses)	(1,610,707)	244,902	(451,675)
Income (loss) before capital contributions and transfers	(9,018,574)	2,471,182	(911,713)
Capital contributions	16,881,998	216,235	-
Transfers in	149,758	261,063	104,586
Transfers out	-	-	-
Changes in net assets	8,013,182	2,948,480	(807,127)
Net assets, January 1 (restated)	245,255,105	161,587,060	106,397,575
Net assets, December 31.	\$ 253,268,287	\$ 164,535,540	\$ 105,590,448

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

Changes in net assets of business-type activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Enterprise Funds		Governmental Activities - Internal Service Funds
Other Enterprise	Total	
\$ 10,275,606	\$ 110,895,006	\$ 12,756,226
58,090	8,837,129	289,967
<u>10,333,696</u>	<u>119,732,135</u>	<u>13,046,193</u>
3,518,736	33,478,800	3,763,422
1,287,443	12,263,165	1,417,744
2,088,272	28,468,298	1,291,712
536,916	8,363,693	2,112,292
214,732	11,398,889	22,430
-	-	1,808,931
687,355	24,321,900	101,327
-	-	2,961,161
<u>226,844</u>	<u>5,305,617</u>	<u>28,917</u>
<u>8,560,298</u>	<u>123,600,362</u>	<u>13,507,936</u>
<u>1,773,398</u>	<u>(3,868,227)</u>	<u>(461,743)</u>
-	1,416,068	-
-	(699,500)	-
<u>(88,570)</u>	<u>(2,622,618)</u>	<u>-</u>
<u>(88,570)</u>	<u>(1,906,050)</u>	<u>-</u>
1,684,828	(5,774,277)	(461,743)
-	17,098,233	-
204,231	719,638	196,949
<u>(56,677)</u>	<u>(56,677)</u>	<u>-</u>
1,832,382	11,986,917	(264,794)
<u>20,904,294</u>		<u>7,922,162</u>
<u>\$ 22,736,676</u>		<u>\$ 7,657,368</u>
	<u>(438,350)</u>	
	<u>\$ 11,548,567</u>	

CITY OF DAYTON, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-type Activities -		
	Dayton International Airport	Water	Sewer
Cash flows from operating activities:			
Cash received from customers	\$ 24,566,761	\$ 45,606,303	\$ 30,642,982
Cash received from interfund services provided.	-	-	-
Cash received from other operating revenues	5,805,803	2,554,082	465,724
Cash payments for personal services	(8,568,557)	(15,207,394)	(6,973,529)
Cash payments for fringe benefits	(3,112,588)	(5,458,060)	(2,526,817)
Cash payments for contract services.	(11,282,124)	(5,343,600)	(8,444,376)
Cash payments for materials and supplies.	(721,505)	(4,734,430)	(2,331,750)
Cash payments for cost of goods sold.	-	-	-
Cash payments for utilities	(1,986,257)	(6,443,868)	(2,846,083)
Cash payments for claims	-	-	-
Cash payments for other operating expenses	(2,264,665)	(2,177,816)	(689,530)
Net cash provided by operating activities.	<u>2,436,868</u>	<u>8,795,217</u>	<u>7,296,621</u>
Cash flows from noncapital financing activities:			
Cash received from advance to component unit	-	881,703	-
Cash payments from advance to component unit	-	(625,855)	-
Cash received from interfund loans.	-	-	-
Transfers in.	149,758	261,063	104,586
Transfers out.	-	-	-
Net cash provided by noncapital financing activities.	<u>149,758</u>	<u>516,911</u>	<u>104,586</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(23,917,089)	(5,245,243)	(1,352,944)
Capital contributions	11,597,228	216,235	-
Bond issuance costs	(130,000)	-	-
Payment to refunded bond escrow agent	-	-	-
Sale of general obligation bonds.	10,820,000	-	-
Principal paid on notes	(1,400,000)	-	-
Interest paid on notes.	(94,250)	-	-
Principal paid on bonds.	(1,115,000)	-	-
Interest paid on bonds	(1,860,958)	-	-
Principal paid on loans	-	-	(705,872)
Interest paid on loans.	-	-	(463,620)
Net cash used in capital and related financing activities.	<u>(6,100,069)</u>	<u>(5,029,008)</u>	<u>(2,522,436)</u>
Cash flows from investing activities:			
Interest received	649,167	296,549	-
Net cash provided by investing activities	<u>649,167</u>	<u>296,549</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(2,864,276)	4,579,669	4,878,771
Cash and cash equivalents at beginning of year	<u>71,487,717</u>	<u>38,246,643</u>	<u>23,068,134</u>
Cash and cash equivalents at end of year.	<u>\$ 68,623,441</u>	<u>\$ 42,826,312</u>	<u>\$ 27,946,905</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Enterprise Funds		Governmental Activities - Internal Service Funds
Other Enterprise	Total	
\$ 10,110,710	\$ 110,926,756	\$ -
-	-	12,869,170
43,206	8,868,815	289,967
(3,599,213)	(34,348,693)	(3,877,896)
(1,297,111)	(12,394,576)	(1,435,780)
(2,079,724)	(27,149,824)	(1,315,428)
(542,187)	(8,329,872)	(2,101,642)
-	-	(1,813,464)
(216,855)	(11,493,063)	(24,286)
-	-	(2,243,896)
(227,332)	(5,359,343)	(29,076)
<u>2,191,494</u>	<u>20,720,200</u>	<u>317,669</u>
-	881,703	-
-	(625,855)	-
68,723	68,723	-
204,231	719,638	196,949
<u>(56,677)</u>	<u>(56,677)</u>	<u>-</u>
<u>216,277</u>	<u>987,532</u>	<u>196,949</u>
(385,474)	(30,900,750)	-
-	11,813,463	-
-	(130,000)	-
(771,889)	(771,889)	-
771,889	11,591,889	-
-	(1,400,000)	-
-	(94,250)	-
(277,720)	(1,392,720)	-
(72,508)	(1,933,466)	-
-	(705,872)	-
-	(463,620)	-
<u>(735,702)</u>	<u>(14,387,215)</u>	<u>-</u>
-	945,716	-
-	945,716	-
1,672,069	8,266,233	514,618
5,469,938	138,272,432	14,169,449
<u>\$ 7,142,007</u>	<u>\$ 146,538,665</u>	<u>\$ 14,684,067</u>

-- continued

CITY OF DAYTON, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-type Activities -		
	Dayton International Airport	Water	Sewer
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (7,407,867)	\$ 2,226,280	\$ (460,038)
Adjustments:			
Depreciation	9,461,860	6,450,497	7,722,188
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(246,938)	458,550	196,105
Decrease (increase) in due from other funds	-	(78,382)	(5,533)
Decrease (increase) in prepaid assets	22,790	14,892	(27,393)
(Increase) decrease in due from other governments	(36,448)	28,117	-
Decrease in special assessments receivable.	-	-	(80,605)
(Increase) in materials and supplies inventory.	(2,003)	(74,104)	-
(Increase) in inventory held for resale.	-	-	-
Increase (decrease) in accounts payable	(791,490)	374,967	118,164
Increase (decrease) in contracts payable.	(984,676)	85,893	(169,033)
Increase in airline settlement payable.	978,556	-	-
Increase (decrease) in retainage payable.	1,690,129	(110,243)	(8,596)
(Decrease) in accrued wages and benefits.	(153,701)	(239,000)	(81,250)
Increase (decrease) in due to other funds.	8,241	(38,774)	116,908
Increase (decrease) in due to other governments	(500)	453	(452)
(Decrease) in voluntary termination benefits payable.	(26,428)	(160,121)	(10,821)
Increase in utility deposits.	-	8,350	-
(Decrease) in compensated absences payable	(74,657)	(152,158)	(13,023)
Increase in claims payable	-	-	-
Net cash provided by operating activities.	<u>\$ 2,436,868</u>	<u>\$ 8,795,217</u>	<u>\$ 7,296,621</u>

Non-cash transactions:

During 2009, the Dayton International Airport received \$1,179,336 in capital grants, which was recognized as a receivable in 2008. A receivable in the amount of \$6,464,106 has been recorded for capital grants in 2009.

At December 31, 2009, the Water, Sewer and Dayton International Airport enterprise funds purchased \$255,170, \$688,659 and \$6,531,307, respectively, in capital assets on account. At December 31, 2008, the Water, Sewer, Dayton International Airport and Storm Sewer enterprise funds purchased \$350,388, \$325,910, \$4,444,664 and \$92,470, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Enterprise Funds		Governmental Activities - Internal Service Funds
Other Enterprise	Total	
\$ 1,773,398	\$ (3,868,227)	\$ (461,743)
687,355	24,321,900	101,327
(91,009)	316,708	(8,518)
(14,884)	(98,799)	118,315
-	10,289	1,641
13,635	5,304	3,147
(87,522)	(168,127)	-
-	(76,107)	-
-	-	(4,533)
41,878	(256,481)	58,219
(1,449)	(1,069,265)	(49,500)
-	978,556	-
(34,888)	1,536,402	-
(53,731)	(527,682)	(58,681)
(4,875)	81,500	(25,441)
-	(499)	(305,584)
(22,875)	(220,245)	(13,135)
-	8,350	-
(13,539)	(253,377)	(60,694)
-	-	1,022,849
<u>\$ 2,191,494</u>	<u>\$ 20,720,200</u>	<u>\$ 317,669</u>

CITY OF DAYTON, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2009

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 5,411,900
Cash and cash equivalents with fiscal agent	761,040
Investments with fiscal agent	4,216,194
Receivables (net of allowance for uncollectibles):	
Accounts	<u>324,684</u>
Total assets	<u>\$ 10,713,818</u>
Liabilities:	
Accounts payable.	\$ 55,405
Due to other governments	1,732,719
Due to others.	3,805,143
Withholdings and deposits	<u>5,120,551</u>
Total liabilities	<u>\$ 10,713,818</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

**Index of Notes to the Basic Financial Statements
For the Year Ended December 31, 2009**

Note 1 - Description of the City	F 51
Note 2 - Summary of Significant Accounting Policies	
A. Reporting Entity	F 51 - 54
B. Basis of Presentation	F 54 - 55
C. Fund Accounting	F 55 - 56
D. Measurement Focus.....	F 57
E. Basis of Accounting	F 57 - 58
F. Budgetary Process	F 58 - 59
G. Cash and Cash Equivalents	F 60
H. Inventory of Supplies	F 60
I. Restricted Assets	F 61
J. Capital Assets.....	F 61
K. Interfund Balances.....	F 62
L. Prepayments	F 62
M. Compensated Absences.....	F 62
N. Accrued Liabilities and Long-Term Obligations.....	F 63
O. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss	F 63
P. Interfund Activity.....	F 63
Q. Fund Balance Reserves	F 64
R. Fund Designations.....	F 64
S. Estimates	F 65
T. Contributions of Capital	F 65
U. Net Assets.....	F 65
Note 3 - Accountability and Compliance	
A. Change in Accounting Principles	F 65 - 66
B. Compliance	F 66
C. Prior Period Adjustments	F 66
Note 4 - Deposits and Investments	
Description	F 66 - 68
A. Cash on hand	F 68
B. Deposits with Financial Institutions	F 68
C. Investments	F 69 - 70
D. Reconciliation of Cash and Investments to the Statement of Net Assets	F 70
Note 5 - Interfund Transactions	
A. Due from/to other funds	F 71
B. Interfund balances.....	F 71
C. Advances to component unit and advances from primary government.....	F 72
D. Interfund transfers	F 72
E. Advances to/from other funds	F 73
Note 6 - Property Taxes.....	F 73 - 74
Note 7 - Income Tax.....	F 74
Note 8 - Receivables.....	F 75

Note 9 - Loans Receivable	
A. Riverfront Area Redevelopment Enterprises, Inc.....	F 75
B. Dayton-Montgomery County Port Authority	F 76
Note 10 - Capital Assets	
A. Governmental activities capital assets.....	F 76 - 77
B. Business-type activities capital assets	F 77 - 78
C. Outstanding contractual commitments.....	F 78
Note 11 - Capital Leases – Lessee Disclosure.....	F 78
Note 12 - Operating Lease – Lessee and Lessor Disclosure.....	F 79
Note 13 - Long-Term Obligations	
A. Governmental activities.....	F 80 - 85
B. Business-type obligations.....	F 86 - 89
Note 14 - Risk Management	
A. Property and Liability.....	F 89 - 90
B. Workers’ Compensation.....	F 90 - 91
Note 15 - Other Employee Benefits	
A. Compensated Absences.....	F 91
B. Voluntary Termination Benefits.....	F 91 - 92
C. Insurance Benefits.....	F 92
D. Deferred Compensation Plans.....	F 92
Note 16 - Pension Plans	
A. Ohio Public Employees Retirement System.....	F 92 - 93
B. Ohio Police and Fire Pension Fund.....	F 93
Note 17 - Postretirement Benefit Plans	
A. Ohio Public Employees Retirement System.....	F 94
B. Ohio Police and Fire Pension Fund.....	F 95 - 96
Note 18 - Budgetary Basis of Accounting.....	F 96
Note 19 - Conduit Debt Obligations.....	F 96
Note 20 - Discretely Presented Component Unit	
A. Basis of Accounting.....	F 97
B. Deposits and Investments.....	F 97
C. Notes Payable Advance from Primary Government	F 98
D. Bonds Payable.....	F 98
E. Loans Payable.....	F 99
F. Operating Lease.....	F 99 - 100
Note 21- Contingencies	
A. Litigation.....	F 100
B. Grants.....	F 100
Note 22 – Subsequent Events.....	F 100

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - DESCRIPTION OF THE CITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

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

DISCRETELY PRESENTED COMPONENT UNIT

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

JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission - The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Dayton, City of Riverside, City of New Carlisle and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member and two at-large representatives. Payments to the Commission are made from the general fund. The City contributed \$76,442 for the operation of the Commission during 2009. Financial information can be obtained from Nora Lake, Executive Director, at 40 West Fourth Street, Dayton, Ohio 45402.

Miami Valley Fire/EMS Alliance - The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS Services by volunteers, two representatives appointed by the members who are provided Fire/EMS Services by a combination of full time employees and volunteers and a representative appointed by the members who are provided Fire/EMS Services by full time employees. Payments to the Alliance are made from the general fund. The City contributed \$39,883 for the operation of the Alliance during 2009. Financial information can be obtained from Mike Hoverland, Director, at 444 W. Third Street, Suite 13-204, Dayton, Ohio 45402.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

Miami Township-Dayton Joint Economic Development District - In an effort to promote regional growth and economic development, the City has entered into a contract with Miami Township to create a Joint Economic Development District (JEDD). The City entered into a separate contract with Miami Township in July, 2005. In accordance with State law, the Districts Board of Trustees levied a 1.75% income tax effective January 1, 2008. The proceeds of that tax are allocated, in accordance with the contract, primarily to the Township. In consideration for its receipt of a share of the District's income taxes, the City will receive 50% of the property tax revenue from parcels located within the District. The Township will utilize these JEDD revenues, in part, to construct infrastructure and improvement near the Dayton-Wright Brothers Airport. The City received \$72,866 in revenues through the JEDD in 2009.

Butler Township-Dayton Joint Economic Development District - In an effort to promote regional growth and economic development, the City has entered into a contract with Butler Township to create a Joint Economic Development District (JEDD). The City entered into a separate contract with Butler Township in July, 2006. In accordance with State Law, the Districts Board of Trustees levied a 1.75% income tax effective in 2008. The proceeds of that tax are allocated, in accordance with the contract, to the Township. In consideration for its receipt of a share of the District's income taxes, the City will receive 50% of the property tax revenue from parcels located within the District. The District will utilize these JEDD revenues to facilitate economic development to create or preserve jobs and employment opportunities and to improve economic welfare. The City received \$11,633 in revenues through the JEDD in 2009.

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

The City did not contribute to the operation of ED/GE during 2009. Financial information can be obtained from Linda Gum, Administrative Assistant, at 451 West Third Street, Dayton, Ohio 45402.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

Montgomery County Family and Children First Council - The City participates in the Montgomery County Family and Children First Council. The Council coordinates and integrates those services within Montgomery County which are available for families and children and establishes a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children. The Council is governed by a board of nineteen trustees, one of which is the Mayor of the City of Dayton. The City did not contribute to the operation of the Council during 2009. Financial information can be obtained from Sue Daily, Executive Director, at 451 West Third Street, P.O. Box 972, Dayton, Ohio 45422-3100.

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

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

The Board established hazardous materials incident response guidelines to provide for response procedures in the event of an incident. In the event of a hazardous material incident within any local government that is a member of this organization, the other members will respond to render assistance. The funding for the operation of the response team is through contributions from each entity. In addition, the persons or company responsible for any hazardous materials emergency is required by State law to reimburse the team any costs associated with clean up. There is no explicit and measurable equity interest in HAZMAT. During 2009, the City contributed \$23,765 to HAZMAT. Financial information can be obtained from Edwin Kovar, Executive Director at 4200 Lake Center Drive, Trotwood, Ohio 45426.

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

The funding for the operation of the Agency is through contributions from each participating entity. Payments to the Agency are made from the general fund. The City contributed \$33,236 for the operation of the Agency during 2009. Financial information can be obtained from Edwin Kovar, Executive Director at 4200 Lake Center Drive, Trotwood, Ohio 45426.

B. Basis of Presentation

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

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

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

C. Fund Accounting

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

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

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

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

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

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

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

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

D. Measurement Focus

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

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

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

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

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

E. Basis of Accounting

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2009, but which were levied to finance year 2010 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue.

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

Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2009, are recorded as deferred revenue.

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

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

F. Budgetary Process

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

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

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenues of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2009.

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

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

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

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

G. Cash and Cash Equivalents

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

During 2009, investments were limited to federal agency securities, U.S. Treasury notes, City owned debt, U.S. Government money market mutual funds, Dayton Power and Light stock, non-negotiable certificates of deposit and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for non-participating investment contracts, investments are stated at fair value which is based on quoted market prices. For U.S. Government money market mutual funds, fair value is determined by the fund's share price at December 31, 2009. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on December 31, 2009.

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

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

Interest income is distributed to the funds according to City Ordinance and statutory requirements. Interest revenue earned during 2009 was \$2,788,668 in the general fund, which includes \$2,161,112 assigned from other City funds.

H. Inventory of Supplies

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

I. Restricted Assets

Restricted assets are those which are legally restricted in their use by bond indentures, or other legal instruments. Restricted assets in the enterprise funds include “equity in pooled cash and cash equivalents” and “cash with fiscal and escrow agents”. The “equity in pooled cash and cash equivalents” represent utility deposits held by the City. The “cash with fiscal and escrow agents” are the proceeds from revenue bond issues that are required by the bond indenture to be held by a financial services corporation. Restricted assets in the debt service fund include “cash and cash equivalents with fiscal agents”. This represents the residual proceeds from baseball bonds issued during 2000 after the loan was made to Riverfront Area Redevelopment Enterprises, Inc., that are being held in U.S. Government money market mutual funds. This money is restricted for the interest payments on the baseball revenue bonds.

J. Capital Assets

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

K. Interfund Balances

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

L. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

M. Compensated Absences

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

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

N. Accrued Liabilities and Long-Term Obligations

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

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

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

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

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

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

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

P. Interfund Activity

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

Q. Fund Balance Reserves

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

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

R. Fund Designations

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

General fund

<u>Project</u>	<u>Amount Designated</u>
Special assessments	\$ 190,973
Employee termination	1,253,324
27th payroll administration	1,639,750
Unclaimed money	133,588
Unemployment	648,907
PRC sponsorships	148,045
DEDE contractual services	120,088
Mediation center	239,994
Employee professional development	93,126
Newsrack district	13,279
Unallocated clearing account	1,237,378
Police professional development	46,200
Mayor's heritage celebration	612
Nationwide settlement	679,540
Miami Township - Dayton JEDD	106,269
Butler Township - Dayton JEDD	15,766
Treasury investment	<u>18,700</u>
Total general fund	<u>\$ 6,585,539</u>
Nonmajor governmental funds:	
<i>Street maintenance</i>	\$ 58,613
<i>Highway maintenance</i>	<u>340,235</u>
Total	<u>\$ 6,984,387</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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

S. Estimates

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

T. Contributions of Capital

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

U. Net Assets

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2009, the City has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", and GASB Statement No. 57 "Other Postemployment Benefit (OPEB) Measurements by Agent Employers and Agent Multiple-Employers".

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the City.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the City.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the City.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 57 establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the City.

B. Compliance

Contrary to Ohio Revised Code Section 5705.10, the City had a negative cash balance in the HUD Programs fund (a nonmajor governmental fund) of \$1,397,311. For GAAP purposes, this amount has been reported as a fund liability (See Note 5.B.).

C. Prior Period Adjustments

A prior period adjustment is required to properly report a long-term advance receivable in the debt service fund that will be payable from the golf fund (a nonmajor enterprise fund) in the amount of \$843,583 at December 31, 2008. The debt service fund agreed to pay a portion of the golf fund general obligation debt each year while the golf fund agreed to pay the debt service fund back by 2020. The restatement has the following effects on fund balances/net assets previously reported:

	Debt Service	Other Enterprise
Fund balance/net assets as previously reported	\$ 42,248,963	\$ 21,747,877
Effect of including long-term advances to/from other funds	843,583	(843,583)
Restated fund balance/net assets at December 31, 2008	\$ 43,092,546	\$ 20,904,294
	Governmental Activities	Business-type Activities
Net assets as previously reported	\$ 394,907,725	\$ 535,405,009
Effect of including long-term advances to/from other funds	843,583	(843,583)
Restated net assets at December 31, 2008	\$ 395,751,308	\$ 534,561,426

See Note 5 for details on the advances to/from other funds.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

At year end, the City had \$56,907 in undeposited cash on hand which is included on the financial statements of the City as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At December 31, 2009, the carrying amount of all City deposits was \$3,600,807. As of December 31, 2009, \$10,046,904 of the City's bank balance of \$10,796,904 was exposed to custodial risk as discussed below, while \$750,000 was covered by the FDIC.

