

City of Dayton, Ohio



Comprehensive Annual Financial Report

January 1 – December 31, 2011



Gary D. Leitzell
Mayor



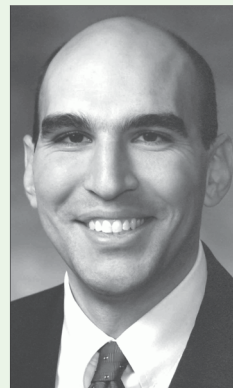
Nan Whaley
Commissioner



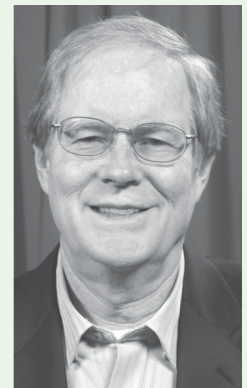
Joey D. Williams
Commissioner



Dean Lovelace
Commissioner



Matt Joseph
Commissioner



Timothy H. Riordan
City Manager

The following Department of Finance Personnel contributed directly to the 2011 Comprehensive Annual Financial Report.

Cheryl J. Garrett, Finance Director

Bejoy C. John, Deputy Finance Director

Candy H. Carr, Financial Services Supervisor

Jason L. Cook, Financial Analyst I

Trasenna T. Williams, Financial Analyst I

Sheila K. Kraft, Finance Technician I

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



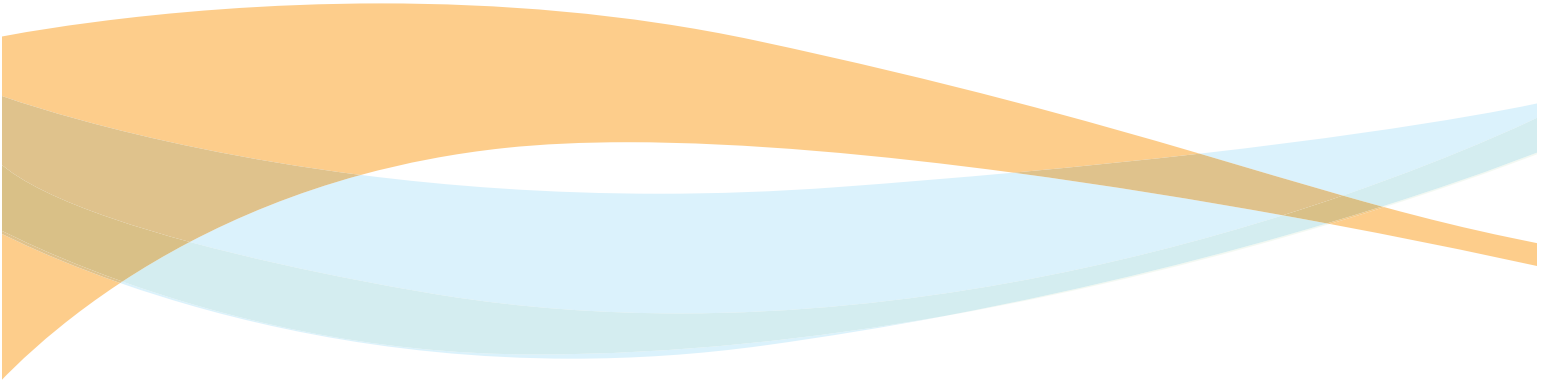
City of Dayton, Ohio

**Comprehensive
Annual Financial
Report**

January 1 – December 31, 2011



Introductory



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CITY OF DAYTON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

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June 30, 2012

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Dayton, Ohio for the fiscal year ended December 31, 2011.

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

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

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

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

PROFILE OF THE CITY OF DAYTON

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

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

Dayton is a city in southwestern Ohio. It is the county seat and the largest city in Montgomery County. Dayton is a part of several other communities called the Greater Dayton Area which includes the communities of Vandalia, Trotwood, Kettering, Centerville, Beavercreek, Fairborn, West Carrollton, Huber Heights, Troy, and Miamisburg. As of the 2010 census estimate, the population of Dayton was 141,729. The census estimate for the Greater Dayton Area is a population of 542,237.

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

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

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

LOCAL ECONOMY

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

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

- Aerospace Research and Development
- Data Management & Sensors Technologies
- Healthcare
- Advanced Materials and Manufacturing

The Aerospace Hub designation has also made way for international opportunities in the aerospace and materials industries, such as the Dayton-Israeli initiative. The purpose of that initiative is to develop a critical mass of aeronautical companies to leverage the region's strengths in research, development, acquisition, manufacturing and innovation. Israel's large number of scientists and engineers aligns with the Dayton region's industries of aerospace, advanced materials and sensors.

Throughout 2009 and into 2010, work by nearly 200 volunteers led to the creation of the Greater Downtown Dayton Plan. On November 17, 2010, the Commission of the City of Dayton formally adopted "The Greater Downtown Plan Priority Recommendations" as the 2010 update to the Downtown component of CitiPlan Dayton: The 20/20 Vision. The Plan is being used by the City Commission and City Administration to set development policy and guide investments in the Greater Downtown Plan geography.

The healthcare industry continues as an area of potential growth with area hospitals employing more than 17,000 people. The area health facilities are continuing to make significant investments:

Premier Health Partners — the second-largest employer in the region and the largest health care system in southwest Ohio — purchased the 110 N. Main St. building for its new corporate headquarters.

CareSource, an Ohio nonprofit managed health care plan provider and significant employer in downtown Dayton has announced plans to expand and add 350 jobs over the next three years.

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

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

Miami Valley Hospital completed construction on a 484,000-square foot, 11-story \$135 million heart tower at the south side of its campus. The new tower features a total of 180 private patient rooms, as well as a comprehensive heart center including imaging services, cardiac testing, cardiac catheterization labs and heart surgery suites. Miami Valley is also planning a major renovation of an inpatient rehabilitation unit.

Lima-based Heartlight Pharmacy, a provider of products and services for diagnostic imaging centers and hospitals, opened its renovated location at the Canal North office building, 6 S. Patterson Blvd.

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

The City and CityWide Development Corporation continue the redevelopment of the former General Motors manufacturing site in the northeast quadrant of the City's downtown area into a high-technology office campus known as Tech Town. A second building was constructed and the 60,000 square foot smart office opened in summer 2011. Tech Town's proximity to Wright Patterson Air Force Base allows the City to attract businesses that wish to locate near the Base.

Development continued on the \$2 million Patterson Boulevard Canal Parkway Project, which will establish connections between the riverfront and the Oregon Arts District. Construction will begin in 2012.

A successful suburban developer was attracted to the downtown market and launched the development of Patterson Square. It includes 18 townhomes at the northwest corner of First Street and Patterson Boulevard, most of which were sold by the end of 2011.

The City continues the Dayton Economic Attraction Program to assist businesses that are expanding or relocating to the City. The program provides a performance-based incentive for companies to create jobs in the city. Companies located downtown may receive an annual grant equal to 75% of payroll taxes for three years for the net new jobs (greater than five) created in a calendar year. Companies operating within one of the City's targeted industries may receive an annual grant equal to 50% of payroll taxes for three years for net new jobs.

LONG-TERM FINANCIAL PLANNING

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

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

RELEVANT FINANCIAL POLICIES

The City's long-standing policy is to maintain minimum reserve levels equal to six to ten weeks of operating expenses. The City Commission's policy is to apply the General Fund balance only to the following limited purposes: one-time strategic investments yielding a significant number of jobs; one-time strategic investments in technology reducing operating costs; and weathering a recession or economic shock during a maximum 18-month period.

Consistent with City policy to maintain the General Fund reserve without increasing the City income tax rate, City management took action to increase General Fund revenues and reduce General Fund expenditures. Retaining the earnings tax rate at 2.25% means the City of Dayton has maintained the same earnings tax rate for at least 27 years.

AWARDS AND ACKNOWLEDGEMENTS

This was the 29th consecutive year that the Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Dayton for its CAFR for the year ended December 31, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and organized CAFR, whose contents conform to program standards judged by the GFOA. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements, and the 2011 CAFR has been submitted to the GFOA for their review.

We hereby acknowledge a sincere extension of gratitude to all who contributed their time and effort towards the completion of this 2011 CAFR assignment. My appreciation is extended to the City Commission Office, the City Manager's Office, the Office of Management and Budget, City department heads, and all city employees responsible for contributing to the sound financial position of the City. I would like to acknowledge the efforts of the Accounting and Treasury staff, other members of the Finance Department and our consultant, Julian and Grube, Inc., all of whom contributed to the development of the CAFR.

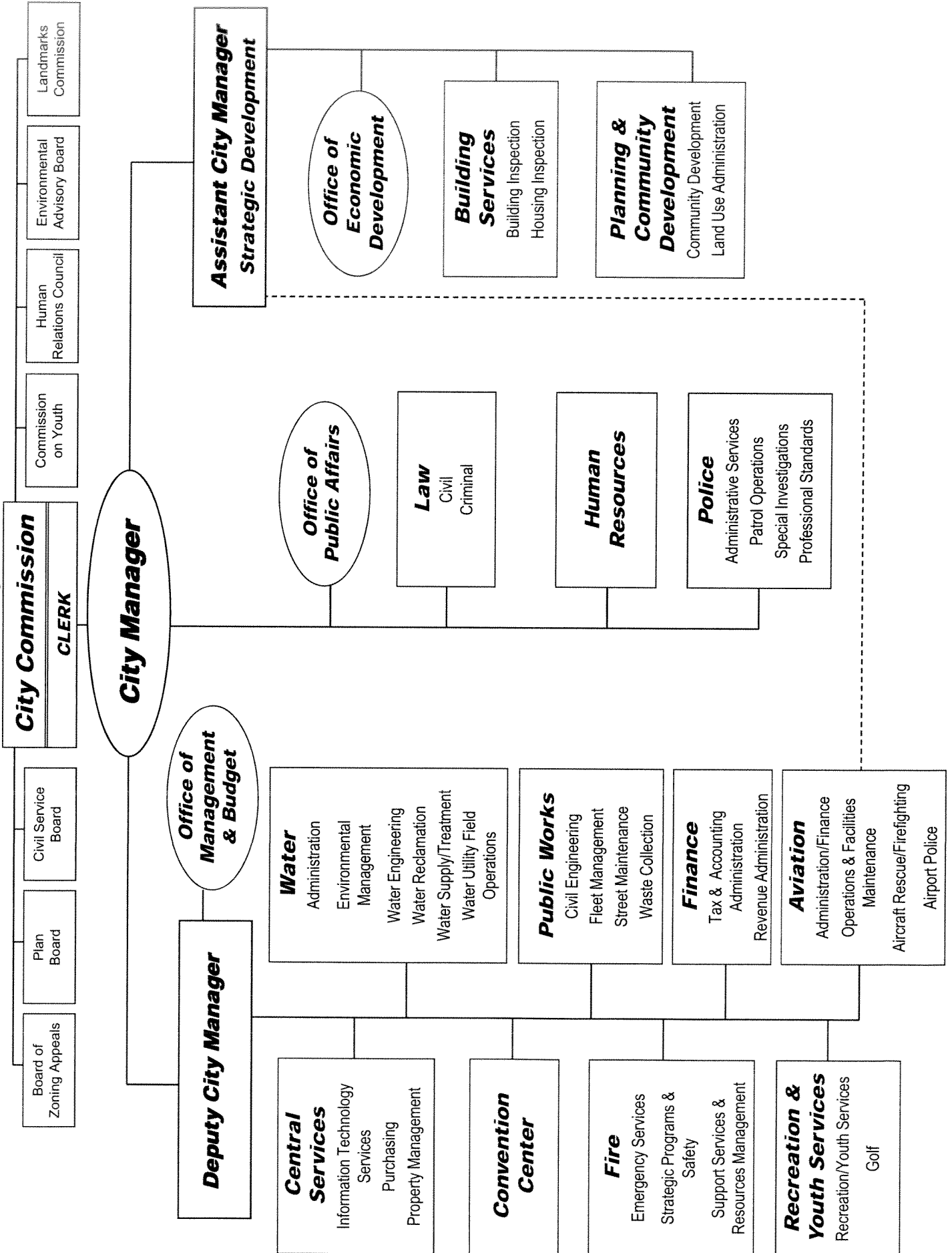
Respectfully submitted,



Cheryl J. Garrett
Finance Director

Organization of the City of Dayton

Citizens of Dayton



CITY OF DAYTON, OHIO

**LIST OF ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2011**

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

City Manager	Timothy H. Riordan
Deputy City Manager	Stanley Earley
Asst. City Manager for Strategic Development	Shelley Dickstein
Director ~ Aviation	Terrence Slaybaugh
Acting Director ~ Building Services	Michael Cromartie
Director ~ Central Services	Pete Hager
Secretary and Chief Examiner ~ Civil Service	Maurice Evans
Executive Asst. to the Commission ~ City Commission	Kery Gray
Director ~ Dayton Convention Center	Bart Shaw
Director ~ Finance	Cheryl J. Garrett
Director & Chief ~ Fire	Herbert Redden, II
Executive Director ~ Human Relations Council	Tom Wahlrab
Acting Director ~ Human Resources	Brent McKenzie
Director ~ Law	John Danish
Director ~ Management & Budget	Barbara LaBrier
Clerk of Courts ~ Municipal Court	Mark Owens
Director ~ Planning & Community Development	Aaron Sorrell
Director & Chief ~ Police	Richard Biehl
Director ~ Public Affairs	Thomas Biedenbarn
Director ~ Public Works	Fred Stovall
Director ~ Recreation & Youth Services	C. LaShea Smith
Director ~ Water	Tammi Clements

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dayton
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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



Linda C. Danison

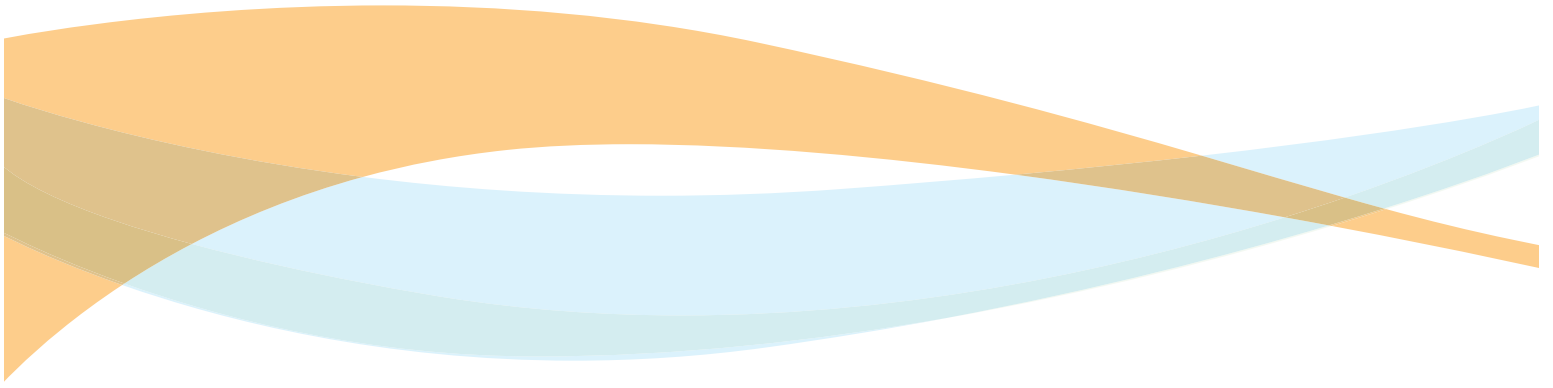
President

Jeffrey R. Egan

Executive Director

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Financial



FINANCIAL

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INDEPENDENT AUDITOR'S REPORT

Members of the City Commission
City of Dayton, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City Wide Development Corporation, the City's only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the financial statements, during the year ended December 31, 2011, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*".

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
June 29, 2012

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

The management's discussion and analysis of the City of Dayton's (the "City") financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- The total net assets of the City increased \$36,401,601. Net assets of governmental activities increased \$25,165,297 or 5.88% over 2010 and net assets of business-type activities increased \$11,236,304 or 1.99% over 2010.
- General revenues accounted for \$142,476,160 or 62.68% of total governmental activities revenue. Program specific revenues accounted for \$84,842,109 or 37.32% of total governmental activities revenue.
- The City had \$202,521,311 in expenses related to governmental activities; \$84,842,109 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$117,679,202 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$142,476,160.
- The fund balances of the City were restated at December 31, 2010 as described in Note 3.B. The general fund had revenues and other financing sources of \$158,881,543 in 2011. The expenditures and other financing uses of the general fund, which totaled \$150,572,248 in 2011. The net increase in fund balance for the general fund was \$8,309,295 or 17.79%.
- The housing and urban development major fund had \$25,408,721 in revenues and other financing sources and \$24,089,761 in expenditures in 2011. The fund balance in the housing and urban development fund was \$6,744,563, a 24.31% increase from 2010.
- The debt service major fund had \$10,806,262 in revenues and other financing sources and \$14,175,188 in expenditures in 2011. The fund balance in the debt service fund was \$39,172,285, a 7.92% decrease from 2010.
- The capital improvements major fund had \$26,695,140 in revenues and other financing sources and \$20,916,140 in expenditures and other financing uses in 2011. The fund balance for the capital improvements fund increased \$5,779,000 or 58.71%.
- Net assets for the business-type activities, which are made up of the Dayton International Airport, water, sewer, storm water and golf enterprise funds, increased in 2011 by \$11,236,304.
- The Dayton International Airport enterprise fund had \$30,574,185 in operating revenues and \$29,917,430 in operating expenses in 2011. The Dayton International Airport enterprise fund also had non-operating revenues of \$154,879, non-operating expenses of \$2,458,252 and capital contributions of \$13,579,061. The net assets of the Dayton International Airport enterprise fund increased \$11,932,443 or 4.50%.
- The water enterprise fund had \$48,250,681 in operating revenues and \$47,267,806 in operating expenses in 2011. The water enterprise fund also had non-operating revenues of \$82,017 and capital contributions of \$147,538. The net assets of the water enterprise fund increased \$1,212,430 or 0.73%.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

- The sewer enterprise fund had \$31,970,453 in operating revenues and \$31,867,611 in operating expenses in 2011. The sewer enterprise fund also had non-operating expenses of \$394,690 and capital contributions of \$337,911. The net assets of the sewer enterprise fund increased \$46,063 or 0.04%.
- In the general fund, the actual revenues and other financing sources came in \$2,400,232 higher than they were in the final budget and actual expenditures and other financing uses were \$9,447,955 less than the amount in the final budget. Budgeted revenues and other financing sources increased \$4,039,800 from the original to the final budget. Budgeted expenditures and other financing uses increased \$7,374,700 from the original to the final budget.

Using this Comprehensive Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major and nonmajor funds. The City's major governmental funds are the general fund, housing and urban development fund, debt service fund and capital improvements fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages F 34 - F 41 of this report and further detail on the City's major and nonmajor governmental funds can be found in Note 2 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, water, sewer, storm water and golf operations. The City reports the airport fund, water fund and sewer fund as major enterprise funds. These major funds are presented separately in the proprietary fund financial statements. The storm water fund and the golf fund are considered nonmajor funds and are combined into a single, aggregated presentation in the proprietary fund financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages F 42 - F 51 of this report.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statement can be found on page F 52 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F 53 - F 110 of this report.

Government-Wide Financial Analysis

The Statement of Net Assets provides the perspective of the City as a whole. The table below provides a summary of the City's net assets at December 31, 2011 compared to December 31, 2010.

Net Assets

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>	Business-Type Activities <u>2011</u>	Business-Type Activities <u>2010</u>	Total <u>2011</u>	Total <u>2010</u>
<u>Assets</u>						
Current and other assets	\$ 207,849,646	\$ 198,242,814	\$ 163,847,637	\$ 162,317,150	\$ 371,697,283	\$ 360,559,964
Capital assets, net	<u>380,511,234</u>	<u>374,724,048</u>	<u>485,295,920</u>	<u>477,298,917</u>	<u>865,807,154</u>	<u>852,022,965</u>
Total assets	<u>588,360,880</u>	<u>572,966,862</u>	<u>649,143,557</u>	<u>639,616,067</u>	<u>1,237,504,437</u>	<u>1,212,582,929</u>
<u>Liabilities</u>						
Long-term liabilities						
outstanding	103,122,771	110,200,938	59,225,672	61,311,138	162,348,443	171,512,076
Other liabilities	<u>31,842,001</u>	<u>34,535,113</u>	<u>13,219,372</u>	<u>12,842,720</u>	<u>45,061,373</u>	<u>47,377,833</u>
Total liabilities	<u>134,964,772</u>	<u>144,736,051</u>	<u>72,445,044</u>	<u>74,153,858</u>	<u>207,409,816</u>	<u>218,889,909</u>
<u>Net Assets</u>						
Invested in capital						
assets, net of related debt	333,982,829	321,452,359	431,154,590	419,111,268	765,137,419	740,563,627
Restricted	77,231,301	99,691,871	-	-	77,231,301	99,691,871
Unrestricted	<u>42,181,978</u>	<u>7,086,581</u>	<u>145,543,923</u>	<u>146,350,941</u>	<u>187,725,901</u>	<u>153,437,522</u>
Total net assets	<u>\$ 453,396,108</u>	<u>\$ 428,230,811</u>	<u>\$ 576,698,513</u>	<u>\$ 565,462,209</u>	<u>\$ 1,030,094,621</u>	<u>\$ 993,693,020</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2011, the City's assets exceeded liabilities by \$1,030,094,621. At year-end, net assets were \$453,396,108 and \$576,698,513 for the governmental activities and the business-type activities, respectively.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 69.96% of total assets. Capital assets include land, right of ways, construction in progress (CIP), land improvements, buildings and improvements, equipment, software, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2011, were \$333,982,829 and \$431,154,590 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2011, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$77,231,301, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$42,181,978 may be used to meet the government's ongoing obligations to citizens and creditors.

The table on the next page shows the changes in net assets for 2011 and 2010.

