

DAYTON

PUBLIC SCHOOLS

Dayton City School District Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 2013





Dave Yost • Auditor of State

Board of Education
Dayton City School District
115 S. Ludlow Street
Dayton, Ohio 45402

We have reviewed the *Independent Auditors' Report* of the Dayton City School District, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2012 through June 30, 2013. 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 Dayton City School District is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

April 15, 2014

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COMPREHENSIVE
ANNUAL FINANCIAL REPORT
of the
DAYTON CITY SCHOOL DISTRICT
for the
FISCAL YEAR ENDED JUNE 30, 2013

Prepared by

TREASURER'S OFFICE

Craig A. Jones
Treasurer and Chief Financial Officer



115 South Ludlow Street
Dayton, Ohio 45402

DAYTON BOARD OF EDUCATION
JUNE 30, 2013



Joe Lacey
President



Robert C. Walker
Vice President



Yvonne V. Isaacs
Board Member



Nancy Nerny
Board Member



Sheila Taylor
Board Member



Stacy M. Thompson
Board Member



Ronald C. Lee
Board Member



Lori L. Ward
Superintendent



Hiwot Abraha
Interim Treasurer

INTRODUCTORY SECTION

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013**

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Lori L. Ward
Superintendent

Craig A. Jones
Treasurer/CFO

February 26, 2014

To The Board of Education and Citizens of the
Dayton City School District, Montgomery County, Ohio:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Dayton City School District (District) for the fiscal year ended June 30, 2013. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report is prepared in conformance with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. We believe the enclosed data is fairly presented in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. We further believe all disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report has been prepared by the Chief Fiscal Officer's Office and includes an opinion from Clark Schaefer Hackett & Co.

A comprehensive framework of internal control has been established to govern the processing and reporting of the District's financial data. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Clark Schaefer Hackett & Co. has issued an unmodified opinions on the District's financial statements for the fiscal year ended June 30, 2013. The report of the independent auditors' is located in the front of the financial section of this report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A provides an assessment of key financial highlights and performance taken as a whole. The MD&A can be found immediately following the Independent Auditors' Report.

This report will be made available via the World Wide Web at <http://www.dps.k12.oh.us/>.

SCHOOL DISTRICT PROFILE

The District and Its Facilities

The District is located in Montgomery County (County) approximately 68 miles west of the City of Columbus and 52 miles north of the City of Cincinnati. The territory of the District consists of a portion of two townships: Harrison and Jefferson, as well as portions of the City of Dayton (City), the City of Riverside, and the City of Trotwood. The District's total area is approximately 49 square miles. The District provides educational services, as mandated by state and/or federal laws, to children located within its boundaries. For the 2012-2013 school year, the District was the 10th largest school district in the State of Ohio with 13,616 enrolled students.

Current (Fiscal Year 2014) School District Facilities Dayton City School District

Name of Building	Grades	Estimated Enrollment (2013-2014)	Capacity	Year Building Completed
Belle Haven Elementary	PK-8	442	473	2006
Charity Adams Earley Girls Academy	K-7	426	473	2011
Cleveland Elementary	PK-8	462	473	2007
Dayton Boys Prep Academy	PK-8	354	473	2010
E.J. Brown Elementary	PK-8	406	473	2009
Eastmont Elementary	PK-8	472	473	2011
Edison Elementary	PK-8	482	473	2010
Fairview Elementary	PK-8	471	473	2011
Gorman at Jackson	PK-8	25	418	1960
Horace Mann Elementary	PK-8	438	473	2008
Kemp Elementary	PK-8	387	473	2008
Kiser Elementary	PK-8	507	473	2006
Louise Troy Elementary	PK-8	385	473	2008
Meadowdale Elementary	PK-8	551	550	2011
River's Edge Montessori	PK-8	531	550	2011
Rosa Parks Elementary	PK-8	374	473	2007
Ruskin Elementary	PK-8	514	473	2008
Valerie Elementary	PK-8	404	336	1966
Westwood Elementary	PK-8	415	473	2008
Wogaman Elementary	4-8	293	473	2006
World of Wonder Elementary	PK-8	481	473	2010
Wright Brothers Elementary	PK-8	497	473	2012
Belmont High School	7-12	1,022	945	2011
David H. Pontiz Career Tech. Center	9-12	834	800	2009
Dunbar High School	9-12	555	645	2009
Meadowdale High School	9-12	652	645	2010
Stivers School for the Arts	7-12	879	998	2007
Thurgood Marshall High School	9-12	729	675	2008
Longfellow Alternative	K-12	85	919	1880
Gardendale Academy	K-12	73	329	1957
Total	n/a	14,073	16,305	n/a

Organization of the School District

The Board of Education (Board) of the Dayton City School District is a political and corporate body charged with the responsibility of managing and controlling affairs of the District. The District is also governed by the general laws of the State of Ohio as set forth in the Ohio Revised Code. The Board is comprised of seven members who are elected for overlapping four-year terms.

Official	Office	Expiration of Current Term	Beginning of Tenure
Joseph Lacey	President	12/31/2013	01/01/2006
Dr. Robert C. Walker	Vice President	12/31/2015	01/01/2012
Yvonne V. Isaacs	Member	12/31/2013	01/01/2002
Nancy A. Nerny	Member	12/31/2015	01/01/2008
Sheila Taylor	Member	12/31/2015	01/01/2008
Stacy M. Thompson	Member	12/31/2013	01/01/2006
Ronald C. Lee	Member	12/31/2013	11/01/2007

Stacy M. Thompson was initially appointed in 2006 and subsequently elected in 2007 and in 2009. Ronald C. Lee was appointed to fill Gail Littlejohn's unexpired term in November, 2007. He was subsequently elected in 2009. In November 2013, Ronald C. Lee and Joseph Lacey were re-elected and Dr. Adil T. Baguirov and Dr. Hazel G. Rountree were elected to four year terms ending December 31, 2017.

Duties and responsibilities of the Board of Education are found in the laws governing public education in Ohio. The Board of Education directly employs the Superintendent and Treasurer/CFO and serves as the legislative body of the District. Board duties include:

- Informing the public concerning the progress and needs of the schools, and to solicit and weigh public opinion as it affects the schools.
- Considering and passing upon the recommendations of the Superintendent and Treasurer/CFO in all matters of policy, appointment or dismissal of employees, salary schedules or other personnel regulations, course of study, selection of textbooks, or other matters pertaining to the welfare of schools.
- Exercising its taxing power to provide funds for the operation of the District.
- Adopting an annual tax budget and appropriation measure.
- Approval of a five-year financial forecast as a tool in long-range planning.

The Superintendent of Schools is the chief executive officer of the District. The Superintendent has the responsibility for managing and placing teachers and other employees, assigning the pupils to the proper schools and grades, and performing such other duties as determined by the Board. Mrs. Lori Ward was appointed as the Superintendent on July 1, 2010. Mrs. Ward was the Superintendent of record for this reporting period.

The Treasurer is the chief financial officer of the District and is appointed by and reports directly to the Board. Stanley E. Lucas served as the Treasurer/CFO from July 1, 2002 through October 31, 2012, when he retired. Effective November 1, 2012, Mrs. Hiwot Abraha was appointed Interim Treasurer/CFO. She was the Treasurer of record for this reporting period.

Craig A. Jones became Treasurer/CFO of the District on July 1, 2013 after serving as Treasurer/CFO of Troy City Schools for three years and Lakota Local Schools in Butler County for over 9 years, both as Assistant Treasurer and Treasurer/CFO. Mr. Jones holds a Bachelor of Science degree in Business Administration, with a dual major in accounting and finance, from Ohio Northern University. He is a Certified Public Finance Officer as well as a Certified Government Financial Manager.

Employee Relations and Benefits

The District currently has 1,343 certificated employees (psychologists, teachers, reserve teachers, and administrators) and 1,017 classified employees (administrators, secretarial, clerical, custodial, and cafeteria workers, as well as bus drivers and other non-teaching, non-administrative personnel). Therefore, the District currently has approximately 2,360 full and part-time employees.

List of Employment Contracts and Expiration
(as of December 2013)

Union	# of Employees	Expiration Date
Dayton Education Association	1,104	6/30/2017**
Reserve Teachers	189	6/30/2014
<u>DPSU</u>		
Local 101 – Operations	270	9/30/2014
Local 101 – Security Resource Officers	27	4/30/2014
<u>OAPSE</u>		
Local 156 – Mechanics	12	3/31/2014
Local 158 – Clericals	121	12/31/2013
Local 191 – Lead Child Care		
Teachers/Mental Health Teachers/Occup. Therapist Assts./Physical Therapist Assts.	7	6/30/2014
Local 627 – Bus Drivers	176	4/30/2014
Local 643 – Paraprofessionals	273	9/30/2014
Local 766 – Dayton Education Interpreters	11	6/30/2014
Local 766B – Psychologists	12	6/20/2014
<u>BUILDING/TRADES</u>		
Dayton Bldg. & Const. Trades	36	7/31/2012*

Source: Dayton City School District

* Currently in negotiations

** Ratified

Benefit expenditures are comprised of employer retirement contributions, medical, dental and life insurance, workers' compensation and unemployment compensation. The District provided life insurance and accidental death and dismemberment insurance to employees through the Hartford Insurance Company. The District has a self-funded health insurance coverage utilizing UnitedHealthcare Insurance Company (UHC) as a third party administrator. The employee share is a minimum of 15% of the total health care premium depending upon plan option and single/family contract selected. Dental insurance is provided to eligible employees and administered by Delta Insurance on a premium based policy issued by Assurant.

All District employees participate in either the State Teachers Retirement System or the School Employees Retirement System. The current employer obligation for contributions is 14 percent of the employee's salary. Both retirement systems were created by and operate under Ohio law. The General Assembly could amend the format of either system and could revise rates or methods of contribution to be made by the District in the future. The State Teachers Retirement System is applicable to all teachers, principals, supervisors and administrators who are required to hold a certificate issued by the State Department of Education. Other eligible employees are covered by the School Employees Retirement System. Pursuant to federal law, all District employees hired after March 31, 1986, are required to participate in the federal Medicare program, which currently requires employer and employee contributions each equal to 1.45 percent of the employee's wages in accordance to the FICA limit. Otherwise, the District employees are not presently covered by the federal Social Security Act.

ECONOMIC CONDITION AND OUTLOOK

The economic outlook for the next few years is very uncertain. The past four years have been characterized by high unemployment, major corporate bankruptcies, falling home prices, and a credit crisis. At the end of calendar year 2008, the nation officially entered a recession which can simply be defined as two consecutive quarters of negative growth in Gross Domestic Product (GDP). The economic downturn has continued thru 2013. A combination of the recession and tax reform enacted in 2005 has caused state income taxes, sales taxes and investment revenues to suffer the sharpest decline in more than a half century. The national and state economy continued to show slow progress in emerging from the national recession over the summer of 2013. The Federal Open Market Committee (FOMC), at their October 30, 2013 meeting, indicated that economic conditions warrant exceptionally low interest rates for the foreseeable future. The target for the fed funds rate is zero to 0.25 percent. The latest economic indicators continue to give mixed results making it difficult to project recovery timing.

School Foundation

The State's School Foundation Program is the major source of revenue for the District's general fund. The State assists public districts under a statutory program, which includes direct payments to districts based upon a statutory formula. Such payments are made through the School Foundation Program established by the Ohio Revised Code (the "Code"). School Foundation Program funds distributed to a district are required to be used for current operating expenses, unless specifically allocated by the State for some other purposes.

Basic eligibility for School Foundation Program payments is based on a district's compliance with State-mandated minimum standards. The District is in compliance with those standards and believes it will remain in good standing for the foreseeable future.

On December 3, 2003, the Ohio Supreme Court issued its latest opinion regarding the State of Ohio's funding plan. It had been argued that the dependence on property taxes puts districts with low property values at a disadvantage, because tax rates must be higher than in districts with higher property values to raise a similar amount of money. The Supreme Court ruled once again that the State's school funding plan is unconstitutional, but ended its control without prescribing a solution or ordering state officials back to the court. The Court did direct the Ohio General Assembly to enact a school-funding plan that is thorough and efficient. This was the fourth time the Ohio Supreme Court majority has found the school funding unconstitutional. The Court did not indicate any enforcement measures to ensure that the state administration overhauls the current system.

Long-term Financial Planning

As required by Ohio law, the District approved a five-year financial forecast of operational revenues and expenditures along with assumptions in October 2013. Expenditures are projected to exceed revenues for four out of the five forecasted fiscal years. However, the general fund unreserved fund balance is expected to offset the excesses for the first four years of the forecast. Given the uncertainty of future state budgets, as well as local, state and national economic factors, years beyond fiscal year 2015 may deviate significantly from the forecast. Expenditure reductions are occurring annually. The timing and size of an additional revenue request is in the planning stages.

Dayton Area Economy

Wright Patterson Air Force Base (WPAFB) has a historically significant tie to this community and to aviation as a whole. Currently, this facility is the largest single site employer within the State of Ohio and has over 27,000 military and civilian employees. This translates into an economic impact over \$5 billion. The Base is headquarters for the Aeronautical Systems Center (ASC) – the foremost aeronautical acquisition center in the U.S. Air Force.

According to the Chamber of Commerce, the City of Dayton is very aggressive in making the investments necessary to plant the seeds for future growth. From 2009 to 2011, the city has realized a combined \$800+ million worth of investments and expects to see another \$400+ million worth of infrastructure improvements over the next few years. Additionally, the city is moving forward with the recently created Downtown Dayton Plan, continues on with the Tech Town redevelopment, has started on an effort to strengthen ties to WPAFB, implemented significant neighborhood redevelopment efforts, and has announced some significant development projects including the new UDRI headquarters, the new GE Electric Power Integrated Systems Research Center (EPISCENTER), and the significant investments at Grandview and Miami Valley Hospitals.

MAJOR INITIATIVES

During our successful 2008 levy campaign, the Dayton Board of Education made a Contract with the Community to demonstrate that we are committed to becoming a more effective, efficient, and transparent educational enterprise. At that time, we sought candid input from parents, community members, business, labor, civic and neighborhood leaders, the faith community, DPS employees, and many others.

In 2011, the Board of Education created a 62-member internal and external stakeholder group to review the 2008 strategic plan. The collaboration of this team updated the Districts vision, mission statement, values and beliefs as well as five strategic goals.

The plan was developed to take us from where we are now to where we want to be. Dayton's future depends on the sustained progress of its public school system.

Vision

“Dayton Public Schools will be a model education system where all students are academically successful, culturally engaged and ready for postsecondary opportunities and careers upon graduation. Teachers, parents and community partners will be active participants in our schools, and contribute to student growth.”

Mission Statement

“Dayton Public Schools provides a high-quality education in a safe environment that prepares our students for success in school, work and life by providing a highly effective trained staff working each day with community resources.”

Values and Beliefs

- **Excellence** – We will pursue the highest standards in educational and operational performance.
- **Fairness** – We will ensure all children equitable access to the resources necessary for academic success.
- **Acceptance** – We will value the strengths of a diverse community and respect the differences of individuals.
- **Integrity** – We will build productive relationships through honest, open communication that fosters trust.
- **Individuality** – We will respect and encourage the unique talents and abilities of each individual.
- **Innovation** – We will seek out and implement new and different ways of improving our performance.

Five Strategic Goals:

Goal 1 - High-Quality Education

- Create an environment conducive to learning that prepares all students for college and/ or careers. Our schools possess the technology that our teachers, staff and

students need to develop the skills necessary to be successful. Students are educated in a safe and secure environment.

Goal 2 - High-Quality Faculty and Staff

- We will be the employer of choice for the best teachers and the best staff. Our teachers will be prepared, innovative and supported. We provide development opportunities for our faculty and staff to continuously improve. Our customer service, both internally and externally, will be exceptional. We will be welcoming and responsive to students, parents, community members and each other.

Goal 3 - Engaged Parents

- Our greatest allies in our students' education and development are the parents. We must know and understand our DPS parents to better support students. And they must know and understand Dayton Public Schools to better support their children.

Goal 4 - Community Collaborations and Partnerships

- Earn the trust and support of the entire community we serve. We must constantly demonstrate how we value our community partners and collaborators.

Goal 5 - Fiscal Responsibility and Accountability

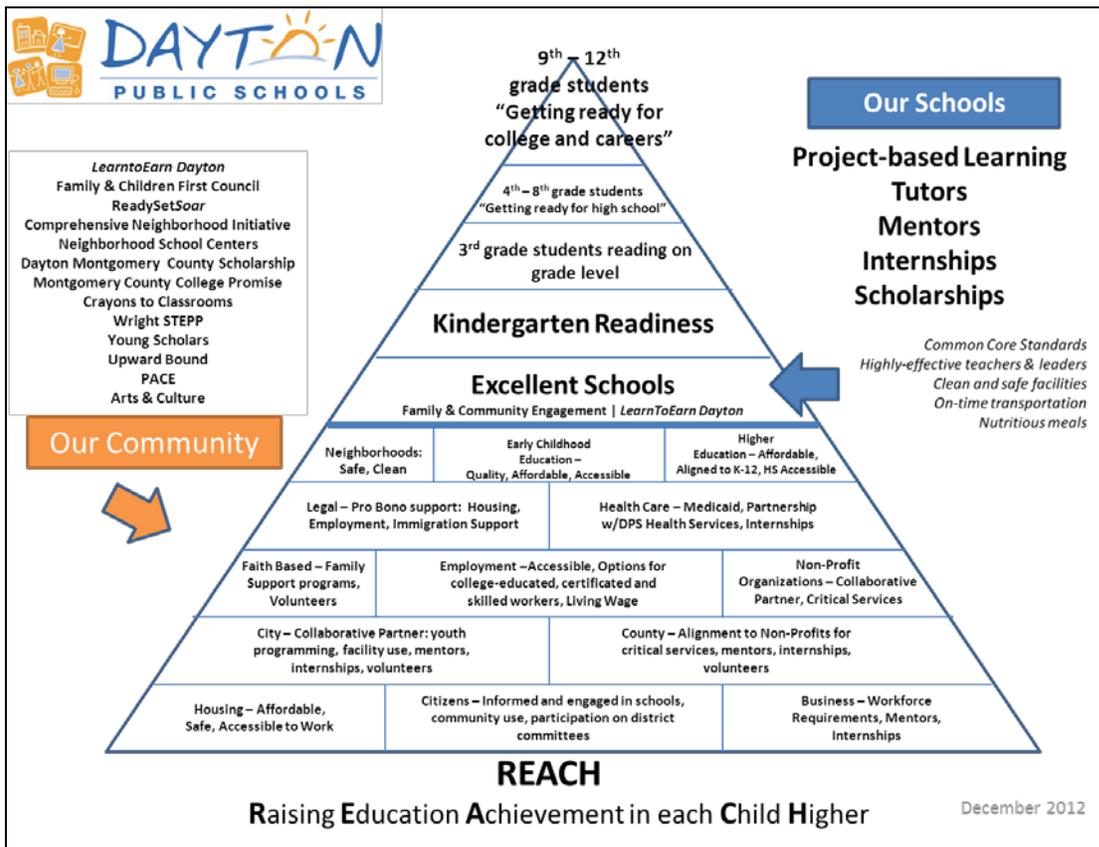
- Fiscal responsibility extends beyond money to include buildings, vehicles, equipment and technology. Not only do we accept responsibility for being effective and efficient in how we use resources, we also are accountable to the community. Teachers and staff are trained to understand school funding and key metrics of performance. We have a well-developed communications network that keeps everyone throughout our organization informed. In addition, our parents and our community partners can take pride in our stewardship of public and private dollars through an ongoing process of communications and feedback.

Academic Plan

The District has established four district-wide academic non-negotiables focused on higher student achievement. They are:

- Enter Kindergarten prepared to learn and grow
- Read on grade level by third grade
- Close the achievement gap for all populations and perform on standard
- Graduate college and career ready

In order to remain transparent to the community and provide a graphic illustration of how the School District and the community must work together to improve education, the School District created the REACH (Raising Education in each Child Higher) model. This model is aligned to the Montgomery County, OH LearnToEarn initiative to increase the number of college-educated citizens by 2025, as depicted below.



The District’s REACH model focuses on enhancing the ability of the School District’s young people to be college and career ready by their high school graduation. To achieve this goal the School District and the community must focus on a variety of academic and non-academic elements. The elements in combination are essential for ensuring that young people are prepared for college and have the support systems in place for ensuring their success.

The District’s efforts will be successful only when they are complemented by a community-wide commitment to the goals of REACH. One of the principles of the REACH model is to partner with existing community-based assets that are already committed to improving outcomes for children and families. Community assets currently include many family and child-serving non-profit agencies throughout the county, most of which rely on the funding and leadership of United Way and Montgomery County Supported Services funding, and other private and foundation funding. The School District will work to build community-based support for the REACH model, so that community services, and their funding mechanisms, can support the work being done in the classrooms. The School District appreciates the partnership of Montgomery County Family and Children First Council and the United Way, and welcomes other government and community-based organizations in strengthening the social foundation that is essential for the School District to achieve its educational goals, and for ensuring the college and career readiness of its student population.

Academic Strategies

The following academic strategies are the creation of targeted academic programs and strategies.

Kindergarten Readiness

- Strategy I: Lead Ready Schools coalitions for every quadrant/school to collaborate with child care and preschool providers to ensure understanding of “kindergarten readiness” definition; share Kindergarten Readiness Assessment – Literacy (KRA-L) scores every fall and set goals with each coalition for improvement.
- Strategy II: Increase access to high quality, affordable, pre-school for all 3 and 4 year olds
- Strategy III: Educate parents on their role to improve readiness (through communication home to younger siblings, active participation in Passport to Kindergarten, parent workshops, invitations to school events sent to the child care providers).
- Strategy IV: Review Bracken School Readiness Assessment scores of students in School District preschools in fall and differentiate instruction to improve readiness by spring. Closely monitor KRA-L scores for School District preschool students to drive improvements in readiness.

3rd Grade Reading Proficiency

- Strategy I. All core teachers, in grades K – 3, will be licensed with a reading endorsement.
- Strategy II. Implement a balanced literacy program, four block, which focuses on guided reading, self-selected reading, vocabulary and writing.
- Strategy III. 100% of programming offered by arts organizations or non-profits will be aligned with the Common Core State Standards—especially reading standards.
- Strategy IV. Leverage partners in education and volunteers to focus on literacy tutoring.

4th-8th Grade Transition to High School

- Strategy I. All language arts and mathematics teachers will maintain a 4 – 9 license.
- Strategy II. Assign mentors to all 6th, 7th and 8th grade students.
- Strategy III. Introduce College Board (ACT) online applications known as EXPLORE at the 7th grade and PLAN at the 8th grade as a measure to monitor and analyze potential post-secondary success and options.
- Strategy IV. Align all 21st Century grants to support extended day and/or positive school climate opportunities.
- Strategy V. Implement a high school and college awareness plan for all schools.

High School to Post-secondary and Career Readiness

- Strategy I: Offer dual enrollment courses in every high school effective August 2012.
- Strategy II: Create a comprehensive internship program that exposes students to job and career opportunities and helps the students better understand the relevance of the academic work they pursue.
- Strategy III: Offer PSAT at for all 10th grade students and SAT and ACT prep courses.
- Strategy IV: Provide access to on-line coursework especially in “hard-to-staff” courses such as foreign language, Advanced Placement.
- Strategy V: Provide supports for older youth, in transition to adulthood defined by the YPS Outcome Team under FCFC and assistance to parents as well as youth through partners on the financial aid and enrollment process for college and other post-secondary educational program. Coordinate enrollment in college success or similar programming upon acceptance

Creation of targeted non-academic programs and strategies

The second element of the REACH model effort will be targeted “strategy” programs that are structured to influence positively the non-academic barriers through the following family and community supports:

1. Students are Healthy
 - a. GetUp Montgomery County
 - b. Health Screenings
 - c. Immunizations
 - d. Access to fresh fruits and vegetables
 - e. Access to pediatric care for insured and uninsured children
 - f. Access to behavioral health care
2. Students Feel Safe
 - a. 21st Century grants focused on academic enrichment and reinforcing positive school climate
 - b. Walking school buses
 - c. Collaborations with Dayton Police Department and Montgomery County Sheriff Office
 - d. Neighborhood organizing focused on crime prevention through partner agencies and neighborhood groups.
3. Students Live in Stable Communities
 - a. Neighborhood School Centers as a hub of activities for the community
 - b. Wrap around support services for families provided by partner human service partners
4. Family/Community Support Learning

- a. School-based parent groups that reinforce the role parents can play in reinforcing learning and promote commitment to post-secondary educational goals for children.
 - b. Nurturing Parenting Programs
 - c. Mentoring Collaborative
 - d. Before and after school as well as summer academic enrichment/tutoring provided by human service agency partners with emphasis on literacy, STEM and project based learning
 - e. Family-based ESL programs provided by human service partners
5. Students with 21st Century Learning Tools
- a. Hotspots throughout the city of Dayton provided by partners
 - b. Dual enrollment at higher education institutions

State Performance Standards

According to the Department, the Local Report Card acts as a catalyst for analysis of school improvement and excellence by reporting on the performance of school districts.

Ohio is changing how it evaluates and communicates the academic performance of its schools and districts. The new report card will be phased in over several years. The grades for measures will be combined into six broad categories, called components, which also will receive a grade. Finally, the component grades will be combined into an overall grade for the school or district.

The six components that will be on the new report card are:

1. **Achievement:** This component measures absolute academic achievement compared to national standards of success.
2. **Progress:** This component measures the average annual improvement for each student (i.e., whether a **student** gained more or less a year of knowledge and skills each year).
3. **Gap Closing:** This component measures how well a school or district is doing in narrowing gaps in reading, math and graduation rate among students according to socioeconomic, racial, ethnic or disability **status**.
4. **Graduation Rate:** This component measures the percentage of students who entered the 9th grade and graduated in **four** and five years.
5. **K-3 Literacy:** This component measures the improvement in reading for students in kindergarten through grade **three**.
6. **Prepared for Success:** This component measures whether students who graduate are prepared for college or a career.

The new report cards will begin with the current 2012-2013 report cards. This year, the report card will have nine measures that receive grades in four of the six components. There will be no component or overall grades until August 2015. This will give schools time to adjust to the new system and focus their efforts on being successful in all areas that are being measured.

An outline of each of the measures and a breakdown of the School District’s performance on the State Indicators follows.¹

1. Achievement Component

Measures: Performance Indicators. Based on a series of 24 state tests that measure the level of achievement for each student in a grade and subject.

Performance Index. Schools receive points for every student’s level of achievement. The higher the student’s level, the more points the school applies towards its index.

The ranges for all achievement measure grades are the same and partially prescribed by law.

Score	Letter Grade
90% - 100%	A
80% - 89.9%	B
70% - 79.9%	C
50% - 69.9%	D
Below 50%	F

Source: Ohio Department of Education

The School District’s Performance Index was 62.9% for which it received a grade of “D” and met 8.3% of the State Indicators for which it received a grade of “F.”

2. Progress Component

Measures: All Students (overall rating of a school district)
 Gifted Students (math, reading or superior cognitive only)
 Students with Disabilities (all students who have an Individualized Education Program and take the Ohio Achievement Assessments)
 Students in the Lowest 20% of Achievement Statewide (based on distribution of scores for the entire state)

The grade ranges for all measures in the Progress component are the same and partially prescribed by law.

Score	Letter Grade
+2 and higher	A
> or = to +1 but < +2	B
> or = to -1 but < +1	C
> or = to -2 but < -1	D
Less than 2	F

Source: Ohio Department of Education

The District received an overall grade of “F,” a gifted grade of “D,” a Students with Disabilities grade of “F,” and a Lowest 20% in Achievement grade of “D.”

¹ This discussion of state performance standards is provided for the convenience of the reader and only summarizes the process by which the Department reaches its designation for school districts. For more information about state performance standards, including more detail about the School District’s performance, please see the Department’s website relating to state and local report card reporting at <http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?page=279>.

3. Graduation Rate Component

Measures: Four-Year Graduation Rate
Five-Year Graduation Rate

Ohio recently transitioned to a new method of calculating the graduate rate set by the federal government. The grade ranges for graduation rate measures are the different and partially prescribed by law.