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of December 31, 2009, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
U.S. Treasury notes	\$ 10,085,000	\$ 2,026,180	\$ 8,058,820	\$ -	\$ -	\$ -
FFCB	10,465,600	-	-	10,465,600	-	-
FHLMC	40,807,000	10,090,600	20,288,300	10,428,100	-	-
FHLB	40,403,100	30,162,500	-	10,240,600	-	-
FNMA	10,121,900	-	-	10,121,900	-	-
City owned debt	2,844,500	-	-	-	-	2,844,500
Executive severance						
money market	827,907	827,907	-	-	-	-
Stock	93,150	-	-	-	-	-
U.S. Government						
money market	6,404,230	6,404,230	-	-	-	-
STAR Ohio	109,231,764	109,231,764	-	-	-	-
Total	\$ 231,284,151	\$ 158,743,181	\$ 28,347,120	\$ 41,256,200	\$ -	\$ 2,844,500

The weighted average maturity of investments is .47 years.

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The following table includes the percentage of each investment type held by the City at December 31, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Treasury notes	\$ 10,085,000	4.36
FFCB	10,465,600	4.52
FHLMC	40,807,000	17.64
FHLB	40,403,100	17.47
FNMA	10,121,900	4.38
City owned debt	2,844,500	1.23
Executive severance money market	827,907	0.36
Stock	93,150	0.04
U.S. Government money market	6,404,230	2.77
STAR Ohio	<u>109,231,764</u>	<u>47.23</u>
Total	<u>\$ 231,284,151</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,600,807
Investments	231,284,151
Cash on hand	<u>56,907</u>
Total	<u>\$ 234,941,865</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 78,014,066
Business type activities	146,538,665
Agency funds	<u>10,389,134</u>
Total	<u>\$ 234,941,865</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Due from/to other funds consisted of the following at December 31, 2009, as reported on the fund statements:

Due to	Due from									Due from total
	General	Debt	Capital improvements	Nonmajor governmental	Dayton			Nonmajor enterprise	Internal service	
					Airport	Water	Sewer			
General	\$ -	\$ 3,247	\$ 77	\$ 14,947	\$ 6,895	\$ 13,441	\$ 6,763	\$ 2,538	\$ 1	\$ 47,909
Capital improvements	-	-	-	-	902	1,114	328	64	98	2,506
Nonmajor governmental	-	-	-	-	-	6,840	3,072	-	-	9,912
Water	-	-	1,505	1,213	-	-	2,879,286	560,354	599	3,442,957
Sewer	-	-	-	-	-	5,533	-	-	-	5,533
Nonmajor enterprise	304	-	-	-	-	14,321	259	-	-	14,884
Internal service	77,981	-	325	23,891	653	32,256	8,641	3,285	285	147,317
Due to total	<u>\$ 78,285</u>	<u>\$ 3,247</u>	<u>\$ 1,907</u>	<u>\$ 40,051</u>	<u>\$ 8,450</u>	<u>\$ 73,505</u>	<u>\$ 2,898,349</u>	<u>\$ 566,241</u>	<u>\$ 983</u>	<u>\$ 3,671,018</u>

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

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

- B.** Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2009, consist of the following individual fund loan receivable and payable as reported on the fund statements:

<u>Interfund payable to:</u>	<u>Nonmajor governmental</u>	<u>Internal service</u>	<u>Total</u>
General	\$ 1,397,311	\$ 400,000	\$ 1,797,311
Total	<u>\$ 1,397,311</u>	<u>\$ 400,000</u>	<u>\$ 1,797,311</u>

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- C. Advances to component unit and advances from primary government consisted of the following at December 31, 2009, as reported on the fund statements:

<u>Advance to</u>	<u>Capital improvements</u>	<u>Nonmajor governmental</u>	<u>Water</u>	<u>Total</u>
Component unit	\$ 5,393,043	\$ 7,801,264	\$ 1,777,778	\$ 14,972,085

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

- D. Interfund transfers for the year ended December 31, 2009, consisted of the following, as reported on the fund statements:

<u>Transfer from</u>	<u>Transfer to</u>					<u>Total</u>
	<u>General</u>	<u>Debt service</u>	<u>Capital improvements</u>	<u>Nonmajor governmental</u>		
General	\$ -	\$ -	\$ 1,610,000	\$ 8,775,812		
Nonmajor governmental	804,913	-	-	571,101		
Other enterprise	-	56,677	-	-		
Transfer to total	<u>\$ 804,913</u>	<u>\$ 56,677</u>	<u>\$ 1,610,000</u>	<u>\$ 9,346,913</u>		
	Dayton					
	<u>International Airport</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor enterprise</u>	<u>Internal service</u>	
General	\$ 149,758	\$ 225,849	\$ 104,586	\$ 53,263	\$ 195,400	\$ 11,114,668
Nonmajor governmental	-	35,214	-	150,968	1,549	1,563,745
Other enterprise	-	-	-	-	-	56,677
Transfer to total	<u>\$ 149,758</u>	<u>\$ 261,063</u>	<u>\$ 104,586</u>	<u>\$ 204,231</u>	<u>\$ 196,949</u>	<u>\$ 12,735,090</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (4) transfers from the miscellaneous grants fund (a nonmajor governmental fund) in the amount of \$1,563,745 were to move Federal Emergency Management Agency (FEMA) grant money to the proper funds.

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- E. Advances to/from other funds for the year ended December 31, 2009, consisted of the following, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Debt service	Nonmajor enterprise fund	\$ 912,306

Advances from the debt service fund to the golf fund (a nonmajor enterprise fund) are for debt service payments relating to the Series 2001 Golf Renovation General Obligation Bonds. The golf fund did not have the revenue to support complete repayment of the bonds. An agreement was made which allowed the debt service fund to pay a portion of the golf fund debt each year and the golf fund agreed to make payments of \$281,505 each year for twenty years, eight years longer than the original issue date. Repayment on the loan will begin in 2013 with the complete loan being retired in 2020.

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

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Beginning in calendar year 2009 tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property tax collections in calendar year 2009 represent delinquent collections.

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 6 - PROPERTY TAXES - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Dayton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2009 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2009 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The full tax rate for all City operations for the year ended December 31, 2009 was \$10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 1,162,497,620
Commercial/Industrial/Mineral	547,824,530
Telecom	2,088,420
<u>Public Utility</u>	
Real	1,335,600
Personal	<u>72,969,690</u>
Total Assessed Value	<u><u>\$ 1,786,715,860</u></u>

NOTE 7 - INCOME TAX

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City of Dayton at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City of Dayton administers the collection of income taxes and the assessment of interest and penalties. Income tax proceeds are to be used to pay the cost of administering the tax and are recorded in the general fund. Income tax revenue for 2009, as reported in the governmental fund financial statements on the modified accrual basis of accounting, was \$99,831,456.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 8 - RECEIVABLES

Receivables at December 31, 2009, consisted of taxes, accounts (billings for user charged services), special assessments, accrued interest, loans and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are both measurable and available at December 31, 2009, as well as intended to finance 2009 operations.

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

Governmental activities:

Property and other local taxes	\$ 22,398,893
Municipal income taxes	15,287,978
Accounts	3,967,710
Special assessments	1,202,383
Accrued interest	515,168
Loans	25,700,000
Due from other governments	32,805,411

Business-type activities:

Accounts	\$ 15,163,666
Special assessment	912,180
Accrued interest	400,198
Due from other governments	6,101,221

Receivables have been disaggregated on the face of the basic financial statements. Amounts reported as “due from other governments” in the governmental activities include local government and local government revenue assistance from the State of Ohio, motor vehicle license and gasoline taxes, homestead and rollback, grants and estate taxes. The amounts reported as “due from other governments” in the business-type activities include various State and federal grants whose eligibility requirements have been met by year end. The only receivables not expected to be collected within the subsequent year are the special assessments and the loans. The special assessments are collected over the term of the assessment and the loans receivable which will be collected annually through 2028 (See Note 9).

NOTE 9 - LOANS RECEIVABLE

A. Riverfront Area Redevelopment Enterprises, Inc.

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

The obligations of the stadium owner to make a loan payment on any loan payment date shall be forgiven if neither the stadium owner nor the team owner has materially breached, violated, or failed to fully perform any provision contained in the ground lease, the stadium lease, or the plaza lease (See Note 12) and the team owner has committed to play all club home games at the stadium during the then current calendar year. At December 31, 2009, the amount owed to the City was \$5,600,000.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - LOANS RECEIVABLE - (Continued)

B. Dayton-Montgomery County Port Authority

During 2008, the City issued \$32,000,000 in economic development revenue bonds payable from nontax revenues of the City. The City loaned \$20,100,000 of the proceeds to the Dayton-Montgomery County Port Authority (the "Port Authority") to assist in financing the costs of constructing a parking facility to be used by CareSource, a nonprofit corporation. The Port Authority will make loan payments semiannually on July 1 and December 1 at a 4.67% interest rate. The final loan payment is due December 1, 2028. At December 31, 2009, the amount owed to the City was \$20,100,000.

NOTE 10 - CAPITAL ASSETS

A. Capital asset activity for the governmental activities for the year ended December 31, 2009, was as follows:

	<u>Balance</u> <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/09</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 64,248,442	\$ 2,739,378	\$ -	\$ 66,987,820
Construction in progress	<u>9,915,488</u>	<u>35,713,336</u>	<u>(2,726,377)</u>	<u>42,902,447</u>
Total capital assets, not being depreciated	<u>74,163,930</u>	<u>38,452,714</u>	<u>(2,726,377)</u>	<u>109,890,267</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	107,202,842	1,252,400	-	108,455,242
Improvements other than buildings	53,851,623	91,742	-	53,943,365
Equipment	23,104,366	902,020	-	24,006,386
Motor vehicles	42,211,365	308,693	(1,129,704)	41,390,354
Infrastructure	<u>232,827,679</u>	<u>1,580,276</u>	<u>-</u>	<u>234,407,955</u>
Total capital assets, being depreciated	<u>459,197,875</u>	<u>4,135,131</u>	<u>(1,129,704)</u>	<u>462,203,302</u>
<i>Less: accumulated depreciation</i>				
Building improvements	(63,969,349)	(2,507,397)	-	(66,476,746)
Improvements other than buildings	(35,021,235)	(1,294,978)	-	(36,316,213)
Equipment	(15,471,757)	(1,399,996)	-	(16,871,753)
Motor vehicles	(28,588,292)	(2,221,586)	1,064,713	(29,745,165)
Infrastructure	<u>(55,954,352)</u>	<u>(5,050,910)</u>	<u>-</u>	<u>(61,005,262)</u>
Total accumulated depreciation	<u>(199,004,985)</u>	<u>(12,474,867)</u>	<u>1,064,713</u>	<u>(210,415,139)</u>
Total capital assets being depreciated, net	<u>260,192,890</u>	<u>(8,339,736)</u>	<u>(64,991)</u>	<u>251,788,163</u>
Governmental activities capital assets, net	<u>\$ 334,356,820</u>	<u>\$ 30,112,978</u>	<u>\$ (2,791,368)</u>	<u>\$ 361,678,430</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 10 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

Downtown	\$ 1,063,486
Youth, education and human services	2,075
Community development and neighborhoods	453,972
Economic development	141,093
Leadership and quality of life	7,186,813
Corporate responsibility	1,351,775
Public safety and justice	<u>2,275,653</u>
Total depreciation expense - governmental activities	<u>\$ 12,474,867</u>

- B.** Capital asset activity for the business-type activities for the year ended December 31, 2009, was as follows:

	<u>Balance</u> <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/09</u>
Business-type activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 42,663,240	\$ 216,462	\$ -	\$ 42,879,702
Construction in progress	<u>24,809,724</u>	<u>27,265,546</u>	<u>(8,388,311)</u>	<u>43,686,959</u>
Total capital assets, not being depreciated	<u>67,472,964</u>	<u>27,482,008</u>	<u>(8,388,311)</u>	<u>86,566,661</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	159,821,515	1,015,148	-	160,836,663
Improvements other than buildings	583,024,898	11,250,632	-	594,275,530
Equipment	15,678,944	218,049	-	15,896,993
Vehicles	<u>34,195,660</u>	<u>1,584,928</u>	<u>(320,150)</u>	<u>35,460,438</u>
Total capital assets, being depreciated	<u>792,721,017</u>	<u>14,068,757</u>	<u>(320,150)</u>	<u>806,469,624</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(72,156,432)	(3,357,373)	-	(75,513,805)
Improvements other than buildings	(315,341,698)	(18,088,147)	-	(333,429,845)
Equipment	(8,024,365)	(1,328,101)	320,150	(9,032,316)
Vehicles	<u>(21,206,488)</u>	<u>(1,548,279)</u>	<u>-</u>	<u>(22,754,767)</u>
Total accumulated depreciation	<u>(416,728,983)</u>	<u>(24,321,900)</u>	<u>320,150</u>	<u>(440,730,733)</u>
Total capital assets being depreciated, net	<u>375,992,034</u>	<u>(10,253,143)</u>	<u>-</u>	<u>365,738,891</u>
Business-type activities capital assets, net	<u>\$ 443,464,998</u>	<u>\$ 17,228,865</u>	<u>\$ (8,388,311)</u>	<u>\$ 452,305,552</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to the enterprise funds as follows:

Business-type activities:

Dayton international airport	\$ 9,461,860
Water	6,450,497
Sewer	7,722,188
Storm Water	424,933
Golf	<u>262,422</u>
Total depreciation expense - business type activities	<u>\$ 24,321,900</u>

C. Outstanding contractual commitments related to construction in progress for the year ended December 31, 2009, was as follows:

Governmental activities	\$ 15,692,041
DIA	16,260,281
Water	3,563,937
Sewer	<u>539,829</u>
Total outstanding contractual commitments	<u>\$ 36,056,088</u>

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

In a previous year, the City entered into a capitalized lease for land.

The lease meets 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. The capital lease payments were made from the special projects fund (a nonmajor governmental fund). Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements and are reported as function expenditures on the budgetary statements.

Capital assets consisting of land have been capitalized in the amount of \$4,500,000. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2009 totaled \$1,494,000. There are no future obligations on this lease.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE

The City is the lessor of land and space at the Dayton International Airport (the "Airport") under noncancellable leases. The leases are between the Dayton International Airport and various vendors that use the Airport for their operations. The cost of the leased area, the carrying value and the annual depreciation expense cannot be accurately determined as they represent varying percentages of the overall land and building assets of the Airport. The leases have varying terms from three to sixty-five years. The future minimum lease payments as of December 31, 2009, are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2010	\$ 2,324,664
2011	1,900,373
2012	1,761,809
2013	1,515,962
2014	1,464,884
2015 - 2019	8,425,681
2020 - 2024	5,177,681
2025 - 2029	2,841,689
2030 - 2034	2,192,687
2035 - 2039	1,213,056
2040 - 2044	872,236
2045 - 2049	897,206
2050 - 2053	<u>414,528</u>
Totals	<u>\$ 31,002,456</u>

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

The future minimum lease payments as of December 31, 2009, are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2010	\$ 10,000
2011	10,000
2012	10,000
2013	10,000
2014	10,000
2015 - 2019	<u>50,000</u>
Totals	<u>\$ 100,000</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 13 - LONG-TERM OBLIGATIONS

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

<i>Governmental activities:</i>	Issue	Maturity	Interest	Original	Balance	Increase	Decrease	Balance	Amounts
	Date	Date	Rate (%)	Issue	12/31/08			12/31/09	Due in
				Amount					One Year
General obligation bonds:									
Road improvements	06/01/89	12/01/09	7.000	\$ 5,200,000	\$ 260,000	\$ -	\$ (260,000)	\$ -	\$ -
Human rehabilitation center	06/01/89	12/01/09	7.000	2,425,000	125,000	-	(125,000)	-	-
Police district facilities	06/01/89	12/01/09	7.000	1,815,000	95,000	-	(95,000)	-	-
Taxable housing improvements	10/01/93	11/01/13	5.35 - 6.5	3,035,000	775,000	-	(155,000)	620,000	155,000
Capital facilities	05/01/98	12/01/09	4.6 - 5.0	15,630,000	755,000	-	(755,000)	-	-
Capital facilities	12/01/98	12/01/20	3.1 - 5.125	22,200,000	9,325,000	-	(9,325,000)	-	-
Capital facilities	02/01/01	12/01/14	3.75 - 4.65	24,911,861	10,761,334	-	(6,830,391)	3,930,943	1,573,244
Capital facilities	06/09/04	12/01/19	3.0 - 5.25	11,360,000	8,925,000	-	(655,000)	8,270,000	675,000
Capital facilities	10/25/07	12/01/27	4.0 - 5.0	19,745,000	18,420,000	-	(1,440,000)	16,980,000	2,230,000
Various purpose and refunding	07/28/09	12/01/29	2.5 - 5.0	26,483,111	-	26,483,111	-	26,483,111	1,511,883
Total g.o. bonds					49,441,334	26,483,111	(19,640,391)	56,284,054	6,145,127
Revenue bonds:									
Economic development - parking facility	01/10/08	12/01/28	4.0 - 5.0	32,000,000	32,000,000	-	-	32,000,000	1,035,000
Baseball revenue bonds	03/01/99	12/01/19	5.69 - 6.85	12,190,000	8,500,000	-	(8,500,000)	-	-
Baseball revenue refunding bonds	12/30/09	12/01/19	2.25 - 3.5	7,925,000	-	7,925,000	-	7,925,000	740,000
Total revenue bonds					40,500,000	7,925,000	(8,500,000)	39,925,000	1,775,000
Special assessment bonds:									
Sidewalk construction	11/01/00	11/01/10	6.000	127,575	25,600	-	(12,800)	12,800	12,800
Sidewalk construction	12/01/01	12/01/11	6.000	11,089	3,300	-	(1,100)	2,200	1,100
Sidewalk construction	11/01/02	11/01/12	6.000	251,050	100,400	-	(25,100)	75,300	25,100
Ornamental lighting	11/01/02	11/01/12	6.000	88,276	35,200	-	(8,800)	26,400	8,800
Sidewalk construction	12/01/03	12/01/13	6.000	167,947	83,500	-	(16,700)	66,800	16,700
Sidewalk construction	12/01/04	12/01/09	6.000	112,047	22,400	-	(22,400)	-	-
Sidewalk construction	12/01/04	12/01/14	6.000	232,415	139,200	-	(23,200)	116,000	23,200
Total special assessment bonds					409,600	-	(110,100)	299,500	87,700

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

	Issue	Maturity	Interest	Original	Balance			Balance	Amounts
<i>Governmental activities:</i>	<u>Date</u>	<u>Date</u>	<u>Rate (%)</u>	<u>Issue</u>	<u>12/31/08</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/09</u>	<u>Due in</u>
				<u>Amount</u>					<u>One Year</u>
Other long-term obligations:									
Ohio Public Works									
Commission loan	07/01/02	07/01/17	3.0	\$ 239,750	\$ 208,176	\$ -	\$ (10,842)	\$ 197,334	\$ 22,173
Judgements					25,577	469,248	(491,178)	3,647	3,647
Claims					5,267,199	3,266,745	(2,243,896)	6,290,048	77,924
Pollution remediation obligations					1,780,000	1,454,627	(2,055,454)	1,179,173	1,179,173
Compensated absences					12,061,010	4,414,594	(6,956,091)	9,519,513	4,685,526
Voluntary termination benefits					512,858	354,968	(867,826)	-	-
Capital lease obligations					1,494,000	-	(1,494,000)	-	-
Total other long-term obligations					<u>21,348,820</u>	<u>9,960,182</u>	<u>(14,119,287)</u>	<u>17,189,715</u>	<u>5,968,443</u>
Total governmental activities					<u>\$ 111,699,754</u>	<u>\$ 44,368,293</u>	<u>\$ (42,369,778)</u>	<u>113,698,269</u>	<u>\$ 13,976,270</u>
Less: unamortized deferred charges								(1,077,053)	
Add: unamortized bond premiums and discounts								584,038	
Total on statement of net assets								<u>\$ 113,205,254</u>	

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

On July 28, 2009, the City issued general obligation bonds (Series 2009 various purpose and refunding bonds) in the amount of \$27,255,000 for the following purposes: \$771,889 to advance refund the callable portion of the Series 2001 golf renovation general obligation bonds (see Note 13.B.), \$5,023,111 to advance refund the callable portion of the Series 2001 capital facilities general obligation bonds, \$8,730,000 to advance refund the callable portion of the Series 1998 capital facilities general obligation bonds and \$12,730,000 for capital improvements. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The balance of the refunded Series 2001 golf renovation general obligation bonds at December 31, 2009, is \$771,889. The balance of the refunded Series 2001 capital facilities general obligation bonds at December 31, 2009, is \$8,954,054. The balance of the refunded Series 1998 capital facilities general obligation bonds at December 31, 2009, is \$8,730,000.

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

The reacquisition price exceeded the net carrying amount of the old debt by \$639,021. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 11 years by \$800,328 and resulted in an economic gain of \$703,369.