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CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Change in Net Assets

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>	Business-Type Activities <u>2011</u>	Reclassified Business-Type Activities <u>2010</u>	Total <u>2011</u>	Total <u>2010</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 36,604,606	\$ 34,027,459	\$ 105,505,293	\$ 110,084,116	\$ 142,109,899	\$ 144,111,575
Operating grants and contributions	35,387,609	33,479,834	-	-	35,387,609	33,479,834
Capital grants and contributions	12,849,894	17,935,099	14,064,510	18,967,012	26,914,404	36,902,111
Total program revenues	<u>84,842,109</u>	<u>85,442,392</u>	<u>119,569,803</u>	<u>129,051,128</u>	<u>204,411,912</u>	<u>214,493,520</u>
General revenues:						
Property taxes	19,373,301	18,798,224	-	-	19,373,301	18,798,224
Income taxes	100,129,761	98,399,957	-	-	100,129,761	98,399,957
Payment in lieu of taxes	669,323	1,426,155	-	-	669,323	1,426,155
Unrestricted grants	19,159,472	16,327,237	-	-	19,159,472	16,327,237
Interest	1,945,150	1,960,831	236,896	101,215	2,182,046	2,062,046
Miscellaneous	1,199,153	5,123,860	13,509,995	7,860,279	14,709,148	12,984,139
Total general revenues	<u>142,476,160</u>	<u>142,036,264</u>	<u>13,746,891</u>	<u>7,961,494</u>	<u>156,223,051</u>	<u>149,997,758</u>
Total revenues	<u>227,318,269</u>	<u>227,478,656</u>	<u>133,316,694</u>	<u>137,012,622</u>	<u>360,634,963</u>	<u>364,491,278</u>
Expenses:						
Downtown	2,922,503	5,159,078	-	-	2,922,503	5,159,078
Youth, education and human services	2,395,344	2,514,310	-	-	2,395,344	2,514,310
Community development	32,086,879	26,843,290	-	-	32,086,879	26,843,290
Economic development	10,105,180	8,432,763	-	-	10,105,180	8,432,763
Leadership and quality of life	40,275,561	41,299,206	-	-	40,275,561	41,299,206
Corporate responsibility	15,884,692	16,832,625	-	-	15,884,692	16,832,625
Public safety and justice	94,294,723	96,284,218	-	-	94,294,723	96,284,218
Interest and fiscal charges	4,556,429	3,978,196	-	-	4,556,429	3,978,196
Dayton International Airport	-	-	32,572,362	30,688,222	32,572,362	30,688,222
Water	-	-	47,618,625	46,619,869	47,618,625	46,619,869
Sewer	-	-	32,420,315	30,931,209	32,420,315	30,931,209
Other business-type activities:						
Golf	-	-	2,922,959	3,026,601	2,922,959	3,026,601
Storm water	-	-	6,177,790	6,389,207	6,177,790	6,389,207
Total expenses	<u>202,521,311</u>	<u>201,343,686</u>	<u>121,712,051</u>	<u>117,655,108</u>	<u>324,233,362</u>	<u>318,998,794</u>
Increase in net assets before transfers	24,796,958	26,134,970	11,604,643	19,357,514	36,401,601	45,492,484
Transfers	368,339	5,298	(368,339)	(5,298)	-	-
Change in net assets	<u>25,165,297</u>	<u>26,140,268</u>	<u>11,236,304</u>	<u>19,352,216</u>	<u>36,401,601</u>	<u>45,492,484</u>
Net assets at beginning of year	<u>428,230,811</u>	<u>402,090,543</u>	<u>565,462,209</u>	<u>546,109,993</u>	<u>993,693,020</u>	<u>948,200,536</u>
Net assets at end of year	<u>\$ 453,396,108</u>	<u>\$ 428,230,811</u>	<u>\$ 576,698,513</u>	<u>\$ 565,462,209</u>	<u>\$ 1,030,094,621</u>	<u>\$ 993,693,020</u>

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Governmental Activities

Governmental activities net assets increased \$25,165,297 in 2011. This increase of 5.88% is due to the City's continuing efforts to reduce costs and increase operational efficiency.

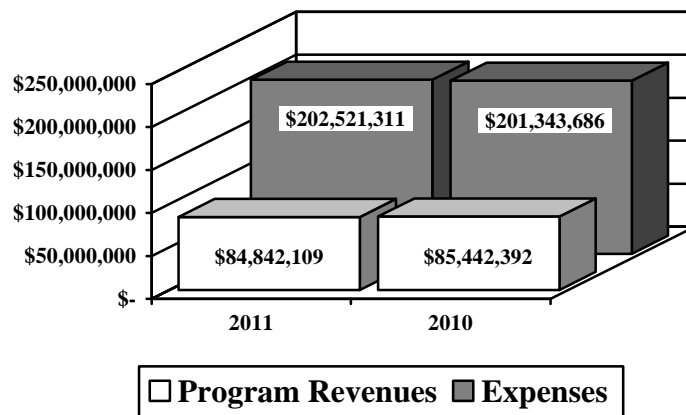
Public safety and justice, which primarily supports the operations of the police and fire departments accounted for \$94,294,723 of the total expenses of the City. These expenses were partially funded by \$22,027,599 in direct charges to users of the services. Leadership and quality of life expenses totaled \$40,275,561. Leadership and quality of life expenses were partially funded by \$5,673,292 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$35,387,609 in operating grants and contributions and \$12,849,894 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$7,366,848 subsidized leadership and quality of life and \$20,479,348 subsidized community development and neighborhoods. Of the total capital grants and contributions, \$12,849,894 subsidized leadership and quality of life programs.

General revenues totaled \$142,476,160, and amounted to 62.68% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$119,503,062. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$19,159,472.

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

Governmental Activities – Program Revenues vs. Total Expenses



CITY OF DAYTON, OHIO

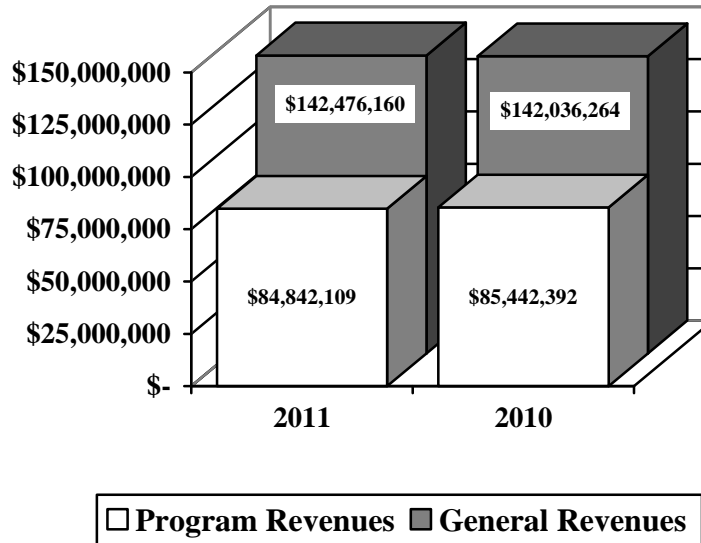
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Governmental Activities

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
Program Expenses:				
Downtown	\$ 2,922,503	\$ 2,249,679	\$ 5,159,078	\$ 4,517,421
Youth, education and human services	2,395,344	(113,726)	2,514,310	81,872
Community development and neighborhoods	32,086,879	8,501,248	26,843,290	9,855,269
Economic development	10,105,180	6,890,215	8,432,763	(2,223,336)
Leadership and quality of life	40,275,561	14,385,527	41,299,206	12,247,530
Corporate responsibility	15,884,692	12,308,844	16,832,625	13,351,791
Public safety and justice	94,294,723	68,900,986	96,284,218	74,092,551
Interest and fiscal charges	<u>4,556,429</u>	<u>4,556,429</u>	<u>3,978,196</u>	<u>3,978,196</u>
Total Expenses	<u>\$ 202,521,311</u>	<u>\$ 117,679,202</u>	<u>\$ 201,343,686</u>	<u>\$ 115,901,294</u>

The dependence upon general revenues for governmental activities is apparent, with 58.11% of expenses supported through taxes and other general revenues.

Governmental Activities – General and Program Revenues



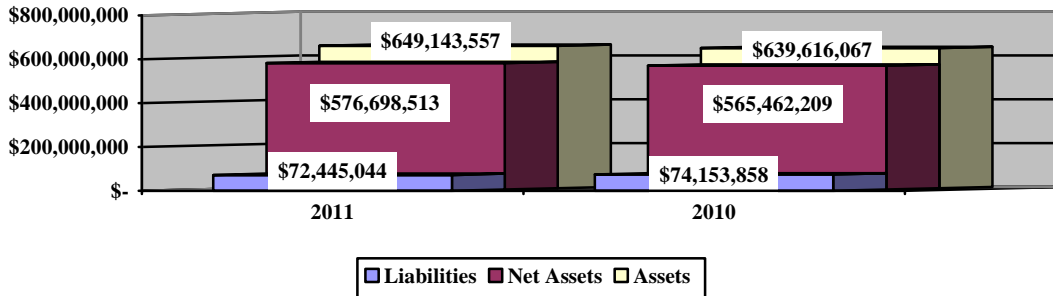
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Business-Type Activities

Business-type activities include the Dayton International Airport, water, sewer, storm water and golf enterprise funds. Overall, the net assets of the business-type activities increased \$11,236,304 from 2010 to 2011. This is primarily a result of the increase in net assets of the Dayton International Airport of \$11,932,443, which was due to the completion of several capital projects including a new parking facility. The business-type programs had program revenues of \$119,569,803, general revenues of \$13,746,891 and expenses of \$121,712,051 for 2011. The graph below shows the business-type activities assets, liabilities and net assets at year-end.

Net Assets in Business - Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on page F 34-F 35) reported a combined fund balance of \$126,859,749 which is \$11,974,835 higher than last year's total of \$114,884,914. The City restated fund balances at December 31, 2010 as described in Note 3.B. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2011 for all major and nonmajor governmental funds.

	Fund Balances 12/31/11	(Restated) Fund Balances 12/31/10	Increase/ (Decrease)
Major Funds:			
General	\$ 55,013,445	\$ 46,704,150	\$ 8,309,295
Housing and urban development	6,744,563	5,425,603	1,318,960
Debt service	39,172,285	42,541,211	(3,368,926)
Capital improvement	15,622,017	9,843,017	5,779,000
Other nonmajor governmental funds	10,307,439	10,370,933	(63,494)
Total	\$ 126,859,749	\$ 114,884,914	\$ 11,974,835

CITY OF DAYTON, OHIO

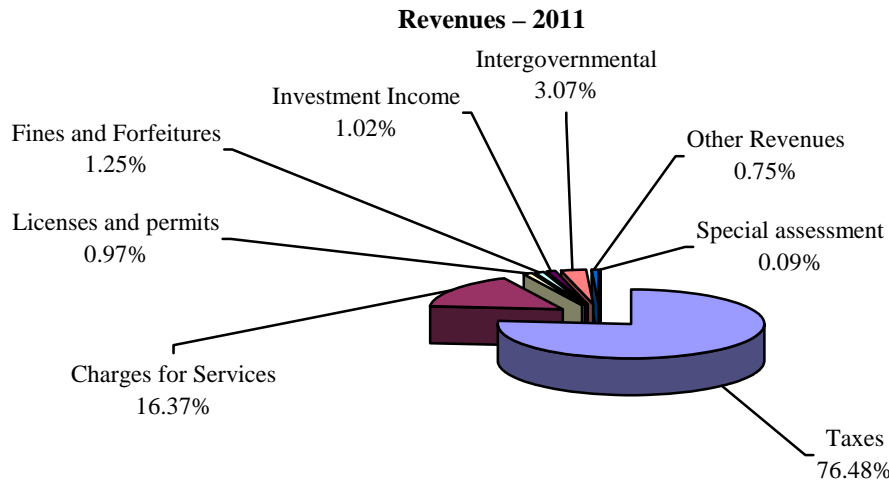
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

General Fund

The City's general fund balance increased \$8,309,295. The City continues to implement cost saving measures to help the general fund remain stable, as revenues remained relatively unchanged with an increase of only .86%. The table that follows assists in illustrating the revenues of the general fund.

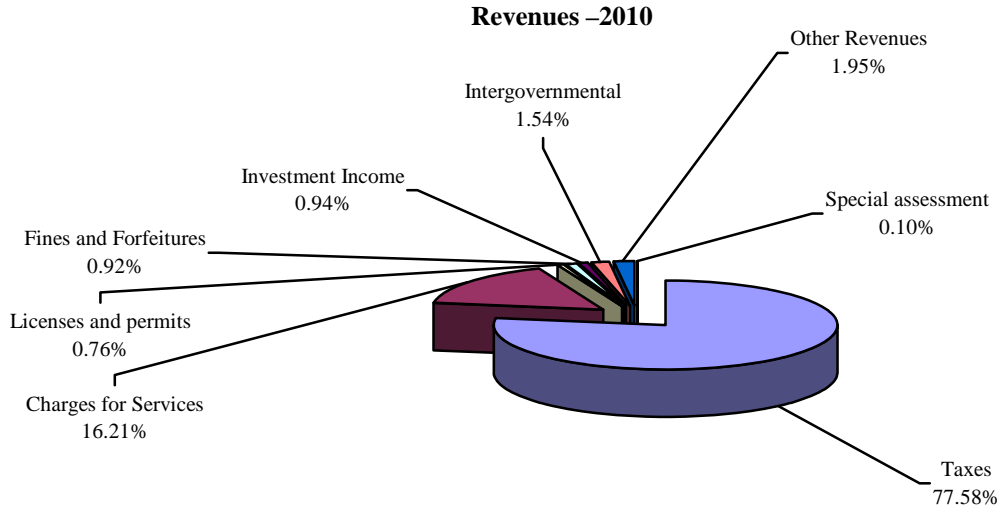
	2011 <u>Amount</u>	(Restated) 2010 <u>Amount</u>	Percentage <u>Change</u>
Revenues			
Taxes	\$ 121,505,676	\$ 122,213,311	(0.58) %
Charges for services	26,012,836	25,542,090	1.84 %
Licenses and permits	1,542,378	1,189,378	29.68 %
Fines and forfeitures	1,990,211	1,451,898	37.08 %
Investment income	1,623,869	1,473,315	10.22 %
Special assessments	139,689	156,559	(10.78) %
Intergovernmental	4,879,049	2,429,952	100.79 %
Other	<u>1,187,561</u>	<u>3,072,626</u>	(61.35) %
Total	<u>\$ 158,881,269</u>	<u>\$ 157,529,129</u>	0.86 %

Overall revenues of the general fund increased \$1,352,140 or 0.86%. The most significant increases were in the areas of intergovernmental, fines and forfeitures and licenses and permits revenue. Tax revenue decreased \$707,635 or 0.58% as a result of lower municipal income tax collections. The increase in intergovernmental revenue was a result of the increase in grants the City received for community and economic development. The increase in licenses and permits and fines and forfeitures revenue is the result of an increase in building permits and fines. Investment income increased \$150,554 or 10.22% due to an increase in the fair market value of federal agency securities. The decrease in other revenue is the result of lower miscellaneous revenues compared to 2010.



CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**



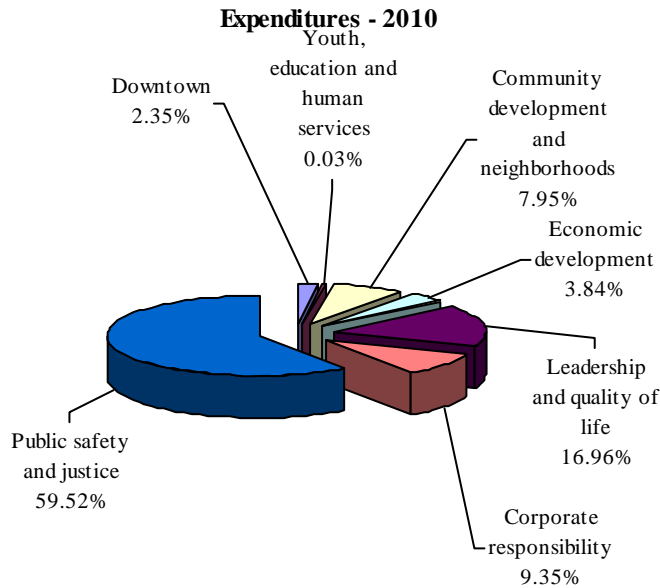
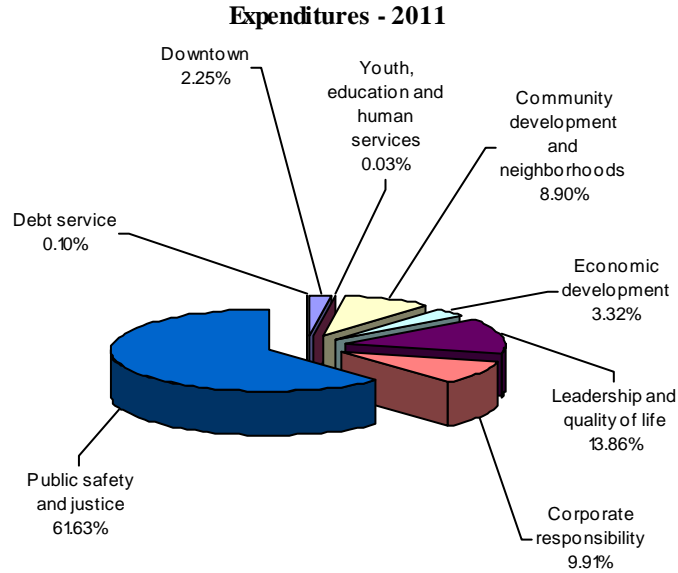
The table that follows assists in illustrating the expenditures of the general fund.

	2011 <u>Amount</u>	(Restated) 2010 <u>Amount</u>	Percentage <u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 3,242,269	\$ 3,549,220	(8.65) %
Youth, education and human services	41,812	40,130	4.19 %
Community development and neighborhoods	12,820,872	11,993,079	6.90 %
Economic development	4,786,614	5,800,713	(17.48) %
Leadership and quality of life	19,971,842	25,598,213	(21.98) %
Corporate responsibility	14,286,202	14,102,741	1.30 %
Public safety and justice	88,821,671	89,806,337	(1.10) %
Debt service	<u>145,465</u>	<u>-</u>	100.00 %
Total	<u>\$ 144,116,747</u>	<u>\$ 150,890,433</u>	(4.49) %

Overall expenditures of the general fund decreased \$6,773,686 or 4.49%. The largest expenditure of the City, public safety and justice, decreased \$984,666 or 1.10% due to cost cutting measures. The City reduced general fund expenditures by reducing personnel costs through a variety of ways including wage freezes, cost savings days, and not filling open positions. The decrease in economic development is due to the reduction in personnel costs.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**



Housing and Urban Development

The City's housing and urban development fund balance increased \$1,318,960. The following tables illustrate the revenues and expenses of the housing and urban development fund. The increase in intergovernmental revenues was due to more grant income collected for work that was done by the City. The increase in community development and neighborhoods expenditures was due increased spending for the Community Development Block Grant program. The fewer dollars spent on leadership and quality of life was due to fewer grant dollars being spent on infrastructure. The other larger percentage increases/decreases in revenues and expenditures were immaterial when the dollar amount is compared to the whole.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Charges for services	\$ 85,956	\$ 36,489	135.57 %
Intergovernmental	24,871,466	21,818,815	13.99 %
Special assessments	50,007	70,002	(28.56) %
Other	<u>13,573</u>	<u>1,654</u>	720.62 %
Total	<u>\$ 25,021,002</u>	<u>\$ 21,926,960</u>	14.11 %

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Downtown	\$ -	\$ 1,462	(100.00) %
Youth, education and human services	2,367,684	2,472,481	(4.24) %
Community development and neighborhoods	19,327,536	14,518,459	33.12 %
Economic development	126,432	142,993	(11.58) %
Leadership and quality of life	1,707,751	4,259,631	(59.91) %
Corporate responsibility	384,711	427,769	(10.07) %
Public safety and justice	55,442	-	100.00 %
Capital outlay	<u>120,205</u>	<u>56,858</u>	111.41 %
Total	<u>\$ 24,089,761</u>	<u>\$ 21,879,653</u>	10.10 %

Debt Service

The City's debt service fund balance decreased \$3,368,926. The following tables illustrate the revenues and expenses of the debt service fund.

	<u>2011</u> <u>Amount</u>	<u>Reclassified</u> <u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 6,595,327	\$ 7,727,304	(14.65) %
Intergovernmental	2,508,986	1,753,121	43.12 %
Special assessments	130,931	141,601	(7.54) %
Other	<u>299,729</u>	<u>640,219</u>	(53.18) %
Total	<u>\$ 9,534,973</u>	<u>\$ 10,262,245</u>	(7.09) %

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 560,000	\$ 560,000	- %
Corporate responsibility	21,069	75,419	(72.06) %
Principal retirement	9,286,702	8,030,000	15.65 %
Interest and fiscal charges	<u>4,307,417</u>	<u>3,828,281</u>	12.52 %
Total	<u>\$ 14,175,188</u>	<u>\$ 12,493,700</u>	13.46 %

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

Capital Improvements

The City's capital improvement fund increased by \$5,779,000 or 58.71%. Revenues of the capital improvements fund decreased \$6,095,581 or 22.85%. The most significant decrease was in the area of other revenue which decreased \$4,307,265, due to a one-time receipt of revenue for the City's recreation facility in 2010. Charges for services decreased due to a decrease in billings for sidewalk and curb repair. Intergovernmental revenue decreased in 2011 due to the grants in 2010 for the American Recovery and Reinvestment Act (ARRA). Expenditures decreased \$8,631,062 or 29.21%. This decrease is the result of the City completing projects during 2010, including the recreation complex, the Stewart Street Bridge Replacement, and a new street maintenance facility.

	<u>2011</u>	<u>2010</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 514,880	\$ 514,880	- %
Charges for services	18,326	27,432	(33.19) %
Licenses and permits	9,101	29,578	(69.23) %
Intergovernmental	18,923,322	20,682,151	(8.50) %
Special assessments	12,701	12,605	0.76 %
Other	<u>1,108,324</u>	<u>5,415,589</u>	(79.53) %
Total	<u>\$ 20,586,654</u>	<u>\$ 26,682,235</u>	(22.85) %
	<u>2011</u>	<u>2010</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 2,244	\$ 6,473	(65.33) %
Community development and neighbors	127,237	284,171	(55.23) %
Economic development	3,458,121	9,018,230	(61.65) %
Leadership and quality of life	1,899,366	1,973,535	(3.76) %
Corporate responsibility	84,187	320	26,208.44 %
Public safety and justice	32,400	-	100.00 %
Capital outlay	15,133,576	18,169,380	(16.71) %
Debt service	<u>179,009</u>	<u>95,093</u>	88.25 %
Total	<u>\$ 20,916,140</u>	<u>\$ 29,547,202</u>	(29.21) %

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

2011 Budgeting Highlights – General Fund

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

Budgetary information is presented for the general fund on page F 41. With respect to changes to the general fund, the final budget reflects revenues that were \$4.0 million more than the original budget. Actual revenues had a favorable variance of \$6.4 million or 4.2% over the original budget and \$2.4 million or 1.5% more than the final budget. General fund revenues performed much better than the original forecast developed six months prior to the start of the year. Admittedly, in the wake of the Great Recession and four consecutive years of declining revenues, the forecasts erred on the conservative side, even in the revised forecast which was 1.5% less than actual revenues. Forecasting the turnaround in any economic downturn is difficult and this very deep recession was no exception.

Six revenue categories realized variances in excess of 10%, three of which showed positive variances to the final budget. Charges for services were 13% over the original budget due to improved EMS revenues, an increase in the waste collection fee and higher reimbursements for indirect costs. License and permit activity were 31% or \$320,748 over the original budget largely due to an increase in building and zoning permits. Fines and forfeitures increased significantly in the final quarter due to the introduction of the photo speed enforcement program and were 15% above the final budget.

The remaining three revenue categories had negative variances. Property taxes sustained an unanticipated \$1.2 million cut from the State of Ohio due to the elimination of reimbursements for the tangible personal property tax, which was repealed in 2004. This translates into an 11% unfavorable variance to the original budget. Special assessment collections at \$139,689 underperformed in 2011, resulting in a 44% or \$110,311 variance. High delinquency rates are impacting this revenue source.

Actual expenditures in 2011 were \$5.6 million or 3.7% under the original budget while the final budget was \$6.3 million or 4.2% higher than actuals. Two of the eight programmatic areas realized variances in excess of 10%. Economic development came in under the original and final budget by 49% and 42%, respectively. The budgeted amounts represent potential gap financing incentives that did not materialize during 2011 but will be available in 2012 for encouraging job creation and investment in the city. Finally, the "other expenditure" category realized a \$168,315 or 16% favorable variance to the original budget and a 12% favorable variance to the final budget. The variance is a function of allowing some flexibility in contingency funds during the year.

Actual operating transfers out were \$3.1 million or 32% under the final budget. A higher level of transfers were incorporated into the final budget given the strong performance of revenues and the below budget spending levels, which resulted in an excess of revenues over expenditures and other financing uses of \$7.5 million for the year.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Proprietary Funds

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

The City's business-type funds (as presented on the statement of net assets on pages F 42 - F 45) reported a combined net assets of \$576,981,733, which is \$12,015,199 above last year's total of \$564,966,534. The following schedule indicates the net assets and the total change in net assets as of December 31, 2011 for all major and nonmajor business-type funds.