<u>Four-Year Graduation Rate</u>		<u>Five-Year Graduation Rate</u>	
Score	Letter Grade	Score	Letter Grade
93%-100%	A	95%-100%	A
89%-92.9%	B	90%-94.9%	B
84%-88.9%	C	85%-89.9%	C
79%-83.9%	D	80%-84.9%	D
Less than 79%	F	Less than 80%	F

Source: Ohio Department of Education

The District's four-year graduation rate was 69.9% and received a grade of "F," and the five-year graduation rate was 72.5% and received a grade of "F."

4. Gap Closing Component

Measures: Annual Measurable Objectives (AMO) measure the academic performance of specific groups of students, such as racial and demographic groups.

The ranges for the AMO grades are outlined in Ohio's Elementary and Secondary Education Act flexibility waiver.

Score	Letter Grade
90% - 100%	A
80% - 89.9%	B
70% - 79.9%	C
60% - 69.9%	D
Below 60%	F

The District AMO was 19.3% and received a grade of "F."

5. K-3 Literacy Component

Measures: K-3 Literacy Improvement measures how well schools and districts are helping young students who are reading below grade level.

This measure and component will not appear on the report card until the report card is released in August 2014. The State Board of Education is in process of determining how this measure will work and what the grade ranges will be.

6. Prepared for Success Component

Measures: College Admission Test (participation rate and percent receiving non-remediation score)
Dual Enrollment Credits (percent earning at least three credits)

Industry Credentials (percent of students with a credential)
Honors Diplomas Awarded (percent of students with an Honors Diploma)
Advanced Placement (participation rate and percent scoring three or above)
International Baccalaureate Program (participation rate and percent scoring four or above)

The individual measures will not receive a grade. The method for calculating the component grade will be set by the State Board of Education before the grades are first released on the August 2015 report card.

Summary of School District Academics

- While the School District has posted incremental gains in student achievement it is important to note that the School District passed its highest number of state indicators in FY12. In addition, the School District scored in second highest performance index score in the School District's history, just three-tenths of a point below the School District record.
- The School District has developed plans to recruit, retain, and remunerate high quality staff. Our recruitment efforts range from partnerships with our local universities to Teach for America. In school year 2014, the School District will also implement the new Ohio Teacher Evaluation System (OTES) and the Ohio Principal Evaluation System (OPES). Collectively, these two systems allows the School District to reassign, financially reward, and release staff members as appropriate.
- Many positive initiatives are being infused into the School District's focus for improving academic achievement. A major underlying thrust for these initiatives is the implementation of the common core state standards to be implemented in 2014 - 2015. Ohio is one of forty-two states that have adopted the common core standards.
- The School District's Comprehensive Continuous Improvement Plan provides a format that enables the School District to address significant teaching, learning, and accountability issues. The heart of the plan is composed of "gain targets" that reflect what students are expected to achieve on the 27 State performance indicators. Each school has developed a school improvement plan that outlines areas of concentrated improvement efforts. School plans must address all indicators on the state report card document.

The school improvement planning process has been an annual requirement in the School District since 1993. This process has been aligned with the School District's strategic plan. Student test results are disaggregated and analyzed to identify areas of and strategies for improvement. Results of both School District and school improvement plans, supported by administrative work plans of instructional support staff, are publicly reported.

Information Technology Outsourcing and Systems Integration Agreement

The District issued a RFP for Managed IT Services in 2012 and awarded a contract to Cincinnati Bell Technology Solutions, Inc. (CBTS) effective July 1, 2013. This award is for a base term of 36 months with two, two-year options.

The scope of service to be delivered to the District is presented in five broad categories including systems management, systems integration, project management, and network /telecommunications management, with additional IT service and technology solutions. The scope of administrative systems support includes the district's web-based ERP systems: core financial applications, human resources, student information systems, network systems and internal Infonet. The Wide Area Network (WAN) and Local Area Network (LAN) infrastructure provides connectivity within administrative offices of each facility so that each staff member may access our web-based applications. CBTS integrates over 20 applications supporting the work of the district.

The business system solutions are web-based, SunGard K-12 PLUS 360, consisting of Financial, Human Resources, Student Information System and IEP. The administrative system consists of human resource, payroll, purchasing, accounts payable, accounts receivable, and fixed assets applications. Functional components of the web-based student information system include student demographics, enrollment, online registration, scheduling, online grade book, achievement history, transcripts, daily and period attendance, and a student/parent portal.

The Education Foundation Fund

Ohio Revised Code Section 3315.40 grants to boards of education the authority to establish an education foundation fund. It was the recommendation of the Dayton Board of Education at their December 2, 1992, meeting to establish "The Dayton Public School Fund" to provide significant, long-term financial resources to accelerate and sustain continuous improvement toward fulfilling the District's mission and vision of excellence. It was also recommended that the Dayton Board of Education, pursuant to Ohio Revised Code Section 3315.41, appoint the Dayton Foundation as fiscal agent.

FINANCIAL POLICIES

Financial policies which had a significant impact of the current period's financial statements include internal controls and budgetary controls as discussed below.

Internal Controls - In developing and revising the School District's accounting and internal control system, management has considered the adequacy of internal controls to provide 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 a control should not exceed the benefits likely to be derived; and
- the evaluation of costs and benefits requires estimates and judgments by management.

Management believes that the internal controls adequately meet the above objectives.

Budgetary Controls - In addition, the School District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriations resolution approved by the Board of Education. Activities of all funds are included in the annual appropriations resolution. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is by fund. The School District has chosen to present budgetary information at the function level in the basic financial statements and in the individual fund statements.

The School District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriation balances are verified prior to the release of purchase orders to ensure funds are available to meet the obligation created by the purchase order. Encumbered amounts at year end are carried forward to succeeding fiscal year and are not re-appropriated.

As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management.

AWARDS AND ACKNOWLEDGEMENTS

Awards

GFOA Certificate of Achievement

The Governmental Finance Officers Association of the United States and Canada is a nonprofit association founded in 1906 that serves approximately 12,000 governmental finance professionals. For the twentieth consecutive year, Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This honor is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid only for a period of one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ASBO Certificate of Excellence

The Association of School Business Officials International, a professional organization founded in 1910, also presented the District with a Certificate of Excellence in Financial Reporting Award for the preparation and issuance of the fiscal year 2012 school system comprehensive annual financial report. This award is granted only after an intensive review of the financial report by an expert ASBO Panel of Review consisting of certified public accountants and practicing school business officials. Receiving this award is recognition that a school system has met the highest standards of excellence in school finance reporting.

A certificate of excellence is valid for one year only. We believe our current report continues to conform to the standards set by the ASBO Panel of Review, and we are submitting it to ASBO to determine its eligibility for another award.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the staff of the Treasurer's Office. We want to express our appreciation to all that assisted and contributed to its preparation. A special note of appreciation is extended to the staff of Local Government Services (LGS), State of Ohio, for their consultant services. We would like to acknowledge all members of the Board who have expressed their interest and support in planning and conducting the financial operations of the District in a fiscally responsible, professional and progressive manner.



Lori L. Ward
Superintendent



Craig A. Jones
Treasurer/Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Dayton City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Association of School Business Officials International

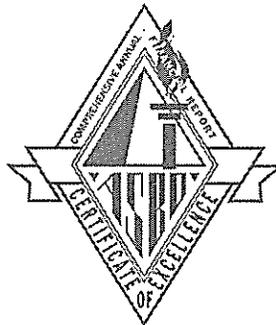


*The Certificate of Excellence in Financial Reporting Award
is presented to*

Dayton School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in cursive script, reading 'Ron McCulley'.

Ron McCulley, CPPB, RSBO
President

A handwritten signature in cursive script, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**BOARD MEMBERS-ELECTED OFFICIALS
JUNE 30, 2013**

<u>Name</u>	<u>Began Service as a Board Member</u>	<u>Term Expires December 31</u>
Joseph Lacey, President	2006	2013
Robert C. Walker, Vice President	2012	2015
Ronald C. Lee	2007	2013
Yvonne V. Isaacs	2002	2013
Nancy Nerny	2008	2015
Sheila Taylor	2008	2015
Stacy M. Thompson	2006	2013

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**CABINET MEMBERS
JUNE 30, 2013**

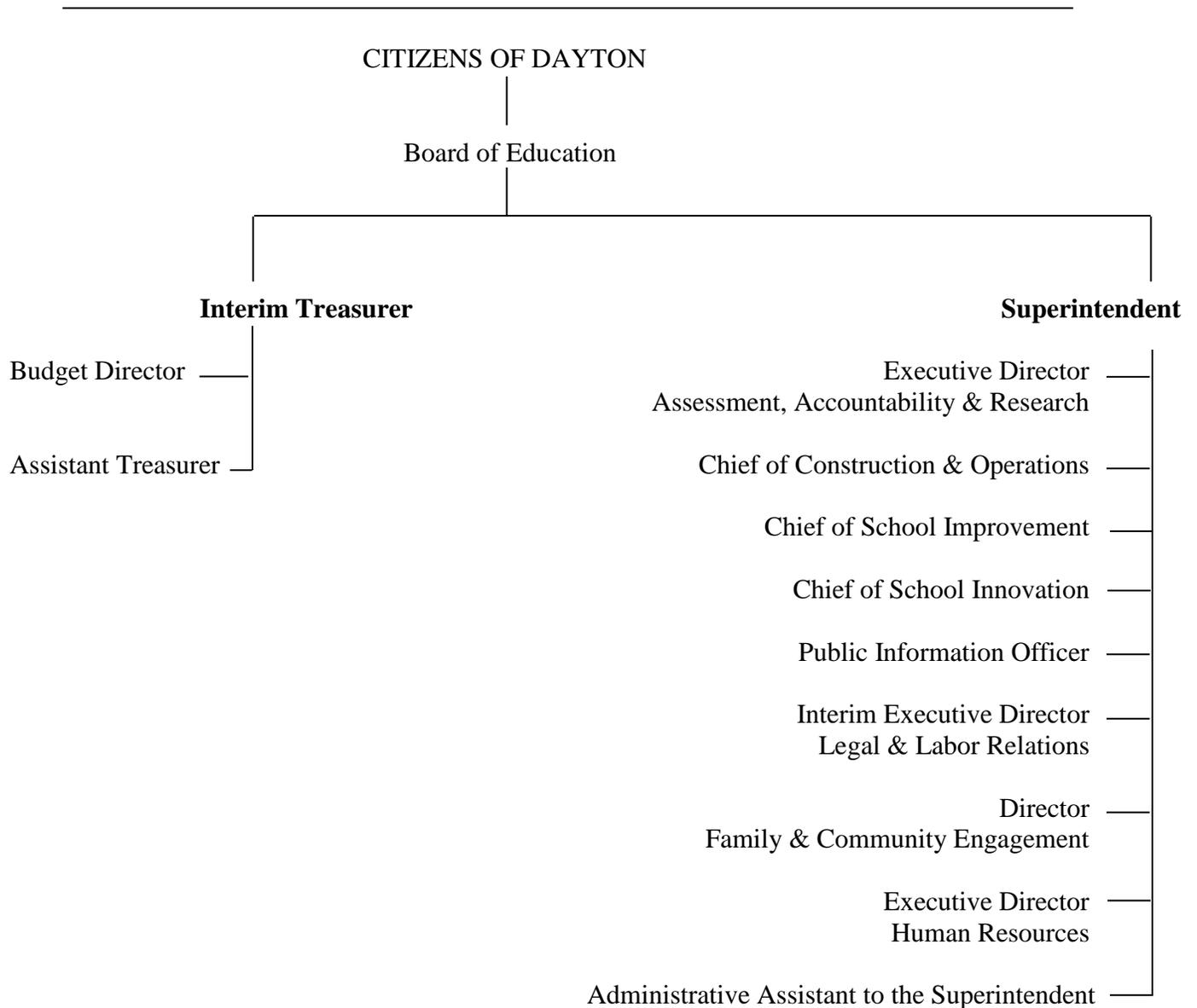
Lori L. Ward	Superintendent
Hiwot Abraha	Interim Treasurer
Shelia Burton	Executive Director, Assessment, Accountability & Research
John H. Carr, AIA	Chief of Construction & Operations Officer
Lisa Minor	Chief of School Improvement
David Lawrence	Chief of School Innovation
Jill Moberley	Public Information Officer
Jennifer Naylor	Interim Executive Director, Legal and Labor Relations
Toni Perry-Gillispie	Director, Family & Community Engagement
Lisa Lewis	Executive Director, Human Resources
Colleen S. Wells	Administrative Assistant to the Superintendent

DAYTON CITY SCHOOL DISTRICT

MONTGOMERY COUNTY, OHIO

ORGANIZATIONAL CHART

June 30, 2013



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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Education
Dayton City School District
115 South Ludlow Street
Dayton, Ohio 45402

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dayton City School District (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dayton City School District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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springfield, oh 45502

www.cshco.com
p. 937.399.2000
f. 937.399.5433

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2014 on our consideration of the District'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* in considering the District's internal control over financial reporting and compliance.



Springfield, Ohio
February 25, 2014

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DAYTON CITY SCHOOL DISTRICT
Montgomery County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The discussion and analysis of the Dayton City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, Notes to the Basic Financial Statements, and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

Overall:

- Total net position decreased \$9.3 million, which represents a 2.5 percent decrease from fiscal year 2012.
- Total assets of governmental activities decreased by \$15.4 million from those reported at June 30, 2012. The primary factor of the decrease is due to current year depreciation exceeding current year capital asset additions by \$10.5 million
- General revenues accounted for \$211.3 million or 78.7 percent of total revenue. Program specific revenues in the form of charges for services, sales, and operating grants and contributions account for \$57.0 million or 21.3 percent of total revenues of \$268.3 million.
- The General Fund reported balance of \$4.3 million at June 30, 2013, compared to \$17.9 million reported in fiscal year 2012.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Dayton City School District 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 Position and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregated view of the School District's finances and a longer-term view of those statements. 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 School District's most significant funds, major funds, with all other nonmajor funds presented in total in one column. In the case of Dayton City School District, the General Fund, Bond Retirement Fund and Classroom Facilities Capital Projects Fund are reported as major funds.

DAYTON CITY SCHOOL DISTRICT

Montgomery County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources, using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the School District's net position and changes in the net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District 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 School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services occur, including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities. The School District does not have any business-type activities. The internal service funds are reported within the governmental activities of the School District.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports are presented after the Statement of Activities and provide detailed information about each major fund. The major funds of the School District include the General Fund, the Bond Retirement Debt Service Fund and the Classroom Facilities Capital Projects Fund. The School District uses many funds to account for a multitude of financial transactions. However, the fund financial statements focus on the School District's most significant funds, and therefore, only the major funds are presented separate from the other governmental funds.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the fund financial statements.

DAYTON CITY SCHOOL DISTRICT
Montgomery County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Proprietary Funds

Internal service funds are used to report activities that provide services to the School District's other funds and departments.

Fiduciary Funds

The School District's only fiduciary funds are private purpose trust funds and agency funds. The School District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. In the case of the Dayton City School District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$366 million at June 30, 2013.

Table 1 provides a summary of the School District's net position for fiscal year 2013 compared to fiscal year 2012:

TABLE 1
Net Position (in 000's)

	2013	Restated 2012	Change
<i>Assets:</i>			
Current and other Assets	\$215,321	\$220,222	(\$4,901)
Capital Assets	489,789	500,281	(10,492)
Total Assets	<u>705,110</u>	<u>720,503</u>	<u>(15,393)</u>
<i>Deferred Outflows of Resources:</i>			
Deferred Charge on Refunding	686	730	(44)
Fair Value of Hedging Derivatives	14,435	23,642	(9,207)
Total Deferred Outflows of Resources	<u>\$15,121</u>	<u>\$24,372</u>	<u>(\$9,251)</u>
<i>Liabilities:</i>			
Current and Other Liabilities	22,810	23,214	(404)
Long-Term Liabilities	261,935	282,087	(20,152)
Total Liabilities	<u>284,745</u>	<u>305,301</u>	<u>(20,556)</u>
<i>Deferred Inflows of Resources:</i>			
Property Taxes	<u>69,441</u>	<u>64,204</u>	<u>5,237</u>

(continued)

DAYTON CITY SCHOOL DISTRICT
Montgomery County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

TABLE 1
Net Position (in 000's)
(continued)

	2013	Restated 2012	Change
<i>Net Position:</i>			
Net Investment in Capital Assets	254,065	262,447	(8,382)
Restricted	74,987	66,107	8,880
Unrestricted	36,993	46,816	(9,823)
Total Net Position	<u>\$366,045</u>	<u>\$375,370</u>	<u>(\$9,325)</u>

Total net position reported at June 30, 2013 is \$9.3 million less than the net position reported in the prior fiscal year. The primary reason for the decrease in the School District's total net position is due to current year depreciation exceeding current year additions and expenses exceeding revenues.

Total liabilities decreased \$20.6 million compared with those reported the prior fiscal year. Long-term obligations decreased by \$20.2 million during fiscal year 2013 due to scheduled debt payments being made and the termination of one of the swap agreements.

Total assets of the School District at June 30, 2013 totaled \$705.1 million, compared with \$720.5 million reported for the prior fiscal year. Significant changes in asset accounts were primarily due to a decrease in capital assets by \$10.5 million, all of which is associated with current year depreciation exceeding current year additions.

Table 2 shows the key components in the changes in net position for the last two fiscal years.

TABLE 2
Changes in Net Position (in 000's)

	2013	Restated 2012	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$3,562	\$4,722	(\$1,160)
Operating Grants and Contributions	53,461	55,397	(1,936)
General Revenues:			
Property Taxes	72,409	60,177	12,232
Grants and Entitlements	138,351	142,565	(4,214)
Gifts and Donations	7	0	7
Investment Earnings	(400)	2,150	(2,550)
Gain on Sale of Capital Assets	0	130	(130)
Miscellaneous	916	6,485	(5,569)
Total Revenues	<u>\$268,306</u>	<u>\$271,626</u>	<u>(\$3,320)</u>

(continued)

DAYTON CITY SCHOOL DISTRICT

Montgomery County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
UnauditedTABLE 2
Changes in Net Position (in 000's)
(continued)

	2013	Restated 2012	Change
Program Expenses			
Instruction	\$95,802	\$94,121	\$1,681
Support Services:			
Pupils and Instructional Staff	27,593	30,022	(2,429)
Board of Education, Administration, Fiscal and Business	22,455	26,341	(3,886)
Operation and Maintenance of Plant	19,227	21,074	(1,847)
Pupil Transportation	17,396	17,184	212
Central	9,028	10,264	(1,236)
Non-Instructional Services	69,884	69,881	3
Extracurricular Activities	1,780	1,773	7
Interest and Fiscal Charges	6,046	9,954	(3,908)
Unallocated Depreciation	8,420	9,695	(1,275)
Total Expenses	<u>277,631</u>	<u>290,309</u>	<u>(12,678)</u>
Change in Net Position	(9,325)	(18,683)	9,358
Net Position at Beginning of Year - Restated	<u>375,370</u>	<u>394,053</u>	<u>(18,683)</u>
Net Position at End of Year	<u><u>\$366,045</u></u>	<u><u>\$375,370</u></u>	<u><u>(\$9,325)</u></u>

For fiscal year 2013, total net position decreased \$9.3 million or 2.5 percent, however this decrease was \$9.4 million less than the decrease in net position for fiscal year 2012. The School District was able to reduce expenditures more than the decrease in revenues for fiscal year 2013. Total expenses reported for fiscal year 2013 were \$277.6 million or \$12.7 million less than those reported for the prior fiscal year due to the School District replacing experienced teachers with less experienced and the School District closely monitoring expenditures. The \$3.3 million, or 1.2 percent, decrease in total revenues from those in the prior fiscal year was mainly due to a decrease in State funding, federal grants and miscellaneous revenue due to non-reoccurring revenue (revenue from: E-rate, leases, indirect costs) reported in the prior year.

As noted in Table 2, the School District remains heavily dependent upon general intergovernmental revenues. Approximately 65.5 percent of the School District's general revenues are received from intergovernmental sources, primarily State foundation revenue. Grants and entitlements decreased due to several federal grants ending. Property tax revenue increased mainly due to Montgomery County increasing the effective tax rate for the Bond Retirement Fund as well as an increase in receivable for delinquent property taxes.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2013, as compared to those recorded in fiscal year 2012. Net cost of services provided identifies the cost of these services supported by general revenues, including tax revenue and unrestricted State entitlements.

DAYTON CITY SCHOOL DISTRICT
Montgomery County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

TABLE 3
Total and Net Cost of Program Services
Governmental Activities (in 000's)

	2013		2012	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$95,802	\$68,510	\$94,121	\$62,178
Support Services:				
Pupils and Instructional Staff	27,593	14,439	30,022	16,598
Board of Education, Administration, Fiscal and Business	22,455	21,225	26,341	24,069
Operation and Maintenance of Plant	19,227	18,548	21,074	20,361
Pupil Transportation	17,396	15,404	17,184	16,655
Central	9,028	8,966	10,264	10,181
Non-Instructional Services	69,884	57,774	69,881	59,303
Extracurricular Activities	1,780	1,277	1,773	1,197
Interest and Fiscal Charges	6,046	6,046	9,954	9,954
Unallocated Depreciation	8,420	8,420	9,695	9,695
Total Expenses	<u>\$277,631</u>	<u>\$220,609</u>	<u>\$290,309</u>	<u>\$230,191</u>

Table 3 shows a \$12.7 million decrease in total cost of service for fiscal year 2013 as compared to the prior fiscal year. This decrease, along with other changes reflected throughout instruction and non-instruction, is due to fiscal year 2013, the School District replacing experienced employees with less experienced employees and a slight reduction in the total number of employees from fiscal year 2012 and cost realignments relating to the completion of several federal grants.

The School District's Funds

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

Total ending fund balance reported for governmental funds at June 30, 2013 was \$62.3 million, a \$15.1 million decrease compared with the prior fiscal year. \$4.3 million is reported in the Bond Retirement Debt Service Fund to be used to pay debt obligations as they become due. \$21 million is reported in the Classroom Facilities Fund.

The General Fund is the operating fund of the School District. At June 30, 2013, the ending fund balance of the General Fund was \$4.3 million compared to \$17.9 million in the prior fiscal year. The decrease in fund balance was due to increases in instructional cost as employee's salaries are moved from grant funds to the General fund due to the elimination of some grants. Miscellaneous revenue decreased \$4.1 million due to non-reoccurring revenue (revenues from E-Rate, leases, indirect costs) reported in the prior fiscal year.

The \$0.6 million increase in the fund balance of the Bond Retirement Debt Service Fund resulted from the School District refunding all three of the 2003 School Construction Bonds.

The \$1.6 million decrease in the fund balance of the Classroom Facilities fund resulted from the School District winding down the Ohio School Facilities Commission construction project.

DAYTON CITY SCHOOL DISTRICT

Montgomery County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2013, the School District amended its General Fund budget numerous times. As the School District receives unanticipated cash receipts or received less than was anticipated, it was necessary to adjust estimated resources and appropriations. Other revenue and expenditure line items were also reviewed.

There were variances between the amounts of the original and final budget for each revenue source. The School District did not anticipate budgeting for several miscellaneous items in the original budget. Actual revenue was less than final budget mainly from less tuition and fees and miscellaneous revenue received than budgeted.

Capital Assets

At the end of fiscal year 2013, the School District had \$549.7 million invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles in governmental activities and \$59.9 million of accumulated depreciation, resulting in net capital assets of \$489.8 million.

Table 4 shows fiscal year 2013 balances compared to those of fiscal year 2012:

TABLE 4
Capital Assets at June 30

	<u>2013</u>	<u>2012</u>
Land	\$11,688,101	\$11,688,101
Buildings and Improvements	501,182,373	451,911,860
Furniture and Equipment	17,479,049	16,807,799
Vehicles	19,389,386	19,389,386
Construction in Progress	0	57,049,407
Less: Accumulated Depreciation	<u>(59,949,888)</u>	<u>(56,565,548)</u>
Total Capital Assets	<u>\$489,789,021</u>	<u>\$500,281,005</u>

Overall, net capital assets decreased approximately \$10.5 million from fiscal year 2012. There were no significant capital purchases, other than those associated with the school facilities project. Additional information on the School District's capital assets can be found in Note 9 to the Basic Financial Statements.

DAYTON CITY SCHOOL DISTRICT
Montgomery County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Debt Administration

At the end of fiscal year 2013, the School District had \$237.3 million of outstanding long-term debt obligations, of which \$8.3 million is due within one year. Significant elements of the School District's outstanding long-term debt obligations outstanding at June 30, 2013 include:

- \$117.8 million in outstanding general obligation refunding school facilities construction and improvement bonds, and related unamortized bond premiums, with \$207.7 million of principal payments and premium amortization made during the fiscal year 2013. During fiscal year 2013, the School district refunded all three of the 2003 School Construction Bonds. The 2003-A School Construction bonds were refunded with \$93.45 million in refunding notes.
- \$10.0 million in Qualified Zone Academy Bonds for renovations to Stivers Middle School and the creation of an Arts program in Dayton. These bonds bear no interest and payment of the entire principal is due at the maturity date of December 30, 2016.
- \$0.7 million of long-term tax anticipation notes. The School District made principal payments of \$350,000 during the year.
- \$14.8 million of certificates of participation, which were originally issued to finance the purchase of the School District's administrative office building as well as additional office space.