The City has pledged future nontax revenues in the City's general fund to repay \$12,190,000 in Series 1999 economic development revenue bonds. The proceeds were used for the Dayton baseball stadium project. On December 30, 2009, the City issued revenue bonds (Series 2009 baseball revenue refunding bonds) to advance refund the callable portion of the Series 1999 baseball revenue bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The balance of the refunded Series 1999 baseball revenue bonds at December 31, 2009 is \$7,950,000. The Series 1999 revenue bonds are payable solely from nontax revenues in the City's general fund and are payable through 2019. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license and permit fees. Annual principal and interest payments on the revenue bonds are expected to require less than 3.78 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2009 baseball revenue refunding bonds is \$9,246,556. Principal and interest paid for the current year on the Series 1999 baseball revenue bonds prior to the refunding was \$1,124,689. There was no principal or interest paid on the Series 2009 baseball revenue refunding bonds during 2009. General fund nontax revenues for the current year were \$29,728,790.

The reacquisition price exceeded the net carrying amount of the old debt by \$180,965. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 10 years by \$2,002,267 and resulted in an economic gain of \$1,251,530.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The City has pledged future nontax revenues in the City's general fund to repay \$32,000,000 in Series 2008 economic development revenue bonds. The proceeds were used for the construction of parking facilities and a loan to the Dayton-Montgomery County Port Authority related to the construction of the parking facility. The Series 2008 revenue bonds are payable solely from nontax revenues in the general fund and are payable through 2028. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license permit fees. Annual principal and interest payments on the revenues bonds are expected to require less than 6.36 percent of general fund nontax revenues. The City has designated, through authorizing legislation, nontax revenues from the loan payments made by the Port Authority and income and profit related to the parking facility to be used for the debt repayment. The total principal and interest remaining to be paid on the Series 2008 revenue bonds is \$48,842,338. Interest paid for the current year was \$1,372,869. General fund nontax revenues for the current year were \$29,728,790.

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.

The Ohio Public Works Commission loan was issued for the East Fifth Street rehabilitation project. The loan was issued at a 3.0% interest rate and a maturity date of July 1, 2017. The loan will be paid from the capital improvement fund.

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

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

Capital lease obligations were paid from the nonmajor governmental funds (See Note 11).

The pollution remediation obligation includes liabilities for three projects: Dayton Tech Town, NIBCO and Monument Ave. As part of the Tech Town project, the City entered into a purchase contract for 24 acres of the former General Motors Harrison Radiator Plant. The City accepted Clean Ohio grant funds obligating the City to complete remediation of approximately 20 acres of land through the Ohio Voluntary Action Program (ORC 3746). As of December 31, 2009, the City has completed \$3,474,381 of the \$3,878,023 remediation work required at this site. The remaining \$403,642 is booked as a long-term liability on the statement of net assets. The City's pollution remediation obligation for this project was prepared by certified professionals hired as consultants for this project. The key assumption in the liability estimate is that General Motors will complete its RCRA obligation that is monitored by the USEPA. The liability has the potential to be reduced upon approval as an urban setting designation for the groundwater by the Ohio EPA.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The City's NIBCO site requires pollution remediation related to the Ohio Voluntary Action Program (ORC 3746). The City performed an environmental investigation on the site and determined that remediation obligations of \$601,871 were required. As of December 31, 2009, the City has not completed any of the \$601,871 remediation work required at this site. This liability is based on a Phase II environmental assessment completed in 2005 and was updated in 2009. There are no significant changes expected in this estimate.

The City's Monument Ave. Gateway Project requires pollution remediation related to the Ohio Voluntary Action Program (ORC 3746). The City performed an environmental investigation on the site and determined that remediation obligations of \$173,660 were required. As of December 31, 2009, the City has not completed any of the \$173,660 remediation work required at this site. This liability is based on a Phase I environmental assessment completed in 2009. There are no significant changes expected to this estimate.

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2009, the City's total debt margin was \$156,419,348 and the unvoted debt margin was \$67,254,756.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2009 for the governmental activities:

Year Ending December 31,	General Obligation Bonds			Revenue Bonds			Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 6,145,127	\$ 2,193,250	\$ 8,338,377	\$ 1,775,000	\$ 1,572,951	\$ 3,347,951	\$ 87,700	\$ 17,970	\$ 105,670
2011	7,038,958	1,942,576	8,981,534	1,795,000	1,532,429	3,327,429	74,900	12,708	87,608
2012	7,241,540	1,636,250	8,877,790	1,855,000	1,473,230	3,328,230	73,800	8,214	82,014
2013	5,322,029	1,423,343	6,745,372	1,920,000	1,411,893	3,331,893	39,900	3,786	43,686
2014	4,851,400	1,261,076	6,112,476	1,980,000	1,347,362	3,327,362	23,200	1,392	24,592
2015 - 2019	16,850,000	4,118,720	20,968,720	11,035,000	5,635,778	16,670,778	-	-	-
2020 - 2024	4,875,000	1,459,168	6,334,168	8,335,000	3,706,763	12,041,763	-	-	-
2025 - 2029	3,960,000	492,118	4,452,118	11,230,000	1,483,488	12,713,488	-	-	-
Totals	<u>\$ 56,284,054</u>	<u>\$ 14,526,501</u>	<u>\$ 70,810,555</u>	<u>\$ 39,925,000</u>	<u>\$ 18,163,894</u>	<u>\$ 58,088,894</u>	<u>\$ 299,500</u>	<u>\$ 44,070</u>	<u>\$ 343,570</u>

Year Ending December 31,	Ohio Public Works Commission Loan		
	Principal	Interest	Total
2010	\$ 22,173	\$ 5,755	\$ 27,928
2011	22,844	5,084	27,928
2012	23,535	4,394	27,929
2013	24,246	3,683	27,929
2014	24,978	2,950	27,928
2015 - 2017	79,558	4,228	83,786
Totals	<u>\$ 197,334</u>	<u>\$ 26,094</u>	<u>\$ 223,428</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

B. Changes during 2009 in the City's long-term business-type obligations were as follows:

<i>Business-type activities:</i>	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 12/31/08	Increase	Decrease	Balance 12/31/09	Amounts Due in One Year
General obligation bonds:									
Dayton International Airport parking garage	07/28/09	12/1/2029	1.75 to 6.5	\$ 10,820,000	\$ -	\$ 10,820,000	\$ -	\$ 10,820,000	\$ 350,000
Golf renovations - refunding	07/28/09	12/1/2014	2.0 to 2.5	771,889	-	771,889	-	771,889	13,117
Golf renovations	02/01/01	12/14/14	3.30 to 4.65	3,828,139	1,653,666	-	(1,049,609)	604,057	241,756
Total general obligation bonds					1,653,666	11,591,889	(1,049,609)	12,195,946	604,873
Revenue bonds:									
Dayton International Airport	10/31/03	12/01/32	2.00 to 5.00	6,085,000	5,490,000	-	(130,000)	5,360,000	135,000
Dayton International Airport	10/31/03	12/01/32	2.00 to 5.35	30,190,000	27,565,000	-	(645,000)	26,920,000	670,000
Dayton International Airport	10/12/05	12/01/20	3.00 to 4.35	6,000,000	5,040,000	-	(340,000)	4,700,000	350,000
Total revenue bonds					38,095,000	-	(1,115,000)	36,980,000	1,155,000
General obligation notes									
Airport notes series A 2006	07/06/06	12/01/10	5.00	4,685,000	1,885,000	-	(1,400,000)	485,000	485,000
Total general obligation notes					1,885,000	-	(1,400,000)	485,000	485,000
Other long-term obligations									
Ohio water development authority loan	12/20/88	07/01/23	3.80 to 8.3	73,198,476	11,774,364	-	(655,872)	11,118,492	676,715
Ohio public works Commission loan	07/01/97	01/01/20	0.00	1,000,000	600,000	-	(50,000)	550,000	50,000
Compensated absences payable					3,545,600	1,181,295	(1,434,672)	3,292,223	1,680,249
Voluntary termination benefits					220,245	106,517	(326,762)	-	-
Total other long-term obligations					16,140,209	1,287,812	(2,467,306)	14,960,715	2,406,964
Total business-type activities					\$ 57,773,875	\$ 12,879,701	\$ (6,031,915)	64,621,661	\$ 4,651,837
Less: unamortized deferred charge on refunding								(119,866)	
Less: unamortized bond premiums and discounts								(49,567)	
Total on statement of net assets								\$ 64,452,228	

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

On July 28, 2009, the City issued taxable general obligation bonds (Series 2009 Dayton International Airport parking garage bonds) for the acquisition, construction, furnishing and equipping of airport improvements, including parking facilities. The issue is comprised of current interest bonds, par value \$10,820,000. The interest rates on the current interest bonds range from 1.75 - 6.50%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029. Unspent proceeds of the Series 2009 Dayton International Airport parking garage bonds were \$10,820,000 at December 31, 2009.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The refunding of the Series 2001 golf renovation general obligations as described in Note 13.A. for business-type activities is comprised of current interest bonds, par value \$771,889. The interest rates on the current interest bonds range from 2.50% - 5.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2014.

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

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

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

The City has pledged future airport revenues, net of specified operating expenses, to repay \$36,275,000 in Series 2003 and \$6,000,000 in Series 2005 airport revenue bonds. The Series 2003 and 2005 airport revenue bonds are payable solely from airport net revenues and are payable through 2032. Annual principal and interest payments on the bonds are expected to require less than 98.67 percent of net revenues. The total principal and interest remaining to be paid on the Series 2003 and 2005 airport revenue bonds is \$61,999,008. Principal and interest paid for the current year and total customer net revenues were \$2,975,958 and \$3,015,965, respectively.

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The City of Dayton's Wastewater Treatment Plant capital improvement project is funded through the joint efforts of the United States Environmental Protection Agency (EPA) and the Ohio Water Development Authority (OWDA). Repayment amounts include capital expenses, administration fees, and accrued interest. The Ohio Water Development Authority Loan will be paid from the sewer enterprise fund. At December 31, 2009, the City had outstanding borrowings of \$11,118,492 through OWDA. The future annual debt service principal and interest requirements for OWDA loans include only those loans that are finalized and all monies related to the projects are disbursed. As of December 31, 2009, the future annual debt service principal and interest payments for one OWDA loan was unavailable because monies related to the project are still being disbursed and the loan is not finalized.

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

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

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2009 for the business-type activities. OWDA loan #3569 is currently "open" meaning that final distributions have not been made from the OWDA; therefore, future debt service requirements have not been finalized and are not presented in the amortization schedule below.

Year Ending December 31,	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 604,873	\$ 670,071	\$ 1,274,944	\$ 1,155,000	\$ 1,823,404	\$ 2,978,404
2011	731,042	653,344	1,384,386	1,200,000	1,780,969	2,980,969
2012	728,460	594,305	1,322,765	1,245,000	1,733,902	2,978,902
2013	567,971	576,999	1,144,970	1,290,000	1,683,228	2,973,228
2014	573,600	561,042	1,134,642	1,350,000	1,628,664	2,978,664
2015 - 2019	2,200,000	2,512,017	4,712,017	7,720,000	7,177,222	14,897,222
2020 - 2024	2,880,000	1,827,510	4,707,510	7,460,000	5,256,985	12,716,985
2025 - 2029	3,910,000	794,951	4,704,951	8,960,000	3,221,358	12,181,358
2030 - 2032	-	-	-	6,600,000	713,276	7,313,276
Totals	\$ 12,195,946	\$ 8,190,239	\$ 20,386,185	\$ 36,980,000	\$ 25,019,008	\$ 61,999,008

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31,	OWDA Loan			OPWC Loan		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 192,509	\$ 137,106	\$ 329,615	\$ 50,000	\$ -	\$ 50,000
2011	200,188	129,427	329,615	50,000	-	50,000
2012	208,174	121,442	329,616	50,000	-	50,000
2013	216,477	113,137	329,614	50,000	-	50,000
2014	225,113	104,503	329,616	50,000	-	50,000
2015 - 2019	1,267,645	380,432	1,648,077	250,000	-	250,000
2020 - 2023	1,208,597	109,863	1,318,460	50,000	-	50,000
Totals	<u>\$ 3,518,703</u>	<u>\$ 1,095,910</u>	<u>\$ 4,614,613</u>	<u>\$ 550,000</u>	<u>\$ -</u>	<u>\$ 550,000</u>

Year Ending December 31,	Airport Note Series A 2006		
	Principal	Interest	Total
2010	\$ 485,000	\$ 24,250	\$ 509,250
Totals	<u>\$ 485,000</u>	<u>\$ 24,250</u>	<u>\$ 509,250</u>

NOTE 14 - RISK MANAGEMENT

A. Property and Liability

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

The City is fully insured through premium-based insurance policies for all other types of insurance. In 2009, the City contracted with various insurance companies to provide the following coverages:

<u>Type of Coverage</u>	<u>Coverage</u>
Primary and Excess Airport Liability	\$100,000,000
Excess of Airport Policy	50,000,000
Property (including comprehensive/catastrophic fleet)	867,258,222
Vehicles	63,354,813
General Liability (North West Railway)	10,000,000
Commercial Liability (Convention Center)	2,000,000
Tenant Liability (Convention Center)	1,000,000
Errors and Omissions (Ambulance Attendants)	500,000
Errors and Omissions (Municipal Court)	500,000
Garagekeepers: Liability	2,000,000
Garagekeepers: Test Driving	1,000,000
Inland Marine	365,975
General Liability (Zion Cultural Center)	2,000,000
Excess Umbrella Coverage (Zion Cultural Center)	5,000,000
General Liability (Community Service Program for Dayton Municipal Court)	100,000
Travel (AD&D)	1,000,000
Executive Management Liability Policy	2,000,000
Public Officials Bond	3,000,000

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 14 - RISK MANAGEMENT - (Continued)

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

The City's policy for reporting a claims liability is based on the requirements GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. It is the opinion of the City's legal counsel that, as of December 31, 2009, there were \$3,046 in outstanding claims pending that are reported as a component of claimants payable in the general fund. Claims activity for 2009 and 2008 are as follows:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2009	\$ 23,768	\$ 469,095	\$ (489,817)	\$ 3,046
2008	33,689	105,423	(115,344)	23,768

B. Workers' Compensation

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

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

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

The claims liability of \$6,290,048 reported at December 31, 2009, as estimated by the third party administrator, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Of the \$6,290,048 claims liability, \$77,924 of the liability is due within one year and is reported as a current liability in the statement of net assets for the proprietary funds. The remaining portion is a noncurrent liability of \$6,212,124. The estimate was not affected by non-incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 14 - RISK MANAGEMENT - (Continued)

Changes in the funds' claims liability amount in 2009 and 2008 were:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2009	\$ 5,267,199	\$ 2,122,664	\$ (1,099,815)	\$ 6,290,048
2008	9,696,742	1,445,574	(5,875,117)	5,267,199

NOTE 15 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

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

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

B. Voluntary Termination Benefits

- i.* In 2009, the City offered a voluntary separation plan (VSP) to reduce its workforce. The VSP was available to all full-time and permanent part-time employees, excluding elected officials, retired/rehired employees, appointed Board Members and employees who had not completed their initial probation period by September 8, 2009 and where the employees are also contributing members to the Ohio Public Employees Retirement System. This is a one-time opportunity and employees were required to submit a VSP application and resignation form by September 29, 2009. Employees participating in the VSP will receive a lump sum payment equal to 25% of the first \$50,000 of their base salary and an additional 5% of the portion of the base salary that exceeds \$50,000. Forty-one employees took advantage of the VSP. The City made \$461,485 in VSP payments in 2009. All VSP payments were made by December 31, 2009. No future obligation exists related to the VSP.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 15 - OTHER EMPLOYEE BENEFITS - (Continued)

- ii.* In 2008, the City offered a voluntary separation plan (VSP) to reduce its workforce. The VSP was available to all full-time and permanent part-time employees, excluding elected officials, retired/rehired employees, appointed Board Members and employees who had not completed their initial probation period by November 1, 2008 and where the employees are also contributing members to the Ohio Public Employees Retirement System. This is a one-time opportunity and employees were required to submit a VSP application and resignation form by October 31, 2008. Employees participating in the VSP will receive a lump sum payment equal to 25% of the first \$50,000 of their base salary and an additional 5% of the portion of the base salary that exceeds \$50,000. Eighty-eight employees took advantage of the VSP. The City made \$246,695 in VSP payments in 2008 and \$733,103 in VSP payments in 2009.

C. Insurance Benefits

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

D. Deferred Compensation Plans

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

NOTE 16 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 16 - PENSION PLANS - (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2009 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%. The City's contribution rate for 2009 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.63% of covered payroll.

The City's contribution rate for pension benefits for 2009 was 7.00% from January 1 through March 31, 2009 and 8.50% from April 1 through December 31, 2009, except for those plan members in law enforcement and public safety. For those classifications, pension contributions were 10.63% from January 1 through March 31, 2009 and 12.13% from April 1 through December 31, 2009. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008 and 2007 were \$6,356,423, \$5,847,515 and \$6,917,267 respectively; 92.52% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2009, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$3,524,787 and \$3,930,474 for the year ended December 31, 2009, \$3,547,664 and \$3,953,996 for the year ended December 31, 2008 and \$3,366,500 and \$4,032,190 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 77.10% has been contributed for police and 75.26% has been contributed for firefighters for 2009.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 17 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00% of covered payroll (17.63% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for 2009 was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008 and 2007 were \$4,596,951, \$5,847,515 and \$4,595,960, respectively; 92.52% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$1,866,064 and \$1,538,011 for the year ended December 31, 2009, \$1,878,175 and \$1,547,216 for the year ended December 31, 2008 and \$1,782,265 and \$1,577,813 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 77.10% has been contributed for police and 75.26% has been contributed for firefighters for 2009.

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a modified accrual basis with exceptions. The statement of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The adjustments necessary to convert the results of operations of the general fund for the year ended December 31, 2009, on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balance

	<u>General</u>
Budget basis	\$ (5,752,120)
Net adjustment for revenues	(4,044,860)
Net adjustment for expenditures	(2,397,250)
Adjustment for encumbrances	<u>4,438,340</u>
GAAP basis	<u>\$ (7,755,890)</u>

NOTE 19 - CONDUIT DEBT OBLIGATIONS

The City has the following conduit debt obligations at December 31, 2009:

	<u>Original Issue Amount</u>	<u>Amount Outstanding</u>
Ohio Special Facilities Revenue - 1999	\$ 7,015,000	\$ 5,760,000

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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 20 - DISCRETELY PRESENTED COMPONENT UNIT

A. Basis of Accounting

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

The financial statements have been prepared on an accrual basis. All Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989 have been applied, except for those that conflict with GASB pronouncements, based upon the provisions of GASB Statement No. 20, as amended by GASB Statement No. 34.

B. Deposits and Investments

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

Deposits:

The carrying amount of CityWide Development Corporation deposits was \$852,599 and the bank balance was \$1,267,451. Of the bank balance, \$1,170,157 was covered by federal depository insurance and \$97,294 was uncollateralized and uninsured.

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

	2009	2008
CDs held to maturity	\$ 275,000	\$ 825,000
Money markets	78,483	78,106
Total	\$ 353,483	\$ 903,106

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

	2009	2008
Cash and cash equivalents	\$ 188,983	\$ 370,578
Restricted cash and cash equivalents	742,099	586,256
Investments	275,000	825,000
Total per combined statement of net assets	\$ 1,206,082	\$ 1,781,834
Deposits	\$ 852,599	\$ 878,728
Investments	353,483	903,106
Total per GASB Statement No. 3	\$ 1,206,082	\$ 1,781,834

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 20 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

C. Notes Payable Advance from Primary Government

Notes payable/advance from primary government at December 31, 2009, consisted of the following:

<u>Note</u>	<u>Payable to</u>	<u>Amount</u>
Noninterest-bearing Note for Landing Project	City of Dayton	\$ 5,433,600
Noninterest-bearing Note for Wellfield Project	City of Dayton	1,777,778
Note for Renovation of Western Manor	City of Dayton and the Dayton Montgomery County Housing Authority	86,459
Note for redevelopment of Hawthorn School Building	City of Dayton	681,584
Note for Webster Street Project	City of Dayton	200,000
Note for development of West 3rd Street	City of Dayton	4,425,000
Note for Excelsior Project	City of Dayton	250,000
Note for Phoenix Redevelopment Areas	City of Dayton	<u>2,117,664</u>
Total advance from primary government		<u>14,972,085</u>
Note for Housing Loans	Third-Party Insurance Company	424,917
Other Notes Payable		<u>118,753</u>
Total Notes Payable		<u>543,670</u>
Total Advance from primary government/notes payable		<u>\$ 15,515,755</u>

The amounts payable to the City are shown on the Statement of Net Assets 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.

Principal maturities due under these agreements are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2010	\$ 375,000
2011	405,000
2012	430,000
2013	<u>460,000</u>
Total	<u>\$ 1,670,000</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 20 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

E. Loans Payable

CityWide has a real estate loan with a financial institution with variable interest rates equal to the prime rate. This loan is collateralized by property and the personal guarantees of two Citywide executives and originally matured on April 1, 2009. The loan was modified during 2009, extending the maturity date one year. The balance of the loan at December 31, 2009 is \$937,888.

During 2005, CityWide borrowed \$100,000 for a construction loan with another company. This loan has a stated interest of 2.0%, payable upon maturity of the loan on May 25, 2010. During 2009, Citywide settled a lead lawsuit in the amount of \$50,000. This loan has a stated interest rate of 6.00%, payable upon maturity of the loan on December 23, 2014.

The debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2010	\$ 1,037,888
2014	<u>50,000</u>
Total	<u>\$ 1,087,888</u>

F. Operating Lease

During 2006, CityWide began leasing a building from an unrelated party. The lease is for a five year, six month term expiring March, 2012. CityWide has the option to renew the lease for three successive five year terms. Monthly lease payments are \$6,792 for the first 32 months, \$10,187 for the next 12 months and \$11,885 for the final 22 months of the lease. Rent expense associated with this lease was \$84,894 for 2009. CityWide is responsible for property taxes and utilities as described in the lease agreement.

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

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2010	\$ 134,132
2011	142,622
2012	<u>35,655</u>
Total	<u>\$ 312,409</u>

In 2006, CityWide entered into agreements to sublease a portion of the space to two unaffiliated organizations. Rental payments for the first space commenced on April 1, 2007 and rental payments for the second space commenced on June 1, 2008. The above lease expense will be offset by payments due under the subleases. Rents received from the subleases in excess of the above lease expense will be applied to outstanding loan interest and principal balances due by the lessor to CityWide.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 20 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

Future minimum lease payments to be received from non-cancellable subleases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2010	\$ 235,771
2011	218,608
2012	<u>93,268</u>
Total	<u>\$ 547,647</u>

NOTE 21 - CONTINGENCIES

A. Litigation

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

B. Grants

For the period January 1, 2009, to December 31, 2009, 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 22 – SUBSEQUENT EVENTS

On January 6, 2010, the City loaned CityWide \$6,335,904 to assist in the construction of a new recreation complex (“RecPlex”). Upon completion, the City will lease RecPlex from CityWide for a 30 year term through 2039. Under the lease terms, the City will provide maintenance and operations for the RecPlex.

On June 28, 2010, the City (the lender) entered into a \$7,375,620 leveraged loan agreement with Dayton Techtown Investment Fund, LLC (the borrower). A Forbearance Agreement was entered into concurrently between the City, Dayton Techtown Investment Fund, LLC and PNC New Markets Investment Partners, LLC. The proceeds of the loan will be used by the borrower to make one or more loans or equity investments in Qualified Active Low-Income Community Businesses. The loan is at an interest rate of 2% with annual payments through 2040.



Dayton is host to the Dayton Blues Festival, Dayton Reggae Festival, Women In Jazz Festival and many other Culture Activities. Dayton is a great city to do business, work, live and play.



The Lamp is the symbol of Dayton's Cultural Activities.

THIS PAGE IS INTENTIONALLY LEFT BLANK

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

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

Street

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

Highway Maintenance

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

Other Special Revenue (formerly called Other Special Projects)

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

HUD Programs

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

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

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

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

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

Miscellaneous Grants

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

Nonmajor Permanent Fund

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

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

CITY OF DAYTON, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal income taxes	\$ 105,417,700	\$ 101,368,300	\$ 100,430,248	\$ (938,052)
Property and other local taxes	10,145,900	9,896,200	9,883,262	(12,938)
State shared taxes	15,678,500	13,409,300	13,545,039	135,739
Charges for services	22,824,800	23,249,500	23,475,636	226,136
Licenses and permits.	1,410,700	1,683,000	1,585,081	(97,919)
Fines and forfeitures.	1,768,000	1,551,700	1,663,326	111,626
Intergovernmental.	1,345,300	1,132,800	1,132,821	21
Special assessments	200,000	158,800	189,434	30,634
Investment income	4,058,300	2,202,500	2,190,940	(11,560)
Other	2,769,100	2,204,200	2,611,433	407,233
Total revenues.	165,618,300	156,856,300	156,707,220	(149,080)
Expenditures:				
General operating:				
Clerk of commission	1,247,100	1,090,200	968,306	121,894
Civil service board	1,189,200	1,143,400	1,062,060	81,340
Human relations council	800,200	800,200	742,971	57,229
City manager's office	1,424,300	1,374,300	1,322,092	52,208
Department of public affairs.	820,900	806,900	761,040	45,860
Department of planning & community development.	2,879,600	2,660,600	2,594,382	66,218
Department of building services	2,905,600	2,616,900	2,378,903	237,997
Clerk of courts	3,650,300	3,695,300	3,552,862	142,438
Municipal court.	4,060,100	4,060,100	3,612,104	447,996
Office of economic development.	1,465,600	1,750,600	1,547,645	202,955
Department of management and budget	790,500	698,000	544,353	153,647
Department of water	95,300	95,300	81,879	13,421
Department of law	2,365,900	2,365,900	2,063,705	302,195
Department of finance	3,937,400	3,570,500	3,330,293	240,207
Department of human resources	1,003,500	1,133,500	1,103,922	29,578
Department of central services	14,978,000	15,155,000	14,674,818	480,182
Department of police.	50,583,500	50,089,700	46,358,904	3,730,796
Department of fire	37,119,100	37,826,600	37,416,978	409,622
Department of public works	19,319,500	19,545,800	18,982,206	563,594
Department of parks, recreation and culture.	3,902,000	4,116,000	4,030,315	85,685
Non-departmental	1,790,500	1,860,700	963,811	896,889
Convention center operating	2,987,900	2,939,400	2,919,542	19,858
Special assessments	222,200	222,200	201,989	20,211
Special projects	2,101,200	2,227,100	934,505	1,292,595
Total expenditures.	161,639,400	161,844,200	152,149,585	9,694,615
Excess (deficiency) of revenues over (under) expenditures.	3,978,900	(4,987,900)	4,557,635	9,545,535
Other financing sources (uses):				
Transfers in	4,058,400	979,913	804,913	(175,000)
Transfers out	(11,454,700)	(15,930,400)	(11,114,668)	4,815,732
Total other financing sources (uses).	(7,396,300)	(14,950,487)	(10,309,755)	4,640,732
Net change in fund balances	(3,417,400)	(19,938,387)	(5,752,120)	14,186,267
Fund balance at beginning of year.	21,909,052	21,909,052	21,909,052	-
Prior year encumbrances appropriated.	2,506,696	2,506,696	2,506,696	-
Fund balance at end of year.	\$ 20,998,348	\$ 4,477,361	\$ 18,663,628	\$ 14,186,267

CITY OF DAYTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 16,110,026	\$ 85,157	\$ 16,195,183
Investments	-	93,150	93,150
Receivables (net of allowances for uncollectibles):			
Accounts.	153,862	-	153,862
Special assessments	254,918	-	254,918
Accrued interest	8,238	275	8,513
Due from other funds.	9,912	-	9,912
Due from other governments	7,245,969	-	7,245,969
Prepayments	786	-	786
Advances to component unit	7,801,264	-	7,801,264
Total assets	<u>\$ 31,584,975</u>	<u>\$ 178,582</u>	<u>\$ 31,763,557</u>
Liabilities:			
Accounts payable	\$ 238,982	\$ -	\$ 238,982
Contracts payable	2,893,890	-	2,893,890
Accrued wages and benefits	160,648	-	160,648
Retainage payable	21,459	-	21,459
Interfund loans payable	1,397,311	-	1,397,311
Due to other funds.	40,051	-	40,051
Deferred revenue	3,493,983	52	3,494,035
Total liabilities	<u>8,246,324</u>	<u>52</u>	<u>8,246,376</u>
Fund Balances:			
Reserved for encumbrances.	23,812,974	-	23,812,974
Reserved for prepayments	786	-	786
Reserved for advances to component unit.	7,801,264	-	7,801,264
Reserved for contributions to permanent fund	-	102,228	102,228
Unreserved, designated for various projects, reported in:			
Special revenue funds.	398,848	-	398,848
Undesignated (deficit), reported in:			
Special revenue funds	(8,675,221)	-	(8,675,221)
Permanent funds	-	76,302	76,302
Total fund balances	<u>23,338,651</u>	<u>178,530</u>	<u>23,517,181</u>
Total liabilities and fund balances	<u>\$ 31,584,975</u>	<u>\$ 178,582</u>	<u>\$ 31,763,557</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
State shared taxes	\$ 5,674,831	\$ -	\$ 5,674,831
Charges for services	1,344,208	-	1,344,208
Licenses and permits	9,082	-	9,082
Fines and forfeitures	501,669	-	501,669
Intergovernmental	19,436,678	-	19,436,678
Special assessments	102,722	-	102,722
Investment income	37,433	1,107	38,540
Increase (decrease) in FMV of investments. . .	(16,521)	15,524	(997)
Other	1,847,492	-	1,847,492
Total revenues.	<u>28,937,594</u>	<u>16,631</u>	<u>28,954,225</u>
Expenditures:			
Current:			
Youth, education and human services.	2,221,124	-	2,221,124
Community development and neighborhoods. . .	8,683,280	-	8,683,280
Economic development	4,806,270	-	4,806,270
Leadership and quality of life	11,572,567	742	11,573,309
Corporate responsibility.	1,980,002	-	1,980,002
Public safety and justice.	4,347,213	-	4,347,213
Capital outlay	21,459	-	21,459
Debt service:			
Principal retirement	1,494,000	-	1,494,000
Total expenditures.	<u>35,125,915</u>	<u>742</u>	<u>35,126,657</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(6,188,321)</u>	<u>15,889</u>	<u>(6,172,432)</u>
Other financing sources (uses):			
Transfers in	9,346,913	-	9,346,913
Transfers out	<u>(1,563,745)</u>	<u>-</u>	<u>(1,563,745)</u>
Total other financing sources (uses).	<u>7,783,168</u>	<u>-</u>	<u>7,783,168</u>
Net change in fund balances	1,594,847	15,889	1,610,736
Fund balances at beginning of year.	<u>21,743,804</u>	<u>162,641</u>	<u>21,906,445</u>
Fund balances at end of year.	<u>\$ 23,338,651</u>	<u>\$ 178,530</u>	<u>\$ 23,517,181</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF DAYTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2009

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 150,233	\$ 438,685	\$ 13,180,939
Receivables (net of allowances for uncollectibles):			
Accounts.	30,948	-	66,255
Special assessments.	-	-	-
Accrued interest	-	-	3,295
Due from other funds.	-	-	9,912
Due from other governments	2,348,750	191,339	120,259
Prepayments	-	-	786
Advances to component unit	-	-	250,000
Total assets.	<u>\$ 2,529,931</u>	<u>\$ 630,024</u>	<u>\$ 13,631,446</u>
Liabilities:			
Accounts payable.	\$ 27,103	\$ 33,333	\$ 33,335
Contracts payable.	-	-	1,015,435
Accrued wages and benefits	63,963	-	3,167
Retainage payable	-	-	-
Interfund loans payable	-	-	-
Due to other funds	22,176	-	-
Deferred revenue.	1,570,988	119,154	19,112
Total liabilities.	<u>1,684,230</u>	<u>152,487</u>	<u>1,071,049</u>
Fund Balances:			
Reserved for encumbrances	72,032	31,783	3,146,216
Reserved for prepayments	-	-	786
Reserved for advances to component unit	-	-	250,000
Unreserved, designated for various projects, reported in:			
Special revenue funds.	58,613	340,235	-
Unreserved, undesignated (deficit), reported in:			
Special revenue funds	715,056	105,519	9,163,395
Total fund balances	<u>845,701</u>	<u>477,537</u>	<u>12,560,397</u>
Total liabilities and fund balances.	<u>\$ 2,529,931</u>	<u>\$ 630,024</u>	<u>\$ 13,631,446</u>

HUD Programs	Miscellaneous Grants	Total
\$ -	\$ 2,340,169	\$ 16,110,026
41,623	15,036	153,862
254,918	-	254,918
-	4,943	8,238
-	-	9,912
1,977,298	2,608,323	7,245,969
-	-	786
<u>7,551,264</u>	<u>-</u>	<u>7,801,264</u>
<u>\$ 9,825,103</u>	<u>\$ 4,968,471</u>	<u>\$ 31,584,975</u>
\$ 96,201	\$ 49,010	\$ 238,982
1,657,282	221,173	2,893,890
51,363	42,155	160,648
21,459	-	21,459
1,397,311	-	1,397,311
4,014	13,861	40,051
<u>1,219,177</u>	<u>565,552</u>	<u>3,493,983</u>
<u>4,446,807</u>	<u>891,751</u>	<u>8,246,324</u>
11,058,259	9,504,684	23,812,974
-	-	786
7,551,264	-	7,801,264
-	-	398,848
<u>(13,231,227)</u>	<u>(5,427,964)</u>	<u>(8,675,221)</u>
<u>5,378,296</u>	<u>4,076,720</u>	<u>23,338,651</u>
<u>\$ 9,825,103</u>	<u>\$ 4,968,471</u>	<u>\$ 31,584,975</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Revenues:			
State shared taxes	\$ 5,229,927	\$ 444,904	\$ -
Charges for services	340,882	-	352,665
Licenses and permits	-	-	9,082
Fines and forfeitures	-	-	70,000
Intergovernmental	99,542	-	25,000
Special assessments	-	-	-
Investment income	-	-	15,502
Decrease in FMV of investments	-	-	(6,794)
Other	91,134	-	1,341,119
Total revenues	<u>5,761,485</u>	<u>444,904</u>	<u>1,806,574</u>
Expenditures:			
Current:			
Youth, education and human services.	-	-	-
Community development and neighborhoods.	-	-	15,674
Economic development	-	-	3,340,033
Leadership and quality of life	8,544,550	368,217	594,724
Corporate responsibility.	-	-	1,374,021
Public safety and justice.	-	-	859,529
Capital outlay.	-	-	-
Debt service:			
Principal retirement	-	-	1,494,000
Total expenditures	<u>8,544,550</u>	<u>368,217</u>	<u>7,677,981</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(2,783,065)</u>	<u>76,687</u>	<u>(5,871,407)</u>
Other financing sources (uses):			
Transfers in	2,284,380	-	6,755,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>2,284,380</u>	<u>-</u>	<u>6,755,000</u>
Net change in fund balances.	(498,685)	76,687	883,593
Fund balances at beginning of year	<u>1,344,386</u>	<u>400,850</u>	<u>11,676,804</u>
Fund balances at end of year.	<u>\$ 845,701</u>	<u>\$ 477,537</u>	<u>\$ 12,560,397</u>

HUD Programs	Miscellaneous Grants	Total
\$ -	\$ -	\$ 5,674,831
71,099	579,562	1,344,208
-	-	9,082
-	431,669	501,669
13,472,791	5,839,345	19,436,678
102,722	-	102,722
-	21,931	37,433
-	(9,727)	(16,521)
2,377	412,862	1,847,492
<u>13,648,989</u>	<u>7,275,642</u>	<u>28,937,594</u>
2,214,917	6,207	2,221,124
8,615,630	51,976	8,683,280
180,065	1,286,172	4,806,270
1,659,708	405,368	11,572,567
605,981	-	1,980,002
-	3,487,684	4,347,213
21,459	-	21,459
-	-	1,494,000
<u>13,297,760</u>	<u>5,237,407</u>	<u>35,125,915</u>
<u>351,229</u>	<u>2,038,235</u>	<u>(6,188,321)</u>
39,074	268,459	9,346,913
-	(1,563,745)	(1,563,745)
<u>39,074</u>	<u>(1,295,286)</u>	<u>7,783,168</u>
390,303	742,949	1,594,847
<u>4,987,993</u>	<u>3,333,771</u>	<u>21,743,804</u>
<u>\$ 5,378,296</u>	<u>\$ 4,076,720</u>	<u>\$ 23,338,651</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 STREET FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State shared taxes	\$ 5,310,400	\$ 5,965,400	\$ 5,342,042	\$ (623,358)
Charges for services	419,900	471,700	422,381	(49,319)
Other	<u>109,700</u>	<u>123,200</u>	<u>110,355</u>	<u>(12,845)</u>
Total revenues.	<u>5,840,000</u>	<u>6,560,300</u>	<u>5,874,778</u>	<u>(685,522)</u>
Expenditures:				
Department of public works	<u>8,519,500</u>	<u>8,947,400</u>	<u>8,738,723</u>	<u>208,677</u>
Total expenditures.	<u>8,519,500</u>	<u>8,947,400</u>	<u>8,738,723</u>	<u>208,677</u>
Excess of expenditures over revenues	<u>(2,679,500)</u>	<u>(2,387,100)</u>	<u>(2,863,945)</u>	<u>(476,845)</u>
Other financing sources:				
Transfers in	<u>1,644,000</u>	<u>1,644,000</u>	<u>2,284,380</u>	<u>640,380</u>
Total other financing sources.	<u>1,644,000</u>	<u>1,644,000</u>	<u>2,284,380</u>	<u>640,380</u>
Net change in fund balance	(1,035,500)	(743,100)	(579,565)	163,535
Fund balance at beginning of year	1,716,717	1,716,717	1,716,717	-
Prior year encumbrances appropriated	<u>43,556</u>	<u>43,556</u>	<u>43,556</u>	<u>-</u>
Fund balance at end of year	<u>\$ 724,773</u>	<u>\$ 1,017,173</u>	<u>\$ 1,180,708</u>	<u>\$ 163,535</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HIGHWAY MAINTENANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
State shared taxes	\$ 400,000	\$ 400,000	\$ 445,146	\$ 45,146
Total revenues.	400,000	400,000	445,146	45,146
Expenditures:				
Department of public works	400,000	400,000	433,333	(33,333)
Total expenditures.	400,000	400,000	433,333	(33,333)
Net change in fund balance	-	-	11,813	11,813
Fund balance at beginning of year.	338,245	338,245	338,245	-
Fund balance at end of year	<u>\$ 338,245</u>	<u>\$ 338,245</u>	<u>\$ 350,058</u>	<u>\$ 11,813</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 OTHER SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 79,000	\$ 108,300	\$ 128,110	\$ 19,810
Licenses and permits	5,600	7,700	9,082	1,382
Investment income	84,700	116,100	15,271	(100,829)
Other	1,812,000	2,483,900	1,542,677	(941,223)
Total revenues.	<u>1,981,300</u>	<u>2,716,000</u>	<u>1,695,140</u>	<u>(1,020,860)</u>
Expenditures:				
Various departments	9,930,800	11,903,000	9,795,711	2,107,289
Total expenditures.	<u>9,930,800</u>	<u>11,903,000</u>	<u>9,795,711</u>	<u>2,107,289</u>
Excess of expenditures over revenues	<u>(7,949,500)</u>	<u>(9,187,000)</u>	<u>(8,100,571)</u>	<u>1,086,429</u>
Other financing sources:				
Transfers in	4,180,700	5,731,100	6,755,000	1,023,900
Total other financing sources.	<u>4,180,700</u>	<u>5,731,100</u>	<u>6,755,000</u>	<u>1,023,900</u>
Net change in fund balance	(3,768,800)	(3,455,900)	(1,345,571)	2,110,329
Fund balance at beginning of year.	7,799,894	7,799,894	7,799,894	-
Prior year encumbrances appropriated.	3,493,282	3,493,282	3,493,282	-
Fund balance at end of year	<u>\$ 7,524,376</u>	<u>\$ 7,837,276</u>	<u>\$ 9,947,605</u>	<u>\$ 2,110,329</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MISCELLANEOUS GRANTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 890,000	\$ 2,802,600	\$ 542,461	\$ (2,260,139)
Intergovernmental	6,289,600	19,805,700	3,833,545	(15,972,155)
Other	<u>1,124,800</u>	<u>3,542,000</u>	<u>685,577</u>	<u>(2,856,423)</u>
Total revenues.	<u>8,304,400</u>	<u>26,150,300</u>	<u>5,061,583</u>	<u>(21,088,717)</u>
Expenditures:				
Other grants	<u>4,527,000</u>	<u>21,036,000</u>	<u>14,419,796</u>	<u>6,616,204</u>
Total expenditures.	<u>4,527,000</u>	<u>21,036,000</u>	<u>14,419,796</u>	<u>6,616,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,777,400</u>	<u>5,114,300</u>	<u>(9,358,213)</u>	<u>(14,472,513)</u>
Other financing sources (uses):				
Transfers in	440,500	1,387,000	268,459	(1,118,541)
Transfers out	<u>(500,400)</u>	<u>(2,325,400)</u>	<u>(1,563,745)</u>	<u>761,655</u>
Total other financing sources (uses)	<u>(59,900)</u>	<u>(938,400)</u>	<u>(1,295,286)</u>	<u>(356,886)</u>
Net change in fund balance	3,717,500	4,175,900	(10,653,499)	(14,829,399)
Fund balance (deficit) at beginning of year.	(3,466,444)	(3,466,444)	(3,466,444)	-
Prior year encumbrances appropriated	<u>6,647,762</u>	<u>6,647,762</u>	<u>6,647,762</u>	-
Fund balance (deficit) at end of year	<u>\$ 6,898,818</u>	<u>\$ 7,357,218</u>	<u>\$ (7,472,181)</u>	<u>\$ (14,829,399)</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PERMANENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	5,000	-	1,188	1,188
Total revenues.	<u>5,000</u>	<u>-</u>	<u>1,188</u>	<u>1,188</u>
Expenditures:				
Other.	50,000	50,000	-	50,000
Total expenditures.	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	(45,000)	(50,000)	1,188	51,188
Fund balance at beginning of year.	<u>144,887</u>	<u>144,887</u>	<u>144,887</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 99,887</u>	<u>\$ 94,887</u>	<u>\$ 146,075</u>	<u>\$ 51,188</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other local taxes	\$ 2,769,300	\$ 9,296,600	\$ 9,296,628	\$ 28
Special assessments	35,000	117,700	117,652	(48)
Intergovernmental.	312,900	1,050,400	1,050,358	(42)
Other	133,800	449,000	137,818	(311,182)
Total revenues.	<u>3,251,000</u>	<u>10,913,700</u>	<u>10,602,456</u>	<u>(311,244)</u>
Expenditures:				
Department of finance	16,312,000	35,000,000	14,344,549	20,655,451
Total expenditures.	<u>16,312,000</u>	<u>35,000,000</u>	<u>14,344,549</u>	<u>20,655,451</u>
Excess of expenditures over revenues	(13,061,000)	(24,086,300)	(3,742,093)	20,344,207
Other financing sources (uses):				
Sale of bonds.	7,305,200	24,524,200	22,337,868	(2,186,332)
Advances out	-	-	(68,723)	(68,723)
Premium on bond issuance	-	-	311,474	311,474
Payment to refund bond escrow agent	-	-	(22,045,122)	(22,045,122)
Total other financing sources.	<u>7,305,200</u>	<u>24,524,200</u>	<u>535,497</u>	<u>(23,988,703)</u>
Net change in fund balance	(5,755,800)	437,900	(3,206,596)	(3,644,496)
Fund balance at beginning of year	28,026,896	28,026,896	28,026,896	-
Prior year encumbrances appropriated	49,392	49,392	49,392	-
Fund balance at end of year.	<u>\$ 22,320,488</u>	<u>\$ 28,514,188</u>	<u>\$ 24,869,692</u>	<u>\$ (3,644,496)</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS

Nonmajor Enterprise Funds

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

Storm Water

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

Golf

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

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2009

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 6,944,343	\$ 197,664	\$ 7,142,007
Receivables (net of allowance for uncollectibles):			
Special assessments	423,501	-	423,501
Accounts	1,471,194	479	1,471,673
Due from other funds	14,580	304	14,884
Total current assets	<u>8,853,618</u>	<u>198,447</u>	<u>9,052,065</u>
Noncurrent assets:			
Unamortized bond issuance costs.	-	7,819	7,819
Capital assets:			
Land and construction in progress	57,500	594,927	652,427
Depreciable capital assets, net	11,480,047	4,903,205	16,383,252
Total capital assets	<u>11,537,547</u>	<u>5,498,132</u>	<u>17,035,679</u>
Total noncurrent assets	<u>11,537,547</u>	<u>5,505,951</u>	<u>17,043,498</u>
Total assets.	<u>20,391,165</u>	<u>5,704,398</u>	<u>26,095,563</u>
Liabilities:			
Current liabilities:			
Accounts payable	48,141	10,108	58,249
Contracts payable	-	1,335	1,335
Accrued wages and benefits	76,517	23,069	99,586
Compensated absences - current.	118,524	54,142	172,666
Accrued interest payable.	-	6,466	6,466
Due to other funds	565,157	1,084	566,241
Due to other governments	-	442	442
General obligation bonds payable - current.	-	254,873	254,873
Total current liabilities.	<u>808,339</u>	<u>351,519</u>	<u>1,159,858</u>
Noncurrent liabilities:			
Compensated absences.	113,708	51,942	165,650
Advances from other funds	-	912,306	912,306
General obligation bonds payable	-	1,121,073	1,121,073
Total noncurrent liabilities.	<u>113,708</u>	<u>2,085,321</u>	<u>2,199,029</u>
Total liabilities.	<u>922,047</u>	<u>2,436,840</u>	<u>3,358,887</u>
Net assets:			
Invested in capital assets, net of related debt	11,537,547	4,122,186	15,659,733
Unrestricted (deficit)	<u>7,931,571</u>	<u>(854,628)</u>	<u>7,076,943</u>
Total net assets	<u>\$ 19,469,118</u>	<u>\$ 3,267,558</u>	<u>\$ 22,736,676</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Storm Water	Golf	Total
Operating revenues:			
Charges for services	\$ 7,043,146	\$ 3,232,460	\$ 10,275,606
Other	40,309	17,781	58,090
Total operating revenues	<u>7,083,455</u>	<u>3,250,241</u>	<u>10,333,696</u>
Operating expenses:			
Personal services	2,375,780	1,142,956	3,518,736
Benefit payments	927,056	360,387	1,287,443
Contractual services	1,233,841	854,431	2,088,272
Materials and supplies.	199,909	337,007	536,916
Utilities	86,853	127,879	214,732
Depreciation.	424,933	262,422	687,355
Other.	139,028	87,816	226,844
Total operating expenses	<u>5,387,400</u>	<u>3,172,898</u>	<u>8,560,298</u>
Operating income.	<u>1,696,055</u>	<u>77,343</u>	<u>1,773,398</u>
Nonoperating expenses:			
Interest expense and fiscal charges.	-	(88,570)	(88,570)
Total nonoperating expenses.	<u>-</u>	<u>(88,570)</u>	<u>(88,570)</u>
Income (loss) before transfers	1,696,055	(11,227)	1,684,828
Transfers in	157,727	46,504	204,231
Transfers out	<u>(56,677)</u>	<u>-</u>	<u>(56,677)</u>
Change in net assets.	1,797,105	35,277	1,832,382
Net assets, January 1 (restated)	<u>17,672,013</u>	<u>3,232,281</u>	<u>20,904,294</u>
Net assets, December 31	<u>\$ 19,469,118</u>	<u>\$ 3,267,558</u>	<u>\$ 22,736,676</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Storm Water	Golf	Total
Cash flows from operating activities:			
Cash received from customers	\$ 6,877,741	\$ 3,232,969	\$ 10,110,710
Cash received from other operating revenues	25,729	17,477	43,206
Cash payments for personal services	(2,414,331)	(1,184,882)	(3,599,213)
Cash payments for fringe benefits	(932,233)	(364,878)	(1,297,111)
Cash payments for contract services.	(1,223,593)	(856,131)	(2,079,724)
Cash payments for materials and supplies.	(205,756)	(336,431)	(542,187)
Cash payments for utilities.	(85,674)	(131,181)	(216,855)
Cash payments for other operating expenses	(138,924)	(88,408)	(227,332)
Net cash provided by operating activities.	<u>1,902,959</u>	<u>288,535</u>	<u>2,191,494</u>
Cash flows from noncapital financing activities:			
Cash received from interfund loans	-	68,723	68,723
Transfers in	157,727	46,504	204,231
Transfers out	(56,677)	-	(56,677)
Net cash provided by noncapital financing activities	<u>101,050</u>	<u>115,227</u>	<u>216,277</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(385,474)	-	(385,474)
Payment to refund bond escrow agent	-	(771,889)	(771,889)
Sale of refunding bonds.	-	771,889	771,889
Principal paid on bonds	-	(277,720)	(277,720)
Interest paid on bonds	-	(72,508)	(72,508)
Net cash used in capital and related financing activities.	<u>(385,474)</u>	<u>(350,228)</u>	<u>(735,702)</u>
Net increase in cash and cash equivalents	1,618,535	53,534	1,672,069
Cash and cash equivalents at beginning of year	<u>5,325,808</u>	<u>144,130</u>	<u>5,469,938</u>
Cash and cash equivalents at end of year.	<u><u>\$ 6,944,343</u></u>	<u><u>\$ 197,664</u></u>	<u><u>\$ 7,142,007</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income.	\$ 1,696,055	\$ 77,343	\$ 1,773,398
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	424,933	262,422	687,355
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable.	(91,518)	509	(91,009)
Increase in due from other funds	(14,580)	(304)	(14,884)
Decrease in due from other governments.	13,635	-	13,635
Increase in special assessments receivable	(87,522)	-	(87,522)
Increase (decrease) in accounts payable	44,604	(2,726)	41,878
Decrease in contracts payable	-	(1,449)	(1,449)
Decrease in retainage payable	(34,888)	-	(34,888)
Decrease in accrued wages and benefits.	(27,911)	(25,820)	(53,731)
Decrease in due to other funds	(4,032)	(843)	(4,875)
Decrease in voluntary termination benefits payable	(12,527)	(10,348)	(22,875)
Decrease in compensated absences payable	(3,290)	(10,249)	(13,539)
Net cash provided by operating activities.	<u><u>\$ 1,902,959</u></u>	<u><u>\$ 288,535</u></u>	<u><u>\$ 2,191,494</u></u>

Non-cash transactions:

At December 31, 2008, the Storm Water fund purchased \$92,470 in capital assets on account.

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - INTERNAL SERVICE FUNDS

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

Fleet Management

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

Fire Fleet Management

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

Stores and Reproduction

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

Workers' Compensation

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

Plumbing Shop

To account for plumbing services to departments within the City.

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2009

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>	<u>Plumbing Shop</u>	<u>Total</u>
Assets:						
Current assets:						
Equity in pooled cash and cash equivalents.	\$ 46,682	\$ 13,930	\$ 117,924	\$ 14,084,055	\$ 421,476	\$ 14,684,067
Receivables (net of allowances of uncollectibles):						
Accounts.	122	14,553	-	-	-	14,675
Due from other funds.	74,647	-	35,893	-	36,777	147,317
Due from other governments	-	26,747	-	-	-	26,747
Prepayments.	-	21,245	-	-	-	21,245
Inventory held for resale	365,913	293,847	11,969	-	-	671,729
Total current assets	<u>487,364</u>	<u>370,322</u>	<u>165,786</u>	<u>14,084,055</u>	<u>458,253</u>	<u>15,565,780</u>
Noncurrent assets:						
Capital assets:						
Land and construction in progress	-	75,000	-	-	-	75,000
Depreciable capital assets, net	220,997	838,080	3,035	73,263	36,058	1,171,433
Total noncurrent assets	<u>220,997</u>	<u>913,080</u>	<u>3,035</u>	<u>73,263</u>	<u>36,058</u>	<u>1,246,433</u>
Total assets.	<u>708,361</u>	<u>1,283,402</u>	<u>168,821</u>	<u>14,157,318</u>	<u>494,311</u>	<u>16,812,213</u>
Liabilities:						
Current liabilities:						
Accounts payable.	98,245	2,852	61,897	8,050	9,904	180,948
Accrued wages and benefits	83,600	16,957	2,436	8,334	10,684	122,011
Compensated absences - current.	103,339	16,872	7,727	30,206	14,789	172,933
Interfund loans payable.	400,000	-	-	-	-	400,000
Due to other funds	134	-	-	1	848	983
Due to other governments	-	-	-	1,822,016	-	1,822,016
Claims payable - current	-	-	-	77,924	-	77,924
Total current liabilities.	<u>685,318</u>	<u>36,681</u>	<u>72,060</u>	<u>1,946,531</u>	<u>36,225</u>	<u>2,776,815</u>
Noncurrent liabilities:						
Compensated absences.	99,140	16,185	7,413	28,979	14,189	165,906
Claims payable	-	-	-	6,212,124	-	6,212,124
Total noncurrent liabilities.	<u>99,140</u>	<u>16,185</u>	<u>7,413</u>	<u>6,241,103</u>	<u>14,189</u>	<u>6,378,030</u>
Total liabilities.	<u>784,458</u>	<u>52,866</u>	<u>79,473</u>	<u>8,187,634</u>	<u>50,414</u>	<u>9,154,845</u>
Net assets:						
Invested in capital assets, net of related debt	220,997	913,080	3,035	73,263	36,058	1,246,433
Unrestricted (deficit).	<u>(297,094)</u>	<u>317,456</u>	<u>86,313</u>	<u>5,896,421</u>	<u>407,839</u>	<u>6,410,935</u>
Total net assets (deficit).	<u>\$ (76,097)</u>	<u>\$ 1,230,536</u>	<u>\$ 89,348</u>	<u>\$ 5,969,684</u>	<u>\$ 443,897</u>	<u>\$ 7,657,368</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Fleet Management	Fire Fleet Management	Stores and Reproduction	Workers' Compensation	Plumbing Shop	Total
Operating revenues:						
Charges for services	\$ 6,895,863	\$ 1,102,911	\$ 224,554	\$ 3,929,852	\$ 603,046	\$ 12,756,226
Other	4,025	-	282,442	-	3,500	289,967
Total operating revenues	<u>6,899,888</u>	<u>1,102,911</u>	<u>506,996</u>	<u>3,929,852</u>	<u>606,546</u>	<u>13,046,193</u>
Operating expenses:						
Personal services	2,252,967	456,630	161,291	639,305	253,229	3,763,422
Benefit payments	874,092	171,855	59,965	211,503	100,329	1,417,744
Contractual services	389,809	364,377	340,837	193,104	3,585	1,291,712
Materials and supplies	1,918,923	919	953	69,657	121,840	2,112,292
Utilities	-	22,430	-	-	-	22,430
Cost of sales	1,524,071	215,266	69,594	-	-	1,808,931
Depreciation	50,325	29,021	4,548	9,159	8,274	101,327
Claims	-	-	-	2,961,161	-	2,961,161
Other	21,613	1,091	-	6,176	37	28,917
Total operating expenses	<u>7,031,800</u>	<u>1,261,589</u>	<u>637,188</u>	<u>4,090,065</u>	<u>487,294</u>	<u>13,507,936</u>
Operating income (loss)	<u>(131,912)</u>	<u>(158,678)</u>	<u>(130,192)</u>	<u>(160,213)</u>	<u>119,252</u>	<u>(461,743)</u>
Transfers in	1,549	60,000	135,400	-	-	196,949
Change in net assets	(130,363)	(98,678)	5,208	(160,213)	119,252	(264,794)
Net assets, January 1	<u>54,266</u>	<u>1,329,214</u>	<u>84,140</u>	<u>6,129,897</u>	<u>324,645</u>	<u>7,922,162</u>
Net assets (deficit), December 31	<u><u>\$ (76,097)</u></u>	<u><u>\$ 1,230,536</u></u>	<u><u>\$ 89,348</u></u>	<u><u>\$ 5,969,684</u></u>	<u><u>\$ 443,897</u></u>	<u><u>\$ 7,657,368</u></u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Fleet Management	Fire Fleet Management	Stores and Reproduction	Workers' Compensation	Plumbing Shop	Total
Cash flows from operating activities:						
Cash received from interfund services provided.	\$ 6,927,414	\$ 1,135,951	\$ 218,950	\$ 3,929,852	\$ 657,003	\$ 12,869,170
Cash received from other operating revenues	4,025	-	282,442	-	3,500	289,967
Cash payments for personal services	(2,314,003)	(480,640)	(163,250)	(654,364)	(265,639)	(3,877,896)
Cash payments for fringe benefits	(880,337)	(174,458)	(61,414)	(218,335)	(101,236)	(1,435,780)
Cash payments for contract services.	(427,943)	(362,160)	(281,146)	(240,594)	(3,585)	(1,315,428)
Cash payments for materials and supplies.	(1,903,975)	-	(3,790)	(67,926)	(125,951)	(2,101,642)
Cash payments for cost of goods sold	(1,493,595)	(246,319)	(73,550)	-	-	(1,813,464)
Cash payments for utilities.	-	(24,286)	-	-	-	(24,286)
Cash payments for claims	-	-	-	(2,243,896)	-	(2,243,896)
Cash payments for other operating expenses	(21,479)	(1,091)	-	(6,469)	(37)	(29,076)
Net cash provided by (used in) operating activities. .	<u>(109,893)</u>	<u>(153,003)</u>	<u>(81,758)</u>	<u>498,268</u>	<u>164,055</u>	<u>317,669</u>
Cash flows from noncapital financing activities:						
Transfers in	1,549	60,000	135,400	-	-	196,949
Net cash provided by noncapital financing activities.	<u>1,549</u>	<u>60,000</u>	<u>135,400</u>	<u>-</u>	<u>-</u>	<u>196,949</u>
Net increase (decrease) in cash and cash equivalents. . .	(108,344)	(93,003)	53,642	498,268	164,055	514,618
Cash and cash equivalents at						
beginning of year	<u>155,026</u>	<u>106,933</u>	<u>64,282</u>	<u>13,585,787</u>	<u>257,421</u>	<u>14,169,449</u>
Cash and cash equivalents at end of year.	<u>\$ 46,682</u>	<u>\$ 13,930</u>	<u>\$ 117,924</u>	<u>\$ 14,084,055</u>	<u>\$ 421,476</u>	<u>\$ 14,684,067</u>
Reconciliation of operating income (loss) to net						
cash provided by (used in) operating activities:						
Operating income (loss)	\$ (131,912)	\$ (158,678)	\$ (130,192)	\$ (160,213)	\$ 119,252	\$ (461,743)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	50,325	29,021	4,548	9,159	8,274	101,327
Changes in assets and liabilities:						
Increase in accounts receivable.	(122)	(8,396)	-	-	-	(8,518)
(Increase) decrease in due from other funds	31,673	38,289	(5,604)	-	53,957	118,315
Decrease in prepaid assets	-	1,641	-	-	-	1,641
Decrease in due from other governments.	-	3,147	-	-	-	3,147
(Increase) decrease in inventory held for resale.	30,476	(31,053)	(3,956)	-	-	(4,533)
Increase (decrease) in accounts payable	1,954	(361)	56,854	3,743	(3,971)	58,219
Decrease in contracts payable	-	-	-	(49,500)	-	(49,500)
Decrease in accrued wages and benefits	(19,687)	(4,027)	(5,763)	(27,451)	(1,753)	(58,681)
Decrease in due to other funds	(25,006)	-	-	(295)	(140)	(25,441)
Decrease in due to other governments	-	-	-	(305,584)	-	(305,584)
Decrease in voluntary termination benefits payable . . .	(13,135)	-	-	-	-	(13,135)
Increase (decrease) in compensated absences payable.	(34,459)	(22,586)	2,355	5,560	(11,564)	(60,694)
Increase in claims payable.	-	-	-	1,022,849	-	1,022,849
Net cash provided by (used in) operating activities. . .	<u>\$ (109,893)</u>	<u>\$ (153,003)</u>	<u>\$ (81,758)</u>	<u>\$ 498,268</u>	<u>\$ 164,055</u>	<u>\$ 317,669</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - FIDUCIARY FUNDS

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

Agency Funds

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

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

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Balance</u> <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/09</u>
Guaranty				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 49,649	\$ -	\$ -	\$ 49,649
Total assets.	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
Liabilities:				
Due to other governments	\$ 49,649	\$ -	\$ -	\$ 49,649
Total liabilities.	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
Performance Bond				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 14,119	\$ -	\$ -	\$ 14,119
Total assets.	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
Liabilities:				
Withholdings and deposits.	\$ 14,119	\$ -	\$ -	\$ 14,119
Total liabilities.	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
Developer Construction Payments				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,800	\$ -	\$ -	\$ 2,800
Total assets.	<u>\$ 2,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,800</u>
Liabilities:				
Due to others.	\$ 2,800	\$ -	\$ -	\$ 2,800
Total liabilities.	<u>\$ 2,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,800</u>
Deposit of Taxes/Courthouse Square				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 138,175	\$ 731,232	\$ 749,241	\$ 120,166
Accounts receivable.	306,675	18,009	-	324,684
Total assets.	<u>\$ 444,850</u>	<u>\$ 749,241</u>	<u>\$ 749,241</u>	<u>\$ 444,850</u>
Liabilities:				
Due to other governments	\$ 444,850	\$ 749,241	\$ 749,241	\$ 444,850
Total liabilities.	<u>\$ 444,850</u>	<u>\$ 749,241</u>	<u>\$ 749,241</u>	<u>\$ 444,850</u>
Dependent Care				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 6,679	\$ -	\$ 3,187	\$ 3,492
Total assets.	<u>\$ 6,679</u>	<u>\$ -</u>	<u>\$ 3,187</u>	<u>\$ 3,492</u>
Liabilities:				
Due to other governments	\$ 6,679	\$ -	\$ 3,187	\$ 3,492
Total liabilities.	<u>\$ 6,679</u>	<u>\$ -</u>	<u>\$ 3,187</u>	<u>\$ 3,492</u>

- - Continued

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Balance</u> <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/09</u>
Fire Proceeds				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 776,629	\$ -	\$ 82,400	\$ 694,229
Total assets.	<u>\$ 776,629</u>	<u>\$ -</u>	<u>\$ 82,400</u>	<u>\$ 694,229</u>
Liabilities:				
Accounts payable	\$ 12,779	\$ -	\$ 12,779	\$ -
Due to other governments	763,850	-	69,621	694,229
Total liabilities.	<u>\$ 776,629</u>	<u>\$ -</u>	<u>\$ 82,400</u>	<u>\$ 694,229</u>
Urban Renewal Comp Dep				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 53,520	\$ -	\$ -	\$ 53,520
Total assets.	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
Liabilities:				
Withholdings and deposits.	\$ 53,520	\$ -	\$ -	\$ 53,520
Total liabilities.	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
Building Permit Surcharge				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 6,437	\$ -	\$ 2,118	\$ 4,319
Total assets.	<u>\$ 6,437</u>	<u>\$ -</u>	<u>\$ 2,118</u>	<u>\$ 4,319</u>
Liabilities:				
Accounts payable	\$ 2,573	\$ -	\$ 1,642	\$ 931
Due to other governments	3,864	-	476	3,388
Total liabilities.	<u>\$ 6,437</u>	<u>\$ -</u>	<u>\$ 2,118</u>	<u>\$ 4,319</u>
Payroll Withholding				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 3,604,461	\$ 687,309	\$ 63,815	\$ 4,227,955
Total assets.	<u>\$ 3,604,461</u>	<u>\$ 687,309</u>	<u>\$ 63,815</u>	<u>\$ 4,227,955</u>
Liabilities:				
Accounts payable	\$ -	\$ 2,950	\$ -	\$ 2,950
Withholdings and deposits.	3,604,461	684,359	63,815	4,225,005
Total liabilities.	<u>\$ 3,604,461</u>	<u>\$ 687,309</u>	<u>\$ 63,815</u>	<u>\$ 4,227,955</u>
Special Improvement District				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 18,186	\$ -	\$ -	\$ 18,186
Total assets.	<u>\$ 18,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,186</u>
Liabilities:				
Due to other governments	\$ 18,186	\$ -	\$ -	\$ 18,186
Total liabilities.	<u>\$ 18,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,186</u>

