
CITY OF DAYTON, OHIO

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

December 31, 2010



Dave Yost • Auditor of State

Members of the City Commission
City of Dayton
101 West Third Street
P. O. Box 22
Dayton, Ohio 45401

We have reviewed the *Independent Auditors' report* of the City of Dayton, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

September 15, 2011

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**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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2011. 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 a deficiency 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 deficiency described as item 2010-001 in the accompanying schedule of findings and questioned costs to be material weaknesses.

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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 2010-002 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

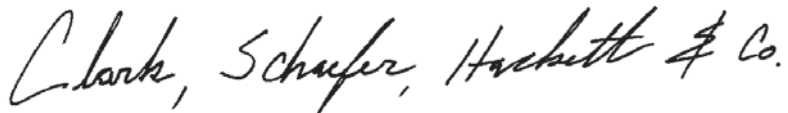
Compliance and Other Matters

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 instances of noncompliance or other matters, which are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2010-003 through 2010-005.

We noted certain additional matters that we reported to management of the City in a separate letter dated June 30, 2011.

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.

A handwritten signature in cursive script that reads "Clark, Schaefer, Hackett & Co." The signature is written in black ink and is positioned above the typed name and date.

Springfield, Ohio
June 30, 2011

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 City of Dayton, Ohio (the City) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the City's major federal programs and the Passenger Facility Charge Audit Guide for Public Agencies (the "Guide"), issued by the Federal Aviation Administration, for the City's Passenger Facility Charge ("PFC") Program for the year ended December 31, 2010. 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 each of 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; and 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, 2010.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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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.

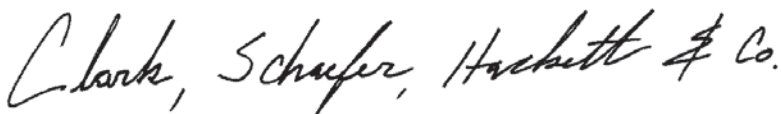
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-006. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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, 2010, and have issued our report thereon dated June 30, 2011. 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.

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 the responses.

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, 2011

CITY OF DAYTON, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

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	\$ 2,715,940.00
			CB-08-MC-39-0010	1,256,946
			CB-08-MN-39-0006	3,405,998
			CB-09-MC-39-0010	4,752,845
			CB-10-MC-39-0010	9,346
Subtotal				<u>12,141,075</u>
Community Development Block Grants/Entitlement Grants	14.253	ARRA	CB-09-MY-39-0010	<u>1,435,052</u>
<u>Total CDBG - Entitlement Grants Cluster</u>				<u>13,576,127</u>
CDBG - State Program and Non-Entitlement Grant	14.228		A-Z-08-268-1	1,616,911
Emergency Shelter Grants Program	14.231		S-09-MC-39-0010	299,395
Shelter Plus Care	14.238		OH-16-C-30-5001	73,871
			OH-16-C-40-5001	113,004
			OH-16-C-50-5001	136,010
			OH-16-C-60-5001	88,186
			OH-0136-C-5-E-050801	594,043
			OH-0137-C-5-E-050801	188,648
			OH-0284-C-5-E-050901	1,025,708
			OH-0137-C-5-E-050802	186,544
Subtotal				<u>2,406,014</u>
HOME Investment Partnerships Program	14.239		M-07-MC-39-0205	756,241
			M-08-DC-39-0205	359,621
			M-09-DC-39-0205	553,363
			M-10-DC-39-0205	12,000
Subtotal				<u>1,681,225</u>
CDBG - Brownfield Economic Development Initiative	14.246		B-04-SP-OH-0618	230,271
			B-04-SP-OH-0618	23
Subtotal				<u>230,294</u>
Neighborhood Stabilization Program	14.256	ARRA	CB-09-CN-OH-0029	1,876,451
Homeless Prevention	14.257	ARRA	S-09-MY-39-0010	1,454,407
Fair Housing Assistance Programs	14.401		FF-205-K-04-5019	47,673
Total U.S. Department of Housing and Urban Development				<u>\$ 23,188,497</u>
<u>U.S. Department of Justice</u>				
Public Safety Partnership and Community Policing Grants	16.710	ARRA	2009-RJ-WX-0066	\$ 900,117
<u>JAG Program Cluster</u>				
Byrne Memorial Justice Assistance Grant Program	16.738		2008-DJ-BX-0411	5,592
			2007-DJ-BX-1074	164,483
			2007-JG-BOV-V6738	2,850
			2009-DJ-BX-0797	48,705
			2009-JG-D01-6530	26,966
Subtotal				<u>248,596</u>
Byrne Memorial Justice Assistance Grants to Local Governments	16.804	ARRA	2009-SB-B9-1364	<u>237,421</u>
<u>Total JAG Program Cluster</u>				<u>486,017</u>
Project Safe Neighborhoods	16.609		2008-PS-PSN-301	19,123
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590		2008-WE-AX-0041	210,811
Crime Victim Assistance	16.575		2010VAGENE500	44,254
Total U.S. Department of Justice				<u>\$ 1,660,322</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, 2010
(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	\$ 580,660
			3-39-0030-1109	149,000
			3-39-0029-5807	12,376
			3-39-0029-6307	1,024
			3-39-0029-6408	260,083
			3-39-0029-6608	179,488
			3-39-0029-7109	1,935,416
			3-39-0029-7009	525,649
			3-39-0029-7310	260,498
			3-39-0029-6708	2,541
			3-39-0029-5807	50,453
			3-39-0029-7209	2,984,112
			Subtotal	6,941,300
Federal Transit Formula Grants	20.507		Downtown Beautification Project	9,037
			Phoenix Gateway	1,823
			Subtotal	10,860
<i>Passed through Ohio Department of Transportation</i>				
Highway Planning and Construction	20.205	ARRA	PID 86308	98,484
		ARRA	PID 86173	2,785,457
		ARRA	PID 84071	229,383
		ARRA	PID 86309	871,735
		ARRA	PID 86307	3,377
			CZ-2010-57-00-00-00908-00	49,967
			PID 81018	1,020,933
			PID 81022	266,383
			PID 81023	607,846
			PID 76445	16,998
			PID 77861	873,567
			PID 80024	281,600
			PID 78104	52,532
			PID 80237	410,570
			PID 78823	999,199
			PID 77574	2,299,423
			PID 77860	557,317
			PID 84075	144,680
			PID 84076	857,305
			PID 86678	25,209
			Subtotal	12,451,965
<i>Passed through Ohio Department of Public Safety</i>				
<u>Highway Safety Cluster</u>				
State and Community Highway Safety	20.600		TE-2010-57-00-00-00386-00	17,488
Incentive Grants - Alcohol Impaired Driving Countermeasures	20.601		HVEO-2010-57-00-00-00323-00	59,286
			HVEO-2011-57-00-00-00365-00	2,466
			Subtotal	61,752
<u>Total Highway Safety Cluster</u>				79,240
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		OVITF-2011-5700-00-00380-00	10,022
			OVITF-2010-5700-00-00350-00	160,742
			Subtotal	170,764
Total U.S. Department of Transportation				\$ 19,654,129

(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, 2010
(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>			
<u>Homeland Security Cluster</u>			
Firefighters Assistance Grant	97.044	EMW-2008-FV-04333	\$ 447,360
		EMW-2009-FV-00722	600,000
Subtotal			<u>1,047,360</u>
Homeland Security Grant Program	97.067	2007-GE-T7-0030	694
<u>Total Homeland Security Cluster</u>			<u>1,048,054</u>
Metropolitan Medical Response System	97.071	233-01-0047	163,789
TSA Airport Checked Baggage Inspection System Program	97.117	ARRA HSTS04-09-H-REC153	4,474,887
Total U.S. Department of Homeland Security			<u>\$ 5,686,730</u>
<u>U.S. Department of Defense</u>			
Flood Control Projects	12.106	Sec. 594 Assistance	\$ 24,068
Total U.S. Department of Defense			<u>\$ 24,068</u>
<u>U.S. Department of Energy</u>			
Energy Efficiency and Conservation Block Grant Programs	81.128	ARRA DE-SC0003112	\$ 1,148,201
Total U.S. Department of Energy			<u>\$ 1,148,201</u>
<u>U.S. Department of Environmental Protection Agency</u>			
<i>Passed through Ohio Water Development Authority</i> Construction for Wastewater Treatment Works	66.418	ARRA CS-39032-0003	\$ 1,717,617
Total U.S. Department of Environmental Protection Agency			<u>\$ 1,717,617</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 53,079,564</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, 2010

<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	\$ 5,223,961	\$ 2,609,083
Interest Earned		15,939	-
Total U.S. Department of Transportation		<u>\$ 5,239,900</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)?	Yes
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:

- CFDA 14.228 – Community Development Block Grants/Non-Entitlements
- CFDA 14.239 – Home Investment Partnerships Program
- CFDA 14.256 – Community Development Block Grants/Entitlements
- CFDA 16.710 – Public Safety Partnership and Community Policing Grant
- CFDA 20.205 – Highway Planning and Construction
- CFDA 66.418 – EPA Scrubber Improvement
- CFDA 81.128 – Energy Efficiency and Conservation
- CFDA 97.044 – Firefighters Assistance Grant
- CFDA 97.117 – TSA Airport Checked Baggage Inspection System Program

Dollar threshold to distinguish between Type A and Type B programs:	\$1,592,386
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2010-001: 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.

The following adjustments discovered during the audit were posted to the financial statements:

- Reclassification of net assets between unrestricted and invested in capital assets net of related debt in the Airport, Water, and Sewer funds, as well as the business-type activities due to a calculation error.

- Recognizing intergovernmental revenue in the Capital Improvement Fund instead of deferring the revenue was posted as monies were received during the available period.

In addition to the adjustments noted above, the following adjustments were not material to opinion units and therefore not posted to the financial statements, but were significant enough to be noted:

- Recognition of additional receivables in the General and Airport funds based on a search for unrecorded receivables performed subsequent to year-end as well as an analysis of the information available from the accounts receivable system.
- Adjustments to increase accounts payable in the Airport Fund for payables noted during a search for unrecorded liabilities performed on disbursements issued by the City after year-end and to decrease payables in the Capital Improvement Fund due to incorrect documentation being used to identify the liability.

Other insignificant adjustments were proposed as a result of the audit, but were not posted.

The City should review the procedures and controls in place to prepare its annual financial statements to ensure the internal control environment is sufficient 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 made strides this year in reducing the amount of material audit adjustments that were necessary to post to the CAFR from 15 in 2009 to 2 in 2010. The City will continue to work to strengthen the internal control environment to eliminate this finding in future reports.

Finding 2010-002: Financial Accounting System

The City's current accounting system does not facilitate an efficient financial reporting process. The City records the day-to-day transactions on a "modified accrual" basis of accounting where certain receivables and payables are 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.

During 2010, the City implemented a new accounts receivable application within the financial accounting system to replace the previous application which was not longer being supported by the vendor. The conversion to the new application occurred late in 2010 and was operated concurrently with the old application for a period of time before the old system was terminated. During the audit we noted the new system does not have the capabilities of producing an aged receivables report at given date, rather the report needed to be run on the specific date desired. Since no report was generated on December 31, 2010, there was no aged receivables report available for the GAAP conversion. In addition, we noted there was no formal process in place during the year for following-up on outstanding invoices owed to the City.

While the cost of obtaining a new financial 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. At a minimum, the City should establish the appropriate policies and procedures to ensure monthly aged receivable reports are produced, distributed to appropriate managers and outstanding invoices are followed up on timely.

Management Response:

Obtaining a new accounting system is not financially feasible at this time. Using the current system the City is able to produce the CAFR at year-end and receive an Award for Excellence in Financial Reporting from GFOA. The City is running an aged trial balance daily as well as individual

department's aged trial balance reports with all being electronically saved. Monthly these reports are emailed to the individual departments. The plan is to transition to a shared drive for individual departments to retrieve their information. A policy will be written to document the requirement that outstanding invoices are followed up timely.

Finding 2010-003: Legal Level of Control

Ohio Rev. Code 5705.38 (C) requires the minimum level of budgetary control for "subdivisions" other than schools to be appropriated for each office, department, and division, and within each the amount appropriated for personal services. The City, in accordance with a provision within its Charter, adopts its annual appropriation measure at the department/office level of each fund. The Ohio Revised Code indicates this requirement is applicable to all units of government other than schools, including chartered municipalities.

The City's legal department has stated Ohio Revised Code Section 701.05 provides the City with the ability to depart from State law and appropriate at the department/office level of each fund. However, the Auditor of State of Ohio's Office has deemed that the City's position does not appear to provide the City authority, through the home rule provision of the Ohio Constitution, to supersede Ohio Rev. Code Section 5705.38 (C).

Given the difference of legal interpretations related to this issue by the Auditor of State of Ohio's Office and the Law Department of the City, it is recommended the City's Law Department work directly with the Legal Department at the Auditor of State's Office to determine if the current level of budgeting can be maintained or if the statutory legal level of control must be adopted.

Management Response:

Article XIV of the City Charter governs appropriations at the departmental level. We agree that this method differs from the requirements of ORC 5705.38. However, pursuant to ORC 701.05 where a Charter and statute provide for different procedures, the municipal corporation may follow either the general law or the procedures authorized by the Charter. Given this theory of law, it is the City's position that we can depart from state law and appropriate at the departmental level. Appropriating at the department level streamlines the appropriation and makes managing the appropriation a much more efficient process.

Finding 2010-004: Budgetary Expenditures Exceeding Appropriations:

Ohio Rev. Code Section 5705.41(B) states that no taxing unit is to expend money unless it has been appropriated. During the 2010 audit, it was noted that several funds that had expenditures plus encumbrances that exceeded the adopted appropriations at the department level, which is the legal level of control established by the City through its appropriation ordinance. Although there were many minor differences, the following were some of the more significant departments in which the expenditures exceeded appropriations:

General Fund – Convention Center - \$155,695
General Fund – Special Projects - \$111,944
NSP II – Department of building Services - \$2,483,218
NSP Misc – Misc Capital Project HUD direct - \$706,927

The City should ensure expenditures do not exceed appropriations at the established legal level of control.

Management Response:

The Office of Management and Budget will provide greater monitoring of actual expenditure trends and will prepare a revised appropriation mid-year to ensure that adequate appropriation is in place for needed expenditures. Further, the appropriation will be edited to reflect that non-operating funds are being expended by "various projects" rather than specific departments (similar to the current

treatment of capital project funds). The budget calendar will be restructured to add this additional revised appropriation to ensure that expenditures do not exceed appropriation.

Finding 2010-005: 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 2010, the overall HUD fund reported in the financial statements ended the year with a cash deficit of nearly \$3.8 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 2010 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:

The City will put a process in place to accelerate draw downs throughout the year seeking reimbursement within 30 days of payment to primary contractors. To reduce the cash deficit at year end, the City will submit two reimbursement requests in December.

Section III – Federal Awards Findings and Questioned Costs

Finding 2010-006: Public Safety Partnership and Community Policing Grants

The City was awarded a Public Safety Partnership and Community Policing Grant (CFDA #16.710) from the U.S. Department of Justice prior to 2010. Early in 2011, the individual who administered the operation of this grant at the police department left his position. It was communicated during the audit, there was no one assigned to fill his role in administering this grant within the police department for the first part of 2011. The individual that was subsequently assigned the grant did not have any prior knowledge of how the grant operated or the specific grant requirements. These issues increased the risk that noncompliance with grant requirements could have occurred and would not be detected and corrected on a timely basis.

While it is noted that filling specific positions takes a period of time, the City should implement procedures designed to ensure all grant administrators are adequately trained on the requirement of the respective grants prior to becoming responsible for them to ensure compliance with all grant requirements. One way to accomplish this might be to assign a secondary person responsible for each grant program. This individual, who would not have primary responsibility for the administration of a grant program, should be knowledgeable of all grant requirements and be in a position to assume responsibility if the primary individual is absent for an extended period of time or leaves employment.

Management Response:

The Police Department indicates that there was a miscommunication of information regarding the monitoring of grants. The City recognizes that grants administration is a critical process and will develop a procedure where all grant administrators and their back up are identified. The City will maintain this list and will monitor position transitions to ensure that appropriate training and transitions occur (when there is a turnover in personnel) at the department level.

Finding 2009-001: Information Technology Systems

Condition: Accounts receivable application used by City was operated on an Oracle database version 7.3.3., which was no longer supported by Oracle.

Status: Corrected.

Finding 2009-002: Audit Adjustments

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

Status: Audit adjustments noted for 2010 – see Finding 2010-001.

Finding 2009-003: Financial Accounting System

Condition: The current financial accounting system of the City did not provide an efficient and effective financial reporting process.

Status: Not fully corrected – see Finding 2010-002.

Finding 2009-004: Negative Cash Balances

Condition: Contrary to ORC Section 5705.10, the City had several funds that reported ending cash deficits at fiscal year end, including the HUD fund which reported a cash deficit of \$1.4 million.

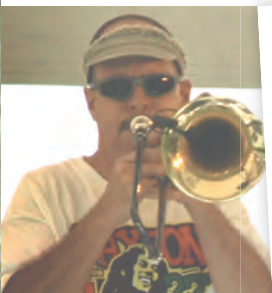
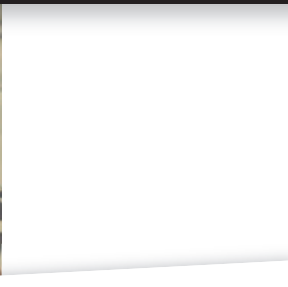
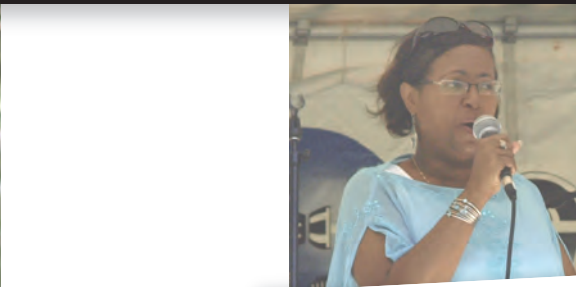
Status: Not corrected – see Finding 2010-005.



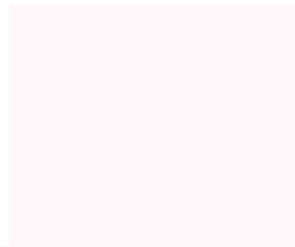
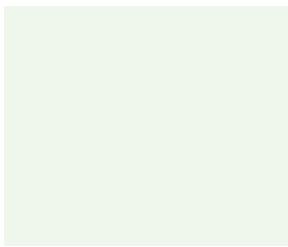
At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client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



COMPREHENSIVE ANNUAL FINANCIAL REPORT CITY OF DAYTON, OHIO



JANUARY 1 - DECEMBER 31 2010



Gary D. Leitzell
Mayor



Dean Lovelace
Commissioner



Joey D. Williams
Commissioner



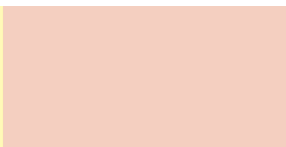
Matt Joseph
Commissioner



Nan Whaley
Commissioner



Timothy H. Riordan
City Manager





CITY OF DAYTON, OHIO
**Comprehensive Annual Financial Report
For the Year Ended December 31, 2010**

PREPARED BY:

Department of Finance

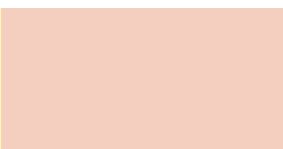
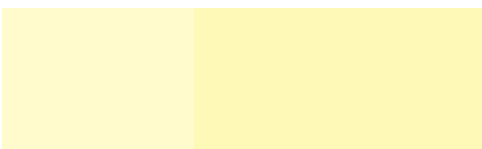
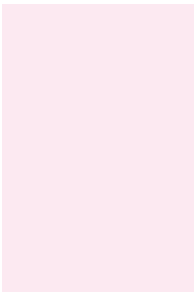
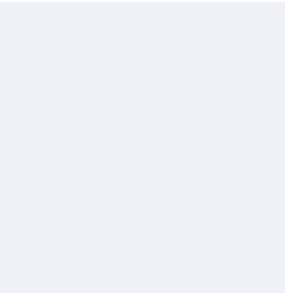
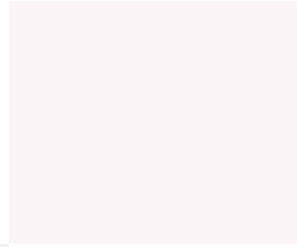
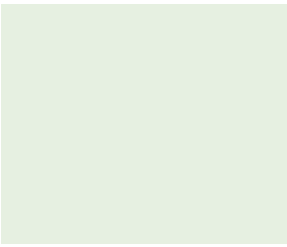
Cheryl J. Garrett, Director

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.



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CITY OF DAYTON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

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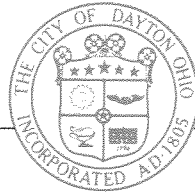
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CITY OF DAYTON, OHIO

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June 30, 2011

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, 2010.

The City's Charter, Sections 44 and 78, prescribes the required accounting, audit and examination procedures for the City of Dayton. Clark, Schaefer, Hackett & Co., 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 Principles (GAAP) as applied to governmental units and contains all disclosures necessary to enable the reader to understand the City's financial affairs. Responsibility for both the accuracy of the data and completeness and fairness of the presentation rests with the management of the City.

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

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

PROFILE OF THE CITY OF DAYTON

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

The 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. As of the 2010 census estimate, the population of Dayton was 141,527. The census estimate for the Greater Dayton Area is 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. The 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 and Radio Frequency Identification (RFID) Technologies
- Healthcare
- Advanced Materials and Manufacturing

Dayton-based B4C, LLC, a developer and maker of composite materials for defense and aerospace applications, will invest \$1.7 million in a new production line and add 16 jobs. The expansion results from The Dayton Region Israel Trade Alliance (DRITA). DRITA was established in 2009 to build business relationships among technology and aerospace industries in the Dayton region and Haifa, Israel. This three year initiative supports joint ventures, investments and economic opportunity in the two regions, which have complementary strengths in areas such as sensor technologies, unmanned aerial vehicles, composites and defense-related industries. The City of Dayton is supporting B4C's growth with a development grant.

Throughout 2009 and into 2010, nearly 200 volunteers served on resource groups and crafted detailed recommendations in seven core areas: (1) economic development; (2) housing; (3) rivers, cycling and active lifestyles; (4) green and sustainable development; (5) arts, entertainment, history and culture; (6) transportation; and (7) place making. These recommendations led to the creation of the Greater Downtown Dayton Plan. On November 17, 2010, the Commission of the City of Dayton formally adopted "The Greater Downtown Plan Priority Recommendations" as the 2010 update to the Downtown component of CitiPlan Dayton: The 20/20 Vision. The Plan will be used by the City Commission and City Administration to set development policy and guide investments in the Greater Downtown Plan geography.

The healthcare industry continues as an area of potential growth with area hospitals employing more than 14,700 people. The area health facilities are continuing to make significant investments:

Children's Medical Center – Renovations continued on the Soin Pediatric Trauma and Emergency Center. This \$8.5 million project includes doubling the size of the region's only trauma and emergency center dedicated to children; designing a family-friendly waiting room with amenities and distraction therapy; adding trauma suites; and establishing a fast-track triage area for noncritical patients.

Grandview Hospital – Construction commenced in May 2010 on a \$40 million, five-story addition that will house pre- and post-operative surgery areas. Project will be completed in 2012.

Miami Valley Hospital – In December 2010, Miami Valley Hospital completed construction on a 484,000-square foot, 11-story \$135 million heart tower at the south side of its campus. The new tower features a total of 180 private patient rooms, as well as a comprehensive heart center including imaging services, cardiac testing, cardiac catheterization labs and heart surgery suites.

CareSource, an Ohio nonprofit managed health care plan provider and significant employer in downtown Dayton has announced plans to expand and add at least 150 jobs over the next three years.

GE Aviation will locate a \$51 million research center in the Ohio Aerospace Hub on the University of Dayton campus. The 115,000 square foot Electrical Power Integrated Systems Research and Development Center (EPISCENTER) will be built on River Park Drive near the University of Dayton campus. The complex is scheduled to be complete by the end of 2012 and will include a 40,000 square foot office building and an 80,000 square foot research facility. The City of Dayton is providing a \$200,000 development grant to support the Center, with additional financial support from Montgomery County and the Ohio Third Frontier program. CityWide Development Corporation, the City's development partner, is managing the New Markets Tax Credit financing of the construction project.

The City and CityWide Development Corporation continue the redevelopment of 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. In addition to the 42,000 square foot building that opened in August 2009, which is currently fully leased, a second building is being constructed on this 30-acre Brownfield redevelopment site. The 60,000 square foot smart office building is scheduled to open summer 2011. Tech Town's proximity to Wright Patterson Air Force Base allows the City to attract businesses that wish to locate near the Base.

The City continues the Dayton Economic Attraction Program to assist businesses that are expanding in the City. The program provides a performance-based incentive for companies to create jobs in the city. Companies located downtown may 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 operating within one of the City's targeted industries may receive an annual grant equal to 50% of payroll taxes for three years for net new jobs.

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

RELEVANT FINANCIAL POLICIES

The City's long-standing policy is to maintain minimum reserve levels equal to six to ten weeks of operating expenses. The City Commission's policy is to apply the General Fund balance only to the following limited purposes: one-time strategic investments yielding a significant number of jobs; one-time strategic investments in technology reducing operating costs; and weathering a recession or economic shock during a maximum 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. We were also able to retain 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 28th 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, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and organized CAFR, whose contents conform to program standards judged by the GFOA. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements, and the 2010 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 2010 CAFR assignment. My appreciation is extended to the City Commission Office, the City Manager's Office, the Office of Management and Budget, 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.

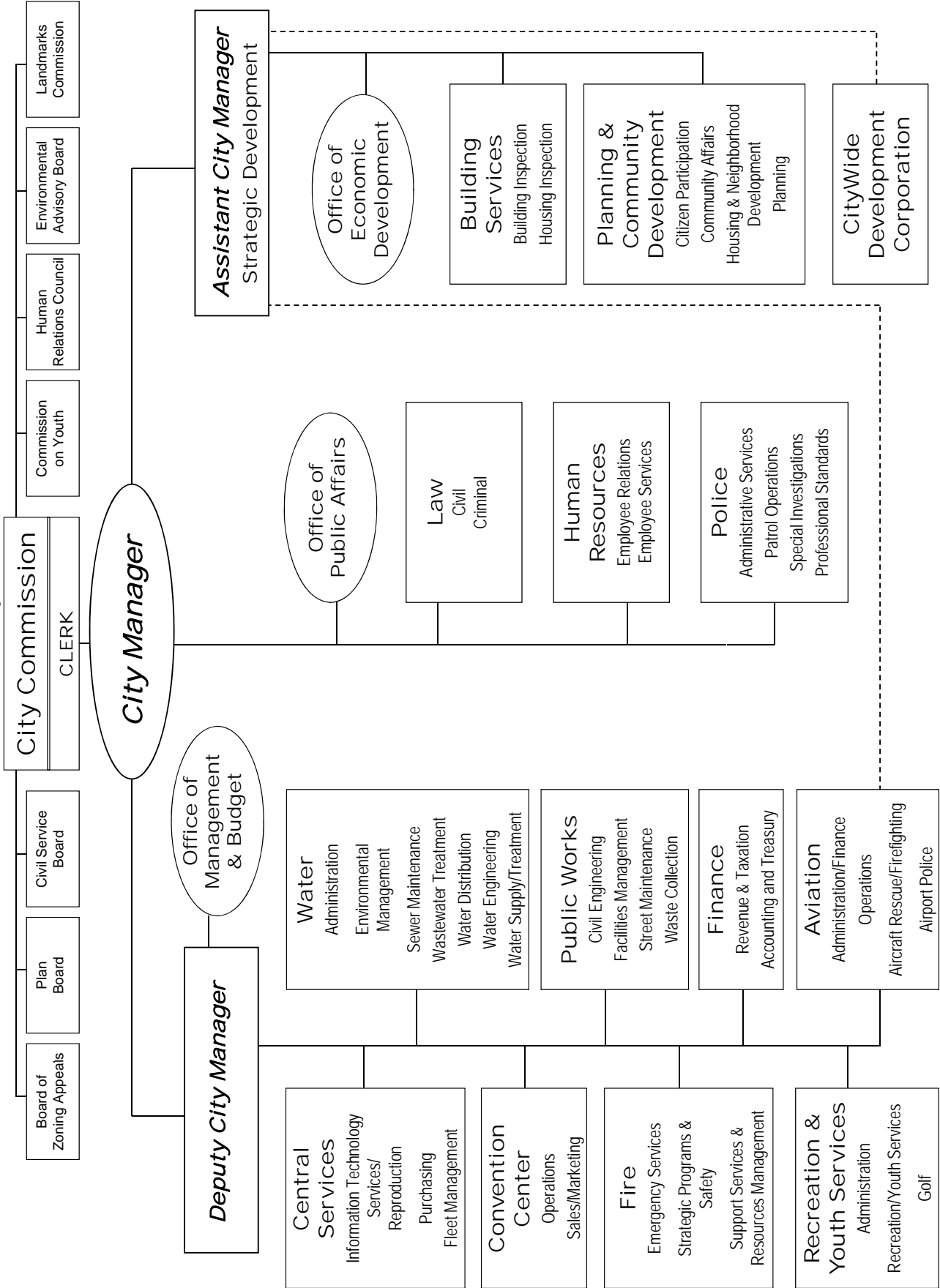
Respectfully submitted,



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

Organization of the City of Dayton

Citizens of Dayton



CITY OF DAYTON, OHIO

**LIST OF ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2010**

ELECTED OFFICIALS

Mayor	Gary Leitzell
Commissioner	Dean Lovelace
Commissioner	Joey D. Williams
Commissioner	Matt Joseph
Commissioner	Nan Whaley

APPOINTED OFFICIALS

City Manager	Timothy H. Riordan
Deputy City Manager	Stanley Earley
Asst. City Manager for Strategic Development	Shelley Dickstein
Acting Director ~ Aviation	Walter Krygowski
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 Wahlrab
Acting Director ~ Human Resources	Wanda Smith
Director ~ Law	John Danish
Director ~ Management & Budget	Barbara LaBrier
Clerk of Courts ~ Municipal Court	Mark Owens
Director ~ Planning & Community Development	John Gower
Director & Chief ~ Police	Richard Biehl
Director ~ Public Affairs	Thomas Biedenbarn
Director ~ Public Works	Fred Stovall
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, 2009

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.