Additional information on the School District's long-term obligations can be found in Note 14 to the Basic Financial Statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at Dayton City School District, 115 South Ludlow Street, Dayton, Ohio 45402 or call (937) 542-3018.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$78,991,377
Cash and Cash Equivalents with Fiscal Agent	10,673,336
Receivables:	
Property and Other Taxes	113,152,677
Accounts	479,399
Intergovernmental	11,911,463
Accrued Interest	112,608
Capital Assets:	
Non-Depreciable	11,688,101
Depreciable, Net of Accumulated Depreciation	478,100,920
Total Assets	705,109,881
Deferred Outflows of Resources:	
Deferred Charge on Refunding	686,468
Fair Value of Hedging Derivatives	14,434,862
Total Deferred Outflows of Resources	15,121,330
Liabilities:	
Accounts Payable	2,317,508
Accrued Wages and Benefits Payable	10,872,782
Intergovernmental Payable	6,109,609
Accrued Interest Payable	1,193,382
Accrued Vacation Leave Payable	1,511,277
Matured Compensated Absences Payable	587,905
Notes Payable	5,000
Retainage Payable	212,254
Long Term Liabilities:	
Due Within One Year	12,597,250
Due in More Than One Year	249,338,178
Total Liabilities	284,745,145
Deferred Inflows of Resources:	
Property Taxes	69,440,952
Net Position:	
Net Investment in Capital Assets	254,064,580
Restricted for:	
Debt Service	11,344,590
Capital Projects	40,496,878
State and Federal Grants	11,829,533
Food Service	1,962,987
Special Trust	86,811
Classroom Facilities Maintenance	9,177,316
District Managed Student Activities	89,191
Unrestricted	36,993,228
Total Net Position	\$366,045,114

See accompanying notes to the basic financial statements.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues		Net (Expense)
		Charges for Services & Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$62,316,344	\$1,322,960	\$2,571,358	(\$58,422,026)
Special	29,445,763	0	20,528,492	(8,917,271)
Vocational	3,180,800	106	2,021,558	(1,159,136)
Adult/Continuing	11,860	7,008	811	(4,041)
Student Intervention Services	847,269	0	839,422	(7,847)
Support Services:				
Pupils	10,584,362	6,422	1,952,606	(8,625,334)
Instructional Staff	17,008,329	5,577	11,189,160	(5,813,592)
Board of Education	1,149,317	0	0	(1,149,317)
Administration	14,929,426	0	1,231,334	(13,698,092)
Fiscal	3,826,663	0	53	(3,826,610)
Business	2,550,132	0	0	(2,550,132)
Operation and Maintenance of Plant	19,227,426	679,896	94	(18,547,436)
Pupil Transportation	17,396,242	0	1,992,018	(15,404,224)
Central	9,027,827	0	61,803	(8,966,024)
Operation of Non-Instructional Services	69,883,726	1,037,089	11,072,273	(57,774,364)
Extracurricular Activities	1,779,626	502,723	0	(1,276,903)
Debt Service:				
Interest and Fiscal Charges	6,046,324	0	0	(6,046,324)
Depreciation - Unallocated	8,420,106	0	0	(8,420,106)
Total Governmental Activities	\$277,631,542	\$3,561,781	\$53,460,982	(220,608,779)

General Revenues:	
Property Taxes Levied For:	
General Purposes	56,770,433
Debt Service	14,468,317
Capital Projects	585,370
Other Purposes	585,368
Grants and Entitlements not Restricted to	
Specific Programs	138,351,191
Gifts and Donations	7,245
Investment Earnings	(399,516)
Miscellaneous	915,656
Total General Revenues	211,284,064
Changes in Net Position	(9,324,715)
Net Position at Beginning of Year - Restated (Note 3)	375,369,829
Net Position at End of Year	\$366,045,114

See accompanying notes to the basic financial statements.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$12,242,569	\$4,039,458	\$8,530,878	\$40,210,297	\$65,023,202
Cash and Cash Equivalents with Fiscal Agent	0	0	9,720,100	740,982	10,461,082
<u>Receivables:</u>					
Property and Other Taxes	88,770,927	22,513,507	0	1,868,243	113,152,677
Accounts	405,201	0	0	74,198	479,399
Intergovernmental	54,700	0	0	11,856,763	11,911,463
Accrued Interest	53,966	23	58,539	80	112,608
Due from Other Funds	4,683,500	0	0	0	4,683,500
<u>Restricted Assets:</u>					
Cash and Cash Equivalents with Fiscal Agent	0	0	212,254	0	212,254
Total Assets	\$106,210,863	\$26,552,988	\$18,521,771	\$54,750,563	\$206,036,185
<u>Liabilities:</u>					
Accounts Payable	\$795,852	\$0	\$55,768	\$1,326,247	\$2,177,867
Accrued Wages and Benefits Payable	9,685,289	0	0	1,185,839	10,871,128
Intergovernmental Payable	4,946,175	0	0	849,009	5,795,184
Due to Other Funds	0	498,300	0	4,185,200	4,683,500
Matured Compensated Absences Payable	527,523	0	0	60,382	587,905
Notes Payable	0	5,000	0	0	5,000
Retainage Payable from Restricted Assets	0	0	212,254	0	212,254
Total Liabilities	15,954,839	503,300	268,022	7,606,677	24,332,838
<u>Deferred Inflows of Resources:</u>					
Property Taxes	54,797,295	13,516,716	0	1,126,941	69,440,952
Unavailable Revenue	31,179,180	8,240,900	58,539	10,501,704	49,980,323
Total Deferred Inflows of Resources	85,976,475	21,757,616	58,539	11,628,645	119,421,275
<u>Fund Balances:</u>					
Nonspendable	161,798	0	0	0	161,798
Restricted	0	4,292,072	18,195,210	35,889,565	58,376,847
Assigned	4,117,751	0	0	0	4,117,751
Unassigned (Deficit)	0	0	0	(374,324)	(374,324)
Total Fund Balances	4,279,549	4,292,072	18,195,210	35,515,241	62,282,072
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$106,210,863	\$26,552,988	\$18,521,771	\$54,750,563	\$206,036,185

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013

Total Governmental Fund Balances:		\$62,282,072
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		489,789,021
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	40,045,073	
State and Federal Grants	9,822,642	
Interest	112,608	
Total	49,980,323	49,980,323
The internal service funds are used by management to charge the costs of insurance and goods warehoused and distributed to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
Internal Service Net Position	7,803,272	
Capital Assets	(82,411)	
Compensated Absences	9,295	
Accrued Vacation Leave Payable	5,538	
Claims Payable	5,776,761	13,512,455
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due.		(1,193,382)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.		(1,511,277)
The fair value of hedging derivative instrument is reported as deferred outflows on the statement of net position.		14,434,862
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Long-Term Notes Payable	(94,150,000)	
General Obligation Bonds	(100,779,989)	
Premium	(16,740,920)	
Certificates of Participation	(14,735,000)	
QZAB Bonds	(10,000,000)	
Cash Flow from Hedging Derivative Instrument	(14,434,862)	
Deferred Charge on Refunding	686,468	
Compensated Absences	(4,430,886)	
Accretion	(887,010)	
Claims Payable	(5,776,761)	
Total	(261,248,960)	(261,248,960)
Net Position of Governmental Activities		\$366,045,114

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$53,833,821	\$12,241,205	\$0	\$1,114,678	\$67,189,704
Intergovernmental	151,035,562	3,370,831	0	36,940,790	191,347,183
Investment Earnings	227,499	3,032	257,873	87,436	575,840
Tuition and Fees	1,164,624	0	0	106	1,164,730
Rent	495,021	0	0	0	495,021
Gifts and Donations	7,245	0	0	19,556	26,801
Customer Sales and Services	128,034	0	0	1,040,684	1,168,718
Extracurricular Activities	193,161	0	0	540,151	733,312
Miscellaneous	620,717	0	0	294,939	915,656
Total Revenues	207,705,684	15,615,068	257,873	40,038,340	263,616,965
Expenditures:					
Current:					
Instruction:					
Regular	58,761,006	0	0	2,950,765	61,711,771
Special	23,688,663	0	0	5,788,983	29,477,646
Vocational	2,480,716	0	0	610,575	3,091,291
Adult/Continuing	11,816	0	0	0	11,816
Student Intervention Services	137,441	0	0	724,895	862,336
Support Services:					
Pupils	9,258,883	0	0	1,660,827	10,919,710
Instructional Staff	7,108,666	0	0	10,322,702	17,431,368
Board of Education	1,135,863	0	0	0	1,135,863
Administration	10,428,959	0	2,812,744	1,091,616	14,333,319
Fiscal	3,458,283	233,983	79,227	24,404	3,795,897
Business	2,491,063	0	0	0	2,491,063
Operation and Maintenance of Plant	18,326,887	0	0	1,177,313	19,504,200
Pupil Transportation	15,686,887	0	0	609,686	16,296,573
Central	6,658,435	0	0	2,218,659	8,877,094
Operation of Non-Instructional Services	59,989,116	0	0	10,413,592	70,402,708
Extracurricular Activities	1,125,069	0	0	572,262	1,697,331
Capital Outlay	0	0	187,243	721,634	908,877
Debt Service:					
Principal Retirement	0	7,610,000	0	350,000	7,960,000
Interest and Fiscal Charges	614,199	6,001,254	0	32,132	6,647,585
Swaption Termination Fee	0	12,955,000	0	0	12,955,000
Advance Refunding Escrow	0	2,280,563	0	0	2,280,563
Total Expenditures	221,361,952	29,080,800	3,079,214	39,270,045	292,792,011
Excess of Revenues Under Expenditures	(13,656,268)	(13,465,732)	(2,821,341)	768,295	(29,175,046)
Other Financing Sources (Uses):					
Refunding Bonds Issued	0	98,284,989	0	0	98,284,989
Premium on Issuance of Refunding Bonds	0	16,438,446	0	0	16,438,446
Payment to Refunded Bonds Escrow Agent	0	(194,092,687)	0	0	(194,092,687)
Refunding Notes Issued	0	93,450,000	0	0	93,450,000
Transfers In	0	0	0	1,242,486	1,242,486
Transfers Out	0	0	(1,242,475)	(11)	(1,242,486)
Total Other Financing Sources (Uses)	0	14,080,748	(1,242,475)	1,242,475	14,080,748
Net Change in Fund Balance	(13,656,268)	615,016	(4,063,816)	2,010,770	(15,094,298)
Fund Balance at Beginning of Year	17,935,817	3,677,056	22,259,026	33,504,471	77,376,370
Fund Balance at End of Year	\$4,279,549	\$4,292,072	\$18,195,210	\$35,515,241	\$62,282,072

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net Change in Fund Balances - Total Governmental Funds		(\$15,094,298)
<i>Amounts reported for governmental activities in the Statement of Activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Asset Additions	421,009	
Current Year Depreciation	<u>(10,912,993)</u>	
Total		(10,491,984)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	5,219,784	
Interest	(198,761)	
State and Federal Grants	432,989	
Change in Fair Value of Embedded Derivatives	<u>(764,150)</u>	
Total		4,689,862
In the Statement of Activities, interest accrued on outstanding bonds, bond accretion, bond premium, bond issuance costs, and loss on refunding are amortized over the term of the bonds, whereas in governmental funds an interest expenditure is reported when due, and premiums, issuance costs, and loss on refunding are reported when the bonds are issued:		
Accrued Interest	1,148,075	
Annual Accretion	(887,010)	
Amortization of Premium on Bonds	383,552	
Amortization of Deferred Charge on Refunding	<u>(43,356)</u>	
Total		601,261
Repayment of bond, loan, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Payment to Refunding Bonds Escrow Agent - Other Financing Use	194,092,687	
Payment to Refunding Bonds Escrow Agent - Debt Service	2,280,563	
General Obligation Bonds	7,610,000	
Long-Term Notes Principal Payments	<u>350,000</u>	
Total		204,333,250
Payment of swaption termination fee is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.		
		12,955,000
In governmental funds, proceeds from sale of debt is considered a source of financing, but in the Statement of Net Position, the debt obligations are reported as a liability.		
Long-Term Notes	(93,450,000)	
General Obligations Bonds Refunded	(98,284,989)	
Premium on Refunded Bonds and Notes	<u>(16,438,446)</u>	
Total		(208,173,435)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated Absences Payable	33,326	
Claims Payable	(280,779)	
Vacation Payable	<u>48,833</u>	
Total		(198,620)
The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide Statement of Activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund are allocated among the governmental activities.		
Change in Net Assets	1,751,708	
Claims Payable	280,779	
Compensated Absences Payable	412	
Vacation Leave Payable	1,654	
Change in Capital Assets	<u>19,696</u>	
		<u>2,054,249</u>
Change in Net Position of Governmental Activities		<u><u>(\$9,324,715)</u></u>

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	\$53,871,971	\$55,034,925	\$53,788,717	(\$1,246,208)
Intergovernmental	149,128,488	152,388,173	150,977,864	(1,410,309)
Interest	593,072	598,195	196,736	(401,459)
Tuition and Fees	1,917,963	1,945,176	1,184,343	(760,833)
Rent	609,993	620,934	494,408	(126,526)
Gifts and Donations	0	0	30	30
Customer Sales and Services	99,307	102,012	128,034	26,022
Extracurricular	14,975	0	0	0
Miscellaneous	2,964,231	3,671,299	1,687,045	(1,984,254)
Total Revenues	209,200,000	214,360,714	208,457,177	(5,903,537)
Expenditures:				
Current:				
Instruction:				
Regular	54,242,520	56,805,719	55,398,298	1,407,421
Special	20,198,705	22,605,339	22,536,997	68,342
Vocational	3,096,338	2,921,010	2,442,360	478,650
Student Intervention Services	0	141,022	137,441	3,581
Other	698,858	804,487	801,489	2,998
Support Services:				
Pupils	7,582,830	9,669,216	9,546,366	122,850
Instructional Staff	6,021,628	7,507,400	7,405,176	102,224
Board of Education	650,660	1,006,331	966,541	39,790
Administration	10,216,627	10,606,512	10,568,780	37,732
Fiscal	2,839,855	4,391,002	3,595,141	795,861
Business	2,386,179	2,673,208	2,610,249	62,959
Operation and Maintenance of Plant	18,074,415	20,121,044	19,045,476	1,075,568
Pupil Transportation	15,059,804	15,560,542	15,353,022	207,520
Central	6,261,653	7,281,206	6,947,294	333,912
Operation of Non-Instructional Services	61,640,000	60,529,398	59,989,116	540,282
Extracurricular Activities	1,207,100	1,247,099	1,163,500	83,599
Capital Outlay	719,080	9,881	0	9,881
Debt Service:				
Interest and Fiscal Charges	0	614,199	614,199	0
Total Expenditures	210,896,252	224,494,615	219,121,445	5,373,170
Excess of Revenues Under Expenditures	(1,696,252)	(10,133,901)	(10,664,268)	(530,367)
Other Financing Sources (Uses):				
Premium on Issuance of Refunding Bonds	0	559,366	0	(559,366)
Advances In	0	0	6,462,900	6,462,900
Advances Out	0	0	(6,683,510)	(6,683,510)
Total Other Financing Sources (Uses)	0	559,366	(220,610)	(779,976)
Net Change in Fund Balance	(1,696,252)	(9,574,535)	(10,884,878)	(1,310,343)
Fund Balance at Beginning of Year	19,132,401	19,132,401	19,132,401	0
Prior Year Encumbrances Appropriated	857,195	857,195	857,195	0
Fund Balance at End of Year	\$18,293,344	\$10,415,061	\$9,104,718	(\$1,310,343)

See accompanying notes to the basic financial statements.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
STATEMENT OF FUND NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	Internal Service Funds
Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$13,968,175
Non-Current Assets:	
Capital Assets, Net of Accumulated Depreciation	82,411
Total Assets	14,050,586
Liabilities:	
Current Liabilities:	
Accounts Payable	139,641
Accrued Wages and Benefits Payable	1,654
Intergovernmental Payable	314,425
Accrued Vacation Leave Payable	5,538
Claims Payable	3,721,374
Compensated Absences Payable - Current	1,187
Total Current Liabilities	4,183,819
Non-Current Liabilities:	
Claims Payable	2,055,387
Compensated Absences Payable	8,108
Total Non-Current Liabilities	2,063,495
Total Liabilities	6,247,314
Net Position:	
Net Investment in Capital Assets	82,411
Unrestricted	7,720,861
Total Net Position	\$7,803,272

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Internal Service Funds
Operating Revenues:	
Charges for Services	\$31,258,881
Other Revenues	42,582
	31,301,463
Operating Expenses:	
Salaries	85,192
Fringe Benefits	3,897
Purchased Services	894,832
Claims	27,858,292
Supplies and Materials	7,460
Cost of Sales	639,738
Other	40,648
Depreciation	19,696
	29,549,755
Change in Net Position	1,751,708
Net Position at Beginning of Year	6,051,564
Net Position at End of Year	\$7,803,272

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$31,264,220
Cash Received from Other Operating Revenues	42,582
Cash Payments to Suppliers for Goods	(1,556,437)
Cash Payments to Employees for Services and Benefits	(97,422)
Cash Payments for Claims	(27,577,513)
Net Increase in Cash and Cash Equivalents	2,075,430
Cash and Cash Equivalents Beginning of Year	11,892,745
Cash and Cash Equivalents End of Year	\$13,968,175
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$1,751,708
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	19,696
Decrease in Accounts Receivable	5,339
Decrease in Inventory Held for Resale	639,738
Increase in Accounts Payable	137,067
Decrease in Accrued Wages and Benefits Payable	(1,844)
Increase in Accrued Vacation Leave Payable	1,654
Decrease in Intergovernmental Payable	(759,119)
Increase in Claims Payable	280,779
Increase in Compensated Absences Payable	412
Net Cash Provided by Operating Activities	\$2,075,430

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Private Purpose Trust Fund	Agency Fund
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$16,493	\$191,532
Liabilities:		
Due to Students	0	\$191,532
Net Position:		
Held in Trust for Scholarships	\$16,493	

See accompanying notes to the basic financial statements.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2013

	Private Purpose Trust Fund
Additions:	
Contributions and Donations	\$22,705
Deductions:	
Payments in Accordance with Trust Agreements	36,691
Change in Net Position	(13,986)
Net Position Beginning of Year	30,479
Net Position End of Year	\$16,493

See accompanying notes to the basic financial statements.

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 1 - Description of the School District and Reporting Entity

Dayton City School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution of the State of Ohio. The School District operates under a locally-elected, seven-member Board form of government. The School District provides educational services as authorized by State statute and federal guidelines.

The School District is the tenth largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by 1,236 certificated employees and 936 classified employees who provide services to 13,616 students.

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 are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Dayton City School District, this includes general operations, food service, student guidance, extracurricular activities, educational media, care and upkeep of grounds and buildings, preschool, and student-related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

The following activities are included within the reporting entity:

Nonpublic Schools - Within the School District boundaries, eight nonpublic schools are operated as private schools. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. This activity is reflected in a nonmajor special revenue fund for financial reporting purposes.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The government-wide financial statements usually distinguish between those activities that are governmental and those that are considered business-type. However, the School District has not business type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are 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 that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental 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. Internal service funds are combined, and the totals are presented

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the School District 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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Bond Retirement Fund - The Bond Retirement Fund accounts for and reports property taxes restricted for the payment of general obligation bond principal and interest, specifically the general obligation bonds and notes issued in conjunction with the School District's school facilities projects.

Classroom Facilities Fund - The Classroom Facilities Fund accounts for and reports restricted financial resources, including intergovernmental capital grants, proceeds from the sale of debt obligations and interest received, and construction costs associated with the basic requirements of the master plan associated with the School District's school facilities projects.

The other governmental funds of the School District account for grants, and other resources whose use is restricted to a particular purpose.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Proprietary Funds

The proprietary fund focuses on the determination of operating income, the changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Funds

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District has three internal service funds: one to account for the operations of the central warehouse and distribution facility; another accounts for the self-insurance program, which provides medical benefits to employees; and the remaining one accounts for monies collected for workers' compensation payments under the retrospective rating plan.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two fiduciary funds: a private purpose trust, used to account for college scholarship programs for students; and an agency fund, used to account for student-managed activity programs.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources 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

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation 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 fund types 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 Fund Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

The private purpose trust fund is reported using the flow of economic resources measurement focus.

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 and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting, and the internal service funds use the accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible 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 School District, “available” means expected to be received within 60 days of fiscal year-end.

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

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance, tuition and fees, grants, and accrued interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources includes the fair value of the hedging derivative instrument and a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price, which are reported in the government-wide Statement of Net Position.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables that will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants and interest. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

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.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The School District utilizes a fiscal agent to handle money set aside in the Educational Foundation special revenue fund. In addition, the School District has deposited money in a trust account for the future repayment of debt obligations as they become due. These amounts are reported as “Cash and Cash Equivalents with Fiscal Agent.” The amount reported on the Balance Sheet as “Restricted Assets – Cash and Cash Equivalents with Fiscal Agent” represents escrow accounts established in conjunction with school facilities construction contracts.

During fiscal year 2013, the School District’s investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio), Freddie Mac Notes, Federal Farm Credit Bank Bonds, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Mortgage Discount Notes, Federal National Mortgage Notes, Fannie Mae Discount Notes and US Treasury Bonds and Notes. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer’s Office that allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio’s net asset value per share, which is the price the investment could be sold for on June 30, 2013. The Education Foundation monies are also invested in an outside investment pool: the Dayton Foundation. The Dayton Foundation operates in a manner similar to STAROhio.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Interest credited to the General Fund during fiscal year 2013 amounted to \$227,499, which includes \$195,004 assigned from other School District funds. Interest was also recorded in the Bond Retirement, Classroom Facilities and Nonmajor Governmental Funds in the amounts of \$3,032, \$257,873 and \$87,436, respectively.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the Classroom Facilities Fund represent cash and cash equivalents set aside by the School District for escrow accounts established in conjunction with school facilities construction contracts.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Due to/from Other Funds.” Interfund balances are eliminated on the Statement of Net Position.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets of the internal service fund reported in the fund financial statements are combined with the governmental activities column of the government-wide Statement of Net Position.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. 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 capitalized.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements (Land Improvements)	50 years
Furniture, Fixtures and Equipment	3 – 10 years
Vehicles	10 years

Compensated Absences

Vacation 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 School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

The liability for vacation benefits is recorded as “accrued vacation leave payable,” rather than long-term liabilities, as the balances for most employees are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Sick leave benefits are accrued as a liability using the vesting method, which states that the School District will estimate its liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as specified by the retirement system, as well as other employees who are expected to become eligible in the future to receive such payments. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated sick leave for all employees after 15 years of current service with the School District.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary fund are reported on the 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 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 fiscal year. Bonds, certificates of participation, and long-term notes that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due.

Fund Balances

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another, or within the same function, are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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 and are eliminated from the Statement of Activities. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Budgetary Process

All funds, other than the agency fund and the Educational Foundation special revenue fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted.

The appropriations resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years.

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Since the statement of revenues, expenditures and changes in fund balance presented in the basic financial statements for the General Fund presents budgetary comparisons at a greater level of detail than the legal level of control established by the Board of Education, no additional schedules are necessary to demonstrate budgetary compliance.

Bond Premiums

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, since the results are not significantly different from the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued.

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the Statement of Net Position.

Estimates

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

Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's internal service funds are charges made to other funds for the purchase of goods from the warehouse and premiums for the self-insurance program. Operating expenses for the internal service funds include the cost of goods sold from the warehouse, costs of managing and delivering those goods, and claims paid from the self-insurance and workers compensation programs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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Note 3 - Changes in Accounting Principles and Restatement of Net Position

Changes in Accounting Principles

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) *Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 61, "Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62."*

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/ fund balance.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

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GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

Restatement of Net Position

The School District had a change in the presentation of the SWAP derivatives at June 30, 2012.

Governmental Activities Net Position June 30, 2012	\$351,728,043
Eliminate Government-Wide Financial Statement Adjustments:	
Change in SWAP Derivative to Deferred Outflow	23,641,786
Adjusted Governmental Activities Net Position, June 30, 2012	<u>\$375,369,829</u>

Note 4 – Accountability

At June 30, 2013, the following funds had a deficit fund balance:

<u>Funds</u>	<u>Amounts</u>
Vocational Education Enhancement	\$2,702
Alternative Schools	41,433
Race to the Top	319,023
Miscellaneous Federal Grants	11,166

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances 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 basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

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2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
6. Budgetary revenues and expenditures of the uniform school supplies, other grant rotary, and public school support are classified to General Fund for GAAP reporting.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	(\$13,656,268)
Adjustments:	
Revenue Accruals	1,191,934
Expenditure Accruals	4,066,351
Advances	(220,610)
Change in Fair Market Value FY 2012	(127,084)
Change in Fair Market Value FY 2013	(96,321)
Encumbrances	(2,137,975)
Excess of revenues, and other financing sources and over(under) expenditures and other financing uses:	
Uniform School Supplies	42
Other Grant Rotary	6,405
Public School Support	88,648
Budget Basis	(\$10,884,878)

Note 6 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

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

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Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and 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;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances, if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

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Investments: As of June 30, 2013, the School District had the following investments:

	Fair Value	Due in One Year	Due in 1-3 Years	Moody's Rating	Concentration of Credit Risk
STAROhio	\$139,852	\$139,852	\$0	AAAm	N/A
Dayton Foundation	740,983	740,983	0	N/A	N/A
Money Market Mutual Funds	9,917,412	9,917,412	0	N/A	14.61%
Freddie Mac Notes	12,359,992	6,663,418	5,696,574	Aaa	18.21%
Federal Farm Credit Bank Bonds	1,495,292	500,955	994,337	Aaa	N/A
Federal Home Loan Bank Notes	19,498,600	14,237,891	5,260,709	Aaa	28.73%
Federal Home Loan Mortgage Corporation Notes	1,326,048	1,326,048	0	Aaa	N/A
Federal Home Loan Mortgage Discount Note	999,860	999,860	0	Aaa	N/A
Federal National Mortgage Notes	7,578,483	6,376,095	1,202,388	Aaa	11.16%
Fannie Mae Discount Notes	2,999,737	2,999,737	0	Aaa	5.24%
US Treasury Bonds	9,720,300	0	9,720,300	N/A	14.32%
US Treasury Notes	1,100,990	0	1,100,990	N/A	N/A
Total	<u>\$67,877,549</u>	<u>\$43,902,251</u>	<u>\$23,975,298</u>		

Interest Rate Risk

The Ohio Revised Code and the Investment and Depository Policy of the School District limits the purchase of securities to those with a maturity of no more than five years from the date of purchase unless matched to a specific obligation or debt of the School District.

Credit Risk

The School District's policy limits investments to those authorized by State statute, which restricts investments to those that are highly rated or issued by United States Government sponsored enterprises. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk

The School District's investment policy places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of the total investments is listed in the table above, except for any investment with a percentage of five percent or less.

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Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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 alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Montgomery County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013 are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2013 was \$3,666,652 and is recognized as revenue: \$2,848,418 in the General Fund, \$755,914 in the Bond Retirement Debt Service Fund, and \$62,320 in the Other Governmental Funds. The amount available as an advance at June 30, 2012 was \$3,533,939 and is recognized as revenue: \$2,803,314 in the General Fund, \$663,291 in the Bond Retirement Debt Service Fund, and \$67,334 in the Other Governmental Funds.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which fiscal year 2013 taxes were collected are:

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	<u>2013 First-Half Collection</u>		<u>2012 Second-Half Collection</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$1,459,489,480	94.65%	\$1,513,906,510	95.17%
Public Utility	82,448,800	5.35%	76,811,230	4.83%
Total Assessed Value	<u>\$1,541,938,280</u>	<u>100.00%</u>	<u>\$1,590,717,740</u>	<u>100.00%</u>
Tax Rate per \$1,000	\$79.85		\$77.52	

Note 8 - Receivables

Receivables at June 30, 2013 consisted of property taxes, accounts, intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities:</u>	
<i>General Fund:</i>	
Due from Other Governments	\$54,700
<i>Nonmajor Governmental Funds</i>	
School Facilities Construction Grants	166,028
Alternative Schools State Grant	64,829
Public School Preschool	76
Vocational Education Enhancement	2,716
Race to the Top	2,266,496
Title VI-B Grant	1,617,277
Vocational Education	46,719
Data Communication	1,147
Title I Grant	3,907,275
Title I School Improvement Stimulus A	544,557
Stimulus School Improvement Subsidy G	1,271,507
Dropout Prevention and Intervention	43,831
EHA Pre-School Grants	17,225
Title VI-R Grant	1,778,030
Miscellaneous Grants	54,317
Food Service	74,733
Total Other Governmental Funds	<u>11,856,763</u>
Total Intergovernmental Receivables	<u>\$11,911,463</u>

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Note 9 - Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance 6/30/2012	Additions	Deductions	Balance 6/30/2013
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$11,688,101	\$0	\$0	\$11,688,101
Construction in Progress	57,049,407	421,009	(57,470,416)	0
Total Capital Assets Not Being Depreciated	<u>68,737,508</u>	<u>421,009</u>	<u>(57,470,416)</u>	<u>11,688,101</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	451,911,860	56,799,166	(7,528,653)	501,182,373
Furniture, Fixtures, and Equipment	16,807,799	671,250	0	17,479,049
Vehicles	19,389,386	0	0	19,389,386
Total Capital Assets Being Depreciated	<u>488,109,045</u>	<u>57,470,416</u>	<u>(7,528,653)</u>	<u>538,050,808</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(37,829,547)	(8,420,106)	7,528,653	(38,721,000)
Furniture, Fixtures, and Equipment	(7,282,702)	(1,315,470)	0	(8,598,172)
Vehicles	(11,453,299)	(1,177,417)	0	(12,630,716)
Total Accumulated Depreciation	<u>(56,565,548)</u>	<u>(10,912,993)*</u>	<u>7,528,653</u>	<u>(59,949,888)</u>
Capital Assets Being Depreciated, Net	<u>431,543,497</u>	<u>46,557,423</u>	<u>-</u>	<u>478,100,920</u>
Governmental Activities Capital Assets, Net	<u>\$500,281,005</u>	<u>\$46,978,432</u>	<u>(\$57,470,416)</u>	<u>\$489,789,021</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$87,907
Special	192,638
Vocational	276,409
Support Services:	
Pupils	7,144
Instructional Staff	118,192
Administration	3,711
Fiscal	84,828
Business	68,045
Operation and Maintenance of Plant	134,800
Pupil Transportation	1,090,485
Central	334,719
Extracurricular Activities	94,009
	<u>2,492,887</u>
Unallocated Depreciation	8,420,106
Total Depreciation Expense	<u>\$10,912,993</u>

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Unallocated depreciation is depreciation of the individual school buildings throughout the School District which essentially serve all functions/programs and, therefore, is not included as a direct expense of any function or program but disclosed as a separate expense.

Note 10 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year, the School District contracted with United Educators for general liability/school leaders errors and omissions insurance with a \$5 million single occurrence limit and a \$5 million annual policy aggregate. Buildings and contents are covered under Affiliated FM with a \$250,000 deductible.

Risk of direct physical loss or damage, including earth movement and flood, for school construction is covered by Great American Insurance Company with a limit of liability of \$150 million for loss of all covered causes and \$30 million for any one construction jobsite location. Pollution coverage is provided by American International Specialty Lines Insurance Company with \$5 million per claim, and \$10 million annual policy aggregate. Builders Risk is covered by Great American Insurance Group with a \$10,000 deductible. Electronic data processing equipment is covered under Allianz Global Corporate & Specialty Insurance Company with a \$1,000 deductible.