-- Continued

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Balance</u> <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/09</u>
GMR Trading Project				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 321,434	\$ -	\$ 220,005	\$ 101,429
Total assets.	<u>\$ 321,434</u>	<u>\$ -</u>	<u>\$ 220,005</u>	<u>\$ 101,429</u>
Liabilities:				
Due to other governments	\$ 321,434	\$ -	\$ 220,005	\$ 101,429
Total liabilities.	<u>\$ 321,434</u>	<u>\$ -</u>	<u>\$ 220,005</u>	<u>\$ 101,429</u>
Miami Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 46,207	\$ 72,866	\$ 12,803	\$ 106,270
Accounts receivable.	18,243	-	18,243	-
Total assets.	<u>\$ 64,450</u>	<u>\$ 72,866</u>	<u>\$ 31,046</u>	<u>\$ 106,270</u>
Liabilities:				
Accounts payable	\$ 64,450	\$ -	\$ 18,442	\$ 46,008
Due to other governments	-	72,866	12,604	60,262
Total liabilities.	<u>\$ 64,450</u>	<u>\$ 72,866</u>	<u>\$ 31,046</u>	<u>\$ 106,270</u>
Butler Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 4,490	\$ 11,633	\$ 357	\$ 15,766
Accounts receivable.	1,636	-	1,636	-
Total assets.	<u>\$ 6,126</u>	<u>\$ 11,633</u>	<u>\$ 1,993</u>	<u>\$ 15,766</u>
Liabilities:				
Accounts payable	\$ 6,126	\$ -	\$ 610	\$ 5,516
Due to other governments	-	11,633	1,383	10,250
Total liabilities.	<u>\$ 6,126</u>	<u>\$ 11,633</u>	<u>\$ 1,993</u>	<u>\$ 15,766</u>
Emery				
Assets:				
Investments with fiscal agent.	\$ 3,386,939	\$ 1,623	\$ 275	\$ 3,388,287
Total assets.	<u>\$ 3,386,939</u>	<u>\$ 1,623</u>	<u>\$ 275</u>	<u>\$ 3,388,287</u>
Liabilities:				
Due to others.	\$ 3,386,939	\$ 1,623	\$ 275	\$ 3,388,287
Total liabilities.	<u>\$ 3,386,939</u>	<u>\$ 1,623</u>	<u>\$ 275</u>	<u>\$ 3,388,287</u>
Municipal Courts				
Assets:				
Cash and cash equivalents with fiscal agents	\$ 1,067,339	\$ 761,040	\$ 1,067,339	\$ 761,040
Total assets.	<u>\$ 1,067,339</u>	<u>\$ 761,040</u>	<u>\$ 1,067,339</u>	<u>\$ 761,040</u>
Liabilities:				
Due to other governments	\$ 654,539	\$ 346,984	\$ 654,539	\$ 346,984
Due to others.	412,800	414,056	412,800	414,056
Total liabilities.	<u>\$ 1,067,339</u>	<u>\$ 761,040</u>	<u>\$ 1,067,339</u>	<u>\$ 761,040</u>

-- Continued

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Balance</u> <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/09</u>
Executive Severance				
Assets:				
Investments with fiscal agents	\$ 959,405	\$ 162,338	\$ 293,836	\$ 827,907
Total assets.	<u>\$ 959,405</u>	<u>\$ 162,338</u>	<u>\$ 293,836</u>	<u>\$ 827,907</u>
Liabilities:				
Withholdings and deposits.	\$ 959,405	\$ 162,338	\$ 293,836	\$ 827,907
Total liabilities.	<u>\$ 959,405</u>	<u>\$ 162,338</u>	<u>\$ 293,836</u>	<u>\$ 827,907</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 5,042,786	\$ 1,503,040	\$ 1,133,926	\$ 5,411,900
Cash and cash equivalents with fiscal agents	1,067,339	761,040	1,067,339	761,040
Investments with fiscal agents	4,346,344	163,961	294,111	4,216,194
Accounts receivable.	326,554	18,009	19,879	324,684
Total assets.	<u>\$ 10,783,023</u>	<u>\$ 2,446,050</u>	<u>\$ 2,515,255</u>	<u>\$ 10,713,818</u>
Liabilities:				
Accounts payable	\$ 85,928	\$ 2,950	\$ 33,473	\$ 55,405
Due to other governments	2,263,051	1,180,724	1,711,056	1,732,719
Due to others.	3,802,539	415,679	413,075	3,805,143
Withholdings and deposits.	4,631,505	846,697	357,651	5,120,551
Total liabilities.	<u>\$ 10,783,023</u>	<u>\$ 2,446,050</u>	<u>\$ 2,515,255</u>	<u>\$ 10,713,818</u>



Dayton is home to 60 parks and has over 1374 acres of green space for citizens to enjoy. This is the original Newcom's Tavern now located and preserved in Carillon Park. The structure was moved in 1965 and can be toured.



The Building is Newcom's Tavern which is the first official building in Dayton. It served as the courthouse, jail, general store as well as a tavern.

THIS PAGE IS INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF DAYTON, OHIO

STATISTICAL SECTION

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

Contents

Page

Financial Trends

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

S 4 - S 13

Revenue Capacity

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

S 14 - S 21

Debt Capacity

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

S 22 - S 30

Demographic and Economic Information

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

S 31 - S 42

Operating Information

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

S 43

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

CITY OF DAYTON, OHIO

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

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

Source: City of Dayton financial records

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

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

2006	2007 (1)	2008 (1)	2009
\$ 242,926,214	\$ 271,643,144	\$ 282,480,043	\$ 304,910,802
71,779,813	60,595,698	96,325,940	91,563,337
43,854,526	43,818,871	16,945,325	10,040,732
<u>\$ 358,560,553</u>	<u>\$ 376,057,713</u>	<u>\$ 395,751,308</u>	<u>\$ 406,514,871</u>
\$ 346,386,163	\$ 380,238,011	\$ 389,630,233	\$ 401,965,547
-	-	-	-
136,579,525	127,953,698	144,931,193	144,144,446
<u>\$ 482,965,688</u>	<u>\$ 508,191,709</u>	<u>\$ 534,561,426</u>	<u>\$ 546,109,993</u>
\$ 589,312,377	\$ 651,881,155	\$ 672,110,276	\$ 706,876,349
71,779,813	60,595,698	96,325,940	91,563,337
180,434,051	171,772,569	161,876,518	154,185,178
<u>\$ 841,526,241</u>	<u>\$ 884,249,422</u>	<u>\$ 930,312,734</u>	<u>\$ 952,624,864</u>

CITY OF DAYTON, OHIO

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

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

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

-- Continued

CITY OF DAYTON, OHIO

**CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS**

(CONTINUED)

(ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005
Net (Expense)/Revenue				
Governmental activities	\$ (147,389,607)	\$ (136,542,668)	\$ (136,146,223)	\$ (138,258,572)
Business-type activities	23,040,588	17,630,679	8,177,503	18,840,333
Total primary government net expense	<u>\$ (124,349,019)</u>	<u>\$ (118,911,989)</u>	<u>\$ (127,968,720)</u>	<u>\$ (119,418,239)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 17,888,114	\$ 18,641,542	\$ 19,496,591	\$ 20,719,101
Income taxes	106,710,540	108,520,891	108,438,846	112,169,475
Grants and entitlements	27,039,019	19,081,383	20,377,849	18,276,100
Investment earnings	-	3,579,657	1,706,199	3,383,886
Miscellaneous	3,376,292	2,952,997	1,984,048	3,644,141
Transfers	(801,514)	(913,666)	-	-
Total governmental activities general revenues	<u>154,212,451</u>	<u>151,862,804</u>	<u>152,003,533</u>	<u>158,192,703</u>
Special Item				
Gain on sale of capital assets	25,646	-	781,586	-
Total general revenues and special items	<u>154,238,097</u>	<u>151,862,804</u>	<u>152,785,119</u>	<u>158,192,703</u>
Business type activities:				
Investment earnings	3,679,757	3,604,829	1,032,922	1,537,561
Miscellaneous	10,300	-	-	-
Gain on sale of capital assets	21,489	-	-	-
Transfers	801,514	913,666	-	-
Total business-type activities	<u>4,513,060</u>	<u>4,518,495</u>	<u>1,032,922</u>	<u>1,537,561</u>
Total primary government	<u>\$ 158,751,157</u>	<u>\$ 156,381,299</u>	<u>\$ 153,818,041</u>	<u>\$ 159,730,264</u>
Changes in Net Assets				
Governmental activities	\$ 6,848,490	\$ 15,320,136	\$ 16,638,896	\$ 19,934,131
Business-type activities	27,553,648	22,149,174	9,210,425	20,377,894
Total primary government	<u>\$ 34,402,138</u>	<u>\$ 37,469,310</u>	<u>\$ 25,849,321</u>	<u>\$ 40,312,025</u>

Source: City of Dayton financial records

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ (146,597,628)	\$ (147,097,669)	\$ (149,672,642)	\$ (128,274,109)
20,667,952	20,194,441	24,793,878	10,169,038
<u>\$ (125,929,676)</u>	<u>\$ (126,903,228)</u>	<u>\$ (124,878,764)</u>	<u>\$ (118,105,071)</u>

\$ 21,788,008	\$ 23,444,142	\$ 24,167,118	\$ 19,070,860
117,876,441	113,785,961	108,868,331	99,817,917
19,192,977	17,600,763	17,912,684	14,827,230
5,084,176	7,064,009	5,340,622	1,311,141
2,862,437	7,547,653	11,889,101	4,673,485
(61,500)	(239,196)	344,798	(662,961)
<u>166,742,539</u>	<u>169,203,332</u>	<u>168,522,654</u>	<u>139,037,672</u>

-	-	-	-
<u>166,742,539</u>	<u>169,203,332</u>	<u>168,522,654</u>	<u>139,037,672</u>

3,640,943	4,894,727	2,764,220	716,568
-	-	-	-
-	-	-	-
61,500	239,196	(344,798)	662,961
<u>3,702,443</u>	<u>5,133,923</u>	<u>2,419,422</u>	<u>1,379,529</u>
\$ 170,444,982	\$ 174,337,255	\$ 170,942,076	\$ 140,417,201

\$ 20,144,911	\$ 22,105,663	\$ 18,850,012	\$ 10,763,563
24,370,395	25,328,364	27,213,300	11,548,567
<u>\$ 44,515,306</u>	<u>\$ 47,434,027</u>	<u>\$ 46,063,312</u>	<u>\$ 22,312,130</u>

CITY OF DAYTON, OHIO

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

	2000	2001	2002	2003
General Fund				
Reserved	\$ 10,974,654	\$ 4,305,769	\$ 2,798,924	\$ 4,077,216
Unreserved, reported in:				
Designated for future years' expenditures	9,728,322	8,708,515	-	1,226,505
Undesignated	38,650,529	28,525,393	31,594,377	34,784,392
Total general fund	<u>\$ 59,353,505</u>	<u>\$ 41,539,677</u>	<u>\$ 34,393,301</u>	<u>\$ 40,088,113</u>
 Debt Service Fund				
Reserved	\$ 10,661,917	\$ 26,687,599	\$ 24,087,261	\$ 17,839,709
Unreserved	18,482,563	-	-	-
Total debt service fund	<u>\$ 29,144,480</u>	<u>\$ 26,687,599</u>	<u>\$ 24,087,261</u>	<u>\$ 17,839,709</u>
 Capital Improvement Fund				
Reserved	\$ 15,373,557	\$ 15,076,014	\$ 18,370,993	\$ 15,435,869
Unreserved (deficit)	(1,416,030)	10,894,040	2,067,381	(3,857,644)
Total capital improvement fund	<u>\$ 13,957,527</u>	<u>\$ 25,970,054</u>	<u>\$ 20,438,374</u>	<u>\$ 11,578,225</u>
 Other governmental Funds				
Reserved	\$ 12,147,151	\$ 14,559,355	\$ 18,520,083	\$ 15,712,394
Unreserved (deficit), reported in:				
Designated, special revenue funds	-	-	-	486,000
Special revenue funds	(1,630,254)	(1,899,939)	(1,370,644)	1,060,593
Permanent fund	-	-	16,380	36,805
Capital projects funds	1,029,431	(87,265)	(1,415,108)	2,497,998
Total governmental funds	<u>\$ 11,546,328</u>	<u>\$ 12,572,151</u>	<u>\$ 15,750,711</u>	<u>\$ 19,793,790</u>
 Total Fund Balances, Governmental Funds	<u><u>\$ 114,001,840</u></u>	<u><u>\$ 106,769,481</u></u>	<u><u>\$ 94,669,647</u></u>	<u><u>\$ 89,299,837</u></u>

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

Source: City of Dayton financial records

2004	2005	2006	2007 (1)	2008 (1)	2009
\$ 4,451,193	\$ 4,846,464	\$ 2,985,745	\$ 3,646,545	\$ 2,418,755	\$ 3,571,816
2,161,198	3,573,236	6,949,009	8,284,213	10,172,634	6,585,539
29,795,216	36,132,638	27,407,200	30,035,615	31,002,915	25,681,059
<u>\$ 36,407,607</u>	<u>\$ 44,552,338</u>	<u>\$ 37,341,954</u>	<u>\$ 41,966,373</u>	<u>\$ 43,594,304</u>	<u>\$ 35,838,414</u>
\$ 15,333,393	\$ 13,298,438	\$ 15,080,926	\$ 18,676,879	\$ 43,092,546	\$ 42,188,046
-	-	-	-	-	-
<u>\$ 15,333,393</u>	<u>\$ 13,298,438</u>	<u>\$ 15,080,926</u>	<u>\$ 18,676,879</u>	<u>\$ 43,092,546</u>	<u>\$ 42,188,046</u>
\$ 23,208,822	\$ 14,836,284	\$ 22,459,015	\$ 30,413,308	\$ 27,221,279	\$ 26,133,688
916,028	2,013,719	1,797,815	(12,394,589)	(10,819,429)	(21,142,062)
<u>\$ 24,124,850</u>	<u>\$ 16,850,003</u>	<u>\$ 24,256,830</u>	<u>\$ 18,018,719</u>	<u>\$ 16,401,850</u>	<u>\$ 4,991,626</u>
\$ 12,711,217	\$ 20,867,328	\$ 19,535,089	\$ 19,934,678	\$ 21,146,364	\$ 31,717,252
400,000	-	1,253,000	1,146,380	1,116,000	398,848
4,402,528	184,630	1,124,470	2,910,665	(416,332)	(8,675,221)
53,439	58,896	67,805	79,836	60,413	76,302
739,531	(4,384,639)	(1,480,796)	-	-	-
<u>\$ 18,306,715</u>	<u>\$ 16,726,215</u>	<u>\$ 20,499,568</u>	<u>\$ 24,071,559</u>	<u>\$ 21,906,445</u>	<u>\$ 23,517,181</u>
<u>\$ 94,172,565</u>	<u>\$ 91,426,994</u>	<u>\$ 97,179,278</u>	<u>\$ 102,733,530</u>	<u>\$ 124,995,145</u>	<u>\$ 106,535,267</u>

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

	2000	2001	2002	2003
Revenues (1)				
Taxes	\$ 153,386,497	\$ 148,602,604	\$ 145,251,212	\$ 147,286,520
Charges for services	22,313,071	21,660,189	23,813,556	22,262,759
Licenses and permits	2,083,365	2,039,503	1,980,844	2,120,143
Fines and forfeits	1,754,313	2,454,517	2,249,333	2,083,662
Intergovernmental	29,212,950	26,512,452	24,096,216	28,609,999
Special assessments	272,107	569,983	693,360	1,033,045
Investment income	9,810,194	7,086,378	3,332,301	3,623,500
Increase (decrease) in FMV of investments	-	-	-	-
Other	4,598,578	8,607,756	8,319,580	5,756,600
Total revenues	<u>223,431,075</u>	<u>217,533,382</u>	<u>209,736,402</u>	<u>212,776,228</u>
Expenditures (1)				
Current:				
Downtown	4,869,311	5,021,369	4,807,733	3,747,343
Youth, education and human services	1,301,481	1,436,191	1,506,653	2,531,763
Community development and neighborhoods	3,281,232	2,331,172	2,468,203	20,353,743
Economic development	21,838,458	23,658,978	24,328,537	6,996,268
Leadership and quality life	43,581,245	37,964,500	39,442,705	37,705,241
Corporate responsibility	20,761,269	22,350,461	15,813,881	16,035,551
Public safety and justice	96,185,438	101,900,533	100,912,458	90,354,455
Other	-	373,382	1,747,482	918,216
Capital outlay	24,523,977	45,292,081	22,165,044	29,742,434
Debt service:				
Principal retirement	4,926,770	6,524,068	6,198,173	7,350,552
Interest and fiscal charges	3,746,724	4,333,281	4,317,835	3,430,374
Bond issuance costs	-	356,193	-	-
Total expenditures	<u>225,015,905</u>	<u>251,542,209</u>	<u>223,708,704</u>	<u>219,165,940</u>
Excess(deficiency) of revenues over expenditures	(1,584,830)	(34,008,827)	(13,972,302)	(6,389,712)
Other Financing Sources (Uses)				
Sale of capital assets	18,449	29,388	-	150,000
Transfers in	26,563,590	32,893,734	9,119,979	17,092,990
Transfers out	(26,564,490)	(33,549,534)	(7,755,533)	(16,730,663)
Bonds issued	305,495	24,911,873	1,568,387	395,485
Discount on bonds issued	-	-	-	-
Proceeds of loans	-	-	-	-
Payment of refunded bond escrow agent	-	-	-	-
Premium on bond issuance	-	17,377	-	-
Capital lease transactions	-	-	-	112,090
Total other financing sources (uses)	<u>323,044</u>	<u>24,302,838</u>	<u>2,932,833</u>	<u>1,019,902</u>
Net change in fund balance	<u>\$ (1,261,786)</u>	<u>\$ (9,705,989)</u>	<u>\$ (11,039,469)</u>	<u>\$ (5,369,810)</u>
Capital expenditures	\$ 21,747,242	\$ 21,670,947	\$ 22,024,697	\$ 21,536,097
Debt service as a percentage of noncapital expenditures	4.46%	5.13%	5.50%	5.77%

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

Source: City of Dayton financial records

2004	2005	2006	2007	2008	2009
\$ 149,926,379	\$ 154,210,979	\$ 159,082,912	\$ 157,223,154	\$ 152,514,608	\$ 139,011,038
20,295,875	22,898,740	22,083,074	24,051,832	23,926,449	25,037,733
1,817,222	1,903,063	1,750,262	1,861,236	1,817,153	1,630,319
1,832,710	1,944,186	3,450,859	2,044,271	2,908,861	2,106,189
25,333,452	17,329,078	28,044,012	31,643,646	25,707,748	39,699,451
1,034,415	652,363	1,076,163	505,670	546,047	422,608
2,288,903	3,483,518	5,131,388	7,393,303	4,286,751	2,927,657
-	-	-	-	599,485	(1,085,864)
4,767,369	6,554,510	2,862,437	7,547,653	11,889,101	4,648,485
<u>207,296,325</u>	<u>208,976,437</u>	<u>223,481,107</u>	<u>232,270,765</u>	<u>224,196,203</u>	<u>214,397,616</u>
4,167,407	4,093,181	4,183,009	4,651,014	4,604,197	4,143,788
2,237,230	2,060,357	1,928,205	2,420,958	2,581,447	2,280,237
20,311,675	19,230,564	18,959,062	21,016,004	20,981,602	22,259,601
6,410,373	7,049,497	9,464,377	15,082,881	11,191,284	15,047,900
41,319,775	40,423,448	37,073,237	36,925,472	41,676,303	40,991,411
14,870,289	15,423,671	19,489,965	16,597,674	16,401,770	17,125,159
92,673,272	92,422,480	97,403,724	98,432,234	100,009,551	95,240,850
506,890	2,544,612	1,107,606	1,377,348	685,888	-
23,346,465	22,818,819	17,501,729	28,529,727	24,852,628	34,908,638
9,228,813	5,774,552	7,480,101	5,789,851	6,652,464	8,047,222
3,962,946	3,097,330	3,076,308	2,884,154	4,707,848	3,557,790
199,535	-	-	312,327	598,836	586,476
<u>219,234,670</u>	<u>214,938,511</u>	<u>217,667,323</u>	<u>234,019,644</u>	<u>234,943,818</u>	<u>244,189,072</u>
(11,938,345)	(5,962,074)	5,813,784	(1,748,879)	(10,747,615)	(29,791,456)
824,849	101,600	100,000	-	-	-
15,249,526	16,692,371	21,682,063	13,418,525	9,831,205	11,818,503
(15,349,526)	(16,732,871)	(21,843,563)	(13,757,721)	(9,556,407)	(12,678,413)
11,731,021	-	-	19,745,000	32,000,000	34,408,111
-	-	-	-	(348,901)	-
-	-	-	-	239,750	-
-	-	-	(10,383,734)	-	(22,528,097)
244,535	-	-	491,061	-	311,474
4,500,000	205,326	-	-	-	-
<u>17,200,405</u>	<u>266,426</u>	<u>(61,500)</u>	<u>9,513,131</u>	<u>32,165,647</u>	<u>11,331,578</u>
<u>\$ 5,262,060</u>	<u>\$ (5,695,648)</u>	<u>\$ 5,752,284</u>	<u>\$ 7,764,252</u>	<u>\$ 21,418,032</u>	<u>\$ (18,459,878)</u>
\$ 24,327,555	\$ 21,930,329	\$ 17,332,478	\$ 27,702,620	\$ 24,555,847	\$ 39,799,258
7.38%	4.82%	5.56%	4.55%	6.03%	6.34%