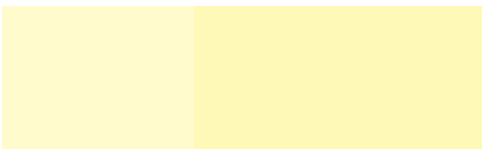
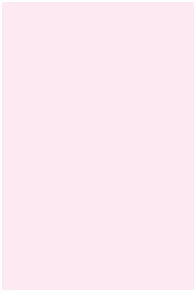
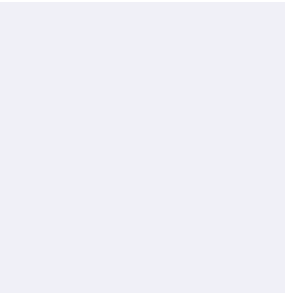
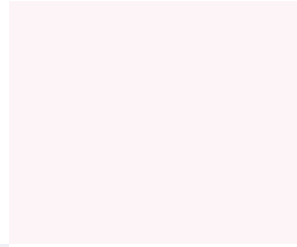
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President

A handwritten signature in black ink, appearing to be "Jeffrey R. Enew".

Executive Director

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INDEPENDENT AUDITORS' REPORT

City Commission
City of Dayton, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio (the City) as of and for the year ended December 31, 2010, 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, 2010, 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, 2011 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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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 accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required 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 section 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 dark ink on a light-colored background.

Springfield, Ohio
June 30, 2011

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010. 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 2010 are as follows:

- The total net assets of the City increased \$45,492,484. Net assets of the City were restated as described in Note 3.C. Net assets of governmental activities increased \$26,140,268 or 6.50% over 2009 and net assets of business-type activities increased \$19,352,216 or 3.54% over 2009.
- General revenues accounted for \$142,036,264 or 62.44% of total governmental activities revenue. Program specific revenues accounted for \$85,442,392 or 37.56% of total governmental activities revenue.
- The City had \$201,343,686 in expenses related to governmental activities; \$85,442,392 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$115,901,294 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$142,036,264.
- The general fund had revenues and other financing sources of \$155,981,808 in 2010. This represents an increase of \$2,514,535 from 2009 revenues. The expenditures and other financing uses of the general fund, which totaled \$157,212,538 in 2010, decreased \$4,010,625 from 2009. The net decrease in fund balance for the general fund was \$1,230,730 or 3.43%.
- The debt service major fund had \$12,846,865 in revenues and other financing sources and \$12,493,700 in expenditures in 2010. The fund balance in the debt service fund was \$42,541,211, a .84% increase from 2009.
- The capital improvements major fund had \$36,886,058 in revenues and other financing sources and \$32,321,616 in expenditures and other financing uses in 2010. The fund balance for the capital improvements fund increased \$4,564,442 or 91.44%.
- 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 2010 by \$19,352,216.
- The Dayton International Airport enterprise fund had \$25,673,711 in operating revenues and \$28,085,396 in operating expenses in 2010. The Dayton International Airport enterprise fund also had non-operating revenues of \$49,901, non-operating expenses of \$2,732,679 and capital contributions of \$16,749,609. The net assets of the Dayton International Airport enterprise fund increased \$11,655,146 or 4.60%.
- The water enterprise fund had \$49,318,157 in operating revenues and \$46,837,075 in operating expenses in 2010. The water enterprise fund also had non-operating revenues of \$51,314 and capital contributions of \$125,807. The net assets of the water enterprise fund increased \$2,658,203 or 1.62%.
- The sewer enterprise fund had \$32,558,557 in operating revenues and \$30,614,757 in operating expenses in 2010. The sewer enterprise fund also had non-operating expenses of \$429,095 and capital contributions of \$2,059,066. The net assets of the sewer enterprise fund increased \$3,573,771 or 3.38%.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

- In the general fund, the actual revenues and other financing sources came in \$3,751,080 higher than they were in the final budget and actual expenditures and other financing uses were \$3,791,610 less than the amount in the final budget. Budgeted revenues and other financing sources decreased \$5,254,700 from the original to the final budget. Budgeted expenditures and other financing uses increased \$4,433,800 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 2010?" 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, 2010

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, 2010**

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 104 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, 2010 compared to December 31, 2009. The net assets of the governmental activities and business-type activities at December 31, 2009 have been restated as described in Note 3.C.

Net Assets

		(Restated)				(Restated)
	Governmental Activities 2010	Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total 2010	Total 2009
<u>Assets</u>						
Current and other assets	\$ 198,242,814	\$ 196,749,735	\$ 162,317,150	\$ 173,692,600	\$ 360,559,964	\$ 370,442,335
Capital assets, net	<u>374,724,048</u>	<u>357,254,102</u>	<u>477,298,917</u>	<u>452,305,552</u>	<u>852,022,965</u>	<u>809,559,654</u>
Total assets	<u>572,966,862</u>	<u>554,003,837</u>	<u>639,616,067</u>	<u>625,998,152</u>	<u>1,212,582,929</u>	<u>1,180,001,989</u>
<u>Liabilities</u>						
Long-term liabilities						
outstanding	110,200,938	113,205,254	61,311,138	64,452,228	171,512,076	177,657,482
Other liabilities	<u>34,535,113</u>	<u>38,708,040</u>	<u>12,842,720</u>	<u>15,435,931</u>	<u>47,377,833</u>	<u>54,143,971</u>
Total liabilities	<u>144,736,051</u>	<u>151,913,294</u>	<u>74,153,858</u>	<u>79,888,159</u>	<u>218,889,909</u>	<u>231,801,453</u>
<u>Net Assets</u>						
Invested in capital						
assets, net of related debt	321,452,359	300,486,474	419,111,268	401,965,547	740,563,627	702,452,021
Restricted	99,691,871	91,563,337	-	-	99,691,871	91,563,337
Unrestricted	<u>7,086,581</u>	<u>10,040,732</u>	<u>146,350,941</u>	<u>144,144,446</u>	<u>153,437,522</u>	<u>154,185,178</u>
Total net assets	<u>\$ 428,230,811</u>	<u>\$ 402,090,543</u>	<u>\$ 565,462,209</u>	<u>\$ 546,109,993</u>	<u>\$ 993,693,020</u>	<u>\$ 948,200,536</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2010, the City's assets exceeded liabilities by \$993,693,020. At year-end, net assets were \$428,230,811 and \$565,462,209 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, 2010**

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 70.27% of total assets. Capital assets include land, right of ways, construction in progress (CIP), land improvements, buildings and improvements, equipment, software, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2010, were \$321,452,359 and \$419,111,268 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, 2010, 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, \$99,691,871, 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 \$7,086,581 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 2010 and 2009. The net assets for governmental activities at December 31, 2009 have been restated as described in Note 3.C.

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CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Change in Net Assets

	Governmental Activities 2010	(Restated) Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total 2010	(Restated) Total 2009
Revenues						
Program revenues:						
Charges for services and sales	\$ 34,027,459	\$ 28,987,368	\$ 117,944,395	\$ 119,732,135	\$ 151,971,854	\$ 148,719,503
Operating grants and contributions	33,479,834	24,147,823	-	-	33,479,834	24,147,823
Capital grants and contributions	17,935,099	25,771,047	18,967,012	17,098,233	36,902,111	42,869,280
Total program revenues	85,442,392	78,906,238	136,911,407	136,830,368	222,353,799	215,736,606
General revenues:						
Property taxes	18,798,224	19,070,860	-	-	18,798,224	19,070,860
Income taxes	98,399,957	99,817,917	-	-	98,399,957	99,817,917
Payment in lieu of taxes	1,426,155	-	-	-	1,426,155	-
Unrestricted grants	16,327,237	14,827,230	-	-	16,327,237	14,827,230
Interest	1,960,831	1,311,141	101,215	716,568	2,062,046	2,027,709
Miscellaneous	5,123,860	4,673,485	-	-	5,123,860	4,673,485
Total general revenues	142,036,264	139,700,633	101,215	716,568	142,137,479	140,417,201
Total revenues	227,478,656	218,606,871	137,012,622	137,546,936	364,491,278	356,153,807
Expenses:						
Downtown	5,159,078	5,182,850	-	-	5,159,078	5,182,850
Youth, education and human services	2,514,310	2,264,862	-	-	2,514,310	2,264,862
Community development	26,843,290	21,342,171	-	-	26,843,290	21,342,171
Economic development	8,432,763	14,263,940	-	-	8,432,763	14,263,940
Leadership and quality of life	41,299,206	47,091,889	-	-	41,299,206	47,091,889
Corporate responsibility	16,832,625	17,707,683	-	-	16,832,625	17,707,683
Public safety and justice	96,284,218	95,706,450	-	-	96,284,218	95,706,450
Interest and fiscal charges	3,978,196	3,620,502	-	-	3,978,196	3,620,502
Dayton International Airport	-	-	30,688,222	40,310,513	30,688,222	40,310,513
Water	-	-	46,619,869	45,672,640	46,619,869	45,672,640
Sewer	-	-	30,931,209	31,994,865	30,931,209	31,994,865
Other business-type activities:						
Golf	-	-	3,026,601	3,281,384	3,026,601	3,281,384
Storm water	-	-	6,389,207	5,401,928	6,389,207	5,401,928
Total expenses	201,343,686	207,180,347	117,655,108	126,661,330	318,998,794	333,841,677
Increase in net assets before transfers	26,134,970	11,426,524	19,357,514	10,885,606	45,492,484	22,312,130
Transfers	5,298	(662,961)	(5,298)	662,961	-	-
Change in net assets	26,140,268	10,763,563	19,352,216	11,548,567	45,492,484	22,312,130
Net assets at beginning of year (restated)	402,090,543	391,326,980	546,109,993	534,561,426	948,200,536	925,888,406
Net assets at end of year	\$ 428,230,811	\$ 402,090,543	\$ 565,462,209	\$ 546,109,993	\$ 993,693,020	\$ 948,200,536

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Governmental Activities

Governmental activities net assets increased \$26,140,268 in 2010. This slight increase of 6.50% is due to the City's continuing efforts to reduce costs and increase operational efficiency.

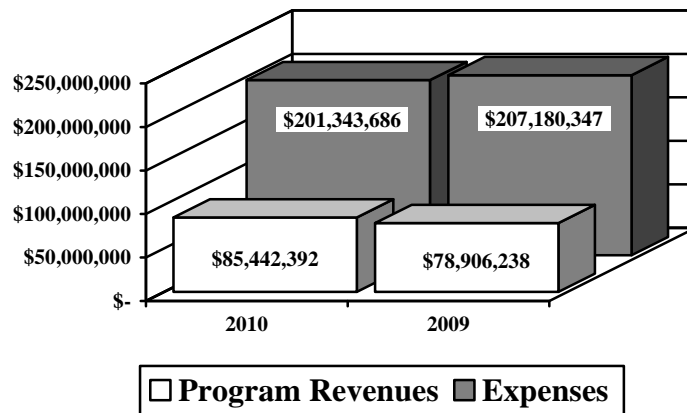
Public safety and justice, which primarily supports the operations of the police and fire departments accounted for \$96,284,218 of the total expenses of the City. These expenses were partially funded by \$18,243,867 in direct charges to users of the services. Leadership and quality of life expenses totaled \$41,299,206. Leadership and quality of life expenses were partially funded by \$6,136,336 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$33,479,834 in operating grants and contributions and \$17,935,099 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$10,949,030 subsidized leadership and quality of life and \$14,296,084 subsidized community development and neighborhoods. Of the total capital grants and contributions, \$5,506,270 subsidized economic development programs.

General revenues totaled \$142,036,264, and amounted to 62.44% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$117,198,181. 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 \$16,327,237.

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

Governmental Activities – Program Revenues vs. Total Expenses



CITY OF DAYTON, OHIO

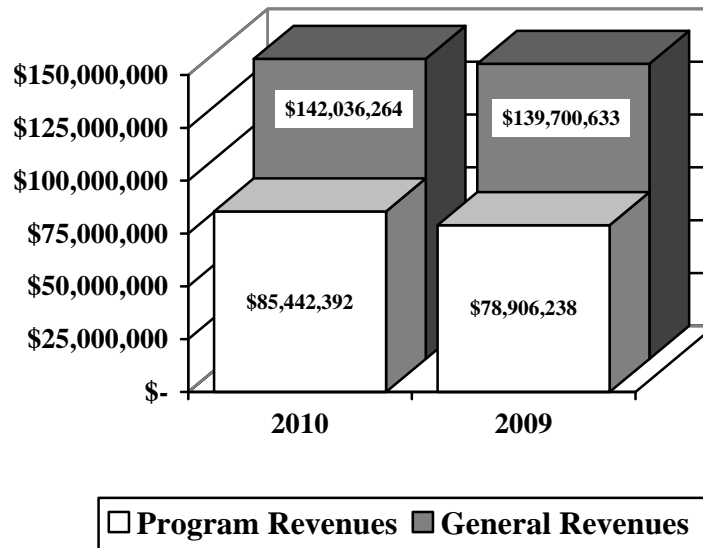
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Program Expenses:				
Downtown	\$ 5,159,078	\$ 4,517,421	\$ 5,182,850	\$ 4,505,990
Youth, education and human services	2,514,310	81,872	2,264,862	1,931,366
Community development and neighborhoods	26,843,290	9,855,269	21,342,171	4,611,308
Economic development	8,432,763	(2,223,336)	14,263,940	(2,611,522)
Leadership and quality of life	41,299,206	12,247,530	47,091,889	26,552,929
Corporate responsibility	16,832,625	13,351,791	17,707,683	14,772,471
Public safety and justice	96,284,218	74,092,551	95,706,450	74,891,065
Interest and fiscal charges	3,978,196	3,978,196	3,620,502	3,620,502
Total Expenses	<u>\$ 201,343,686</u>	<u>\$ 115,901,294</u>	<u>\$ 207,180,347</u>	<u>\$ 128,274,109</u>

The dependence upon general revenues for governmental activities is apparent, with 57.56% of expenses supported through taxes and other general revenues.

Governmental Activities – General and Program Revenues



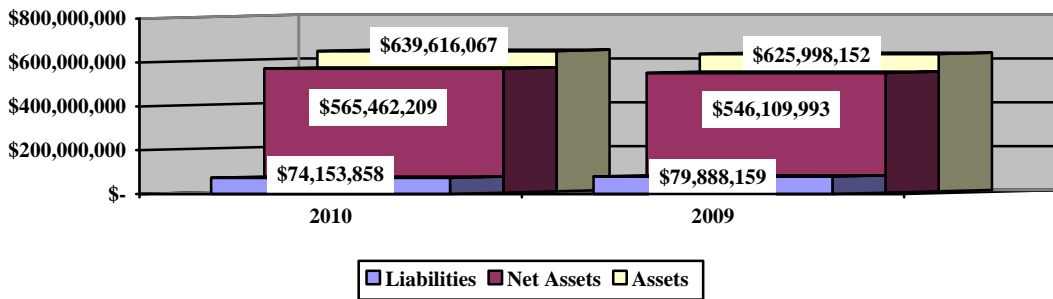
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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 \$136,911,407, general revenues of \$101,215 and expenses of \$117,655,108 for 2010. 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 \$114,884,914 which is \$8,349,647 higher than last year's total of \$106,535,267. The debt service fund balance includes \$24,460,000 reserved for loans. The capital improvement fund balance includes \$967,932 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, 2010 for all major and nonmajor governmental funds.

	Fund Balances 12/31/10	Fund Balances 12/31/09	Increase/ (Decrease)
Major Funds:			
General	\$ 34,607,684	\$ 35,838,414	\$ (1,230,730)
Debt service	42,541,211	42,188,046	353,165
Capital improvement	9,556,068	4,991,626	4,564,442
Other nonmajor governmental funds	28,179,951	23,517,181	4,662,770
Total	<u>\$ 114,884,914</u>	<u>\$ 106,535,267</u>	<u>\$ 8,349,647</u>

CITY OF DAYTON, OHIO

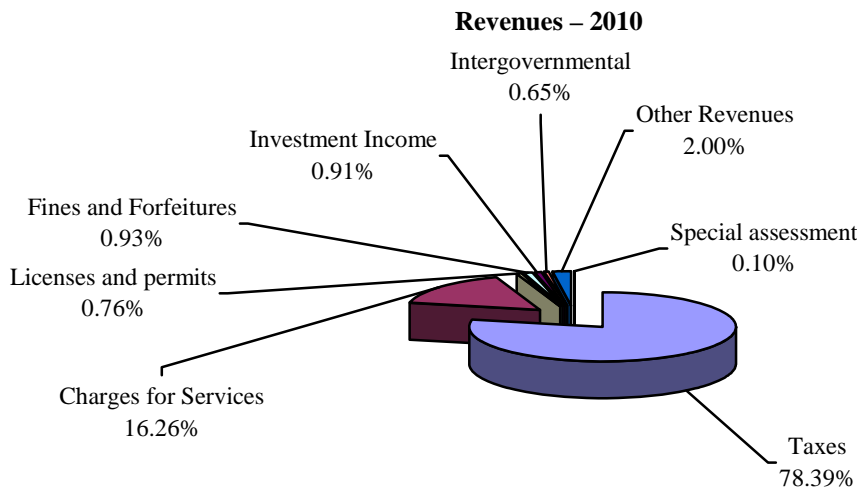
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

General Fund

The City's general fund balance decreased \$1,230,730. The City continues to implement cost saving measures to help the general fund remain stable despite a decline in tax revenue. The table that follows assists in illustrating the revenues of the general fund.

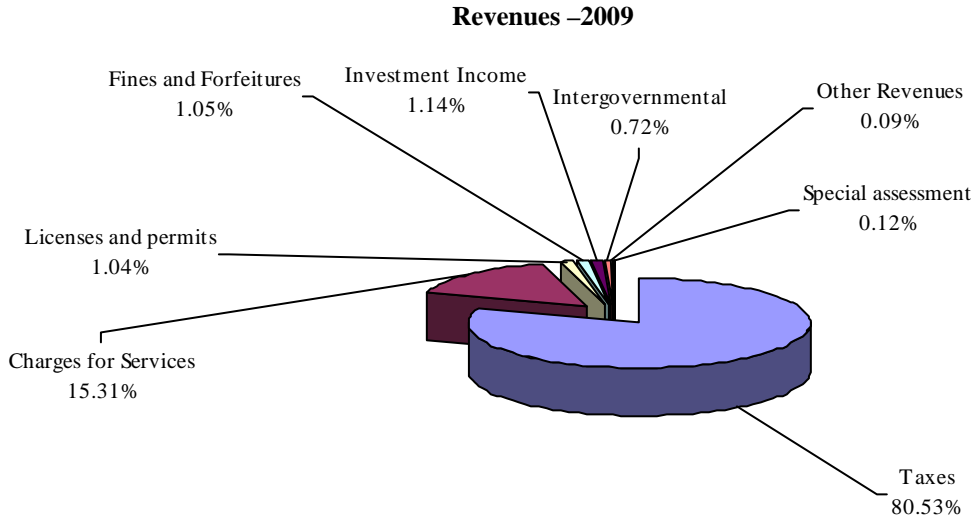
	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues			
Taxes	\$ 122,213,311	\$ 122,933,570	(0.59) %
Charges for services	25,345,718	23,368,644	8.46 %
Licenses and permits	1,189,378	1,585,081	(24.96) %
Fines and forfeitures	1,451,898	1,604,520	(9.51) %
Investment income	1,417,441	1,745,338	(18.79) %
Special assessments	156,559	189,434	(17.35) %
Intergovernmental	1,013,517	1,097,695	(7.67) %
Other	<u>3,124,123</u>	<u>138,078</u>	2,162.58 %
Total	<u>\$ 155,911,945</u>	<u>\$ 152,662,360</u>	2.13 %

Overall revenues of the general fund increased \$3,249,585 or 2.13%. The most significant increases were in the areas of charges for services and other revenue. Tax revenue decreased \$720,259 or .59% as a result of lower municipal income tax collections. The increase in charges for services revenue was a result of the increase in the waste collection fees, recreation fees, and convention center charges. The increase in other revenue is the result of an increase in indirect costs and miscellaneous revenues. Investment income decreased \$327,897 or 18.79%. This decrease is the result of lower interest rates earned on investments compared to 2009.



CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**



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

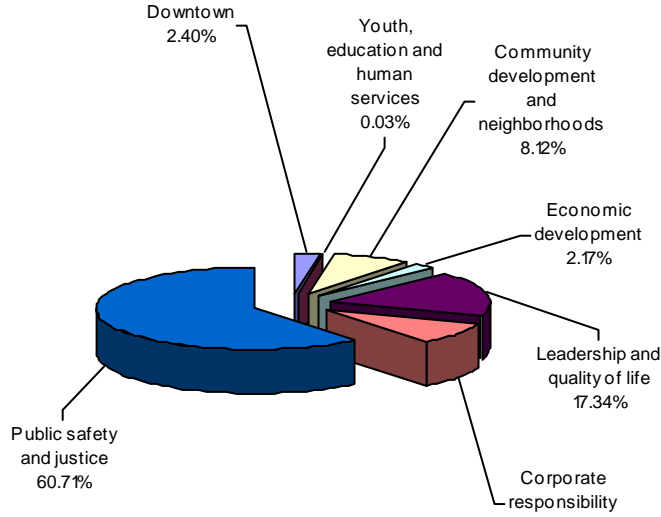
	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 3,549,220	\$ 3,537,383	0.33 %
Youth, education and human services	40,130	34,129	17.58 %
Community development and neighborhoods	11,993,079	12,982,602	(7.62) %
Economic development	3,202,710	3,823,697	(16.24) %
Leadership and quality of life	25,598,035	24,215,492	5.71 %
Corporate responsibility	13,632,637	14,648,932	(6.94) %
Public safety and justice	<u>89,644,301</u>	<u>90,866,260</u>	(1.34) %
Total	<u>\$ 147,660,112</u>	<u>\$ 150,108,495</u>	(1.63) %

Overall expenditures of the general fund decreased \$2,448,383 or 1.63%. The largest expenditure of the City, public safety and justice, decreased \$1,221,959 or 1.34% due to cost cutting measures. The City reduced general fund expenditures by reducing personnel costs through a variety of ways including wage freezes, cost savings days, and not filling open positions.

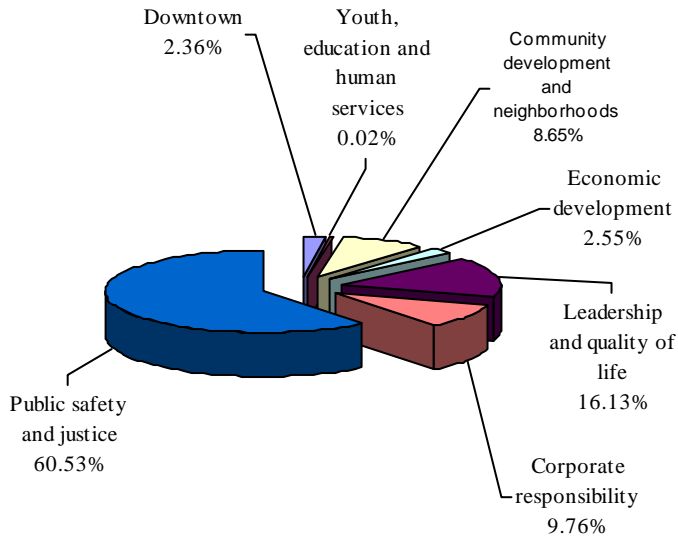
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Expenditures - 2010



Expenditures - 2009



CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Debt Service

The City's debt service fund balance increased \$353,165. The following tables illustrate the revenues and expenses of the debt service fund.

	<u>2010</u>	<u>2009</u>	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 8,425,614	\$ 9,296,628	(9.37) %
Intergovernmental	1,054,810	1,050,358	0.42 %
Special assessments	141,601	117,652	20.36 %
Other	<u>640,219</u>	<u>135,313</u>	373.14 %
Total	<u>\$ 10,262,244</u>	<u>\$ 10,599,951</u>	(3.19) %
	<u>2010</u>	<u>2009</u>	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 560,000	\$ 560,000	- %
Economic development	-	13	(100.00) %
Corporate responsibility	75,419	495,335	(84.77) %
Principal retirement	8,030,000	6,542,380	22.74 %
Interest and fiscal charges	<u>3,828,281</u>	<u>4,084,645</u>	(6.28) %
Total	<u>\$ 12,493,700</u>	<u>\$ 11,682,373</u>	6.94 %

The decrease in taxes was attributed to the State phasing out Tangible Personal Property tax revenue and the declining economy which resulted in higher uncollectible taxes and increased foreclosures. The increase in other revenue was due to an increase in interest revenue due to the receipt of interest revenue on bonds that matured during 2010. The increase in principal retirement was due to the City's issuance of additional bonds in 2009 and 2010, which resulted in an increase in principal retirement expenditures.

Capital Improvements

The City's capital improvements fund increased by \$4,564,442 or 91.44%. Revenues of the capital improvements fund increased \$4,501,155 or 20.29%. The most significant increase was in the area of intergovernmental revenue which increased \$2,567,431. This increase is the result of new grants in 2010 for the American Recovery and Reinvestment Act (ARRA) and the downtown gateway project. Charges for services decreased due to a decrease in billings for sidewalk and curb repair. Other revenue increased in 2010 due to the receipt of reimbursements from other agencies for prior year expenditures related to the recreation complex. Expenditures decreased \$17,724,345 or 37.49%. This decrease is the result of the City completing projects during 2009 and 2010, including the recreation complex, the Stewart Street Bridge Replacement, and a new street maintenance facility.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 514,880	\$ 1,106,009	(53.45) %
Charges for services	27,432	324,881	(91.56) %
Licenses and permits	29,578	36,156	(18.19) %
Intergovernmental	20,682,151	18,114,720	14.17 %
Special assessments	12,605	12,800	(1.52) %
Other	<u>5,415,589</u>	<u>2,586,514</u>	109.38 %
Total	<u>\$ 26,682,235</u>	<u>\$ 22,181,080</u>	20.29 %

	<u>2010</u>	<u>2009</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 6,473	\$ 46,405	(86.05) %
Youth, education and human services	-	24,984	(100.00) %
Community development and neighbors	284,171	593,719	(52.14) %
Economic development	9,018,230	6,417,920	40.52 %
Leadership and quality of life	1,973,535	5,202,610	(62.07) %
Corporate responsibility	320	890	(64.04) %
Public safety and justice	-	27,377	(100.00) %
Capital outlay	18,169,380	34,887,179	(47.92) %
Debt service	<u>95,093</u>	<u>70,463</u>	34.95 %
Total	<u>\$ 29,547,202</u>	<u>\$47,271,547</u>	(37.49) %

2010 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 downward during the course of the year due to actual activity, then the appropriation should also be adjusted to ensure expenditures do not exceed available resources. In addition, if funding priorities change during the fiscal year, resources may be reallocated from one activity to another, necessitating a corresponding change in budget.

Budgetary information is presented for the general fund on page F 36. With respect to changes to the general fund, the final budget reflects revenues that were \$5.3 million less than the original budget. Actual revenues were \$1.5 million or 1.1% under the original budget and \$3.7 million or 2.4% more than the final budget. General fund revenues in the last three months of the year increased significantly over prior months in 2010 and fared even better when compared to the same period in 2009. Consequently, final results were notably improved over the revised forecast.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Five revenue categories realized variances in excess of 10%, two of which showed positive variances to the final budget. Charges for services increased in the later part of the year due to improving economic conditions coupled with higher than originally projected indirect cost reimbursements. Investment income was significantly under the original budget due to historically low interest rates but experienced greater revenues late in the year from specialized New Markets Tax Credit financing.

The remaining three revenue categories had negative variances. License and permits were nearly 20% below the original budget as both the residential and commercial building markets continued in the doldrums. Fines and forfeitures declined 12% from the prior year and were 24% under the original budget. Electronic speed enforcement was originally scheduled for 2010, but was later delayed until 2011. Special Assessment revenue was \$225,641 lower than the original estimate. High delinquency rates impacted this revenue source.

Actual expenditures in 2010 were \$2.0 million or 1.3% under the original budget while the final budget was \$3.4 million or 2.3% higher than actuals. Two of the eight programmatic areas realized variances in excess of 10%. Downtown came in over the final budget by just over 10%, namely 10.7%, or \$348,361. The Convention Center began managing the Expo Center in late 2009 and the appropriation for the center was inadvertently omitted in the revised budget. Finally, the "other expenditure" category realized a \$1.3 million or 65.2% favorable variance to the original budget and a \$1.3 million or 63.9% 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 \$2.5 million or 36.4% over the original budget and \$451,637 under the final budget. Excluded from the original budget were transfers for street repairs and maintenance, legal judgments and technology improvements.

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 \$564,966,534, which is \$18,835,583 above last year's total of \$546,130,951. The schedule on the following page indicates the net assets and the total change in net assets as of December 31, 2010 for all major and nonmajor business-type funds.