	<u>Net Assets</u> <u>12/31/11</u>	<u>Net Assets</u> <u>12/31/10</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
Dayton International Airport	\$ 276,855,876	\$ 264,923,433	\$ 11,932,443
Water	168,406,173	167,193,743	1,212,430
Sewer	109,210,282	109,164,219	46,063
Other Business-type activities	<u>22,509,402</u>	<u>23,685,139</u>	<u>(1,175,737)</u>
Total	<u>\$ 576,981,733</u>	<u>\$ 564,966,534</u>	<u>\$ 12,015,199</u>

Dayton International Airport

The City's Dayton International Airport net assets increased \$11,932,443 due mainly to capital contributions, which consist of grant revenues and passenger facility charges. The following tables illustrate the revenues and expenses of the Dayton International Airport fund.

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 23,644,457	\$ 20,264,662	16.68 %
Other	<u>6,929,728</u>	<u>5,409,049</u>	28.11 %
Total	<u>\$ 30,574,185</u>	<u>\$ 25,673,711</u>	19.09 %

Operating revenues of the DIA fund increased \$4,900,474. This increase is mainly the result of increased revenues for customer facility charges for auto rentals, operating leases, concession charges, as well as an increase in other miscellaneous revenues.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 8,284,910	\$ 7,818,095	5.97 %
Benefit payments	3,217,323	3,063,564	5.02 %
Contractual services	3,902,174	2,428,167	60.70 %
Materials and supplies	1,074,070	735,419	46.05 %
Utilities	2,293,065	1,825,150	25.64 %
Depreciation	9,591,322	9,564,363	0.28 %
Other	<u>1,554,566</u>	<u>2,650,638</u>	(41.35) %
Total	<u>\$ 29,917,430</u>	<u>\$ 28,085,396</u>	6.52 %

Operating expenses increased \$1,832,034 or 6.52%. This increase is due to an increase in contractual services. Contractual services increased \$1,474,007 or 60.70% due to an increase in management contract services. Materials and supplies increased due to increased fuel supply costs. Utilities increased due to the improvement work at the terminal.

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 88,526	\$ 7,999	1,006.71 %
Interest expense and fiscal charges	(2,458,252)	(2,732,679)	(10.04) %
Increase in fair market value of investments	66,353	41,902	58.35 %
Capital contributions	<u>13,579,061</u>	<u>16,749,609</u>	(18.93) %
Total	<u>\$ 11,275,688</u>	<u>\$ 14,066,831</u>	(19.84) %

Other operating revenues and expenses decreased \$2,791,143 due to a decrease in capital contributions from grants as the DIA finished a number of construction contracts. Interest revenue increased due to a larger cash balance and interest expense decreased as the DIA continued to reduce the principal balance of outstanding debt.

Water

The City's water fund net assets increased by \$1,212,430 or 0.73%.

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 43,529,551	\$ 47,002,995	(7.39) %
Other	<u>4,721,130</u>	<u>2,315,162</u>	103.92 %
Total	<u>\$ 48,250,681</u>	<u>\$ 49,318,157</u>	(2.16) %

Operating revenues decreased \$1,067,476 or 2.16%. This decrease is a result of the decreased water consumption.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 15,392,602	\$ 15,167,452	1.48 %
Benefit payments	6,064,068	5,697,885	6.43 %
Contractual services	6,521,216	6,418,867	1.59 %
Materials and supplies	4,459,169	4,137,555	7.77 %
Utilities	6,083,111	6,538,713	(6.97) %
Depreciation	5,869,087	6,387,001	(8.11) %
Other	<u>2,878,553</u>	<u>2,489,602</u>	15.62 %
Total	<u>\$ 47,267,806</u>	<u>\$ 46,837,075</u>	0.92 %

Operating expenses increased \$430,731 or 0.92%. While the percentage for other expenses looks significant the dollar amount is immaterial to the whole. The decrease in utilities expense was partially due to lower than anticipated electricity costs.

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 38,043	\$ 37,265	2.09 %
Increase in fair market value of investments	43,974	14,049	213.00 %
Capital contributions	<u>147,538</u>	<u>125,807</u>	17.27 %
Total	<u>\$ 229,555</u>	<u>\$ 177,121</u>	29.60 %

Interest revenue of the water fund increased \$29,703 due to an increase in the fair market value on investments.

Sewer

The City's sewer fund net assets increased \$46,063 or 0.05% during 2011.

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 30,119,740	\$ 32,537,923	(7.43) %
Other	<u>1,850,713</u>	<u>20,634</u>	8,869.24 %
Total	<u>\$ 31,970,453</u>	<u>\$ 32,558,557</u>	(1.81) %

Operating revenues decreased \$588,104 or 1.81% due mainly to a decrease in consumption and a reduction of charges billed to customers outside the City of Dayton.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 6,746,458	\$ 6,838,923	(1.35) %
Benefit payments	2,638,344	2,557,227	3.17 %
Contractual services	8,804,407	8,193,192	7.46 %
Materials and supplies	1,782,383	2,071,656	(13.96) %
Utilities	3,315,148	2,619,519	26.56 %
Depreciation	7,747,744	7,652,896	1.24 %
Other	<u>833,127</u>	<u>681,344</u>	22.28 %
Total	<u>\$ 31,867,611</u>	<u>\$ 30,614,757</u>	4.09 %

Operating expenses increased \$1,252,854 or 4.09% due mainly to an increase in utilities from electrical costs and increased maintenance costs. The sewer fund also received fewer capital contributions in 2011 compared to 2010.

	<u>2011</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating Expenses</u>			
Interest expense and fiscal charges	\$ (394,690)	\$ (429,095)	8.02 %
Capital contributions	<u>337,911</u>	<u>2,059,066</u>	100.00 %
Total	<u>\$ (56,779)</u>	<u>\$ 1,629,971</u>	103.48 %

Capital Assets and Debt Administration

Capital Assets

At December 31, 2011, the City had \$865,807,154 (net of accumulated depreciation) invested in land, right of ways, buildings and improvements, improvements other than buildings, equipment, software, vehicles, infrastructure and construction in progress (CIP). Of this total, \$380,511,234 was reported in governmental activities and \$485,295,920 was reported in business-type activities. See Note 11 in the basic financial statements for additional capital asset disclosure. The following table shows December 31, 2011 balances compared to December 31, 2010:

CITY OF DAYTON, OHIO

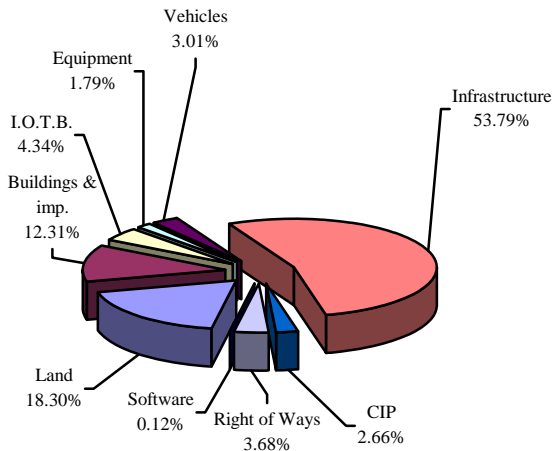
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

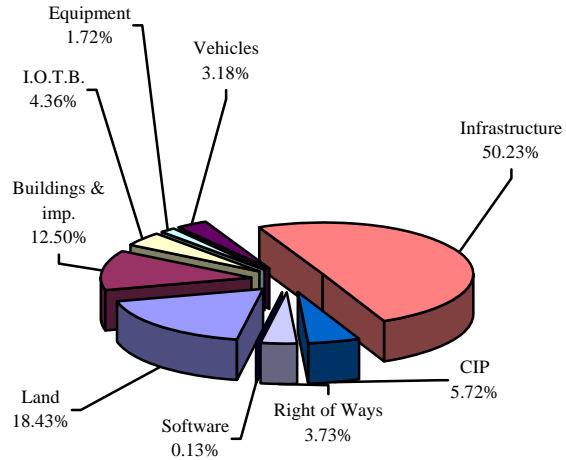
	Governmental Activities 2011	Governmental Activities 2010	Business-Type Activities 2011	Business-Type Activities 2010	Total 2011	Total 2010
Land	\$ 69,618,504	\$ 69,073,504	\$ 42,965,353	\$ 42,965,353	\$ 112,583,857	\$ 112,038,857
Construction in progress	10,140,045	21,422,551	51,543,561	75,061,315	61,683,606	96,483,866
Right of ways	14,007,402	13,993,152	-	-	14,007,402	13,993,152
Buildings and improvements	46,837,240	46,829,584	114,154,229	88,782,048	160,991,469	135,611,632
Improvements other than buildings	16,503,306	16,347,374	256,598,825	251,600,966	273,102,131	267,948,340
Equipment	6,807,938	6,434,026	7,035,844	5,915,328	13,843,782	12,349,354
Software	453,540	485,605	43,659	21,030	497,199	506,635
Vehicles	11,454,424	11,924,241	12,954,449	12,952,877	24,408,873	24,877,118
Infrastructure	204,688,835	188,214,011	-	-	204,688,835	188,214,011
Total	\$ 380,511,234	\$ 374,724,048	\$ 485,295,920	\$ 477,298,917	\$ 865,807,154	\$ 852,022,965

The following graphs show the breakdown of governmental capital assets by category for 2011 and 2010.

Capital Assets - Governmental Activities 2011



Capital Assets - Governmental Activities 2010



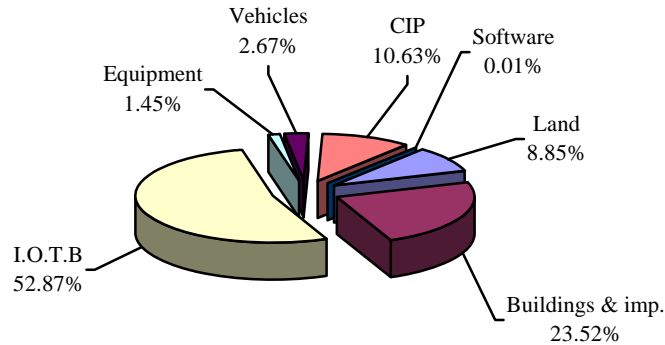
The City's largest capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks, curbs, annexed roadways, street lighting, and traffic signals. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 53.79% of the City's total governmental capital assets.

CITY OF DAYTON, OHIO

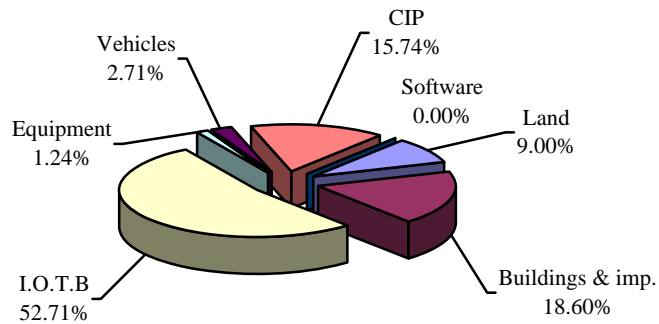
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

The following graphs show the breakdown of business-type capital assets by category for 2011 and 2010.

Capital Assets - Business-Type Activities 2011



Capital Assets - Business-Type Activities 2010



The City's largest business-type capital asset category is improvements other than buildings (I.O.T.B) which primarily includes runways for the airport, water lines, sewer lines and storm water catch basins. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's I.O.T.B (cost less accumulated depreciation) represents approximately 52.87% of the City's total business-type capital assets.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2011 and 2010:

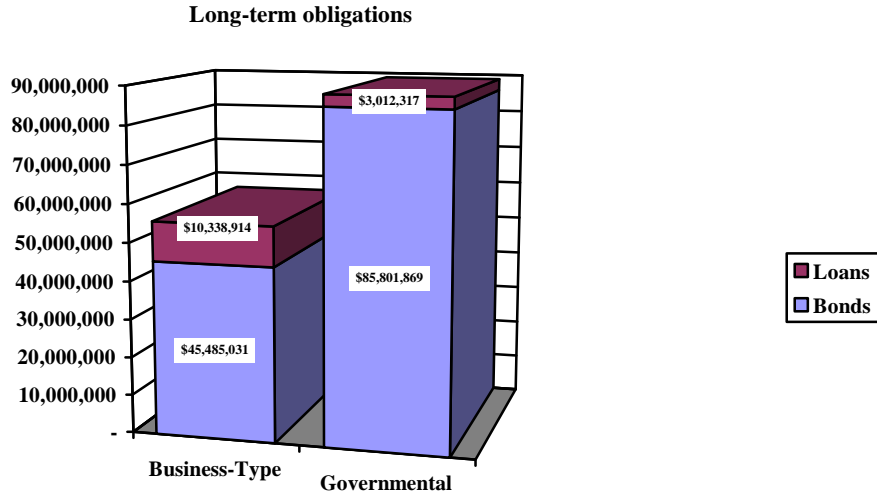
	Governmental Activities 2011	Governmental Activities 2010
General obligation bonds	\$ 46,884,969	\$ 52,818,927
Revenue bonds	38,780,000	40,650,000
Special assessment bonds	136,900	211,800
Total bonds	<u>85,801,869</u>	<u>93,680,727</u>
OPWC loans	152,317	175,161
Ohio Department of Development Loan	2,860,000	2,860,000
Total long-term obligations	<u>\$ 88,814,186</u>	<u>\$ 96,715,888</u>
	Business-type Activities 2011	Business-type Activities 2010
General obligation bonds	\$ 10,860,031	\$ 11,591,073
Revenue bonds	34,625,000	35,825,000
Total bonds	<u>45,485,031</u>	<u>47,416,073</u>
OWDA loans	9,888,914	10,437,177
OPWC loans	450,000	500,000
Total loans	<u>10,338,914</u>	<u>10,937,177</u>
Total long-term obligations	<u>\$ 55,823,945</u>	<u>\$ 58,353,250</u>

See Note 13 in the basic financial statements for additional disclosures and detail regarding the City's debt activity.

CITY OF DAYTON, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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



Economic Factors and the 2012 Budget

As we look toward 2012 we do so with cautious optimism after weathering the worst economic downturn since the Great Depression. Signs that the economy is turning around came in the fourth quarter of 2011 when economic growth, as measured by the change in real gross domestic product, increased three percent. Since then, there have been several other favorable indicators including expanding employment, improving consumer spending (especially on durable goods) and escalating profitability. In fact, profit margins are at historic highs.

The City’s General Fund registered its first increase since 2007 with total revenues climbing 1.3 percent or \$1.9 million (on a modified-cash basis of accounting). Income tax collections posted their first increase in five years and were up 1.6 percent, with the tax on corporate and partnership profits leading the way with a 19 percent gain for the year. The surge in profits suggests that businesses are well positioned for future hiring. New hires then have disposable income to spend which further supports business revenue growth, which in turn should bolster more employment gains and the self-sustaining recovery will then be underway.

Property values declined over 11 percent as a result of the periodic statistical update conducted by the Montgomery County Auditor’s Office. Finally, federal funds from the American Recovery and Reinvestment Act will decline significantly in 2012, shifting some services covered by those funds back to the General Fund.

Employment and the Income Tax

Both the state of Ohio and the Dayton region reached their peak employment in the year 2000. For the Dayton region, employment fell for each of the next 10 years while Ohio experienced a four-year period of stagnant employment growth; and it was insufficient to exceed employment levels in 2000. The national economy was another matter; it experienced a new record high in 2007 with almost 138 million jobs. Unfortunately, the Great Recession would erase about 8.8 million of those jobs while unemployment soared to over 10 percent.

Ohio and the Dayton region have grown 2.8 percent and 2.5 percent, respectively. For both the Dayton region and the state of Ohio, manufacturing has posted sizable gains. The Dayton metropolitan area has also enjoyed employment growth in the professional and business services sector along with leisure and hospitality.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

Although the regional economy has experienced job growth, for Dayton the tax on wages earned in the city, or withholding, continued to slide in 2011, posting a 0.7% decrease from 2010. However, given the two-year increase in the net profits tax and the positive results of withholding collections in January (representing December payroll activity), 2012 appears positioned for employment growth, which in turn translates into increases in income tax collections.

Property Values and the Property Tax

The Dayton housing market, like much of the industrial Midwest as well as many other parts of the country, experienced a devastating collapse in prices as a result of the housing bust. Not unexpectedly, what precipitated the bust for a significant part of the U.S. were enormous price gains during the first half of the last decade. Regrettably, Dayton did not participate in the dramatic increase in prices experienced in many large metro areas. Nevertheless, we have not been immune to their plunge. Case in point, total city valuations are down 17 percent from their peak in 2006 and are currently at their lowest levels in ten years. Moreover, 21 percent of properties in Dayton are vacant, according to the 2010 Census with many of these properties completely abandoned during the foreclosure process.

In 2011, the Montgomery County Auditor conducted the triennial update of property values. This statistical adjustment to values incorporated market activity over the preceding three-year period. For the city of Dayton, real property values fell almost 12%.

At the same time that values are falling, delinquencies are also on the rise. In 2011, over 13 percent of the current levy was delinquent. Additionally, reimbursements from the repeal of the tangible personal property tax by the State have been significantly curtailed. In an effort to balance their biennial budget, the state eliminated reimbursement for all current year expense levies, which translates into a \$1.6 million annual reduction for the General Fund. Fortunately, reimbursements for debt levies are maintained through 2017. And finally, in 2012 a decision was made to shift 0.2 mills from the General Fund to the Bond Retirement fund to help offset the loss of revenue due to the recent decline in values.

Taken together, all of these factors have depressed our 2012 forecast for property taxes from \$7.4 million to \$5.9 million or over 20 percent.

State Revenue Sharing and the Local Government Fund

To eliminate a reported \$8 billion hole in their 2012/2013 biennial budget, the governor and legislature chose to dramatically cut long-standing revenue-sharing programs with local governments. These reductions came in the form of eliminating the reimbursements associated with the repeal of the tangible personal property tax (discussed above), which occurred in 2005 as part of tax reform. Because the state had repealed a local tax and replaced it with a state tax (i.e., commercial activity tax), lawmakers agreed to reimburse local governments in an amount equal to the taxes lost, through 2017. In the current budget, this arrangement was unilaterally voided for all current expense levies, which instantaneously wiped out \$1.6 million from the General Fund.

In addition to the cuts to tangible personal property reimbursements, the state has also slashed the Local Government Fund by 50 percent over two-years and has completely eliminated the local share of dealers in intangible taxes. If that is not dire enough, the legislature also passed legislation to eliminate the estate tax effective 2013.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

The following chart shows the cuts to the General Fund for the period 2011 to 2013. Though extremely difficult, these reductions have been incorporated into the 2012 budget by means of fewer filled positions, continued wage concessions and a reduced level of General Fund investments. Compared to 2011 certified estimates, the City will lose \$9.3 million in state-shared revenues when fully implemented.

	2011 Certified Estimates	2011 State Budget Impact	2012 State Budget Impact	2013 State Budget Impact
Local Government Fund	\$ 12,944,000	\$ (332,000)	\$ (3,968,000)	\$ (6,239,000)
Dealers in Intangibles	\$ 289,000	\$ 55,000	\$ (289,000)	\$ (289,000)
Tangible Personal Property	\$ 1,427,000	\$ (1,217,000)	\$ (1,427,000)	\$ (1,427,000)
Public Utility	\$ 161,000	\$ (80,000)	\$ (161,000)	\$ (161,000)
Estate Tax (5-Yr Average)	\$ 1,173,000	\$ -	\$ -	\$ (1,173,000)
TOTAL IMPACT	\$ 15,994,000	\$ (1,574,000)	\$ (5,845,000)	\$ (9,289,000)

1. Local Government Fund cut by 25% in SFY2012 and an additional 25% in SFY2013.
 2. A one-time LGF funding supplement of \$49.27 million was added to the state budget in SFY2012, which equates to about \$400,000 in both CY2011 and CY2012.
 3. Reimbursements from the Commercial Activity Tax, from the 2004 repeal of the tangible personal property tax (see Tax Reform in Ohio), are repealed for the General Fund (current expense) effective SFY2012, but remain in effect for the Bond Retirement Fund through 2017.
 4. Reimbursements from public utility deregulation are repealed for the General Fund (current expense) effective SFY2012, but remain in effect for the Bond Retirement Fund through 2016.
 5. The estate tax was repealed for all individuals dying after Jan. 1, 2013. Before the repeal, 80% of the estate tax was distributed to local governments.

Other Sources

Given the reductions in state-shared revenues, together with the drop in property values, it was necessary to balance the 2012 budget with \$2.5 million of the cash reserve. If income tax and other revenue sources outperform their forecast, the entire amount may not be necessary.

Cost Containment and Workforce Reductions

Although \$2.5 million from the cash reserve was used to balance the 2012 budget, it was still necessary to continue the City's cost containment efforts and ongoing workforce reductions. Specifically, a wage freeze for sworn police and professional/technical/supervisory employees (third straight year), higher contributions to health insurance, additional furlough days, and workforce reductions have enabled the City to maintain personnel costs at 2011 levels. Additionally, when faced with a 22% increase in health insurance premiums, the City opted to convert to a self-insured plan. In an effort to control future health insurance costs, the City has also implemented wellness programs and incentives.

Next Year's Budget and Rates

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

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Contacting the City's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Equity in pooled cash and investments.	\$ 88,133,470	\$ 133,991,232	\$ 222,124,702	\$ 1,321,438
Cash with fiscal and escrow agents.	375	-	375	-
Receivables:				
Property and other local taxes	22,880,668	-	22,880,668	-
Municipal income taxes.	16,031,813	-	16,031,813	-
Accounts.	7,074,624	18,984,858	26,059,482	221,661
Payments in lieu of taxes.	1,324,724	-	1,324,724	-
Contracts.	-	-	-	1,639,650
Special assessments	1,368,824	1,742,975	3,111,799	-
Accrued interest	170,784	108,183	278,967	1,876,560
Due from other governments.	19,329,812	2,295,619	21,625,431	-
Loans receivable.	36,151,524	-	36,151,524	16,130,002
Internal balance	1,356,994	(1,356,994)	-	-
Due from component units.	11,621,705	1,487,517	13,109,222	-
Materials and supplies inventory.	-	1,816,913	1,816,913	-
Inventory held for resale.	562,588	-	562,588	-
Deposits.	-	-	-	18,562
Prepayments	399,685	175,203	574,888	37,002
Unamortized bond issue costs	1,442,056	1,520,207	2,962,263	97,286
Restricted assets:				
Equity in pooled cash and cash equivalents. . .	-	99,941	99,941	5,235,334
Cash with fiscal and escrow agents.	-	2,981,983	2,981,983	-
Equity investments.	-	-	-	610,437
Capital assets:				
Land and construction in progress.	93,765,951	94,508,914	188,274,865	-
Depreciable capital assets, net.	286,745,283	390,787,006	677,532,289	31,705,749
Total capital assets, net.	<u>380,511,234</u>	<u>485,295,920</u>	<u>865,807,154</u>	<u>31,705,749</u>
Total assets	<u>588,360,880</u>	<u>649,143,557</u>	<u>1,237,504,437</u>	<u>58,893,681</u>

- - continued

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET ASSETS (continued)
DECEMBER 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Liabilities:				
Accounts payable	\$ 3,067,439	\$ 2,832,585	\$ 5,900,024	\$ 841,178
Contracts payable	2,414,703	4,681,553	7,096,256	-
Retainage payable	975,958	2,787,570	3,763,528	-
Accrued wages and benefits payable	3,781,604	1,335,535	5,117,139	-
Due to other governments	7,475,900	711,170	8,187,070	-
Due to primary government	-	-	-	13,109,222
Unearned revenue	13,873,539	-	13,873,539	-
Accrued interest payable	252,858	384,251	637,109	1,082,916
Payable from restricted assets:				
Utility deposits	-	99,941	99,941	-
Accrued interest payable	-	386,767	386,767	-
Accrued liabilities and other payables	-	-	-	9,260,820
Long-term liabilities:				
Due within one year	16,793,797	5,276,453	22,070,250	1,636,083
Due in more than one year	86,328,974	53,949,219	140,278,193	19,828,953
Total liabilities	134,964,772	72,445,044	207,409,816	45,759,172
Non-controlling interest	-	-	-	5,636
Net assets:				
Invested in capital assets, net of related debt	333,982,829	431,154,590	765,137,419	5,788,616
Restricted for:				
Permanent fund:				
Expendable	86,050	-	86,050	-
Nonexpendable	102,228	-	102,228	-
Capital projects	11,425,340	-	11,425,340	-
Debt service	44,691,739	-	44,691,739	-
Housing and urban development	8,226,453	-	8,226,453	-
Special projects	5,882,547	-	5,882,547	-
Street and highway projects	2,831,144	-	2,831,144	-
Other purposes	3,985,800	-	3,985,800	2,200,716
Unrestricted	42,181,978	145,543,923	187,725,901	5,139,541
Total net assets	\$ 453,396,108	\$ 576,698,513	\$ 1,030,094,621	\$ 13,128,873

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Downtown	\$ 2,922,503	\$ 672,824	\$ -	\$ -
Youth, education and human services.	2,395,344	8,674	2,500,396	-
Community development and neighborhoods.	32,086,879	3,106,283	20,479,348	-
Economic development	10,105,180	1,997,277	1,217,688	-
Leadership and quality of life	40,275,561	5,673,292	7,366,848	12,849,894
Corporate responsibility.	15,884,692	3,118,657	457,191	-
Public safety and justice.	94,294,723	22,027,599	3,366,138	-
Interest and fiscal charges.	4,556,429	-	-	-
Total governmental activities	<u>202,521,311</u>	<u>36,604,606</u>	<u>35,387,609</u>	<u>12,849,894</u>
Business-type activities:				
Dayton International Airport.	32,572,362	23,644,457	-	13,579,061
Water.	47,618,625	43,529,551	-	147,538
Sewer.	32,420,315	30,119,740	-	337,911
Other business-type activities:				
Storm Water.	6,177,790	5,264,927	-	-
Golf.	2,922,959	2,946,618	-	-
Total business-type activities	<u>121,712,051</u>	<u>105,505,293</u>	<u>-</u>	<u>14,064,510</u>
Total primary government	<u>\$ 324,233,362</u>	<u>\$ 142,109,899</u>	<u>\$ 35,387,609</u>	<u>\$ 26,914,404</u>
Component Unit:				
CityWide Development Corporations	<u>\$ 5,044,918</u>	<u>\$ 3,892,318</u>	<u>\$ -</u>	<u>\$ 1,746,518</u>

General revenues:

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

Total general revenues

Transfers

Total general revenues,
transfers.