CITY OF DAYTON, OHIO

**GROSS INCOME TAX REVENUE BY PAYER TYPE
BUDGET (CASH) BASIS
LAST TEN FISCAL YEARS**

Year	Withholding	% of withholding to total	Total Non-withholding	% of non-withholding to total	Total	Individual Accounts	% of individual to total	Business Accounts	% of Business to total	Total
2000	102,193,340	88.82%	12,865,962	11.18%	115,059,302	N/A	N/A	N/A	N/A	115,059,302
2001	104,281,895	89.76%	11,900,091	10.24%	116,181,986	N/A	N/A	N/A	N/A	116,181,986
2002	100,229,065	89.83%	11,352,029	10.17%	111,581,094	4,294,841	3.85%	7,057,188	6.32%	111,581,094
2003	99,464,861	88.56%	12,853,429	11.44%	112,318,290	4,297,342	3.83%	8,556,088	7.62%	112,318,290
2004	99,902,076	88.57%	12,890,137	11.43%	112,792,213	4,677,075	4.15%	8,213,062	7.28%	112,792,213
2005	100,076,600	85.80%	16,567,146	14.20%	116,643,746	5,321,371	4.56%	11,245,776	9.64%	116,643,746
2006	102,033,754	86.79%	15,532,269	13.21%	117,566,023	4,962,179	4.22%	10,570,090	8.99%	117,566,023
2007	101,226,600	86.33%	16,034,631	13.67%	117,261,231	5,790,379	4.94%	10,244,253	8.74%	117,261,231
2008	96,917,767	85.31%	16,683,194	14.69%	113,600,961	5,041,787	4.44%	11,641,406	10.25%	113,600,961
2009	90,581,920	87.41%	13,048,061	12.59%	103,629,981	4,485,865	4.33%	8,562,196	8.26%	103,629,981

**INCOME TAX FUND REVENUE DISTRIBUTION
NET OF REFUNDS**

Year	Budget (Cash) Basis			GAAP (Modified Accrual Basis)		
	General Fund	Total	% Increase (Decrease)	General Fund	Total	% Increase (Decrease)
2000	111,018,161	111,018,161	N/A	112,664,888	112,664,888	N/A
2001	118,589,586	118,589,586	6.82%	109,203,036	109,203,036	-3.07%
2002	107,756,012	107,756,012	-9.14%	106,625,368	106,625,368	-2.36%
2003	105,281,708	105,281,708	-2.30%	108,554,027	108,554,027	1.81%
2004	108,494,807	108,494,807	3.05%	107,737,232	107,737,232	-0.75%
2005	112,281,500	112,281,500	3.49%	112,824,119	112,824,119	4.72%
2006	113,767,671	113,767,671	1.32%	112,619,532	112,619,532	-0.18%
2007	112,794,901	112,794,901	-0.86%	113,156,087	113,156,087	0.48%
2008	110,449,891	110,449,891	-2.08%	109,008,881	109,008,881	-3.67%
2009	100,430,248	100,430,248	-9.07%	99,831,456	99,831,456	-8.42%

Source: City of Dayton financial records

N/A - Information not available

CITY OF DAYTON, OHIO

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

<u>Fiscal year</u>	<u>Total tax levy</u>	<u>Current tax collections</u>	<u>Percent of levy collected</u>	<u>Delinquent tax collections</u>	<u>Total tax collections</u>	<u>Percent of total tax collections to tax levy</u>	<u>Outstanding delinquent taxes</u>	<u>Percent of outstanding delinquent taxes to tax levy</u>
<u>Montgomery County</u>								
2000	18,747,632	17,953,577	95.76%	1,028,171	18,981,748	101.25%	4,089,228	21.81%
2001	18,861,580	18,027,699	95.58%	1,121,799	19,149,498	101.53%	3,458,115	18.33%
2002	19,075,592	17,815,051	93.39%	1,327,331	19,142,382	100.35%	4,765,605	24.98%
2003	21,142,675	19,212,789	90.87%	1,265,481	20,478,270	96.86%	4,956,875	23.44%
2004	21,129,504	19,921,141	94.28%	1,441,368	21,362,509	101.10%	4,921,388	23.29%
2005	20,559,068	19,464,064	94.67%	2,004,760	21,468,824	104.43%	3,621,335	17.61%
2006	22,098,556	20,809,488	94.17%	2,343,469	23,152,957	104.77%	2,526,394	11.43%
2007	20,334,804	19,544,381	96.11%	1,998,653	21,543,034	105.94%	3,390,837	16.68%
2008	19,483,451	17,932,392	92.04%	1,661,231	19,593,623	100.57%	5,911,972	30.34%
2009	18,205,975	17,052,225	93.66%	1,195,497	18,247,722	100.23%	4,700,112	25.82%

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

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

Tax year	For	Real Property		Personal Property		Public Utilities	
		Assessed value	Estimated actual value	Assessed value	Estimated actual value	Assessed value	Estimated actual value
<u>Montgomery County</u>							
2000	2001	1,308,366,160	N/A	403,346,103	N/A	142,951,440	N/A
2001	2002	1,321,740,600	N/A	440,728,086	N/A	139,196,290	N/A
2002	2003	1,349,792,850	N/A	456,304,945	N/A	101,461,400	N/A
2003	2004	1,605,463,590	N/A	402,063,173	N/A	106,740,710	N/A
2004	2005	1,618,667,120	N/A	318,067,610	N/A	106,951,010	N/A
2005	2006	1,629,682,550	N/A	324,633,707	N/A	101,590,570	N/A
2006	2007	1,789,262,590	5,112,178,829	220,535,502	1,176,189,344	95,959,270	54,216,988
2007	2008	1,767,313,000	5,049,465,714	107,769,573	1,356,704,408	73,262,480	188,151,369
2008	2009	1,732,074,470	4,948,784,200	13,367,820	213,885,120	75,155,200	193,012,218
2009	2010	1,710,322,150	4,886,634,714	2,088,420	20,884,200	74,305,290	190,829,495

Source: County Auditor; Montgomery County, Ohio

N/A - Information not available

Assessed value	Total		Percent of
	Total direct tax rate	Esimated actual value	total assessed to total estimated actual value
\$ 1,854,663,703	10.00	\$ 5,161,385,240	35.93%
1,901,664,976	10.00	5,799,921,138	32.79%
1,907,559,195	10.00	5,897,206,567	32.35%
2,114,267,473	10.00	5,797,067,825	36.47%
2,043,685,740	10.00	6,269,282,241	32.60%
2,055,906,827	10.00	6,171,703,279	33.31%
2,105,757,362	10.00	6,125,085,429	34.38%
1,948,345,053	10.00	6,594,321,491	29.55%
1,820,597,490	10.00	5,355,681,538	33.99%
1,786,715,860	10.00	5,098,348,409	35.04%

CITY OF DAYTON, OHIO

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

Fiscal Year	<u>Direct 10 Mill Limitation (By Ohio Constitution)</u>				<u>By November 6, 1945 Charter Amendment</u>			
	Debt Service Fund	Judgement Trust Fund	Street Maintenance Fund	Total	Capital Improvement Fund	Debt Service Fund	General	Total
<u>Montgomery County</u>								
2000 for 2001	0.15	0.50	0.85	1.50	-	3.50	5.00	8.50
2001 for 2002	0.15	-	1.35	1.50	-	3.50	5.00	8.50
2002 for 2003	0.15	-	1.35	1.50	-	3.50	5.00	8.50
2003 for 2004	0.15	-	1.35	1.50	1.70	1.80	5.00	8.50
2004 for 2005	1.17	-	0.33	1.50	-	3.50	5.00	8.50
2005 for 2006	1.17	-	0.33	1.50	-	3.50	5.00	8.50
2006 for 2007	0.40	-	-	0.40	-	4.60	5.00	9.60
2007 for 2008	0.40	-	-	0.40	-	4.60	5.00	9.60
2008 for 2009	0.40	-	-	0.40	-	4.60	5.00	9.60
2009 for 2010	0.40	-	-	0.40	-	4.60	5.00	9.60

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

Source: County Auditor; Montgomery County, Ohio

City of Dayton

<u>Grand Total</u>	<u>Dayton City School District</u>	<u>Montgomery County</u>	<u>Montgomery County Public Library</u>
10.00	62.65	16.64	0.26
10.00	62.65	16.64	0.26
10.00	70.85	16.64	0.26
10.00	70.85	17.24	0.26
10.00	70.85	18.24	0.26
10.00	70.85	18.24	0.26
10.00	70.85	18.24	1.25
10.00	70.85	20.25	1.25
10.00	75.75	20.94	1.25
10.00	75.75	20.94	1.75

CITY OF DAYTON, OHIO

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

Taxpayer	Fiscal Year 2009			Fiscal Year 2000		
	Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Dayton Power and Light Company	\$ 56,235,130	1	3.09%	\$ 98,866,120	1	5.33%
Caresource	15,455,080	2	0.85%			
National Cash Register Company	10,912,560	3	0.60%			
Vectren Energy Delivery	8,204,930	4	0.45%			
Good Samaritan Hospital	7,918,060	5	0.43%			
Danis Fifth Third Bank	6,526,380	6	0.36%			
Kettering Tower Partners	5,531,980	7	0.30%			
Marriot International	5,455,160	8	0.30%			
Behr Dayton Thermal	4,810,680	9	0.26%			
Delamore Elizabeth	4,735,650	10	0.26%			
Delphi Automotive Systems Corporation				65,051,910	2	3.51%
AT&T/NCR				36,983,840	3	1.99%
Ohio Bell Telephone Company				30,241,190	4	1.63%
Cargill Inc.				23,097,050	5	1.25%
Tate & Lyle Citric Acid Inc.				20,533,169	6	1.11%
Emery Air Freight Inc.				16,071,410	7	0.87%
Reynolds and Reynolds				13,101,490	8	0.71%
Daimler Chrysler Corporation				13,090,360	9	0.71%
Total	\$ 125,785,610		6.91%	\$ 317,036,539		17.09%

Source: County Auditor; Montgomery, County, Ohio

Only the top nine principal taxpayers were available for the year 2000.

CITY OF DAYTON, OHIO

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

<u>Fiscal Year</u>	<u>Current Assements Due (1)</u>	<u>Current Assessment Collected (1)</u>	<u>Percent of Current Collections to Current Assessments</u>	<u>Delinquent Assessments Collected</u>	<u>Total Assessments Collected</u>	<u>Percent of Total Assessments Collected to Current Due (2)</u>
2000	1,392,991	769,441	55.24%	158,810	928,251	66.64%
2001	1,481,584	1,159,041	78.23%	192,008	1,351,049	91.19%
2002	1,734,308	1,179,253	68.00%	185,355	1,364,608	78.68%
2003	1,720,310	1,198,753	69.68%	238,209	1,436,962	83.53%
2004	1,814,540	1,250,199	68.90%	158,459	1,408,658	77.63%
2005	1,838,846	763,031	41.50%	138,406	901,437	49.02%
2006	2,439,603	1,529,084	62.68%	741,577	2,270,661	93.08%
2007	2,339,548	2,023,233	86.48%	815,408	2,838,641	121.33%
2008	3,065,046	2,195,831	71.64%	419,295	2,615,126	85.32%
2009	3,404,912	1,829,865	53.74%	330,272	2,160,137	63.44%

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

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

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

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

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

Fiscal Year	Governmental Activities						Business-Type Activities		
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Lease Obligations	General Obligation Notes	OPWC Loans	Special Assessment Notes	General Obligation Bonds	Revenue Bonds
2000	51,805,000	11,870,000	584,569	-	-	-	1,400	825,000	72,915,000
2001	70,705,963	11,530,000	471,029	-	-	-	-	3,829,037	66,220,000
2002	65,167,452	12,170,000	885,487	312,990	8,250,000	-	44,234	3,422,536	59,245,000
2003	58,635,798	11,790,000	1,095,285	332,660	8,250,000	-	48,130	3,104,190	89,345,000
2004	62,429,997	11,385,000	1,244,721	3,730,742	-	-	52,688	2,640,003	81,455,000
2005	54,962,646	10,955,000	977,100	3,255,561	-	-	-	2,292,354	80,210,000
2006	49,727,772	9,500,000	753,500	2,612,121	-	-	-	2,087,228	70,730,000
2007	54,900,224	9,015,000	555,600	1,995,000	-	-	-	1,874,776	39,185,000
2008	49,441,334	40,500,000	409,600	1,494,000	-	208,176	-	1,653,666	38,095,000
2009	56,284,054	39,925,000	299,500	-	-	197,334	-	12,195,946	36,980,000

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

Source: City of Dayton financial records

(1) Source: Bureau of Economic Analysis, US Department of Commerce. Personal Income for FY2009 is not available.

Business-Type Activities (Continued)

<u>OWDA Loans</u>	<u>OPWC Loans</u>	<u>Capital Lease Obligations</u>	<u>General Obligation Notes</u>	<u>Total Primary Government</u>	<u>Personal Income (1)</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
22,920,149	1,000,000	441,371	8,600,000	170,962,489	24,210,487,000	0.71%	1,029
19,957,154	950,000	16,175,567	7,600,000	197,438,750	24,657,688,000	0.80%	1,202
16,994,159	900,000	14,284,427	12,850,000	194,526,285	25,130,233,000	0.77%	1,195
27,401,011	850,000	110,127	4,850,000	205,812,201	25,525,598,000	0.81%	1,272
24,539,685	800,000	-	9,350,000	197,627,836	25,935,393,000	0.76%	1,233
21,005,877	750,000	132,516	6,675,000	181,216,054	26,452,240,000	0.69%	1,131
17,624,367	700,000	67,630	6,715,000	160,517,618	27,693,775,000	0.58%	1,010
15,055,215	650,000	-	3,285,000	126,515,815	28,596,630,000	0.44%	796
11,774,364	600,000	-	1,885,000	146,061,140	29,736,127,000	0.49%	932
11,118,492	550,000	-	485,000	158,035,326	N/A	N/A	1,025

CITY OF DAYTON, OHIO

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Assesed Value (2)	\$ 1,854,663,703	\$ 1,901,664,976	\$ 1,907,559,195	\$ 2,114,267,473
Legal debt margin:				
Debt limitation - 10.5% of Assesed Value	194,739,689	199,674,822	200,293,715	221,998,085
Total Voted and Unvoted Debt Outstanding	170,521,118	181,263,183	179,928,869	202,589,607
Less: Exempt Debt				
Waterworks General Obligation Bonds and Notes	(80,000)	-	-	-
Airport General Obligation Bonds and Notes	(9,345,000)	(7,830,000)	(12,850,000)	(4,850,000)
Waterworks Revenue Bonds (1)	(37,065,000)	(32,260,000)	(27,260,000)	(21,839,200)
Ohio Water Development Authority Loan	(22,920,149)	(19,957,154)	(16,994,159)	(27,401,011)
Ohio Public Works Commission Loan	(1,000,000)	(950,000)	(900,000)	(850,000)
Airport Revenue Bonds (1)	(35,850,000)	(33,960,000)	(31,985,000)	(64,951,733)
Special Assessment Bonds and Notes	(585,969)	(471,029)	(929,721)	(1,143,415)
Other Exempt Debt	-	-	-	-
Capital Facilities and Various Purpose Income Tax Bonds	(33,705,000)	(54,740,963)	(56,912,452)	(51,810,798)
Economic Development Bonds	(11,870,000)	(11,530,000)	(12,170,000)	(11,790,000)
Golf Renovation General Obligation Bonds	-	(3,599,037)	(3,422,536)	(3,104,190)
Total Exempt Debt	<u>(152,421,118)</u>	<u>(165,298,183)</u>	<u>(163,423,868)</u>	<u>(187,740,347)</u>
Total Debt Applicable to Limitation - Within 10.5% Limitations	18,100,000	15,965,000	16,505,001	14,849,260
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>(18,356,028)</u>	<u>(16,604,497)</u>	<u>(14,559,051)</u>	<u>(8,872,909)</u>
Net Debt Within 10.5% Limitation	<u>-</u>	<u>-</u>	<u>1,945,950</u>	<u>5,976,351</u>
Overall Debt Margin Within 10.5% Limitation:	<u>\$ 194,739,689</u>	<u>\$ 199,674,822</u>	<u>\$ 198,347,765</u>	<u>\$ 216,021,734</u>
Unvoted Debt Limitation - 5.5% of Assesed Valuation	\$ 102,006,504	\$ 104,591,574	\$ 104,915,756	\$ 116,284,711
Debt Within 5.5% Limitations	18,100,000	15,965,000	16,505,001	14,849,260
Less Amount Available in Debt Service Fund	(18,356,028)	(16,604,497)	(14,559,051)	(8,872,909)
Net Debt Within 5.5% Limitation	<u>-</u>	<u>-</u>	<u>1,945,950</u>	<u>5,976,351</u>
Unvoted Debt Margin Within 5.5% Limitation	<u>\$ 102,006,504</u>	<u>\$ 104,591,574</u>	<u>\$ 102,969,806</u>	<u>\$ 110,308,360</u>

Source: City of Dayton financial records

- (1) Airport and Waterworks revenue bonds are shown on the balance sheet net of a discount and unamortized deferred charges. For 2009, this amount was \$169,433.
- (2) Beginning in 2007, due to the rapid phase-out of the tangible personal property tax, including certain public utility personal property, and the length of bond issues, the taxable value of such property should be excluded from the assessed valuation used to calculate the legal debt margin. The adjusted personal property valuation is included, which excludes railroads and telephone personal property valuation.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 2,043,685,740	\$ 2,055,906,827	\$ 2,105,757,362	\$ 1,838,251,690	\$ 2,351,440,480	\$ 1,783,291,840
214,587,003	215,870,217	221,104,523	193,016,427	246,901,250	187,245,643
193,897,094	176,184,321	157,837,860	124,821,234	144,393,875	158,035,326
-	-	-	-	-	-
(9,350,000)	(6,675,000)	(6,715,000)	(3,430,000)	(1,885,000)	(485,000)
(5,235,650)	(10,927,100)	(5,133,550)	-	-	-
(24,539,685)	(21,005,877)	(17,624,365)	(15,055,215)	(11,774,364)	(11,118,492)
(800,000)	(750,000)	(700,000)	(650,000)	(808,176)	(747,334)
(62,645,625)	(67,639,245)	(64,350,209)	(39,007,904)	(37,921,735)	(36,810,567)
(1,297,409)	(977,100)	(753,500)	(555,600)	(409,600)	(299,500)
-	-	-	-	-	-
(57,034,997)	(35,962,645)	(31,974,008)	(23,705,224)	(20,841,334)	(20,910,943)
(11,385,000)	(10,955,000)	(9,500,000)	(9,015,000)	(40,500,000)	(39,925,000)
(2,640,003)	(2,292,354)	(2,087,228)	(1,874,776)	(1,653,666)	(1,375,946)
<u>(174,928,369)</u>	<u>(157,184,321)</u>	<u>(138,837,860)</u>	<u>(93,293,719)</u>	<u>(115,793,875)</u>	<u>(111,672,782)</u>
18,968,725	19,000,000	19,000,000	31,527,515	28,600,000	46,362,544
<u>(6,895,689)</u>	<u>(5,435,549)</u>	<u>(7,777,979)</u>	<u>(16,499,004)</u>	<u>(15,943,399)</u>	<u>(15,536,249)</u>
<u>12,073,036</u>	<u>13,564,451</u>	<u>11,222,021</u>	<u>15,028,511</u>	<u>12,656,601</u>	<u>30,826,295</u>
<u>\$ 202,513,967</u>	<u>\$ 202,305,766</u>	<u>\$ 209,882,502</u>	<u>\$ 177,987,916</u>	<u>\$ 234,244,649</u>	<u>\$ 156,419,348</u>
\$ 112,402,716	\$ 113,074,875	\$ 115,816,655	\$ 101,103,843	\$ 129,329,226	\$ 98,081,051
18,968,725	19,000,000	19,000,000	31,527,515	28,600,000	46,362,544
(6,895,689)	(5,435,549)	(7,777,979)	(16,499,004)	(15,943,399)	(15,536,249)
<u>12,073,036</u>	<u>13,564,451</u>	<u>11,222,021</u>	<u>15,028,511</u>	<u>12,656,601</u>	<u>30,826,295</u>
<u>\$ 100,329,680</u>	<u>\$ 99,510,424</u>	<u>\$ 104,594,634</u>	<u>\$ 86,075,332</u>	<u>\$ 116,672,625</u>	<u>\$ 67,254,756</u>

CITY OF DAYTON, OHIO

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

<u>Fiscal Year</u>	<u>Population (3)</u>	<u>Assessed value (2)</u>	<u>Net general bonded debt (1)</u>	<u>Ratio of net general bonded debt to assessed value</u>	<u>Net general bonded debt per capita</u>
2000	166,179	1,854,663,703	33,448,972	1.80%	\$ 201
2001	164,199	1,901,664,976	54,101,466	2.84%	\$ 329
2002	162,788	1,907,559,195	50,608,401	2.65%	\$ 311
2003	161,832	2,114,267,473	49,762,889	2.35%	\$ 307
2004	160,293	2,043,685,740	55,534,308	2.72%	\$ 346
2005	160,293	2,055,906,827	49,527,097	2.41%	\$ 309
2006	158,873	2,105,757,362	41,949,793	1.99%	\$ 264
2007	158,873	1,948,345,053	42,949,931	2.20%	\$ 270
2008	156,771	1,820,597,490	33,497,935	1.84%	\$ 214
2009	154,200	1,786,715,860	40,747,805	2.28%	\$ 264

(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, advances or loans receivable).