	<u>Net Assets</u> <u>12/31/10</u>	<u>Net Assets</u> <u>12/31/09</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
Dayton International Airport	\$ 264,923,433	\$ 253,268,287	\$ 11,655,146
Water	167,193,743	164,535,540	2,658,203
Sewer	109,164,219	105,590,448	3,573,771
Other Business-type activities	<u>23,685,139</u>	<u>22,736,676</u>	<u>948,463</u>
Total	<u>\$ 564,966,534</u>	<u>\$ 546,130,951</u>	<u>\$ 18,835,583</u>

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Dayton International Airport

The City's Dayton International Airport net assets increased \$11,655,146 due mainly to capital contributions, which consist of grant revenues and passenger facility charges. The following tables illustrate the revenues and expenses of the Dayton International Airport fund.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 20,264,662	\$ 24,943,894	(18.76) %
Other	<u>5,409,049</u>	<u>5,712,056</u>	(5.30) %
Total	<u>\$ 25,673,711</u>	<u>\$ 30,655,950</u>	(16.25) %

Operating revenues of the DIA fund decreased \$4,982,239. This decrease is mainly the result of decreased revenues for customer facility charges for auto rentals, operating leases, concession charges, as well as a decrease in other miscellaneous revenues.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 7,818,095	\$ 8,357,108	(6.45) %
Benefit payments	3,063,564	3,069,251	(0.19) %
Contractual services	2,428,167	12,219,435	(80.13) %
Materials and supplies	735,419	716,302	2.67 %
Utilities	1,825,150	1,977,538	(7.71) %
Depreciation	9,564,363	9,461,860	1.08 %
Other	<u>2,650,638</u>	<u>2,262,323</u>	17.16 %
Total	<u>\$ 28,085,396</u>	<u>\$ 38,063,817</u>	(26.21) %

Operating expenses decreased \$9,978,421 or 26.21%. This decrease is due to a decrease in contractual services. Contractual services decreased \$9,791,268 or 80.13% due to a decrease in noncapitalized other professional services. During 2009, the DIA incurred a significant amount of one-time expenses related to security system upgrades, land use studies and non-capitalized expenses related to a new airport parking garage.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 7,999	\$ 471,666	(98.30) %
Interest expense and fiscal charges	(2,732,679)	(2,082,373)	31.23 %
Increase in fair market value of investments	41,902	-	100.00 %
Capital contributions	<u>16,749,609</u>	<u>16,881,998</u>	(0.78) %
Total	<u>\$ 14,066,831</u>	<u>\$ 15,271,291</u>	(7.89) %

Other operating revenues and expenses decreased \$1,204,460 due to a decrease in interest revenue and an increase in interest expense. Interest revenue decreased due to lower interest rates earned on investments. The increase in interest expense was due to the issuance of general obligations bonds in 2009 for the construction of a new parking garage.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Water

The City's water fund net assets increased by \$2,658,203 or 1.62%.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 47,002,995	\$ 45,148,024	4.11 %
Other	<u>2,315,162</u>	<u>2,595,726</u>	(10.81) %
Total	<u>\$ 49,318,157</u>	<u>\$ 47,743,750</u>	3.30 %

Operating revenues increased \$1,574,407 or 3.30%. This increase is a result in the increase in water rates charged to customers.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 15,167,452	\$ 14,713,456	3.09 %
Benefit payments	5,697,885	5,400,719	5.50 %
Contractual services	6,418,867	5,784,173	10.97 %
Materials and supplies	4,137,555	4,812,093	(14.02) %
Utilities	6,538,713	6,238,060	4.82 %
Depreciation	6,387,001	6,450,497	(0.98) %
Other	<u>2,489,602</u>	<u>2,118,472</u>	17.52 %
Total	<u>\$ 46,837,075</u>	<u>\$ 45,517,470</u>	2.90 %

Operating expenses increased \$1,319,605 or 2.90%. The City improved purchasing practices to help reduce the amount of materials and supplies expenses. The increase in utilities expense was partially due to higher than anticipated electricity costs.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating Revenues</u>			
Interest revenue	\$ 37,265	\$ 244,902	(84.78) %
Increase in fair market value of investments	14,049	-	100.00 %
Capital contributions	<u>125,807</u>	<u>216,235</u>	(41.82) %
Total	<u>\$ 177,121</u>	<u>\$ 461,137</u>	(61.59) %

Interest revenue of the water fund decreased \$207,637 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, 2010

Sewer

The City's sewer fund net assets increased \$3,573,771 or 3.38% during 2010. Certain 2009 revenue items classified as other revenue have been reclassified to charges for services for consistent presentation.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 32,537,923	\$ 30,967,672	5.07 %
Other	<u>20,634</u>	<u>31,067</u>	(33.58) %
Total	<u>\$ 32,558,557</u>	<u>\$ 30,998,739</u>	5.03 %

Operating revenues increased \$1,559,818 or 5.03% due mainly to an increase in sewer rates during 2010. Other operating revenues declined due to reduced meter sewer flows from other jurisdictions and customers outside the City.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 6,838,923	\$ 6,889,500	(0.73) %
Benefit payments	2,557,227	2,505,752	2.05 %
Contractual services	8,193,192	8,376,418	(2.19) %
Materials and supplies	2,071,656	2,298,382	(9.86) %
Utilities	2,619,519	2,968,559	(11.76) %
Depreciation	7,652,896	7,722,188	(0.90) %
Other	<u>681,344</u>	<u>697,978</u>	(2.38) %
Total	<u>\$ 30,614,757</u>	<u>\$ 31,458,777</u>	(2.68) %

Operating expenses decreased \$844,020 or 2.68% due mainly to cost saving measures.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest expense and fiscal charges	\$ (429,095)	\$ (451,675)	5.00 %
Capital contributions	<u>2,059,066</u>	<u>-</u>	100.00 %
Total	<u>\$ 1,629,971</u>	<u>\$ (451,675)</u>	460.87 %

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Capital Assets and Debt Administration

Capital Assets

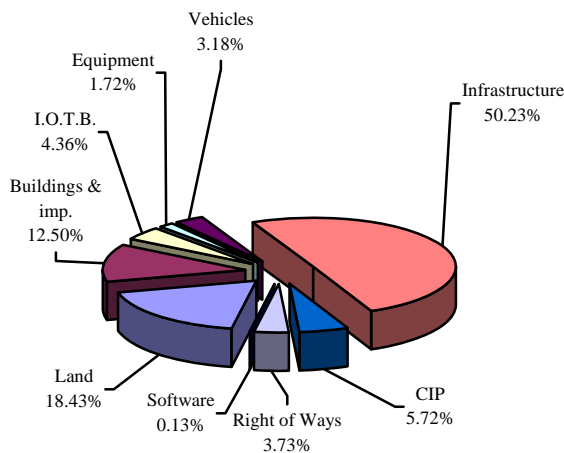
At December 31, 2010, the City had \$852,022,965 (net of accumulated depreciation) invested in land, right of ways, buildings and improvements, improvements other than buildings, equipment, software, vehicles, infrastructure and construction in progress (CIP). Of this total, \$374,724,048 was reported in governmental activities and \$477,298,917 was reported in business-type activities. See Note 11 in the basic financial statements for additional capital asset disclosure. Governmental activities capital asset balances were restated as described in Note 11 A. The following table shows December 31, 2010 balances compared to December 31, 2009:

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

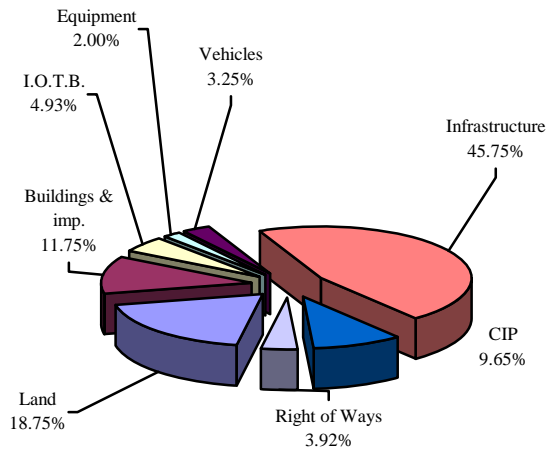
	Governmental Activities 2010	Restated Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total 2010	Restated Total 2009
Land	\$ 69,073,504	\$ 66,987,820	\$ 42,965,353	\$ 42,879,702	\$ 112,038,857	\$ 109,867,522
Construction in progress	21,422,551	34,459,948	75,061,315	43,686,959	96,483,866	78,146,907
Right of ways	13,993,152	13,993,152	-	-	13,993,152	13,993,152
Buildings and improvements	46,829,584	41,978,496	88,782,048	85,322,858	135,611,632	127,301,354
Improvements other than buildings	16,347,374	17,627,152	251,600,966	260,845,685	267,948,340	278,472,837
Equipment	6,434,026	7,134,633	5,915,328	6,864,677	12,349,354	13,999,310
Software	485,605	-	21,030	-	506,635	-
Vehicles	11,924,241	11,645,189	12,952,877	12,705,671	24,877,118	24,350,860
Infrastructure	188,214,011	163,427,712	-	-	188,214,011	163,427,712
Total	\$ 374,724,048	\$ 357,254,102	\$ 477,298,917	\$ 452,305,552	\$ 852,022,965	\$ 809,559,654

The following graphs show the breakdown of governmental capital assets by category for 2010 and 2009.

Capital Assets - Governmental Activities 2010



**Capital Assets - Governmental Activities 2009
(Restated)**



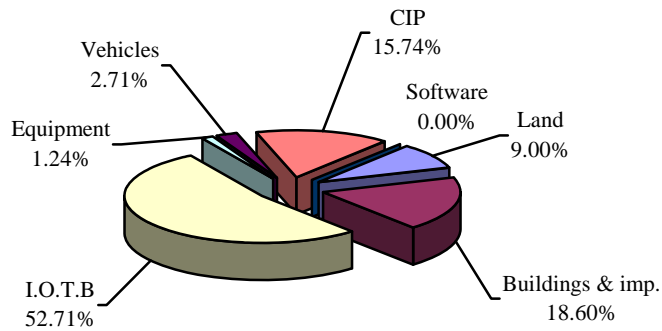
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

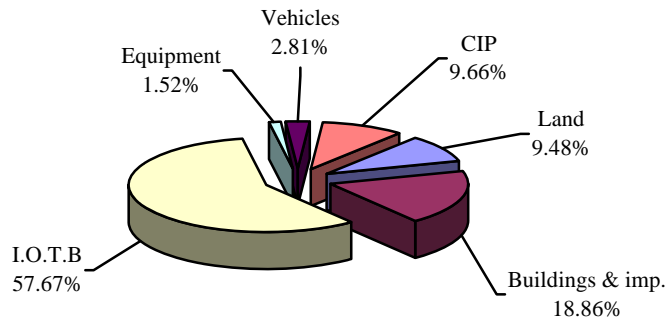
The City's largest governmental activities capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks, curbs, annexed roadways, street lighting, and traffic signals. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 50.23% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2010 and 2009.

Capital Assets - Business-Type Activities 2010



Capital Assets - Business-Type Activities 2009



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 52.71% of the City's total business-type capital assets.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2010 and 2009:

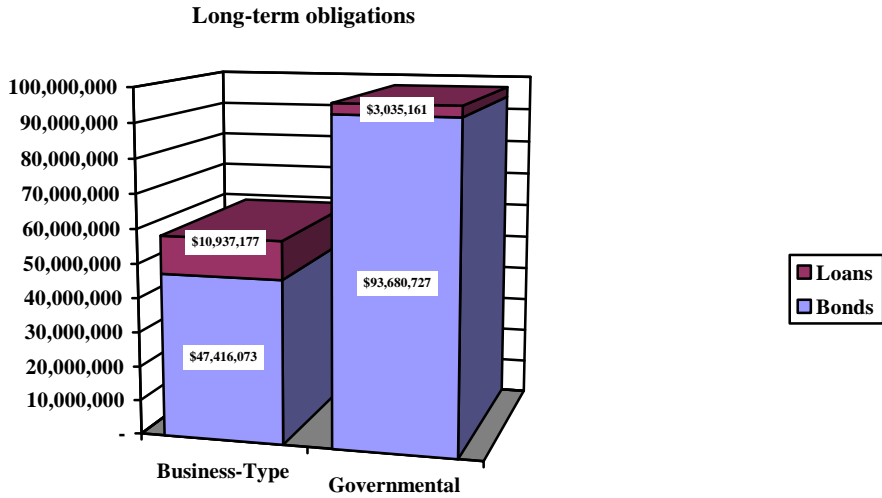
	Governmental Activities 2010	Governmental Activities 2009
General obligation bonds	\$ 52,818,927	\$ 56,284,054
Revenue bonds	40,650,000	39,925,000
Special assessment bonds	<u>211,800</u>	<u>299,500</u>
Total bonds	<u>93,680,727</u>	<u>96,508,554</u>
OPWC loans	175,161	197,334
Ohio Department of Development Loan	<u>2,860,000</u>	<u>-</u>
Total long-term obligations	<u>\$ 96,715,888</u>	<u>\$ 96,705,888</u>
	Business-type Activities 2010	Business-type Activities 2009
General obligation bonds	\$ 11,591,073	\$ 12,195,946
Revenue bonds	<u>35,825,000</u>	<u>36,980,000</u>
Total bonds	<u>47,416,073</u>	<u>49,175,946</u>
DIA Long-term Notes	<u>-</u>	<u>485,000</u>
Total Notes	<u>-</u>	<u>485,000</u>
OWDA loans	10,437,177	11,118,492
OPWC loans	<u>500,000</u>	<u>550,000</u>
Total loans	<u>10,937,177</u>	<u>11,668,492</u>
Total long-term obligations	<u>\$ 58,353,250</u>	<u>\$ 61,329,438</u>

See Note 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, 2010**

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



Economic Factors and the 2011 Budget

The economic downturn now commonly referred to as the “Great Recession” officially ended in the second quarter of 2009. While seven quarters have lapsed since reaching the nadir, the recovery thus far has been anemic in terms of two very important indicators: employment and housing. A closer inspection of what makes up the ranks of the unemployed reveals that about 2.4 million workers have dropped out of the workforce, as demonstrated by the decline in the labor force participation rate and employment to population ratio.

Although officially in recovery, current economic conditions remain fragile. Much ink has been spilled on sovereign debt issues in Europe and, closer to home, S&P’s negative fiscal outlook for U.S. debt. This has incited some fears that continued political gridlock regarding the budget could dampen future growth and stall the recovery. To be sure, there are other areas of concern with respect to the economy including growing fuel prices, waning federal support for the economy and last but not least, troublesome state and local government finances.

State and local governments’ finances historically have lagged the national recovery. When GDP sank in 2009, state and local government tax receipts retreated more sharply and have continued to perform in negative territory. In response, state and local governments cut public services, public safety, and education, leaving in their wake serious and potentially long-term consequences.

While many believe speculation about government defaults has been seriously overblown, what is clear is that many government organizations are under considerable fiscal stress. The impact of lagging economic resources for Dayton and the State of Ohio were at the forefront during the City’s 2011 budget development. As mentioned above, the nation was, statistically-speaking, in recovery, but exactly where and to what magnitude varied greatly across the U.S. For Dayton, the 2011 General Fund forecast projected revenues down \$26 million or 15% from their peak in 2007 and at their lowest level since 1994. When adjusted for inflation, revenues in 2011 are over \$63 million less than 1994.

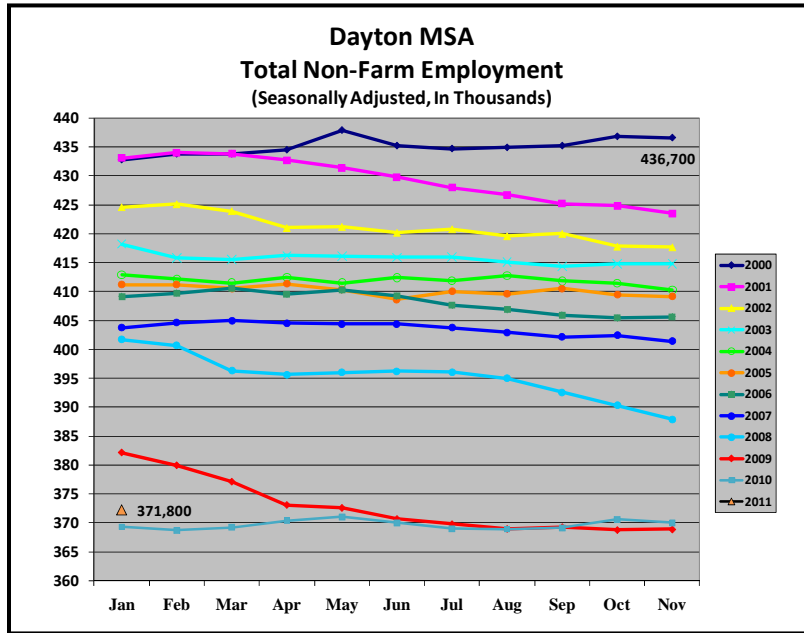
CITY OF DAYTON, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Employment and the Income Tax

After 10 consecutive years of declining employment levels, the Dayton region has begun to see some, albeit small, improvement in the employment base. As the adjacent graph indicates, the region has experienced year-over-year growth for the last 3 months. Nevertheless, current employment at 371,800 is the same as the mid 1980s.

Income tax receipts are projected to decline \$1.6 million or 1.6% in 2011, from \$98.1 million to \$96.5 million. This is the lowest level for income tax collections since 1993. However, with employment losses stabilizing and with corporate profits in the U.S. near record highs, there is growing optimism for the future.



Housing: Property Values and Property Taxes

Not unlike many cities across the U.S., the Dayton housing market has been ravaged by foreclosures and falling home values. Recent census data underscore the unfortunate reality that the housing boom and subsequent bust has left our region with a vacancy rate of 11%, or over 41,000 vacant units. In the city alone, the numbers are even more pronounced with a 21% vacancy rate or 15,600 vacant units.

At the same time that values are falling, delinquencies are also on the rise. Both of these factors have depressed our 2011 forecast for property taxes. Even more concerning, values will be adjusted in the 2011 triennial update which is underway. This statistical adjustment to values will incorporate market activity over the past three-year period and will affect collections in 2012.

State Revenue Sharing and the Local Government Fund

State-shared revenue is a large part of the City’s General Fund resources. The State of Ohio’s anticipated budget deficit for the upcoming 2012-2013 biennium was \$8 billion or about 17% of resources. There is much uncertainty about the future of the Local Government Fund revenue and the City is preparing for significant cuts in this funding source. In addition, the City is anticipating an elimination of the reimbursement for tangible personal property and public utility taxes and a possible elimination of the estate tax in 2013.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

Other Sources

With income and property tax receipts falling for the past four years, an increase in other sources was necessary for the continuity of basic services. In 2011, over \$1.8 million in new and expanded sources of revenue were introduced to balance the budget including waste collection fee increases, photo speed enforcement, recreation fees, parking ticket increases, drivers' license intervention program, enhanced earnings from investment advisor, court cost increases, and asset sales.

The 2011 General Fund budget was balanced through the introduction of new revenue sources along with cost containment efforts and continued workforce reductions. Specifically, an employee wage freeze (the third straight year), higher contributions to health insurance, five furlough days, and the elimination of 85 positions (all funds) are contributing to lower budgeted personnel costs in 2011. Additionally, outsourcing Police and Fire dispatch and greater use of temporary employees for vacant land management, waste collection and street maintenance is reducing the cost of service delivery.

Next Year's Budget and Rates

Despite the challenging 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 operating reserves. There is a \$480,000 planned use of reserves incorporated into the 2011 budget.

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, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 74,896,097	\$ 127,641,279	\$ 202,537,376	\$ 1,265,420
Cash with fiscal and escrow agents.	250	-	250	-
Investments.	86,771	-	86,771	-
Receivables:				
Property and other local taxes.	20,284,264	-	20,284,264	-
Municipal income taxes.	15,217,177	-	15,217,177	-
Accounts.	4,112,327	18,276,799	22,389,126	126,787
Contracts.	-	-	-	486,282
Payments in lieu of taxes	1,032,671	-	1,032,671	-
Special assessments	1,151,226	2,206,559	3,357,785	-
Accrued interest	222,285	148,190	370,475	1,896,034
Loans receivable.	37,921,524	-	37,921,524	15,947,271
Due from other governments.	30,934,652	6,126,533	37,061,185	-
Internal balance	516,341	(516,341)	-	-
Prepayments	540,599	247,013	787,612	53,002
Materials and supplies inventory.	-	1,894,867	1,894,867	-
Inventory held for resale	662,507	-	662,507	-
Deposits	-	-	-	19,239
Advances to component units.	9,101,532	1,574,975	10,676,507	-
Unamortized bond issue costs	1,562,591	1,616,442	3,179,033	43,067
Restricted assets:				
Equity in pooled cash and cash equivalents .	-	89,168	89,168	7,975,362
Cash with fiscal and escrow agents	-	3,011,666	3,011,666	-
Equity investments.	-	-	-	1,420,914
Capital assets:				
Land and construction in progress.	104,489,207	118,026,668	222,515,875	-
Depreciable capital assets, net.	270,234,841	359,272,249	629,507,090	26,308,306
Total capital assets, net.	374,724,048	477,298,917	852,022,965	26,308,306
Total assets	572,966,862	639,616,067	1,212,582,929	55,541,684

- - continued

CITY OF DAYTON, OHIO

STATEMENT OF NET ASSETS (continued)
DECEMBER 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Liabilities:				
Accounts payable	\$ 4,020,824	\$ 3,400,083	\$ 7,420,907	\$ 1,111,642
Contracts payable	2,633,714	3,424,497	6,058,211	-
Accrued wages and benefits payable	3,811,792	1,227,768	5,039,560	-
Retainage payable	1,498,408	3,615,493	5,113,901	-
Grants payable	-	-	-	555,594
Due to other governments	7,015,251	681,166	7,696,417	-
Unearned revenue	15,277,710	-	15,277,710	-
Accrued interest payable	277,414	207,268	484,682	1,061,222
Accrued liabilities and other payables	-	-	-	7,893,973
Advances from primary government	-	-	-	10,676,507
Payable from restricted assets:				
Utility deposits	-	89,168	89,168	-
Accrued interest payable	-	197,277	197,277	-
Long-term liabilities:				
Due within one year	15,052,041	4,453,549	19,505,590	1,585,514
Due in more than one year	95,148,897	56,857,589	152,006,486	20,129,332
Total liabilities	<u>144,736,051</u>	<u>74,153,858</u>	<u>218,889,909</u>	<u>43,013,784</u>
Minority interest	-	-	-	7,028
Net assets:				
Invested in capital assets, net of related debt	321,452,359	419,111,268	740,563,627	5,320,067
Restricted for:				
Permanent fund:				
Expendable	70,295	-	70,295	-
Nonexpendable	102,228	-	102,228	-
Capital projects	22,077,373	-	22,077,373	-
Debt service	46,266,408	-	46,266,408	-
Housing and urban development	6,288,807	-	6,288,807	-
Special projects	17,464,216	-	17,464,216	-
Street and highway projects	2,865,969	-	2,865,969	1,986,762
Other purposes	4,556,575	-	4,556,575	-
Unrestricted	7,086,581	146,350,941	153,437,522	5,214,043
Total net assets	<u>\$ 428,230,811</u>	<u>\$ 565,462,209</u>	<u>\$ 993,693,020</u>	<u>\$ 12,520,872</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Downtown	\$ 5,159,078	\$ 629,749	\$ 1,618	\$ 10,290
Youth, education and human services	2,514,310	7,092	2,425,346	-
Community development and neighborhoods	26,843,290	2,240,217	14,296,084	451,720
Economic development	8,432,763	4,317,785	832,044	5,506,270
Leadership and quality of life	41,299,206	6,136,336	10,949,030	11,966,310
Corporate responsibility	16,832,625	2,452,413	1,027,912	509
Public safety and justice	96,284,218	18,243,867	3,947,800	-
Interest and fiscal charges	3,978,196	-	-	-
Total governmental activities	<u>201,343,686</u>	<u>34,027,459</u>	<u>33,479,834</u>	<u>17,935,099</u>
Business-type activities:				
Dayton International Airport	30,688,222	25,673,711	-	16,749,609
Water	46,619,869	49,318,157	-	125,807
Sewer	30,931,209	32,558,557	-	2,059,066
Other business-type activities:				
Golf	3,026,601	3,180,466	-	-
Storm Water	6,389,207	7,213,504	-	32,530
Total business-type activities	<u>117,655,108</u>	<u>117,944,395</u>	<u>-</u>	<u>18,967,012</u>
Totals	<u>\$ 318,998,794</u>	<u>\$ 151,971,854</u>	<u>\$ 33,479,834</u>	<u>\$ 36,902,111</u>
Component Unit:				
CityWide Development Corporation	<u>\$ 5,770,864</u>	<u>\$ 3,734,553</u>	<u>\$ -</u>	<u>\$ 1,497,745</u>

General revenues:

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

Total general revenues

Transfers

Total general revenues, and transfers

Change in net assets

Net assets at beginning of year (restated)

Net assets at end of year

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
\$ (4,517,421)	\$ -	\$ (4,517,421)	\$ -
(81,872)	-	(81,872)	-
(9,855,269)	-	(9,855,269)	-
2,223,336	-	2,223,336	-
(12,247,530)	-	(12,247,530)	-
(13,351,791)	-	(13,351,791)	-
(74,092,551)	-	(74,092,551)	-
(3,978,196)	-	(3,978,196)	-
<u>(115,901,294)</u>	<u>-</u>	<u>(115,901,294)</u>	<u>-</u>
-	11,735,098	11,735,098	-
-	2,824,095	2,824,095	-
-	3,686,414	3,686,414	-
-	153,865	153,865	-
-	856,827	856,827	-
<u>-</u>	<u>19,256,299</u>	<u>19,256,299</u>	<u>-</u>
<u>(115,901,294)</u>	<u>19,256,299</u>	<u>(96,644,995)</u>	<u>-</u>
-	-	-	<u>(538,566)</u>
9,395,462	-	9,395,462	-
8,887,882	-	8,887,882	-
514,880	-	514,880	-
98,399,957	-	98,399,957	-
1,426,155	-	1,426,155	-
16,327,237	-	16,327,237	-
1,960,831	101,215	2,062,046	27,074
5,123,860	-	5,123,860	2,820
<u>142,036,264</u>	<u>101,215</u>	<u>142,137,479</u>	<u>29,894</u>
<u>5,298</u>	<u>(5,298)</u>	<u>-</u>	<u>-</u>
<u>142,041,562</u>	<u>95,917</u>	<u>142,137,479</u>	<u>29,894</u>
26,140,268	19,352,216	45,492,484	(508,672)
<u>402,090,543</u>	<u>546,109,993</u>	<u>948,200,536</u>	<u>13,029,544</u>
<u>\$ 428,230,811</u>	<u>\$ 565,462,209</u>	<u>\$ 993,693,020</u>	<u>\$ 12,520,872</u>

CITY OF DAYTON, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Debt Service	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents . . .	\$ 27,090,186	\$ 17,157,832	\$ 649,505	\$ 14,797,856	\$ 59,695,379
Cash with fiscal and escrow agents.	250	-	-	-	250
Investments.	-	-	-	86,771	86,771
Receivables:					
Property and other local taxes.	10,156,170	10,128,094	-	-	20,284,264
Municipal income taxes.	15,217,177	-	-	-	15,217,177
Accounts.	3,989,804	18,750	15,219	82,977	4,106,750
Payments in lieu of taxes	-	-	1,032,671	-	1,032,671
Special assessments	172,245	632,086	-	346,895	1,151,226
Accrued interest	210,282	5,668	-	6,335	222,285
Loans receivable.	-	24,460,000	7,085,904	6,375,620	37,921,524
Interfund loans.	4,259,446	-	-	-	4,259,446
Due from other funds	6,790	-	-	77,541	84,331
Due from other governments.	7,286,450	537,150	15,493,444	7,570,793	30,887,837
Prepayments	511,441	-	5,317	5,302	522,060
Advances to other funds	-	933,540	-	-	933,540
Advances to component unit.	-	-	967,932	8,133,600	9,101,532
Total assets	<u>\$ 68,900,241</u>	<u>\$ 53,873,120</u>	<u>\$ 25,249,992</u>	<u>\$ 37,483,690</u>	<u>\$ 185,507,043</u>
Liabilities:					
Accounts payable.	\$ 2,844,650	\$ 10,959	\$ 715,334	\$ 236,332	\$ 3,807,275
Contracts payable.	480,215	-	354,175	1,799,324	2,633,714
Accrued wages and benefits payable	3,448,395	2,556	11,854	229,396	3,692,201
Retainage payable	-	-	1,420,091	78,317	1,498,408
Interfund loans payable.	-	-	-	3,776,871	3,776,871
Compensated absences payable	12,327	-	-	-	12,327
Due to other funds	122,860	13	24,995	15,360	163,228
Due to other governments	5,569,369	-	-	-	5,569,369
Claimants payable	15,470	-	-	-	15,470
Deferred revenue	14,483,501	4,002,611	12,521,305	3,168,139	34,175,556
Unearned revenue	7,315,770	7,315,770	646,170	-	15,277,710
Total liabilities	<u>34,292,557</u>	<u>11,331,909</u>	<u>15,693,924</u>	<u>9,303,739</u>	<u>70,622,129</u>
Fund balances:					
Reserved for encumbrances	2,477,421	54,965	20,125,237	36,431,106	59,088,729
Reserved for prepayments	511,441	-	5,317	5,302	522,060
Reserved for claims.	142,262	-	-	-	142,262
Reserved for advances	-	933,540	-	-	933,540
Reserved for advances to component unit.	-	-	967,932	8,133,600	9,101,532
Reserved for debt service.	-	17,092,706	-	-	17,092,706
Reserved for loans	-	24,460,000	7,085,904	6,375,620	37,921,524
Reserved for contributions to permanent fund	-	-	-	102,228	102,228
Unreserved:					
Designated for various projects, reported in:					
General fund	5,322,656	-	-	-	5,322,656
Undesignated (deficit), reported in:					
General fund.	26,153,904	-	-	-	26,153,904
Special revenue funds.	-	-	-	(22,938,155)	(22,938,155)
Permanent fund	-	-	-	70,250	70,250
Capital projects funds	-	-	(18,628,322)	-	(18,628,322)
Total fund balances.	<u>34,607,684</u>	<u>42,541,211</u>	<u>9,556,068</u>	<u>28,179,951</u>	<u>114,884,914</u>
Total liabilities and fund balances	<u>\$ 68,900,241</u>	<u>\$ 53,873,120</u>	<u>\$ 25,249,992</u>	<u>\$ 37,483,690</u>	<u>\$ 185,507,043</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, 2010