Change in net assets

Net assets at beginning of year.

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (2,249,679)	\$ -	\$ (2,249,679)	\$ -
113,726	-	113,726	-
(8,501,248)	-	(8,501,248)	-
(6,890,215)	-	(6,890,215)	-
(14,385,527)	-	(14,385,527)	-
(12,308,844)	-	(12,308,844)	-
(68,900,986)	-	(68,900,986)	-
(4,556,429)	-	(4,556,429)	-
<u>(117,679,202)</u>	<u>-</u>	<u>(117,679,202)</u>	<u>-</u>
-	4,651,156	4,651,156	-
-	(3,941,536)	(3,941,536)	-
-	(1,962,664)	(1,962,664)	-
-	(912,863)	(912,863)	-
-	23,659	23,659	-
-	<u>(2,142,248)</u>	<u>(2,142,248)</u>	<u>-</u>
<u>(117,679,202)</u>	<u>(2,142,248)</u>	<u>(119,821,450)</u>	<u>-</u>
-	-	-	<u>593,918</u>
10,158,293	-	10,158,293	-
8,700,128	-	8,700,128	-
514,880	-	514,880	-
100,129,761	-	100,129,761	-
669,323	-	669,323	-
19,159,472	-	19,159,472	-
1,945,150	236,896	2,182,046	12,691
1,199,153	13,509,995	14,709,148	1,392
<u>142,476,160</u>	<u>13,746,891</u>	<u>156,223,051</u>	<u>14,083</u>
<u>368,339</u>	<u>(368,339)</u>	<u>-</u>	<u>-</u>
<u>142,844,499</u>	<u>13,378,552</u>	<u>156,223,051</u>	<u>14,083</u>
25,165,297	11,236,304	36,401,601	608,001
<u>428,230,811</u>	<u>565,462,209</u>	<u>993,693,020</u>	<u>12,520,872</u>
<u>\$ 453,396,108</u>	<u>\$ 576,698,513</u>	<u>\$ 1,030,094,621</u>	<u>\$ 13,128,873</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	<u>General</u>	<u>Housing and Urban Development</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Assets:				
Equity in pooled cash and investments.	\$ 41,397,966	\$ 280,427	\$ 14,945,924	\$ 7,143,166
Cash with fiscal and escrow agents.	375	-	-	-
Receivables:				
Property and other local taxes.	11,297,754	-	11,582,914	-
Municipal income taxes.	16,031,813	-	-	-
Accounts.	6,853,296	-	-	5,848
Payments in lieu of taxes.	-	-	-	1,324,724
Special assessments	179,907	694,935	493,982	-
Accrued interest	163,838	-	3,933	-
Due from other funds	8,772	-	1,242	-
Due from other governments.	5,365,604	1,115,243	551,017	8,813,317
Loans receivable.	6,375,620	-	23,190,000	6,585,904
Advances to other funds	400,000	-	1,054,542	-
Prepayments	383,546	-	553	-
Due from component units.	2,525,000	7,733,600	-	963,105
Total assets	<u>\$ 90,983,491</u>	<u>\$ 9,824,205</u>	<u>\$ 51,824,107</u>	<u>\$ 24,836,064</u>
Liabilities:				
Accounts payable.	\$ 2,666,985	\$ 10,009	\$ 18,528	\$ 249,612
Contracts payable.	203,725	1,322,783	-	635,520
Accrued wages and benefits payable.	3,445,481	62,407	2,541	9,552
Retainage payable	-	198,522	-	777,436
Compensated absences payable	84,662	-	-	-
Interfund loans payable.	416,705	-	-	-
Due to other funds	212,856	4,031	-	1,682
Due to other governments	5,207,484	-	-	-
Claimants payable	22,052	-	-	-
Deferred revenue	17,375,842	1,481,890	5,964,964	6,666,749
Unearned revenue	6,334,254	-	6,665,789	873,496
Total liabilities	<u>35,970,046</u>	<u>3,079,642</u>	<u>12,651,822</u>	<u>9,214,047</u>
Fund balances:				
Nonspendable	9,695,165	-	553	-
Restricted.	-	6,744,563	38,979,080	4,758,591
Committed	4,543,378	-	192,652	5,026,521
Assigned	11,900,572	-	-	5,836,905
Unassigned.	28,874,330	-	-	-
Total fund balances.	<u>55,013,445</u>	<u>6,744,563</u>	<u>39,172,285</u>	<u>15,622,017</u>
Total liabilities and fund balances	<u>\$ 90,983,491</u>	<u>\$ 9,824,205</u>	<u>\$ 51,824,107</u>	<u>\$ 24,836,064</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 9,371,707	\$ 73,139,190
-	375
-	22,880,668
-	16,031,813
188,921	7,048,065
-	1,324,724
-	1,368,824
3,013	170,784
31,277	41,291
3,440,840	19,286,021
-	36,151,524
-	1,454,542
476	384,575
400,000	11,621,705
<u>\$ 13,436,234</u>	<u>\$ 190,904,101</u>
\$ 70,254	\$ 3,015,388
252,675	2,414,703
139,805	3,659,786
-	975,958
-	84,662
-	416,705
32,815	251,384
52,916	5,260,400
-	22,052
2,580,330	34,069,775
-	13,873,539
<u>3,128,795</u>	<u>64,044,352</u>
102,704	9,798,422
10,204,735	60,686,969
-	9,762,551
-	17,737,477
-	28,874,330
<u>10,307,439</u>	<u>126,859,749</u>
<u>\$ 13,436,234</u>	<u>\$ 190,904,101</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2011

Total governmental fund balances	\$	126,859,749
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds.		379,412,663
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property and other local taxes receivable	\$ 13,859,614	
Payments in lieu of taxes receivable	451,228	
Municipal income taxes receivable	5,948,378	
Accounts receivable	3,016,170	
Special assessments receivable	1,041,122	
Accrued interest receivable	123,311	
Due from other governments	9,629,952	
Total		34,069,775
Internal service funds are used by management to charge the costs of fleet management fire fleet management, stores and reproduction, workers' compensation, and plumbing to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net assets. The net assets of the internal service funds, including internal balances of \$(283,220), are:		8,985,957
In the statement of net assets interest is accrued on bonds, whereas in governmental funds, interest is accrued when due.		(252,858)
Unamortized bond issuance costs are not recognized in the governmental funds.		1,442,056
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		864,859
Unamortized premiums on bond issuances are not recognized in the governmental funds.		(508,640)
Long-term liabilities, including bonds and compensated absences are not due and payable in the current period and therefore are not reported in the funds (exclusive of internal service fund liabilities).		
Special assessment bonds	(136,900)	
General obligation bonds	(46,884,969)	
Revenue bonds	(38,780,000)	
Compensated absences	(8,582,314)	
OPWC loan	(152,317)	
ODOD Loan	(2,860,000)	
Pollution remediation obligations	(80,953)	
		(97,477,453)
Net assets of governmental activities	\$	453,396,108

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General</u>	<u>Housing and Urban Development</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Revenues:				
Municipal income taxes	\$ 100,362,688	\$ -	\$ -	\$ -
Property and other taxes.	7,842,789	-	6,595,327	514,880
State shared taxes.	13,300,199	-	-	-
Charges for services.	26,012,836	85,956	-	18,326
Licenses and permits	1,542,378	-	-	9,101
Fines and forfeitures	1,990,211	-	-	-
Intergovernmental.	4,879,049	24,871,466	2,508,986	18,923,322
Special assessments	139,689	50,007	130,931	12,701
Investment income.	1,462,244	12	265,267	-
Payments in lieu of taxes.	-	-	-	604,596
Increase in FMV of investments.	161,625	-	4,120	2,666
Other	1,187,561	13,561	30,342	501,062
Total revenues	<u>158,881,269</u>	<u>25,021,002</u>	<u>9,534,973</u>	<u>20,586,654</u>
Expenditures:				
Current:				
Downtown	3,242,269	-	560,000	2,244
Youth, education and human services.	41,812	2,367,684	-	-
Community development and neighborhoods.	12,820,872	19,327,536	-	127,237
Economic development	4,786,614	126,432	-	3,458,121
Leadership and quality of life	19,971,842	1,707,751	-	1,899,366
Corporate responsibility.	14,286,202	384,711	21,069	84,187
Public safety and justice.	88,821,671	55,442	-	32,400
Capital outlay	-	120,205	-	15,133,576
Debt service:				
Principal retirement.	75,000	-	9,286,702	155,000
Interest and fiscal charges	70,465	-	4,307,417	24,009
Total expenditures	<u>144,116,747</u>	<u>24,089,761</u>	<u>14,175,188</u>	<u>20,916,140</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>14,764,522</u>	<u>931,241</u>	<u>(4,640,215)</u>	<u>(329,486)</u>
Other financing sources (uses):				
Bond issuance.	-	-	-	1,615,000
Transfers in	274	387,719	1,271,289	4,493,486
Transfers (out).	(6,455,501)	-	-	-
Total other financing sources (uses)	<u>(6,455,227)</u>	<u>387,719</u>	<u>1,271,289</u>	<u>6,108,486</u>
Net change in fund balances	8,309,295	1,318,960	(3,368,926)	5,779,000
Fund balances				
at beginning of year (restated).	46,704,150	5,425,603	42,541,211	9,843,017
Fund balances at end of year	<u>\$ 55,013,445</u>	<u>\$ 6,744,563</u>	<u>\$ 39,172,285</u>	<u>\$ 15,622,017</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 100,362,688
-	14,952,996
5,390,651	18,690,850
793,095	26,910,213
10,371	1,561,850
412,706	2,402,917
4,355,823	55,538,646
-	333,328
3,392	1,730,915
-	604,596
18,361	186,772
2,415,753	4,148,279
<u>13,400,152</u>	<u>227,424,050</u>
-	3,804,513
-	2,409,496
91,244	32,366,889
1,692,327	10,063,494
7,162,781	30,741,740
191,430	14,967,599
4,940,157	93,849,670
-	15,253,781
-	9,516,702
-	4,401,891
<u>14,077,939</u>	<u>217,375,775</u>
<u>(677,787)</u>	<u>10,048,275</u>
-	1,615,000
614,567	6,767,335
(274)	(6,455,775)
<u>614,293</u>	<u>1,926,560</u>
(63,494)	11,974,835
10,370,933	114,884,914
<u>\$ 10,307,439</u>	<u>\$ 126,859,749</u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Net change in fund balances - total governmental funds		\$ 11,974,835
<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 are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$18,744,758) exceeded depreciation expense (\$12,891,409) in the current period (exclusive of internal service fund activity).		5,853,349
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net assets.		(9,736)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Municipal income taxes	\$ (232,927)	
Property and other local taxes	8,234,966	
Payments in lieu of taxes	64,727	
Charges for services	1,122,898	
Intergovernmental	(9,218,418)	
Special assessments	(110,104)	
Investment income	33,077	
Total		(105,781)
Repayments of bond, loan and capital lease principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets.		
Bond principal payments	9,493,858	
Loan principal payments	22,844	
Total		9,516,702
Issuance of bonds are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.		(1,615,000)
In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the following:		
Decrease in accrued interest payable	24,556	
Amortization of bond issue costs	(120,535)	
Amortization of bond premiums and discounts	47,538	
Amortization of deferred charges on refundings	(106,097)	
Total		(154,538)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated absences	(256,808)	
Pollution remediation obligation	101,389	
Total		(155,419)
Internal service funds used by management to charge the costs of fleet management, fire fleet management, stores and reproduction, workers' compensation, and plumbing to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service funds revenues are eliminated. The net revenue (expense) of the internal service funds, including internal balances of \$(283,220), is allocated among governmental activities.		(139,115)
Change in net assets of governmental activities		\$ 25,165,297

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 96,543,300	\$ 99,435,400	\$ 99,748,042	\$ 312,642
Property and other taxes	9,018,000	8,006,900	8,035,193	28,293
State shared taxes	13,082,800	13,871,700	14,029,813	158,113
Charges for services	23,847,200	25,383,700	26,942,923	1,559,223
Licenses and permits	1,040,700	1,292,400	1,361,448	69,048
Fines and forfeitures	1,736,300	1,727,600	1,986,634	259,034
Intergovernmental	1,045,000	1,050,000	4,580,449	3,530,449
Special assessments	250,000	138,600	139,689	1,089
Investment income	1,605,700	1,468,700	1,541,622	72,922
Other	5,695,400	5,529,200	1,938,345	(3,590,855)
Total revenues	<u>153,864,400</u>	<u>157,904,200</u>	<u>160,304,158</u>	<u>2,399,958</u>
Expenditures:				
Current:				
Downtown	3,403,100	3,351,000	3,175,840	175,160
Youth, education and human services	-	-	41,749	(41,749)
Community development and neighborhoods	12,514,400	13,618,300	12,993,216	625,084
Economic development	9,827,800	8,737,400	5,046,762	3,690,638
Leadership and quality of life	22,331,100	22,822,400	22,111,198	711,202
Corporate responsibility	16,074,200	15,568,900	14,952,060	616,840
Public safety and justice	86,603,400	87,503,500	87,049,745	453,755
Other	1,031,100	981,100	862,785	118,315
Debt service:				
Principal retirement	75,000	75,000	75,000	-
Interest and fiscal charges	42,100	42,100	42,089	11
Total expenditures	<u>151,902,200</u>	<u>152,699,700</u>	<u>146,350,444</u>	<u>6,349,256</u>
Excess of revenues over expenditures	<u>1,962,200</u>	<u>5,204,500</u>	<u>13,953,714</u>	<u>8,749,214</u>
Other financing sources (uses):				
Transfers in	-	-	274	274
Transfers (out)	(2,977,000)	(9,554,200)	(6,455,501)	3,098,699
Total other financing sources (uses)	<u>(2,977,000)</u>	<u>(9,554,200)</u>	<u>(6,455,227)</u>	<u>3,098,973</u>
Net change in fund balances	(1,014,800)	(4,349,700)	7,498,487	11,848,187
Fund balance at beginning of year (restated)	45,341,695	45,341,695	45,341,695	-
Prior year encumbrances appropriated	2,510,142	2,510,142	2,510,142	-
Fund balance at end of year	<u>\$ 46,837,037</u>	<u>\$ 43,502,137</u>	<u>\$ 55,350,324</u>	<u>\$ 11,848,187</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Assets:				
Current assets:				
Equity in pooled cash and investments.	\$ 55,104,155	\$ 41,829,708	\$ 30,136,286	\$ 6,921,083
Receivables:				
Accounts.	3,295,447	8,085,162	6,016,574	1,587,675
Special assessments	-	1,111,628	413,734	217,613
Accrued interest	66,394	41,789	-	-
Due from other funds	22,059	3,541,451	-	-
Due from other governments.	2,148,267	87,630	59,722	-
Advances to other funds	-	-	-	-
Due from component units.	-	1,487,517	-	-
Materials and supplies inventory.	58,220	1,758,693	-	-
Inventory held for resale.	-	-	-	-
Prepayments	57,397	91,333	26,473	-
Unamortized bond issue costs	1,520,207	-	-	-
Total current assets	<u>62,272,146</u>	<u>58,034,911</u>	<u>36,652,789</u>	<u>8,726,371</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress.	70,056,820	13,732,912	9,852,976	866,206
Depreciable capital assets, net.	193,383,439	102,444,049	78,943,972	16,015,546
Total capital assets, net.	<u>263,440,259</u>	<u>116,176,961</u>	<u>88,796,948</u>	<u>16,881,752</u>
Restricted assets:				
Equity in pooled cash and cash equivalents	-	99,941	-	-
Cash with fiscal and escrow agents	2,981,983	-	-	-
Total restricted assets.	<u>2,981,983</u>	<u>99,941</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>266,422,242</u>	<u>116,276,902</u>	<u>88,796,948</u>	<u>16,881,752</u>
Total assets	<u>328,694,388</u>	<u>174,311,813</u>	<u>125,449,737</u>	<u>25,608,123</u>

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 133,991,232	\$ 14,994,280
18,984,858	26,559
1,742,975	-
108,183	-
3,563,510	230,509
2,295,619	43,791
-	416,705
1,487,517	-
1,816,913	-
-	562,588
175,203	15,110
1,520,207	-
<u>165,686,217</u>	<u>16,289,542</u>
94,508,914	-
390,787,006	1,098,571
<u>485,295,920</u>	<u>1,098,571</u>
99,941	-
2,981,983	-
<u>3,081,924</u>	<u>-</u>
<u>488,377,844</u>	<u>1,098,571</u>
<u>654,064,061</u>	<u>17,388,113</u>

- - Continued

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET ASSETS (continued)
PROPRIETARY FUNDS
DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Liabilities:				
Current liabilities:				
Accounts payable	865,873	1,288,874	611,837	66,001
Contracts payable	1,706,768	1,960,278	959,801	54,706
Retainage payable	2,283,274	173,659	305,734	24,903
Accrued wages and benefits payable	353,506	579,250	269,433	133,346
Due to other funds	529	64,511	2,866,817	650,885
Due to other governments	586,796	123,932	-	442
Accrued interest payable	192,689	-	190,234	1,328
Compensated absences payable - current	646,267	1,141,017	492,157	259,638
Advances from other funds	-	-	-	1,054,542
General obligation bonds payable	365,000	-	-	363,460
Revenue bonds payable	1,245,000	-	-	-
OWDA loans payable	-	-	713,914	-
OPWC loans payable	-	-	50,000	-
Claims and judgements payable	-	-	-	-
Payable from restricted assets:				
Utility deposits	-	99,941	-	-
Accrued interest payable	386,767	-	-	-
Total current liabilities	8,632,469	5,431,462	6,459,927	2,609,251
Long-term liabilities:				
Compensated absences payable	238,451	474,178	204,528	107,899
General obligation bonds payable	9,750,000	-	-	381,571
Revenue bonds payable	33,217,592	-	-	-
OWDA loans payable	-	-	9,175,000	-
OPWC loans payable	-	-	400,000	-
Claims and judgements payable	-	-	-	-
Total long-term liabilities	43,206,043	474,178	9,779,528	489,470
Total liabilities	51,838,512	5,905,640	16,239,455	3,098,721
Net assets:				
Invested in capital assets, net of related debt	220,382,874	116,176,961	78,458,034	16,136,721
Unrestricted	56,473,002	52,229,212	30,752,248	6,372,681
Total net assets	\$ 276,855,876	\$ 168,406,173	\$ 109,210,282	\$ 22,509,402

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

Net assets of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
2,832,585	52,051
4,681,553	-
2,787,570	-
1,335,535	121,818
3,582,742	1,184
711,170	2,215,500
384,251	-
2,539,079	217,638
1,054,542	400,000
728,460	-
1,245,000	-
713,914	-
50,000	-
-	406,839
99,941	-
386,767	-
23,133,109	3,415,030
1,025,056	90,446
10,131,571	-
33,217,592	-
9,175,000	-
400,000	-
-	5,179,900
53,949,219	5,270,346
77,082,328	8,685,376
431,154,590	1,098,571
145,827,143	7,604,166
576,981,733	\$ 8,702,737
(283,220)	
\$ 576,698,513	

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 23,644,457	\$ 43,529,551	\$ 30,119,740	\$ 8,211,545
Other operating revenues	6,929,728	4,721,130	1,850,713	8,424
Total operating revenues.	<u>30,574,185</u>	<u>48,250,681</u>	<u>31,970,453</u>	<u>8,219,969</u>
Operating expenses:				
Personal services	8,284,910	15,392,602	6,746,458	3,366,622
Fringe benefits.	3,217,323	6,064,068	2,638,344	1,335,640
Contract services.	3,902,174	6,521,216	8,804,407	2,249,227
Materials and supplies.	1,074,070	4,459,169	1,782,383	477,560
Cost of sales.	-	-	-	-
Utilities	2,293,065	6,083,111	3,315,148	225,335
Claims expense	-	-	-	-
Depreciation.	9,591,322	5,869,087	7,747,744	707,134
Other	1,554,566	2,878,553	833,127	599,202
Total operating expenses.	<u>29,917,430</u>	<u>47,267,806</u>	<u>31,867,611</u>	<u>8,960,720</u>
Operating income (loss)	<u>656,755</u>	<u>982,875</u>	<u>102,842</u>	<u>(740,751)</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(2,458,252)	-	(394,690)	(66,647)
Interest income.	88,526	38,043	-	-
Increase in fair market value of investments.	66,353	43,974	-	-
Total nonoperating revenues (expenses).	<u>(2,303,373)</u>	<u>82,017</u>	<u>(394,690)</u>	<u>(66,647)</u>
Income (loss) before contributions and transfers	(1,646,618)	1,064,892	(291,848)	(807,398)
Transfer in	-	-	-	-
Transfer out	-	-	-	(368,339)
Capital contributions.	13,579,061	147,538	337,911	-
Change in net assets	11,932,443	1,212,430	46,063	(1,175,737)
Net assets at beginning of year.	<u>264,923,433</u>	<u>167,193,743</u>	<u>109,164,219</u>	<u>23,685,139</u>
Net assets at end of year	<u>\$ 276,855,876</u>	<u>\$ 168,406,173</u>	<u>\$ 109,210,282</u>	<u>\$ 22,509,402</u>