The School District's vehicles are covered under a business policy with United Educators for primary coverage. This policy carries \$5 million limit for bodily injury and property damage to third parties. The auto liability self-insured retention is \$200,000 per accident. The School District self-insures the physical damage coverage on all units.

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

Self-Insured Health Benefits

The School District provides health insurance coverage through a self-insurance plan administered by United Health Care of Ohio, Inc. Employee share of the total monthly premium is 15 percent. The premium varies with each employee depending on the terms of the union contract. United Health Care provides claims review and processing services. The health self-insurance program is accounted for in the Internal Service Fund. The School District purchases stop-loss coverage for claims in excess of \$350,000 per employee, per occurrence.

The liability for unpaid claims of \$2,829,000 reported in the Internal Service Fund at June 30, 2013 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

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Management Omnibus,” which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Estimates were calculated based upon an independent actuarial evaluation of claims payable. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. The School District is responsible for all claims.

Changes in claims activity for employee health care benefits for the past two fiscal years are as follows:

	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2012	\$2,747,000	\$29,309,724	\$29,176,724	\$2,880,000
2013	\$2,880,000	\$27,331,971	\$27,382,971	\$2,829,000

Workers’ Compensation

For fiscal year 2013, the School District participated in the Ohio Bureau of Workers’ Compensation Retrospective Rating Program. The Retrospective Rating Program is an alternative rating plan that allows employers to initially pay the Bureau of Workers’ Compensation significantly less in premiums by assuming the responsibility of paying all compensation and medical expenses for claims incurred in that policy year. The greater the portion of risk assumed by the employer, the greater the potential reduction in premiums. Employers who enroll into this program are responsible for their claims costs for a ten-year period. Under this Program, the School District’s maximum payment is 200 percent of the initial premium in total and the loss for any one individual is limited to \$300,000.

The following table summarizes claims payable during the fiscal year:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2012	\$2,257,101	\$732,345	\$373,464	\$2,615,982
2013	\$2,615,982	\$526,321	\$194,542	\$2,947,761

Note 11 - Defined Benefit Pension Plans

School Employees Retirement System

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

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Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary, and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$4,317,415, \$4,354,190 and \$3,669,199, respectively. For fiscal year 2013, 81.98 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

State Teachers Retirement System of Ohio

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

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A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for years ended June 30, 2013, 2012, and 2011 were \$9,240,079, \$9,622,262, and \$10,057,416, respectively. For fiscal year 2013, 81.98 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2013 were \$233,014 made by the School District and \$166,439 made by the plan members. In addition, member contributions of \$101,725 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

Note 12 - Postemployment Benefits

School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan, and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans, as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report, which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board

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allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$301,062 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$570,319, \$706,272, and \$709,853, respectively. For fiscal year 2013, 9.36 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011, were \$246,787, \$258,154, and \$236,121 respectively. For fiscal year 2013, 81.98 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

State Teachers Retirement System of Ohio

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio, which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$713,547, \$740,174, and \$773,647 respectively. For fiscal year 2013, 81.98 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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Note 13 - Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Vacation days are credited to classified employees each month and may be accrued up to a maximum of the number of days earned during the fiscal year. Vacation days in excess of the annual number of days earned by the employee may be carried forward only with the approval of the superintendent. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 250 days. Upon retirement, payment is made for one-fourth of the total accumulated and unused sick leave, up to a maximum of 180 days for teachers and administrators and 160 days for classified employees. In addition, classified employees are subject to the following based on length of service:

<u>Length of Service</u>	<u>Pay-days</u>
Less than five years	0 Days
Five years to 15 years	30 Days
15 years to 25 years	35 Days
Over 25 years	40 Days

Professional staff members are eligible to accumulate sick days in a severance account once they have accumulated the maximum 250 days of sick leave. These excess days may not be used as sick leave days or “catastrophic illness” donations. Accumulated severance account days will be paid for one-fourth of the accumulated balance, up to a maximum of 45 days.

Insurance

The School District provides life insurance and accidental death and dismemberment insurance to employees through Hartford Insurance Company.

Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

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Note 14 - Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2013 were as follows:

	Restated Balance 6/30/2012	Increase	Decrease	Balance 6/30/2013	Due within One Year
<u>General Obligation Bonds:</u>					
2003-A School Construction:					
2.0-5.0 percent	\$93,460,000	\$0	\$93,460,000	\$0	\$0
2003-B School Construction:					
2.0-4.23 percent	4,015,000	0	4,015,000	0	0
2003-D School Construction:					
2.0-5.0 percent	101,835,000	0	101,835,000	0	0
2012 Equipment Acquisition:					
2.0-3.0 percent	2,495,000	0	0	2,495,000	50,000
2013 School Construction					
Refunding Bonds Series A					
1.5-5.0 percent					
Serial Bonds	0	87,910,000	0	87,910,000	7,095,000
Capital Appreciation Bonds	0	6,594,989	0	6,594,989	0
Accretions	0	887,010	0	887,010	0
2013 School Construction					
Refunding Bonds Series B					
2.0-3.0 percent	0	3,780,000	0	3,780,000	340,000
Add: Unamortized Bond Premium	8,082,137	16,438,446	8,364,910	16,155,673	-
Total General Obligation Bonds	209,887,137	115,610,445	207,674,910	117,822,672	7,485,000
QZAB Bonds - 0.0 percent	10,000,000	0	0	10,000,000	0
Cash Flow Hedging Derivative					
Instrument	23,641,786	0	9,206,924	14,434,862	0
Investment Derivative Instrument	12,190,850	764,150	12,955,000	0	0
Refunded Certificates of Participation	14,735,000	0	0	14,735,000	475,000
Unamortized Premium	622,210	0	36,963	585,247	0
2013 School Construction					
Tax Refunding Notes					
.75 percent	0	93,450,000	0	93,450,000	0
Long-Term Tax Anticipation Notes	1,050,000	0	350,000	700,000	350,000
Compensated Absences Payable	4,464,212	554,579	587,905	4,430,886	565,876
Claims Payable	5,495,982	27,663,750	27,382,971	5,776,761	3,721,374
Long-Term Obligations	\$282,087,177	\$238,042,924	\$258,194,673	\$261,935,428	\$12,597,250

On March 28, 2013, the School District issued \$3,780,000 in 2013 School Construction Refunding Bonds Series B for the purpose of current refunding \$3,740,000 of outstanding 2003 B School Construction Bonds. The bonds were issued for a 10 year period with final maturity at December 1, 2023. The refunding bonds are not subject to redemption prior to stated maturity. The net proceeds

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of \$3,809,986 (including an \$110,008 premium and after payment of \$80,022 in underwriting fees and other issuance costs) were deposited in a trust with an escrow agent to provide funds for payment of the bonds. The refunded bonds were called at their earliest call date of June 1, 2013. The difference between the reacquisition price and the carrying amount of the old debt was not significant. The School District refunded the 2003 B School Construction Bonds to reduce its total debt service payment by \$326,328 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$251,528.

On March 28, 2013, the School District issued \$94,504,989 (\$87,910,000 in serial bonds and \$6,594,989 in capital appreciation bonds) in 2013 School Construction Refunding Bonds Series A for the purpose of current refunding \$95,505,000 of outstanding 2003 D School Construction Bonds. The bonds were issued for a 9 year period with final maturity on December 1, 2022. The refunding bonds are not subject to redemption prior to stated maturity. The net proceeds of \$96,827,701 (including a \$16,119,099 premium and after payment of \$12,955,000 for the swap termination fee and \$841,387 in underwriting fees and other issuance costs) were deposited in a trust with an escrow agent to provide funds for payment of the bonds. The bonds were called at their earliest call date of June 1, 2013. The difference between the reacquisition price and the carrying amount of the old debt was not significant. The School District refunded the 2003 D School Construction Bonds to reduce its total debt service payment by \$1,356,196 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,379,141.

2003 School Construction Bonds

	Series A	Series B	Series D	Total
Amount Outstanding June 30, 2012	\$93,460,000	\$4,015,000	\$101,835,000	\$199,310,000
Principal Payment	5,000	275,000	7,330,000	7,610,000
Refunded Principal	\$93,455,000	\$3,740,000	\$94,505,000	\$191,700,000

On April 15, 2013, the School District issued \$93,455,000 in 2013 School Construction Tax Refunding Notes for the purpose of current refunding \$93,455,000 of outstanding 2003 A School Construction Bonds. The net proceeds of \$93,455,000 (including a \$209,339 premium and after payment of \$184,131 in underwriting fees and other issuance costs and \$25,208 deposited in a bond redemption fund) were deposited in a trust with an escrow agent along with \$2,280,563 from the School District for a total of \$95,735,563 to provide funds for payment of the bonds. The bonds were called at their earliest call date of June 1, 2013. The difference between the reacquisition price and the carrying amount of the old debt was not significant. The notes were issued for six months and will mature on October 1, 2013. \$5,000 of these notes will be repaid on October 1, 2013, and is reported as a fund liability. The remaining balance of \$93,450,000 is expected to be refinanced annually through 2031 and is reported as a long-term liability. These payments are based on the notional amounts in the swap agreement.

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In order to hedge the exposure against interest rate fluctuations arising from the annual issuance of these notes, the School District entered into a pay-fixed swap, as explained later in this note. The interest rate for the future annual note issuances and the LIBOR rate for the floating rate payer in accordance with the swap agreement are unknown. The following payments to maturity reflect the pay-downs on the annual note issuances in accordance with the swap agreement. The interest payments reflect the rates in effect at June 30, 2013. Fluctuations in interest rates will impact these amounts.

Fiscal Year	Refunding Notes		Hedging
	Principal	Interest	Derivative, Net
2014	\$5,000	\$700,894	\$3,695,211
2015	5,000	700,856	3,694,914
2016	5,000	700,818	3,694,716
2017	5,000	700,781	3,694,518
2018	5,000	700,743	3,694,321
2019-2023	25,000	3,503,156	18,468,640
2024-2028	46,725,000	2,665,106	14,050,440
2029-2032	46,680,000	721,575	3,804,143
Total	\$93,455,000	\$10,393,929	\$54,796,903

The School District refunded the 2003 A School Construction Bonds with the goal of reducing its total debt service payments and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt). Based on the amounts reflected in the above table (including the net effect of the swap), the School District would reduce its debt service payment by an estimated \$5,790,313 and would obtain an estimated economic gain of \$3,772,347. However, these are estimates only, subject to the risk of interest rate fluctuation.

During fiscal year 2012, the School District issued \$2,495,000 in Equipment Acquisition Bonds for the purchase of equipment for the School District. The bonds were issued for a ten-year period with final date of December 1, 2022 and rates ranging from 2.0 to 3.0 percent.

These general obligation bonds are direct obligations and pledge the full faith and credit of the School District and will be paid through the Bond Retirement Fund from property taxes collected by the County Auditor.

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Annual debt service requirements to maturity for the general obligation bonds are as follows:

Fiscal Year Ended June 30,	Serial Bonds		Capital Appreciation Bonds		Total
	Principal	Interest	Principal	Interest	
2014	\$7,485,000	\$4,206,381	\$0	\$0	\$11,691,381
2015	365,000	3,793,219	6,594,989	2,120,011	12,873,219
2016	9,330,000	3,648,897	0	0	12,978,897
2017	9,590,000	3,321,775	0	0	12,911,775
2018	9,960,000	2,896,138	0	0	12,856,138
2019-2023	57,075,000	7,124,376	0	0	64,199,376
2024-2028	380,000	5,700	0	0	385,700
Total	<u>\$94,185,000</u>	<u>\$24,996,486</u>	<u>\$6,594,989</u>	<u>\$2,120,011</u>	<u>\$127,896,486</u>

Interest Rate Swap - On October 13, 2009, the School District entered into two separate swaption agreements with the Bank of New York, Mellon (the Bank) tied to the outstanding 2003 Series A and Series D Bonds. The Bank purchased options to execute the swaptions and create swaps beginning in April 2013. On March 28, 2013, the swaption on the Series D Bonds was terminated. On March 28, 2013, the School District issued bonds in the amount of \$94,504,989. Proceeds of the bonds were used to refund \$94,505,000 of the series 2003 D bonds. On April 15, 2013, the swaption on the Series A Bonds was executed. On April 13, 2013, the School District issued six month notes in the amount of \$93,455,000. The notes will mature October 15, 2013. The notes are scheduled to be refinanced annually through 2031. Proceeds of the notes were used to refund \$93,455,000 of the series 2003 A bonds.

The swaptions were both priced “At-The-Market” on October 13, 2009 (the “Trade Date”). An At-The-Money option is one in which the forward rate of the underlying swap is the strike rate of the options. As each option was set at the forward rate, the options had no intrinsic value based on a rate that was higher than the current market at the time of pricing. The full amount received by the School District represents the pure option premium of the underlying swaps at their respective forward rates.

The Bank paid the School District \$6,655,000 on the 2003 A issue and \$3,030,000 on the 2003 D issue for the Options. Proceeds from the swaptions along with related fees were recorded in the School District’s Permanent Improvement Fund, a nonmajor governmental fund, to be used for various capital projects. These amounts were amortized using the straight-line method over the life of the swaption.

In April 2013, the School District and the Bank executed the interest rate swap agreement on the 2003 Series A Bonds. This cash flow hedging derivative instrument is a pay-fixed swap (swap) reported in the governmental activities. The Bank agreed to pay interest at a variable rate on a notional amount equal to the unpaid principal amount of the notes and the School District agreed to pay interest on the notional amount at a fixed rate of 4.675 percent.

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The objective of the interest rate swap transaction with the Bank is to hedge the exposure of the School District against interest rate fluctuations arising from the annual issuance of Bond Anticipation Notes. Under the swap agreement, the School District is the fixed rate payer, paying 4.675 percent on the 2003 A Refunding Notes. The counterparty, the Bank of New York, Mellon, is the floating rate payer, paying in accordance with the 12 month LIBOR Index.

Both the note rate and the LIBOR Index are reset and payable annually on October 15th. Additionally, the notional amount of the swap is equal to the par amount of the Refunding Notes and both are set to mature on September 1, 2031. The swap was determined to be effective for 2013.

As of June 30, 2013, the swap had a negative fair value of \$14,434,862 estimated based on the original price paid by the Bank on the Trade Date and the closing curves for the interest rate swaps and volatilities as provided by Bloomberg for June 30, 2013. The fair value at June 30, 2013, is reported on the statement of net position as a deferred outflow of resources and a long-term liability. Changes in fair value were reported on the statement of net position as a decrease in deferred outflows of resources and long-term liability due in more than one year.

At the time of termination, the 2003 D had a negative fair value of \$12,955,000. This swaption was accounted for as an investment derivative instrument. The School District paid a termination fee equal to the fair value of the swap at the time of termination. Changes in fair value during the year of \$764,150 were reported on the statement of net position as an increase in Long Term Liability Due in More Than One Year and on the Statement of Activities as an decrease in interest revenue.

Termination Risk: The 2003 swap agreement may be terminated prior to their stated termination date under certain circumstances. Upon termination, a payment may be owed by the School District to the Bank, or by the Bank to the School District, depending upon the prevailing economic circumstances at the time of the termination.

Interest Rate Risk: The School District is exposed to interest rate risk on its pay-fixed interest rate swap. The interest rate on the School District's annual note refinancing (hedged debt) is unknown. Under the swap agreement, the School District is the fixed rate payer, paying 4.675 percent. The Bank of New York, Mellon, is the floating rate payer, paying in accordance with the 12 month LIBOR Index.

Basis Risk: The School District is exposed to basis risk on its pay-fixed interest rate swap hedging derivative instrument because the variable-rate payments received by the School District on these hedging derivative instruments are based on a rate or index other than the interest rates the School District pays on its hedged debt. At June 30, 2013, the interest rate on the School District's hedged debt was .75 percent (all-in cost .695 percent), while the 12 month LIBOR rate was .721 percent.

Certificates of Participation - During fiscal year 2012, the School District issued \$14,735,000 in Refunded Certificates of Participation to refund the 2004 Certificates of Participation. The certificates of participation were issued for a 17-year period with final maturity on December 1, 2028.

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Annual debt service requirements to maturity for the certificate of participation are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	\$475,000	\$564,975	\$1,039,975
2015	540,000	549,425	1,089,425
2016	585,000	532,775	1,117,775
2017	630,000	520,625	1,150,625
2018	675,000	504,200	1,179,200
2019-2023	4,260,000	2,104,013	6,364,013
2024-2028	6,085,000	1,006,337	7,091,337
2029	1,485,000	59,700	1,544,700
Total	<u>\$ 14,735,000</u>	<u>\$5,842,050</u>	<u>\$20,577,050</u>

Qualified Zone Academy Bond - In August 2000, the School District was authorized to issue \$10 million in Quality Zone Academy Bonds (QZAB) in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) for use in the renovations of the Stivers Middle School and the creation of an arts program in Dayton. On December 30, 2002, the School District issued the \$10 million QZAB that matures on December 30, 2016. The entire principal balance of \$10 million is due at maturity, and the bonds do not bear interest. To satisfy escrow requirements of the program, the School District placed \$5.1 million, which has a current market value of \$9.7 million, in an escrow account with a local bank. This amount is included as Cash and Cash Equivalents with Fiscal Agents on the Statement of Net Position, as well as the Classroom Facilities Capital Projects Fund.

Long-Term Tax Anticipation Notes - On June 9, 2004, the School District issued \$3.5 million of long-term tax anticipation notes to provide financing for various capital improvements throughout the School District. These notes, which mature on December 1, 2014, were issued in anticipation of the collection of half of the proceeds of the one mill permanent improvement levy approved by electors of the School District on November 5, 2002. These notes carry an annual interest rate of 3.66 percent. The School District has pledged future tax revenues to repay these notes. The total principal and interest remaining to be paid at June 30, 2013 was \$725,620. Principal and interest paid during the fiscal year and total tax revenues for the Permanent Improvement Fund were \$382,132 and \$557,340, respectively.

Annual debt service requirements to maturity for the long-term tax anticipation notes are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	350,000	19,215	369,215
2015	350,000	6,405	356,405
Total	<u>\$700,000</u>	<u>\$25,620</u>	<u>\$725,620</u>

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Compensated absences will be paid from General Fund, Auxiliary Services Fund, Alternative Schools Fund, Race to the Top Fund, Title VI-B Fund, Vocational Education Fund, Title I School Improvement Subsidy G Fund, Title I Fund, Title VI-R Classroom Size Reduction Fund, Miscellaneous Federal Grants Fund, Food Service Fund, Building Fund, and Retrospective Workers' Comp Fund.

Due to the magnitude of the school facilities construction project, the debt issued by the School District exceeded the overall debt margin as permitted by Ohio statute. However, the School District was declared a "special needs" school district, as defined by Section 133.06 of the Ohio Revised Code, by the Superintendent of Public Instruction. Under this special exemption, the School District's capacity for additional debt is approximately \$28.0 million.

Note 15 – Short Term Obligations

	Balance 6/30/2012	Increase	Decrease	Balance 6/30/2013
2013 School Construction				
Refunding Notes	\$0	\$5,000	\$0	\$5,000

On April 15, 2013, the School district issued \$93,455,000 in school construction tax refunding notes. The notes refunded the 2003 school construction series A bonds. The \$93,455,000 liability outstanding at June 30, 2013, was split with \$93,450,000 presented as a long-term liability and \$5,000 presented as a fund liability in the financial statements. The notes were issued at an interest rate of .75 percent and matured on October 15, 2013. The notes are backed by the full faith and credit of the School District. The liability is reflected in the debt service fund. On October 15, 2013, the School District retired \$5,000 of the notes and issued \$93,450,000 in school construction tax refunding notes.

Note 16 - Interfund Activity

As of June 30, 2013, interfund receivables and payables that resulted from various interfund transactions were as follows:

		Due From Other Funds
		General Fund
Due To Other Funds	Bond Retirement Fund	\$498,300
	Nonmajor	
	Governmental Funds	4,185,200
	Total	\$4,683,500

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General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance. The advance to the debt service fund was made to support the debt service payments associated with refunding.

Transfers made between the nonmajor governmental funds and the Classroom Facilities Fund in the amount of \$1,242,475 and from nonmajor governmental funds to nonmajor governmental funds in the amount of \$11, was completed in accordance with the School Facilities Construction project.

Note 17 - Set-Aside Calculations

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information identifies the change in the fiscal year-end set-aside amount for capital acquisitions. Disclosure of this information is required by State statute.

	Capital Acquisitions
Carry-over from Prior Fiscal Year	\$0
Current Fiscal Year Set-aside Requirement	2,409,007
Qualifying Disbursements	(963,956)
Current Fiscal Year Revenue Off-Sets	(12,148,582)
Subtotal	(\$10,703,531)
Amount Carried Forward to Subsequent Fiscal Year	\$0

The School District had offsets and qualifying disbursements during the fiscal year that reduced the capital acquisitions set-aside amount below zero. The extra amount for capital acquisitions may not be used to reduce the set-aside requirement of future fiscal years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

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Note 18 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$2,137,975
Classroom Facilities	4,131,526
Nonmajor Funds	<u>3,972,023</u>
Total	<u><u>\$10,241,524</u></u>

Note 19 – Fund Balances

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

Fund Balances	General	Bond Retirement	Classroom Facilities	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>					
Unclaimed Monies	\$161,798	\$0	\$0	\$0	\$161,798
<i>Restricted for</i>					
Debt Service	0	4,292,072	0	0	4,292,072
Permanent Improvements	0	0	0	3,688,602	3,688,602
Building Project	0	0	0	15,754,014	15,754,014
Classroom Facilities Programs	0	0	20,680,160	0	20,680,160
Food Service Operations	0	0	0	2,037,554	2,037,554
Special Trust	0	0	0	86,811	86,811
District Managed Student Activities	0	0	0	89,191	89,191
Maintenance of Classroom Facilities	0	0	0	8,837,825	8,837,825
State and Federal Grants	0	0	0	2,910,618	2,910,618
<i>Total Restricted</i>	<u>0</u>	<u>4,292,072</u>	<u>20,680,160</u>	<u>33,404,615</u>	<u>58,376,847</u>
<i>Assigned to</i>					
Future Appropriations	4,117,751	0	0	0	4,117,751
<i>Unassigned (Deficit)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(374,324)</u>	<u>(374,324)</u>
<i>Total Fund Balances</i>	<u><u>\$4,279,549</u></u>	<u><u>\$4,292,072</u></u>	<u><u>\$20,680,160</u></u>	<u><u>\$33,030,291</u></u>	<u><u>\$62,282,072</u></u>

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Note 20 - Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

Litigation

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

Note 21 – Subsequent Event

On October 1, 2013, the School District issued a \$93,450,000 School Facilities Construction and Improvement Unlimited Tax Refunding Notes at an interest rate of 1.25 percent with a due date of October 15, 2014. The notes were issued for the purpose of currently refunding the \$93,455,000 School Facilities Construction and Improvement Unlimited Tax Refunding Notes issued in April 2013.

**Combining Financial Statements and
Individual Fund Schedules**

Dayton City School District
Nonmajor Fund Descriptions

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed by law and administrative action to expenditures for specified purposes other than debt service or capital projects. The following are descriptions of the School District's nonmajor special revenue funds.

Nonmajor Special Revenue Funds

Other Grants Fund

A fund used to account for and report specific revenue sources, except for State and federal grants, that are legally restricted to expenditures for specified purposes.

Computer Networks Fund

A fund used to account for and report State revenues, which are restricted for the operation of the School District's computer network and operations.

Education Foundation Fund

A fund provided to account for and report General Fund transfers and the proceeds of any bequest or gift given to the School District without condition or limitations. Funds are to be used for operating or capital costs for programs designed to enhance or promote education within the School District. Budgetary information for the Education Foundation special revenue fund is not reported because it is not included in the entity for which the "appropriate budget" is adopted and does not maintain separate budgetary records.

Maintenance of Classroom Facilities Fund

A fund used to account for and report tax dollars collected from a one-mill property tax levy, which is restricted to provide for the maintenance of classroom facilities.

District Managed Student Activities Fund

A fund used to account for and report local monies restricted to assist student activities, which are managed by School District personnel. This fund would usually include athletic programs, but could also include the band, cheerleaders, flag corps, and other similar types of activities.

Auxiliary Services Fund

A fund used to account for and report State grant monies restricted to providing services and materials to pupils attending non-public schools within the School District.

Public School Preschool Fund

A fund used to account for and report restricted State grant monies used to fund the preschool program required by State Law to be provided to three- and four-year old children of income-eligible families.

Entry Year Program Fund

A fund used to account for and report State grants aimed at providing restricted funding to the School District for structured training of entry level teachers. This fund had no activity during fiscal year 2013, therefore there is no budgetary statement presented. The beginning balance is \$1,000.

Data Communications Fund

A fund used to account for and report State grant monies restricted for the purpose of accessing the Ohio Education Computer Network.

(continued)

Dayton City School District
Nonmajor Fund Descriptions
(continued)

Vocational Education Enhancement Fund

A fund used to account for and report grant monies restricted for providing vocational education enhancements that expand the number of students enrolled in tech programs, and also enables students to develop career plans, to identify initial educational and career goals, and to develop a career passport which provides a clear understanding of the student's knowledge, skills and credentials to present to future employers, universities, and other training institutes. This fund is also used to replace or update equipment essential for the instruction of students in job skills taught as part of a vocational program or programs approved for such instruction by the State Board of Education.

Alternative Schools Fund

A fund used to account for and report grant monies restricted for providing alternative education programs for existing and new at-risk and delinquent youths.

Miscellaneous State Grants Fund

A fund used to account for and report restricted revenues received from State agencies which are not classified elsewhere.

Race to the Top Fund

A fund used to account for and report federal funds restricted from the development of assessments to measure student achievement against standards designed to ensure that all students gain the knowledge and skills needed to succeed in college and the workplace.

Title VI-B Fund

A fund used to account for and report restricted monies received under a federal grant to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full education opportunities to handicapped children at the elementary and secondary levels.

Vocational Education Fund

A fund used to account for and report restricted revenues provided to boards of education, teacher training instructions, and the state administering agency for cooperating in development of vocational education programs in the following categories: secondary, post-secondary adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, construction of area vocational schools, ancillary services, research, advisory committees, and work-study projects.

Head Start Fund

A fund used to account for and report restricted federal monies provided to income eligible families for preschool. This fund had no activity during the fiscal year 2013, therefore there is no budgetary statement presented.

Title II-D Technology Fund

A fund used to account for and report competitive grant monies received from the federal government, which focuses on professional development and student learning need for the 21st century. This fund had no activity during fiscal year 2013.

Title I School Improvement Stimulus A Fund

A fund used to account for and report federal funds restricted to providing supplemental funding to economically disadvantaged districts and some of their eligible schools for improving educational outcomes for students who are failing or at risk of failing to meet State standards.

(continued)

Dayton City School District
Nonmajor Fund Descriptions
(continued)

Stimulus School Improvement Subsidy G Fund

A fund used to account for and report restricted federal grant monies provided to School District buildings through a competitive process in amounts ranging from \$50,000 to \$2,000,000 per year for three years for implementing a school improvement plan that is focused on the specific reasons that caused the building to be identified for school improvement under the No Child Left Behind Act.

Dropout Prevention and Intervention Fund

A fund used to account for and report federal monies restricted for elementary and secondary school programs designed to assist students to meet grade promotion and graduation standards.

Title I Fund

A fund used to account for and report restricted monies received under a federal grant to assist schools in meeting the special needs of educationally deprived children.

Title VI Fund

A fund used to consolidate various programs into a single authorization of restricted grants to states for the same purposes set forth in the provisions of law as specified in the authorization section, to be used in accordance with the educational needs and priorities of the state and local agencies.

EHA Preschool Grants for the Handicapped Fund

A fund used to account for and report federal grant dollars restricted to improve and expand the services for handicapped children ages three to five years.

Title VI-R Classroom Size Reduction Fund

A fund used to account for and report restricted monies to hire additional classroom teachers in grades one through three, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants Fund

A fund used to account for and report restricted federal grant monies received, which are not classified elsewhere.

Special Trust Fund

A fund used to account for and report restricted monies held by the School District, which were donated by individuals, private organizations, other governments and/or other funds, to be used for School District related activities.

Food Service Fund

A fund used to account for and report financial transactions restricted to the School District's food service operations.

Welcome Stadium Fund

A fund used to account for and report the restricted financial transactions associated with the rental and operating costs for the School District owned stadium.