Total governmental fund balances	\$	114,884,914
<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.		373,569,050
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	\$ 5,624,648	
Payments in lieu of taxes receivable	386,501	
Municipal income taxes receivable	6,181,305	
Accounts receivable	1,893,272	
Special assessments receivable	1,151,226	
Accrued interest receivable	90,234	
Due from other governments	18,848,370	
Total		34,175,556
Unamortized premiums/discounts on bond issuances are not recognized in the funds.		(556,178)
Unamortized bond issuance costs are not recognized in the funds.		1,562,591
Unamortized deferred charges on refundings are not recorded in the funds.		970,956
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 \$495,675, are:		9,125,072
In the statement of net assets interest is accrued on bonds, whereas in governmental funds, interest is accrued when due.		(277,414)
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	(211,800)	
General obligation bonds	(52,818,927)	
Revenue bonds	(40,650,000)	
Compensated absences	(8,325,506)	
OPWC loan	(175,161)	
ODOD Loan	(2,860,000)	
Pollution remediation obligations	(182,342)	
Total		(105,223,736)
Net assets of governmental activities	\$	428,230,811

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, 2010

	General	Debt Service	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Municipal income taxes	\$ 98,824,027	\$ -	\$ -	\$ -	\$ 98,824,027
Property and other taxes	8,933,194	8,425,614	514,880	-	17,873,688
State shared taxes	14,456,090	-	-	5,600,029	20,056,119
Charges for services	25,345,718	-	27,432	892,720	26,265,870
Licenses and permits	1,189,378	-	29,578	96,000	1,314,956
Fines and forfeitures	1,451,898	-	-	824,958	2,276,856
Intergovernmental	1,013,517	1,054,810	20,682,151	28,246,079	50,996,557
Special assessments	156,559	141,601	12,605	70,002	380,767
Investment income	1,417,441	499,834	-	8,802	1,926,077
Payments in lieu of taxes	-	-	1,039,654	-	1,039,654
Increase (decrease) in FMV of investments	55,874	1,357	-	(6,417)	50,814
Other	3,068,249	139,028	4,375,935	1,922,833	9,506,045
Total revenues	155,911,945	10,262,244	26,682,235	37,655,006	230,511,430
Expenditures:					
Current:					
Downtown	3,549,220	560,000	6,473	1,889	4,117,582
Youth, education and human services	40,130	-	-	2,472,481	2,512,611
Community development and neighborhoods	11,993,079	-	284,171	14,595,907	26,873,157
Economic development	3,202,710	-	9,018,230	1,679,829	13,900,769
Leadership and quality of life	25,598,035	-	1,973,535	13,776,280	41,347,850
Corporate responsibility	13,632,637	75,419	320	1,828,540	15,536,916
Public safety and justice	89,644,301	-	-	6,053,891	95,698,192
Capital outlay	-	-	18,169,380	56,858	18,226,238
Debt service:					
Principal retirement	-	8,030,000	-	-	8,030,000
Interest and fiscal charges	-	3,828,281	-	-	3,828,281
Bond issuance costs	-	-	95,093	41,975	137,068
Total expenditures	147,660,112	12,493,700	29,547,202	40,507,650	230,208,664
Excess/deficiency of revenues over/under expenditures	8,251,833	(2,231,456)	(2,864,967)	(2,852,644)	302,766
Other financing sources (uses):					
Bond issuance	-	-	2,680,000	2,500,000	5,180,000
Transfers in	69,863	2,584,621	4,615,530	5,211,025	12,481,039
Transfers (out)	(9,552,426)	-	(2,774,414)	(161,202)	(12,488,042)
Premium (discount) on bond issuance	-	-	48,293	(34,409)	13,884
Loan issuance	-	-	2,860,000	-	2,860,000
Total other financing sources (uses)	(9,482,563)	2,584,621	7,429,409	7,515,414	8,046,881
Net change in fund balances	(1,230,730)	353,165	4,564,442	4,662,770	8,349,647
Fund balances at beginning of year	35,838,414	42,188,046	4,991,626	23,517,181	106,535,267
Fund balances at end of year	\$ 34,607,684	\$ 42,541,211	\$ 9,556,068	\$ 28,179,951	\$ 114,884,914

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, 2010

Net change in fund balances - total governmental funds \$ 8,349,647

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 (\$29,626,529) exceeded depreciation expense (\$11,946,639) in the current period (exclusive of internal service fund activity). 17,679,890

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net assets. (118,509)

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

Municipal income taxes	\$	(424,070)	
Property taxes		924,536	
Payments in lieu of taxes		386,501	
State shared taxes		(211,806)	
Charges for services		283,297	
Intergovernmental		(3,933,429)	
Special assessments		(51,157)	
Investment income		<u>(6,646)</u>	
Total			(3,032,774)

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		8,007,827	
Loan principal payments		<u>22,173</u>	
Total			8,030,000

Issuance of bonds and loans 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. (8,040,000)

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 (discount) on bonds		(13,884)	
Bond issuance costs		<u>137,068</u>	
Total			123,184

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		19,682	
Amortization of bond issue costs		(105,244)	
Amortization of bond premiums and discounts		41,744	
Amortization of deferred charges on refundings		<u>(106,097)</u>	
Total			(149,915)

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		855,168	
Pollution remediation obligation		<u>996,831</u>	
Total			1,851,999

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 \$516,633, is allocated among governmental activities. 1,446,746

Change in net assets of governmental activities \$ 26,140,268

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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 99,108,900	\$ 97,499,100	\$ 98,205,983	\$ 706,883
Property and other taxes	9,471,900	9,527,800	9,520,613	(7,187)
State shared taxes	12,756,000	13,318,100	13,721,912	403,812
Charges for services	24,340,200	22,221,700	24,492,775	2,271,075
Licenses and permits	1,485,500	1,240,000	1,189,378	(50,622)
Fines and forfeitures	1,907,700	1,436,000	1,459,078	23,078
Intergovernmental	1,045,300	1,045,100	1,049,481	4,381
Special assessments	382,200	182,000	156,559	(25,441)
Investment income	2,468,300	1,404,500	1,686,061	281,561
Other	2,447,300	2,284,300	2,357,977	73,677
Total revenues	<u>155,413,300</u>	<u>150,158,600</u>	<u>153,839,817</u>	<u>3,681,217</u>
Expenditures:				
Current:				
Downtown	3,481,000	3,253,400	3,601,761	(348,361)
Youth, education and human services	-	-	39,836	(39,836)
Community development and neighborhoods	12,393,200	12,381,000	12,367,618	13,382
Economic development	3,214,300	3,398,100	3,192,703	205,397
Leadership and quality of life	23,432,200	23,664,800	22,470,810	1,193,990
Corporate responsibility	15,527,900	14,909,700	14,671,960	237,740
Public safety and justice	88,363,900	90,326,300	89,444,400	881,900
Other	2,050,800	1,979,600	713,976	1,265,624
Total expenditures	<u>148,463,300</u>	<u>149,912,900</u>	<u>146,503,064</u>	<u>3,409,836</u>
Excess of revenues over expenditures	<u>6,950,000</u>	<u>245,700</u>	<u>7,336,753</u>	<u>7,091,053</u>
Other financing sources (uses):				
Transfers in	-	-	69,863	69,863
Transfers (out)	(6,950,000)	(9,934,200)	(9,552,426)	381,774
Total other financing sources (uses)	<u>(6,950,000)</u>	<u>(9,934,200)</u>	<u>(9,482,563)</u>	<u>451,637</u>
Net change in fund balances	-	(9,688,500)	(2,145,810)	7,542,690
Fund balances at beginning of year	18,663,628	18,663,628	18,663,628	-
Prior year encumbrances appropriated	4,438,340	4,438,340	4,438,340	-
Fund balance at end of year	<u>\$ 23,101,968</u>	<u>\$ 13,413,468</u>	<u>\$ 20,956,158</u>	<u>\$ 7,542,690</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF DAYTON, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 49,808,877	\$ 42,600,646	\$ 27,591,957	\$ 7,639,799
Receivables:				
Special assessments	-	882,914	627,166	696,479
Accounts	1,415,483	8,380,210	6,876,027	1,605,079
Accrued interest	87,432	60,758	-	-
Due from other funds	-	3,428,314	-	377
Due from other governments.	5,698,761	810	426,962	-
Prepayments	101,984	98,007	47,022	-
Materials and supplies inventory.	28,235	1,866,632	-	-
Inventory held for resale.	-	-	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents . . .	-	89,168	-	-
Cash with fiscal and escrow agents	3,011,666	-	-	-
Total current assets	<u>60,152,438</u>	<u>57,407,459</u>	<u>35,569,134</u>	<u>9,941,734</u>
Noncurrent assets:				
Advances to component units.	-	1,574,975	-	-
Unamortized bond issuance costs	1,612,532	-	-	3,910
Capital assets:				
Land and construction in progress.	98,728,200	10,780,542	7,861,274	656,652
Depreciable capital assets, net.	158,656,729	102,529,691	81,731,020	16,354,809
Total capital assets, net.	<u>257,384,929</u>	<u>113,310,233</u>	<u>89,592,294</u>	<u>17,011,461</u>
Total noncurrent assets	<u>258,997,461</u>	<u>114,885,208</u>	<u>89,592,294</u>	<u>17,015,371</u>
Total assets	<u>319,149,899</u>	<u>172,292,667</u>	<u>125,161,428</u>	<u>26,957,105</u>

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 127,641,279	\$ 15,200,718
2,206,559	-
18,276,799	5,577
148,190	-
3,428,691	158,483
6,126,533	46,815
247,013	18,539
1,894,867	-
-	662,507
89,168	-
3,011,666	-
<u>163,070,765</u>	<u>16,092,639</u>
1,574,975	-
1,616,442	-
118,026,668	-
<u>359,272,249</u>	<u>1,154,998</u>
<u>477,298,917</u>	<u>1,154,998</u>
<u>480,490,334</u>	<u>1,154,998</u>
<u>643,561,099</u>	<u>17,247,637</u>

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CITY OF DAYTON, OHIO

STATEMENT OF NET ASSETS (CONTINUED)
 PROPRIETARY FUNDS
 DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Liabilities:				
Current liabilities:				
Accounts payable	953,895	1,630,724	749,108	66,356
Contracts payable	2,038,396	1,102,077	188,312	95,712
Accrued wages and benefits payable	312,897	545,883	252,279	116,709
Compensated absences payable - current	394,998	834,056	345,317	195,166
Retainage payable	3,329,480	59,019	226,994	-
Interfund loans payable	-	-	-	-
Accrued interest payable	-	-	201,685	5,583
Due to other funds	782	86,210	2,832,120	588,055
Due to other governments	567,111	113,613	-	442
Claims payable - current	-	-	-	-
Advances from other funds	-	-	-	933,540
General obligation bonds payable - current	355,000	-	-	376,042
Revenue bonds payable - current	1,200,000	-	-	-
OWDA loans payable - current	-	-	702,970	-
OPWC loans payable - current	-	-	50,000	-
Payable from restricted assets:				
Utility deposits	-	89,168	-	-
Accrued interest payable	197,277	-	-	-
Total current liabilities	9,349,836	4,460,750	5,548,785	2,377,605
Long-term liabilities:				
Compensated absences payable	302,231	638,174	264,217	149,330
Claims payable	-	-	-	-
General obligation bonds payable	10,115,000	-	-	745,031
Revenue bonds payable	34,459,399	-	-	-
OWDA loans payable	-	-	9,734,207	-
OPWC loans payable	-	-	450,000	-
Total long-term liabilities	44,876,630	638,174	10,448,424	894,361
Total liabilities	54,226,466	5,098,924	15,997,209	3,271,966
Net assets:				
Invested in capital assets, net of related debt	211,255,530	113,310,233	78,655,117	15,890,388
Unrestricted	53,667,903	53,883,510	30,509,102	7,794,751
Total net assets	\$ 264,923,433	\$ 167,193,743	\$ 109,164,219	\$ 23,685,139

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

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
3,400,083	213,549
3,424,497	-
1,227,768	119,591
1,769,537	162,778
3,615,493	-
-	482,575
207,268	-
3,507,167	1,110
681,166	1,445,882
-	283,027
933,540	-
731,042	-
1,200,000	-
702,970	-
50,000	-
89,168	-
197,277	-
<u>21,736,976</u>	<u>2,708,512</u>
1,353,952	124,549
-	4,793,829
10,860,031	-
34,459,399	-
9,734,207	-
450,000	-
<u>56,857,589</u>	<u>4,918,378</u>
<u>78,594,565</u>	<u>7,626,890</u>
419,111,268	1,154,998
145,855,266	8,465,749
564,966,534	<u>\$ 9,620,747</u>
<u>495,675</u>	
<u>\$ 565,462,209</u>	

CITY OF DAYTON, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 20,264,662	\$ 47,002,995	\$ 32,537,923	\$ 10,278,536
Other operating revenues	5,409,049	2,315,162	20,634	115,434
Total operating revenues.	<u>25,673,711</u>	<u>49,318,157</u>	<u>32,558,557</u>	<u>10,393,970</u>
Operating expenses:				
Personal services	7,818,095	15,167,452	6,838,923	3,648,348
Fringe benefits.	3,063,564	5,697,885	2,557,227	1,340,663
Contract services.	2,428,167	6,418,867	8,193,192	2,753,349
Materials and supplies.	735,419	4,137,555	2,071,656	488,412
Cost of sales.	-	-	-	-
Utilities	1,825,150	6,538,713	2,619,519	208,155
Claims expense	-	-	-	-
Depreciation.	9,564,363	6,387,001	7,652,896	689,696
Other	2,650,638	2,489,602	681,344	263,496
Total operating expenses.	<u>28,085,396</u>	<u>46,837,075</u>	<u>30,614,757</u>	<u>9,392,119</u>
Operating income (loss)	<u>(2,411,685)</u>	<u>2,481,082</u>	<u>1,943,800</u>	<u>1,001,851</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(2,732,679)	-	(429,095)	(80,620)
Interest income.	7,999	37,265	-	-
Increase in fair market value of investments	41,902	14,049	-	-
Total nonoperating revenues (expenses).	<u>(2,682,778)</u>	<u>51,314</u>	<u>(429,095)</u>	<u>(80,620)</u>
Income (loss) before contributions and transfers	(5,094,463)	2,532,396	1,514,705	921,231
Transfer in	-	-	-	37,210
Transfer out	-	-	-	(42,508)
Capital contributions.	16,749,609	125,807	2,059,066	32,530
Change in net assets	11,655,146	2,658,203	3,573,771	948,463
Net assets at beginning of year.	<u>253,268,287</u>	<u>164,535,540</u>	<u>105,590,448</u>	<u>22,736,676</u>
Net assets at end of year	<u>\$ 264,923,433</u>	<u>\$ 167,193,743</u>	<u>\$ 109,164,219</u>	<u>\$ 23,685,139</u>

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

Change in net assets of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 110,084,116	\$ 12,960,664
7,860,279	324,218
117,944,395	13,284,882
33,472,818	3,329,928
12,659,339	1,330,586
19,793,575	1,059,962
7,433,042	1,683,409
-	2,623,983
11,191,537	21,974
-	1,157,516
24,293,956	91,435
6,085,080	35,011
114,929,347	11,333,804
3,015,048	1,951,078
(3,242,394)	-
45,264	-
55,951	-
(3,141,179)	-
(126,131)	1,951,078
37,210	130,000
(42,508)	(117,699)
18,967,012	-
18,835,583	1,963,379
	7,657,368
	\$ 9,620,747
516,633	
\$ 19,352,216	

CITY OF DAYTON, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 21,500,644	\$ 44,333,526	\$ 30,039,590	\$ 9,872,152
Cash received from interfund services provided	-	-	-	-
Cash received from other operations	5,504,822	2,329,805	26,167	129,941
Cash payments for personal services.	(7,892,961)	(14,997,911)	(6,771,694)	(3,595,011)
Cash payments for fringe benefits.	(3,064,709)	(5,837,783)	(2,623,936)	(1,370,697)
Cash payments for contractual services	(3,739,771)	(7,006,815)	(8,484,137)	(2,657,849)
Cash payments for materials and supplies	(726,168)	(4,448,254)	(2,025,902)	(464,248)
Cash payments for cost of goods sold.	-	-	-	-
Cash payments for utilities	(1,955,995)	(5,980,460)	(2,665,876)	(203,505)
Cash payments for claims	-	-	-	-
Cash payments for other expenses	(2,174,101)	(2,439,191)	(689,829)	(263,512)
Net cash provided by operating activities	7,451,761	5,952,917	6,804,383	1,447,271
Cash flows from noncapital financing activities:				
Cash received from advance from component unit	-	406,896	-	-
Cash payments for advance to component unit	-	(204,093)	-	-
Cash received from interfund loans	-	-	-	21,234
Cash received in transfers in	-	-	-	37,210
Cash used in transfers out	-	-	-	(42,508)
Cash received from interfund loans	-	-	-	-
Net cash provided by noncapital financing activities.	-	202,803	-	15,936
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(35,846,926)	(6,526,218)	(7,621,943)	(665,478)
Capital contributions	16,994,798	110,807	1,632,104	32,530
Principal paid on notes	(485,000)	-	-	-
Interest paid on notes.	(24,250)	-	-	-
Principal paid on bonds	(1,505,000)	-	-	(254,873)
Interest paid on bonds.	(2,618,311)	-	-	(77,594)
Principal paid on loans	-	-	(731,315)	-
Interest paid on loans.	-	-	(438,177)	-
Net cash used in capital and related financing activities.	(23,484,689)	(6,415,411)	(7,159,331)	(965,415)
Cash flows from investing activities:				
Interest received	230,030	123,193	-	-
Net cash provided by investing activities	230,030	123,193	-	-
Net increase (decrease) in cash and cash equivalents	(15,802,898)	(136,498)	(354,948)	497,792
Cash and cash equivalents at beginning of year	68,623,441	42,826,312	27,946,905	7,142,007
Cash and cash equivalents at end of year	\$ 52,820,543	\$ 42,689,814	\$ 27,591,957	\$ 7,639,799

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 105,745,912	\$ -
-	12,959,197
7,990,735	324,218
(33,257,577)	(3,344,550)
(12,897,125)	(1,369,896)
(21,888,572)	(1,105,013)
(7,664,572)	(1,625,000)
-	(2,612,690)
(10,805,836)	(23,331)
-	(2,746,842)
(5,566,633)	(34,318)
<u>21,656,332</u>	<u>421,775</u>
406,896	-
(204,093)	-
21,234	-
37,210	130,000
(42,508)	(117,699)
<u>-</u>	<u>82,575</u>
<u>218,739</u>	<u>94,876</u>
(50,660,565)	-
18,770,239	-
(485,000)	-
(24,250)	-
(1,759,873)	-
(2,695,905)	-
(731,315)	-
(438,177)	-
<u>(38,024,846)</u>	<u>-</u>
<u>353,223</u>	<u>-</u>
<u>353,223</u>	<u>-</u>
(15,796,552)	516,651
<u>146,538,665</u>	<u>14,684,067</u>
<u>\$ 130,742,113</u>	<u>\$ 15,200,718</u>

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CITY OF DAYTON, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (2,411,685)	\$ 2,481,082	\$ 1,943,800	\$ 1,001,851
Adjustments:				
Depreciation.	9,564,363	6,387,001	7,652,896	689,696
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable.	1,353,486	(1,808,216)	(2,359,846)	(133,406)
Decrease (increase) in due from other funds.	-	14,643	5,533	14,507
Decrease (increase) in prepaid assets	(18,519)	20,764	(2,605)	-
Decrease (increase) in due from other governments.	(21,731)	13,041	-	-
(Increase) in special assessments receivable.	-	(882,914)	(138,487)	(272,978)
Decrease (increase) in materials and supplies inventory	4,706	(43,575)	-	-
Decrease in inventory held for resale.	-	-	-	-
Increase (decrease) in accounts payable	628,947	23,388	(395,026)	8,107
Increase (decrease) in contracts payable	(1,426,484)	(352,146)	36,118	94,377
(Decrease) in airline settlement payable	(978,556)	-	-	-
Increase in retainage payable.	949,475	48,004	127,709	-
Increase (decrease) in accrued wages and benefits	26,517	74,466	28,083	17,123
Increase (decrease) in due to other funds.	(7,668)	12,705	(66,229)	21,814
Increase (decrease) in due to other governments	(108,562)	877	-	-
Increase in utility deposits.	-	8,620	-	-
Increase (decrease) increase in compensated absences payable	(102,528)	(44,823)	(27,563)	6,180
(Decrease) in claims payable	-	-	-	-
Net cash provided by operating activities	<u>\$ 7,451,761</u>	<u>\$ 5,952,917</u>	<u>\$ 6,804,383</u>	<u>\$ 1,447,271</u>

Non-cash transactions:

During 2010, the Sewer fund received \$1,509,329 in OWDA loan proceeds and loan forgiveness payments through American Recovery and Reinvestment Act (ARRA) funds.

During 2010, the Dayton International Airport received \$6,464,106 in capital grants, which was recognized as a receivable in 2009. Receivables in the amount of \$6,218,917 and \$426,962 have been recorded for capital grants in 2010 for the Dayton International Airport and Sewer enterprise funds, respectively.

During 2010, the Water fund received \$15,000 in capital contributions from Montgomery County.

At December 31, 2010, the Water, Sewer and Dayton International Airport enterprise funds purchased \$964,419, \$254,633 and \$4,867,840, respectively, in capital assets on account. 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.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 3,015,048	\$ 1,951,078
24,293,956	91,435
(2,947,982)	9,098
34,683	(11,166)
(360)	2,706
(8,690)	(20,068)
(1,294,379)	-
(38,869)	-
-	9,222
265,416	32,601
(1,648,135)	-
(978,556)	-
1,125,188	-
146,189	(2,420)
(39,378)	127
(107,685)	(376,134)
8,620	-
(168,734)	(51,512)
-	(1,213,192)
<u>\$ 21,656,332</u>	<u>\$ 421,775</u>

CITY OF DAYTON, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 DECEMBER 31, 2010

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 5,698,869
Investments with fiscal agent	4,214,489
Cash and cash equivalents with fiscal agent . . .	996,745
Receivables:	
Accounts	896,223
Special assessments.	6,473,303
Intergovernmental.	120,576
Total assets	\$ 18,400,205
Liabilities:	
Accounts payable	\$ 432,974
Intergovernmental payable.	1,828,114
Due to others.	10,929,043
Withholdings and deposits.	5,210,074
Total liabilities.	\$ 18,400,205

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

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For the Year Ended December 31, 2010**

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CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010

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 City-Wide Development Corporation (CWDC), as part of this report. CWDC was established in 1972 as a private, non-profit development organization which supports the City in a number of ways - primarily as its development financing arm. CWDC's relationship with the City is established via its stated mission: fostering economic development through creating and retaining jobs for City residents, providing administrative support to assist in neighborhood development, increasing tax revenues, and improving the Dayton area economy. Because the City appoints all members of CWDC's Board of Trustees and is empowered to remove them at will, CWDC is a component unit of the City. CWDC issues separately audited financial statements with a December 31 year end. Its most recently audited financial statements may be obtained from Citywide Development Corporation, 8 North Main Street, Dayton, Ohio 45402-1916. Further disclosures for the discretely presented component unit can be found in Note 19.

JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission - The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of 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 2010. 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 2010. 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, 2010

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 \$90,220 in revenues through the JEDD in 2010.

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 \$11,957 in revenues through the JEDD in 2010.

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 2010. 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, 2010

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 2010. 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 2010, 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 2010. 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, 2010

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, 2010

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, 2010

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. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and agency funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred 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, 2010

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 and payments in lieu of taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 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, 2010, are recorded as deferred revenue on the governmental fund financial statements.

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, 2010

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 2010.

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, 2010

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) and the firefleet internal service fund had expended amounts greater than its share of the cash management pool of cash and cash equivalents. These funds had a negative cash balance at year-end that was eliminated by short-term interfund loans from the general fund. These loans are classified as an "interfund loan receivable" and "interfund loan payable" on the fund financial statements (See Note 5.B.).

During 2010, 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 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, 2010. 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, 2010.

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

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

Interest income is distributed to the funds according to City Ordinance and statutory requirements. Interest revenue earned during 2010 was \$1,417,441 in the general fund, which includes \$1,157,537 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, 2010

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.

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

<u>Description</u>	<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
Equipment	3 - 15 years	3 - 15 years
Vehicles	3 - 25 years	3 - 25 years
Software	5 - 10 years	5 - 10 years
Infrastructure	20 - 50 years	20 - 50 years

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010, 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, 2010

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, 2010

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:

<u>Project</u>	<u>Amount Designated</u>
Special assessments	\$ 180,681
Employee termination	1,256,276
27th payroll administration	1,592,430
Unclaimed money	144,649
Unemployment	602,524
PRC sponsorships	73,229
DEDE contractual services	112,509
Mediation center	266,560
Employee professional development	218,586
Newsrack district	13,279
Unallocated clearing account	9,983
Police professional development	54,140
Mayor's heritage celebration	4,782
Nationwide settlement	592,146
Miami Township - Dayton JEDD	176,917
Butler Township - Dayton JEDD	23,595
Dayton bike initiative	<u>370</u>
Total general fund	<u>\$ 5,322,656</u>

S. Estimates

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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

T. Contributions of Capital

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

U. Net Assets

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the City has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. In accordance with the implementation GASB Statement No. 51, the City has reported intangible assets on a separate line in Note 11, restated capital assets to reclassify right-of-ways and has reflected intangible assets as indicated in the financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 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, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 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 balances in the HUD fund and the fire fleet internal service fund of \$3,776,871 and \$82,575, respectively. For GAAP purposes, this amount has been reported as a fund liability (See Note 5.B.).

C. Prior Period Adjustment

A prior period adjustment is required to properly report capital assets at December 31, 2009 due to errors in construction-in-progress and the reclassification of right-of-ways with an indefinite useful life from the depreciable asset category infrastructure to the non-depreciable asset category right-of-ways (See Note 11).

	<u>Governmental Activities</u>
Net assets as previously reported	\$ 406,514,871
Effect of capital asset adjustment	<u>(4,424,328)</u>
Restated net assets at December 31, 2009	<u><u>\$ 402,090,543</u></u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 \$52,447 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, 2010, the carrying amount of all City deposits was \$6,622,010. As of December 31, 2010, \$9,448,545 of the City's bank balance of \$10,962,160 was exposed to custodial risk as discussed below, while \$1,513,615 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.

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CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of December 31, 2010, the City had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
U.S. Treasury notes	\$ 30,235,900	\$ 9,025,110	\$ 3,019,560	\$ 12,145,530	\$ 4,016,940	\$ 2,028,760
FFCB	13,126,450	10,056,700	3,069,750	-	-	-
FHLMC	10,017,800	10,017,800	-	-	-	-
FHLB	65,963,810	14,100,500	18,362,280	5,099,000	18,364,580	10,037,450
FNMA	10,034,400	10,034,400	-	-	-	-
City owned debt	2,476,800	-	-	-	211,800	2,265,000
Executive severance						
money market	826,202	826,202	-	-	-	-
Stock	86,771	86,771	-	-	-	-
U.S. Government						
money market	6,400,203	6,400,203	-	-	-	-
STAR Ohio	<u>70,792,541</u>	<u>70,792,541</u>	-	-	-	-
Total	<u>\$ 209,960,877</u>	<u>\$ 131,340,227</u>	<u>\$ 24,451,590</u>	<u>\$ 17,244,530</u>	<u>\$ 22,593,320</u>	<u>\$ 14,331,210</u>

The weighted average maturity of investments is .68 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, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The following table includes the percentage of each investment type held by the City at December 31, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Treasury notes	\$ 30,235,900	14.40
FFCB	13,126,450	6.25
FHLMC	10,017,800	4.77
FHLB	65,963,810	31.42
FNMA	10,034,400	4.78
City owned debt	2,476,800	1.18
Executive severance money market	826,202	0.39
Stock	86,771	0.04
U.S. Government money market	6,400,203	3.05
STAR Ohio	<u>70,792,541</u>	<u>33.72</u>
 Total	 <u>\$ 209,960,877</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, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,622,010
Investments	209,960,877
Cash on hand	<u>52,447</u>
Total	<u>\$ 216,635,334</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 74,983,118
Business type activities	130,742,113
Agency funds	<u>10,910,103</u>
Total	<u>\$ 216,635,334</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Due from/to other funds consisted of the following at December 31, 2010, as reported on the fund statements:

Due to	Due from									Due from total
	General	Debt	Capital improvements	Nonmajor governmental	Dayton International Airport	Water	Sewer	Nonmajor enterprise	Internal service	
General	\$ -	\$ -	\$ 324	\$ 2,117	\$ -	\$ 3,684	\$ 665	\$ -	\$ -	\$ 6,790
Nonmajor governmental	-	-	-	-	-	69,379	8,162	-	-	77,541
Water	565	-	24,671	45	240	-	2,819,534	583,134	125	3,428,314
Nonmajor enterprise	377	-	-	-	-	-	-	-	-	377
Internal service	121,918	13	-	13,198	542	13,147	3,759	4,921	985	158,483
Due to total	<u>\$ 122,860</u>	<u>\$ 13</u>	<u>\$ 24,995</u>	<u>\$ 15,360</u>	<u>\$ 782</u>	<u>\$ 86,210</u>	<u>\$ 2,832,120</u>	<u>\$ 588,055</u>	<u>\$ 1,110</u>	<u>\$ 3,671,505</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, 2010, 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	\$ 3,776,871	\$ 482,575	\$ 4,259,446
Total	<u>\$ 3,776,871</u>	<u>\$ 482,575</u>	<u>\$ 4,259,446</u>

The interfund loans payable in the nonmajor governmental fund and the internal service fund to the general fund is to cover a negative cash balance in the HUD Programs fund (a nonmajor governmental fund) and the firefleet internal service fund at year-end. These interfund loans will be repaid as resources become available.