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

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

CITY OF DAYTON, OHIO

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>	<u>Total general governmental expenditures</u>	<u>Ratio of debt service to total general governmental expenditures</u>
2000	4,465,000	2,917,114	7,382,114	201,192,360	3.67%
2001	6,524,068	4,333,196	10,857,264	208,594,344	5.20%
2002	6,198,173	4,317,835	10,516,008	223,708,704	4.70%
2003	7,350,552	3,430,374	10,780,926	219,165,940	4.92%
2004	9,228,813	3,962,946	13,191,759	219,044,970	6.02%
2005	8,774,552	3,097,330	11,871,882	217,938,511	5.45%
2006	7,480,101	3,076,308	10,556,409	217,667,323	4.85%
2007	5,789,851	2,884,154	8,674,005	234,019,644	3.71%
2008	6,652,464	4,707,848	11,360,312	234,943,818	4.84%
2009	8,047,222	3,557,790	11,605,012	244,189,072	4.75%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2009**

Debt of the City, authorized by the Council but not by a vote of the electors, is subject to overlapping restrictions with each respective county and school district. Limitations apply to each county total and should not be considered cumulatively. Total debt service charges for and one year of all overlapping debt must not exceed ten mills (1%) of the assessed property value. This determination is made by the respective county auditors each time a subdivision proposes to issue unvoted debt. The most recent data prepared by the county auditors for this purpose is as of December 31, 2009.

Political subdivision of State of Ohio	Net General Bonded Debt	Percentage applicable to Dayton	Amount applicable to Dayton
Direct			
City of Dayton	\$ 56,284,054	100.00%	\$ 56,284,054
<i>Per Montgomery County Auditor:</i>			
Overlapping			
Montgomery County	13,100,773	18.12%	2,373,860
Green County Joint Vocational School District	212,668	0.59%	1,255
Miami Valley Career Joint Vocational School District	6,675,000	2.58%	172,215
Dayton City School District	212,675,000	83.76%	178,136,580
Miami Valley Regional Transit Authority	2,625,000	18.12%	475,650
Vandalia Butler City School District	49,949,991	3.69%	1,843,155
Mad River Local School District	12,815,000	21.72%	2,783,418
Huber Heights City School District	80,015,000	11.00%	8,801,650
Trotwood-Madison City School District	31,159,987	2.46%	766,536
Fairborn City School District	16,074,987	3.62%	581,915
Northridge Local School District	6,285,000	29.42%	1,849,047
Total	<u>\$ 487,872,460</u>		<u>\$ 254,069,334</u>

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

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

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2000	18,333,123	4,625,000	1,678,310	6,303,310	2.91
2001	19,668,398	4,805,000	1,493,310	6,298,310	3.12
2002 (a)	6,368,233	5,000,000	1,301,110	6,301,110	1.01
2003 (a)	5,415,955	5,195,000	1,101,110	6,296,110	0.86
2004 (a)	5,036,318	5,405,000	893,310	6,298,310	0.80
2005	14,601,556	5,620,000	677,110	6,297,110	2.32
2006	17,477,353	5,850,000	452,310	6,302,310	2.77
2007 (b)	-	-	-	-	-
2008 (b)	-	-	-	-	-
2009 (b)	-	-	-	-	-

- (1) Net Revenue Available for Debt Service is computed by adding operating income (loss) for the reporting period to depreciation expense and interest revenue. The Net Revenue Available for Debt Service also includes restricted cash held by a fiscal agent to meet the Rate Covenant as described in Section 4.02 of the Trust Agreement.
- (a) In accordance with the Trust Agreement, amounts on deposit in the Utility Reserve Fund may be transferred into the Revenue Fund or the Bond Service Fund (as defined in the Trust Agreement) to be included as Net Revenue Available for Debt Service. Had sufficient transfers been made by the fiscal year-end, the revenue bond coverage ratio would have met the required minimum of 1.25.
- (b) The City repaid these bonds in 2007, revenue bond coverage disclosure is no longer required.

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

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

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements (2)			Coverage
		Principal	Interest	Total	
2000	6,922,358	1,800,000	1,994,329	3,794,329	1.82
2001	5,879,030	1,890,000	1,910,247	3,800,247	1.55
2002	4,936,408	1,975,000	1,820,023	3,795,023	1.30
2003	17,489,400	1,275,000	1,206,507	2,481,507	7.05
2004	14,839,413	2,485,000	3,357,370	5,842,370	2.54
2005	12,196,929	3,005,000	3,085,715	6,090,715	2.00
2006	16,742,217	3,630,000	2,813,589	6,443,589	2.60
2007	16,112,888	3,750,000	3,062,695	6,812,695	2.37
2008	11,735,966	1,090,000	1,894,488	2,984,488	3.93
2009	6,230,427	1,115,000	1,860,958	2,975,958	2.09

(1) Net Revenue Available for Debt Service is computed by adding operating income (loss) for the reporting period to depreciation expense and interest revenue. Also included in this calculation is the portion of Passenger Facility Charges (PFC) which were used for payment of debt service charges and all Customer Facility Charges (CFC). For 2007 and 2008, no PFC were used for payment of debt service charges.

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

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**BUSINESS INDICATORS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Square Mile Area City of Dayton Year End (1)</u>	<u>Air Passengers (2)</u>	<u>Scheduled Airline Freight (2)</u>
2000	56 (+/-)	2,363,322	917,527
2001	56 (+/-)	2,145,826	588,901
2002	56 (+/-)	2,280,960	430,282
2003	56 (+/-)	2,603,129	360,796
2004	56 (+/-)	2,874,386	369,429
2005	56 (+/-)	2,438,210	370,329
2006	56 (+/-)	2,607,167	166,613
2007	56 (+/-)	2,833,081	10,455
2008	56 (+/-)	2,928,018	9,471
2009	56 (+/-)	2,506,271	10,388

<u>Year</u>	<u>Active Gas Meters (3)</u>	<u>Vehicle Registrations (4)</u>
2000	N/A	N/A
2001	85,396	N/A
2002	84,245	N/A
2003	83,065	N/A
2004	83,115	131,096
2005	84,458	120,623
2006	88,573	130,190
2007	81,606	123,640
2008	80,900	106,186
2009	80,233	102,921

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

CITY OF DAYTON, OHIO

**GROWTH IN LAND AREA
SELECTED YEARS**

<u>Year</u>	<u>Square miles at December 31</u>
1950	23
1955	27
1960	34
1965	36
1970	40
1975	43
1980	54
1985	55
1990	55
1991	56
1992	56
1993	56
1994	56
1995	56
1996	56
1997	56
1998	56
1999	56
2000	56
2001	56
2002	56
2003	56
2004	56
2005	56
2006	56
2007	56
2008	56.5
2009	56.5

Source: Division of Planning City of Dayton

CITY OF DAYTON, OHIO

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

Employer	Fiscal Year 2009			Fiscal Year 2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Miami Valley Hospital	6,960	1	10.06%	4,200	3	5.43%
Montgomery County	5,774	2	8.35%	4,750	2	6.14%
Dayton Public Schools	3,700	3	5.35%	3,750	4	4.84%
Good Samaritan Hospital and Health	3,343	4	4.83%	2,700	7	3.49%
University of Dayton	2,900	5	4.19%	2,600	8	3.36%
City of Dayton	2,648	6	3.83%	2,944	6	3.80%
Childrens Medical Hospital	1,912	7	2.76%			
Sinclair Community College	1,597	8	2.31%			
Veterns Administration	1,579	9	2.28%			
BEHR Dayton Thermal	1,416	10	2.05%			
Delphi Automotive Systems Corporation				5,000	1	6.46%
AT&T/NCR Corporation				3,200	5	4.13%
Franciscan Medical Center				2,200	9	2.84%
Acustar (formerly Chrysler)				2,100	10	2.71%
Total	31,829		46.00%	33,444		43.21%

Source: Dayton Business Journal

CITY OF DAYTON, OHIO

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

Year	Montgomery County		Dayton		Ohio		U.S.
	Labor Force	Unemployment rate	Labor force	Unemployment rate	Labor force	Unemployment rate	Unemployment rate
2000	279,600	4.00%	73,300	6.90%	5,807,000	6.00%	4.00%
2001	278,700	4.60%	73,400	7.90%	5,825,600	7.40%	4.40%
2002	276,700	6.00%	73,600	10.20%	5,836,500	5.60%	5.70%
2003	276,000	6.50%	72,500	7.60%	5,866,800	5.50%	6.20%
2004	273,300	6.60%	71,600	8.00%	5,875,300	7.10%	6.20%
2005	272,200	6.40%	71,200	7.60%	5,900,400	7.60%	5.90%
2006	271,900	6.05%	71,000	8.30%	5,839,200	5.37%	4.60%
2007	275,200	6.20%	71,500	7.20%	5,976,500	5.60%	4.60%
2008	270,500	8.40%	70,000	9.40%	5,954,200	7.60%	5.80%
2009	267,234	11.40%	69,188	12.60%	5,970,188	10.20%	9.30%

Source: Ohio Workforce Informer (2000 - 2008)

Source: Bureau of Labor Statistics (2009)

CITY OF DAYTON, OHIO

ESTIMATED PER CAPITA INCOME AND PERSONAL INCOME
LAST TEN FISCAL YEARS

Year	Dayton (MSA)			Montgomery County		Ohio		United States
	Per capita income	% of national average	Total personal income	Per capita income	% of national average	Per capita income	% of national average	Per capita income
2000	28,549	95.66%	\$ 4,744,244,271	28,949	97.00%	28,207	94.51%	29,845
2001	29,160	95.38%	\$ 4,788,042,840	29,827	97.56%	28,601	93.55%	30,574
2002	29,747	96.55%	\$ 4,842,454,636	30,404	98.68%	29,212	94.81%	30,810
2003	30,385	96.51%	\$ 4,917,265,320	30,784	97.78%	29,954	95.14%	31,484
2004	31,387	94.97%	\$ 5,031,116,391	31,773	96.14%	31,161	94.28%	33,050
2005	31,792	92.16%	\$ 5,096,035,056	32,133	93.15%	31,867	92.38%	34,495
2006	33,195	90.42%	\$ 5,273,789,235	33,658	91.68%	33,320	90.76%	36,714
2007	34,314	88.87%	\$ 5,451,568,122	34,732	89.95%	34,874	90.32%	38,611
2008	34,724	87.35%	\$ 5,443,716,204	34,715	87.33%	35,511	89.33%	39,751
2009	N/A	N/A	N/A	N/A	N/A	35,381	90.40%	39,138

Source: Bureau of Economic Analysis

N/A - Information not available

CITY OF DAYTON, OHIO

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

Industry	2000	2001	2002	2003	2004	2005	2006	2007
Total	435.3	428.8	420.6	415.5	411.8	409.4	408.2	408.2
Goods-Producing Industries	96.2	87.1	82.5	78.3	75.4	73.8	71.7	67.8
Natural Resources, Mining and Construction	16.2	15.1	15.3	15.2	15.6	15.4	15.2	14.7
Manufacturing	80.0	72.0	67.2	63.1	59.9	58.4	56.5	53.1
Service-Providing Industries	339.1	341.6	338.1	337.2	336.4	335.7	336.5	335.6
Trade, Transportation, and Utilities	81.5	79.0	75.0	72.6	71.6	71.1	70.0	68.7
Information	10.3	11.5	11.6	11.4	11.1	11.1	10.6	10.9
Financial Activities	17.3	18.0	18.3	18.8	19.0	19.0	20.1	20.1
Professional and Business Services	52.4	54.8	52.7	53.9	53.2	52.3	52.3	52.2
Educational and Health Services	58.3	59.3	60.9	61.7	62.5	63.7	64.7	65.8
Leisure and Hospitality	36.1	35.5	35.7	36.5	37.1	37.3	37.8	37.3
Other Services	16.3	16.3	16.7	16.8	16.7	16.7	16.4	16.0
Government	66.8	67.2	67.3	65.4	65.1	64.5	64.8	64.5

(1) Dayton Metropolitan Statistical Area includes Greene, Miami, Montgomery, and Preble Counties.

(2) Nonagricultural employment excludes farm workers, proprietors, the self-employed, unpaid family workers, and domestic workers.

Source: Bureau of Labor Market Information and Ohio Department of Job and Family Services

<u>2008</u>	<u>2009</u>	<u>Percentage of Total 2009 employment</u>
396.2	372.6	100.00%
60.6	50.6	13.58%
13.7	11.6	3.11%
46.9	39.0	10.47%
335.6	322.0	86.42%
67.0	63.1	16.94%
12.1	11.0	2.95%
18.6	16.8	4.51%
51.7	45.5	12.21%
68.9	68.7	18.42%
37.2	36.3	9.74%
15.5	14.9	4.00%
64.6	65.6	17.59%

CITY OF DAYTON, OHIO

**FULL TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS**

Function/Program	2002	2003	2004	2005	2006	2007 (1)	2008	2009
Governmental activities:								
Downtown	29	28	34	34	29	36	34	32
Youth, education and human services	4	4	4	3	3	4	1	1
Community development and neighbors	194	184	174	174	168	131	139	170
Economic development	50	33	40	40	39	45	43	42
Leadership and quality of life	336	317	317	299	281	421	368	251
Corporate responsibility	185	172	160	169	164	187	178	163
Public safety and justice	1,210	1,134	1,098	1,056	1,072	1,134	1,118	1,056
Business-type activities:								
Dayton International Airport	185	193	187	178	175	180	160	145
Water	266	273	268	253	242	257	260	267
Sewer	129	129	124	122	120	142	134	141
Golf	37	24	17	17	19	86	70	66
Storm Sewer	163	147	138	124	124	144	143	134
Total Full-Time Equivalent (FTE)	2,788	2,638	2,561	2,469	2,436	2,767	2,648	2,468

Source: City of Dayton ITS and Manangement & Budget

(1) - Starting in 2007 the City included both Fulltime and Parttime employees in the calculation so that the total would match the number of employees on record.

Note: Information prior to 2002 was unavailable.

CITY OF DAYTON, OHIO

**SCHOOL ENROLLMENT TRENDS IN MONTGOMERY COUNTY
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>The University of Dayton (1)</u>	<u>Wright State University (2)</u>	<u>Sinclair Community College (3)</u>	<u>Total Colleges/ Universities</u>	<u>Dayton Public Schools (4)</u>
2000	10,318	15,398	21,348	47,064	21,079
2001	10,250	15,810	22,246	48,306	20,842
2002	10,125	16,517	22,917	49,559	20,788
2003	10,284	16,729	23,588	50,601	17,170
2004	10,495	16,944	23,241	50,680	19,829
2005	10,569	17,074	22,555	50,198	15,972
2006	10,503	16,870	22,786	50,159	17,054
2007	10,395	16,913	22,443	49,751	14,963
2008	10,920	17,662	23,259	51,841	14,486
2009	10,908	17,558	25,249	53,715	14,939

Source: (1) University of Dayton, Registrar's Office
(2) Wright State University, Budget Planning & Resource Analysis
(3) Sinclair Community College, Institute of Planning & Research
(4) Dayton City School District

CITY OF DAYTON, OHIO

**CITY OF DAYTON AND
MONTGOMERY COUNTY, OHIO
LAND AREA
DECEMBER 31, 2009**

<u>Jurisdiction</u>	<u>Square Miles</u>
Dayton	56
Less portion outside of Montgomery County.	
Other incorporated areas in Montgomery County excluding Dayton	174
Unincorporated Townships within Montgomery County	233
Total approximate area of Montgomery County	<u>463</u>

Source: Division of Planning City of Dayton (County Land Records)

CITY OF DAYTON, OHIO

**BUILDING PERMITS ISSUED
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>New Construction</u>	
	<u>Permits issued (1)</u>	<u>Valuation (1)</u>
2000	1,652	124,091,672
2001	1,206	129,052,146
2002	1,314	148,084,800
2003	1,407	133,241,900
2004	1,020	174,560,405
2005	957	135,844,107
2006	948	106,199,962
2007	843	135,523,498
2008	757	76,613,598
2009	793	111,538,280

Source: (1) City of Dayton Division of Business Services, Permit Section

CITY OF DAYTON, OHIO

**AVERAGE COST OF HOUSING CONSTRUCTION
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Units</u>	<u>Total Permit Value</u>	<u>Single-family average structure cost</u>	<u>% Change from previous year</u>	<u>% Change from 2000</u>
2000	39	5,893,400	151,113	-0.03%	N/A
2001	192	20,722,589	107,930	-28.58%	-28.58%
2002	222	22,801,633	102,710	-4.84%	-32.03%
2003	277	29,435,199	106,264	3.46%	-29.68%
2004	185	21,928,258	118,531	11.54%	-21.56%
2005	215	25,306,493	117,705	-0.70%	-22.11%
2006	186	19,292,702	103,724	-11.88%	-31.36%
2007	134	12,431,781	92,774	-10.56%	-38.61%
2008	83	8,125,807	97,901	5.53%	-35.21%
2009	123	11,114,593	90,363	-7.70%	-40.20%

Source: Census Bureau

CITY OF DAYTON, OHIO

**OPERATING INDICATORS AND CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Service										
Highways and Streets										
Streets (miles)	855	855	855	855	855	855	967	969	1,718	1,718
Streetlights	19,900	20,030	19,188	19,356	21,292	23,421	18,650	18,650	20,163	20,163
Traffic Signals	N/A	N/A	N/A	N/A	N/A	N/A	325	325	325	325
Computerized Signals	N/A	N/A	N/A	N/A	N/A	N/A	178	225	275	275
Public Safety										
Police										
Headquarters	1	1	1	1	1	1	1	1	1	1
Training Academy	1	1	1	1	1	1	1	1	1	1
Number of Districts	5	5	5	5	5	5	5	5	5	5
Number of Employees	621	625	611	464	439	414	506	512	505	474
Fire										
Headquarters	1	1	1	1	1	1	1	1	1	1
Training Academy	1	1	1	1	1	1	1	1	1	1
Fire Stations	14	14	13	13	13	12	12	12	12	12
Number of Employees	437	423	413	379	376	366	385	383	379	346
City Fleet (public safety)										
Fire	N/A	N/A	N/A	N/A	N/A	N/A	101	99	96	97
Police	N/A	N/A	N/A	405	402	393	288	354	354	307
Recreation and parks										
Parks Acreage	2,200	2,000	1,400	1,400	1,400	1,400	1,389	1,389	1,389	1,374
Playgrounds	49	49	49	49	49	49	49	49	49	42
Total Facilities	248	238	185	185	188	182	186	221	205	184
Parks	72	72	72	72	72	72	72	72	62	60
Swimming Pools	28	28	16	16	19	14	19	8	3	4
Tennis Courts	78	68	22	22	22	22	22	65	65	63
Community Centers	11	11	11	11	11	10	9	2	2	-
Senior Centers	N/A	N/A	2	2	2	2	2	1	1	1
Athletic Complexes	N/A	N/A	2	2	2	2	2	2	2	2
Specialized Facilities	N/A	N/A	4	4	4	4	4	1	1	-
Shelter Houses	53	53	53	53	53	53	53	53	53	37
Golf Courses	6	6	3	3	3	3	3	3	3	3
Spray Park Facilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	7	6
Recreation Centers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4	5
Cultural Centers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	1	2
Teen Centers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1
Water										
Water Mains (miles)	771.00	772.90	800.00	800.00	791.00	799.00	800.28	803.07	803.33	804.29
Maximum Daily Capacity (millions of gallons)	75.90	48.00	72.35	72.35	51.85	51.30	50.30	51.60	46.53	43.79
Sewer										
Sanitary Sewers (miles)	603.00	600.00	650.00	650.00	600.00	600.00	601.28	601.39	602.85	603.11
Storm Sewers (miles)	403.00	400.00	600.00	600.00	400.00	401.00	402.28	402.85	403.35	403.61
Maximum Daily Capacity (millions of gallons)	N/A	N/A	44.98	37.43	36.64	36.03	37.56	35.97	35.06	32.61

Source: Various Departments, City of Dayton

N/A - Information not available

THIS PAGE IS INTENTIONALLY LEFT BLANK



The following Department of Finance Personnel contributed directly to the 2009 Comprehensive Annual Financial Report.

Cheryl J. Garrett, Finance Director

Bejoy C. John, Deputy Finance Director

Candy H. Carr, Financial Services Supervisor

Jason L. Cook, Financial Analyst I

Rhonda L. Salone, Financial Analyst I

Trasenna T. Williams, Financial Analyst I

Josephine A. Kennedy, Finance Technician I

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

DAYTON: WHERE THE FUTURE BEGAN



The Coat of Arms is the official Seal of the City of Dayton. It was designed in 1935 by Harold Coffman Harlan, Registered Architect, to be used as the official insignia or seal of the City.

The following is a description of the Coat of Arms presented by Mr. Harlan:

Enclosed in a Golden Circular Band, a shield was crested top of gold leaves and rosettes.

The Shield divided: Blazoned on a Chief of red, five stars of gold, representing the five City Commissioners; the center star is larger, honoring the Mayor.

At **Fesse Point**, a gold circle embossed with a gold star, honoring the City Manager.

The Dexter Honor: Blazoned on a field of black, a gear in gold, representing the manufacturing industry.

Sinister Honor: Blazoned on a field of blue, a pair of wings in Gold, representing Aviation.

Dexter Base: Blazoned on a field of Purple, a lamp of gold, representing the Culture Activities.

Sinister Base: Blazoned on a field of green, a replica of the Newcom Tavern in gold with the inscription '1796' representing the pioneer settlement of Dayton .



Mary Taylor, CPA
Auditor of State

CITY OF DAYTON

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 4, 2010**