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

Change in net assets of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 105,505,293	\$ 13,474,315
13,509,995	294,433
<u>119,015,288</u>	<u>13,768,748</u>
33,790,592	3,069,600
13,255,375	1,257,453
21,477,024	1,151,217
7,793,182	1,727,620
-	3,513,486
11,916,659	38,924
-	3,829,116
23,915,287	86,450
5,865,448	69,671
<u>118,013,567</u>	<u>14,743,537</u>
1,001,721	(974,789)
(2,919,589)	-
126,569	-
110,327	-
<u>(2,682,693)</u>	<u>-</u>
(1,680,972)	(974,789)
-	175,000
(368,339)	(118,221)
14,064,510	-
12,015,199	(918,010)
	<u>9,620,747</u>
	<u>\$ 8,702,737</u>
<u>(778,895)</u>	
<u>\$ 11,236,304</u>	

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Cash flows from operating activities:				
Cash received from customers.	\$ 23,157,567	\$ 43,579,728	\$ 31,192,625	\$ 8,707,815
Cash received from interfund services provided.	-	-	-	-
Cash received from other operations	5,569,309	4,548,103	1,850,713	8,801
Cash payments for personal services.	(8,103,895)	(15,244,592)	(6,655,371)	(3,334,681)
Cash payments for fringe benefits.	(3,170,240)	(6,035,746)	(2,625,126)	(1,327,903)
Cash payments for contractual services	(4,172,950)	(5,311,163)	(8,086,717)	(2,250,154)
Cash payments for materials and supplies	(1,010,415)	(4,256,652)	(1,900,451)	(504,295)
Cash payments for cost of goods sold.	-	-	-	-
Cash payments for utilities.	(2,224,149)	(6,363,448)	(3,308,028)	(230,109)
Cash payments for claims	-	-	-	-
Cash payments for other expenses	(2,116,412)	(2,981,979)	(824,236)	(597,191)
Net cash provided by operating activities.	<u>7,928,815</u>	<u>7,934,251</u>	<u>9,643,409</u>	<u>472,283</u>
Cash flows from noncapital financing activities:				
Cash received from advance from component unit.	-	354,105	-	-
Cash payments for advance to component unit.	-	(266,647)	-	-
Cash received from transfers in	-	-	-	-
Cash used in transfers out	-	-	-	(368,339)
Cash received from interfund loans	-	-	-	121,002
Net cash provided by (used in) noncapital financing activities.	<u>-</u>	<u>87,458</u>	<u>-</u>	<u>(247,337)</u>
Cash flows from capital and related financing activities:				
Capital contributions.	17,461,608	147,538	705,151	-
Acquisition of capital assets	(16,378,423)	(9,030,398)	(6,799,827)	(500,628)
Principal paid on loans.	-	-	(598,263)	-
Interest paid on loans.	-	-	(406,141)	-
Principal paid on bonds.	(1,555,000)	-	-	(376,042)
Interest paid on bonds.	(2,367,322)	-	-	(66,992)
Net cash used in capital and related financing activities.	<u>(2,839,137)</u>	<u>(8,882,860)</u>	<u>(7,099,080)</u>	<u>(943,662)</u>
Cash flows from investing activities:				
Interest received	<u>175,917</u>	<u>100,986</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>175,917</u>	<u>100,986</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and investments.	5,265,595	(760,165)	2,544,329	(718,716)
Cash and investments at beginning of year.	<u>52,820,543</u>	<u>42,689,814</u>	<u>27,591,957</u>	<u>7,639,799</u>
Cash and investments at end of year.	<u>\$ 58,086,138</u>	<u>\$ 41,929,649</u>	<u>\$ 30,136,286</u>	<u>\$ 6,921,083</u>

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 106,637,735	\$ -
-	13,384,331
11,976,926	294,433
(33,338,539)	(3,050,122)
(13,159,015)	(1,253,947)
(19,820,984)	(1,190,593)
(7,671,813)	(1,876,599)
-	(3,413,567)
(12,125,734)	(38,387)
-	(2,549,615)
(6,519,818)	(69,871)
<u>25,978,758</u>	<u>236,063</u>
354,105	-
(266,647)	-
-	175,000
(368,339)	(118,221)
121,002	(499,280)
<u>(159,879)</u>	<u>(442,501)</u>
18,314,297	-
(32,709,276)	-
(598,263)	-
(406,141)	-
(1,931,042)	-
(2,434,314)	-
<u>(19,764,739)</u>	<u>-</u>
<u>276,903</u>	<u>-</u>
<u>276,903</u>	<u>-</u>
6,331,043	(206,438)
130,742,113	15,200,718
<u>\$ 137,073,156</u>	<u>\$ 14,994,280</u>

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**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 656,755	\$ 982,875	\$ 102,842	\$ (740,751)
Adjustments:				
Depreciation.	9,591,322	5,869,087	7,747,744	707,134
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable.	(1,990,994)	295,048	859,453	17,404
Decrease (increase) in due from other funds	(22,059)	(113,137)	-	377
Decrease (increase) in due from other governments.	(221,023)	(86,820)	-	-
Decrease in prepayments.	44,587	6,674	20,549	-
Decrease (increase) in special assessments receivable.	-	(228,714)	213,432	478,866
Decrease (increase) in materials and supplies inventory	(29,985)	107,939	-	-
Decrease in inventory held for resale.	-	-	-	-
Decrease in accounts payable.	(88,022)	(341,850)	(137,271)	(355)
Increase (decrease) in contracts payable	400,143	1,152,784	618,918	(92,900)
Increase in airline settlement payable.	386,767	-	-	-
Increase (decrease) in retainage payable	(1,046,206)	114,640	78,740	-
Increase in accrued wages and benefits.	40,609	33,367	17,154	16,637
Increase (decrease) in due to other funds.	(253)	(21,699)	34,697	62,830
Increase in due to other governments.	19,685	10,319	-	-
Increase in compensated absences payable.	187,489	142,965	87,151	23,041
Increase in utility deposits.	-	10,773	-	-
Increase in claims payable.	-	-	-	-
Net cash provided by operating activities	<u>\$ 7,928,815</u>	<u>\$ 7,934,251</u>	<u>\$ 9,643,409</u>	<u>\$ 472,283</u>

Non-cash transactions:

During 2011, the Dayton International Airport and the Sewer enterprise funds received \$2,336,370 and \$59,722, respectively, in capital grants, which were recognized as a receivable in 2010. Receivables in the amount of \$6,218,917 and \$426,962 have been recorded for capital grants in 2011 for the Dayton International Airport and Sewer enterprise funds, respectively.

At December 31, 2011, the Water, Sewer and Dayton International Airport enterprise funds purchased \$669,836, \$407,204 and \$4,136,069, respectively, in capital assets on account. At December 31, 2010, the Water, Sewer and Dayton International Airport enterprise funds purchased \$964,419, \$254,633, and \$4,867,840, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 1,001,721	\$ (974,789)
23,915,287	86,450
(819,089)	(20,982)
(134,819)	(72,026)
(307,843)	3,024
71,810	3,429
463,584	-
77,954	-
-	99,919
(567,498)	(191,521)
2,078,945	-
386,767	-
(852,826)	-
107,767	2,227
75,575	74
30,004	769,618
440,646	20,757
10,773	-
-	509,883
<u>\$ 25,978,758</u>	<u>\$ 236,063</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2011

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 4,593,522
Investments with fiscal agent	733,896
Cash and cash equivalents with fiscal agent	988,267
Receivables:	
Accounts	925,536
Special assessments.	5,178,642
Intergovernmental.	440,878
Total assets	\$ 12,860,741
Liabilities:	
Accounts payable	\$ 128,569
Intergovernmental payable.	1,862,113
Due to others.	6,629,099
Withholdings and deposits.	4,240,960
Total liabilities.	\$ 12,860,741

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

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For the Year Ended December 31, 2011**

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CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - DESCRIPTION OF THE CITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

DISCRETELY PRESENTED COMPONENT UNIT

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

JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission - The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Dayton, City of Riverside, City of New Carlisle and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member and two at-large representatives. Payments to the Commission are made from the general fund. The City contributed \$76,442 for the operation of the Commission during 2011. Financial information can be obtained from Nora Lake, Executive Director, at 40 West Fourth Street, Dayton, Ohio 45402.

Miami Valley Fire/EMS Alliance - The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS Services by volunteers, two representatives appointed by the members who are provided Fire/EMS Services by a combination of full time employees and volunteers and a representative appointed by the members who are provided Fire/EMS Services by full time employees. Payments to the Alliance are made from the general fund. The City contributed \$39,883 for the operation of the Alliance during 2011. Financial information can be obtained from Mike Hoverland, Director, at 444 W. Third Street, Suite 13-204, Dayton, Ohio 45402.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Miami Township-Dayton Joint Economic Development District - In an effort to promote regional growth and economic development, the City has entered into a contract with Miami Township to create a Joint Economic Development District (JEDD). The City entered into a separate contract with Miami Township in July, 2005. In accordance with State law, the Districts Board of Trustees levied a 1.75% income tax effective January 1, 2008. The proceeds of that tax are allocated, in accordance with the contract, primarily to the Township. In consideration for its receipt of a share of the District's income taxes, the City will receive 50% of the property tax revenue from parcels located within the District. The Township will utilize these JEDD revenues, in part, to construct infrastructure and improvement near the Dayton-Wright Brothers Airport. The City received \$87,152 in revenues through the JEDD in 2011.

Butler Township-Dayton Joint Economic Development District - In an effort to promote regional growth and economic development, the City has entered into a contract with Butler Township to create a Joint Economic Development District (JEDD). The City entered into a separate contract with Butler Township in July, 2006. In accordance with State Law, the Districts Board of Trustees levied a 1.75% income tax effective in 2008. The proceeds of that tax are allocated, in accordance with the contract, to the Township. In consideration for its receipt of a share of the District's income taxes, the City will receive 50% of the property tax revenue from parcels located within the District. The District will utilize these JEDD revenues to facilitate economic development to create or preserve jobs and employment opportunities and to improve economic welfare. The City received \$11,741 in revenues through the JEDD in 2011.

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

The City did not contribute to the operation of ED/GE during 2011. Financial information can be obtained from Linda Gum, Administrative Assistant, at 451 West Third Street, Dayton, Ohio 45402.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

Montgomery County Family and Children First Council - The City participates in the Montgomery County Family and Children First Council. The Council coordinates and integrates those services within Montgomery County which are available for families and children and establishes a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children. The Council is governed by a board of nineteen trustees, one of which is the Mayor of the City of Dayton. The City did not contribute to the operation of the Council during 2011. Financial information can be obtained from Sue Daily, Executive Director, at 451 West Third Street, P.O. Box 972, Dayton, Ohio 45422-3100.

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

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

The Board established hazardous materials incident response guidelines to provide for response procedures in the event of an incident. In the event of a hazardous material incident within any local government that is a member of this organization, the other members will respond to render assistance. The funding for the operation of the response team is through contributions from each entity. In addition, the persons or company responsible for any hazardous materials emergency is required by State law to reimburse the team any costs associated with clean up. There is no explicit and measurable equity interest in HAZMAT. During 2011, the City contributed \$23,765 to HAZMAT. Financial information can be obtained from Edwin Kovar, Executive Director at 4200 Lake Center Drive, Trotwood, Ohio 45426.

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

The funding for the operation of the Agency is through contributions from each participating entity. Payments to the Agency are made from the general fund. The City contributed \$28,305 for the operation of the Agency during 2011. Financial information can be obtained from Edwin Kovar, Executive Director at 4200 Lake Center Drive, Trotwood, Ohio 45426.

B. Basis of Presentation

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

C. Fund Accounting

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

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

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

Housing and urban development ("HUD") fund - To account for various program funds administered by the Department of Housing Development.

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

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

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

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

D. Measurement Focus

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

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

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

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

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

E. Basis of Accounting

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

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

Property taxes and payments in lieu of taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue.

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

Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2011, are recorded as deferred revenue on the governmental fund financial statements.

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

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

F. Budgetary Process

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenues of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2011.

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

G. Cash and Cash Equivalents

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

During 2011, investments were limited to federal agency securities, U.S. Treasury notes, City owned debt, U.S. Government money market mutual funds and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for non-participating investment contracts, investments are stated at fair value which is based on quoted market prices. For U.S. Government money market mutual funds, fair value is determined by the fund's share price at December 31, 2011. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on December 31, 2011.

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

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

Interest income is distributed to the funds according to City Ordinance and statutory requirements. Interest revenue earned during 2011 was \$1,462,244 in the general fund, which includes \$1,151,516 assigned from other City funds.

H. Inventory of Supplies

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

I. Restricted Assets

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

J. Capital Assets

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

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

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

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

K. Interfund Balances

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

L. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

M. Compensated Absences

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

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

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

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

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

N. Accrued Liabilities and Long-Term Obligations

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

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

P. Interfund Activity

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

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

Q. Fund Balance

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Commission, which includes giving the Finance Director the authority to constrain monies for intended purposes.

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

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

R. Estimates

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

S. Contributions of Capital

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

T. Net Assets

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2011, the City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the City.

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the City's governmental fund balances as previously reported:

	<u>General</u>	<u>HUD</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 34,607,684	\$ 5,425,603	\$ 42,541,211	\$ 9,556,068	\$ 22,754,348	\$ 114,884,914
Fund reclassifications:						
Judgments	936,669	-	-	-	(936,669)	-
Development	10,849,510	-	-	-	(10,849,510)	-
Donations HRC	3,357	-	-	-	(3,357)	-
Race and reconciliation	1,449	-	-	-	(1,449)	-
Real estate development	314,339	-	-	-	(314,339)	-
MVH community based policing	(8,858)	-	-	-	8,858	-
Technology fund	-	-	-	286,949	(286,949)	-
Total fund reclassifications	<u>12,096,466</u>	<u>-</u>	<u>-</u>	<u>286,949</u>	<u>(12,383,415)</u>	<u>-</u>
Restated fund balance at January 1, 2011	<u>\$ 46,704,150</u>	<u>\$ 5,425,603</u>	<u>\$ 42,541,211</u>	<u>\$ 9,843,017</u>	<u>\$ 10,370,933</u>	<u>\$ 114,884,914</u>

The fund reclassifications did not have an effect on net assets as previously reported.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Budgetary Prior Period Adjustment

The City has reclassified certain special revenue funds on both a budgetary basis and a GAAP basis in accordance with GASB Statement No. 54. Additionally, the City had misstated the ending budgetary balance at 12.31.10; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at December 31, 2010 is as follows:

Budgetary Basis	<u>General Fund</u>
Balance at December 31, 2010	\$ 20,956,158
Fund reclassifications and restatement	<u>24,385,537</u>
Restated balance at January 1, 2011	<u>\$ 45,341,695</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

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

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

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

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

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

A. Cash on Hand

At year-end, the City had \$51,075 in undeposited cash on hand which is included on the financial statements of the City as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At December 31, 2011, the carrying amount of all City deposits was \$(1,280,194). As of December 31, 2011, \$4,421,777 of the City's bank balance of \$5,974,308 was exposed to custodial risk as discussed below, while \$1,552,531 was covered by the FDIC.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

C. Investments

As of December 31, 2011, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FAMCA	\$ 7,122,570	\$ -	\$ -	\$ 7,122,570	\$ -	\$ -
FFCB	16,196,172	7,002,240	9,193,932	-	-	-
FHLB	57,884,170	13,069,860	30,410,740	10,090,050	4,313,520	-
FHLMC	17,013,390	3,013,410	-	-	-	13,999,980
FMC discount note	4,999,900	4,999,900	-	-	-	-
FNMA	18,344,280	-	-	7,352,170	-	10,992,110
UST	46,376,630	24,061,130	10,040,830	6,068,430	4,156,560	2,049,680
City owned debt	2,246,899	-	-	-	136,899	2,110,000
Executive severance money market	733,896	733,896	-	-	-	-
U.S. Government money market	2,982,358	2,982,358	-	-	-	-
STAR Ohio	58,851,540	58,851,540	-	-	-	-
Total	\$ 232,751,805	\$ 114,714,334	\$ 49,645,502	\$ 30,633,220	\$ 8,606,979	\$ 29,151,770

The weighted average maturity of investments is .88 years.

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

The following table includes the percentage of each investment type held by the City at December 31, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FAMCA	\$ 7,122,570	3.06
FFCB	16,196,172	6.96
FHLB	57,884,170	24.86
FHLMC	17,013,390	7.31
FMC discount note	4,999,900	2.15
FNMA	18,344,280	7.88
UST	46,376,630	19.93
City owned debt	2,246,899	0.97
Executive severance money market	733,896	0.32
U.S. Government money market	2,982,358	1.28
STAR Ohio	<u>58,851,540</u>	<u>25.28</u>
Total	<u>\$ 232,751,805</u>	<u>100.00</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ (1,280,194)
Investments	232,751,805
Cash on hand	<u>51,075</u>
Total	<u>\$ 231,522,686</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 88,133,845
Business type activities	137,073,156
Agency funds	<u>6,315,685</u>
Total	<u>\$ 231,522,686</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Due from/to other funds consisted of the following at December 31, 2011, as reported on the fund statements:

<u>Due to</u>	<u>Due from</u>							<u>Due from total</u>
	<u>Dayton</u>							
	<u>General</u>	<u>Debt</u>	<u>Nonmajor governmental</u>	<u>International Airport</u>	<u>Water</u>	<u>Internal service</u>		
General	\$ -	\$ 1,242	\$ 951	\$ 22,059	\$ 24,425	\$ 164,179	\$ 212,856	
HUD	2,603	-	-	-	-	1,428	4,031	
Capital improvement	16	-	-	-	-	1,666	1,682	
Nonmajor governmental	308	-	-	-	10,000	22,507	32,815	
Dayton International Airport	6	-	-	-	-	523	529	
Water	5,031	-	30,326	-	-	29,154	64,511	
Sewer	764	-	-	-	2,860,801	5,252	2,866,817	
Nonmajor enterprise	38	-	-	-	645,920	4,927	650,885	
Internal service	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305</u>	<u>873</u>	<u>1,184</u>	
Due to total	<u>\$ 8,772</u>	<u>\$ 1,242</u>	<u>\$ 31,277</u>	<u>\$ 22,059</u>	<u>\$ 3,541,451</u>	<u>\$ 230,509</u>	<u>\$ 3,835,310</u>	

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

- B.** Advances to component unit and advances from primary government consisted of the following at December 31, 2011, as reported on the fund statements:

<u>Advance to</u>	<u>General</u>	<u>Capital improvements</u>	<u>HUD</u>	<u>Nonmajor governmental</u>	<u>Water</u>
Component Unit	\$ <u>2,525,000</u>	\$ <u>963,105</u>	\$ <u>7,733,600</u>	\$ <u>400,000</u>	\$ <u>1,487,517</u>

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

- C.** Interfund transfers for the year ended December 31, 2011, consisted of the following, as reported on the fund statements:

<u>Transfer from</u>	<u>Transfer to</u>			
	<u>General</u>	<u>Debt service</u>	<u>Capital improvements</u>	<u>HUD</u>
General	\$ -	\$ 784,729	\$ 4,743,486	\$ 387,719
Nonmajor governmental	274	-	-	-
Other enterprise	-	368,339	-	-
Internal service	-	118,221	-	-
Transfer to total	<u>\$ 274</u>	<u>\$ 1,271,289</u>	<u>\$ 4,743,486</u>	<u>\$ 387,719</u>

<u>Transfer from</u>	<u>Nonmajor Governmental</u>	<u>Internal service</u>	<u>Total</u>
	General	\$ 614,567	\$ 175,000
Nonmajor governmental	-	-	274
Other enterprise	-	-	368,339
Internal service	-	-	118,221
Transfer to total	<u>\$ 614,567</u>	<u>\$ 175,000</u>	<u>\$ 7,192,335</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer of \$274 from the nonmajor governmental funds to the general fund was a residual equity transfer to close out a fund. The transfers of \$368,339 from the other enterprise funds and \$118,221 from the internal service fund were for debt service payments.

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

D. Advances to/from other funds for the year ended December 31, 2011, consisted of the following, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Debt service	Nonmajor enterprise	\$ 1,054,542
General	Internal service	400,000
Internal service	General	<u>416,705</u>
Total		<u>\$ 1,871,247</u>

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

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

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

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Dayton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2011 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The full tax rate for all City operations for the year ended December 31, 2011 was \$10 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2011 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 1,222,155,300
Commercial/industrial	523,848,250
<u>Public utility</u>	
Real	1,246,010
Personal	<u>74,225,500</u>
Total assessed value	<u>\$ 1,821,475,060</u>

NOTE 7 - INCOME TAX

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City of Dayton at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City of Dayton administers the collection of income taxes and the assessment of interest and penalties. Income tax proceeds are to be used to pay the cost of administering the tax and are recorded in the general fund. Income tax revenue for 2011, as reported in the governmental fund financial statements on the modified accrual basis of accounting, was \$100,362,688.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 8 - TAX INCREMENT FINANCING DISTRICT (TIF)

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

PILOT revenue was \$604,596 in 2011 as reported in the fund financial statements. The TIF has a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT’s cease and property taxes then apply to the increased property values.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2011, consisted of taxes, accounts (billings for user charged services), special assessments, accrued interest, loans and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are both measurable and available at December 31, 2011, as well as intended to finance 2011 operations.

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

Governmental activities:

Property and other local taxes	\$ 22,880,668
Municipal income taxes	16,031,813
Accounts	7,074,624
Payments in lieu of taxes	1,324,724
Special assessments	1,368,824
Accrued interest	170,784
Loans	36,151,524
Due from other governments	19,329,812

Business-type activities:

Accounts	18,984,858
Special assessment	1,742,975
Accrued interest	108,183
Due from other governments	2,295,619

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

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 10 - LOANS RECEIVABLE

A. Riverfront Area Redevelopment Enterprises, Inc.

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

The obligations of the stadium owner to make a loan payment on any loan payment date shall be forgiven if neither the stadium owner nor the team owner has materially breached, violated, or failed to fully perform any provision contained in the ground lease, the stadium lease, or the plaza lease (See Note 12) and the team owner has committed to play all club home games at the stadium during the then current calendar year. At December 31, 2011, the amount owed to the City was \$4,480,000.

B. Dayton-Montgomery County Port Authority

During 2008, the City issued \$32,000,000 in economic development revenue bonds payable from nontax revenues of the City. The City loaned \$20,100,000 of the proceeds to the Dayton-Montgomery County Port Authority (the "Port Authority") to assist in financing the costs of constructing a parking facility to be used by CareSource, a nonprofit corporation. The Port Authority will make loan payments semiannually on July 1 and December 1 at a 4.67% interest rate. The final loan payment is due December 1, 2028. At December 31, 2011, the amount owed to the City was \$18,710,000.

C. City-Wide Community Urban Redevelopment Corporation

On January 6, 2010, the City loaned the City-Wide Community Urban Redevelopment Corporation \$6,335,904 to assist in the construction of a new recreation complex. At the end of seven years, the loan may be forgiven in exchange for the City gaining ownership of the recreation complex. This loan has an interest rate of 3.95% per year with principal payments beginning January 1, 2021. The final loan payment is due December 1, 2039. At December 31, 2011, the amount owed to the City was \$6,335,904.