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

- C.** Advances to component unit and advances from primary government consisted of the following at December 31, 2010, 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	\$ 967,932	\$ 8,133,600	\$ 1,574,975	\$ 10,676,507

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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, 2010, consisted of the following, as reported on the fund statements:

<u>Transfer from</u>	Transfer to			
	<u>General</u>	<u>Debt service</u>	<u>Capital improvements</u>	<u>Nonmajor governmental</u>
General	\$ -	\$ -	\$ 4,561,401	\$ 4,861,025
Nonmajor governmental	69,863	-	54,129	-
Capital improvement	-	2,424,414	-	350,000
Other enterprise	-	42,508	-	-
Internal service	-	117,699	-	-
Transfer to total	<u>\$ 69,863</u>	<u>\$ 2,584,621</u>	<u>\$ 4,615,530</u>	<u>\$ 5,211,025</u>
	<u>Nonmajor enterprise</u>	<u>Internal service</u>	<u>Total</u>	
General	\$ -	\$ 130,000	\$ 9,552,426	
Nonmajor governmental	37,210	-	161,202	
Capital improvement	-	-	2,774,414	
Other enterprise	-	-	42,508	
Internal service	-	-	117,699	
Transfer to total	<u>\$ 37,210</u>	<u>\$ 130,000</u>	<u>\$ 12,648,249</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 \$161,202 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.

- E.** Advances to/from other funds for the year ended December 31, 2010, 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	\$ 933,540

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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 in 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 was 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, 2010

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, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2010 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 2010 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, 2010 was \$10 per \$1,000 of assessed value. The assessed values of real property upon which 2010 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 1,159,155,390
Commercial/industrial/mineral	529,563,840
<u>Public utility</u>	
Real	1,350,330
Personal	<u>76,260,790</u>
Total assessed value	<u>\$ 1,766,330,350</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 2010, as reported in the governmental fund financial statements on the modified accrual basis of accounting, was \$98,824,027.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 8 - TAX INCREMENT FINANCING DISTRICT (TIF)

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

PILOT revenue was \$1,039,654 in 2010 as reported in the fund financial statements. The TIF has a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT’s cease and property taxes then apply to the increased property values.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2010, 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, 2010, as well as intended to finance 2010 operations.

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

Governmental activities:

Property and other local taxes	\$ 20,284,264
Municipal income taxes	15,217,177
Accounts	4,112,327
Payments in lieu of taxes	1,032,671
Special assessments	1,151,226
Accrued interest	222,285
Loans	37,921,524
Due from other governments	30,934,652

Business-type activities:

Accounts	18,276,799
Special assessment	2,206,559
Accrued interest	148,190
Due from other governments	6,126,533

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

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 10 - 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, 2010, the amount owed to the City was \$5,040,000.

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, 2010, the amount owed to the City was \$19,420,000.

C. City-Wide Community Urban Redevelopment Corporation

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

D. Dayton TechTown Investment Fund, LLC.

On June 28, 2010, the City loaned \$7,375,620 to Dayton TechTown Investment Fund, LLC. for the continued development of a technology park. The loan has a 2.0% interest rate with required principal payments beginning June 27, 2017. The City received a \$250,000 principal payment during 2010. The final loan payment is due June 27, 2040. At December 31, 2010, the amount owed to the City was \$7,125,620.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 11 - CAPITAL ASSETS

- A. The December 31, 2009 balance of governmental activities capital assets was restated. The balance of construction in progress was restated from \$42,902,447 to \$34,459,948 to remove expenditures related to projects owned by other entities. The City also reclassified right-of-ways of \$13,993,152 from infrastructure to the non-depreciable right-of-way asset class, removing \$4,018,171 in associated accumulated depreciation. In total, capital assets were restated by \$4,424,328 from \$361,678,430 to \$357,254,102.

Capital asset activity for the governmental activities for the year ended December 31, 2010 was as follows:

	Restated Balance <u>12/31/09</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/10</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 66,987,820	\$ 2,085,684	\$ -	\$ 69,073,504
Construction in progress	34,459,948	22,385,970	(35,423,367)	21,422,551
Right-of-ways	<u>13,993,152</u>	<u>-</u>	<u>-</u>	<u>13,993,152</u>
Total capital assets, not being depreciated	<u>115,440,920</u>	<u>24,471,654</u>	<u>(35,423,367)</u>	<u>104,489,207</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	108,455,242	7,368,763	-	115,824,005
Improvements other than buildings	53,943,365	11,925	-	53,955,290
Equipment	24,006,386	716,369	-	24,722,755
Software	-	485,605	-	485,605
Motor vehicles	41,390,354	2,406,629	(608,670)	43,188,313
Infrastructure	<u>220,414,803</u>	<u>29,588,951</u>	<u>-</u>	<u>250,003,754</u>
Total capital assets, being depreciated	<u>448,210,150</u>	<u>40,578,242</u>	<u>(608,670)</u>	<u>488,179,722</u>
<i>Less: accumulated depreciation</i>				
Building improvements	(66,476,746)	(2,517,675)	-	(68,994,421)
Improvements other than buildings	(36,316,213)	(1,291,703)	-	(37,607,916)
Equipment	(16,871,753)	(1,416,976)	-	(18,288,729)
Software	-	-	-	-
Motor vehicles	(29,745,165)	(2,009,068)	490,161	(31,264,072)
Infrastructure	<u>(56,987,091)</u>	<u>(4,802,652)</u>	<u>-</u>	<u>(61,789,743)</u>
Total accumulated depreciation	<u>(206,396,968)</u>	<u>(12,038,074)</u>	<u>490,161</u>	<u>(217,944,881)</u>
Total capital assets being depreciated, net	<u>241,813,182</u>	<u>28,540,168</u>	<u>(118,509)</u>	<u>270,234,841</u>
Governmental activities capital assets, net	<u>\$ 357,254,102</u>	<u>\$ 53,011,822</u>	<u>\$ (35,541,876)</u>	<u>\$ 374,724,048</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 11 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

Downtown	\$ 1,056,389
Youth, education and human services	2,513
Community development and neighborhoods	457,915
Economic development	138,798
Leadership and quality of life	6,859,261
Corporate responsibility	1,397,464
Public safety and justice	<u>2,125,734</u>
Total depreciation expense - governmental activities	<u>\$ 12,038,074</u>

- B.** Capital asset activity for the business-type activities for the year ended December 31, 2010, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>12/31/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/10</u>
Business-type activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 42,879,702	\$ 85,651	\$ -	\$ 42,965,353
Construction in progress	<u>43,686,959</u>	<u>43,040,422</u>	<u>(11,666,066)</u>	<u>75,061,315</u>
Total capital assets, not being depreciated	<u>86,566,661</u>	<u>43,126,073</u>	<u>(11,666,066)</u>	<u>118,026,668</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	160,836,663	6,717,104	-	167,553,767
Improvements other than buildings	594,275,530	9,019,085	-	603,294,615
Equipment	15,896,993	673,196	-	16,570,189
Software	-	21,030	-	21,030
Vehicles	<u>35,460,438</u>	<u>1,396,899</u>	<u>(60,000)</u>	<u>36,797,337</u>
Total capital assets, being depreciated	<u>806,469,624</u>	<u>17,827,314</u>	<u>(60,000)</u>	<u>824,236,938</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(75,513,805)	(3,257,914)	-	(78,771,719)
Improvements other than buildings	(333,429,845)	(18,263,804)	-	(351,693,649)
Equipment	(9,032,316)	(1,622,545)	-	(10,654,861)
Software	-	-	-	-
Vehicles	<u>(22,754,767)</u>	<u>(1,149,693)</u>	<u>60,000</u>	<u>(23,844,460)</u>
Total accumulated depreciation	<u>(440,730,733)</u>	<u>(24,293,956)</u>	<u>60,000</u>	<u>(464,964,689)</u>
Total capital assets being depreciated, net	<u>365,738,891</u>	<u>(6,466,642)</u>	<u>-</u>	<u>359,272,249</u>
Business-type activities capital assets, net	<u>\$ 452,305,552</u>	<u>\$ 36,659,431</u>	<u>\$ (11,666,066)</u>	<u>\$ 477,298,917</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 11 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to the enterprise funds as follows:

Business-type activities:

Dayton international airport	\$ 9,564,363
Water	6,387,001
Sewer	7,652,896
Storm Water	427,902
Golf	<u>261,794</u>
Total depreciation expense - business type activities	<u>\$ 24,293,956</u>

C. Outstanding contractual commitments related to construction in progress for the year ended December 31, 2010, was as follows:

Governmental activities	\$ 22,349,556
DIA	13,627,058
Water	3,812,951
Sewer	<u>4,515,723</u>
Total outstanding contractual commitments	<u>\$ 44,305,288</u>

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CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE

- A.** The City is the lessor of land and space at the Dayton International Airport (the “Airport”) under noncancellable leases. The leases are between the Dayton International Airport and various vendors that use the Airport for their operations. The cost of the leased area, the carrying value and the annual depreciation expense cannot be accurately determined as they represent varying percentages of the overall land and building assets of the Airport. The leases have varying terms from three to sixty-five years. The future minimum lease payments as of December 31, 2010, are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2011	\$ 1,949,648
2012	1,800,318
2013	1,553,389
2014	1,465,839
2015	1,756,452
2016 - 2020	7,785,295
2021 - 2025	4,998,801
2026 - 2030	2,333,709
2031 - 2035	2,163,501
2036 - 2040	996,199
2041 - 2045	904,726
2046 - 2050	805,240
2051 - 2053	<u>310,896</u>
Totals	<u>\$ 28,824,013</u>

- B.** 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE - (Continued)

The future minimum lease payments as of December 31, 2010, are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2011	\$ 10,000
2012	10,000
2013	10,000
2014	10,000
2015	10,000
2016 - 2019	<u>40,000</u>
Totals	<u>\$ 90,000</u>

- C. The City is the lessee of Recplex facility. The lease is between City-Wide Urban Redevelopment Corporation and the City of Dayton (See Note 10). This City is responsible for the operation and maintenance of the facility. This lease agreement expires on December 31, 2039 or upon written agreement by the Community Urban Redevelopment Corporation and the City. The future minimum lease payments as of December 31, 2010 are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2011	\$ 315,180
2012	324,635
2013	334,374
2014	344,406
2015	354,738
2016 - 2020	2,059,749
2021 - 2025	2,420,069
2026 - 2030	2,805,523
2031 - 2035	3,252,370
2036 - 2039	<u>2,971,086</u>
Totals	<u>\$15,182,130</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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:

	Issue Date	Maturity Date	Interest Rate (%)	Original			Amounts		
				Issue Amount	Balance 12/31/09	Increase	Decrease	Balance 12/31/10	Due in One Year
Governmental activities:									
General obligation bonds:									
Tangible housing improvements	10/01/93	11/01/13	5.35 - 6.5	\$ 3,035,000	\$ 620,000	\$ -	\$ (155,000)	\$ 465,000	\$ 155,000
Capital facilities	02/01/01	12/01/14	3.75 - 4.65	24,911,861	3,930,943	-	(1,573,244)	2,357,699	2,357,699
Capital facilities	06/09/04	12/01/19	3.0 - 5.25	11,360,000	8,270,000	-	(675,000)	7,595,000	705,000
Capital facilities	10/25/07	12/01/27	4.0 - 5.0	19,745,000	16,980,000	-	(2,230,000)	14,750,000	2,280,000
Various purpose and refunding	07/28/09	12/01/29	2.5 - 5.0	26,483,111	26,483,111	-	(1,511,883)	24,971,228	1,541,259
Capital improvement	09/22/10	12/01/15	1.5 - 2.0	2,680,000	-	2,680,000	-	2,680,000	510,000
Total general obligation bonds					56,284,054	2,680,000	(6,145,127)	52,818,927	7,548,958
Revenue bonds:									
Economic development -									
parking facility	01/10/08	12/01/28	4.0 - 5.0	32,000,000	32,000,000	-	(1,035,000)	30,965,000	1,075,000
Baseball revenue refunding bonds	12/30/09	12/01/19	2.25 - 3.5	7,925,000	7,925,000	-	(740,000)	7,185,000	720,000
Economic development	09/22/10	12/1/31	2.0 - 4.125	2,500,000	-	2,500,000	-	2,500,000	75,000
Total revenue bonds					39,925,000	2,500,000	(1,775,000)	40,650,000	1,870,000
Special assessment bonds:									
Sidewalk construction	11/01/00	11/01/10	6.000	127,575	12,800	-	(12,800)	-	-
Sidewalk construction	12/01/01	12/01/11	6.000	11,089	2,200	-	(1,100)	1,100	1,100
Sidewalk construction	11/01/02	11/01/12	6.000	251,050	75,300	-	(25,100)	50,200	25,100
Ornamental lighting	11/01/02	11/01/12	6.000	88,276	26,400	-	(8,800)	17,600	8,800
Sidewalk construction	12/01/03	12/01/13	6.000	167,947	66,800	-	(16,700)	50,100	16,700
Sidewalk construction	12/01/04	12/01/14	6.000	232,415	116,000	-	(23,200)	92,800	23,200
Total special assessment bonds					299,500	-	(87,700)	211,800	74,900

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

	Issue	Maturity	Interest	Original	Balance	Increase	Decrease	Balance	Amounts
<i>Governmental activities:</i>	<u>Date</u>	<u>Date</u>	<u>Rate (%)</u>	<u>Issue</u>	<u>12/31/09</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/10</u>	<u>Due in</u>
Other long-term obligations:	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>One Year</u>
Ohio Public Works									
Commission loan	07/01/02	07/01/17	3.0	\$ 239,750	\$ 197,334	\$ -	\$ (22,173)	\$ 175,161	\$ 22,844
Ohio Department of									
Development loan	4/1/10	4/21/25	3.0	2,860,000	-	2,860,000	-	2,860,000	-
Judgements					3,647	646,640	(634,817)	15,470	15,470
Claims					6,290,048	2,292,912	(3,506,104)	5,076,856	283,027
Pollution remediation obligations					1,179,173	176,340	(1,173,171)	182,342	182,342
Compensated absences					<u>9,519,513</u>	<u>4,121,853</u>	<u>(5,016,206)</u>	<u>8,625,160</u>	<u>5,054,500</u>
Total other long-term obligations					<u>17,189,715</u>	<u>10,097,745</u>	<u>(10,352,471)</u>	<u>16,934,989</u>	<u>5,558,183</u>
Total governmental activities					<u>\$ 113,698,269</u>	<u>\$ 15,277,745</u>	<u>\$ (18,360,298)</u>	110,615,716	<u>\$ 15,052,041</u>
Less: unamortized deferred charges								(970,956)	
Add: unamortized bond premiums and discounts								<u>556,178</u>	
Total on statement of net assets								<u>\$ 110,200,938</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, 2010

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, \$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, 2010, is \$362,301. The balance of the refunded Series 2001 capital facilities general obligation bonds at December 31, 2010, is \$2,357,699. The balance of the refunded Series 1998 capital facilities general obligation bonds at December 31, 2010, is \$8,110,000.

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.

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 reacquisition price exceeded the net carrying amount of the old debt by \$180,965. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The balance of the refunded Series 1999 baseball revenue bonds at December 31, 2010 is \$7,185,000. The Series 1999 revenue bonds are payable solely from nontax revenues in the City's general fund and are payable through 2019. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license and permit fees. Annual principal and interest payments on the revenue bonds are expected to require less than 2.94 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2009 baseball revenue refunding bonds is \$8,306,474. Principal and interest paid for the current year on the Series 1999 baseball revenue bonds was \$740,000 and \$200,082. General fund nontax revenues for the current year were \$32,011,632.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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 7.52 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 \$46,433,469. Principal and interest paid for the current year was \$1,035,000 and \$1,372,869. General fund nontax revenues for the current year were \$32,011,632.

The City has pledged future nontax revenues in the City's general fund to repay \$2,500,000 in Series 2010 economic development revenue bonds. The proceeds were used to assist in financing the costs of the demolition, site remediation and construction of public and private infrastructure improvements located in the Tech Town commercial park. The Series 2010 revenue bonds are payable solely from nontax revenues in the general fund and are payable through 2031. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license permit fees. The total principal and interest remaining to be paid on the Series 2010 revenue bonds is \$3,662,147. General fund nontax revenues for the current year were \$32,011,632. There were no principal or interest payments made in 2010.

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.

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

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

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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, 2010, the City has completed \$6,884,000 of the \$11,329,343 remediation work required at this site. The remaining \$5,329,343 of remediation required at the site will be paid for by an environmental trust grant funded by the General Motors bankruptcy settlement. Because the environmental trust grant recoveries are not yet realized or realizable, the city does not have a pollution remediation liability for this project at December 31, 2010.

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, 2010, the City has completed all remediation work required at this site and there is no future obligation liability.

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 \$1,354,430 were required. The City received a grant award from the Clean Ohio Revitalization fund in the amount of \$1,004,430. This grant is not yet realized or realizable and reduces the City's pollution remediation obligation. The City's total pollution remediation obligation for this site is \$350,000, of this \$167,658 was completed during 2010 and the remaining outstanding liability is \$182,342. 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, 2010, the City's total debt margin was \$156,210,564 and the unvoted debt margin was \$67,894,046.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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, 2010 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
2011	\$ 7,548,958	\$ 1,999,984	\$ 9,548,942	\$ 1,870,000	\$ 1,632,742	\$ 3,502,742	\$ 74,900	\$ 12,708	\$ 87,608
2012	7,771,540	1,674,225	9,445,765	1,945,000	1,555,909	3,500,909	73,800	8,214	82,014
2013	5,862,029	1,450,718	7,312,747	2,015,000	1,492,772	3,507,772	39,900	3,786	43,686
2014	5,396,400	1,280,351	6,676,751	2,075,000	1,426,341	3,501,341	23,200	1,392	24,592
2015	3,865,000	1,111,467	4,976,467	2,155,000	1,355,828	3,510,828	-	-	-
2016 - 2020	15,190,000	3,414,621	18,604,621	11,035,000	5,582,667	16,617,667	-	-	-
2021 - 2025	4,120,000	1,239,943	5,359,943	9,330,000	3,588,725	12,918,725	-	-	-
2026 - 2030	3,065,000	315,075	3,380,075	10,060,000	1,110,300	11,170,300	-	-	-
2031	-	-	-	165,000	6,806	171,806	-	-	-
Totals	<u>\$ 52,818,927</u>	<u>\$ 12,486,384</u>	<u>\$ 65,305,311</u>	<u>\$ 40,650,000</u>	<u>\$ 17,752,090</u>	<u>\$ 58,402,090</u>	<u>\$ 211,800</u>	<u>\$ 26,100</u>	<u>\$ 237,900</u>

Year Ending December 31,	Ohio Public Works Commission Loan			Ohio Department of Development Loan		
	Principal	Interest	Total	Principal	Interest	Total
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	25,734	2,195	27,929	165,171	60,407	225,578
2016 - 2020	53,824	2,033	55,857	1,349,777	332,791	1,682,568
2021 - 2025	-	-	-	1,345,052	98,597	1,443,649
Totals	<u>\$ 175,161</u>	<u>\$ 20,339</u>	<u>\$ 195,500</u>	<u>\$ 2,860,000</u>	<u>\$ 491,795</u>	<u>\$ 3,351,795</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

B. Changes during 2010 in the City's long-term business-type obligations were as follows:

<i>Business-type activities:</i>	Issue	Maturity	Interest	Original	Balance			Balance	Amounts
	Date	Date	Rate (%)	Issue	12/31/09	Increase	Decrease	12/31/10	Due in
	<u>Date</u>	<u>Date</u>	<u>Rate (%)</u>	<u>Amount</u>					<u>One Year</u>
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	\$ -	\$ (350,000)	\$ 10,470,000	\$ 355,000
Golf renovations - refunding	07/28/09	12/1/2014	2.0 to 2.5	771,889	771,889	-	(13,117)	758,772	13,741
Golf renovations	02/01/01	12/14/14	3.30 to 4.65	3,828,139	604,057	-	(241,756)	362,301	362,301
Total general obligation bonds					<u>12,195,946</u>	<u>-</u>	<u>(604,873)</u>	<u>11,591,073</u>	<u>731,042</u>
Revenue bonds:									
Dayton International Airport	10/31/03	12/01/32	2.00 to 5.00	6,085,000	5,360,000	-	(135,000)	5,225,000	140,000
Dayton International Airport	10/31/03	12/01/32	2.00 to 5.35	30,190,000	26,920,000	-	(670,000)	26,250,000	695,000
Dayton International Airport	10/12/05	12/01/20	3.00 to 4.35	6,000,000	4,700,000	-	(350,000)	4,350,000	365,000
Total revenue bonds					<u>36,980,000</u>	<u>-</u>	<u>(1,155,000)</u>	<u>35,825,000</u>	<u>1,200,000</u>
General obligation notes									
Airport notes series A 2006	07/06/06	12/01/10	5.00	4,685,000	485,000	-	(485,000)	-	-
Total general obligation notes					<u>485,000</u>	<u>-</u>	<u>(485,000)</u>	<u>-</u>	<u>-</u>
Other long-term obligations									
Ohio water development authority loan	12/20/88	07/01/23	3.80 to 8.3	73,198,476	11,118,492	1,509,329	(2,190,644)	10,437,177	702,970
Ohio public works Commission loan	07/01/97	01/01/20	0.00	1,000,000	550,000	-	(50,000)	500,000	50,000
Compensated absences payable					3,292,223	1,766,267	(1,935,001)	3,123,489	1,769,537
Total other long-term obligations					<u>14,960,715</u>	<u>3,275,596</u>	<u>(4,175,645)</u>	<u>14,060,666</u>	<u>2,522,507</u>
Total business-type activities					<u>\$ 64,621,661</u>	<u>\$ 3,275,596</u>	<u>\$ (6,420,518)</u>	<u>61,476,739</u>	<u>\$ 4,453,549</u>
Less: unamortized deferred charge on refunding								(94,420)	
Less: unamortized bond premiums and discounts								(71,181)	
Total on statement of net assets								<u>\$ 61,311,138</u>	

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 nonmajor 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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 41.35 percent of net revenues. The total principal and interest remaining to be paid on the Series 2003 and 2005 airport revenue bonds is \$59,020,604. Principal and interest paid for the current year and total customer net revenues were \$2,978,404 and \$7,202,579, respectively.

The Dayton International Airport general obligation notes payable were issued on July 6, 2006 in the amounts of \$4,685,000. These notes were used for various capital improvements to the Airport. These notes were retired during 2010.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010, the City had outstanding borrowings of \$10,437,177 through OWDA. During 2010, the City received \$1,509,329 in loan proceeds for gas scrubber improvements. The City received \$1,509,329 in American Recovery and Reinvestment Act funds (ARRA) used for principal forgiveness of this loan. 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, 2010, 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.

The City has pledged future sewer revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and are payable through 2023. Annual principal and interest payments on the loans are expected to require 11.67 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$11,395,981. Principal and interest paid for the current year were \$1,119,492 and total customer net revenues were \$9,596,696.

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, 2010 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
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	400,000	541,697	941,697	1,410,000	1,569,540	2,979,540
2016 - 2020	2,310,000	2,403,030	4,713,030	8,080,000	6,814,518	14,894,518
2021 - 2025	3,055,000	1,648,950	4,703,950	7,305,000	4,872,583	12,177,583
2026 - 2030	3,225,000	540,801	3,765,801	9,435,000	2,749,582	12,184,582
2031 - 2032	-	-	-	4,510,000	362,618	4,872,618
Totals	<u>\$ 11,591,073</u>	<u>\$ 7,520,168</u>	<u>\$ 19,111,241</u>	<u>\$ 35,825,000</u>	<u>\$ 23,195,604</u>	<u>\$ 59,020,604</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31,	OWDA Loan			OPWC Loan		
	Principal	Interest	Total	Principal	Interest	Total
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	234,093	95,523	329,616	50,000	-	50,000
2016 - 2020	1,318,211	329,865	1,648,076	250,000	-	250,000
2021 - 2023	923,938	64,907	988,845	-	-	-
Totals	\$ 3,326,194	\$ 958,804	\$ 4,284,998	\$ 500,000	\$ -	\$ 500,000

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 2010, 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)	907,542,969
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)	3,000,000
Errors and Omissions (Municipal Court)	500,000
Garagekeepers: Liability	2,000,000
Garagekeepers: Test Driving	1,000,000
Inland Marine	365,975
General Liability (Zion Cultural Center)	2,000,000
Excess Umbrella Coverage (Zion Cultural Center)	5,000,000
General Liability (Community Service Program for Dayton Municipal Court)	100,000
Travel (AD&D)	1,000,000
Executive Management Liability Policy	2,000,000
Public Officials Bond	2,500,000

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010, there were \$15,470 in outstanding claims pending that are reported as a component of claimants payable in the general fund. Claims activity for 2010 and 2009 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>
2010	\$ 3,046	\$ 647,241	\$ (634,817)	\$ 15,470
2009	23,768	469,095	(489,817)	3,046

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 \$5,076,856 reported at December 31, 2010, 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 \$5,076,856 claims liability, \$283,027 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 \$4,793,829. 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, 2010

NOTE 14 - RISK MANAGEMENT - (Continued)

Changes in the funds' claims liability amount in 2010 and 2009 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>
2010	\$ 6,290,048	\$ 2,292,912	\$ (3,506,104)	\$ 5,076,856
2009	5,267,199	2,122,664	(1,099,815)	6,290,048

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 ten 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 and Fire Personnel under union contract. It is given on the basis of time and one-half for actual hours worked. Police officers, sergeants, and lieutenants may 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 may be made for one-half of the total sick leave accumulation, up to a maximum of 140 days.

B. Insurance Benefits

Medical insurance is provided to employees through Anthem Blue Cross/Blue Shield Health Maintenance insurance plans. Dental insurance is provided to employees through MetLife and Ohio AFSCME Care. Group Life and Accidental Death and Dismemberment insurance is provided to employees through Hartford Life and Accident Insurance Company. Life insurance coverage amounts range from \$20,000 to \$300,000 according to employee position.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 15 - OTHER EMPLOYEE BENEFITS - (Continued)

C. Deferred Compensation Plans

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

NOTE 16 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

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 2010, 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 2010 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.5% and 11.1%, respectively. The City's contribution rate for 2010 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87% of covered payroll.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 16 - PENSION PLANS - (Continued)

The City's contribution rate for pension benefits for members in the Traditional Plan for 2010 was 8.50% from January 1 through February 28, 2010 and 9.00% from March 1 through December 31, 2010. The City's contribution rate for pension benefits for members in the Combined Plan for 2010 was 9.27% from January 1 through February 28, 2010 and 9.77% from March 1 through December 31, 2010. For those plan members in law enforcement and public safety pension contributions were 12.37% from January 1 through February 28, 2010 and 12.87% from March 1 through December 31, 2010. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$6,606,910, \$6,356,423, and \$5,847,515, respectively; 92.01% has been contributed for 2010 and 100% has been contributed for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$159,373 made by the City and \$113,838 made by the plan members.

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 2010, 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 \$3,327,952 and \$3,821,620 for the year ended December 31, 2010, \$3,524,787 and \$3,930,474 for the year ended December 31, 2009, and \$3,547,664, \$3,953,996, for the year ended December 31, 2008. The full amount has been contributed for 2009 and 2008. 76.27% has been contributed for police and 77.09% has been contributed for firefighters for 2010.

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 does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 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 2010, local government employers contributed 14.00% of covered payroll (17.87% 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 members in the Traditional Plan for 2010 was 5.50% from January 1 through February 28, 2010 and 5.00% from March 1 through December 31, 2010. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2010 was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010.

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, 2010, 2009, and 2008 were \$3,751,814, \$4,596,951, and \$5,847,515, respectively; 92.01% has been contributed for 2010 and 100% has been contributed for 2009 and 2008.

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 for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

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.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 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, 2010, 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.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$1,761,857 and \$1,495,416 for the year ended December 31, 2010, \$1,866,064 and \$1,538,011 for the year ended December 31, 2009, and \$1,878,175 and \$1,547,216, for the year ended December 31, 2008. The full amount has been contributed for 2009 and 2008. 76.27% has been contributed for police and 77.09% has been contributed for firefighters for 2010.

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations of the general fund for the year ended December 31, 2010, on the GAAP basis to the budget basis are as follows:

	<u>General</u>
Budget basis	\$ (2,145,810)
Net adjustment for revenues	2,072,128
Net adjustment for expenditures	3,057,406
Adjustment for encumbrances	<u>(4,214,454)</u>
GAAP basis	<u>\$ (1,230,730)</u>

NOTE 19 - 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 City-Wide Development Corporation deposits was \$9,162,291 and the bank balance was \$9,384,883. Of the bank balance, \$3,055,400 was covered by federal depository insurance and \$6,329,483 was uncollateralized and uninsured.