Uniform School Supplies Fund

A fund used to account for and report the purchase and sale of school supplies for use in the School District. This fund is included with the General Fund for GAAP reporting as it does not have restricted or committed revenue source.

(continued)

Dayton City School District
Nonmajor Fund Descriptions
(continued)

Other Grant Rotary Fund

A fund used to account for and report a grant that Wright State University receives from the Department of Education. A portion of the grant is received by the District, from Wright State University, for the Reading Recovery Program. This fund is included with the General Fund for GAAP reporting as it does not have restricted or committed revenue source.

Public School Support Fund

A fund used to account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. sale of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs. This fund is included with the General Fund for GAAP reporting as it does not have restricted or committed revenue source.

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for the financing and acquisition or construction of major capital facilities, such as new school buildings and additions to existing buildings, or for major renovation projects, other than those financed by proprietary funds.

Nonmajor Capital Projects Funds

Permanent Improvement Fund

A fund used to account for and report restricted resources, including a local property tax levy, restricted for the acquisition or maintenance of general capital assets.

Building Fund

A fund used to account for and report restricted financial resources, including proceeds from the sale of debt obligations, other local funds, and construction costs associated with the local initiatives involved in the School District's school facilities project.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$18,324,439	\$21,885,858	\$40,210,297
Cash and Cash Equivalents with Fiscal Agent	740,982	0	740,982
<u>Receivables:</u>			
Property and Other Taxes	934,121	934,122	1,868,243
Accounts	74,198	0	74,198
Intergovernmental	11,690,735	166,028	11,856,763
Accrued Interest	0	80	80
Total Assets	<u>\$31,764,475</u>	<u>\$22,986,088</u>	<u>\$54,750,563</u>
<u>Liabilities:</u>			
Accounts Payable	\$1,178,592	\$147,655	\$1,326,247
Accrued Wages and Benefits Payable	1,184,185	1,654	1,185,839
Intergovernmental Payable	842,838	6,171	849,009
Due to Other Funds	4,185,200	0	4,185,200
Matured Compensated Absences Payable	60,382	0	60,382
Total Liabilities	<u>7,451,197</u>	<u>155,480</u>	<u>7,606,677</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes	563,470	563,471	1,126,941
Unavailable Revenue	10,162,133	339,571	10,501,704
Total Deferred Inflows of Resources	<u>10,725,603</u>	<u>903,042</u>	<u>11,628,645</u>
<u>Fund Balances:</u>			
Restricted	13,961,999	21,927,566	35,889,565
Unassigned (Deficit)	(374,324)	0	(374,324)
Total Fund Balances	<u>13,587,675</u>	<u>21,927,566</u>	<u>35,515,241</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$31,764,475</u>	<u>\$22,986,088</u>	<u>\$54,750,563</u>

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$557,338	\$557,340	\$1,114,678
Intergovernmental	36,654,613	286,177	36,940,790
Investment Earnings	91,667	(4,231)	87,436
Tuition and Fees	106	0	106
Gifts and Donations	19,556	0	19,556
Customer Sales and Services	1,040,684	0	1,040,684
Extracurricular Activities	540,151	0	540,151
Miscellaneous	54,037	240,902	294,939
Total Revenues	<u>38,958,152</u>	<u>1,080,188</u>	<u>40,038,340</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,078,875	871,890	2,950,765
Special	5,788,983	0	5,788,983
Vocational	574,346	36,229	610,575
Student Intervention Services	724,895	0	724,895
Support Services:			
Pupils	1,653,927	6,900	1,660,827
Instructional Staff	10,322,702	0	10,322,702
Administration	1,006,136	85,480	1,091,616
Fiscal	9,612	14,792	24,404
Operation and Maintenance of Plant	994,222	183,091	1,177,313
Pupil Transportation	542,630	67,056	609,686
Central	80,220	2,138,439	2,218,659
Operation of Non-Instructional Services	10,413,592	0	10,413,592
Extracurricular Activities	572,262	0	572,262
Capital Outlay	0	721,634	721,634
Debt Service:			
Principal Retirement	0	350,000	350,000
Interest and Fiscal Charges	0	32,132	32,132
Total Expenditures	<u>34,762,402</u>	<u>4,507,643</u>	<u>39,270,045</u>
Excess of Revenues Over (Under) Expenditures	<u>4,195,750</u>	<u>(3,427,455)</u>	<u>768,295</u>
Other Financing Sources (Uses):			
Transfers In	0	1,242,486	1,242,486
Transfers Out	0	(11)	(11)
Total Other Financing Sources (Uses):	<u>0</u>	<u>1,242,475</u>	<u>1,242,475</u>
Net Change in Fund Balance	4,195,750	(2,184,980)	2,010,770
Fund Balance at Beginning of Year	<u>9,391,925</u>	<u>24,112,546</u>	<u>33,504,471</u>
Fund Balance at End of Year	<u><u>\$13,587,675</u></u>	<u><u>\$21,927,566</u></u>	<u><u>\$35,515,241</u></u>

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DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2013

	Other Grants Fund	Computer Networks Fund	Education Foundation Fund	Maintenance of Classroom Facilities Fund
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$549,457	\$6,509	\$0	\$8,820,462
Cash and Cash Equivalents with Fiscal Agent	0	0	740,982	0
<u>Receivables:</u>				
Property and Other Local Taxes	0	0	0	934,121
Accounts	700	0	0	0
Intergovernmental	0	0	0	0
Total Assets	\$550,157	\$6,509	\$740,982	\$9,754,583
<u>Liabilities:</u>				
Accounts Payable	\$9,169	\$0	\$0	\$13,550
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	0	247
Due to Other Funds	0	0	200,000	0
Matured Compensated Absences Payable	0	0	0	0
Total Liabilities	9,169	0	200,000	13,797
<u>Deferred Inflows of Resources:</u>				
Property Taxes	0	0	0	563,470
Unavailable Revenue	0	0	0	339,491
Total Deferred Inflows of Resources	0	0	0	902,961
<u>Fund Balances:</u>				
Restricted	540,988	6,509	540,982	8,837,825
Unassigned (Deficit)	0	0	0	0
Total Fund Balances (Deficit)	540,988	6,509	540,982	8,837,825
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$550,157	\$6,509	\$740,982	\$9,754,583

District Managed Student Activities Fund	Auxiliary Services Fund	Public School Preschool Fund	Entry Year Program Fund	Data Communications Fund	Vocational Education Enhancement Fund
\$90,982	\$721,421	\$25,097	\$1,000	\$56,353	\$1,008
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	76	0	1,147	2,716
<u>\$90,982</u>	<u>\$721,421</u>	<u>\$25,173</u>	<u>\$1,000</u>	<u>\$57,500</u>	<u>\$3,724</u>
\$1,791	\$439,511	\$0	\$0	\$0	\$0
0	29,057	0	0	0	0
0	11,115	0	0	0	0
0	0	0	0	0	3,710
0	0	0	0	0	0
<u>1,791</u>	<u>479,683</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,710</u>
0	0	0	0	0	0
0	0	76	0	0	2,716
0	0	76	0	0	2,716
89,191	241,738	25,097	1,000	57,500	0
0	0	0	0	0	(2,702)
<u>89,191</u>	<u>241,738</u>	<u>25,097</u>	<u>1,000</u>	<u>57,500</u>	<u>(2,702)</u>
<u>\$90,982</u>	<u>\$721,421</u>	<u>\$25,173</u>	<u>\$1,000</u>	<u>\$57,500</u>	<u>\$3,724</u>

(Continued)

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013
(Continued)

	Alternative Schools Fund	Miscellaneous State Grants Fund	Race to the Top Fund	Title VI-B Fund
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$46,374	\$18,626	\$503,692	\$845,850
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Receivables:				
Property and Other Local Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	64,829	0	2,266,496	1,617,277
Total Assets	\$111,203	\$18,626	\$2,770,188	\$2,463,127
<u>Liabilities:</u>				
Accounts Payable	\$23,400	\$0	\$150,564	\$2,022
Accrued Wages and Benefits Payable	2,187	0	34,496	63,617
Intergovernmental Payable	2,230	0	32,655	101,926
Due to Other Funds	59,990	0	605,000	500,000
Matured Compensated Absences Payable	0	0	0	10,380
Total Liabilities	87,807	0	822,715	677,945
<u>Deferred Inflows of Resources:</u>				
Property Taxes	0	0	0	0
Unavailable Revenue	64,829	0	2,266,496	1,295,277
Total Deferred Inflows of Resources	64,829	0	2,266,496	1,295,277
<u>Fund Balances:</u>				
Restricted	0	18,626	0	489,905
Unassigned (Deficit)	(41,433)	0	(319,023)	0
Total Fund Balances (Deficit)	(41,433)	18,626	(319,023)	489,905
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$111,203	\$18,626	\$2,770,188	\$2,463,127

Vocational Education Fund	Title I School Improvement Stimulus A Fund	Stimulus School Improvement Subsidy G Fund	Dropout Prevention and Intervention Fund	Title I Fund	Title VI Fund
\$91,787	\$23,829	\$1,075,327	\$48,980	\$2,058,516	\$4
0	0	0	0	0	0
0	0	0	0	0	0
106	0	0	0	0	0
46,719	544,557	1,271,507	43,831	3,907,275	0
<u>\$138,612</u>	<u>\$568,386</u>	<u>\$2,346,834</u>	<u>\$92,811</u>	<u>\$5,965,791</u>	<u>\$4</u>
\$3,775	\$0	\$163,620	\$3,023	\$289,882	\$0
9,570	2,159	101,470	2,084	723,501	0
5,592	853	74,485	2,713	349,043	0
65,000	0	800,000	40,000	1,180,000	0
0	0	0	0	44,781	0
<u>83,937</u>	<u>3,012</u>	<u>1,139,575</u>	<u>47,820</u>	<u>2,587,207</u>	<u>0</u>
0	0	0	0	0	0
46,719	544,557	1,065,381	43,831	3,137,275	0
<u>46,719</u>	<u>544,557</u>	<u>1,065,381</u>	<u>43,831</u>	<u>3,137,275</u>	<u>0</u>
7,956	20,817	141,878	1,160	241,309	4
0	0	0	0	0	0
<u>7,956</u>	<u>20,817</u>	<u>141,878</u>	<u>1,160</u>	<u>241,309</u>	<u>4</u>
<u>\$138,612</u>	<u>\$568,386</u>	<u>\$2,346,834</u>	<u>\$92,811</u>	<u>\$5,965,791</u>	<u>\$4</u>

(Continued)

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013
(Continued)

	EHA Preschool Grants for the Handicapped Fund	Title VI-R Classroom Size Reduction Fund	Miscellaneous Federal Grants Fund	Special Trust Fund
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$23,353	\$953,097	\$55,404	\$86,811
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
<u>Receivables:</u>				
Property and Other Local Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	17,225	1,778,030	54,317	0
Total Assets	\$40,578	\$2,731,127	\$109,721	\$86,811
<u>Liabilities:</u>				
Accounts Payable	\$451	\$1,571	\$16,882	\$0
Accrued Wages and Benefits Payable	0	208,523	1,628	0
Intergovernmental Payable	5,136	113,087	4,060	0
Due to Other Funds	17,500	670,000	44,000	0
Matured Compensated Absences Payable	0	0	0	0
Total Liabilities	23,087	993,181	66,570	0
<u>Deferred Inflows of Resources:</u>				
Property Taxes	0	0	0	0
Unavailable Revenue	17,225	1,283,943	54,317	0
Total Deferred Inflows of Resources	17,225	1,283,943	54,317	0
<u>Fund Balances:</u>				
Restricted	266	454,003	0	86,811
Unassigned (Deficit)	0	0	(11,166)	0
Total Fund Balances (Deficit)	266	454,003	(11,166)	86,811
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$40,578	\$2,731,127	\$109,721	\$86,811

Food Service Fund	Welcome Stadium Fund	Total
\$2,093,017	\$127,483	\$18,324,439
0	0	740,982
0	0	934,121
72,029	1,363	74,198
74,733	0	11,690,735
<u>\$2,239,779</u>	<u>\$128,846</u>	<u>\$31,764,475</u>
\$59,160	\$221	\$1,178,592
5,893	0	1,184,185
131,951	7,745	842,838
0	0	4,185,200
5,221	0	60,382
<u>202,225</u>	<u>7,966</u>	<u>7,451,197</u>
0	0	563,470
<u>0</u>	<u>0</u>	<u>10,162,133</u>
<u>0</u>	<u>0</u>	<u>10,725,603</u>
2,037,554	120,880	13,961,999
<u>0</u>	<u>0</u>	<u>(374,324)</u>
<u>2,037,554</u>	<u>120,880</u>	<u>13,587,675</u>
<u>\$2,239,779</u>	<u>\$128,846</u>	<u>\$31,764,475</u>

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Other Grants Fund	Computer Networks Fund	Education Foundation Fund	Maintenance of Classroom Facilities Fund
Revenues:				
Taxes	\$0	\$0	\$0	\$557,338
Intergovernmental	0	5,796	0	574,621
Investment Earnings	0	0	79,222	0
Tuition and Fees	0	0	0	0
Gifts and Donations	0	0	2,485	0
Customer Sales and Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Miscellaneous	51,958	0	0	0
Total Revenues	51,958	5,796	81,707	1,131,959
Expenditures:				
Current:				
Instruction:				
Regular	4,936	0	0	0
Special	0	0	0	0
Vocational	0	0	0	0
Student Intervention Services	0	0	0	0
Support Services:				
Pupils	16,680	0	0	0
Instructional Staff	13,564	0	0	0
Administration	0	0	8,177	0
Fiscal	0	0	0	9,568
Operation and Maintenance of Plant	2,499	0	0	931,446
Pupil Transportation	0	0	0	0
Central	7,615	12,844	0	0
Operation of Non-Instructional Services	0	0	3,152	20,131
Extracurricular Activities	0	0	0	0
Total Expenditures	45,294	12,844	11,329	961,145
Net Change in Fund Balance	6,664	(7,048)	70,378	170,814
Fund Balance (Deficit) at Beginning of Year	534,324	13,557	470,604	8,667,011
Fund Balance (Deficit) at End of Year	\$540,988	\$6,509	\$540,982	\$8,837,825

District Managed Student Activities Fund	Auxiliary Services Fund	Public School Preschool Fund	Entry Year Program Fund	Data Communications Fund	Vocational Education Enhancement Fund
\$0	\$0	\$0	\$0	\$0	\$0
0	1,314,457	201,699	0	52,593	6,324
0	12,445	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
182	0	0	0	0	0
166,664	0	0	0	0	0
432	0	0	0	0	0
<u>167,278</u>	<u>1,326,902</u>	<u>201,699</u>	<u>0</u>	<u>52,593</u>	<u>6,324</u>
0	0	0	0	0	215
0	0	179,353	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	1,335,535	0	0	0	0
208,413	0	0	0	0	0
<u>208,726</u>	<u>1,335,535</u>	<u>179,353</u>	<u>0</u>	<u>0</u>	<u>5,201</u>
(41,448)	(8,633)	22,346	0	52,593	1,123
<u>130,639</u>	<u>250,371</u>	<u>2,751</u>	<u>1,000</u>	<u>4,907</u>	<u>(3,825)</u>
<u>\$89,191</u>	<u>\$241,738</u>	<u>\$25,097</u>	<u>\$1,000</u>	<u>\$57,500</u>	<u>(\$2,702)</u>

(Continued)

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Alternative Schools Fund	Miscellaneous State Grants Fund	Race to the Top Fund	Title VI-B Fund
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental	112,650	0	437,772	3,437,187
Investment Earnings	0	0	0	0
Tuition and Fees	0	0	0	0
Gifts and Donations	0	0	0	0
Customer Sales and Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	112,650	0	437,772	3,437,187
Expenditures:				
Current:				
Instruction:				
Regular	0	0	529	0
Special	0	0	0	216,101
Vocational	0	0	0	0
Student Intervention Services	0	0	0	0
Support Services:				
Pupils	79,488	0	317,696	875,547
Instructional Staff	4,000	0	805,837	1,869,619
Administration	45,477	0	92,152	87,873
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	0	0	0	219,221
Extracurricular Activities	0	0	0	0
Total Expenditures	128,965	0	1,216,214	3,268,361
Net Change in Fund Balance	(16,315)	0	(778,442)	168,826
Fund Balance (Deficit) at Beginning of Year	(25,118)	18,626	459,419	321,079
Fund Balance (Deficit) at End of Year	(\$41,433)	\$18,626	(\$319,023)	\$489,905

Vocational Education Fund	Head Start Fund	Title II-D Technology Fund	Title I School Improvement Stimulus A Fund	Stimulus School Improvement Subsidy G Fund	Dropout Prevention and Intervention Fund
\$0	\$0	\$0	\$0	\$0	\$0
630,756	0	53,093	587,893	5,021,286	114,888
0	0	0	0	0	0
106	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	1,647	0	0	0	0
<u>630,862</u>	<u>1,647</u>	<u>53,093</u>	<u>587,893</u>	<u>5,021,286</u>	<u>114,888</u>
0	0	0	176,445	27,782	0
0	0	19,452	0	1,052,588	81,924
504,280	0	0	853	22,051	0
0	0	0	0	724,895	0
0	0	0	0	41,493	5,777
20,847	0	2,183	338,078	1,515,471	16,383
2,300	0	0	0	169,427	0
0	0	0	0	0	0
0	0	0	0	0	0
17,014	0	0	0	388,871	395
59,761	0	0	0	0	0
0	0	0	0	0	10,345
0	0	0	0	0	0
<u>604,202</u>	<u>0</u>	<u>21,635</u>	<u>515,376</u>	<u>3,942,578</u>	<u>114,824</u>
26,660	1,647	31,458	72,517	1,078,708	64
<u>(18,704)</u>	<u>(1,647)</u>	<u>(31,458)</u>	<u>(51,700)</u>	<u>(936,830)</u>	<u>1,096</u>
<u>\$7,956</u>	<u>\$0</u>	<u>\$0</u>	<u>\$20,817</u>	<u>\$141,878</u>	<u>\$1,160</u>

(Continued)

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (Continued)

	Title I Fund	Title VI Fund	EHA Preschool Grants for the Handicapped Fund	Title VI-R Classroom Size Reduction Fund
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental	11,627,181	0	163,678	3,042,109
Investment Earnings	0	0	0	0
Tuition and Fees	0	0	0	0
Gifts and Donations	0	0	0	0
Customer Sales and Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	11,627,181	0	163,678	3,042,109
Expenditures:				
Current:				
Instruction:				
Regular	1,862,962	0	0	0
Special	4,218,971	5,218	6,744	0
Vocational	47,162	0	0	0
Student Intervention Services	0	0	0	0
Support Services:				
Pupils	180,645	0	0	0
Instructional Staff	2,901,011	0	145,388	2,628,618
Administration	573,602	0	0	0
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	135,450	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	451,122	0	0	8,500
Extracurricular Activities	0	0	0	0
Total Expenditures	10,370,925	5,218	152,132	2,637,118
Net Change in Fund Balance	1,256,256	(5,218)	11,546	404,991
Fund Balance (Deficit) at Beginning of Year	(1,014,947)	5,222	(11,280)	49,012
Fund Balance (Deficit) at End of Year	\$241,309	\$4	\$266	\$454,003

Miscellaneous Federal Grants Fund	Special Trust Fund	Food Service Fund	Welcome Stadium Fund	Total
\$0	\$0	\$0	\$0	\$557,338
275,296	0	8,995,334	0	36,654,613
0	0	0	0	91,667
0	0	0	0	106
0	17,071	0	0	19,556
0	0	1,037,089	3,413	1,040,684
0	0	0	373,487	540,151
0	0	0	0	54,037
<u>275,296</u>	<u>17,071</u>	<u>10,032,423</u>	<u>376,900</u>	<u>38,958,152</u>
6,006	0	0	0	2,078,875
8,632	0	0	0	5,788,983
0	0	0	0	574,346
0	0	0	0	724,895
125,215	11,386	0	0	1,653,927
56,717	0	0	0	10,322,702
27,128	0	0	0	1,006,136
44	0	0	0	9,612
0	0	2,281	57,683	994,222
900	0	0	0	542,630
0	0	0	0	80,220
0	0	8,365,586	0	10,413,592
0	0	0	363,849	572,262
<u>224,642</u>	<u>11,386</u>	<u>8,367,867</u>	<u>421,532</u>	<u>34,762,402</u>
50,654	5,685	1,664,556	(44,632)	4,195,750
<u>(61,820)</u>	<u>81,126</u>	<u>372,998</u>	<u>165,512</u>	<u>9,391,925</u>
<u>(\$11,166)</u>	<u>\$86,811</u>	<u>\$2,037,554</u>	<u>\$120,880</u>	<u>\$13,587,675</u>

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2013

	Permanent Improvement Fund	Building Fund	Total Nonmajor Capital Projects Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$3,741,615	\$18,144,243	\$21,885,858
Receivables:			
Property and Other Local Taxes	934,122	0	934,122
Intergovernmental	0	166,028	166,028
Accrued Interest	0	80	80
Total Assets	<u>\$4,675,737</u>	<u>\$18,310,351</u>	<u>\$22,986,088</u>
<u>Liabilities:</u>			
Accounts Payable	\$84,173	\$63,482	\$147,655
Accrued Wages and Benefits Payable	0	1,654	1,654
Intergovernmental Payable	0	6,171	6,171
Total Liabilities	<u>84,173</u>	<u>71,307</u>	<u>155,480</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes	563,471	0	563,471
Unavailable Revenue	339,491	80	339,571
Total Deferred Inflows of Resources	<u>902,962</u>	<u>80</u>	<u>903,042</u>
<u>Fund Balances:</u>			
Restricted	<u>3,688,602</u>	<u>18,238,964</u>	<u>21,927,566</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$4,675,737</u>	<u>\$18,310,351</u>	<u>\$22,986,088</u>

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Permanent Improvement Fund	Building Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Taxes	\$557,340	\$0	\$557,340
Intergovernmental	223,147	63,030	286,177
Investment Earnings	0	(4,231)	(4,231)
Miscellaneous	0	240,902	240,902
Total Revenues	780,487	299,701	1,080,188
Expenditures:			
Current:			
Instruction:			
Regular	3,706	868,184	871,890
Vocational	0	36,229	36,229
Support Services:			
Pupils	6,900	0	6,900
Administration	0	85,480	85,480
Fiscal	12,518	2,274	14,792
Operation and Maintenance of Plant	147,873	35,218	183,091
Pupil Transportation	67,056	0	67,056
Central	1,821,665	316,774	2,138,439
Capital Outlay	52,056	669,578	721,634
Debt Service:			
Principal Retirement	350,000	0	350,000
Interest and Fiscal Charges	32,132	0	32,132
Total Expenditures	2,493,906	2,013,737	4,507,643
Excess of Revenues Under Expenditures	(1,713,419)	(1,714,036)	(3,427,455)
Other Financing Sources (Uses):			
Transfers In	11	1,242,475	1,242,486
Transfers Out	0	(11)	(11)
Total Other Financing Sources (Uses)	11	1,242,464	1,242,475
Net Change in Fund Balance	(1,713,408)	(471,572)	(2,184,980)
Fund Balance at Beginning of Year	5,402,010	18,710,536	24,112,546
Fund Balance at End of Year	\$3,688,602	\$18,238,964	\$21,927,566

Internal Service Funds

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of services provided by one department to other department of the School District on a cost-reimbursement basis.

Warehouse Fund

A fund used to account for the intra-district function of central warehousing for the School District.

Retrospective Workers' Comp Fund

To account for the accumulation of resources from the funds in which employees are paid which will be used to pay the premiums and claims related to the School District's participation in the Ohio Bureau of Workers' Compensation Retrospective Rating Program.

Self-Insurance Fund

To account for the payment of all School District employees' health and dental insurance claims.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
COMBINING STATEMENT OF FUND NET POSITION
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2013

	Warehouse Fund	Retrospective Workers' Comp Fund	Self- Insurance Fund	Total
Assets:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$297,110	\$4,759,599	\$8,911,466	\$13,968,175
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	82,411	0	0	82,411
Total Assets	379,521	4,759,599	8,911,466	14,050,586
Liabilities:				
Current Liabilities:				
Accounts Payable	0	139,641	0	139,641
Accrued Wages and Benefits Payable	0	1,654	0	1,654
Intergovernmental Payable	0	314,425	0	314,425
Accrued Vacation Leave Payable	0	5,538	0	5,538
Claims Payable	0	892,374	2,829,000	3,721,374
Compensated Absences Payable - Current	0	1,187	0	1,187
Total Current Liabilities	0	1,354,819	2,829,000	4,183,819
Non-Current Liabilities:				
Claims Payable	0	2,055,387	0	2,055,387
Compensated Absences Payable	0	8,108	0	8,108
Total Non-Current Liabilities	0	2,063,495	0	2,063,495
Total Liabilities	0	3,418,314	2,829,000	6,247,314
Net Position:				
Net Investment in Capital Assets	82,411	0	0	82,411
Unrestricted	297,110	1,341,285	6,082,466	7,720,861
Total Net Position	\$379,521	\$1,341,285	\$6,082,466	\$7,803,272

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Warehouse Fund	Retrospective Workers' Comp Fund	Self- Insurance Fund	Total
Operating Revenues:				
Charges for Services	\$688	\$210,238	\$31,047,955	\$31,258,881
Other	0	0	42,582	42,582
Total Operating Revenues	688	210,238	31,090,537	31,301,463
Operating Expenses:				
Salaries	0	85,192	0	85,192
Fringe Benefits	0	3,897	0	3,897
Purchased Services	16,318	878,514	0	894,832
Claims	0	526,321	27,331,971	27,858,292
Supplies and Materials	7,460	0	0	7,460
Cost of Sales	639,738	0	0	639,738
Other	0	40,648	0	40,648
Depreciation	19,696	0	0	19,696
Total Operating Expenses	683,212	1,534,572	27,331,971	29,549,755
Change in Net Position	(682,524)	(1,324,334)	3,758,566	1,751,708
Net Position at Beginning of Year	1,062,045	2,665,619	2,323,900	6,051,564
Net Position at End of Year	<u>\$379,521</u>	<u>\$1,341,285</u>	<u>\$6,082,466</u>	<u>\$7,803,272</u>

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Warehouse Fund	Retrospective Workers' Comp Fund	Self-Insurance Fund	Total
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash Received from Interfund Services Provided	\$688	\$210,238	\$31,053,294	\$31,264,220
Cash Received from Other Operating Revenues	0	0	42,582	42,582
Cash Payments to Suppliers for Goods	(24,838)	(1,531,599)	0	(1,556,437)
Cash Payments to Employees for Services and Benefits	0	(97,422)	0	(97,422)
Cash Payments for Claims		(194,542)	(27,382,971)	(27,577,513)
Net Increase (Decrease) in Cash and Cash Equivalents	(24,150)	(1,613,325)	3,712,905	2,075,430
Cash and Cash Equivalents Beginning of Year	321,260	6,372,924	5,198,561	11,892,745
Cash and Cash Equivalents End of Year	\$297,110	\$4,759,599	\$8,911,466	\$13,968,175
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	(\$682,524)	(\$1,324,334)	\$3,758,566	\$1,751,708
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	19,696	0	0	19,696
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	0	0	5,339	5,339
Decrease in Inventory Held for Resale	639,738	0	0	639,738
Increase (Decrease) in Accounts Payable	(1,060)	138,127	0	137,067
Decrease in Accrued Wages and Benefits Payable	0	(1,844)	0	(1,844)
Increase in Accrued Vacation Leave Payable	0	1,654	0	1,654
Decrease in Intergovernmental Payable	0	(759,119)	0	(759,119)
Increase (Decrease) in Claims Payable	0	331,779	(51,000)	280,779
Increase in Compensated Absences Payable	0	412	0	412
Net Cash Provided by (Used for) Operating Activities	(\$24,150)	(\$1,613,325)	\$3,712,905	\$2,075,430

Fiduciary Fund

AGENCY FUND

Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Student Managed Activities

To account for the resources that belong to the various student groups in the School District. This fund accounts for student activity programs which have student participation in the activity and have students involved in the management of the program.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
Student-Managed Activities				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$174,100	\$166,838	\$149,406	\$191,532
Liabilities:				
Accounts Payable	\$9,865	\$0	\$9,865	\$0
Due to Students	164,235	166,838	139,541	191,532
Total Liabilities	\$174,100	\$166,838	\$149,406	\$191,532