D. Dayton TechTown Investment Fund, LLC.

On June 28, 2010, the City loaned \$7,375,620 to Dayton TechTown Investment Fund, LLC. for the continued development of a technology park. The loan has a 2.0% interest rate with required principal payments beginning June 27, 2017. The City received a \$500,000 principal payment during 2011. The final loan payment is due June 27, 2040. At December 31, 2011, the amount owed to the City was \$6,625,620.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - CAPITAL ASSETS

A. Capital asset activity for the governmental activities for the year ended December 31, 2011 was as follows:

	Balance <u>12/31/10</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/11</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 69,073,504	\$ 545,000	\$ -	\$ 69,618,504
Construction in progress	21,422,551	12,684,980	(23,967,486)	10,140,045
Right-of-ways	<u>13,993,152</u>	<u>14,250</u>	<u>-</u>	<u>14,007,402</u>
Total capital assets, not being depreciated	<u>104,489,207</u>	<u>13,244,230</u>	<u>(23,967,486)</u>	<u>93,765,951</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	115,824,005	2,679,350	-	118,503,355
Improvements other than buildings	53,955,290	1,421,214	-	55,376,504
Equipment	24,722,755	1,773,427	(593,484)	25,902,698
Software	485,605	65,056	-	550,661
Motor vehicles	43,188,313	1,660,474	(32,550)	44,816,237
Infrastructure	<u>250,003,754</u>	<u>21,898,516</u>	<u>-</u>	<u>271,902,270</u>
Total capital assets, being depreciated	<u>488,179,722</u>	<u>29,498,037</u>	<u>(626,034)</u>	<u>517,051,725</u>
<i>Less: accumulated depreciation</i>				
Building improvements	(68,994,421)	(2,671,694)	-	(71,666,115)
Improvements other than buildings	(37,607,916)	(1,265,282)	-	(38,873,198)
Equipment	(18,288,729)	(1,389,779)	583,748	(19,094,760)
Software	-	(97,121)	-	(97,121)
Motor vehicles	(31,264,072)	(2,130,291)	32,550	(33,361,813)
Infrastructure	<u>(61,789,743)</u>	<u>(5,423,692)</u>	<u>-</u>	<u>(67,213,435)</u>
Total accumulated depreciation	<u>(217,944,881)</u>	<u>(12,977,859)</u>	<u>616,298</u>	<u>(230,306,442)</u>
Total capital assets being depreciated, net	<u>270,234,841</u>	<u>16,520,178</u>	<u>(9,736)</u>	<u>286,745,283</u>
Governmental activities capital assets, net	<u>\$ 374,724,048</u>	<u>\$ 29,764,408</u>	<u>\$ (23,977,222)</u>	<u>\$ 380,511,234</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

Downtown	\$ 1,041,054
Youth, education and human services	2,951
Community development and neighborhoods	475,542
Economic development	129,718
Leadership and quality of life	7,785,164
Corporate responsibility	1,377,464
Public safety and justice	<u>2,165,966</u>
Total depreciation expense - governmental activities	<u>\$ 12,977,859</u>

B. Capital asset activity for the business-type activities for the year ended December 31, 2011, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>12/31/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/11</u>
Business-type activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 42,965,353	\$ -	\$ -	\$ 42,965,353
Construction in progress	<u>75,061,315</u>	<u>25,145,475</u>	<u>(48,663,229)</u>	<u>51,543,561</u>
Total capital assets, not being depreciated	<u>118,026,668</u>	<u>25,145,475</u>	<u>(48,663,229)</u>	<u>94,508,914</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	167,553,767	28,798,023	-	196,351,790
Improvements other than buildings	603,294,615	22,811,254	-	626,105,869
Equipment	16,570,189	2,348,657	(53,777)	18,865,069
Software	21,030	28,039	-	49,069
Vehicles	<u>36,797,337</u>	<u>1,444,071</u>	<u>(854,327)</u>	<u>37,387,081</u>
Total capital assets, being depreciated	<u>824,236,938</u>	<u>55,430,044</u>	<u>(908,104)</u>	<u>878,758,878</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(78,771,719)	(3,425,842)	-	(82,197,561)
Improvements other than buildings	(351,693,649)	(17,813,395)	-	(369,507,044)
Equipment	(10,654,861)	(1,228,141)	53,777	(11,829,225)
Software	-	(5,410)	-	(5,410)
Vehicles	<u>(23,844,460)</u>	<u>(1,442,499)</u>	<u>854,327</u>	<u>(24,432,632)</u>
Total accumulated depreciation	<u>(464,964,689)</u>	<u>(23,915,287)</u>	<u>908,104</u>	<u>(487,971,872)</u>
Total capital assets being depreciated, net	<u>359,272,249</u>	<u>31,514,757</u>	<u>-</u>	<u>390,787,006</u>
Business-type activities capital assets, net	<u>\$ 477,298,917</u>	<u>\$ 56,660,232</u>	<u>\$ (48,663,229)</u>	<u>\$ 485,295,920</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to the enterprise funds as follows:

Business-type activities:

Dayton international airport	\$ 9,591,322
Water	5,869,087
Sewer	7,747,744
Storm Water	459,022
Golf	<u>248,112</u>
Total depreciation expense - business type activities	<u>\$ 23,915,287</u>

C. Outstanding contractual commitments related to construction in progress for the year ended December 31, 2011, was as follows:

Governmental activities	\$ 16,520,545
Water	4,657,596
Sewer	<u>3,929,511</u>
Total outstanding contractual commitments	<u>\$ 25,107,652</u>

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CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 12 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE

- A.** The City is the lessor of land and space at the Dayton International Airport (the “Airport”) under noncancellable leases. The leases are between the Dayton International Airport and various vendors that use the Airport for their operations. The cost of the leased area, the carrying value and the annual depreciation expense cannot be accurately determined as they represent varying percentages of the overall land and building assets of the Airport. The leases have varying terms from three to sixty-five years. The future minimum lease payments as of December 31, 2011, are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2012	\$ 1,692,798
2013	1,467,373
2014	1,465,839
2015	1,756,452
2016	1,818,492
2017 - 2021	6,995,717
2022 - 2026	4,598,524
2027 - 2031	2,121,050
2032 - 2036	2,055,113
2037 - 2041	833,582
2042 - 2046	937,388
2047 - 2051	711,436
2052 - 2053	<u>207,266</u>
Totals	<u>\$ 26,661,030</u>

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

The future minimum lease payments as of December 31, 2011, are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2012	\$ 10,000
2013	10,000
2014	10,000
2015	10,000
2016	10,000
2017 - 2019	<u>30,000</u>
Totals	<u>\$ 80,000</u>

- C. The City is the lessee of Recplex facility. The lease is between City-Wide Urban Redevelopment Corporation and the City of Dayton (See Note 10). This City is responsible for the operation and maintenance of the facility. This lease agreement expires on December 31, 2039 or upon written agreement by the Community Urban Redevelopment Corporation and the City. The future minimum lease payments as of December 31, 2011 are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2012	\$ 324,635
2013	334,374
2014	344,406
2015	354,738
2016	365,380
2017 - 2021	2,150,200
2022 - 2026	2,492,671
2027 - 2031	2,889,689
2032 - 2036	3,349,941
2037 - 2039	<u>2,260,916</u>
Totals	<u>\$14,866,950</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 13 - LONG-TERM OBLIGATIONS

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

<i>Governmental activities:</i>	Issue	Maturity	Interest	Original	Balance	Increase	Decrease	Balance	Amounts
	Date	Date	Rate (%)	Issue Amount	12/31/10			12/31/11	Due in One Year
General obligation bonds:									
Tangible housing improvements	10/01/93	11/01/13	5.35 - 6.5	\$ 3,035,000	\$ 465,000	\$ -	\$ (155,000)	\$ 310,000	\$ 155,000
Capital facilities	02/01/01	12/01/11	3.75 - 4.65	24,911,861	2,357,699	-	(2,357,699)	-	-
Capital facilities	06/09/04	12/01/19	3.0 - 5.25	11,360,000	7,595,000	-	(705,000)	6,890,000	730,000
Capital facilities	10/25/07	12/01/27	4.0 - 5.0	19,745,000	14,750,000	-	(2,280,000)	12,470,000	2,325,000
Various purpose and refunding	07/28/09	12/01/29	2.5 - 5.0	26,483,111	24,971,228	-	(1,541,259)	23,429,969	4,031,540
Capital improvement	09/22/10	12/01/15	1.5 - 2.0	2,680,000	2,680,000	-	(510,000)	2,170,000	530,000
Energy conservation bonds	06/11/11	12/01/25	4.98	1,615,000	-	1,615,000	-	1,615,000	105,000
Total general obligation bonds					52,818,927	1,615,000	(7,548,958)	46,884,969	7,876,540
Revenue bonds:									
Economic development - parking facility	01/10/08	12/01/28	4.0 - 5.0	32,000,000	30,965,000	-	(1,075,000)	29,890,000	1,120,000
Baseball revenue refunding bonds	12/30/09	12/01/19	2.25 - 3.5	7,925,000	7,185,000	-	(720,000)	6,465,000	735,000
Economic development	09/22/10	12/1/31	2.0 - 4.125	2,500,000	2,500,000	-	(75,000)	2,425,000	90,000
Total revenue bonds					40,650,000	-	(1,870,000)	38,780,000	1,945,000
Special assessment bonds:									
Sidewalk construction	12/01/01	12/01/11	6.000	11,089	1,100	-	(1,100)	-	-
Sidewalk construction	11/01/02	11/01/12	6.000	251,050	50,200	-	(25,100)	25,100	25,100
Ornamental lighting	11/01/02	11/01/12	6.000	88,276	17,600	-	(8,800)	8,800	8,800
Sidewalk construction	12/01/03	12/01/13	6.000	167,947	50,100	-	(16,700)	33,400	16,700
Sidewalk construction	12/01/04	12/01/14	6.000	232,415	92,800	-	(23,200)	69,600	23,200
Total special assessment bonds					211,800	-	(74,900)	136,900	73,800

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

	Issue Date	Maturity Date	Interest Rate (%)	Original			Balance		Amounts Due in One Year
				Issue Amount	Balance 12/31/10	Increase	Decrease	Balance 12/31/11	
Governmental activities:									
Other long-term obligations:									
Ohio Public Works									
Commission loan	07/01/02	07/01/17	3.0	\$ 239,750	\$ 175,161	\$ -	\$ (22,844)	\$ 152,317	\$ 23,535
Ohio Department of									
Development loan	4/1/10	4/21/25	3.0	2,860,000	2,860,000	-	-	2,860,000	-
Judgements					15,470	480,179	(473,597)	22,052	22,052
Claims					5,076,856	4,248,678	(3,738,795)	5,586,739	406,839
Pollution remediation									
obligations					182,342	25,000	(126,389)	80,953	80,953
Compensated absences					8,625,160	459,768	(109,868)	8,975,060	6,365,078
Total other long-term obligations					<u>16,934,989</u>	<u>5,213,625</u>	<u>(4,471,493)</u>	<u>17,677,121</u>	<u>6,898,457</u>
Total governmental activities					<u>\$ 110,615,716</u>	<u>\$ 6,828,625</u>	<u>\$ (13,965,351)</u>	103,478,990	<u>\$ 16,793,797</u>
Less: unamortized deferred charges								(864,859)	
Add: unamortized bond premiums and discounts								<u>508,640</u>	
Total on statement of net assets								<u>\$ 103,122,771</u>	

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

On July 28, 2009, the City issued general obligation bonds (Series 2009 various purpose and refunding bonds) in the amount of \$27,255,000 for the following purposes: \$771,889 to advance refund the callable portion of the Series 2001 golf renovation general obligation bonds, \$5,023,111 to advance refund the callable portion of the Series 2001 capital facilities general obligation bonds, \$8,730,000 to advance refund the callable portion of the Series 1998 capital facilities general obligation bonds and \$12,730,000 for capital improvements. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The balance of the refunded Series 2001 golf renovation general obligation bonds at December 31, 2011, is \$771,889. The balance of the refunded Series 2001 capital facilities general obligation bonds at December 31, 2011, is \$5,023,111. The balance of the refunded Series 1998 capital facilities general obligation bonds at December 31, 2011, is \$7,465,000.

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

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

The City has pledged future nontax revenues in the City's general fund to repay \$12,190,000 in Series 1999 economic development revenue bonds. The proceeds were used for the Dayton baseball stadium project. On December 30, 2009, the City issued revenue bonds (Series 2009 baseball revenue refunding bonds) to advance refund the callable portion of the Series 1999 baseball revenue bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$180,965. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The balance of the refunded Series 1999 baseball revenue bonds at December 31, 2011 is \$6,465,000. The Series 1999 revenue bonds are payable solely from nontax revenues in the City's general fund and are payable through 2019. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license and permit fees. Annual principal and interest payments on the revenue bonds are expected to require less than 2.83 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2009 baseball revenue refunding bonds is \$7,385,513. Principal and interest paid for the current year on the Series 1999 baseball revenue bonds was \$720,000 and \$200,961. General fund nontax revenues for the current year were \$32,496,544.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The City has pledged future nontax revenues in the City's general fund to repay \$32,000,000 in Series 2008 economic development revenue bonds. The proceeds were used for the construction of parking facilities and a loan to the Dayton-Montgomery County Port Authority related to the construction of the parking facility. The Series 2008 revenue bonds are payable solely from nontax revenues in the general fund and are payable through 2028. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license permit fees. Annual principal and interest payments on the revenues bonds are expected to require less than 7.41 percent of general fund nontax revenues. The City has designated, through authorizing legislation, nontax revenues from the loan payments made by the Port Authority and income and profit related to the parking facility to be used for the debt repayment. The total principal and interest remaining to be paid on the Series 2008 revenue bonds is \$44,027,001. Principal and interest paid for the current year was \$1,075,000 and \$1,331,468. General fund nontax revenues for the current year were \$32,496,544.

The City has pledged future nontax revenues in the City's general fund to repay \$2,500,000 in Series 2010 economic development revenue bonds. The proceeds were used to assist in financing the costs of the demolition, site remediation and construction of public and private infrastructure improvements located in the Tech Town commercial park. The Series 2010 revenue bonds are payable solely from nontax revenues in the general fund and are payable through 2031. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license permit fees. Annual principal and interest payments on the revenue bonds are expected to require less than .54 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2010 revenue bonds is \$3,486,834. Principal and interest paid for the current year was \$75,000 and \$100,313. General fund nontax revenues for the current year were \$32,496,544.

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

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

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

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

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

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The pollution remediation obligation includes liabilities for two projects: Dayton Tech Town and Monument Ave. As part of the Tech Town project, the City entered into a purchase contract for 24 acres of the former General Motors Harrison Radiator Plant. The City accepted Clean Ohio grant funds obligating the City to complete remediation of approximately 20 acres of land through the Ohio Voluntary Action Program (ORC 3746). As of December 31, 2011, the City has completed \$7,855,000 of the \$10,953,000 remediation work required at this site. The remaining \$3,098,000 of remediation required at the site will be paid for by an environmental trust grant funded by the General Motors bankruptcy settlement. Because the environmental trust grant recoveries are not yet realized or realizable, the city does not have a pollution remediation liability for this project at December 31, 2011.

The City's Monument Ave. Gateway Project requires pollution remediation related to the Ohio Voluntary Action Program (ORC 3746). The City performed an environmental investigation on the site and determined that remediation obligations of \$1,339,115 were required. The City received a grant award from the Clean Ohio Revitalization fund in the amount of \$1,004,430. This grant is not yet realized or realizable and reduces the City's pollution remediation obligation. The City's total pollution remediation obligation for this site is \$350,000, of this \$294,047 was completed as of December 31, 2011 and the remaining outstanding liability is \$80,953. This liability is based on a Phase I environmental assessment completed in 2009. There are no significant changes expected to this estimate.

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2011, the City's total debt margin was \$161,652,655 and the unvoted debt margin was \$70,578,902.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2011 for the governmental activities:

Year Ending December 31,	General Obligation Bonds			Revenue Bonds			Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 7,876,540	\$ 1,754,652	\$ 9,631,192	\$ 1,945,000	\$ 1,555,909	\$ 3,500,909	\$ 73,800	\$ 8,214	\$ 82,014
2013	5,967,029	1,525,916	7,492,945	2,015,000	1,492,772	3,507,772	39,900	3,786	43,686
2014	5,506,400	1,350,320	6,856,720	2,075,000	1,426,341	3,501,341	23,200	1,392	24,592
2015	3,975,000	1,175,958	5,150,958	2,155,000	1,355,828	3,510,828	-	-	-
2016	3,515,000	1,021,104	4,536,104	2,225,000	1,283,553	3,508,553	-	-	-
2017 - 2021	13,130,000	2,978,279	16,108,279	10,520,000	5,173,455	15,693,455	-	-	-
2022 - 2026	4,785,000	1,124,619	5,909,619	9,745,000	3,168,628	12,913,628	-	-	-
2027 - 2031	2,130,000	177,056	2,307,056	8,100,000	662,862	8,762,862	-	-	-
Totals	<u>\$ 46,884,969</u>	<u>\$ 11,107,904</u>	<u>\$ 57,992,873</u>	<u>\$ 38,780,000</u>	<u>\$ 16,119,348</u>	<u>\$ 54,899,348</u>	<u>\$ 136,900</u>	<u>\$ 13,392</u>	<u>\$ 150,292</u>

Year Ending December 31,	Ohio Public Works Commission Loan			Ohio Department of Development Loan		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 23,535	\$ 4,394	\$ 27,929	\$ -	\$ -	\$ -
2013	24,246	3,683	27,929	-	-	-
2014	24,978	2,950	27,928	-	-	-
2015	25,734	2,195	27,929	165,171	60,407	225,578
2016	26,511	1,417	27,928	254,025	83,817	337,842
2017 - 2021	27,313	616	27,929	1,390,831	288,314	1,679,145
2022 - 2025	-	-	-	1,049,973	59,257	1,109,230
Totals	<u>\$ 152,317</u>	<u>\$ 15,255</u>	<u>\$ 167,572</u>	<u>\$ 2,860,000</u>	<u>\$ 491,795</u>	<u>\$ 3,351,795</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

B. Changes during 2011 in the City's long-term business-type obligations were as follows:

<i>Business-type activities:</i>	Issue	Maturity	Interest	Original	Balance	<u>Increase</u>	<u>Decrease</u>	Balance	Amounts
	<u>Date</u>	<u>Date</u>	<u>Rate (%)</u>	<u>Issue Amount</u>	<u>12/31/10</u>			<u>12/31/11</u>	<u>Due in One Year</u>
General obligation bonds:									
Dayton International Airport parking garage	07/28/09	12/1/2029	1.75 to 6.5	\$ 10,820,000	\$ 10,470,000	\$ -	\$ (355,000)	\$ 10,115,000	\$ 365,000
Golf renovations - refunding	07/28/09	12/1/2014	2.0 to 2.5	771,889	758,772	-	(13,741)	745,031	363,460
Golf renovations	02/01/01	12/14/11	3.30 to 4.65	3,828,139	362,301	-	(362,301)	-	-
Total general obligation bonds					<u>11,591,073</u>	<u>-</u>	<u>(731,042)</u>	<u>10,860,031</u>	<u>728,460</u>
Revenue bonds:									
Dayton International Airport	10/31/03	12/01/32	2.00 to 5.00	6,085,000	5,225,000	-	(140,000)	5,085,000	145,000
Dayton International Airport	10/31/03	12/01/32	2.00 to 5.35	30,190,000	26,250,000	-	(695,000)	25,555,000	725,000
Dayton International Airport	10/12/05	12/01/20	3.00 to 4.35	6,000,000	4,350,000	-	(365,000)	3,985,000	375,000
Total revenue bonds					<u>35,825,000</u>	<u>-</u>	<u>(1,200,000)</u>	<u>34,625,000</u>	<u>1,245,000</u>
Other long-term obligations									
Ohio water development authority loan	01/01/03	07/01/23	3.80 to 3.95	15,079,710	10,437,177	-	(548,263)	9,888,914	713,914
Ohio public works Commission loan	07/01/97	01/01/20	0.00	1,000,000	500,000	-	(50,000)	450,000	50,000
Compensated absences payable					<u>3,123,489</u>	<u>440,646</u>	<u>-</u>	<u>3,564,135</u>	<u>2,539,079</u>
Total other long-term obligations					<u>14,060,666</u>	<u>440,646</u>	<u>(598,263)</u>	<u>13,903,049</u>	<u>3,302,993</u>
Total business-type activities					<u>\$ 61,476,739</u>	<u>\$ 440,646</u>	<u>\$ (2,529,305)</u>	<u>\$ 59,388,080</u>	<u>\$ 5,276,453</u>
Less: unamortized deferred charge on refunding								(69,613)	
Less: unamortized bond premiums and discounts								(92,795)	
Total on statement of net assets								<u>\$ 59,225,672</u>	

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

The City has pledged future airport revenues, net of specified operating expenses, to repay \$36,275,000 in Series 2003 and \$6,000,000 in Series 2005 airport revenue bonds. The Series 2003 and 2005 airport revenue bonds are payable solely from airport net revenues and are payable through 2032. Annual principal and interest payments on the bonds are expected to require less than 28.66 percent of net revenues. The total principal and interest remaining to be paid on the Series 2003 and 2005 airport revenue bonds is \$56,039,635. Principal and interest paid for the current year and total customer net revenues were \$2,980,969 and \$10,402,956, respectively.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The City of Dayton's Wastewater Treatment Plant capital improvement project is funded through the joint efforts of the United States Environmental Protection Agency (EPA) and the Ohio Water Development Authority (OWDA). Repayment amounts include capital expenses, administration fees, and accrued interest. The Ohio Water Development Authority Loan will be paid from the sewer enterprise fund. At December 31, 2011, the City had outstanding borrowings of \$9,888,914 through OWDA.

The City has pledged future sewer revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and are payable through 2023. Annual principal and interest payments on the loans are expected to require 9.80 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$12,293,053. Principal and interest paid for the current year were \$940,111 and total customer net revenues were \$9,596,696.

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

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

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2011 for the business-type activities.