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

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 19 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

	<u>2010</u>
Money markets	\$ 78,491
Total	<u>\$ 78,491</u>

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:

	<u>2010</u>
Cash and cash equivalents	\$ 1,265,420
Restricted cash and cash equivalents	<u>7,975,362</u>
Total per combined statement of net assets	<u>\$ 9,240,782</u>
Deposits	\$ 9,162,291
Investments	<u>78,491</u>
Total per GASB Statement No. 3	<u>\$ 9,240,782</u>

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CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 19 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

C. Notes Payable Advance from Primary Government

Notes payable/advance from primary government at December 31, 2010, 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	1,574,975
Note for Renovation of Western Manor	City of Dayton and the Dayton Montgomery County Housing Authority	86,348
Note for redevelopment of Hawthorn School Building	City of Dayton	681,584
Note for Webster Street Project	City of Dayton	200,000
Note for Excelsior Project	City of Dayton	250,000
Note for Phoenix Redevelopment Areas	City of Dayton	2,300,000
Other Notes Payable	City of Dayton	<u>150,000</u>
Total advance from primary government		<u>10,676,507</u>
Note for Phoenix Project	OHFA	300,000
Note for Housing Loans	Third-Party Insurance Company	<u>487,060</u>
Total Notes Payable		<u>787,060</u>
Total Advance from primary government/notes payable		<u><u>\$ 11,463,567</u></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</u> <u>December 31,</u>	<u>Amount</u>
2011	\$ 405,000
2012	430,000
2013	<u>460,000</u>
Total	<u><u>\$ 1,295,000</u></u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 19 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

E. Loans Payable

Loans payable at December 31, 2010 consisted of the following:

<u>Description</u>	<u>Maturity Date</u>	<u>Amount</u>
Real estate loan with a financial institution	June 30, 2014	\$ 475,000
Real estate loan with a financial institution	April 1, 2011	862,786
Mortgage note payable for settlement of lead lawsuit	December 23, 2014	50,000
Real estate loan with a financial institution	December 31, 2039	8,351,000
Real estate loan with a financial institution	June 27, 2040	<u>9,894,000</u>
Total		<u>\$ 19,632,786</u>

The debt service requirements to maturity are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2011	\$ 912,786
2012	50,000
2013	50,000
2014	375,000
2015	-
Thereafter	<u>18,245,000</u>
Total	<u>\$19,632,786</u>

F. Operating Lease

City-Wide has various operating leases for office equipment and office space. The leases expire at various times through 2015. Rent expense associated with these leases was \$28,079 and \$10,618 for the years ended December 31, 2010 and 2009, respectively. City-Wide is responsible for various costs under the lease including insurance, taxes and maintenance.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 19 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2011	\$ 34,282
2012	21,333
2013	20,232
2014	13,466
2015	<u>6,156</u>
Total	<u>\$ 95,469</u>

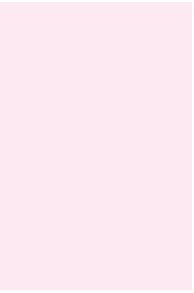
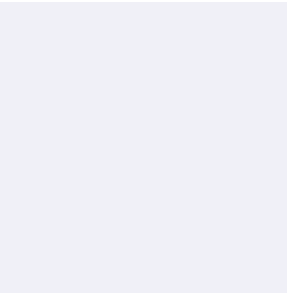
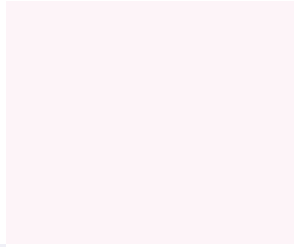
NOTE 20 - CONTINGENCIES

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, 2010, to December 31, 2010, 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.



COMBINING STATEMENTS
AND SCHEDULES



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**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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CITY OF DAYTON, OHIO

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

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

Street

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

Highway Maintenance

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

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Municipal income taxes	\$ 99,108,900	\$ 97,499,100	\$ 98,205,983	\$ 706,883
Property and other local taxes	9,471,900	9,527,800	9,520,613	(7,187)
State shared taxes	12,756,000	13,318,100	13,721,912	403,812
Charges for services	24,340,200	22,221,700	24,492,775	2,271,075
Licenses and permits	1,485,500	1,240,000	1,189,378	(50,622)
Fines and forfeitures	1,907,700	1,436,000	1,459,078	23,078
Intergovernmental	1,045,300	1,045,100	1,049,481	4,381
Special assessments	382,200	182,000	156,559	(25,441)
Investment income	2,468,300	1,404,500	1,686,061	281,561
Other	2,447,300	2,284,300	2,357,977	73,677
Total revenues.	155,413,300	150,158,600	153,839,817	3,681,217
Expenditures:				
General operating:				
General government:				
Clerk of commission	1,057,100	1,000,400	950,841	49,559
Civil service board	1,201,500	1,271,900	1,206,422	65,478
Human relations council	721,800	768,800	747,109	21,691
City manager's office	1,074,100	1,065,000	1,045,380	19,620
Department of public affairs	752,900	763,500	738,635	24,865
Department of planning & community development	2,101,800	2,061,300	2,023,973	37,327
Department of building services	2,280,200	2,264,000	2,101,336	162,664
Clerk of courts	3,461,900	3,488,500	3,467,066	21,434
Municipal court	3,940,800	3,900,200	3,658,789	241,411
Office of economic development	1,154,900	1,348,200	1,296,650	51,550
Department of management and budget	729,900	677,900	665,971	11,929
Department of water	85,200	87,200	86,021	1,179
Department of law	2,237,300	2,037,300	1,985,311	51,989
Department of finance	3,564,800	3,149,800	3,032,833	116,967
Department of human resources	1,060,400	1,328,400	1,236,972	91,428
Department of central services	14,783,300	14,089,000	14,055,529	33,471
Department of police	44,502,900	45,263,500	44,911,335	352,165
Department of fire	34,790,100	36,310,100	35,970,752	339,348
Department of public works	18,499,800	18,970,400	18,099,640	870,760
Department of recreation and youth services	3,500,600	3,369,800	3,212,719	157,081
Non-departmental	2,050,800	1,979,600	1,031,188	948,412
Convention center operating	2,920,900	2,822,500	2,978,195	(155,695)
Special assessments	182,200	182,200	175,040	7,160
Special projects	1,808,100	1,713,400	1,825,357	(111,957)
Total expenditures.	148,463,300	149,912,900	146,503,064	3,409,836
Excess (deficiency) of revenues over (under) expenditures	6,950,000	245,700	7,336,753	7,091,053
Other financing sources (uses):				
Transfers in	-	-	69,863	69,863
Transfers out	(6,950,000)	(9,934,200)	(9,552,426)	381,774
Total other financing sources (uses).	(6,950,000)	(9,934,200)	(9,482,563)	451,637
Net change in fund balances	-	(9,688,500)	(2,145,810)	7,542,690
Fund balance at beginning of year.	18,663,628	18,663,628	18,663,628	-
Prior year encumbrances appropriated.	4,438,340	4,438,340	4,438,340	-
Fund balance at end of year.	\$ 23,101,968	\$ 13,413,468	\$ 20,956,158	\$ 7,542,690

CITY OF DAYTON, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents.	\$ 14,712,215	\$ 85,641	\$ 14,797,856
Investments	-	86,771	86,771
Receivables (net of allowances for uncollectibles):			
Accounts.	82,977	-	82,977
Special assessments	346,895	-	346,895
Accrued interest	6,224	111	6,335
Loans receivable.	6,375,620	-	6,375,620
Due from other funds.	77,541	-	77,541
Due from other governments.	7,570,793	-	7,570,793
Prepayments	5,302	-	5,302
Advances to component unit	8,133,600	-	8,133,600
Total assets	\$ 37,311,167	\$ 172,523	\$ 37,483,690
Liabilities:			
Accounts payable	\$ 236,332	\$ -	\$ 236,332
Contracts payable	1,799,324	-	1,799,324
Accrued wages and benefits payable.	229,396	-	229,396
Retainage payable	78,317	-	78,317
Interfund loans payable	3,776,871	-	3,776,871
Due to other funds.	15,360	-	15,360
Deferred revenue	3,168,094	45	3,168,139
Total liabilities	9,303,694	45	9,303,739
Fund Balances:			
Reserved for encumbrances.	36,431,106	-	36,431,106
Reserved for prepayments	5,302	-	5,302
Reserved for advances to component unit	8,133,600	-	8,133,600
Reserved for loans.	6,375,620	-	6,375,620
Reserved for contributions to permanent fund	-	102,228	102,228
Unreserved, undesignated (deficit), reported in:			
Special revenue funds	(22,938,155)	-	(22,938,155)
Permanent funds	-	70,250	70,250
Total fund balances	28,007,473	172,478	28,179,951
Total liabilities and fund balances	\$ 37,311,167	\$ 172,523	\$ 37,483,690

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
State shared taxes	\$ 5,600,029	\$ -	\$ 5,600,029
Charges for services	892,720	-	892,720
Licenses and permits	96,000	-	96,000
Fines and forfeitures	824,958	-	824,958
Intergovernmental	28,246,079	-	28,246,079
Special assessments	70,002	-	70,002
Investment income	8,510	292	8,802
Increase (decrease) in FMV of investments.	(73)	(6,344)	(6,417)
Other	<u>1,922,833</u>	<u>-</u>	<u>1,922,833</u>
Total revenues.	<u>37,661,058</u>	<u>(6,052)</u>	<u>37,655,006</u>
Expenditures:			
Current:			
Downtown.	1,889	-	1,889
Youth, education and human services.	2,472,481	-	2,472,481
Community development and neighborhoods.	14,595,907	-	14,595,907
Economic development	1,679,829	-	1,679,829
Leadership and quality of life	13,776,280	-	13,776,280
Corporate responsibility.	1,828,540	-	1,828,540
Public safety and justice.	6,053,891	-	6,053,891
Capital outlay	56,858	-	56,858
Debt service:			
Bond issuance costs.	<u>41,975</u>	<u>-</u>	<u>41,975</u>
Total expenditures.	<u>40,507,650</u>	<u>-</u>	<u>40,507,650</u>
(Deficiency) of revenues (under) expenditures	<u>(2,846,592)</u>	<u>(6,052)</u>	<u>(2,852,644)</u>
Other financing sources (uses):			
Bond issuance.	2,500,000	-	2,500,000
Transfers in	5,211,025	-	5,211,025
Transfers (out)	(161,202)	-	(161,202)
(Discount) on bond issuance	<u>(34,409)</u>	<u>-</u>	<u>(34,409)</u>
Total other financing sources (uses).	<u>7,515,414</u>	<u>-</u>	<u>7,515,414</u>
Net change in fund balances	4,668,822	(6,052)	4,662,770
Fund balances at beginning of year.	<u>23,338,651</u>	<u>178,530</u>	<u>23,517,181</u>
Fund balances at end of year.	<u>\$ 28,007,473</u>	<u>\$ 172,478</u>	<u>\$ 28,179,951</u>

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CITY OF DAYTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 80,059	\$ 482,629	\$ 10,156,700
Receivables (net of allowances for uncollectibles):			
Accounts.	9,889	-	57,799
Special assessments.	-	-	-
Accrued interest	-	-	1,741
Loans receivable	-	-	6,375,620
Due from other funds.	-	-	77,541
Due from other governments	2,313,298	206,527	442,659
Prepayments	-	-	-
Advances to component unit	-	-	400,000
Total assets.	<u>\$ 2,403,246</u>	<u>\$ 689,156</u>	<u>\$ 17,512,060</u>
Liabilities:			
Accounts payable.	\$ 79,258	\$ 33,333	\$ 37,497
Contracts payable.	-	-	5,325
Accrued wages and benefits payable.	97,114	5,978	5,022
Retainage payable	-	-	-
Interfund loans payable	-	-	-
Due to other funds	10,750	-	-
Deferred revenue.	<u>1,508,571</u>	<u>133,811</u>	<u>218,065</u>
Total liabilities.	<u>1,695,693</u>	<u>173,122</u>	<u>265,909</u>
Fund Balances:			
Reserved for encumbrances	51,721	-	1,366,027
Reserved for prepayments	-	-	-
Reserved for advances to component unit	-	-	400,000
Reserved for loans	-	-	6,375,620
Unreserved, undesignated (deficit), reported in:			
Special revenue funds	<u>655,832</u>	<u>516,034</u>	<u>9,104,504</u>
Total fund balances	<u>707,553</u>	<u>516,034</u>	<u>17,246,151</u>
Total liabilities and fund balances.	<u>\$ 2,403,246</u>	<u>\$ 689,156</u>	<u>\$ 17,512,060</u>

<u>HUD Programs</u>	<u>Miscellaneous Grants</u>	<u>Total</u>
\$ -	\$ 3,992,827	\$ 14,712,215
150	15,139	82,977
346,895	-	346,895
-	4,483	6,224
-	-	6,375,620
-	-	77,541
3,865,595	742,714	7,570,793
5,302	-	5,302
7,733,600	-	8,133,600
<u>\$ 11,951,542</u>	<u>\$ 4,755,163</u>	<u>\$ 37,311,167</u>
\$ 35,903	\$ 50,341	\$ 236,332
1,705,130	88,869	1,799,324
63,923	57,359	229,396
78,317	-	78,317
3,776,871	-	3,776,871
2,591	2,019	15,360
863,204	444,443	3,168,094
<u>6,525,939</u>	<u>643,031</u>	<u>9,303,694</u>
26,050,834	8,962,524	36,431,106
5,302	-	5,302
7,733,600	-	8,133,600
-	-	6,375,620
<u>(28,364,133)</u>	<u>(4,850,392)</u>	<u>(22,938,155)</u>
<u>5,425,603</u>	<u>4,112,132</u>	<u>28,007,473</u>
<u>\$ 11,951,542</u>	<u>\$ 4,755,163</u>	<u>\$ 37,311,167</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, 2010

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Revenues:			
State shared taxes	\$ 5,164,749	\$ 435,280	\$ -
Charges for services	437,915	-	47,230
Licenses and permits	-	-	96,000
Fines and forfeitures	-	-	5,148
Intergovernmental	97,002	-	1,637,003
Special assessments	-	-	-
Investment income	-	-	1,285
Increase (decrease) in FMV of investments	-	-	260
Other	167,770	10,773	1,552,898
Total revenues	<u>5,867,436</u>	<u>446,053</u>	<u>3,339,824</u>
Expenditures:			
Current:			
Downtown	-	-	427
Youth, education and human services	-	-	-
Community development and neighborhoods	35,724	-	-
Economic development	-	-	1,420,902
Leadership and quality of life	7,354,593	407,556	362,935
Corporate responsibility	15,267	-	1,377,842
Public safety and justice	-	-	1,065,580
Capital outlay	-	-	-
Debt service:			
Bond issuance costs	-	-	41,975
Total expenditures	<u>7,405,584</u>	<u>407,556</u>	<u>4,269,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,538,148)</u>	<u>38,497</u>	<u>(929,837)</u>
Other financing sources (uses):			
Bond issuance	-	-	2,500,000
Transfers in	1,400,000	-	3,150,000
Transfers (out)	-	-	-
(Discount) on bond issuance	-	-	(34,409)
Total other financing sources (uses)	<u>1,400,000</u>	<u>-</u>	<u>5,615,591</u>
Net change in fund balances	(138,148)	38,497	4,685,754
Fund balances at beginning of year	<u>845,701</u>	<u>477,537</u>	<u>12,560,397</u>
Fund balances at end of year	<u>\$ 707,553</u>	<u>\$ 516,034</u>	<u>\$ 17,246,151</u>

HUD Programs	Miscellaneous Grants	Total
\$ -	\$ -	\$ 5,600,029
36,489	371,086	892,720
-	-	96,000
-	819,810	824,958
21,818,815	4,693,259	28,246,079
70,002	-	70,002
-	7,225	8,510
-	(333)	(73)
1,654	189,738	1,922,833
<u>21,926,960</u>	<u>6,080,785</u>	<u>37,661,058</u>
1,462	-	1,889
2,472,481	-	2,472,481
14,518,459	41,724	14,595,907
142,993	115,934	1,679,829
4,259,631	1,391,565	13,776,280
427,769	7,662	1,828,540
-	4,988,311	6,053,891
56,858	-	56,858
-	-	41,975
<u>21,879,653</u>	<u>6,545,196</u>	<u>40,507,650</u>
<u>47,307</u>	<u>(464,411)</u>	<u>(2,846,592)</u>
-	-	2,500,000
-	661,025	5,211,025
-	(161,202)	(161,202)
-	-	(34,409)
-	499,823	7,515,414
47,307	35,412	4,668,822
<u>5,378,296</u>	<u>4,076,720</u>	<u>23,338,651</u>
<u>\$ 5,425,603</u>	<u>\$ 4,112,132</u>	<u>\$ 28,007,473</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State shared taxes	4,559,700	5,288,600	5,262,589	(26,011)
Charges for services	361,300	419,000	416,972	(2,028)
Other	116,000	134,600	133,874	(726)
Total revenues.	<u>5,037,000</u>	<u>5,842,200</u>	<u>5,813,435</u>	<u>(28,765)</u>
Expenditures:				
Department of public works	6,388,500	7,510,300	7,400,314	109,986
Total expenditures.	<u>6,388,500</u>	<u>7,510,300</u>	<u>7,400,314</u>	<u>109,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,351,500)</u>	<u>(1,668,100)</u>	<u>(1,586,879)</u>	<u>81,221</u>
Other financing sources:				
Transfers in	1,213,000	1,406,900	1,400,000	(6,900)
Total other financing sources.	<u>1,213,000</u>	<u>1,406,900</u>	<u>1,400,000</u>	<u>(6,900)</u>
Net change in fund balance	(138,500)	(261,200)	(186,879)	74,321
Fund balance at beginning of year.	1,180,708	1,180,708	1,180,708	-
Prior year encumbrances appropriated	38,684	38,684	38,684	-
Fund balance at end of year	<u>\$ 1,080,892</u>	<u>\$ 958,192</u>	<u>\$ 1,032,513</u>	<u>\$ 74,321</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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State shared taxes	\$ 400,000	\$ 400,000	\$ 434,749	\$ 34,749
Other	-	-	953	953
Total revenues.	<u>400,000</u>	<u>400,000</u>	<u>435,702</u>	<u>35,702</u>
Expenditures:				
Department of public works	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total expenditures.	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balance	-	-	35,702	35,702
Fund balance at beginning of year.	350,058	350,058	350,058	-
Prior year encumbrances appropriated	65,116	65,116	65,116	-
Fund balance at end of year	<u>\$ 415,174</u>	<u>\$ 415,174</u>	<u>\$ 450,876</u>	<u>\$ 35,702</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 OTHER SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 47,600	81,900	\$ 82,580	\$ 680
Licenses and permits.	55,300	95,200	96,000	800
Intergovernmental	815,400	1,404,000	1,416,435	12,435
Investment income	1,700	2,900	2,926	26
Other	964,300	1,660,300	1,680,124	19,824
Total revenues.	<u>1,884,300</u>	<u>3,244,300</u>	<u>3,278,065</u>	<u>33,765</u>
Expenditures:				
Various departments.	<u>6,792,700</u>	<u>5,960,200</u>	<u>3,746,066</u>	<u>2,214,134</u>
Total expenditures.	<u>6,792,700</u>	<u>5,960,200</u>	<u>3,746,066</u>	<u>2,214,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,908,400)</u>	<u>(2,715,900)</u>	<u>(468,001)</u>	<u>2,247,899</u>
Other financing sources (uses):				
Bond issuance.	1,398,200	2,407,400	2,500,000	92,600
Discount on bond issuance.	-	-	(34,409)	(34,409)
Transfers in	1,813,400	3,122,400	3,150,000	27,600
Transfers out	<u>(46,200)</u>	<u>(16,700)</u>	<u>-</u>	<u>16,700</u>
Total other financing sources (uses).	<u>3,165,400</u>	<u>5,513,100</u>	<u>5,615,591</u>	<u>102,491</u>
Net change in fund balance	(1,743,000)	2,797,200	5,147,590	2,350,390
Fund balance at beginning of year.	9,947,605	9,947,605	9,947,605	-
Prior year encumbrances appropriated	<u>4,115,011</u>	<u>4,115,011</u>	<u>4,115,011</u>	<u>-</u>
Fund balance at end of year	<u>\$ 12,319,616</u>	<u>\$ 16,859,816</u>	<u>\$ 19,210,206</u>	<u>\$ 2,350,390</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Charges for services	\$ 967,000	\$ 1,106,200	\$ 324,248	\$ (781,952)
Intergovernmental	19,197,400	21,959,700	6,436,869	(15,522,831)
Other	<u>3,784,500</u>	<u>4,329,000</u>	<u>1,268,927</u>	<u>(3,060,073)</u>
Total revenues.	<u>23,948,900</u>	<u>27,394,900</u>	<u>8,030,044</u>	<u>(19,364,856)</u>
Expenditures:				
Various departments.	<u>18,366,000</u>	<u>23,461,000</u>	<u>15,897,557</u>	<u>7,563,443</u>
Total expenditures.	<u>18,366,000</u>	<u>23,461,000</u>	<u>15,897,557</u>	<u>7,563,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,582,900</u>	<u>3,933,900</u>	<u>(7,867,513)</u>	<u>(11,801,413)</u>
Other financing sources:				
Transfers in	2,046,000	2,340,300	651,468	(1,688,832)
Transfers out	<u>(447,100)</u>	<u>(571,100)</u>	<u>(161,202)</u>	<u>409,898</u>
Total other financing sources.	<u>1,598,900</u>	<u>1,769,200</u>	<u>490,266</u>	<u>(1,278,934)</u>
Net change in fund balance	7,181,800	5,703,100	(7,377,247)	(13,080,347)
Fund balance at beginning of year.	(7,472,181)	(7,472,181)	(7,472,181)	-
Prior year encumbrances appropriated	9,654,041	9,654,041	9,654,041	-
Fund balance at end of year	<u>\$ 9,363,660</u>	<u>\$ 7,884,960</u>	<u>\$ (5,195,387)</u>	<u>\$ (13,080,347)</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Other	50,000	50,000	213	49,787
Total expenditures.	50,000	50,000	213	49,787
Net change in fund balance	(50,000)	(50,000)	(213)	49,787
Fund balance at beginning of year.	146,075	146,075	146,075	-
Fund balance at end of year	<u>\$ 96,075</u>	<u>\$ 96,075</u>	<u>\$ 145,862</u>	<u>\$ 49,787</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, 2010

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues:				
Property and other taxes	\$ 7,108,100	\$ 9,452,800	\$ 8,940,493	\$ (512,307)
Intergovernmental.	838,600	1,115,200	1,054,810	(60,390)
Special assessments	112,600	149,700	141,601	(8,099)
Investment income.	-	-	269,606	269,606
Other	146,400	194,700	307,563	112,863
Total revenues.	<u>8,205,700</u>	<u>10,912,400</u>	<u>10,714,073</u>	<u>(198,327)</u>
Expenditures:				
Department of finance	16,500,100	16,500,100	13,103,456	3,396,644
Total expenditures.	<u>16,500,100</u>	<u>16,500,100</u>	<u>13,103,456</u>	<u>3,396,644</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,294,400)</u>	<u>(5,587,700)</u>	<u>(2,389,383)</u>	<u>3,198,317</u>
Other financing sources:				
Sale of bonds.	764,000	1,016,100	-	(1,016,100)
Transfers in	1,927,500	2,563,300	2,584,621	21,321
Total other financing sources.	<u>2,691,500</u>	<u>3,579,400</u>	<u>2,584,621</u>	<u>(994,779)</u>
Net change in fund balance	(5,602,900)	(2,008,300)	195,238	2,203,538
Fund balance at beginning of year.	24,869,692	24,869,692	24,869,692	-
Prior year encumbrances appropriated.	34,825	34,825	34,825	-
Fund balance at end of year	<u>\$ 19,301,617</u>	<u>\$ 22,896,217</u>	<u>\$ 25,099,755</u>	<u>\$ 2,203,538</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, 2010

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 7,256,409	\$ 383,390	\$ 7,639,799
Receivables (net of allowance for uncollectibles):			
Special assessments	696,479	-	696,479
Accounts	1,605,079	-	1,605,079
Due from other funds	-	377	377
Total current assets	<u>9,557,967</u>	<u>383,767</u>	<u>9,941,734</u>
Noncurrent assets:			
Unamortized bond issuance costs.	-	3,910	3,910
Capital assets:			
Land and construction in progress	61,725	594,927	656,652
Depreciable capital assets, net	11,666,398	4,688,411	16,354,809
Total capital assets, net.	<u>11,728,123</u>	<u>5,283,338</u>	<u>17,011,461</u>
Total noncurrent assets	<u>11,728,123</u>	<u>5,287,248</u>	<u>17,015,371</u>
Total assets.	<u>21,286,090</u>	<u>5,671,015</u>	<u>26,957,105</u>
Liabilities:			
Current liabilities:			
Accounts payable	37,154	29,202	66,356
Contracts payable	94,334	1,378	95,712
Accrued wages and benefits payable.	91,774	24,935	116,709
Compensated absences payable - current.	135,235	59,931	195,166
Accrued interest payable.	-	5,583	5,583
Due to other funds	587,932	123	588,055
Due to other governments	-	442	442
Advances from other funds	-	933,540	933,540
General obligation bonds payable - current.	-	376,042	376,042
Total current liabilities.	<u>946,429</u>	<u>1,431,176</u>	<u>2,377,605</u>
Noncurrent liabilities:			
Compensated absences.	103,474	45,856	149,330
General obligation bonds payable	-	745,031	745,031
Total noncurrent liabilities.	<u>103,474</u>	<u>790,887</u>	<u>894,361</u>
Total liabilities.	<u>1,049,903</u>	<u>2,222,063</u>	<u>3,271,966</u>
Net assets:			
Invested in capital assets, net of related debt	11,728,123	4,162,265	15,890,388
Unrestricted (deficit)	<u>8,508,064</u>	<u>(713,313)</u>	<u>7,794,751</u>
Total net assets	<u>\$ 20,236,187</u>	<u>\$ 3,448,952</u>	<u>\$ 23,685,139</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Storm Water	Golf	Total
Operating revenues:			
Charges for services	\$ 7,100,721	\$ 3,177,815	\$ 10,278,536
Other	112,783	2,651	115,434
Total operating revenues	<u>7,213,504</u>	<u>3,180,466</u>	<u>10,393,970</u>
Operating expenses:			
Personal services	2,509,179	1,139,169	3,648,348
Benefit payments	972,329	368,334	1,340,663
Contractual services	2,053,426	699,923	2,753,349
Materials and supplies.	193,079	295,333	488,412
Utilities	84,308	123,847	208,155
Depreciation.	427,902	261,794	689,696
Other.	196,234	67,262	263,496
Total operating expenses	<u>6,436,457</u>	<u>2,955,662</u>	<u>9,392,119</u>
Operating income.	<u>777,047</u>	<u>224,804</u>	<u>1,001,851</u>
Nonoperating expenses:			
Interest expense and fiscal charges.	-	(80,620)	(80,620)
Total nonoperating expenses.	<u>-</u>	<u>(80,620)</u>	<u>(80,620)</u>
Income before transfers and contributions	777,047	144,184	921,231
Transfers in	-	37,210	37,210
Transfers out	(42,508)	-	(42,508)
Capital contributions.	32,530	-	32,530
Change in net assets.	767,069	181,394	948,463
Net assets, January 1	<u>19,469,118</u>	<u>3,267,558</u>	<u>22,736,676</u>
Net assets, December 31	<u>\$ 20,236,187</u>	<u>\$ 3,448,952</u>	<u>\$ 23,685,139</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Storm Water	Golf	Total
Cash flows from operating activities:			
Cash received from customers	\$ 6,693,858	\$ 3,178,294	\$ 9,872,152
Cash received from other operating revenues	127,363	2,578	129,941
Cash payments for personal services	(2,464,544)	(1,130,467)	(3,595,011)
Cash payments for fringe benefits	(995,230)	(375,467)	(1,370,697)
Cash payments for contract services.	(1,956,920)	(700,929)	(2,657,849)
Cash payments for materials and supplies.	(185,255)	(278,993)	(464,248)
Cash payments for utilities.	(82,412)	(121,093)	(203,505)
Cash payments for other operating expenses	(196,338)	(67,174)	(263,512)
Net cash provided by operating activities.	<u>940,522</u>	<u>506,749</u>	<u>1,447,271</u>
Cash flows from noncapital financing activities:			
Cash received from interfund loans	-	21,234	21,234
Transfers in	-	37,210	37,210
Transfers out	(42,508)	-	(42,508)
Net cash provided by (used in) noncapital financing activities	<u>(42,508)</u>	<u>58,444</u>	<u>15,936</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(618,478)	(47,000)	(665,478)
Capital contributions	32,530	-	32,530
Principal paid on bonds	-	(254,873)	(254,873)
Interest paid on bonds	-	(77,594)	(77,594)
Net cash used in capital and related financing activities.	<u>(585,948)</u>	<u>(379,467)</u>	<u>(965,415)</u>
Net increase in cash and cash equivalents	312,066	185,726	497,792
Cash and cash equivalents at beginning of year. . .	6,944,343	197,664	7,142,007
Cash and cash equivalents at end of year.	<u>\$ 7,256,409</u>	<u>\$ 383,390</u>	<u>\$ 7,639,799</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income.	\$ 777,047	\$ 224,804	\$ 1,001,851
Adjustments:			
Depreciation	427,902	261,794	689,696
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable.	(133,885)	479	(133,406)
Increase (decrease) in due from other funds	14,580	(73)	14,507
(Increase) in special assessments receivable	(272,978)	-	(272,978)
Increase (decrease) in accounts payable	(10,987)	19,094	8,107
Increase in contracts payable	94,334	43	94,377
Increase (decrease) in accrued wages and benefits.	15,257	1,866	17,123
Increase (decrease) in due to other funds	22,775	(961)	21,814
Increase (decrease) in compensated absences payable	6,477	(297)	6,180
Net cash provided by operating activities.	<u>\$ 940,522</u>	<u>\$ 506,749</u>	<u>\$ 1,447,271</u>