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BOND RETIREMENT FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Taxes	\$12,433,408	\$12,148,582	(\$284,826)
Intergovernmental	5,769,070	3,370,831	(2,398,239)
Investment Earnings	15,699	463	(15,236)
Total Revenues	18,218,177	15,519,876	(2,698,301)
Expenditures:			
Current:			
Support Services:			
Fiscal	5,948,671	240,681	5,707,990
Debt Service:			
Principal Retirement	7,610,000	7,610,000	0
Interest and Fiscal Charges	6,001,254	6,001,254	0
Swaption Termination Fee	12,955,000	12,955,000	0
Advance Refunding Escrow	2,280,563	2,280,563	0
Total Expenditures	34,795,488	29,087,498	5,707,990
Excess of Revenues Under Expenditures	(16,577,311)	(13,567,622)	3,009,689
Other Financing Sources (Uses):			
Refunding Bonds Issued	98,284,989	98,284,989	0
Premium on Issuance of Refunding Bonds	16,438,446	16,438,446	0
Payment to Refunded Bond Escrow Agent	(194,092,687)	(194,092,687)	0
Refunding Notes Issued	93,455,000	93,455,000	0
Advances In	0	2,698,300	2,698,300
Advances Out	0	(2,200,000)	(2,200,000)
Total Other Financing Sources (Uses)	14,085,748	14,584,048	498,300
Net Change in Fund Balance	(2,491,563)	1,016,426	3,507,989
Fund Balance at Beginning of Year	2,989,862	2,989,862	0
Prior Year Encumbrances Appropriated	33,198	33,198	0
Fund Balance at End of Year	\$531,497	\$4,039,486	\$3,507,989

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CLASSROOM FACILITIES FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Interest	\$61,967	\$61,968	\$1
Expenditures:			
Current:			
Support Services:			
Administration	2,812,744	2,812,744	0
Fiscal	58,000	54,273	3,727
Capital Outlay	4,227,255	5,171,081	(943,826)
Total Expenditures	7,097,999	8,038,098	(940,099)
Excess of Revenues Under Expenditures	(7,036,032)	(7,976,130)	(940,098)
Other Financing Sources:			
Transfers Out	0	(1,242,475)	(1,242,475)
Net Change in Fund Balance	(7,036,032)	(9,218,605)	(2,182,573)
Fund Balance at Beginning of Year	7,056,391	7,056,391	0
Prior Year Encumbrances Appropriated	6,665,817	6,665,817	0
Fund Balance at End of Year	\$6,686,176	\$4,503,603	(\$2,182,573)

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OTHER GRANTS FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Miscellaneous	\$13,615	\$54,263	\$40,648
Expenditures:			
Current:			
Instruction:			
Regular	44,563	4,936	39,627
Support Services:			
Pupils	153,381	22,908	130,473
Instructional Staff	60,997	13,584	47,413
Administration	1,960	0	1,960
Operation and Maintenance of Plant	3,370	2,545	825
Central	234,770	7,615	227,155
Extracurricular Activities	350	350	0
Total Expenditures	499,391	51,938	447,453
Net Change in Fund Balance	(485,776)	2,325	488,101
Fund Balance at Beginning of Year	563,634	563,634	0
Prior Year Encumbrances Appropriated	8,376	8,376	0
Fund Balance at End of Year	\$86,234	\$574,335	\$488,101

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPUTER NETWORKS FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$5,796	\$5,796	\$0
Expenditures:			
Current:			
Support Services:			
Central	5,796	22,656	(16,860)
Excess of Revenues Over (Under)			
Expenditures	0	(16,860)	(16,860)
Prior Year Encumbrances Appropriated	16,860	16,860	0
Fund Balance at End of Year	\$16,860	\$0	(\$16,860)

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MAINTENANCE OF CLASSROOM FACILITIES FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Taxes	\$559,845	\$559,845	\$0
Intergovernmental	574,622	574,621	(1)
Total Revenues	<u>1,134,467</u>	<u>1,134,466</u>	<u>(1)</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	10,000	9,568	432
Operation and Maintenance of Plant	2,092,300	1,037,866	1,054,434
Non-Instructional Services	129,700	18,967	110,733
Capital Outlay	896,000	37,277	858,723
Total Expenditures	<u>3,128,000</u>	<u>1,103,678</u>	<u>2,024,322</u>
Net Change in Fund Balance	(1,993,533)	30,788	2,024,321
Fund Balance at Beginning of Year	8,522,348	8,522,348	0
Prior Year Encumbrances Appropriated	<u>167,594</u>	<u>167,594</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$6,696,409</u></u>	<u><u>\$8,720,730</u></u>	<u><u>\$2,024,321</u></u>

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DISTRICT MANAGED STUDENT ACTIVITIES FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Customer Sales and Services	\$182	\$182	\$0
Extracurricular Activities	166,664	166,664	0
Miscellaneous	432	432	0
Total Revenues	<u>167,278</u>	<u>167,278</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Operation and Maintenance of Plant	313	313	0
Extracurricular Activities	266,011	214,258	51,753
Total Expenditures	<u>266,324</u>	<u>214,571</u>	<u>51,753</u>
Net Change in Fund Balance	(99,046)	(47,293)	51,753
Fund Balance at Beginning of Year	99,473	99,473	0
Prior Year Encumbrances Appropriated	<u>32,748</u>	<u>32,748</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$33,175</u></u>	<u><u>\$84,928</u></u>	<u><u>\$51,753</u></u>

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
AUXILIARY SERVICES FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$1,326,902	\$1,314,457	(\$12,445)
Interest	0	12,445	12,445
Total Revenues	1,326,902	1,326,902	0
Expenditures:			
Current:			
Non-Instructional Services	1,703,414	1,589,229	114,185
Excess of Revenues Under Expenditures	(376,512)	(262,327)	114,185
Other Financing Uses:			
Advances Out	0	(100,000)	(100,000)
Refund of Prior Year Receipts	(1,500)	0	1,500
Total Other Financing Uses	(1,500)	(100,000)	(98,500)
Net Change in Fund Balance	(378,012)	(362,327)	15,685
Fund Balance at Beginning of Year	390,657	390,657	0
Prior Year Encumbrances Appropriated	114,789	114,789	0
Fund Balance at End of Year	\$127,434	\$143,119	\$15,685

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PUBLIC SCHOOL PRESCHOOL FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$201,699	\$201,699	\$0
Expenditures:			
Current:			
Instruction:			
Special	200,265	180,265	20,000
Support Services:			
Fiscal	7,415	3,680	3,735
Total Expenditures	207,680	183,945	23,735
Excess of Revenues Over Expenditures	(5,981)	17,754	23,735
Other Financing Uses:			
Advances Out	0	(20,000)	(20,000)
Net Change in Fund Balance	(5,981)	(2,246)	3,735
Fund Balance at Beginning of Year	27,347	27,347	0
Fund Balance at End of Year	\$21,366	\$25,101	\$3,735

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 DATA COMMUNICATIONS FUND - BUDGET AND ACTUAL (NON-GAAP)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$53,539	\$53,539	\$0
Expenditures:			
Current:			
Support Services:			
Central	49,000	49,000	0
Net Change in Fund Balance	4,539	4,539	0
Fund Balance at Beginning of Year	2,815	2,815	0
Fund Balance at End of Year	<u>\$7,354</u>	<u>\$7,354</u>	<u>\$0</u>

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
VOCATIONAL EDUCATION ENHANCEMENT FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$10,034	\$6,324	(\$3,710)
Expenditures:			
Current:			
Instruction:			
Regular	0	4,040	(4,040)
Support Services:			
Instructional Staff	10,000	4,986	5,014
Total Expenditures	10,000	9,026	974
Excess of Revenues Over (Under) Expenditures	34	(2,702)	(2,736)
Other Financing Sources (Uses):			
Advances In	0	3,710	3,710
Advances Out	0	(5,000)	(5,000)
Total Other Financing Sources (Uses)	0	(1,290)	(1,290)
Net Change in Fund Balance	34	(3,992)	(4,026)
Fund Balance at Beginning of Year	960	960	0
Prior Year Encumbrances Appropriated	4,040	4,040	0
Fund Balance at End of Year	\$5,034	\$1,008	(\$4,026)

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALTERNATIVE SCHOOLS FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$172,650	\$112,650	(\$60,000)
Expenditures:			
Current:			
Support Services:			
Pupils	112,525	109,001	3,524
Instructional Staff	10,350	4,000	6,350
Administration	49,846	44,574	5,272
Fiscal	2,572	2,572	0
Total Expenditures	175,293	160,147	15,146
Excess of Revenues Under Expenditures	(2,643)	(47,497)	(44,854)
Other Financing Sources (Uses):			
Advances In	0	60,000	60,000
Advances Out	0	(32,900)	(32,900)
Total Other Financing Sources (Uses)	0	27,100	27,100
Net Change in Fund Balance	(2,643)	(20,397)	(17,754)
Fund Balance at Beginning of Year	8,959	8,959	0
Prior Year Encumbrances Appropriated	23,899	23,899	0
Fund Balance at End of Year	\$30,215	\$12,461	(\$17,754)

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MISCELLANEOUS STATE GRANTS FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:	\$0	\$0	\$0
Expenditures:			
Current:			
Instruction:			
Regular	18,626	0	18,626
Excess of Revenues Over (Under)			
Expenditures	(18,626)	0	18,626
Fund Balance at Beginning of Year	18,626	18,626	0
Fund Balance at End of Year	\$0	\$18,626	\$37,252

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
RACE TO THE TOP FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$1,404,039	\$799,038	(\$605,001)
Expenditures:			
Current:			
Instruction:			
Regular	5,948	5,211	737
Support Services:			
Pupils	580,438	330,150	250,288
Instructional Staff	967,475	917,372	50,103
Administration	94,420	91,771	2,649
Total Expenditures	1,648,281	1,344,504	303,777
Excess of Revenues Under Expenditures	(244,242)	(545,466)	(301,224)
Other Financing Sources (Uses):			
Advances In	0	605,000	605,000
Advances Out	0	(250,000)	(250,000)
Total Other Financing Sources (Uses)	0	355,000	0
Net Change in Fund Balance	(244,242)	(190,466)	(53,776)
Fund Balance at Beginning of Year	13,769	13,769	0
Prior Year Encumbrances Appropriated	391,608	391,608	0
Fund Balance at End of Year	\$161,135	\$214,911	(\$53,776)

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TITLE VI-B FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$4,106,400	\$3,606,400	(\$500,000)
Expenditures:			
Current:			
Instruction:			
Special	288,308	270,312	17,996
Support Services:			
Pupils	1,192,823	992,133	200,690
Instructional Staff	2,026,211	1,947,860	78,351
Administration	149,939	94,373	55,566
Fiscal	177,900	82,016	95,884
Non-Instructional Services	274,159	222,843	51,316
Total Expenditures	4,109,340	3,609,537	499,803
Excess of Revenues Under Expenditures	(2,940)	(3,137)	(197)
Other Financing Sources:			
Advances In	0	500,000	500,000
Net Change in Fund Balance	(2,940)	496,863	499,803
Fund Balance at Beginning of Year	29,343	29,343	0
Prior Year Encumbrances Appropriated	288,708	288,708	0
Fund Balance at End of Year	\$315,111	\$814,914	\$499,803

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
VOCATIONAL EDUCATION FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$781,577	\$716,577	(\$65,000)
Expenditures:			
Current:			
Instruction:			
Vocational	661,351	554,039	107,312
Support Services:			
Instructional Staff	38,904	22,986	15,918
Administration	58,853	29,373	29,480
Pupil Transportation	10,269	17,014	(6,745)
Central	63,926	59,761	4,165
Total Expenditures	833,303	683,173	150,130
Excess of Revenues Over (Under) Expenditures	(51,726)	33,404	85,130
Other Financing Sources (Uses):			
Advances In	0	65,000	65,000
Advances Out	0	(225,000)	(225,000)
Total Other Financing Sources (Uses)	0	(160,000)	(160,000)
Net Change in Fund Balance	(51,726)	(126,596)	150,130
Fund Balance at Beginning of Year	70,619	70,619	0
Prior Year Encumbrances Appropriated	129,000	129,000	0
Fund Balance at End of Year	\$147,893	\$73,023	\$150,130

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TITLE II-D TECHNOLOGY FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$53,093	\$53,093	\$0
Expenditures:			
Current:			
Instruction:			
Special	0	44,880	(44,880)
Support Services:			
Instructional Staff	0	9,106	(9,106)
Fiscal	0	1,096	(1,096)
Total Expenditures	0	55,082	(55,082)
Excess of Revenues Over (Under) Expenditures	53,093	(1,989)	(55,082)
Other Financing Uses:			
Advances Out	0	(91,000)	(91,000)
Net Change in Fund Balance	53,093	(92,989)	(146,082)
Fund Balance at Beginning of Year	33,967	33,967	0
Prior Year Encumbrances Appropriated	59,022	59,022	0
Fund Balance at End of Year	\$146,082	\$0	(\$146,082)

**DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TITLE I SCHOOL IMPROVEMENT STIMULUS A FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$1,177,718	\$1,177,718	\$0
Expenditures:			
Current:			
Instruction:			
Special	620,764	0	620,764
Other	174,286	174,286	0
Support Services:			
Instructional Staff	389,778	389,778	0
Total Expenditures	1,184,828	564,064	620,764
Excess of Revenues Over (Under) Expenditures	(7,110)	613,654	620,764
Other Financing Uses:			
Advances Out	0	(656,000)	(656,000)
Net Change in Fund Balance	(7,110)	(42,346)	(35,236)
Fund Balance at Beginning of Year	14,475	14,475	0
Prior Year Encumbrances Appropriated	51,700	51,700	0
Fund Balance at End of Year	\$59,065	\$23,829	(\$35,236)

**DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
STIMULUS SCHOOL IMPROVEMENT SUBSIDY G FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$6,342,375	\$5,542,375	(\$800,000)
Expenditures:			
Current:			
Instruction:			
Special	2,983,416	2,050,734	932,682
Student Intervention Services	724,895	724,895	0
Support Services:			
Pupils	46,192	46,192	0
Instructional Staff	1,967,527	1,967,527	0
Administration	181,358	181,358	0
Fiscal	105,694	105,694	0
Pupil Transportation	399,901	399,901	0
Total Expenditures	6,408,983	5,476,301	932,682
Excess of Revenues Over (Under) Expenditures	(66,608)	66,074	132,682
Other Financing Sources (Uses):			
Advances In	0	800,000	800,000
Advances Out	0	(975,000)	(975,000)
Total Other Financing Sources (Uses)	0	(175,000)	(175,000)
Net Change in Fund Balance	(66,608)	(108,926)	(42,318)
Fund Balance at Beginning of Year	44,990	44,990	0
Prior Year Encumbrances Appropriated	860,422	860,422	0
Fund Balance at End of Year	\$838,804	\$796,486	(\$42,318)

**DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DROPOUT PREVENTION AND INTERVENTION FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$169,547	\$129,547	(\$40,000)
Expenditures:			
Current:			
Instruction:			
Special	123,258	85,399	37,859
Support Services:			
Pupils	13,117	13,057	60
Instructional Staff	29,305	18,295	11,010
Fiscal	5,793	2,135	3,658
Pupil Transportation	1,312	400	912
Non-Instructional Services	14,868	10,665	4,203
Total Expenditures	187,653	129,951	57,702
Excess of Revenues Under Expenditures	(18,106)	(404)	17,702
Other Financing Sources (Uses):			
Advances In	0	40,000	40,000
Advances Out	0	(35,000)	(35,000)
Total Other Financing Sources (Uses)	0	5,000	5,000
Net Change in Fund Balance	(18,106)	4,596	22,702
Fund Balance at Beginning of Year	18,649	18,649	0
Prior Year Encumbrances Appropriated	19,899	19,899	0
Fund Balance at End of Year	\$20,442	\$43,144	\$22,702

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TITLE I FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$12,306,364	\$11,126,364	(\$1,180,000)
Expenditures:			
Current:			
Instruction:			
Special	5,789,161	4,657,275	1,131,886
Other Instruction	1,856,520	1,856,520	0
Support Services:			
Pupils	270,049	270,049	0
Instructional Staff	2,998,444	2,998,444	0
Administration	593,143	593,143	0
Fiscal	239,737	239,737	0
Pupil Transportation	135,500	135,500	0
Non-Instructional Services	517,287	517,287	0
Total Expenditures	12,399,841	11,267,955	1,131,886
Excess of Revenues Under Expenditures	(93,477)	(141,591)	(48,114)
Other Financing Sources (Uses):			
Advances In	0	1,180,000	1,180,000
Advances Out	0	(1,225,000)	(1,225,000)
Total Other Financing Sources (Uses)	0	(45,000)	(45,000)
Net Change in Fund Balance	(93,477)	(186,591)	(93,114)
Fund Balance at Beginning of Year	61,706	61,706	0
Prior Year Encumbrances Appropriated	1,582,802	1,582,802	0
Fund Balance at End of Year	\$1,551,031	\$1,457,917	(\$93,114)

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TITLE VI FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenue:	\$0	\$0	\$0
Expenditures:	0	0	0
Other Financing Uses:			
Refund of Prior Year Receipts	0	(5,217)	(5,217)
Net Change in Fund Balance	0	(5,217)	(5,217)
Fund Balance at Beginning of Year	5,217	5,217	0
Fund Balance at End of Year	<u>\$5,217</u>	<u>\$0</u>	<u>(\$5,217)</u>

**DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EHA PRESCHOOL GRANTS FOR THE HANDICAPPED FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$187,052	\$169,552	(\$17,500)
Expenditures:			
Current:			
Instruction:			
Special	8,204	7,356	848
Support Services:			
Instructional Staff	179,505	152,914	26,591
Fiscal	6,447	2,981	3,466
Total Expenditures	194,156	163,251	30,905
Excess of Revenues Over (Under) Expenditures	(7,104)	6,301	13,405
Other Financing Sources (Uses):			
Advances In	0	17,500	17,500
Advances Out	0	(10,000)	(10,000)
Total Other Financing Sources (Uses)	0	7,500	7,500
Net Change in Fund Balance	(7,104)	13,801	20,905
Fund Balance at Beginning of Year	7,381	7,381	0
Prior Year Encumbrances Appropriated	273	273	0
Fund Balance at End of Year	\$550	\$21,455	\$20,905

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TITLE VI-R CLASSROOM SIZE REDUCTION FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$3,731,377	\$3,061,377	(\$670,000)
Expenditures:			
Current:			
Support Services:			
Instructional Staff	3,700,307	2,841,302	859,005
Fiscal	116,969	38,724	78,245
Non-Instructional Services	11,555	8,500	3,055
Total Expenditures	3,828,831	2,888,526	940,305
Excess of Revenues Over (Under) Expenditures	(97,454)	172,851	270,305
Other Financing Sources (Uses):			
Advances In	0	670,000	670,000
Advances Out	0	(500,000)	(500,000)
Total Other Financing Sources (Uses)	0	170,000	0
Net Change in Fund Balance	(97,454)	342,851	(440,305)
Fund Balance at Beginning of Year	147,296	147,296	0
Prior Year Encumbrances Appropriated	385,310	385,310	0
Fund Balance at End of Year	\$435,152	\$875,457	(\$440,305)

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MISCELLANEOUS FEDERAL GRANTS FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$319,296	\$275,296	(\$44,000)
Expenditures:			
Current:			
Instruction:			
Regular	6,507	6,507	0
Special	10,153	10,153	0
Support Services:			
Pupils	267,037	172,812	94,225
Instructional Staff	59,536	59,536	0
Administration	28,801	28,801	0
Fiscal	3,743	3,743	0
Pupil Transportation	900	900	0
Total Expenditures	376,677	282,452	94,225
Excess of Revenues Under Expenditures	(57,381)	(7,156)	50,225
Other Financing Sources (Uses):			
Advances In	0	44,000	44,000
Advances Out	0	(138,000)	(138,000)
Total Other Financing Sources (Uses)	0	(94,000)	(94,000)
Net Change in Fund Balance	(57,381)	(101,156)	(43,775)
Fund Balance at Beginning of Year	58,709	58,709	0
Prior Year Encumbrances Appropriated	62,984	62,984	0
Fund Balance at End of Year	\$64,312	\$20,537	(\$43,775)

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL TRUST FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Gifts and Donations	\$17,071	\$17,071	\$0
Expenditures:			
Current:			
Support Services:			
Pupils	90,457	11,386	79,071
Instructional Staff	7,740	0	7,740
Total Expenditures	98,197	11,386	86,811
Net Change in Fund Balance	(81,126)	5,685	86,811
Fund Balance at Beginning of Year	81,126	81,126	0
Fund Balance at End of Year	\$0	\$86,811	\$86,811

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOOD SERVICE FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$9,004,406	\$9,004,406	\$0
Customer Sales and Services	965,060	965,060	0
Total Revenues	9,969,466	9,969,466	0
Expenditures:			
Current:			
Support Services:			
Operation and Maintenance of Plant	2,281	2,281	0
Non-Instructional Services	8,909,719	8,453,799	455,920
Total Expenditures	8,912,000	8,456,080	455,920
Net Change in Fund Balance	1,057,466	1,513,386	455,920
Fund Balance at Beginning of Year	574,533	574,533	0
Prior Year Encumbrances Appropriated	200	200	0
Fund Balance at End of Year	\$1,632,199	\$2,088,119	\$455,920

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
WELCOME STADIUM FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Customer Sales and Services	\$3,413	\$3,413	\$0
Extracurricular Activities	372,124	372,124	0
Total Revenues	<u>375,537</u>	<u>375,537</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Operation and Maintenance of Plant	57,951	57,951	0
Extracurricular Activities	458,446	389,067	69,379
Total Expenditures	<u>516,397</u>	<u>447,018</u>	<u>69,379</u>
Net Change in Fund Balance	(140,860)	(71,481)	69,379
Fund Balance at Beginning of Year	143,340	143,340	0
Prior Year Encumbrances Appropriated	<u>30,033</u>	<u>30,033</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$32,513</u></u>	<u><u>\$101,892</u></u>	<u><u>\$69,379</u></u>

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
UNIFORM SCHOOL SUPPLIES FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Tuition and Fees	\$2,228	\$2,228	\$0
Expenditures:			
Current:			
Instruction:			
Regular	34,325	2,270	32,055
Net Change in Fund Balance	(32,097)	(42)	32,055
Fund Balance at Beginning of Year	32,029	32,029	0
Prior Year Encumbrances Appropriated	78	78	0
Fund Balance at End of Year	<u>\$10</u>	<u>\$32,065</u>	<u>\$32,055</u>

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OTHER GRANT ROTARY FUND - BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Extracurricular Activities	\$15,008	\$15,008	\$0
Expenditures:			
Current:			
Instruction:			
Regular	121,656	21,413	100,243
Net Change in Fund Balance	(106,648)	(6,405)	100,243
Fund Balance at Beginning of Year	106,747	106,747	106,747
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	<u>\$99</u>	<u>\$100,342</u>	<u>\$206,990</u>

DAYTON SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PUBLIC SCHOOL SUPPORT FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$20,615	\$20,615	\$0
Rent	613	613	0
Customer Sales and Services	176,795	176,795	0
Miscellaneous	419	419	0
Total Revenues	198,442	198,442	0
Expenditures:			
Current:			
Instruction:			
Regular	842,384	268,860	573,524
Adult/Continuing	30,625	12,353	18,272
Support Services:			
Pupils	83,720	10,400	73,320
Instructional Staff	31,166	11,162	20,004
Operation and Maintenance of Plant	12,102	1,290	10,812
Total Expenditures	999,997	304,065	695,932
Net Change in Fund Balance	(801,555)	(105,623)	695,932
Fund Balance at Beginning of Year	946,659	946,659	0
Prior Year Encumbrances Appropriated	117,004	117,004	0
Fund Balance at End of Year	\$262,108	\$958,040	\$695,932

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PERMANENT IMPROVEMENT FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Taxes	\$563,966	\$559,847	(\$4,119)
Intergovernmental	1,765,603	240,328	(1,525,275)
Total Revenues	2,329,569	800,175	(1,529,394)
Expenditures:			
Current:			
Instruction:			
Regular	400,988	291,162	109,826
Support Services:			
Pupils	100,000	12,313	87,687
Fiscal	110,000	12,518	97,482
Operation and Maintenance of Plant	473,466	273,466	200,000
Pupil Transportation	146,306	135,506	10,800
Central	3,601,213	2,207,092	1,394,121
Capital Outlay	300,896	262,423	38,473
Debt Service:			
Principal Retirement	350,000	350,000	0
Interest and Fiscal Charges	32,132	32,132	0
Total Expenditures	5,515,001	3,576,612	1,938,389
Excess of Revenues Over (Under) Expenditures	(3,185,432)	(2,776,437)	408,995
Other Financing Sources:			
Transfers In	137,465	1,666,861	1,529,396
Net Change in Fund Balance	(3,047,967)	(1,109,576)	1,938,391
Fund Balance at Beginning of Year	3,123,617	3,123,617	0
Prior Year Encumbrances Appropriated	1,268,267	1,268,267	0
Fund Balance at End of Year	\$1,343,917	\$3,282,308	\$1,938,391

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUILDING FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$77,000	\$80,817	\$3,817
Interest	12,471	(11,810)	(24,281)
Miscellaneous	54,410	74,874	20,464
Total Revenues	<u>143,881</u>	<u>143,881</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,353,792	955,338	398,454
Vocational	51,500	36,229	15,271
Support Services:			
Instructional Staff	164,580	164,580	0
Administration	85,480	85,480	0
Fiscal	4,000	2,274	1,726
Business	23,100	23,100	0
Operation and Maintenance of Plant	25,019	25,019	0
Central	519,810	519,810	0
Capital Outlay	13,340,999	1,866,235	11,474,764
Total Expenditures	<u>15,568,280</u>	<u>3,678,065</u>	<u>11,890,215</u>
Excess of Revenues Over (Under) Expenditures	(15,424,399)	(3,534,184)	11,890,215
Other Financing Uses:			
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Capital Assets	0	0	0
Notes Issued	0	0	0
Transfers In	0	1,242,475	1,242,475
Transfers Out	(3,333,722)	(1,666,861)	1,666,861
Net Change in Fund Balance	(18,758,121)	(3,958,570)	14,799,551
Fund Balance at Beginning of Year	18,968,174	18,968,174	0
Prior Year Encumbrances Appropriated	1,769,837	1,769,837	0
Fund Balance at End of Year	<u>\$1,979,890</u>	<u>\$16,779,441</u>	<u>\$14,799,551</u>

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
WAREHOUSE FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Sales	\$688	\$688	\$0
Expenses:			
Purchased Services	32,080	32,056	24
Supplies and Materials	282,319	12,207	270,112
Total Expenses	314,399	44,263	270,136
Net Change in Fund Equity	(313,711)	(43,575)	270,136
Fund Equity at Beginning of Year	314,073	314,073	0
Prior Year Encumbrances Appropriated	7,187	7,187	0
Fund Equity at End of Year	\$7,549	\$277,685	\$270,136

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
RETROSPECTIVE WORKERS' COMP FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Charges for Services	\$210,238	\$210,238	\$0
Expenses:			
Salaries	74,516	76,478	(1,962)
Fringe Benefits	28,640	21,475	7,165
Purchased Services	5,410,826	1,764,763	3,646,063
Other	162,149	40,648	121,501
Total Expenses	5,676,131	1,903,364	3,772,767
Net Change in Fund Equity	(5,465,893)	(1,693,126)	3,772,767
Fund Equity at Beginning of Year	5,507,505	5,507,505	0
Prior Year Encumbrances Appropriated	703,623	703,623	0
Fund Equity at End of Year	\$745,235	\$4,518,002	\$3,772,767

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
SELF-INSURANCE FUND - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Charges for Services	\$31,053,294	\$31,053,294	\$0
Other Revenue	42,582	42,582	0
Total Revenues	<u>31,095,876</u>	<u>31,095,876</u>	<u>0</u>
Expenses:			
Purchased Services	1,900,000	0	1,900,000
Claims	33,100,000	27,382,971	5,717,029
Total Expenses	<u>35,000,000</u>	<u>27,382,971</u>	<u>7,617,029</u>
Net Change in Fund Equity	(3,904,124)	3,712,905	7,617,029
Fund Equity at Beginning of Year	<u>5,198,564</u>	<u>5,198,564</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$1,294,440</u></u>	<u><u>\$8,911,469</u></u>	<u><u>\$7,617,029</u></u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the School District'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 School District's overall financial health.