Year Ending December 31,	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 728,460	\$ 594,305	\$ 1,322,765	\$ 1,245,000	\$ 1,733,902	\$ 2,978,902
2013	567,971	576,999	1,144,970	1,290,000	1,683,228	2,973,228
2014	573,600	561,042	1,134,642	1,350,000	1,628,664	2,978,664
2015	400,000	541,697	941,697	1,410,000	1,569,540	2,979,540
2016	420,000	524,297	944,297	1,475,000	1,506,984	2,981,984
2017 - 2021	2,430,000	2,279,823	4,709,823	7,925,000	6,426,650	14,351,650
2022 - 2026	3,245,000	1,457,486	4,702,486	7,680,000	4,491,450	12,171,450
2027 - 2031	2,495,000	331,175	2,826,175	9,935,000	2,251,220	12,186,220
2032	-	-	-	2,315,000	122,997	2,437,997
Totals	<u>\$ 10,860,031</u>	<u>\$ 6,866,824</u>	<u>\$ 17,726,855</u>	<u>\$ 34,625,000</u>	<u>\$ 21,414,635</u>	<u>\$ 56,039,635</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31,	OWDA Loan			OPWC Loan		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 713,914	\$ 373,672	\$ 1,087,586	\$ 50,000	\$ -	\$ 50,000
2013	741,617	345,967	1,087,584	50,000	-	50,000
2014	770,397	317,189	1,087,586	50,000	-	50,000
2015	800,295	287,291	1,087,586	50,000	-	50,000
2016	831,353	256,232	1,087,585	50,000	-	50,000
2017 - 2021	4,666,511	771,415	5,437,926	200,000	-	200,000
2022 - 2023	1,364,827	52,373	1,417,200	-	-	-
Totals	<u>\$ 9,888,914</u>	<u>\$ 2,404,139</u>	<u>\$ 12,293,053</u>	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ 450,000</u>

NOTE 14 - RISK MANAGEMENT

A. Property and Liability

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

The City is fully insured through premium-based insurance policies for all other types of insurance. In 2011, the City contracted with various insurance companies to provide the following coverages:

<u>Type of Coverage</u>	<u>Coverage</u>
Primary and Excess Airport Liability	\$100,000,000
Excess of Airport Policy	50,000,000
Property	972,052,971
General Liability (North West Railway)	10,000,000
Commercial Liability (Convention Center)	2,000,000
Tenant Liability (Convention Center)	1,000,000
Errors and Omissions (Ambulance Attendants)	3,000,000
Errors and Omissions (Municipal Court)	500,000
Garagekeepers: Liability	2,000,000
Garagekeepers: Test Driving	1,000,000
Inland Marine	365,975
General Liability (Zion Cultural Center)	2,000,000
Excess Umbrella Coverage (Zion Cultural Center)	5,000,000
General Liability	
(Community Service Program for Dayton Municipal Court)	100,000
(Community Service Program for Dayton Municipal Court - Additional various coverages	3,510,000
Travel (AD&D)	1,000,000
Executive Management Liability Policy	2,000,000
Public Officials Bond	2,500,000

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 14 - RISK MANAGEMENT - (Continued)

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

The City's policy for reporting a claims liability is based on the requirements GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. It is the opinion of the City's legal counsel that, as of December 31, 2011, there were \$12,295 in outstanding claims pending that are reported as a component of claimants payable in the general fund. Claims activity for 2011 and 2010 are as follows:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2011	\$ 15,470	\$ 341,582	\$ (335,000)	\$ 22,052
2010	3,046	647,241	(634,817)	15,470

B. Workers' Compensation

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 14 - RISK MANAGEMENT - (Continued)

The claims liability of \$5,586,739 reported at December 31, 2011, as estimated by the third party administrator, is based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Of the \$5,586,739 claims liability, \$406,839 of the liability is due within one year and is reported as a current liability in the statement of net assets for the proprietary funds. The remaining portion is a noncurrent liability of \$5,179,900. The estimate was not affected by non-incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the funds' claims liability amount in 2011 and 2010 were:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2011	\$ 5,076,856	\$ 3,059,498	\$ (2,549,615)	\$ 5,586,739
2010	6,290,048	2,292,912	(3,506,104)	5,076,856

NOTE 15 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 15 - OTHER EMPLOYEE BENEFITS - (Continued)

B. Insurance Benefits

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

C. Deferred Compensation Plans

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

NOTE 16 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and contribution rates were consistent across all three plans. The 2011 member contribution rates were 10.00% for members. The City's contribution rate for 2011 was 14.00% of covered payroll.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 16 - PENSION PLANS - (Continued)

The City's contribution rate for pension benefits for members in the Traditional Plan for 2011 was 10.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2011 was 7.95%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$6,928,341, \$6,606,910, and \$6,356,423, respectively; 91.48% has been contributed for 2011 and 100% has been contributed for 2010 and 2009. Contributions to the member-directed plan for 2011 were \$188,495 made by the City and \$134,640 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2011, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$3,108,863 and \$3,430,911 for the year ended December 31, 2011, \$3,327,952 and \$3,821,620 for the year ended December 31, 2010, and \$3,524,787 and \$3,930,474 for the year ended December 31, 2009. The full amount has been contributed for 2010 and 2009. 76.66% has been contributed for police and 77.36% has been contributed for firefighters for 2011.

NOTE 17 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2011 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2011 was 6.05%.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$2,809,285, \$3,751,814, and \$4,596,951, respectively; 91.48% has been contributed for 2011 and 100% has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$1,645,869 and \$1,342,530 for the year ended December 31, 2011, \$1,761,857 and \$1,495,416 for the year ended December 31, 2010, and \$1,866,064 and \$1,538,011 for the year ended December 31, 2009. The full amount has been contributed for 2010 and 2009. 76.66% has been contributed for police and 77.36% has been contributed for firefighters for 2011.

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations of the general fund for the year ended December 31, 2011, on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balance

	<u>General</u>
Budget basis	\$ 7,498,487
Net adjustment for revenues	(1,422,889)
Net adjustment for expenditures	8,305,967
Adjustment for encumbrances	<u>(6,072,270)</u>
GAAP basis	<u>\$ 8,309,295</u>

NOTE 19 - COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 4,645,331
HUD	19,778,141
Debt Service	39,996
Capital improvement	14,499,857
Nonmajor governmental	<u>10,635,008</u>
Total	<u>\$ 49,598,333</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 20 - FUND BALANCE

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

Fund balance	General	HUD Fund	Debt Service Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays	\$ 383,546	\$ -	\$ 553	\$ -	\$ 476	\$ 384,575
Advances to other funds	400,000	-	-	-	-	400,000
Advances to component unit	2,525,000	-	-	-	-	2,525,000
Perpetual care	-	-	-	-	102,228	102,228
Loans receivable	6,375,620	-	-	-	-	6,375,620
Unclaimed monies	10,999	-	-	-	-	10,999
Total nonspendable	9,695,165	-	553	-	102,704	9,798,422
Restricted:						
Street and highway programs	-	-	-	-	1,153,043	1,153,043
Housing and urban development	-	6,744,563	-	-	-	6,744,563
Debt service	-	-	38,979,080	-	-	38,979,080
Special projects	-	-	-	-	5,821,124	5,821,124
Capital projects	-	-	-	4,758,591	-	4,758,591
Other purposes	-	-	-	-	3,144,579	3,144,579
Permanent fund	-	-	-	-	85,989	85,989
Total restricted	-	6,744,563	38,979,080	4,758,591	10,204,735	60,686,969
Committed:						
Capital projects	-	-	-	5,026,521	-	5,026,521
Downtown	122,375	-	-	-	-	122,375
Community development	607,533	-	-	-	-	607,533
Economic development	1,306,713	-	-	-	-	1,306,713
Leadership and quality of life	481,090	-	-	-	-	481,090
Corporate responsibility	984,175	-	-	-	-	984,175
Public safety	1,041,492	-	-	-	-	1,041,492
Special assessments	-	-	192,652	-	-	192,652
Total committed	4,543,378	-	192,652	5,026,521	-	9,762,551
Assigned:						
Capital projects	-	-	-	5,836,905	-	5,836,905
Economic development	45,944	-	-	-	-	45,944
Corporate responsibility	55,841	-	-	-	-	55,841
Special payroll	2,472,202	-	-	-	-	2,472,202
Termination pay	208,125	-	-	-	-	208,125
Special assessments	181,722	-	-	-	-	181,722
Unemployment	339,722	-	-	-	-	339,722
Other purposes	89,288	-	-	-	-	89,288
Parks and recreation	52,264	-	-	-	-	52,264
Disadvantaged enterprise contractual	110,579	-	-	-	-	110,579
Mediation center	219,135	-	-	-	-	219,135
Professional development	287,031	-	-	-	-	287,031
Nationwide settlement	256,627	-	-	-	-	256,627
JEDD activity	282,579	-	-	-	-	282,579
Judgments	801,661	-	-	-	-	801,661
Development	5,956,358	-	-	-	-	5,956,358
Real estate development	278,825	-	-	-	-	278,825
Subsequent year appropriations	262,669	-	-	-	-	262,669
Total assigned	11,900,572	-	-	5,836,905	-	17,737,477
Unassigned (deficit)	28,874,330	-	-	-	-	28,874,330
Total fund balances	\$ 55,013,445	\$ 6,744,563	\$ 39,172,285	\$ 15,622,017	\$ 10,307,439	\$ 126,859,749

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT

A. Basis of Accounting

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

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

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

B. Deposits and Investments

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

Deposits: The carrying amounts of CityWide's deposits were \$6,478,280 and \$9,162,291 as of December 31, 2011 and 2010, respectively. The bank balance of CityWide's deposits was \$6,842,936 and \$9,384,883 as of December 31, 2011 and 2010, respectively. Of the balance balance:

1. \$3,037,794 and \$3,055,400 were covered by federal depository insurance as of December 31, 2011 and 2010, respectively.
2. \$3,805,142 and \$6,329,483 were uncollateralized and uninsured as of December 31, 2011 and 2010, respectively.

The FDIC insurance limit for non-interest bearing accounts is unlimited in amount, while interest bearing accounts are insured up to \$250,000. These limited are effective through December 31, 2012.

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

	<u>2011</u>	<u>2010</u>
Money markets	\$ <u>78,492</u>	\$ <u>78,491</u>

A reconciliation between the classifications of “cash and cash equivalents” on the statements of net assets and the classifications of “deposits” and “investments” presented above per GASB Statement No. 3, as amended by GASB Statement No. 30, is as follows:

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 1,321,438	\$ 1,265,420
Restricted cash and cash equivalents	<u>5,235,334</u>	<u>7,975,362</u>
Total per combined statements of net assets	<u>\$ 6,556,772</u>	<u>\$ 9,240,782</u>
Deposits	\$ 6,478,280	\$ 9,162,291
Investments	<u>78,492</u>	<u>78,491</u>
Total per GASB Statement No. 3	<u>\$ 6,556,772</u>	<u>\$ 9,240,782</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

C. Notes Payable/Advance from Primary Government

Notes and loans payable/advance from primary government at December 31, 2011, consisted of the following:

<u>Note</u>	<u>Payable to</u>	<u>Amount</u>
Noninterest-bearing Note for Landing Project	City of Dayton	\$ 5,433,600
Noninterest-bearing Note for Wellfield Project	City of Dayton	1,487,517
Note for Renovation of Western Manor	City of Dayton and the Dayton Montgomery County Housing Authority	81,521
Note for redevelopment of Hawthorn School Building	City of Dayton	681,584
Note for Webster Street Project	City of Dayton	200,000
Note for Excelsior Project	City of Dayton	250,000
Note for Phoenix Redevelopment Areas	City of Dayton	2,300,000
Other Notes Payable	City of Dayton	250,000
Loan Payable for Tech Town Campus	City of Dayton	<u>2,425,000</u>
Total advance from primary government		<u>13,109,222</u>
Other Notes Payable	Third-Party Insurance Company	24,332
Note for Phoenix Project	OHFA	300,000
Note for Housing Loans	Third-Party Insurance Company	<u>742,922</u>
Total Notes Payable		<u>1,067,254</u>
Total Advance from primary government/notes payable-excluding loan payable		<u>\$ 14,176,476</u>

The amounts payable to the City are shown on the Statement of Net Assets as "Advance from Primary Government".

D. Bonds Payable

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

Principal maturities due under these agreements are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2012	\$ 430,000
2013	<u>460,000</u>
Total	<u>\$ 890,000</u>

E. Loans Payable

Loans payable at December 31, 2011 consisted of the following:

<u>Description</u>	<u>Maturity Date</u>	<u>Amount</u>
Real estate loan with a financial institution	December 31, 2011	\$ 787,782
Loan with City of Dayton classified as advance from primary government	October 1, 2031	2,425,000
Real estate loan with a financial institution	June 30, 2014	425,000
Mortgage note payable for settlement of lead lawsuit	December 23, 2014	50,000
Real estate loan with a financial institution	December 31, 2039	8,351,000
Real estate loan with a financial institution	June 27, 2040	<u>9,894,000</u>
Total		<u>\$ 21,932,782</u>

The debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2012	\$ 927,782
2013	145,000
2014	470,000
2015	100,000
2016	100,000
Thereafter	<u>20,190,000</u>
Total	<u>\$21,932,782</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 21 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)

F. Operating Lease

City-Wide has various operating leases for office equipment and office space. The leases expire at various times through 2015. Rent expense associated with these leases was \$19,963 and \$28,079 for the years ended December 31, 2011 and 2010, respectively. City-Wide is responsible for various costs under the lease including insurance, taxes and maintenance.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2012	\$ 21,875
2013	20,774
2014	14,008
2015	<u>6,427</u>
Total	<u>\$ 63,084</u>

G. Retirement Plans

CityWide maintains a defined-contribution pension plan administered by an unrelated insurance company. This noncontributory plan covers all salaried employees with at least one year of service. Amendments to the plan require approval by the Board of Trustees. CityWide contributed 8% of each eligible employee's annual salary, plus 5.7% of salaries greater than \$106,800 for the years ended December 31, 2011 and 2010. Plan contributions, net of forfeitures, were approximately \$91,301 and \$80,021 in 2011 and 2010, respectively.

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

	<u>2011</u>	<u>2010</u>
Pension value	\$ 1,374,874	\$ 1,488,583
401(k) value	<u>1,053,012</u>	<u>1,040,741</u>
Total	<u>\$ 2,427,886</u>	<u>\$ 2,529,324</u>

NOTE 22 - CONTINGENCIES

A. Litigation

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

CITY OF DAYTON, OHIO

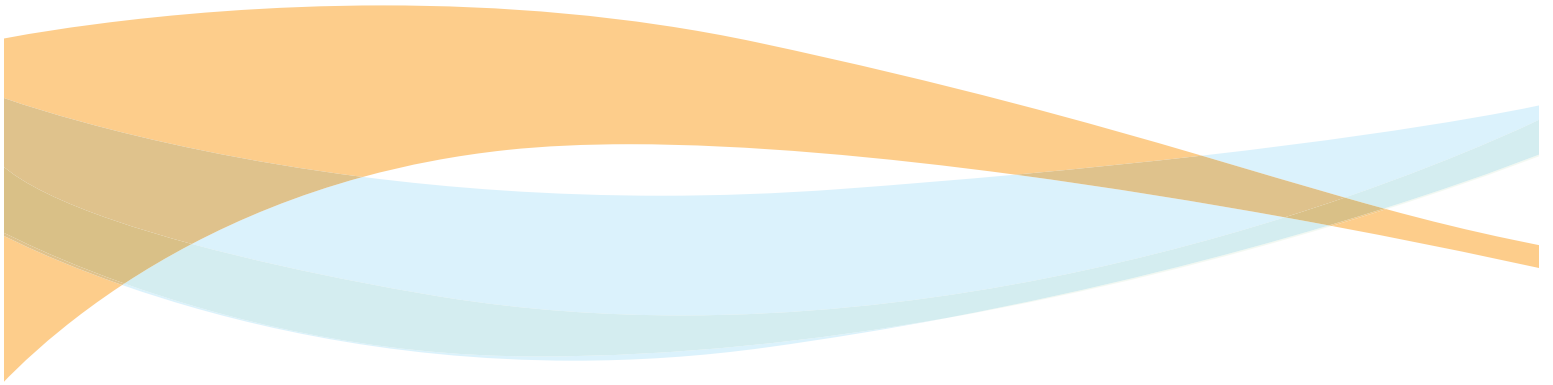
**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 22 - CONTINGENCIES - (Continued)

B. Grants

For the period January 1, 2011, to December 31, 2011, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Combining Statements and Schedules



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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

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CITY OF DAYTON, OHIO

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

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

Street

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

Highway Maintenance

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

Other Special Revenue

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

Miscellaneous Grants

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

Nonmajor Permanent Fund

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

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

CITY OF DAYTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues:				
Municipal income taxes	\$ 96,543,300	\$ 99,435,400	\$ 99,748,042	\$ 312,642
Property and other taxes	9,018,000	8,006,900	8,035,193	28,293
State shared taxes	13,082,800	13,871,700	14,029,813	158,113
Charges for services	23,847,200	25,383,700	26,942,923	1,559,223
Licenses and permits	1,040,700	1,292,400	1,361,448	69,048
Fines and forfeitures	1,736,300	1,727,600	1,986,634	259,034
Intergovernmental	1,045,000	1,050,000	4,580,449	3,530,449
Special assessments	250,000	138,600	139,689	1,089
Investment income	1,605,700	1,468,700	1,541,622	72,922
Other	5,695,400	5,529,200	1,938,345	(3,590,855)
Total revenues	153,864,400	157,904,200	160,304,158	2,399,958
Expenditures:				
General operating:				
General government:				
Clerk of commission	939,700	938,700	920,785	17,915
Civil service board	1,225,700	1,317,200	1,245,379	71,821
Human relations council	646,200	666,200	653,908	12,292
City manager's office	1,064,700	1,064,700	1,045,507	19,193
Department of public affairs	675,300	675,300	661,307	13,993
Department of planning & community development	1,805,500	1,805,500	1,726,921	78,579
Department of building services	2,041,100	2,031,100	1,953,013	78,087
Clerk of courts	3,437,200	3,437,200	3,432,865	4,335
Municipal court	4,035,500	4,055,000	4,027,406	27,594
Office of economic development	924,300	1,112,500	1,103,622	8,878
Department of management and budget	674,800	694,800	691,897	2,903
Department of water	86,500	86,500	82,404	4,096
Department of law	2,065,100	2,140,100	2,127,274	12,826
Department of finance	3,298,300	3,303,300	2,936,415	366,885
Department of human resources	929,000	929,000	907,727	21,273
Department of central services	15,028,600	14,189,500	13,786,742	402,758
Department of police	43,776,900	43,227,100	43,219,295	7,805
Department of fire	33,816,600	35,015,900	34,723,957	291,943
Department of public works	19,152,400	20,305,200	19,559,567	745,633
Department of recreation and youth services	3,310,700	3,280,400	3,141,230	139,170
Non-departmental	1,031,100	981,100	909,788	71,312
Convention center operating	2,824,100	2,834,100	2,797,531	36,569
Special projects	8,995,800	8,492,200	4,578,815	3,913,385
Debt service:				
Principal retirement	75,000	75,000	75,000	-
Interest and fiscal charges	42,100	42,100	42,089	11
Total expenditures	151,902,200	152,699,700	146,350,444	6,349,256
Excess (deficiency) of revenues over (under) expenditures	1,962,200	5,204,500	13,953,714	8,749,214
Other financing sources (uses):				
Transfers in	-	-	274	274
Transfers (out)	(2,977,000)	(9,554,200)	(6,455,501)	3,098,699
Total other financing sources (uses)	(2,977,000)	(9,554,200)	(6,455,227)	3,098,973
Net change in fund balances	(1,014,800)	(4,349,700)	7,498,487	11,848,187
Fund balance at beginning of year	45,341,695	45,341,695	45,341,695	-
Prior year encumbrances appropriated	2,510,142	2,510,142	2,510,142	-
Fund balance at end of year	\$ 46,837,037	\$ 43,502,137	\$ 55,350,324	\$ 11,848,187

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 9,183,539	\$ 188,168	\$ 9,371,707
Receivables:			
Accounts	188,921	-	188,921
Accrued interest	2,929	84	3,013
Due from other funds	31,251	26	31,277
Due from other governments.	3,440,840	-	3,440,840
Prepayments	476	-	476
Due from component units.	400,000	-	400,000
Total assets.	<u>\$ 13,247,956</u>	<u>\$ 188,278</u>	<u>\$ 13,436,234</u>
Liabilities:			
Accounts payable.	\$ 70,254	\$ -	\$ 70,254
Contracts payable.	252,675	-	252,675
Accrued wages and benefits payable	139,805	-	139,805
Due to other funds	32,815	-	32,815
Due to other governments	52,916	-	52,916
Deferred revenue	2,580,269	61	2,580,330
Total liabilities	<u>3,128,734</u>	<u>61</u>	<u>3,128,795</u>
Fund Balances:			
Nonspendable	476	102,228	102,704
Restricted.	10,118,746	85,989	10,204,735
Total fund balances.	<u>10,119,222</u>	<u>188,217</u>	<u>10,307,439</u>
Total liabilities and fund balances	<u>\$ 13,247,956</u>	<u>\$ 188,278</u>	<u>\$ 13,436,234</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:			
State shared taxes	\$ 5,390,651	\$ -	\$ 5,390,651
Charges for services	793,095	-	793,095
Licenses and permits	10,371	-	10,371
Fines and forfeitures	412,706	-	412,706
Intergovernmental	4,355,823	-	4,355,823
Investment income	2,199	1,193	3,392
Increase in FMV of investments	3,841	14,520	18,361
Other	2,415,727	26	2,415,753
Total revenues	<u>13,384,413</u>	<u>15,739</u>	<u>13,400,152</u>
Expenditures:			
Current:			
Community development and neighborhoods	91,244	-	91,244
Economic development	1,692,327	-	1,692,327
Leadership and quality of life	7,162,781	-	7,162,781
Corporate responsibility	191,430	-	191,430
Public safety and justice	4,940,157	-	4,940,157
Total expenditures	<u>14,077,939</u>	<u>-</u>	<u>14,077,939</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(693,526)</u>	<u>15,739</u>	<u>(677,787)</u>
Other financing sources (uses):			
Transfers in	614,567	-	614,567
Transfers (out)	(274)	-	(274)
Total other financing sources (uses)	<u>614,293</u>	<u>-</u>	<u>614,293</u>
Net change in fund balances	(79,233)	15,739	(63,494)
Fund balances at beginning of year (restated)	<u>10,198,455</u>	<u>172,478</u>	<u>10,370,933</u>
Fund balances at end of year	<u>\$ 10,119,222</u>	<u>\$ 188,217</u>	<u>\$ 10,307,439</u>

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CITY OF DAYTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2011

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 377,361	\$ 161,409	\$ 5,338,865
Receivables:			
Accounts	19,769	-	169,152
Accrued interest	-	-	1,311
Due from other funds	-	-	24,475
Due from other governments.	2,225,277	197,066	-
Prepayments	-	-	476
Due from component units.	-	-	400,000
Total assets	<u>\$ 2,622,407</u>	<u>\$ 358,475</u>	<u>\$ 5,934,279</u>
Liabilities:			
Accounts payable.	\$ 26,223	\$ 4,000	\$ 9,836
Contracts payable.	-	-	34,635
Accrued wages and benefits payable	92,827	6,732	7,036
Due to other funds	19,956	-	225
Due to other governments.	-	-	-
Deferred revenue	1,539,691	138,410	60,947
Total liabilities	<u>1,678,697</u>	<u>149,142</u>	<u>112,679</u>
Fund Balances:			
Nonspendable	-	-	476
Restricted.	943,710	209,333	5,821,124
Total fund balances.	<u>943,710</u>	<u>209,333</u>	<u>5,821,600</u>
Total liabilities and fund balances	<u>\$ 2,622,407</u>	<u>\$ 358,475</u>	<u>\$ 5,934,279</u>

<u>Miscellaneous Grants</u>	<u>Total</u>
\$ 3,305,904	\$ 9,183,539
-	188,921
1,618	2,929
6,776	31,251
1,018,497	3,440,840
-	476
-	400,000
\$ 4,332,795	\$ 13,247,956
\$ 30,195	\$ 70,254
218,040	252,675
33,210	139,805
12,634	32,815
52,916	52,916
841,221	2,580,269
1,188,216	3,128,734
-	476
3,144,579	10,118,746
3,144,579	10,119,222
\$ 4,332,795	\$ 13,247,956

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Revenues:			
State shared taxes	\$ 4,962,730	\$ 427,921	\$ -
Charges for services	416,300	-	80,202
Licenses and permits	-	-	10,371
Fines and forfeitures	-	-	-
Intergovernmental	100,315	-	-
Investment income	-	-	1,010
Increase in FMV of investments	-	-	1,316
Other	105,937	-	1,587,543
Total revenues	<u>5,585,282</u>	<u>427,921</u>	<u>1,680,442</u>
Expenditures:			
Current:			
Community development and neighborhoods	348	-	-
Economic development	-	-	247,413
Leadership and quality of life	5,710,122	734,622	454,666
Corporate responsibility	58,655	-	132,775
Public safety and justice	-	-	531,448
Total expenditures	<u>5,769,125</u>	<u>734,622</u>	<u>1,366,302</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(183,843)</u>	<u>(306,701)</u>	<u>314,140</u>
Other financing sources (uses):			
Transfers in	420,000	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	<u>420,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	236,157	(306,701)	314,140
Fund balances			
at beginning of year (restated)	<u>707,553</u>	<u>516,034</u>	<u>5,507,460</u>
Fund balances at end of year	<u>\$ 943,710</u>	<u>\$ 209,333</u>	<u>\$ 5,821,600</u>