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, 2010

	<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.	\$ 263,182	\$ -	\$ 89,378	\$ 14,341,326	\$ 506,832	\$ 15,200,718
Receivables (net of allowances of uncollectibles):						
Accounts.	94	5,483	-	-	-	5,577
Due from other funds.	68,786	59,110	30,587	-	-	158,483
Due from other governments.	-	46,815	-	-	-	46,815
Prepayments.	3,300	15,239	-	-	-	18,539
Inventory held for resale	337,687	314,674	10,146	-	-	662,507
Total current assets	<u>673,049</u>	<u>441,321</u>	<u>130,111</u>	<u>14,341,326</u>	<u>506,832</u>	<u>16,092,639</u>
Noncurrent assets:						
Capital assets:						
Depreciable capital assets, net	180,885	880,859	1,366	64,104	27,784	1,154,998
Total noncurrent assets	<u>180,885</u>	<u>880,859</u>	<u>1,366</u>	<u>64,104</u>	<u>27,784</u>	<u>1,154,998</u>
Total assets.	<u>853,934</u>	<u>1,322,180</u>	<u>131,477</u>	<u>14,405,430</u>	<u>534,616</u>	<u>17,247,637</u>
Liabilities:						
Current liabilities:						
Accounts payable.	164,395	4,844	32,682	9,127	2,501	213,549
Accrued wages and benefits payable	74,836	19,992	2,962	9,625	12,176	119,591
Compensated absences payable - current.	93,787	14,493	8,571	30,029	15,898	162,778
Interfund loans payable.	400,000	82,575	-	-	-	482,575
Due to other funds	221	42	-	689	158	1,110
Due to other governments	-	-	-	1,445,882	-	1,445,882
Claims payable - current	-	-	-	283,027	-	283,027
Total current liabilities.	<u>733,239</u>	<u>121,946</u>	<u>44,215</u>	<u>1,778,379</u>	<u>30,733</u>	<u>2,708,512</u>
Noncurrent liabilities:						
Compensated absences payable.	71,761	11,089	6,558	22,977	12,164	124,549
Claims payable	-	-	-	4,793,829	-	4,793,829
Total noncurrent liabilities.	<u>71,761</u>	<u>11,089</u>	<u>6,558</u>	<u>4,816,806</u>	<u>12,164</u>	<u>4,918,378</u>
Total liabilities.	<u>805,000</u>	<u>133,035</u>	<u>50,773</u>	<u>6,595,185</u>	<u>42,897</u>	<u>7,626,890</u>
Net assets:						
Invested in capital assets, net of related debt	180,885	880,859	1,366	64,104	27,784	1,154,998
Unrestricted (deficit).	(131,951)	308,286	79,338	7,746,141	463,935	8,465,749
Total net assets.	<u>\$ 48,934</u>	<u>\$ 1,189,145</u>	<u>\$ 80,704</u>	<u>\$ 7,810,245</u>	<u>\$ 491,719</u>	<u>\$ 9,620,747</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Fleet Management	Fire Fleet Management	Stores and Reproduction	Workers' Compensation	Plumbing Shop	Total
Operating revenues:						
Charges for services	\$ 7,221,186	\$ 1,043,315	\$ 215,581	\$ 3,994,680	\$ 485,902	\$ 12,960,664
Other operating revenues	8,516	8,757	306,945	-	-	324,218
Total operating revenues	<u>7,229,702</u>	<u>1,052,072</u>	<u>522,526</u>	<u>3,994,680</u>	<u>485,902</u>	<u>13,284,882</u>
Operating expenses:						
Personal services	1,951,807	452,917	157,431	511,531	256,242	3,329,928
Fringe benefits	804,829	168,749	63,811	191,357	101,840	1,330,586
Contractual services	378,691	99,930	370,809	201,719	8,813	1,059,962
Materials and supplies	1,555,316	-	-	65,182	62,911	1,683,409
Cost of sales	2,358,186	198,854	66,943	-	-	2,623,983
Utilities	-	21,974	-	-	-	21,974
Claims expense	-	-	-	1,157,516	-	1,157,516
Depreciation	40,112	32,221	1,669	9,159	8,274	91,435
Other	15,730	1,119	507	17,655	-	35,011
Total operating expenses	<u>7,104,671</u>	<u>975,764</u>	<u>661,170</u>	<u>2,154,119</u>	<u>438,080</u>	<u>11,333,804</u>
Operating income (loss)	<u>125,031</u>	<u>76,308</u>	<u>(138,644)</u>	<u>1,840,561</u>	<u>47,822</u>	<u>1,951,078</u>
Transfers in	-	-	130,000	-	-	130,000
Transfers out	-	(117,699)	-	-	-	(117,699)
Change in net assets	125,031	(41,391)	(8,644)	1,840,561	47,822	1,963,379
Net assets (deficit), January 1	<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>
Net assets, December 31	<u>\$ 48,934</u>	<u>\$ 1,189,145</u>	<u>\$ 80,704</u>	<u>\$ 7,810,245</u>	<u>\$ 491,719</u>	<u>\$ 9,620,747</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Fleet Management	Fire Fleet Management	Stores and Reproduction	Workers' Compensation	Plumbing Shop	Total
Cash flows from operating activities:						
Cash received from interfund services provided.	\$ 7,227,075	\$ 993,876	\$ 220,887	\$ 3,994,680	\$ 522,679	\$ 12,959,197
Cash received from other operations.	8,516	8,757	306,945	-	-	324,218
Cash payments for personal services	(1,970,431)	(452,121)	(156,145)	(513,450)	(252,403)	(3,344,550)
Cash payments for fringe benefits	(831,900)	(173,985)	(64,582)	(194,326)	(105,103)	(1,369,896)
Cash payments for contract services.	(383,113)	(112,576)	(400,763)	(199,723)	(8,838)	(1,105,013)
Cash payments for materials and supplies.	(1,487,919)	-	-	(66,102)	(70,979)	(1,625,000)
Cash payments for cost of goods sold	(2,329,960)	(218,349)	(64,381)	-	-	(2,612,690)
Cash payments for utilities.	-	(23,331)	-	-	-	(23,331)
Cash payments for claims	-	-	-	(2,746,842)	-	(2,746,842)
Cash payments for other operating expenses	(15,768)	(1,077)	(507)	(16,966)	-	(34,318)
Net cash provided by (used in) operating activities. . .	<u>216,500</u>	<u>21,194</u>	<u>(158,546)</u>	<u>257,271</u>	<u>85,356</u>	<u>421,775</u>
Cash flows from noncapital financing activities:						
Transfers in	-	-	130,000	-	-	130,000
Transfers out	-	(117,699)	-	-	-	(117,699)
Cash received from interfund loans	-	82,575	-	-	-	82,575
Net cash provided by (used in) noncapital financing activities.	<u>-</u>	<u>(35,124)</u>	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>94,876</u>
Net increase (decrease) in cash and cash equivalents. . .	216,500	(13,930)	(28,546)	257,271	85,356	516,651
Cash and cash equivalents at beginning 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>
Cash and cash equivalents at end of year.	<u>\$ 263,182</u>	<u>\$ -</u>	<u>\$ 89,378</u>	<u>\$ 14,341,326</u>	<u>\$ 506,832</u>	<u>\$ 15,200,718</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 125,031	\$ 76,308	\$ (138,644)	\$ 1,840,561	\$ 47,822	\$ 1,951,078
Adjustments:						
Depreciation	40,112	32,221	1,669	9,159	8,274	91,435
Changes in assets and liabilities:						
Decrease in accounts receivable.	28	9,070	-	-	-	9,098
(Increase) decrease in due from other funds	5,861	(59,110)	5,306	-	36,777	(11,166)
(Increase) decrease in prepaid assets	(3,300)	6,006	-	-	-	2,706
(Increase) in due from other governments.	-	(20,068)	-	-	-	(20,068)
(Increase) decrease in inventory held for resale.	28,226	(20,827)	1,823	-	-	9,222
Increase (decrease) in accounts payable	66,150	1,992	(29,215)	1,077	(7,403)	32,601
Increase (decrease) in accrued wages and benefits	(8,764)	3,035	526	1,291	1,492	(2,420)
Increase (decrease) in due to other funds	87	42	-	688	(690)	127
(Decrease) in due to other governments	-	-	-	(376,134)	-	(376,134)
(Decrease) in compensated absences payable.	(36,931)	(7,475)	(11)	(6,179)	(916)	(51,512)
(Decrease) in claims payable.	-	-	-	(1,213,192)	-	(1,213,192)
Net cash provided by (used in) operating activities. . .	<u>\$ 216,500</u>	<u>\$ 21,194</u>	<u>\$ (158,546)</u>	<u>\$ 257,271</u>	<u>\$ 85,356</u>	<u>\$ 421,775</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 | EPA GMR Trading Project |
| Building Permit Surcharge | Municipal Courts |
| | Executive Severance |

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Balance 12/31/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/10</u>
Guaranty				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 49,649	\$ -	\$ -	\$ 49,649
Total assets.	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
Liabilities:				
Intergovernmental payable.	\$ 49,649	\$ -	\$ -	\$ 49,649
Total liabilities.	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
Performance Bond				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 14,119	\$ -	\$ -	\$ 14,119
Total assets.	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
Liabilities:				
Withholdings and deposits.	\$ 14,119	\$ -	\$ -	\$ 14,119
Total liabilities.	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
Developer Construction Payments				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,800	\$ -	\$ 200	\$ 2,600
Total assets.	<u>\$ 2,800</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 2,600</u>
Liabilities:				
Due to others.	\$ 2,800	\$ -	\$ 200	\$ 2,600
Total liabilities.	<u>\$ 2,800</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 2,600</u>
Deposit of Taxes/Courthouse Square				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 120,166	\$ -	\$ 120,166	\$ -
Accounts receivable.	324,684	896,223	324,684	896,223
Total assets.	<u>\$ 444,850</u>	<u>\$ 896,223</u>	<u>\$ 444,850</u>	<u>\$ 896,223</u>
Liabilities:				
Accounts payable	\$ -	\$ 358,333	\$ -	\$ 358,333
Intergovernmental payable.	444,850	417,314	444,850	417,314
Due to others.	-	120,576	-	120,576
Total liabilities.	<u>\$ 444,850</u>	<u>\$ 896,223</u>	<u>\$ 444,850</u>	<u>\$ 896,223</u>
Dependent Care				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 3,492	\$ -	\$ 1,264	\$ 2,228
Total assets.	<u>\$ 3,492</u>	<u>\$ -</u>	<u>\$ 1,264</u>	<u>\$ 2,228</u>
Liabilities:				
Intergovernmental payable.	\$ 3,492	\$ -	\$ 1,264	\$ 2,228
Total liabilities.	<u>\$ 3,492</u>	<u>\$ -</u>	<u>\$ 1,264</u>	<u>\$ 2,228</u>

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CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Balance</u> <u>12/31/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/10</u>
Fire Proceeds				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 694,229	\$ 68,849	\$ -	\$ 763,078
Total assets.	<u>\$ 694,229</u>	<u>\$ 68,849</u>	<u>\$ -</u>	<u>\$ 763,078</u>
Liabilities:				
Intergovernmental payable.	\$ 694,229	\$ 68,849	\$ -	\$ 763,078
Total liabilities.	<u>\$ 694,229</u>	<u>\$ 68,849</u>	<u>\$ -</u>	<u>\$ 763,078</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.	\$ 4,319	\$ 4,802	\$ 4,319	\$ 4,802
Total assets.	<u>\$ 4,319</u>	<u>\$ 4,802</u>	<u>\$ 4,319</u>	<u>\$ 4,802</u>
Liabilities:				
Accounts payable	\$ 931	\$ 1,066	\$ 931	\$ 1,066
Intergovernmental payable.	3,388	3,736	3,388	3,736
Total liabilities.	<u>\$ 4,319</u>	<u>\$ 4,802</u>	<u>\$ 4,319</u>	<u>\$ 4,802</u>
Payroll Withholding				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 4,227,955	\$ 4,186,051	\$ 4,188,622	\$ 4,225,384
Receivables:				
Intergovernmental.	-	120,576	-	120,576
Total assets.	<u>\$ 4,227,955</u>	<u>\$ 4,306,627</u>	<u>\$ 4,188,622</u>	<u>\$ 4,345,960</u>
Liabilities:				
Accounts payable	\$ 2,950	\$ 29,727	\$ 2,950	\$ 29,727
Withholdings and deposits.	4,225,005	4,276,900	4,185,672	4,316,233
Total liabilities.	<u>\$ 4,227,955</u>	<u>\$ 4,306,627</u>	<u>\$ 4,188,622</u>	<u>\$ 4,345,960</u>
Special Improvement District				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 18,186	\$ 26,911	\$ -	\$ 45,097
Receivables:				
Special assessments.	-	6,491,489	18,186	6,473,303
Total assets.	<u>\$ 18,186</u>	<u>\$ 6,518,400</u>	<u>\$ 18,186</u>	<u>\$ 6,518,400</u>
Liabilities:				
Due to others.	\$ -	\$ 6,518,400	\$ -	\$ 6,518,400
Intergovernmental payable.	18,186	-	18,186	-
Total liabilities.	<u>\$ 18,186</u>	<u>\$ 6,518,400</u>	<u>\$ 18,186</u>	<u>\$ 6,518,400</u>

-- Continued

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2010

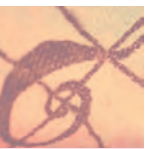
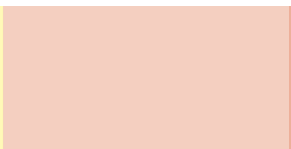
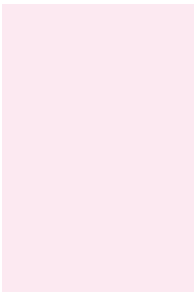
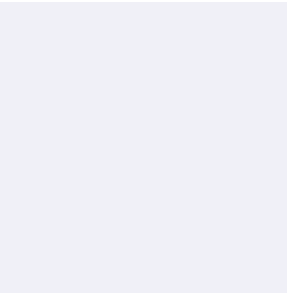
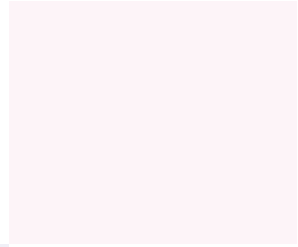
	<u>Balance</u> <u>12/31/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/10</u>
GMR Trading Project				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 101,429	\$ 1,952	\$ -	\$ 103,381
Total assets.	<u>\$ 101,429</u>	<u>\$ 1,952</u>	<u>\$ -</u>	<u>\$ 103,381</u>
Liabilities:				
Intergovernmental payable.	\$ 101,429	\$ 1,952	\$ -	\$ 103,381
Total liabilities.	<u>\$ 101,429</u>	<u>\$ 1,952</u>	<u>\$ -</u>	<u>\$ 103,381</u>
Miami Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 106,270	\$ 176,917	\$ 106,270	\$ 176,917
Total assets.	<u>\$ 106,270</u>	<u>\$ 176,917</u>	<u>\$ 106,270</u>	<u>\$ 176,917</u>
Liabilities:				
Accounts payable	\$ 46,008	\$ 37,847	\$ 46,008	\$ 37,847
Intergovernmental payable.	60,262	139,070	60,262	139,070
Total liabilities.	<u>\$ 106,270</u>	<u>\$ 176,917</u>	<u>\$ 106,270</u>	<u>\$ 176,917</u>
Butler Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 15,766	\$ 23,596	\$ 15,766	\$ 23,596
Total assets.	<u>\$ 15,766</u>	<u>\$ 23,596</u>	<u>\$ 15,766</u>	<u>\$ 23,596</u>
Liabilities:				
Accounts payable	\$ 5,516	\$ 6,001	\$ 5,516	\$ 6,001
Intergovernmental payable.	10,250	17,595	10,250	17,595
Total liabilities.	<u>\$ 15,766</u>	<u>\$ 23,596</u>	<u>\$ 15,766</u>	<u>\$ 23,596</u>
Emery				
Assets:				
Investments with fiscal agent.	\$ 3,388,287	\$ -	\$ -	\$ 3,388,287
Total assets.	<u>\$ 3,388,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,388,287</u>
Liabilities:				
Due to others.	\$ 3,388,287	\$ -	\$ -	\$ 3,388,287
Total liabilities.	<u>\$ 3,388,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,388,287</u>
EPA GMR Trading Project				
Assets:				
Equity in pooled cash and cash equivalents.	\$ -	\$ 234,498	\$ -	\$ 234,498
Total assets.	<u>\$ -</u>	<u>\$ 234,498</u>	<u>\$ -</u>	<u>\$ 234,498</u>
Liabilities:				
Due to others.	\$ -	\$ 234,498	\$ -	\$ 234,498
Total liabilities.	<u>\$ -</u>	<u>\$ 234,498</u>	<u>\$ -</u>	<u>\$ 234,498</u>

-- Continued

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Balance 12/31/09	Additions	Deductions	Balance 12/31/10
Municipal Courts				
Assets:				
Cash and cash equivalents with fiscal agents	\$ 761,040	\$ 996,745	\$ 761,040	\$ 996,745
Total assets.	\$ 761,040	\$ 996,745	\$ 761,040	\$ 996,745
Liabilities:				
Intergovernmental payable.	\$ 346,984	\$ 332,063	\$ 346,984	\$ 332,063
Due to others.	414,056	664,682	414,056	664,682
Total liabilities.	\$ 761,040	\$ 996,745	\$ 761,040	\$ 996,745
Executive Severance				
Assets:				
Investments with fiscal agents	\$ 827,907	\$ 826,202	\$ 827,907	\$ 826,202
Total assets.	\$ 827,907	\$ 826,202	\$ 827,907	\$ 826,202
Liabilities:				
Withholdings and deposits.	\$ 827,907	\$ 826,202	\$ 827,907	\$ 826,202
Total liabilities.	\$ 827,907	\$ 826,202	\$ 827,907	\$ 826,202
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 5,411,900	\$ 4,723,576	\$ 4,436,607	\$ 5,698,869
Investments with fiscal agents	4,216,194	826,202	827,907	4,214,489
Cash and cash equivalents with fiscal agents	761,040	996,745	761,040	996,745
Receivables:				
Accounts	324,684	896,223	324,684	896,223
Special assessments.	-	6,491,489	18,186	6,473,303
Intergovernmental.	-	120,576	-	120,576
Total assets.	\$ 10,713,818	\$ 14,054,811	\$ 6,368,424	\$ 18,400,205
Liabilities:				
Accounts payable	\$ 55,405	\$ 432,974	\$ 55,405	\$ 432,974
Intergovernmental payable.	1,732,719	980,579	885,184	1,828,114
Due to others.	3,805,143	7,538,156	414,256	10,929,043
Withholdings and deposits.	5,120,551	5,103,102	5,013,579	5,210,074
Total liabilities.	\$ 10,713,818	\$ 14,054,811	\$ 6,368,424	\$ 18,400,205



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STATISTICAL SECTION

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

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CITY OF DAYTON, OHIO

STATISTICAL SECTION

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

Contents

Page

Financial Trends

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

S 4 - S 13

Revenue Capacity

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

S 14 - S 21

Debt Capacity

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

S 22 - S 30

Demographic and Economic Information

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

S 31 - S 42

Operating Information

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

S 43

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

CITY OF DAYTON, OHIO

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

	2002	2003	2004	2005
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	\$ 289,402,764	\$ 304,281,870	\$ 320,531,434	\$ 338,415,642
 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	\$ 432,558,212	\$ 446,907,386	\$ 436,193,522	\$ 458,595,293
 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	\$ 721,960,976	\$ 751,189,256	\$ 756,724,956	\$ 797,010,935

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 (1)	2010
\$	242,926,214	\$ 271,643,144	\$ 282,480,043	\$ 300,486,474	\$ 321,452,359
	71,779,813	60,595,698	96,325,940	91,563,337	99,691,871
	43,854,526	43,818,871	16,945,325	10,040,732	7,086,581
\$	<u>358,560,553</u>	<u>\$ 376,057,713</u>	<u>\$ 395,751,308</u>	<u>\$ 402,090,543</u>	<u>\$ 428,230,811</u>
\$	346,386,163	\$ 380,238,011	\$ 389,630,233	\$ 401,965,547	\$ 419,111,268
	-	-	-	-	-
	136,579,525	127,953,698	144,931,193	144,144,446	146,350,941
\$	<u>482,965,688</u>	<u>\$ 508,191,709</u>	<u>\$ 534,561,426</u>	<u>\$ 546,109,993</u>	<u>\$ 565,462,209</u>
\$	589,312,377	\$ 651,881,155	\$ 672,110,276	\$ 702,452,021	\$ 740,563,627
	71,779,813	60,595,698	96,325,940	91,563,337	99,691,871
	180,434,051	171,772,569	161,876,518	154,185,178	153,437,522
\$	<u>841,526,241</u>	<u>\$ 884,249,422</u>	<u>\$ 930,312,734</u>	<u>\$ 948,200,536</u>	<u>\$ 993,693,020</u>

CITY OF DAYTON, OHIO
CHANGES IN NET ASSETS
LAST NINE 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	2010
\$ 4,978,385	\$ 5,666,737	\$ 5,570,112	\$ 5,182,850	\$ 5,159,078
1,886,238	2,408,097	2,583,667	2,264,862	2,514,310
20,050,274	21,459,480	21,460,067	21,342,171	26,843,290
9,348,825	15,999,955	9,810,580	14,263,940	8,432,763
43,411,252	43,224,368	48,563,961	47,091,889	41,299,206
20,544,073	17,892,823	17,442,665	17,707,683	16,832,625
98,533,695	101,277,697	101,533,014	95,706,450	96,284,218
1,105,280	1,378,197	683,122	-	-
3,043,887	2,904,913	4,849,682	3,620,502	3,978,196
<u>202,901,909</u>	<u>212,212,267</u>	<u>212,496,870</u>	<u>207,180,347</u>	<u>201,343,686</u>
39,032,293	41,813,989	31,958,820	40,310,513	30,688,222
45,200,207	45,401,676	45,811,605	45,672,640	46,619,869
32,375,482	30,889,719	30,855,192	31,994,865	30,931,209
3,121,707	3,322,911	3,196,937	3,281,384	3,026,601
4,491,851	5,030,425	5,090,241	5,401,928	6,389,207
<u>124,221,540</u>	<u>126,458,720</u>	<u>116,912,795</u>	<u>126,661,330</u>	<u>117,655,108</u>
<u>\$ 327,123,449</u>	<u>\$ 338,670,987</u>	<u>\$ 329,409,665</u>	<u>\$ 333,841,677</u>	<u>\$ 318,998,794</u>
\$ 505,552	\$ 704,984	\$ 570,059	\$ 588,229	\$ 629,749
17,994	19,333	40,322	7,618	7,092
2,204,445	3,000,683	2,313,335	2,289,894	2,240,217
1,179,367	1,328,746	1,161,369	1,438,105	4,317,785
4,380,757	4,251,275	5,128,446	4,411,912	6,136,336
2,169,808	2,533,128	2,341,620	2,853,032	2,452,413
16,911,515	17,363,610	17,328,246	17,398,578	18,243,867
979,787	1,129,885	27,277	-	-
-	-	-	-	-
16,701,482	19,245,962	20,423,979	24,147,823	33,479,834
11,253,574	15,536,992	13,489,575	25,771,047	17,935,099
<u>56,304,281</u>	<u>65,114,598</u>	<u>62,824,228</u>	<u>78,906,238</u>	<u>85,442,392</u>
41,820,112	39,311,221	31,067,418	30,655,950	25,673,711
47,088,482	50,944,369	48,944,620	47,743,750	49,318,157
32,379,198	31,322,099	30,398,157	30,998,739	32,558,557
3,295,321	3,353,732	3,291,376	3,250,241	3,180,466
4,898,132	6,663,178	6,688,476	7,083,455	7,213,504
-	-	-	-	-
15,408,247	15,058,562	21,316,626	17,098,233	18,967,012
<u>144,889,492</u>	<u>146,653,161</u>	<u>141,706,673</u>	<u>136,830,368</u>	<u>136,911,407</u>
<u>\$ 201,193,773</u>	<u>\$ 211,767,759</u>	<u>\$ 204,530,901</u>	<u>\$ 215,736,606</u>	<u>\$ 222,353,799</u>

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CITY OF DAYTON, OHIO

**CHANGES IN NET ASSETS
LAST NINE 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
Payments in lieu of taxes	-	-	-	-
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.

2006	2007	2008	2009	2010
\$ (146,597,628)	\$ (147,097,669)	\$ (149,672,642)	\$ (128,274,109)	\$ (115,901,294)
20,667,952	20,194,441	24,793,878	10,169,038	19,256,299
<u>\$ (125,929,676)</u>	<u>\$ (126,903,228)</u>	<u>\$ (124,878,764)</u>	<u>\$ (118,105,071)</u>	<u>\$ (96,644,995)</u>
\$ 21,788,008	\$ 23,444,142	\$ 24,167,118	\$ 19,070,860	\$ 18,798,224
117,876,441	113,785,961	108,868,331	99,817,917	98,399,957
-	-	-	-	1,426,155
19,192,977	17,600,763	17,912,684	14,827,230	16,327,237
5,084,176	7,064,009	5,340,622	1,311,141	1,960,831
2,862,437	7,547,653	11,889,101	4,673,485	5,123,860
(61,500)	(239,196)	344,798	(662,961)	5,298
<u>166,742,539</u>	<u>169,203,332</u>	<u>168,522,654</u>	<u>139,037,672</u>	<u>142,041,562</u>
-	-	-	-	-
<u>166,742,539</u>	<u>169,203,332</u>	<u>168,522,654</u>	<u>139,037,672</u>	<u>142,041,562</u>
3,640,943	4,894,727	2,764,220	716,568	101,215
-	-	-	-	-
-	-	-	-	-
61,500	239,196	(344,798)	662,961	(5,298)
<u>3,702,443</u>	<u>5,133,923</u>	<u>2,419,422</u>	<u>1,379,529</u>	<u>95,917</u>
<u>\$ 170,444,982</u>	<u>\$ 174,337,255</u>	<u>\$ 170,942,076</u>	<u>\$ 140,417,201</u>	<u>\$ 142,137,479</u>
\$ 20,144,911	\$ 22,105,663	\$ 18,850,012	\$ 10,763,563	\$ 26,140,268
24,370,395	25,328,364	27,213,300	11,548,567	19,352,216
<u>\$ 44,515,306</u>	<u>\$ 47,434,027</u>	<u>\$ 46,063,312</u>	<u>\$ 22,312,130</u>	<u>\$ 45,492,484</u>

CITY OF DAYTON, OHIO

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

	2001	2002	2003	2004
General Fund				
Reserved	\$ 4,305,769	\$ 2,798,924	\$ 4,077,216	\$ 4,451,193
Unreserved, reported in:				
Designated for future years' expenditures	8,708,515	-	1,226,505	2,161,198
Undesignated	28,525,393	31,594,377	34,784,392	29,795,216
Total general fund	<u>\$ 41,539,677</u>	<u>\$ 34,393,301</u>	<u>\$ 40,088,113</u>	<u>\$ 36,407,607</u>
Debt Service Fund				
Reserved	\$ 26,687,599	\$ 24,087,261	\$ 17,839,709	\$ 15,333,393
Unreserved	-	-	-	-
Total debt service fund	<u>\$ 26,687,599</u>	<u>\$ 24,087,261</u>	<u>\$ 17,839,709</u>	<u>\$ 15,333,393</u>
Capital Improvement Fund				
Reserved	\$ 15,076,014	\$ 18,370,993	\$ 15,435,869	\$ 23,208,822
Unreserved (deficit)	10,894,040	2,067,381	(3,857,644)	916,028
Total capital improvement fund	<u>\$ 25,970,054</u>	<u>\$ 20,438,374</u>	<u>\$ 11,578,225</u>	<u>\$ 24,124,850</u>
Other governmental Funds				
Reserved	\$ 14,559,355	\$ 18,520,083	\$ 15,712,394	\$ 12,711,217
Unreserved (deficit), reported in:				
Designated, special revenue funds	-	-	486,000	400,000
Special revenue funds	(1,899,939)	(1,370,644)	1,060,593	4,402,528
Permanent fund	-	16,380	36,805	53,439
Capital projects funds	(87,265)	(1,415,108)	2,497,998	739,531
Total governmental funds	<u>\$ 12,572,151</u>	<u>\$ 15,750,711</u>	<u>\$ 19,793,790</u>	<u>\$ 18,306,715</u>
Total Fund Balances, Governmental Funds	<u>\$ 106,769,481</u>	<u>\$ 94,669,647</u>	<u>\$ 89,299,837</u>	<u>\$ 94,172,565</u>

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

Source: City of Dayton financial records

<u>2005</u>	<u>2006</u>	<u>2007 (1)</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010</u>
\$ 4,846,464	\$ 2,985,745	\$ 3,646,545	\$ 2,418,755	\$ 3,571,816	\$ 3,131,124
3,573,236	6,949,009	8,284,213	10,172,634	6,585,539	5,322,656
36,132,638	27,407,200	30,035,615	31,002,915	25,681,059	26,153,904
<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>	<u>\$ 34,607,684</u>
\$ 13,298,438	\$ 15,080,926	\$ 18,676,879	\$ 43,092,546	\$ 42,188,046	\$ 42,541,211
-	-	-	-	-	-
<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>	<u>\$ 42,541,211</u>
\$ 14,836,284	\$ 22,459,015	\$ 30,413,308	\$ 27,221,279	\$ 26,133,688	\$ 28,184,390
2,013,719	1,797,815	(12,394,589)	(10,819,429)	(21,142,062)	(18,628,322)
<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>	<u>\$ 9,556,068</u>
\$ 20,867,328	\$ 19,535,089	\$ 19,934,678	\$ 21,146,364	\$ 31,717,252	\$ 51,047,856
-	1,253,000	1,146,380	1,116,000	398,848	-
184,630	1,124,470	2,910,665	(416,332)	(8,675,221)	(22,938,155)
58,896	67,805	79,836	60,413	76,302	70,250
(4,384,639)	(1,480,796)	-	-	-	-
<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>\$ 28,179,951</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>	<u>\$ 114,884,914</u>