Contents:

Financial Trends

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time. These schedules can be found on pages 124 to 132.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the School District's most significant local revenue source, the property tax. These schedules can be found on pages 133 to 140.

Debt Capacity

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt, as well as, the School District's ability to issue additional debt in the future. These schedules can be found on pages 141 to 147.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place. These schedules can be found on pages 148 and 151.

Operating Information

These schedules contain information about the School District's operation and resources to help the reader understand how the School District's financial information relates to the services provided and activities performed. These schedules can be found on pages 152 to 155.

Sources: Unless otherwise noted, the information in these schedules is derived from the School District's annual financial reports for the relevant year.

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net Position:				
Net Investment in Capital Assets	\$22,001,233	\$15,672,577	\$21,173,201	\$11,057,668
Restricted	138,870,412	224,850,749	225,376,276	306,007,970
Unrestricted	<u>44,177,779</u>	<u>43,945,296</u>	<u>20,890,120</u>	<u>17,820,009</u>
Total Net Position	<u>\$205,049,424</u>	<u>\$284,468,622</u>	<u>\$267,439,597</u>	<u>\$334,885,647</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$156,806,490	\$204,395,827	\$274,083,127	\$239,262,065	\$262,446,792	\$254,064,580
165,443,307	141,858,409	80,259,977	106,882,904	66,107,281	74,987,306
19,671,988	18,542,406	25,248,921	47,908,184	46,815,756	36,993,228
<u>\$341,921,785</u>	<u>\$364,796,642</u>	<u>\$379,592,025</u>	<u>\$394,053,153</u>	<u>\$375,369,829</u>	<u>\$366,045,114</u>

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2004	2005	2006	2007
Program Revenues:				
Charges for Services and Sales:				
Regular Instruction	\$1,026,650	\$577,862	\$1,396,178	\$1,835,460
Special Instruction	864,493	986,596	0	178,231
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Operation & Maintenance of Plant	0	0	0	0
Non-Instructional Services	3,228,825	3,080,464	1,953,662	1,919,204
Extracurricular Activities	471,282	522,556	516,844	509,132
Other	568,198	424,129	5,482	0
Total Charges for Services and Sales	<u>6,159,448</u>	<u>5,591,607</u>	<u>3,872,166</u>	<u>4,442,027</u>
Operating Grants and Contributions	53,248,257	55,846,887	53,854,341	54,385,141
Capital Grants and Contributions	<u>79,832,438</u>	<u>87,750,501</u>	<u>4,222,900</u>	<u>91,054,817</u>
Total Program Revenues	<u>139,240,143</u>	<u>149,188,995</u>	<u>61,949,407</u>	<u>149,881,985</u>
Expenses:				
Instruction	103,512,054	105,911,991	107,433,792	111,360,344
Pupils	11,741,172	12,672,265	9,537,921	9,575,153
Instructional Staff	17,929,198	17,534,083	22,070,344	19,131,027
Board of Education	433,358	465,405	1,504,940	1,095,719
Administration	14,587,381	13,219,010	14,653,219	13,132,034
Fiscal	3,214,000	3,987,371	3,851,625	3,058,611
Business	2,321,963	1,805,966	1,442,009	1,519,529
Operation and Maintenance of Plant	33,902,014	38,952,420	32,742,890	31,623,068
Pupil Transportation	16,613,992	17,542,113	19,099,802	19,206,398
Central	9,241,713	9,033,096	8,276,578	7,214,836
Non-Instructional Services	58,497,701	63,389,659	63,227,901	62,479,482
Extracurricular Activities	1,444,007	1,562,922	1,683,123	1,882,414
Interest and Fiscal Charges	12,440,143	12,228,489	12,283,960	12,165,455
Unallocated Depreciation	1,449,773	1,484,841	1,667,063	1,325,075
Total Expenses	<u>287,328,469</u>	<u>299,789,631</u>	<u>299,475,167</u>	<u>294,769,145</u>
Net Expense	<u>(\$148,088,326)</u>	<u>(\$150,600,636)</u>	<u>(\$237,525,760)</u>	<u>(\$144,887,160)</u>

2008	2009	2010	2011	2012	2013
\$1,341,082	\$2,386,406	\$1,789,584	\$3,220,136	\$2,353,387	\$1,322,960
100,636	0	0	0	0	0
0	0	0	0	0	106
0	0	0	0	0	7,008
0	0	0	0	0	6,422
0	0	0	0	0	5,577
0	0	0	0	0	679,896
1,510,104	1,751,167	1,475,801	1,227,808	1,062,209	1,037,089
1,144,216	636,536	628,574	686,070	576,411	502,723
1,064,374	305,335	745,087	915,281	729,560	0
5,160,412	5,079,444	4,639,046	6,049,295	4,721,567	3,561,781
59,341,676	66,429,355	57,533,689	29,137,438	55,397,307	53,460,982
443,277	939,577	0	0	0	0
64,945,365	72,448,376	62,172,735	35,186,733	60,118,874	57,022,763
95,084,453	98,856,366	96,506,253	95,366,779	94,121,187	95,802,036
10,155,766	10,819,918	9,677,972	11,333,241	11,415,832	10,584,362
13,464,968	15,699,017	18,484,817	17,859,066	18,606,460	17,008,329
1,525,305	703,373	1,083,663	747,968	660,791	1,149,317
12,003,326	16,305,055	18,587,883	15,189,457	18,505,586	14,929,426
4,289,621	3,779,802	3,700,471	3,614,243	4,596,315	3,826,663
2,145,686	1,682,577	1,500,067	1,543,948	2,578,038	2,550,132
22,628,479	22,091,652	22,163,606	20,595,511	21,073,668	19,227,426
18,765,970	15,992,195	16,741,034	17,954,929	17,184,232	17,396,242
6,615,020	7,753,959	7,291,951	7,798,118	10,263,636	9,027,827
69,946,502	72,023,470	73,765,748	72,608,042	69,881,407	69,883,726
1,458,700	1,932,220	1,997,118	1,885,787	1,773,357	1,779,626
11,951,294	11,693,210	12,029,713	10,796,083	9,954,404	6,046,324
4,603,690	3,392,488	5,123,531	5,819,416	9,694,823	8,420,106
274,638,780	282,725,302	288,653,827	283,112,588	290,309,736	277,631,542
(\$209,693,415)	(\$210,276,926)	(\$226,481,092)	(\$247,925,855)	(\$230,190,862)	(\$220,608,779)

(continued)

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(continued)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net Expense	(\$148,088,326)	(\$150,600,636)	(\$237,525,760)	(\$144,887,160)
General Revenues:				
Property Taxes Levied for:				
General Purposes	79,125,532	77,453,502	74,230,414	73,210,958
Debt Service	16,296,989	13,602,246	13,969,176	14,391,679
Capital Projects	990,348	835,327	798,454	810,634
Other Purposes	990,348	835,324	798,454	810,635
Grants and Entitlements Not Restricted to Specific Programs	121,593,221	123,873,866	111,070,302	93,566,583
Gifts and Donations	0	0	0	0
Gain on Sale of Capital Assets	0	0	0	0
Investment Earnings	4,460,091	7,266,006	14,906,186	17,146,192
Miscellaneous	2,613,108	6,153,543	4,723,749	6,542,377
Total General Revenues	<u>226,069,637</u>	<u>230,019,814</u>	<u>220,496,735</u>	<u>206,479,058</u>
Change in Net Position	<u>\$77,981,311</u>	<u>\$79,419,178</u>	<u>(\$17,029,025)</u>	<u>\$61,591,898</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
(\$209,693,415)	(\$210,276,926)	(\$226,481,092)	(\$247,925,855)	(\$230,190,862)	(\$220,608,779)
65,646,213	66,244,784	63,864,510	74,266,805	49,195,475	56,770,433
12,834,750	12,081,522	11,412,497	14,750,041	9,936,314	14,468,317
725,811	686,935	654,684	773,364	522,806	585,370
725,812	686,936	654,683	773,364	522,806	585,368
113,682,762	143,522,125	166,650,134	160,821,538	142,564,676	138,351,191
0	0	0	0	0	7,245
0	0	0	0	130,000	0
14,276,257	4,745,892	(6,557,960)	5,801,584	2,150,190	(399,516)
5,422,664	5,183,589	4,624,342	5,200,287	6,485,271	915,656
<u>213,314,269</u>	<u>233,151,783</u>	<u>241,302,890</u>	<u>262,386,983</u>	<u>211,507,538</u>	<u>211,284,064</u>
<u>\$3,620,854</u>	<u>\$22,874,857</u>	<u>\$14,821,798</u>	<u>\$14,461,128</u>	<u>(\$18,683,324)</u>	<u>(\$9,324,715)</u>

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	2004	2005	2006	2007
General Fund:				
Nonspendable	\$0	\$0	\$0	\$0
Restricted				
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	12,703,669	15,966,465	14,560,529	6,330,325
Unreserved (Deficit)	28,801,552	27,512,436	5,844,576	(6,295,473)
Total General Fund	\$41,505,221	\$43,478,901	\$20,405,105	\$34,852
All Other Governmental Funds:				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Committed				
Assigned	0	0	0	0
Unassigned (Deficit)	0	0	0	0
Reserved	16,158,653	55,553,048	82,594,602	127,820,587
Unreserved, Reported in:				
Special Revenue Funds	1,480,471	3,104,442	4,162,457	5,260,400
Debt Service Fund	20,952,155	14,215,742	14,058,105	14,494,701
Capital Projects Funds	296,800,624	233,569,356	185,877,391	111,135,925
Total All Other Governmental Funds	\$335,391,903	\$306,442,588	\$286,692,555	\$258,711,613

Notes:

The School District implemented GASB 54 in fiscal year 2011.

2008	2009	2010	2011	2012	2013
\$0	\$0	\$894,677	\$1,183,167	\$1,120,782	\$161,798
0	0	347,205	87,383	0	0
0	0	4,498,288	8,739,049	16,705,284	4,117,751
5,211,314	6,289,229	0	0	0	0
(319,010)	279,230	0	0	0	0
<u>\$4,892,304</u>	<u>\$6,568,459</u>	<u>\$5,740,170</u>	<u>\$10,009,599</u>	<u>\$17,935,817</u>	<u>\$4,279,549</u>
\$0	\$0	\$201,138	\$119,182	\$56,420	\$0
0	0	147,679,559	94,212,021	61,541,462	58,376,847
0	0	0	0	0	0
0	0	(2,609,600)	(2,737,367)	(2,157,329)	(374,324)
42,417,236	61,517,410	0	0	0	0
		0	0	0	
4,921,336	4,716,508	0	0	0	0
13,977,212	11,899,467	0	0	0	0
133,053,990	102,417,098	0	0	0	0
<u>\$194,369,774</u>	<u>\$180,550,483</u>	<u>\$145,271,097</u>	<u>\$91,593,836</u>	<u>\$59,440,553</u>	<u>\$58,002,523</u>

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	2004 (a)	2005	2006	2007
Revenues:				
Taxes	\$93,575,521	\$95,648,787	\$92,172,361	\$90,489,848
Intergovernmental	194,297,398	184,615,340	198,176,022	216,757,616
Investment Earnings	4,202,413	6,544,611	13,151,796	17,260,845
Tuition and Fees	1,415,883	1,254,126	983,594	1,493,412
All Other Revenues	7,362,155	10,754,524	7,625,405	9,500,464
Total Revenue	300,853,370	298,817,388	312,109,178	335,502,185
Expenditures:				
Current:				
Instruction	103,477,512	103,538,639	107,085,761	115,046,682
Support Services:				
Pupils	11,729,581	12,354,055	9,534,492	9,863,485
Instructional Staff	17,688,523	17,336,963	22,094,580	19,559,431
Board of Education	420,250	468,168	1,510,498	1,108,281
Administration	14,469,635	12,850,102	14,836,577	13,538,125
Fiscal and Business	6,346,153	5,425,277	5,762,890	4,635,879
Operation and Maintenance of Plant	22,350,251	24,818,020	25,814,651	22,875,579
Pupil Transportation	15,941,719	16,787,911	18,403,871	18,557,040
Central	8,980,337	8,767,693	8,123,218	7,189,660
Operation of Non-Instructional Services	58,254,244	63,286,105	63,642,951	62,658,030
Extracurricular Activities	1,404,780	1,522,813	1,651,637	1,841,486
Capital Outlay	32,301,407	36,674,780	58,989,483	87,105,790
Debt Service:				
Principal Retirement	152,218,895	11,922,011	6,362,762	7,026,683
Interest and Fiscal Charges	11,235,597	12,421,566	12,293,703	12,175,930
Swaption Termination Fee	0	0	0	0
Advance Refunding Escrow	0	0	0	0
Issuance Costs	0	0	0	0
Total Expenditures	456,818,884	328,174,103	356,107,074	383,182,081
Excess of Revenues Over (Under) Expenditures	(155,965,514)	(29,356,715)	(43,997,896)	(47,679,896)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	38,259	23,096	8,403	10,883
Inception of Capital Leases	0	3,024,185	1,500,000	0
Proceeds from Sale of Bonds	151,555,000	0	0	0
Refunding Bonds Issued	0	0	0	0
Proceeds from Sale of Notes	19,860,000	0	0	0
Premium on Issuance of Bonds	8,325,688	0	0	0
Premium on Issuance of Refunding Bonds	0	0	0	0
Payment to Refunding Bonds Escrow Agent	0	0	0	0
Refunding Notes Issued	0	0	0	0
Proceeds from Sale of Options	0	0	0	0
Transfers In	123,392,837	474,389	475,018	444,226
Transfers Out	(123,392,837)	(1,140,590)	(809,354)	(1,126,408)
Total Other Financing Sources (Uses)	179,778,947	2,381,080	1,174,067	(671,299)
Net Change in Fund Balance	\$23,813,433	(\$26,975,635)	(\$42,823,829)	(\$48,351,195)

Debt Service as a Percentage of Noncapital Expenditures

38.50% 8.35% 6.28% 6.49%

Notes:

(a) 2004 principal retirement included the repayment of a \$151.6 million, one-year, bond anticipation bond.

2008	2009	2010	2011	2012	2013
\$81,561,049	\$76,223,293	\$69,279,536	\$72,603,902	\$68,395,202	\$67,189,704
226,479,942	233,641,391	243,734,419	220,348,538	204,754,204	191,347,183
13,782,073	5,782,612	1,427,190	1,774,828	1,170,074	575,840
2,103,573	2,105,684	1,285,216	2,764,195	2,181,368	1,164,730
8,591,424	7,732,819	8,075,526	8,512,622	9,043,234	3,339,508
<u>332,518,061</u>	<u>325,485,799</u>	<u>323,801,887</u>	<u>306,004,085</u>	<u>285,544,082</u>	<u>263,616,965</u>
91,854,848	99,360,164	97,474,076	97,124,824	91,211,967	95,154,860
10,214,217	10,671,850	9,421,194	11,509,619	11,282,269	10,919,710
13,614,035	15,418,891	18,457,903	18,142,239	18,516,548	17,431,368
1,515,645	704,595	1,043,473	732,653	629,222	1,135,863
12,102,344	16,112,024	18,431,062	15,194,443	18,434,096	14,333,319
5,714,758	5,414,391	5,171,192	5,118,077	7,137,785	6,286,960
22,612,843	22,020,305	21,924,172	20,512,238	20,812,849	19,504,200
17,289,289	15,292,841	18,108,151	17,123,253	18,317,466	16,296,573
6,332,612	7,546,319	6,762,566	7,687,374	10,532,374	8,877,094
69,785,072	71,922,219	73,427,459	72,775,088	69,737,428	70,402,708
1,422,323	1,910,692	1,953,493	1,871,742	1,732,629	1,697,331
120,414,866	51,779,324	76,457,572	67,536,348	24,089,932	908,877
6,631,517	6,855,890	7,531,334	7,842,900	9,582,257	7,960,000
11,969,440	12,133,216	12,479,835	11,246,601	10,384,326	6,647,585
0	0	0	0	0	12,955,000
0	0	0	0	0	2,280,563
0	0	0	0	292,498	0
<u>391,473,809</u>	<u>337,142,721</u>	<u>368,643,482</u>	<u>354,417,399</u>	<u>312,693,646</u>	<u>292,792,011</u>
<u>(58,955,748)</u>	<u>(11,656,922)</u>	<u>(44,841,595)</u>	<u>(48,413,314)</u>	<u>(27,149,564)</u>	<u>(29,175,046)</u>
91,060	98,849	0	0	130,000	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	14,735,000	98,284,989
0	0	0	0	2,495,000	0
0	0	0	0	64,898	0
0	0	0	0	628,370	16,438,446
0	0	0	0	(15,130,769)	(194,092,687)
0	0	0	0	0	93,450,000
0	0	9,685,000	0	0	0
20,600,018	23,006,814	3,460,042	1,500,000	16,179,663	1,242,486
<u>(21,219,717)</u>	<u>(23,591,877)</u>	<u>(4,384,707)</u>	<u>(2,494,518)</u>	<u>(16,179,663)</u>	<u>(1,242,486)</u>
<u>(528,639)</u>	<u>(486,214)</u>	<u>8,760,335</u>	<u>(994,518)</u>	<u>2,922,499</u>	<u>14,080,748</u>
<u>(\$59,484,387)</u>	<u>(\$12,143,136)</u>	<u>(\$36,081,260)</u>	<u>(\$49,407,832)</u>	<u>(\$24,227,065)</u>	<u>(\$15,094,298)</u>
6.86%	6.65%	6.85%	6.65%	6.98%	5.00%

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

Collection Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2013	\$1,459,489,480	\$4,169,969,943	\$82,448,800	\$211,743,509
2012	1,513,906,510	4,325,447,171	76,811,230	197,265,204
2011	1,747,249,560	4,992,141,600	74,225,500	190,624,580
2010	1,770,190,640	5,057,687,543	72,227,100	185,850,333
2009	1,794,498,110	5,130,285,140	72,915,370	184,430,587
2008	1,849,984,400	5,285,669,714	71,137,000	182,692,750
2007	1,859,214,090	5,312,040,257	95,265,070	244,658,021
2006	1,882,065,240	5,377,329,257	96,489,120	247,801,604
2005	1,719,716,110	4,913,474,600	104,566,770	268,546,478
2004	1,712,346,690	4,892,419,114	109,740,800	281,834,327

Source: Montgomery County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Auditor.

Notes:

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and 23 percent for inventories. General business tangible personal property tax other than telephone property tax was phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Telephone property tax was phased out beginning in 2006. The listing percentage is 25 percent for 2006, 20 percent for 2007, 15 percent for 2008, 10 percent for 2009, 5 percent for 2010 and zero for 2011.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent and 2 1/2 percent rollback and the homestead exemption before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property has been eliminated.

Tangible Personal Property		Total		Total Direct Tax Rate	Assessed Value Ratio
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$0	\$0	\$1,541,938,280	\$4,381,713,452	79.85	35.2%
0	0	1,590,717,740	4,522,712,376	77.52	35.2
0	0	1,821,475,060	5,182,766,180	76.52	35.1
2,404,820	9,619,280	1,844,822,560	5,253,157,156	72.17	35.1
15,661,840	20,882,453	1,883,075,320	5,335,598,180	75.75	35.3
93,440,335	1,495,045,360	2,014,561,735	6,963,407,824	70.85	28.9
139,769,404	607,693,061	2,094,248,564	6,164,391,339	70.85	34.0
187,024,961	813,152,004	2,165,579,321	6,438,282,865	70.85	33.6
283,321,748	1,133,286,992	2,107,604,628	6,315,308,070	70.85	33.4
279,165,476	1,116,661,904	2,101,252,966	6,290,915,345	70.85	33.4

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

YEAR	School District Millage				Total
	Operating	Debt Service	Permanent Improvement	Maintenance and Upkeep	
2013	\$67.55	\$11.30	\$0.50	\$0.50	\$79.85
2012	67.55	8.97	0.50	0.50	77.52
2011	67.55	7.97	0.50	0.50	76.52
2010	67.55	7.20	0.50	0.50	72.17
2009	67.55	7.20	0.50	0.50	75.75
2008	62.65	7.20	0.50	0.50	70.85
2007	62.65	7.20	0.50	0.50	70.85
2006	62.65	7.20	0.50	0.50	70.85
2005	62.65	7.20	0.50	0.50	70.85
2004	62.65	7.20	0.50	0.50	70.85

Source: Montgomery County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Auditor.

Notes:

(a) Overlapping millage presented is total millage for the subdivision.

Overlapping Millage (a)

Montgomery County	City of Dayton	Dayton Montgomery County Library	City of Trotwood	City of Riverside	Harrison Township	Jefferson Township
\$20.94	\$10.00	\$3.31	\$19.65	\$11.34	\$24.97	\$18.59
20.94	10.00	1.75	19.65	11.34	24.97	18.59
20.94	10.00	1.75	19.65	11.34	24.97	18.59
20.94	10.00	1.75	19.65	11.34	23.97	18.59
20.94	10.00	1.25	16.65	11.34	23.97	18.59
20.24	10.00	1.25	17.39	11.34	21.00	18.59
18.24	10.00	1.25	17.39	11.34	21.00	18.59
18.24	10.00	1.25	17.39	11.34	19.05	18.59
18.24	10.00	1.25	17.39	6.39	18.33	18.59
18.24	10.00	0.26	17.39	6.39	18.33	18.59

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**
PRINCIPAL PROPERTY TAX PAYERS
CURRENT FISCAL YEAR AND TEN YEARS AGO

<u>Name of Taxpayer</u>	<u>Fiscal Year 2013</u>			<u>Fiscal Year 2004</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>
Dayton Power and Light Company	\$71,072,830	1	4.61%	N/A	N/A	N/A
Vectren Energy Delivery of Ohio	11,724,500	2	0.76%	N/A	N/A	N/A
City of Dayton	6,766,410	3	0.44%	\$9,751,050	3	0.46%
Miami Valley Hospital	5,651,120	4	0.37%	N/A	N/A	N/A
KND Real Estate 29 LLC	5,646,100	5	0.37%	N/A	N/A	N/A
Marriot Division American	5,238,110	6	0.34%	8,461,750	4	0.40%
Ducru SPE LLC	4,734,550	7	0.31%	N/A	N/A	N/A
Woodman Park Apartments LLC	3,173,540	8	0.21%	N/A	N/A	N/A
Bella Vista-Dayton	3,114,080	9	0.20%	N/A	N/A	N/A
BEHR Dayton Terminal	3,071,820	10	0.20%	5,041,610	8	0.24%
NCR Corporation	N/A	N/A	N/A	16,897,860	1	0.80%
Nikides, Joanne H. etal	N/A	N/A	N/A	4,715,120	9	0.22%
Arts Center Foundation	N/A	N/A	N/A	16,082,190	2	0.77%
Heart Hospital of DTO	N/A	N/A	N/A	7,142,490	5	0.34%
Virgioa Kettering Trust	N/A	N/A	N/A	6,595,500	6	0.31%
Danis Realty Co. Inc.	N/A	N/A	N/A	6,037,060	7	0.29%
Ducru Limited Partnership	N/A	N/A	N/A	3,986,400	10	0.19%
Subtotal	\$120,193,060		7.79%	84,711,030		4.03%
All Other Taxpayers	<u>1,421,745,220</u>		<u>92.21%</u>	<u>2,016,541,936</u>		<u>95.97%</u>
Total Assessed Valuation	<u>\$1,541,938,280</u>		<u>100.00%</u>	<u>\$2,101,252,966</u>		<u>100.00%</u>

Source: Montgomery County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Auditor.

N/A - Information not available

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**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS**

Collection Year (1)	Current Levy	Current Tax Collections (2)	Percent of Current Levy Collected	Delinquent Tax Collections (3)
2013	\$87,607,359	\$75,771,460	86.5%	\$5,573,767
2012	85,956,230	71,914,936	83.7	5,706,881
2011	88,240,878	75,895,004	86.0	4,540,620
2010	87,326,213	74,670,801	85.5	4,924,943
2009	88,548,073	77,026,897	87.0	6,180,051
2008	85,494,306	76,484,514	89.5	7,561,992
2007	94,359,884	83,077,715	88.0	9,047,073
2006	102,017,933	86,512,282	84.8	11,965,577
2005	100,644,046	89,410,441	88.8	9,807,078
2004	100,545,821	92,118,706	91.6	6,868,829

Source: Montgomery County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Auditor.

Notes:

- (1) Represents collection year. 2013 information represents tax levies and collections through November 1, 2013.
- (2) State reimbursements of rollback and homestead exemptions are included.
- (3) The County does not identify delinquent tax collections by tax year. Therefore, in years when delinquent collections include amounts from previous tax year, the total tax collections can exceed the current tax levy.
- (4) Penalties and interest are included since by Ohio law they become part of the tax obligation as assessment occurs.

<u>Total Tax Collections</u>	<u>Total Collection As a Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes (4)</u>	<u>Delinquent Taxes to Current Tax Levy</u>
\$81,345,227	92.9%	\$38,441,505	43.9%
77,621,816	90.3	34,825,288	40.5
80,435,624	91.2	43,043,091	48.8
79,595,744	91.1	24,878,970	28.5
83,206,948	94.0	17,328,667	19.6
84,046,506	98.3	15,259,202	17.8
92,124,788	97.6	15,928,159	16.9
98,477,859	96.5	17,896,768	17.5
99,217,519	98.6	19,569,964	19.4
98,987,535	98.5	23,453,127	23.3

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Year	General Bonded Debt		Per Capita (b)
	General Obligation Bonds	Percentage of Total Assessed Property Value (a)	
2013	\$117,822,672	7.64%	\$833
2012	209,887,137	13.19	1,477
2011	214,669,313	11.64	1,517
2010	221,745,305	12.02	1,414
2009	228,566,297	12.14	1,458
2008	234,767,289	11.65	1,478
2007	240,793,281	11.50	1,516
2006	246,734,273	11.40	1,539
2005	252,130,265	11.96	1,517
2004	263,281,257	12.53	1,584

Notes:

- (1) The School District reports only governmental activities and has no component units.
- (2) Details of the School District's outstanding debt can be found in Note 14 to in the Notes to the Basic Financial Statements.
- (a) See assessed and estimated actual value of taxable property for total assessed property value.
- (b) See demographics schedule for personal income and population data, which are reported on a calendar year basis.

Other Debt Obligations				Total Outstanding Debt Obligations	Percentage of Personal Income (b)	Per Capita (b)
Long-Term Notes Payable	Certificates of Participation	QZAB Bonds	Capital Leases			
\$94,150,000	\$15,320,247	\$10,000,000	\$0	\$237,292,919	10.22%	\$1,679
1,050,000	15,357,210	10,000,000	0	236,294,347	14.85	1,670
1,400,000	14,760,000	10,000,000	2,072,257	242,901,570	10.26	1,716
1,750,000	15,070,000	10,000,000	2,705,157	251,270,462	10.62	1,633
2,100,000	15,350,000	10,000,000	3,311,491	259,327,788	10.05	1,517
2,450,000	15,600,000	10,000,000	3,892,381	266,709,670	13.14	1,679
2,800,000	15,825,000	10,000,000	4,448,898	273,867,179	13.57	1,724
3,150,000	16,025,000	10,000,000	5,510,581	281,419,854	14.11	1,756
3,500,000	16,205,000	10,000,000	4,973,343	286,808,608	14.02	1,726
3,500,000	16,360,000	10,000,000	3,091,169	296,232,426	14.93	1,783

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2004	2005	2006	2007
Total Assessed Property Value	\$2,101,252,966	\$2,107,604,628	\$2,165,579,321	\$2,094,248,564
Overall Direct Debt Limitation:				
Bond Debt Limit (a)	189,112,767	189,684,417	194,902,139	188,482,371
Net Bond Indebtedness	(230,102,845)	(226,214,258)	(221,501,895)	(215,650,299)
Overall Debt Margin (b)	(40,990,078)	(36,529,841)	(26,599,756)	(27,167,928)
<i>Total net bonded debt applicable to the limit as a percentage of overall direct debt limitation</i>	<i>121.67%</i>	<i>119.26%</i>	<i>113.65%</i>	<i>114.41%</i>
Unvoted Direct Debt Limitation:				
Unvoted Debt Limit (a)	2,101,253	2,107,605	2,165,579	2,094,249
Unvoted Debt Outstanding	0	0	0	0
Unvoted Debt Margin	\$2,101,253	\$2,107,605	\$2,165,579	\$2,094,249
<i>Total unvoted debt applicable to the limit as a percentage of unvoted direct debt limitation</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>

Source: Montgomery County Auditor and School District's financial records

Notes:

- (a) Ohio Bond Law sets a limit of 9% for voted debt, 9/10 of 1% for energy conservation and 1/10 of 1% for unvoted debt.
(b) The Superintendent of Public Instruction in Ohio, in accordance with Ohio Revised Code Section 133.06(E), certified the School District as an "Approved Special Needs District" in 2003, which enabled the School District to issue bonded debt in excess of the limits statutorily set by the Ohio Bond Law.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$2,014,561,735	\$1,883,075,320	\$1,844,822,560	\$1,821,475,060	\$1,590,717,740	\$1,541,938,280
181,310,556 <u>(210,667,788)</u>	169,476,779 <u>(207,070,533)</u>	166,034,030 <u>(204,107,463)</u>	163,932,755 <u>(199,510,750)</u>	143,164,597 <u>(195,632,944)</u>	138,774,445 <u>(183,897,917)</u>
<u>(29,357,232)</u>	<u>(37,593,754)</u>	<u>(38,073,433)</u>	<u>(35,577,995)</u>	<u>(52,468,347)</u>	<u>(45,123,472)</u>
<i>116.19%</i>	<i>122.18%</i>	<i>122.93%</i>	<i>121.70%</i>	<i>136.65%</i>	<i>132.52%</i>
2,014,562 <u>0</u>	1,883,075 <u>0</u>	1,844,823 <u>0</u>	1,821,475 <u>0</u>	1,590,718 <u>0</u>	1,541,938 <u>0</u>
<u>\$2,014,562</u>	<u>\$1,883,075</u>	<u>\$1,844,823</u>	<u>\$1,821,475</u>	<u>\$1,590,718</u>	<u>\$1,541,938</u>
<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013**

<u>Governmental Unit (1)</u>		<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Amount Applicable to School District</u>
Montgomery County	(b)	\$52,467,000	16.50%	\$8,658,713
City of Dayton	(b)	36,132,444	83.61%	30,211,819
City of Riverside	(b)	1,969,258	12.73%	250,635
City of Trotwood	(b)	12,285,000	16.77%	<u>2,060,767</u>
Subtotal, Overlapping Debt				41,181,934
School District Direct Debt				<u>237,292,919</u>
Total Direct and Overlapping Debt				<u><u>\$278,474,853</u></u>

Source: Ohio Municipal Advisory Council

Notes:

- (1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the School District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the School District. This process recognizes that, when considering the School District's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account.
- (a) Percentages were determined by dividing the assessed valuation of the subdivision located within the boundaries of the School District by the total assessed value of the subdivision.
- (b) Debt outstanding is as of December 31, 2012.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS

Year	Revenue	Tax Anticipation Notes (a)		Coverage
		Principal	Interest	
2013	\$557,340	\$350,000	\$32,132	1.459
2012	580,343	350,000	44,835	1.470
2011	618,623	350,000	57,645	1.518
2010	590,217	350,000	70,277	1.404
2009	665,845	350,000	83,265	1.537
2008	743,728	350,000	96,289	1.666
2007	820,988	350,000	108,885	1.789
2006	827,700	350,000	121,695	1.755
2005	869,373	-	125,253	6.941
2004	849,883	-	-	n/a

Notes:

- (1) Details regarding the School District's outstanding debt can be found in Note 14 to the Basic Financial Statements.
- (2) Prior to fiscal year 2004, the School District did not have pledged revenue debt.
- (a) These bonds are backed by the tax revenues collected on a one-half of one mill permanent improvement levy approved by voters in calendar year 2002.

DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

Year	City of Dayton Population (1)	Personal Income (2)	Per Capita Personal Income	Unemployment Rate (3)
2012	141,359	\$2,322,104,293	\$16,427	6.8%
2011	141,527	1,590,717,740	11,240	9.8
2010	141,527	2,130,738,407	15,055	11.3
2009	153,843	2,144,937,339	13,942	12.1
2008	156,771	2,366,597,490	15,096	12.1
2007	158,873	2,029,749,085	12,776	7.2
2006	158,873	2,017,874,488	12,701	8.3
2005	160,293	1,994,164,343	12,441	7.6
2004	166,179	2,045,250,213	12,308	7.1
2003	166,179	1,984,250,078	11,940	5.5

Source:: (1) U.S. Census Bureau and Miami Valley Regional Planning Commission, reported on calendar year-end.
 (2) Ohio Department of Taxation. Current year amounts are not available, therefore estimates based on trends were used to calculate this amount.
 (3) Ohio Bureau of Employment Services, reported on calendar year-end

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

Employer	Fiscal Year 2013			Fiscal Year 2007		
	Employees (a)	Rank	Percentage of Total Employees	Employees (a)	Rank	Percentage of Total Employees
Wright Patterson Air Force Base	27,400	1	39.73%			
Premier Heath Partners	14,135	2	20.49%			
Kettering Medical Center Network	5,029	3	7.29%			
Montgomery County	4,559	4	6.61%			
Kroger Co.	4,100	5	5.94%			
LexisNexis	3,100	6	4.49%			
Wright State University	2,948	7	4.27%			
Sinclair Community College	2,726	8	3.95%			
Dayton City School District	2,574	9	3.73%			
Honda of America Manufacturing, Inc.	2,400	10	3.48%			
Wright Patterson Air Force Base				21,000	1	27.30%
Honda of America Manufacturing, Inc.				13,000	2	16.90%
Premier Heath Partners				9,000	3	11.70%
Kettering Medical Center Network				7,000	4	9.10%
Delphi Corporation				6,000	5	7.80%
Meijer Inc.				5,025	6	6.53%
The Reynolds and Reynolds Co.				4,400	7	5.72%
Montgomery County				4,000	8	5.20%
General Motors Corporation				4,000	9	5.20%
Miami University				3,500	10	4.55%
Total	68,971		100.00%	76,925		100.00%

Source: City of Dayton/Dayton Business Journal

Notes:

- (1) Information is presented on a calendar year basis as no information was available at the end of the School District's fiscal year.
- (2) Data is presented for the Dayton Metropolitan Area which does not have the same boundaries as Dayton City School District, however, this was the only data available.
- (a) Amount reported is employee headcount which differs from the "Full Time Equivalent" numbers reported elsewhere in this section.
- (b) Information prior to 2007 is unavailable.

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Year	Average Daily Membership	Operating Expenditures (1)	Cost per Pupil	Percentage Change (2)	Expenses (3)	Cost per Pupil
2013	13,616	\$202,959,747	\$14,906	1.02%	269,211,436	\$19,772
2012	14,179	209,215,309	14,755	0.92%	280,614,913	19,791
2011	14,174	207,237,315	14,621	-5.07%	283,112,588	19,974
2010	13,664	210,456,733	15,402	8.77%	286,809,065	20,990
2009	14,393	203,818,669	14,161	17.26%	282,725,302	19,643
2008	16,157	195,120,251	12,077	-11.76%	274,638,780	16,998
2007	16,517	226,049,108	13,686	2.03%	294,769,145	17,846
2006	17,054	228,759,125	13,414	9.05%	299,475,167	17,560
2005	17,677	217,430,737	12,300	-0.73%	299,789,631	16,959
2004	17,463	216,373,020	12,390	3.05%	287,328,469	16,454

Notes:

(1) Operating expenditures are total governmental fund expenditures less capital outlay, debt service and intergovernmental expenditures which are recorded as non-instructional services and represent pass-through payments from the State of Ohio to charter schools within the School District boundaries.

(2) Decrease in operating costs reported for 2008 was due to budget reductions implemented by the School District as part of its "fiscal recovery plan" developed to avoid a cash deficit during the fiscal year.

(3) Expenses are total government wide expenses less unallocated depreciation.

<u>Percentage Change</u>	<u>Number of Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Free or Reduced Price Meals</u>
-0.10%	1,086	12.54	96.35%
-0.92%	1,178	12.04	77.90%
-4.84%	1,038	13.66	81.78%
6.86%	1,052	12.99	74.56%
15.56%	1,146	12.56	74.56%
-4.75%	1,163	13.89	68.60%
1.63%	1,405	11.76	72.00%
3.54%	1,432	11.91	72.00%
3.07%	1,503	11.76	80.00%
17.54%	1,492	11.70	78.52%

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Official/Administrative										
Asst. Principal	16	22	23	22	13	20	22	24	18	17
Principals	33	33	33	37	35	35	32	34	30	30
Superintendent	1	1	1	1	1	1	1	1	1	1
Supervisor/Manager	42	41	41	30	39	40	41	36	38	40
Treasurer	1	1	1	1	1	1	1	1	1	2
Coordinator	2	3	15	8	10	12	14	12	12	13
Director	0	5	7	5	11	10	11	11	18	16
Other Official/Administrative	5	9	5	5	5	4	4	3	4	5
Totals	<u>100</u>	<u>115</u>	<u>125</u>	<u>109</u>	<u>115</u>	<u>123</u>	<u>126</u>	<u>122</u>	<u>122</u>	<u>124</u>
Professional - Educational/Other										
Curriculum Specialist	64	76	78	57	38	48	67	66	23	22
Counseling	18	13	11	18	12	14	14	14	12	13
Librarian/Media	9	11	10	11	10	10	9	8	7	7
Remedial Specialist	0	0	0	0	5	29	23	29	18	5
Tutor/Small Group Instructor	33	33	27	21	37	7	0	0	29	29
Supplemental Service Teacher (Special Education)	0	0	0	0	36	77	66	60	40	45
General Education	789	868	703	687	640	586	610	614	574	586
Gifted and Talented	0	0	0	0	0	4	3	4	3	3
Preschool Special Education	0	0	0	0	0	29	33	33	32	32
Special Education	204	206	225	184	204	205	210	195	194	186
Career-Technical Programs/Pathways	41	1	3	33	41	38	24	23	23	22
Art Education K-8	0	0	0	0	0	27	24	23	22	24
Music Education K-8	0	0	0	0	0	38	39	36	24	21
Physical Education K-8	0	0	0	0	0	41	39	33	32	36
Other Professional	137	31	165	127	66	16	17	14	4	20
Psychologist	16	12	12	11	13	19	18	18	13	14
Registered Nursing	34	33	33	32	28	29	29	30	22	21
Speech and Language Therapist	23	19	22	19	18	19	17	20	19	17
Occupational Therapist	7	15	15	13	11	6	9	7	8	7
Educational Interpreter	20	22	22	22	19	18	16	16	13	12
Other Professional - Other	66	57	52	54	54	31	31	32	38	26
Totals	<u>1,461</u>	<u>1,396</u>	<u>1,379</u>	<u>1,289</u>	<u>1,232</u>	<u>1,291</u>	<u>1,297</u>	<u>1,274</u>	<u>1,149</u>	<u>1,148</u>
Technical/Office/Clerical										
Instructional Paraprofessional	0	0	0	0	17	264	296	283	236	232
Other Technical	16	16	16	14	12	13	14	13	8	12
Clerical	180	165	176	135	166	150	146	137	127	115
Teaching Aide	85	116	185	241	268	36	41	47	41	43
Other Office/Clerical	2	3	2	2	2	2	3	3	3	2
Totals	<u>283</u>	<u>300</u>	<u>380</u>	<u>393</u>	<u>465</u>	<u>465</u>	<u>500</u>	<u>483</u>	<u>415</u>	<u>404</u>
Crafts and Trades/Operative										
Mechanic	19	20	20	18	18	17	16	15	17	20
Other Crafts and Trades	33	39	39	39	41	38	40	38	38	36
Vehicle Operator (other than buses)	17	16	14	13	12	12	12	11	11	11
Vehicle Operator (buses)	186	205	212	183	206	199	215	203	181	156
Other Operative	7	12	13	12	9	9	9	9	9	8
Totals	<u>262</u>	<u>292</u>	<u>298</u>	<u>265</u>	<u>286</u>	<u>275</u>	<u>292</u>	<u>276</u>	<u>256</u>	<u>231</u>
Service Work/Laborer										
Custodian	162	160	177	151	150	146	145	127	117	114
Food Service	135	127	143	129	144	137	129	128	116	108
Guard/Watchman	14	18	20	19	20	23	24	24	26	25
Other Service Worker/Laborer	21	24	20	16	21	24	19	19	21	19
Totals	<u>332</u>	<u>329</u>	<u>361</u>	<u>315</u>	<u>336</u>	<u>330</u>	<u>317</u>	<u>297</u>	<u>279</u>	<u>265</u>
Totals	<u><u>2,437</u></u>	<u><u>2,431</u></u>	<u><u>2,542</u></u>	<u><u>2,371</u></u>	<u><u>2,434</u></u>	<u><u>2,484</u></u>	<u><u>2,532</u></u>	<u><u>2,452</u></u>	<u><u>2,220</u></u>	<u><u>2,172</u></u>

Source: Ohio Department of Education EMIS records

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**
TEACHER EDUCATION AND EXPERIENCE
JUNE 30, 2013

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	185	17.03%
Bachelor's + 18 Semester Hours of Graduate Credit	89	8.20
Master's Degree	646	59.48
Master's Degree + 30 Semester Hours of Graduate Credit	138	12.71
Doctorate Degree	<u>28</u>	<u>2.58</u>
Total	<u><u>1,086</u></u>	<u><u>100.00</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 4	121	11.14
5 - 9	157	14.46
10 - 14	230	21.18
15 - 19	195	17.95
20 and over	<u>383</u>	<u>35.27</u>
Total	<u><u>1,086</u></u>	<u><u>100.00%</u></u>

Source: Dayton City School District Human Resources Records

**DAYTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

CAPITAL ASSET INFORMATION
LAST EIGHT FISCAL YEARS

	2006	2007	2008	2009
School Buildings:				
Elementary (PK-8)				
Buildings	26	25	24	19
Square Feet	1,552,428	1,626,710	1,709,892	1,684,130
Capacity	12,105	12,319	11,881	12,144
Enrollment	9,704	10,243	10,379	10,146
Middle (a)				
Buildings	5	3	1	-
Square Feet	403,681	456,644	189,424	-
Capacity	2,361	2,912	937	-
Enrollment	2,543	1,781	667	-
High				
Buildings	5	5	6	4
Square Feet	1,175,881	1,024,461	1,135,725	1,024,448
Capacity	7,054	5,756	6,017	5,094
Enrollment	4,829	4,409	4,384	4,247
Other				
Buildings	2	3	5	11
Square Feet	281,616	197,391	259,066	197,391
Capacity	1,892	1,666	2,092	1,666
Enrollment	(b)	(b)	(b)	(b)
Administrative Building:				
Buildings	2	2	2	1
Square Feet	220,500	220,500	220,500	150,000
Service Buildings:				
Buildings	4	5	4	5
Square Feet	120,564	143,964	120,564	224,639
Transportation:				
Garages	1	1	1	1
Buses	231	231	226	237
Athletics:				
Facility	1	1	1	1
Football Fields	11	10	8	8
Soccer Fields	6	3	4	4
Running Tracks	7	6	6	6
Baseball/Softball Fields	14	10	5	8
Swimming Pools	1	1	1	-
Playgrounds	48	41	37	44
Tennis Courts	-	7	11	16

Source: Dayton City Schools Records

Notes:

- (1) Information is only presented beginning with fiscal year 2006; additional years will be accumulated in future years. Obtaining previous years information was not practical.
- (a) These buildings are not used starting fiscal year 2009 due to the district's decision not to have a separate middle schools. All the middle schools are closed. They merged the middle and the elementary schools together formed PK-8 schools.
- (b) These buildings represent combination and alternative center. Enrollment for these buildings are included in the appropriate level above.

2010	2011	2012	2013
19	22	22	22
1,473,978	1,461,913	1,584,111	1,584,111
10,338	10,662	10,453	10,453
9,612	9,726	10,060	10,419
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
4	4	4	4
714,815	986,583	514,184	923,077
4,192	5,119	2,910	4,708
4,052	4,114	4,087	3,460
9	3	4	2
779,764	220,282	558,675	149,782
4,689	1,248	3,046	1,248
(b)	334	1,964	297
1	1	1	1
150,000	150,000	150,000	150,000
5	6	4	4
224,639	191,474	106,399	106,399
1	1	1	1
239	223	225	216
1	1	1	1
9	10	11	11
4	4	6	6
6	6	7	7
9	17	21	21
-	-	-	-
44	44	48	48
16	16	23	23

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VISION

Dayton Public Schools will be a model education system where all students are academically successful, culturally engaged and ready for postsecondary opportunities and careers upon graduation. Teachers, parents and community partners will be active participants in our schools, and contribute to student growth

Dayton City School District Montgomery County, Ohio

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

June 30, 2013

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Dayton City School District
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2013

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Fiscal Year</u>	<u>Award Receipts</u>	<u>Award Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Child Nutrition Cluster:</i>				
<i>(Direct Award)</i>				
<i>Non-Cash Assistance (Food Distribution):</i>				
National School Lunch Program	10.555	2013	484,881	484,881
<i>(Passed Through Ohio Department of Education)</i>				
<i>Cash Assistance:</i>				
National School Breakfast Program	10.553	2013	2,311,823	2,311,823
National School Lunch Program	10.555	2013	5,362,408	5,362,408
Summer Food Service Program	10.559	2013	166,376	166,376
<i>Total Child Nutrition Cluster</i>			<u>8,325,488</u>	<u>8,325,488</u>
Team Nutrition Grant	10.574	2013	482,907	482,907
Total U.S. Department of Agriculture			<u>8,808,395</u>	<u>8,808,395</u>
<u>National Science Foundation</u>				
<i>(Passed through Sinclair Community College)</i>				
Education and Human Resources - Dayton Urban Stem	47.076	2013	46,168	133,081
Total National Science Foundation			<u>46,168</u>	<u>133,081</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>(Passed Through Ohio Department of Education)</i>				
<i>Title I, Part A Cluster:</i>				
Title I Grants to Local Educational Agencies	84.010	2013	9,944,947	9,057,116
		2012	1,805,601	3,723,551
Total Title I Grants to Local Educational Agencies			<u>11,750,548</u>	<u>12,780,667</u>
ARRA - Title I Grants to Local Educational Agencies	84.389	2012	69,827	142,257
<i>Total Title I, Part A Cluster</i>			<u>11,820,375</u>	<u>12,922,924</u>
<i>Special Education Cluster:</i>				
Special Education Grants	84.027	2013	3,688,433	3,342,575
		2012	178,313	496,364
Total Special Education Grants			<u>3,866,746</u>	<u>3,838,939</u>
Special Education - Preschool Grants	84.173	2013	153,532	147,678
		2012	16,020	23,677
Total Special Education - Preschool Grants			<u>169,552</u>	<u>171,355</u>
<i>Total Special Education Cluster</i>			<u>4,036,298</u>	<u>4,010,294</u>
Career and Technical Education - Basic Grants to States	84.048	2013	551,662	525,413
		2012	164,915	363,994
Total Career and Technical Education - Basic Grants to States			<u>716,577</u>	<u>889,407</u>
Education for Homeless Children and Youth	84.196	2013	165,108	152,046
		2012	15,669	37,425
Total Education for Homeless Children and Youth			<u>180,777</u>	<u>189,471</u>
Twenty-First Century	84.287	2013	145,683	126,256
		2012	28,139	25,223
Total Twenty-First Century			<u>173,822</u>	<u>151,479</u>
Education Technology Grant	84.318	2012	53,093	146,082
English Language Acquisition Grants	84.365	2013	117,299	111,495
		2012	12,710	47,621
Total English Language Acquisition Grants			<u>130,009</u>	<u>159,116</u>
Improving Teacher Quality Grant	84.367	2013	2,569,554	2,286,463
		2012	794,754	1,024,429
Total Improving Teacher Quality Grant			<u>3,364,308</u>	<u>3,310,892</u>

(Continued)

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Dayton City School District
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2013
 (Continued)

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>		<u>Award Receipts</u>	<u>Award Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u> (continued)				
<i>(Passed Through Ohio Department of Education - continued)</i>				
<i>School Improvement Grants Cluster:</i>				
School Improvement Competitive Grant (G)	84.377	2013	1,988,616	1,880,347
ARRA - School Improvement Competitive Grant (G)	84.388	2013	1,033,208	1,938,620
		2012	<u>2,520,550</u>	<u>2,353,495</u>
Total ARRA - School Improvement Competitive Grant (G)			<u>3,553,758</u>	<u>4,292,115</u>
<i>Total School Improvement Grants Cluster</i>			<u>5,542,374</u>	<u>6,172,462</u>
ARRA - Race to the Top	84.395	2013	793,164	883,966
		2012	<u>16,375</u>	<u>421,752</u>
Total ARRA - Race to the Top			<u>809,539</u>	<u>1,305,718</u>
Total U.S. Department of Education			<u>26,827,172</u>	<u>29,257,845</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>(Direct Award)</i>				
Refugee and Entrant Assistance	93.576	2013	16,671	26,999
		2012	<u>33,573</u>	<u>68,377</u>
Total Refugee and Entrant Assistance			<u>50,244</u>	<u>95,376</u>
Total U.S. Department of Health and Human Services			<u>50,244</u>	<u>95,376</u>
TOTAL FEDERAL AWARDS			<u>\$ 35,731,979</u>	<u>\$ 38,294,697</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Note A – Significant Accounting Policies:

The accompanying Schedule of Expenditures of Federal Awards summarizes the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

Note B – U.S. Department of Agriculture Programs:

Cash receipts from the U.S. Department of Agriculture are commingled with State and Local funds. It is assumed federal monies are expended first.

Note C – Food Distribution Programs:

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule of Expenditures of Federal Awards at the fair market value for the commodities received and consumed. At June 30, 2013, the District had no significant food commodities in inventory.

Note D – Matching Requirements:

Certain federal programs require the District to contribute non-federal funds (matching funds) to support federally-funded programs. The District has complied with the matching requirements. The expenditure of non-federal (matching) funds is not included on the Schedule of Expenditures of Federal Awards.

**INDEPENDENT AUDITORS' 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**

Board of Education
Dayton City School District
115 South Ludlow Street
Dayton, Ohio 45402

We have audited 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dayton City School District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon February 25, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-002 and 2013-003 to be significant deficiencies.

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Compliance and Other Matters

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

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Springfield, Ohio
February 25, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Dayton City School District
115 South Ludlow Street
Dayton, Ohio 45402

Report on Compliance for Each Major Federal Program

We have audited the Dayton City School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated February 25, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Springfield, Ohio
February 25, 2014

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
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?	None noted

Federal Awards

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

Identification of major programs:

Title I, Part A Cluster:

- CFDA 84.010 – Title I Grants to Local Educational Agencies
- CFDA 84.389 – Title I Grants to Local Educational Agencies *ARRA*

School Improvement Grants Cluster:

- CFDA 84.377– School Improvement Competitive Grant (G)
- CFDA 84.388 – School Improvement Competitive Grant (G) *ARRA*

CFDA No. 84.395 – Race to the Top Fund *ARRA*

Dollar threshold to distinguish between Type A and Type B programs:	\$1,148,841
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

Finding 2013-001: Audit Adjustments

Auditing standards generally accepted in the United States of America require that certain audit adjustments should be communicated to those charged with governance. The following adjustments discovered during the audit were posted to the financial statements and deemed material to the opinion unit(s) affected:

- Correct a transfer amount from a major fund to a non-major fund thereby properly reflecting the appropriate cash balance at year end for both funds. This transfer transaction was improperly recorded during the GAAP conversion process..
- Increase the amount of cash and cash equivalents with fiscal agent to agree to the market value of the corresponding asset as reported by the financial institution. This adjustment caused a fund initially reported as a non-major governmental fund to meet the criteria requiring it to be reported as a major fund for the year.
- Reclassification of the fund balance of the General Fund from unassigned to assigned for amounts subsequently appropriated by the District.
- Adjusting the beginning balances initially reported on numerous budget to actual statement and schedules to the appropriate amounts reported in the prior year financial statements.

In addition to the adjustments noted above, numerous other audit adjustments were noted that were ultimately not posted to the financial statements because they were not significant to the opinion unit. These adjustments included:

- Reclassification from one classification of Net Position to another classification to properly account for a debt component.
- Eliminating the historical cost and accumulated depreciation (all were fully depreciated) associated with school buildings which were demolished prior to year-end in the capital asset amounts reported.
- Adjust the amounts reported for accrued wages, compensated absences, intergovernmental revenue and accrued interest payable for errors noted in the calculations made during the GAAP conversion process.

The District should work closely with the GAAP conversion team to ensure amounts and calculations reported in the financial statements are complete and accurate. Adjusting journal entries should be reviewed, and any necessary changes are appropriately made, prior to posting to the trial balances to ensure the financial statements presented for audit are free of material misstatements.

Management Response:

The District has reviewed the audit adjustments proposed. Those deemed significant were posted to the financial statements. The remaining adjustments, and the causes for those adjustments, will be discussed with the GAAP conversion team to ensure they are corrected for future reporting periods.

Finding 2013-002: Adherence to GAAP

Accurate financial reporting requires compliance with accounting principles generally accepted in the United States (GAAP). During the audit, it was noted where the practices utilized to account for certain transactions were not made in accordance with GAAP for governmental entities. While the departures noted for the current audit period were not material to the affected opinion unit, the amounts in question were significantly above the amounts deemed to be trivial in our audit process.

The following departures from GAAP were noted during the audit and correcting entries were not posted to the financial statements as amounts were not material:

- Implementation of GASB Statement No. 65 requires the entity to restate the net position previously reported to recognize previously capitalized bond issuance costs as prior period expenses, however the effects of eliminating previously reported bond issuance costs were run through the current period.
- The difference between amounts paid to refunding escrow agents and the carrying value of the debt being refunded should be recorded and amortized as an adjustment to interest expense over the original life of the refunded debt or the life of the issued refunding debt, whichever is shorter. For the refunding debt issued during the fiscal year, the difference between the amount paid into escrow and the carrying amount of the refunded debt was run through current year expenses.

The District should ensure compliance with GAAP in financial reporting and departures from GAAP should only be used where the effects are clearly inconsequential.

Management Response:

The District concurs with this recommendation and this will be discussed with the GAAP conversion team to ensure no such departures occur for future reporting periods.

Finding 2013-003: Controls over Payroll Disbursements

During the fiscal year, the District implemented a new payroll system which has automated several of the control functions which were performed manually in prior years. During our review of the payroll cycle we noted the following deficiencies:

- The new system requires the electronic approval of sick, vacation and overtime pay claimed by employees by the appropriate supervisors. During our testing, we determined that in certain instances the payroll department was performing the required approvals instead of the affected employee's supervisor who have knowledge of the employee's actions during the pay period. We requested an audit report from the system on several occasions which would indicate who entered the required supervisor approval for a given pay period, but no such report could be produced by the District.
- Personnel files could not be located for two of the individuals selected for testing and one employee was being paid at a rate less than what they were supposed to receive.
- The District could not provide documentation for which substitute, if any, covered a classroom for a regular teacher utilizing leave in one of five such instances tested.

Given the significance of payroll disbursements to the District, appropriate controls should be utilized to ensure the accuracy of those expenditures. While implementing strong controls is a must, equally as important is the timely monitoring of the effectiveness of the controls implemented. Some of the issues noted above could have resulted from unfamiliarity with the new system. However we encourage the District to monitor, and when necessary, modify the controls in place to reduce the risks associated with the payroll disbursement cycle.

Management Response:

The District concurs with this recommendation and will continue to investigate all opportunities to strengthen the control environment, including those involved with the payroll disbursements.

Section III – Federal Awards Findings and Questioned Costs

None noted.

Finding 2012-001: Audit Adjustments

Audit adjustments were necessary in the prior year to adjust the carrying amount of cash and cash equivalents with fiscal agent, correct amount reported as construction in progress, and to reclassify fund balance within the General Fund.

Status: Repeated - see finding 2013-001

Finding 2012-002: Reporting Requirements

In the prior year, the District did not comply with Title I requirements that at least fifteen (15) percent of its funding for targeted instruction must be spent on direct educational services.

Status: Corrected

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Board of Education
Dayton City School District
115 South Ludlow Street
Dayton, Ohio 45402

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Dayton City School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board's amended anti-harassment policy, adopted at its August 5, 2009 meeting, includes the prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act" and which is supplemented by the District's Administrative Guidelines Section 5517.01.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education, and the Auditor of State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.



Springfield, Ohio
February 25, 2014

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Dave Yost • Auditor of State

DAYTON CITY SCHOOL DISTRICT

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
MAY 8, 2014**