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

	2001	2002	2003	2004
Revenues (1)				
Taxes	\$ 148,602,604	\$ 145,251,212	\$ 147,286,520	\$ 149,926,379
Charges for services	21,660,189	23,813,556	22,262,759	20,295,875
Licenses and permits	2,039,503	1,980,844	2,120,143	1,817,222
Fines and forfeits	2,454,517	2,249,333	2,083,662	1,832,710
Intergovernmental	26,512,452	24,096,216	28,609,999	25,333,452
Special assessments	569,983	693,360	1,033,045	1,034,415
Payments in lieu of taxes	-	-	-	-
Investment income	7,086,378	3,332,301	3,623,500	2,288,903
Increase (decrease) in FMV of investments	-	-	-	-
Other	8,607,756	8,319,580	5,756,600	4,767,369
Total revenues	<u>217,533,382</u>	<u>209,736,402</u>	<u>212,776,228</u>	<u>207,296,325</u>
Expenditures (1)				
Current:				
Downtown	5,021,369	4,807,733	3,747,343	4,167,407
Youth, education and human services	1,436,191	1,506,653	2,531,763	2,237,230
Community development and neighborhoods	2,331,172	2,468,203	20,353,743	20,311,675
Economic development	23,658,978	24,328,537	6,996,268	6,410,373
Leadership and quality life	37,964,500	39,442,705	37,705,241	41,319,775
Corporate responsibility	22,350,461	15,813,881	16,035,551	14,870,289
Public safety and justice	101,900,533	100,912,458	90,354,455	92,673,272
Other	373,382	1,747,482	918,216	506,890
Capital outlay	45,292,081	22,165,044	29,742,434	23,346,465
Debt service:				
Principal retirement	6,524,068	6,198,173	7,350,552	9,228,813
Interest and fiscal charges	4,333,281	4,317,835	3,430,374	3,962,946
Bond issuance costs	356,193	-	-	199,535
Total expenditures	<u>251,542,209</u>	<u>223,708,704</u>	<u>219,165,940</u>	<u>219,234,670</u>
Excess(deficiency) of revenues over expenditures	(34,008,827)	(13,972,302)	(6,389,712)	(11,938,345)
Other Financing Sources (Uses)				
Sale of capital assets	29,388	-	150,000	824,849
Transfers in	32,893,734	9,119,979	17,092,990	15,249,526
Transfers out	(33,549,534)	(7,755,533)	(16,730,663)	(15,349,526)
Bonds issued	24,911,873	1,568,387	395,485	11,731,021
Proceeds of loans	-	-	-	-
Payment of refunded bond escrow agent	-	-	-	-
Premium (discount) on bond issuance	17,377	-	-	244,535
Capital lease transactions	-	-	112,090	4,500,000
Total other financing sources (uses)	<u>24,302,838</u>	<u>2,932,833</u>	<u>1,019,902</u>	<u>17,200,405</u>
Net change in fund balance	<u>\$ (9,705,989)</u>	<u>\$ (11,039,469)</u>	<u>\$ (5,369,810)</u>	<u>\$ 5,262,060</u>
Capital expenditures	\$ 21,670,947	\$ 22,024,697	\$ 21,536,097	\$ 24,327,555
Debt service as a percentage of noncapital expenditures	5.13%	5.50%	5.77%	7.38%

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

2005	2006	2007	2008	2009	2010
\$ 154,210,979	\$ 159,082,912	\$ 157,223,154	\$ 152,514,608	\$ 139,011,038	\$ 136,753,834
22,898,740	22,083,074	24,051,832	23,926,449	25,037,733	26,265,870
1,903,063	1,750,262	1,861,236	1,817,153	1,630,319	1,314,956
1,944,186	3,450,859	2,044,271	2,908,861	2,106,189	2,276,856
17,329,078	28,044,012	31,643,646	25,707,748	39,699,451	50,996,557
652,363	1,076,163	505,670	546,047	422,608	380,767
-	-	-	-	-	1,039,654
3,483,518	5,131,388	7,393,303	4,286,751	2,927,657	1,926,077
-	-	-	599,485	(1,085,864)	50,814
6,554,510	2,862,437	7,547,653	11,889,101	4,648,485	9,506,045
<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>	<u>230,511,430</u>
4,093,181	4,183,009	4,651,014	4,604,197	4,143,788	4,117,582
2,060,357	1,928,205	2,420,958	2,581,447	2,280,237	2,512,611
19,230,564	18,959,062	21,016,004	20,981,602	22,259,601	26,873,157
7,049,497	9,464,377	15,082,881	11,191,284	15,047,900	13,900,769
40,423,448	37,073,237	36,925,472	41,676,303	40,991,411	41,347,850
15,423,671	19,489,965	16,597,674	16,401,770	17,125,159	15,536,916
92,422,480	97,403,724	98,432,234	100,009,551	95,240,850	95,698,192
2,544,612	1,107,606	1,377,348	685,888	-	-
22,818,819	17,501,729	28,529,727	24,852,628	34,908,638	18,226,238
5,774,552	7,480,101	5,789,851	6,652,464	8,047,222	8,030,000
3,097,330	3,076,308	2,884,154	4,707,848	3,557,790	3,828,281
-	-	312,327	598,836	586,476	137,068
<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>	<u>230,208,664</u>
(5,962,074)	5,813,784	(1,748,879)	(10,747,615)	(29,791,456)	302,766
101,600	100,000	-	-	-	-
16,692,371	21,682,063	13,418,525	9,831,205	11,818,503	12,481,039
(16,732,871)	(21,843,563)	(13,757,721)	(9,556,407)	(12,678,413)	(12,488,042)
-	-	19,745,000	32,000,000	34,408,111	5,180,000
-	-	-	239,750	-	2,860,000
-	-	(10,383,734)	-	(22,528,097)	-
-	-	491,061	(348,901)	311,474	13,884
205,326	-	-	-	-	-
<u>266,426</u>	<u>(61,500)</u>	<u>9,513,131</u>	<u>32,165,647</u>	<u>11,331,578</u>	<u>8,046,881</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>	<u>\$ 8,349,647</u>
\$ 21,930,329	\$ 17,332,478	\$ 27,702,620	\$ 24,555,847	\$ 39,799,258	\$ 29,626,529
4.82%	5.56%	4.55%	6.03%	6.34%	6.36%

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
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
2010	87,502,256	86.64%	13,497,453	13.36%	100,999,709	4,073,345	4.03%	9,424,110	9.33%	100,999,709

**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)
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%
2010	98,205,983	98,205,983	-2.21%	98,824,027	98,824,027	-1.01%

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>								
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%
2010	17,867,159	16,460,622	92.13%	957,426	17,418,048	97.49%	5,879,954	32.91%

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>							
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
2010	2011	1,688,719,230	4,824,912,086	-	-	77,611,120	199,709,660

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
1,901,664,976	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%
1,766,330,350	10.00	5,024,621,746	35.15%

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>								
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
2010 for 2011	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	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
10.00	76.52	20.94	1.75

CITY OF DAYTON, OHIO

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

Taxpayer	Fiscal Year 2010			Fiscal Year 2001		
	Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Dayton Power and Light Company	\$ 58,609,580	1	3.22%	\$ 51,863,080	2	2.73%
National Cash Register Company	11,368,020	2	0.62%			
Vectren Energy Delivery	8,776,010	3	0.48%			
Good Samaritan Hospital	7,918,060	4	0.43%			
Kettering Tower Partners	5,531,980	5	0.30%			
Marriot International	5,455,160	6	0.30%			
Behr Dayton Thermal	4,810,680	7	0.26%			
Delamore Elizabeth	4,735,650	8	0.26%			
DUCRU SPE LLC	4,405,570	9	0.24%			
The Salvation Army	3,904,590	10	0.21%			
Delphi Automotive Systems Corporation				56,578,170	1	2.98%
NCR				35,553,800	3	1.87%
Ohio Bell Telephone Company				28,574,470	4	1.50%
Emery Air Freight Inc.				24,069,070	5	1.27%
Cargill Inc.				23,403,520	6	1.23%
Tate & Lyle Citric Acid Inc.				16,540,380	7	0.87%
Daimler Chrysler Corporation				16,382,810	8	0.86%
Reynolds and Reynolds				11,242,900	9	0.59%
Total	\$ 115,515,300		6.34%	\$ 264,208,200		13.89%

Source: County Auditor; Montgomery, County, Ohio

Only the top nine principal taxpayers were available for the year 2001.

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>
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%
2010	3,599,298	1,799,212	49.99%	260,117	2,059,329	57.21%

(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**

Governmental Activities								
Fiscal Year	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Ohio Department of Development Loan	Capital Lease Obligations	General Obligation Notes	OPWC Loans	Special Assessment Notes
2001	70,705,963	11,530,000	471,029	-	-	-	-	-
2002	65,167,452	12,170,000	885,487	-	312,990	8,250,000	-	44,234
2003	58,635,798	11,790,000	1,095,285	-	332,660	8,250,000	-	48,130
2004	62,429,997	11,385,000	1,244,721	-	3,730,742	-	-	52,688
2005	54,962,646	10,955,000	977,100	-	3,255,561	-	-	-
2006	49,727,772	9,500,000	753,500	-	2,612,121	-	-	-
2007	54,900,224	9,015,000	555,600	-	1,995,000	-	-	-
2008	49,441,334	40,500,000	409,600	-	1,494,000	-	208,176	-
2009	56,284,054	39,925,000	299,500	-	-	-	197,334	-
2010	52,818,927	40,650,000	211,800	2,860,000	-	-	175,161	-

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 2010 is not available.

Business-Type Activities

General Obligation Bonds	Revenue Bonds	OWDA Loans	OPWC Loans	Capital Lease Obligations	General Obligation Notes	Total Primary Government	Personal Income (1)	Percentage of Personal Income	Per Capita
3,829,037	66,220,000	19,957,154	950,000	16,175,567	7,600,000	197,438,750	24,657,688,000	0.80%	1,202
3,422,536	59,245,000	16,994,159	900,000	14,284,427	12,850,000	194,526,285	25,130,233,000	0.77%	1,195
3,104,190	89,345,000	27,401,011	850,000	110,127	4,850,000	205,812,201	25,525,598,000	0.81%	1,272
2,640,003	81,455,000	24,539,685	800,000	-	9,350,000	197,627,836	25,935,393,000	0.76%	1,233
2,292,354	80,210,000	21,005,877	750,000	132,516	6,675,000	181,216,054	26,452,240,000	0.69%	1,131
2,087,228	70,730,000	17,624,367	700,000	67,630	6,715,000	160,517,618	27,693,775,000	0.58%	1,010
1,874,776	39,185,000	15,055,215	650,000	-	3,285,000	126,515,815	28,596,630,000	0.44%	796
1,653,666	38,095,000	11,774,364	600,000	-	1,885,000	146,061,140	29,736,127,000	0.49%	932
12,195,946	36,980,000	11,118,492	550,000	-	485,000	158,035,326	29,436,435,000	0.54%	1,008
11,591,073	35,825,000	10,437,177	500,000	-	-	155,069,138	N/A	N/A	1,096

CITY OF DAYTON, OHIO

**COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Assesed Value (2)	\$ 1,901,664,976	\$ 1,907,559,195	\$ 2,114,267,473	\$ 2,043,685,740
Legal debt margin:				
Debt limitation - 10.5% of Assesed Value	199,674,822	200,293,715	221,998,085	214,587,003
Total Voted and Unvoted Debt Outstanding	181,263,183	179,928,869	202,589,607	193,897,094
Less: Exempt Debt				
Waterworks General Obligation Bonds and Notes	-	-	-	-
Airport General Obligation Bonds and Notes	(7,830,000)	(12,850,000)	(4,850,000)	(9,350,000)
Waterworks Revenue Bonds (1)	(32,260,000)	(27,260,000)	(21,839,200)	(5,235,650)
Ohio Water Development Authority Loan	(19,957,154)	(16,994,159)	(27,401,011)	(24,539,685)
Ohio Department of Development Loan	-	-	-	-
Ohio Public Works Commission Loan	(950,000)	(900,000)	(850,000)	(800,000)
Airport Revenue Bonds (1)	(33,960,000)	(31,985,000)	(64,951,733)	(62,645,625)
Special Assessment Bonds and Notes	(471,029)	(929,721)	(1,143,415)	(1,297,409)
Other Exempt Debt	-	-	-	-
Capital Facilities and Various Purpose Income Tax Bonds	(54,740,963)	(56,912,452)	(51,810,798)	(57,034,997)
Economic Development Bonds	(11,530,000)	(12,170,000)	(11,790,000)	(11,385,000)
Golf Renovation General Obligation Bonds	(3,599,037)	(3,422,536)	(3,104,190)	(2,640,003)
Total Exempt Debt	<u>(165,298,183)</u>	<u>(163,423,868)</u>	<u>(187,740,347)</u>	<u>(174,928,369)</u>
Total Debt Applicable to Limitation - Within 10.5% Limitations	15,965,000	16,505,001	14,849,260	18,968,725
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>(16,604,497)</u>	<u>(14,559,051)</u>	<u>(8,872,909)</u>	<u>(6,895,689)</u>
Net Debt Within 10.5% Limitation	<u>-</u>	<u>1,945,950</u>	<u>5,976,351</u>	<u>12,073,036</u>
Overall Debt Margin Within 10.5% Limitations	<u>\$ 199,674,822</u>	<u>\$ 198,347,765</u>	<u>\$ 216,021,734</u>	<u>\$ 202,513,967</u>
Unvoted Debt Limitation - 5.5% of Assesed Valuation	\$ 104,591,574	\$ 104,915,756	\$ 116,284,711	\$ 112,402,716
Debt Within 5.5% Limitations	15,965,000	16,505,001	14,849,260	18,968,725
Less Amount Available in Debt Service Fund	(16,604,497)	(14,559,051)	(8,872,909)	(6,895,689)
Net Debt Within 5.5% Limitation	<u>-</u>	<u>1,945,950</u>	<u>5,976,351</u>	<u>12,073,036</u>
Unvoted Debt Margin Within 5.5% Limitation	<u>\$ 104,591,574</u>	<u>\$ 102,969,806</u>	<u>\$ 110,308,360</u>	<u>\$ 100,329,680</u>

Source: City of Dayton financial records

- (1) Airport revenue bonds are shown on the balance sheet net of a discount and unamortized deferred charges. For 2010, this amount was \$165,601.
- (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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 2,055,906,827	\$ 2,105,757,362	\$ 1,838,251,690	\$ 2,351,440,480	\$ 1,786,715,860	\$ 1,766,330,350
215,870,217	221,104,523	193,016,427	246,901,250	187,605,165	185,464,687
176,184,321	157,837,860	124,821,234	144,393,875	158,035,326	155,069,138
-	-	-	-	-	-
(6,675,000)	(6,715,000)	(3,430,000)	(1,885,000)	(485,000)	-
(10,927,100)	(5,133,550)	-	-	-	-
(21,005,877)	(17,624,365)	(15,055,215)	(11,774,364)	(11,118,492)	(10,437,177)
-	-	-	-	-	(2,860,000)
(750,000)	(700,000)	(650,000)	(808,176)	(747,334)	(675,161)
(67,639,245)	(64,350,209)	(39,007,904)	(37,921,735)	(36,810,567)	(35,659,399)
(977,100)	(753,500)	(555,600)	(409,600)	(299,500)	(211,800)
-	-	-	-	-	-
(35,962,645)	(31,974,008)	(23,705,224)	(20,841,334)	(20,910,943)	(17,107,699)
(10,955,000)	(9,500,000)	(9,015,000)	(40,500,000)	(39,925,000)	(40,650,000)
(2,292,354)	(2,087,228)	(1,874,776)	(1,653,666)	(1,375,946)	(1,121,073)
<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>	<u>(108,722,309)</u>
19,000,000	19,000,000	31,527,515	28,600,000	46,362,544	46,346,829
<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>(17,092,706)</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>29,254,123</u>
<u>\$ 202,305,766</u>	<u>\$ 209,882,502</u>	<u>\$ 177,987,916</u>	<u>\$ 234,244,649</u>	<u>\$ 156,778,870</u>	<u>\$ 156,210,564</u>
\$ 113,074,875	\$ 115,816,655	\$ 101,103,843	\$ 129,329,226	\$ 98,269,372	\$ 97,148,169
19,000,000	19,000,000	31,527,515	28,600,000	46,362,544	46,346,829
(5,435,549)	(7,777,979)	(16,499,004)	(15,943,399)	(15,536,249)	(17,092,706)
<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>29,254,123</u>
<u>\$ 99,510,424</u>	<u>\$ 104,594,634</u>	<u>\$ 86,075,332</u>	<u>\$ 116,672,625</u>	<u>\$ 67,443,077</u>	<u>\$ 67,894,046</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>
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
2010	141,527	1,766,330,350	35,726,221	2.02%	\$ 252

(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>
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%
2010	8,030,000	3,828,281	11,858,281	230,208,664	5.15%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2010**

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, 2010.

Political subdivision of State of Ohio	Net General Bonded Debt	Percentage applicable to Dayton	Amount applicable to Dayton
Direct			
City of Dayton	\$ 52,818,927	100.00%	\$ 52,818,927
Total Direct Debt	52,818,927		52,818,927
<i>Per Montgomery County Auditor:</i>			
Overlapping			
Montgomery County	7,469,880	17.42%	1,301,253
Green County Joint Vocational School District	183,335	0.58%	1,063
Miami Valley Career Joint Vocational School District	6,655,000	2.45%	163,048
Dayton City School District	206,125,000	83.31%	171,722,738
Miami Valley Regional Transit Authority	1,795,000	17.42%	312,689
Vandalia Butler City School District	49,924,309	2.81%	1,402,873
Mad River Local School District	11,930,000	21.18%	2,526,774
Huber Heights City School District	79,160,000	11.31%	8,952,996
Trotwood-Madison City School District	30,584,987	3.09%	945,076
Fairborn City School District	15,184,987	3.60%	546,660
Northridge Local School District	6,045,000	27.76%	1,678,092
Total Overlapping Debt	415,057,498		189,553,261
Total Direct and Overlapping Debt	\$ 467,876,425		\$ 242,372,188

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

**SEWER DEBT LOAN PLEDGED REVENUE COVERAGE
OHIO WATER DEVELOPMENT AUTHORITY LOAN
LAST TEN FISCAL YEARS**

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	16,318,149	2,962,995	1,822,979	4,785,974	3.41
2002	20,337,932	2,937,995	1,601,779	4,539,774	4.48
2003	7,463,816	3,481,730	1,624,473	5,106,203	1.46
2004	7,869,180	3,264,332	1,562,095	4,826,427	1.63
2005	7,965,366	3,483,808	1,333,562	4,817,370	1.65
2006	7,947,706	3,381,510	1,101,749	4,483,259	1.77
2007	8,480,924	3,257,274	882,616	4,139,890	2.05
2008	7,661,321	3,280,851	675,575	3,956,426	1.94
2009	7,262,150	655,872	463,620	1,119,492	6.49
2010	9,596,696	681,315	438,177	1,119,492	8.57

(1)

Net Revenue Available for Debt Service is computed by adding operating income (loss) for the reporting period to depreciation expense and interest revenue.

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	
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
2010	10,544,858	1,155,000	1,823,404	2,978,404	3.54

(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>
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
2010	56 (+/-)	2,526,839	8,092

<u>Year</u>	<u>Active Gas Meters (3)</u>	<u>Vehicle Registrations (4)</u>
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
2010	79,508	122,513

- 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
2010	56.5

Source: Division of Planning City of Dayton

CITY OF DAYTON, OHIO

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

Employer	Fiscal Year 2010			Fiscal Year 2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Premier Health Partners	14,070	1	20.34%	8,000	1	10.34%
Montgomery County	4,595	2	6.64%	5,000	2	6.46%
Sinclair Community College	2,720	3	3.93%			
Dayton Public Schools	2,574	4	3.72%	3,600	4	4.65%
University of Dayton	2,161	5	3.12%	2,600	8	3.36%
City of Dayton	1,998	6	2.89%	2,700	7	3.49%
Veterans Administration	1,846	7	2.67%			
Childrens Medical Hospital	1,318	8	1.90%			
AT&T	1,000	9	1.45%	2,900	6	3.75%
DP&L	1,000	10	1.45%			
Delphi Automotive Systems Corporation				4,000	3	5.17%
Emery Air Freight Corporation				2,000	5	2.58%
Reynolds & Reynolds				2,300	9	2.97%
BEHR Dayton Thermal				2,000	10	2.58%
Total	33,282		48.10%	35,100		45.35%

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	Employment rate	Unemployment rate
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%
2010	261,705	10.10%	67,763	11.30%	5,897,559	10.10%	9.60%

Source: Ohio Workforce Informer

CITY OF DAYTON, OHIO

ESTIMATED PER CAPITA INCOME AND PERSONAL INCOME
LAST TEN FISCAL YEARS

Year	Dayton (MSA)			Montgomery County		Ohio		United States
	Per capita income	% of national average	Total personal income	Per capita income	% of national average	Per capita income	% of national average	Per capita income
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	35,669	91.14%	35,381	90.40%	39,138
2010	N/A	N/A	N/A	N/A	N/A	36,395	89.68%	40,584

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	2001	2002	2003	2004	2005	2006	2007
Total	428.8	420.6	415.5	411.8	409.4	408.2	408.2
Goods-Producing Industries	87.1	82.5	78.3	75.4	73.8	71.7	67.8
Natural Resources, Mining and Construction	15.1	15.3	15.2	15.6	15.4	15.2	14.7
Manufacturing	72.0	67.2	63.1	59.9	58.4	56.5	53.1
Service-Providing Industries	341.6	338.1	337.2	336.4	335.7	336.5	335.6
Trade, Transportation, and Utilities	79.0	75.0	72.6	71.6	71.1	70.0	68.7
Information	11.5	11.6	11.4	11.1	11.1	10.6	10.9
Financial Activities	18.0	18.3	18.8	19.0	19.0	20.1	20.1
Professional and Business Services	54.8	52.7	53.9	53.2	52.3	52.3	52.2
Educational and Health Services	59.3	60.9	61.7	62.5	63.7	64.7	65.8
Leisure and Hospitality	35.5	35.7	36.5	37.1	37.3	37.8	37.3
Other Services	16.3	16.7	16.8	16.7	16.7	16.4	16.0
Government	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

2008	2009	2010	Percentage of Total 2010 employment
396.2	372.6	370	100.00%
60.6	50.6	49.4	13.37%
13.7	11.6	10.9	2.95%
46.9	39.0	38.5	10.42%
335.6	322.0	320.1	86.63%
67.0	63.1	61.4	16.62%
12.1	11.0	10.5	2.84%
18.6	16.8	16.5	4.47%
51.7	45.5	45.6	12.34%
68.9	68.7	69.0	18.65%
37.2	36.3	36.2	9.80%
15.5	14.9	15.2	4.11%
64.6	65.6	65.6	17.73%

CITY OF DAYTON, OHIO

**FULL TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS**

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 (1)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:									
Downtown	29	28	34	34	29	36	34	32	16
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	132
Economic development	50	33	40	40	39	45	43	42	35
Leadership and quality of life	336	317	317	299	281	421	368	251	143
Corporate responsibility	185	172	160	169	164	187	178	163	137
Public safety and justice	1,210	1,134	1,098	1,056	1,072	1,134	1,118	1,056	943
Business-type activities:									
Dayton International Airport	185	193	187	178	175	180	160	145	128
Water	266	273	268	253	242	257	260	267	245
Sewer	129	129	124	122	120	142	134	141	113
Golf	37	24	17	17	19	86	70	66	15
Storm Sewer	163	147	138	124	124	144	143	134	89
Total Full-Time Equivalent (FTE)	<u>2,788</u>	<u>2,638</u>	<u>2,561</u>	<u>2,469</u>	<u>2,436</u>	<u>2,767</u>	<u>2,648</u>	<u>2,468</u>	<u>1,996</u>

Source: City of Dayton ITS and Manangement & Budget

(1) - Starting in 2007 the City included both Fulltime and Parttime employees in the calculation so that the total would match the number of employees on record.

(2) - 2010 represents current employment at year-end

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>
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
2010	11,214	18,447	25,942	55,603	15,122

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, 2010**

<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>
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
2010	627	61,926,890

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 2001</u>
2001	192	20,722,589	107,930	-28.58%	0.00%
2002	222	22,801,633	102,710	-4.84%	-4.84%
2003	277	29,435,199	106,264	3.46%	-1.54%
2004	185	21,928,258	118,531	11.54%	9.82%
2005	215	25,306,493	117,705	-0.70%	9.06%
2006	186	19,292,702	103,724	-11.88%	-3.90%
2007	134	12,431,781	92,774	-10.56%	-14.04%
2008	150	11,491,562	76,610	-17.42%	-29.02%
2009	123	11,114,593	90,363	17.95%	-16.28%
2010	27	3,823,530	141,612	56.72%	31.21%

Source: Census Bureau

CITY OF DAYTON, OHIO

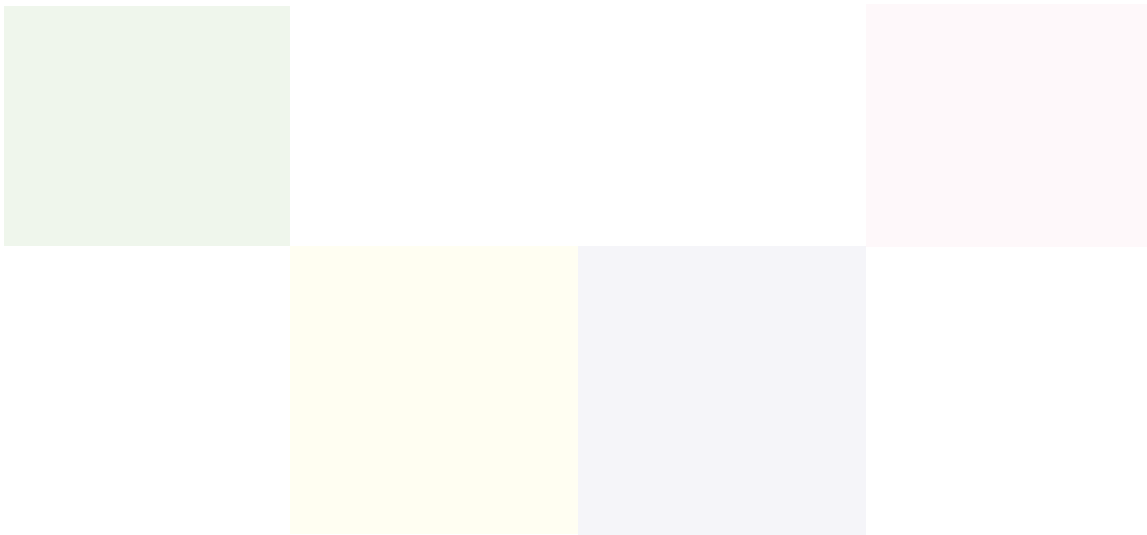
**OPERATING INDICATORS AND CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Service										
Highways and Streets										
Streets (miles)	855	855	855	855	855	967	969	1,718	1,718	1,718
Streetlights	20,030	19,188	19,356	21,292	23,421	18,650	18,650	20,163	20,163	20,252
Traffic Signals	N/A	N/A	N/A	N/A	N/A	325	325	325	325	325
Computerized Signals	N/A	N/A	N/A	N/A	N/A	178	225	275	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	625	611	464	439	414	506	512	505	474	455
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	13	13	13	12	12	12	12	12	12
Number of Employees	423	413	379	376	366	385	383	379	346	341
City Fleet (public safety)										
Fire	N/A	N/A	N/A	N/A	N/A	101	99	96	97	94
Police	N/A	N/A	405	402	393	288	354	354	307	320
Recreation and parks										
Parks Acreage	2,000	1,400	1,400	1,400	1,400	1,389	1,389	1,389	1,374	1,374
Playgrounds	49	49	49	49	49	49	49	49	42	42
Total Facilities	238	185	185	188	182	186	221	205	184	191
Parks	72	72	72	72	72	72	72	62	60	60
Swimming Pools	28	16	16	19	14	19	8	3	4	5
Tennis Courts	68	22	22	22	22	22	65	65	63	63
Community Centers	11	11	11	11	10	9	2	2	-	4
Senior Centers	N/A	2	2	2	2	2	1	1	1	1
Athletic Complexes	N/A	2	2	2	2	2	2	2	2	2
Specialized Facilities	N/A	4	4	4	4	4	1	1	-	2
Shelter Houses	53	53	53	53	53	53	53	53	37	37
Golf Courses	6	3	3	3	3	3	3	3	3	3
Spray Park Facilities	N/A	N/A	N/A	N/A	N/A	N/A	7	7	6	6
Recreation Centers	N/A	N/A	N/A	N/A	N/A	N/A	4	4	5	5
Cultural Centers	N/A	N/A	N/A	N/A	N/A	N/A	2	1	2	2
Teen Centers	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1
Water										
Water Mains (miles)	772.90	800.00	800.00	791.00	799.00	800.28	803.07	803.33	804.29	806.12
Maximum Daily Capacity (millions of gallons)	48.00	72.35	72.35	51.85	51.30	50.30	51.60	46.53	43.79	43.82
Sewer										
Sanitary Sewers (miles)	600.00	650.00	650.00	600.00	600.00	601.28	601.39	602.85	603.11	603.05
Storm Sewers (miles)	400.00	600.00	600.00	400.00	401.00	402.28	402.85	403.35	403.61	403.62
Maximum Daily Capacity (millions of gallons)	N/A	44.98	37.43	36.64	36.03	37.56	35.97	35.06	32.61	33.72

Source: Various Departments, City of Dayton

N/A - Information not available

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The following Department of Finance Personnel contributed directly to the 2010 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
Sheila K. Kraft, 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.

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CITY OF DAYTON, OHIO COMPREHENSIVE ANNUAL FINANCIAL REPORT
JANUARY 1 - DECEMBER 31 2010

FESTIVALS



Dave Yost • Auditor of State

CITY OF DAYTON

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 29, 2011