Miscellaneous Grants	Total
\$ -	\$ 5,390,651
296,593	793,095
-	10,371
412,706	412,706
4,255,508	4,355,823
1,189	2,199
2,525	3,841
722,247	2,415,727
<u>5,690,768</u>	<u>13,384,413</u>
90,896	91,244
1,444,914	1,692,327
263,371	7,162,781
-	191,430
<u>4,408,709</u>	<u>4,940,157</u>
<u>6,207,890</u>	<u>14,077,939</u>
<u>(517,122)</u>	<u>(693,526)</u>
194,567	614,567
<u>(274)</u>	<u>(274)</u>
<u>194,293</u>	<u>614,293</u>
(322,829)	(79,233)
<u>3,467,408</u>	<u>10,198,455</u>
<u>\$ 3,144,579</u>	<u>\$ 10,119,222</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 STREET FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
State shared taxes	4,820,400	5,204,600	5,169,135	(35,465)
Charges for services	385,000	415,700	412,831	(2,869)
Other	102,900	111,100	110,326	(774)
Total revenues.	<u>5,308,300</u>	<u>5,731,400</u>	<u>5,692,292</u>	<u>(39,108)</u>
Expenditures:				
Department of public works	5,441,001	5,819,001	5,747,238	71,763
Total expenditures.	<u>5,441,001</u>	<u>5,819,001</u>	<u>5,747,238</u>	<u>71,763</u>
Excess of expenditures over revenues	<u>(132,701)</u>	<u>(87,601)</u>	<u>(54,946)</u>	<u>32,655</u>
Other financing sources:				
Transfers in	391,700	422,900	420,000	(2,900)
Total other financing sources	<u>391,700</u>	<u>422,900</u>	<u>420,000</u>	<u>(2,900)</u>
Net change in fund balance	258,999	335,299	365,054	29,755
Fund balance at beginning of year (restated). .	<u>232,306</u>	<u>232,306</u>	<u>232,306</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 491,305</u>	<u>\$ 567,605</u>	<u>\$ 597,360</u>	<u>\$ 29,755</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HIGHWAY MAINTENANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
State shared taxes	\$ 400,000	\$ 400,000	\$ 441,980	\$ 41,980
Total revenues.	400,000	400,000	441,980	41,980
Expenditures:				
Department of public works	772,300	772,300	707,800	64,500
Total expenditures.	772,300	772,300	707,800	64,500
Net change in fund balance	(372,300)	(372,300)	(265,820)	106,480
Fund balance at beginning of year (restated). .	482,629	482,629	482,629	-
Fund balance at end of year.	<u>\$ 110,329</u>	<u>\$ 110,329</u>	<u>\$ 216,809</u>	<u>\$ 106,480</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 OTHER SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Charges for services	\$ 147,100	140,800	\$ 142,734	\$ 1,934
Licenses and permits	10,700	10,200	10,371	171
Investment income	1,700	1,700	1,680	(20)
Other	1,708,800	1,635,800	1,658,198	22,398
Total revenues.	<u>1,868,300</u>	<u>1,788,500</u>	<u>1,812,983</u>	<u>24,483</u>
Expenditures:				
Various departments	2,213,600	3,403,200	2,262,156	1,141,044
Total expenditures	<u>2,213,600</u>	<u>3,403,200</u>	<u>2,262,156</u>	<u>1,141,044</u>
Net change in fund balance.	(345,300)	(1,614,700)	(449,173)	1,165,527
Fund balance at beginning of year (restated). .	2,987,026	2,987,026	2,987,026	-
Prior year encumbrances appropriated.	<u>583,190</u>	<u>583,190</u>	<u>583,190</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,224,916</u>	<u>\$ 1,955,516</u>	<u>\$ 3,121,043</u>	<u>\$ 1,165,527</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MISCELLANEOUS GRANTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Fines and forfeitures	\$ 2,944,800	\$ 4,744,900	\$ 724,438	\$ (4,020,462)
Intergovernmental.	18,008,100	29,015,800	4,430,071	(24,585,729)
Other	1,070,100	1,724,200	263,241	(1,460,959)
Total revenues.	<u>22,023,000</u>	<u>35,484,900</u>	<u>5,417,750</u>	<u>(30,067,150)</u>
Expenditures:				
Various departments	16,660,400	31,046,000	16,101,625	14,944,375
Total expenditures.	<u>16,660,400</u>	<u>31,046,000</u>	<u>16,101,625</u>	<u>14,944,375</u>
Excess (deficiency) of revenues over (under) expenditures	5,362,600	4,438,900	(10,683,875)	(15,122,775)
Other financing sources (uses):				
Transfers in	790,900	1,274,300	194,567	(1,079,733)
Transfers (out).	(300)	(500)	(274)	226
Total other financing sources (uses)	<u>790,600</u>	<u>1,273,800</u>	<u>194,293</u>	<u>(1,079,507)</u>
Net change in fund balances	6,153,200	5,712,700	(10,489,582)	(16,202,282)
Fund balance at beginning of year (restated).	3,702,105	3,702,105	3,702,105	-
Prior year encumbrances appropriated.	10,058,962	10,058,962	10,058,962	-
Fund balance at end of year	<u>\$ 19,914,267</u>	<u>\$ 19,473,767</u>	<u>\$ 3,271,485</u>	<u>\$ (16,202,282)</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PERMANENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ 100	\$ 108	\$ 8
Total revenues.	-	100	108	8
Expenditures:				
Other	50,000	50,000	-	50,000
Total expenditures.	50,000	50,000	-	50,000
Net change in fund balances	(50,000)	(49,900)	108	50,008
Fund balance at beginning of year (restated). .	<u>188,060</u>	<u>188,060</u>	<u>188,060</u>	<u>-</u>
Fund balance at end of year	<u>\$ 138,060</u>	<u>\$ 138,160</u>	<u>\$ 188,168</u>	<u>\$ 50,008</u>

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes.	\$ 6,606,000	\$ 8,610,400	\$ 8,560,831	\$ (49,569)
Intergovernmental.	816,700	1,064,500	1,058,361	(6,139)
Special assessments	101,000	131,700	130,931	(769)
Other	76,300	99,500	98,914	(586)
Total revenues.	<u>7,600,000</u>	<u>9,906,100</u>	<u>9,849,037</u>	<u>(57,063)</u>
Expenditures:				
Department of finance	20,274,300	20,463,000	4,565,070	15,897,930
Total expenditures.	<u>20,274,300</u>	<u>20,463,000</u>	<u>4,565,070</u>	<u>15,897,930</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,674,300)</u>	<u>(10,556,900)</u>	<u>5,283,967</u>	<u>15,840,867</u>
Other financing sources:				
Sale of bonds.	202,500	263,900	262,378	(1,522)
Transfers in	605,500	789,300	784,729	(4,571)
Total other financing sources	<u>808,000</u>	<u>1,053,200</u>	<u>1,047,107</u>	<u>(6,093)</u>
Net change in fund balance	(11,866,300)	(9,503,700)	6,331,074	15,834,774
Fund balance at beginning of year (restated). .	14,338,814	14,338,814	14,338,814	-
Prior year encumbrances appropriated.	46,197	46,197	46,197	-
Fund balance at end of year	<u>\$ 2,518,711</u>	<u>\$ 4,881,311</u>	<u>\$ 20,716,085</u>	<u>\$ 15,834,774</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS

Nonmajor Enterprise Funds

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

Storm Water

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

Golf

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

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2011

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 6,714,424	\$ 206,659	\$ 6,921,083
Receivables:			
Accounts	1,587,675	-	1,587,675
Special assessments	217,613	-	217,613
Total current assets.	<u>8,519,712</u>	<u>206,659</u>	<u>8,726,371</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress.	271,279	594,927	866,206
Depreciable capital assets, net	11,356,512	4,659,034	16,015,546
Total capital assets, net.	<u>11,627,791</u>	<u>5,253,961</u>	<u>16,881,752</u>
Total noncurrent assets.	<u>11,627,791</u>	<u>5,253,961</u>	<u>16,881,752</u>
Total assets.	<u>20,147,503</u>	<u>5,460,620</u>	<u>25,608,123</u>
Liabilities:			
Current liabilities:			
Accounts payable.	58,327	7,674	66,001
Contracts payable.	54,706	-	54,706
Retainage payable.	24,903	-	24,903
Accrued wages and benefits payable	103,781	29,565	133,346
Due to other funds	650,261	624	650,885
Due to other governments	-	442	442
Accrued interest payable	-	1,328	1,328
Compensated absences payable - current	171,680	87,958	259,638
Advances from other funds.	-	1,054,542	1,054,542
General obligation bonds payable.	-	363,460	363,460
Total current liabilities	<u>1,063,658</u>	<u>1,545,593</u>	<u>2,609,251</u>
Long-term liabilities:			
Compensated absences payable	71,346	36,553	107,899
General obligation bonds payable	-	381,571	381,571
Total long-term liabilities	<u>71,346</u>	<u>418,124</u>	<u>489,470</u>
Total liabilities.	<u>1,135,004</u>	<u>1,963,717</u>	<u>3,098,721</u>
Net assets:			
Invested in capital assets, net of related debt.	11,627,791	4,508,930	16,136,721
Unrestricted (deficit).	7,384,708	(1,012,027)	6,372,681
Total net assets.	<u>\$ 19,012,499</u>	<u>\$ 3,496,903</u>	<u>\$ 22,509,402</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Storm Water	Golf	Total
Operating revenues:			
Charges for services	\$ 5,264,927	\$ 2,946,618	\$ 8,211,545
Other operating revenues	-	8,424	8,424
Total operating revenues	<u>5,264,927</u>	<u>2,955,042</u>	<u>8,219,969</u>
Operating expenses:			
Personal services	2,548,534	818,088	3,366,622
Fringe benefits	1,024,134	311,506	1,335,640
Contract services	1,579,337	669,890	2,249,227
Materials and supplies	178,136	299,424	477,560
Utilities	91,258	134,077	225,335
Depreciation	459,022	248,112	707,134
Other	239,855	359,347	599,202
Total operating expenses	<u>6,120,276</u>	<u>2,840,444</u>	<u>8,960,720</u>
Operating income (loss)	<u>(855,349)</u>	<u>114,598</u>	<u>(740,751)</u>
Nonoperating expenses:			
Interest and fiscal charges	-	(66,647)	(66,647)
Total nonoperating expenses	<u>-</u>	<u>(66,647)</u>	<u>(66,647)</u>
Income (loss) before contributions and transfers	(855,349)	47,951	(807,398)
Transfer out	<u>(368,339)</u>	<u>-</u>	<u>(368,339)</u>
Change in net assets	(1,223,688)	47,951	(1,175,737)
Net assets at beginning of year	<u>20,236,187</u>	<u>3,448,952</u>	<u>23,685,139</u>
Net assets at end of year	<u>\$ 19,012,499</u>	<u>\$ 3,496,903</u>	<u>\$ 22,509,402</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 5,761,197	\$ 2,946,618	\$ 8,707,815
Cash received from other operations	-	8,801	8,801
Cash payments for personal services	(2,537,472)	(797,209)	(3,334,681)
Cash payments for fringe benefits	(1,018,872)	(309,031)	(1,327,903)
Cash payments for contractual services	(1,579,376)	(670,778)	(2,250,154)
Cash payments for materials and supplies	(187,955)	(316,340)	(504,295)
Cash payments for utilities	(91,420)	(138,689)	(230,109)
Cash payments for other expenses	(237,855)	(359,336)	(597,191)
	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	108,247	364,036	472,283
Cash flows from noncapital financing activities:			
Cash used in transfers out	(368,339)	-	(368,339)
Cash received from interfund loans	-	121,002	121,002
	<hr/>	<hr/>	<hr/>
Net cash provided by (used in) noncapital financing activities	(368,339)	121,002	(247,337)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(281,893)	(218,735)	(500,628)
Principal paid on bonds	-	(376,042)	(376,042)
Interest paid on bonds	-	(66,992)	(66,992)
	<hr/>	<hr/>	<hr/>
Net cash used in capital and related financing activities	(281,893)	(661,769)	(943,662)
Net decrease in cash and cash equivalents	(541,985)	(176,731)	(718,716)
Cash and cash equivalents at beginning of year	7,256,409	383,390	7,639,799
Cash and cash equivalents at end of year	<u>\$ 6,714,424</u>	<u>\$ 206,659</u>	<u>\$ 6,921,083</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (855,349)	\$ 114,598	\$ (740,751)
Adjustments:			
Depreciation	459,022	248,112	707,134
Changes in assets and liabilities:			
Decrease in accounts receivable	17,404	-	17,404
Decrease in due from other funds	-	377	377
Decrease in special assessments receivable	478,866	-	478,866
Increase (decrease) in accounts payable	21,173	(21,528)	(355)
Decrease in contracts payable	(91,522)	(1,378)	(92,900)
Increase in accrued wages and benefits	12,007	4,630	16,637
Increase in due to other funds	62,329	501	62,830
Increase in compensated absences payable	4,317	18,724	23,041
	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	\$ 108,247	\$ 364,036	\$ 472,283

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - INTERNAL SERVICE FUNDS

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

Fleet Management

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

Fire Fleet Management

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

Stores and Reproduction

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

Workers' Compensation

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

Plumbing Shop

To account for plumbing services to departments within the City.

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2011

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>	<u>Plumbing Shop</u>	<u>Total</u>
Assets:						
Current assets:						
Equity in pooled cash and cash equivalents . . .	\$ 167,717	\$ 38,270	\$ 51,702	\$ 14,241,024	\$ 495,567	\$ 14,994,280
Receivables:						
Accounts	1,078	25,481	-	-	-	26,559
Due from other funds	143,184	24,102	39,098	-	24,125	230,509
Due from other governments.	-	43,791	-	-	-	43,791
Advances to other funds	-	-	-	416,705	-	416,705
Inventory held for resale	274,628	278,203	9,757	-	-	562,588
Prepayments	-	15,110	-	-	-	15,110
Total current assets.	<u>586,607</u>	<u>424,957</u>	<u>100,557</u>	<u>14,657,729</u>	<u>519,692</u>	<u>16,289,542</u>
Noncurrent assets:						
Capital assets:						
Depreciable capital assets, net	<u>145,455</u>	<u>848,638</u>	<u>30,023</u>	<u>54,945</u>	<u>19,510</u>	<u>1,098,571</u>
Total noncurrent assets.	<u>145,455</u>	<u>848,638</u>	<u>30,023</u>	<u>54,945</u>	<u>19,510</u>	<u>1,098,571</u>
Total assets.	<u>732,062</u>	<u>1,273,595</u>	<u>130,580</u>	<u>14,712,674</u>	<u>539,202</u>	<u>17,388,113</u>
Liabilities:						
Current liabilities:						
Accounts payable.	5,361	3,601	30,023	6,719	6,347	52,051
Accrued wages and benefits payable	80,286	21,531	2,659	7,207	10,135	121,818
Due to other funds	258	68	29	438	391	1,184
Due to other governments	-	-	-	2,215,500	-	2,215,500
Compensated absences payable - current.	61,451	25,588	25,353	91,941	13,305	217,638
Advances from other funds.	400,000	-	-	-	-	400,000
Claims and judgements payable	-	-	-	406,839	-	406,839
Total current liabilities	<u>547,356</u>	<u>50,788</u>	<u>58,064</u>	<u>2,728,644</u>	<u>30,178</u>	<u>3,415,030</u>
Long-term liabilities:						
Compensated absences payable	25,539	10,634	10,536	38,208	5,529	90,446
Claims and judgements payable	-	-	-	5,179,900	-	5,179,900
Total long-term liabilities	<u>25,539</u>	<u>10,634</u>	<u>10,536</u>	<u>5,218,108</u>	<u>5,529</u>	<u>5,270,346</u>
Total liabilities	<u>572,895</u>	<u>61,422</u>	<u>68,600</u>	<u>7,946,752</u>	<u>35,707</u>	<u>8,685,376</u>
Net assets:						
Invested in capital assets, net of related debt	145,455	848,638	30,023	54,945	19,510	1,098,571
Unrestricted	<u>13,712</u>	<u>363,535</u>	<u>31,957</u>	<u>6,710,977</u>	<u>483,985</u>	<u>7,604,166</u>
Total net assets	<u>\$ 159,167</u>	<u>\$ 1,212,173</u>	<u>\$ 61,980</u>	<u>\$ 6,765,922</u>	<u>\$ 503,495</u>	<u>\$ 8,702,737</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2011

	Fleet Management	Fire Fleet Management	Stores and Reproduction	Workers' Compensation	Plumbing Shop	Total
Operating revenues:						
Charges for services	\$ 7,847,255	\$ 1,251,252	\$ 210,529	\$ 3,753,173	\$ 412,106	\$ 13,474,315
Other operating revenues	15,163	-	279,270	-	-	294,433
Total operating revenues	<u>7,862,418</u>	<u>1,251,252</u>	<u>489,799</u>	<u>3,753,173</u>	<u>412,106</u>	<u>13,768,748</u>
Operating expenses:						
Personal services	1,709,277	479,804	172,690	504,099	203,730	3,069,600
Fringe benefits	741,024	183,169	67,338	172,819	93,103	1,257,453
Contract services	501,276	106,206	336,272	204,787	2,676	1,151,217
Materials and supplies	1,578,265	813	409	66,818	81,315	1,727,620
Cost of sales	3,160,696	304,181	48,609	-	-	3,513,486
Utilities	-	27,692	-	-	11,232	38,924
Claims expense	-	-	-	3,829,116	-	3,829,116
Depreciation	35,430	32,221	1,366	9,159	8,274	86,450
Other	26,217	917	31,839	10,698	-	69,671
Total operating expenses	<u>7,752,185</u>	<u>1,135,003</u>	<u>658,523</u>	<u>4,797,496</u>	<u>400,330</u>	<u>14,743,537</u>
Income (loss) before transfers	110,233	116,249	(168,724)	(1,044,323)	11,776	(974,789)
Transfers in	-	25,000	150,000	-	-	175,000
Transfers out	-	(118,221)	-	-	-	(118,221)
Change in net assets	110,233	23,028	(18,724)	(1,044,323)	11,776	(918,010)
Net assets at beginning of year	<u>48,934</u>	<u>1,189,145</u>	<u>80,704</u>	<u>7,810,245</u>	<u>491,719</u>	<u>9,620,747</u>
Net assets at end of year	<u>\$ 159,167</u>	<u>\$ 1,212,173</u>	<u>\$ 61,980</u>	<u>\$ 6,765,922</u>	<u>\$ 503,495</u>	<u>\$ 8,702,737</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>	<u>Plumbing Shop</u>	<u>Total</u>
Cash flows from operating activities:						
Cash received from interfund services provided	\$ 7,771,873	\$ 1,269,286	\$ 202,018	\$ 3,753,173	\$ 387,981	\$ 13,384,331
Cash received from other operations	15,163	-	279,270	-	-	294,433
Cash payments for personal services	(1,779,929)	(469,086)	(153,513)	(433,677)	(213,917)	(3,050,122)
Cash payments for fringe benefits.	(743,480)	(181,708)	(66,058)	(168,516)	(94,185)	(1,253,947)
Cash payments for contractual services	(505,240)	(108,670)	(367,057)	(206,950)	(2,676)	(1,190,593)
Cash payments for materials and supplies	(1,730,000)	-	(2,306)	(67,057)	(77,236)	(1,876,599)
Cash payments for cost of goods sold	(3,097,637)	(267,710)	(48,220)	-	-	(3,413,567)
Cash payments for utilities.	-	(27,155)	-	-	(11,232)	(38,387)
Cash payments for claims.	-	-	-	(2,549,615)	-	(2,549,615)
Cash payments for other expenses	(26,215)	(891)	(31,810)	(10,955)	-	(69,871)
Net cash provided by (used in) operating activities. . .	<u>(95,465)</u>	<u>214,066</u>	<u>(187,676)</u>	<u>316,403</u>	<u>(11,265)</u>	<u>236,063</u>
Cash flows from noncapital financing activities:						
Cash received from transfers in	-	25,000	150,000	-	-	175,000
Cash used in transfers out	-	(118,221)	-	-	-	(118,221)
Cash received from interfund loans	-	(82,575)	-	(416,705)	-	(499,280)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(175,796)</u>	<u>150,000</u>	<u>(416,705)</u>	<u>-</u>	<u>(442,501)</u>
Net increase (decrease) in cash and cash equivalents. . .	(95,465)	38,270	(37,676)	(100,302)	(11,265)	(206,438)
Cash and cash equivalents at beginning of year	<u>263,182</u>	<u>-</u>	<u>89,378</u>	<u>14,341,326</u>	<u>506,832</u>	<u>15,200,718</u>
Cash and cash equivalents at end of year	<u>\$ 167,717</u>	<u>\$ 38,270</u>	<u>\$ 51,702</u>	<u>\$ 14,241,024</u>	<u>\$ 495,567</u>	<u>\$ 14,994,280</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 110,233	\$ 116,249	\$ (168,724)	\$ (1,044,323)	\$ 11,776	\$ (974,789)
Adjustments:						
Depreciation	35,430	32,221	1,366	9,159	8,274	86,450
Changes in assets and liabilities:						
(Increase) in accounts receivable	(984)	(19,998)	-	-	-	(20,982)
Decrease (increase) in due from other funds	(74,398)	35,008	(8,511)	-	(24,125)	(72,026)
Decrease in due from other governments.	-	3,024	-	-	-	3,024
Decrease in prepayments	3,300	129	-	-	-	3,429
Decrease in inventory held for resale.	63,059	36,471	389	-	-	99,919
Decrease (increase) in accounts payable	(159,034)	(1,243)	(32,682)	(2,408)	3,846	(191,521)
Increase (decrease) in accrued wages and benefits	5,450	1,539	(303)	(2,418)	(2,041)	2,227
Increase (decrease) in due to other funds	37	26	29	(251)	233	74
Increase in due to other governments	-	-	-	769,618	-	769,618
Increase (decrease) in compensated absences payable. . .	(78,558)	10,640	20,760	77,143	(9,228)	20,757
Increase in claims payable.	-	-	-	509,883	-	509,883
Net cash provided by (used in) operating activities	<u>\$ (95,465)</u>	<u>\$ 214,066</u>	<u>\$ (187,676)</u>	<u>\$ 316,403</u>	<u>\$ (11,265)</u>	<u>\$ 236,063</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - FIDUCIARY FUNDS

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

Agency Funds

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

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

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/11</u>
Guaranty				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 49,649	\$ -	\$ -	\$ 49,649
Total assets.	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
Liabilities:				
Intergovernmental payable.	\$ 49,649	\$ -	\$ -	\$ 49,649
Total liabilities.	<u>\$ 49,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,649</u>
Performance Bond				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 14,119	\$ -	\$ -	\$ 14,119
Total assets.	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
Liabilities:				
Withholdings and deposits.	\$ 14,119	\$ -	\$ -	\$ 14,119
Total liabilities.	<u>\$ 14,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,119</u>
Developer Construction Payments				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,600	\$ 400	\$ -	\$ 3,000
Total assets.	<u>\$ 2,600</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Liabilities:				
Due to others.	\$ 2,600	\$ 400	\$ -	\$ 3,000
Total liabilities.	<u>\$ 2,600</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Deposit of Taxes/Courthouse Square				
Assets:				
Equity in pooled cash and cash equivalents.	\$ -	\$ 337,366	\$ 337,366	\$ -
Accounts receivable.	896,223	911,012	896,223	911,012
Total assets.	<u>\$ 896,223</u>	<u>\$ 1,248,378</u>	<u>\$ 1,233,589</u>	<u>\$ 911,012</u>
Liabilities:				
Accounts payable	\$ 358,333	\$ 126,325	\$ 358,333	\$ 126,325
Intergovernmental payable.	417,314	358,333	417,314	358,333
Due to others.	120,576	763,720	457,942	426,354
Total liabilities.	<u>\$ 896,223</u>	<u>\$ 1,248,378</u>	<u>\$ 1,233,589</u>	<u>\$ 911,012</u>
Dependent Care				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,228	\$ -	\$ -	\$ 2,228
Total assets.	<u>\$ 2,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,228</u>
Liabilities:				
Intergovernmental payable.	\$ 2,228	\$ -	\$ -	\$ 2,228
Total liabilities.	<u>\$ 2,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,228</u>

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CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/11</u>
Fire Proceeds				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 763,078	\$ 21,135	\$ -	\$ 784,213
Total assets.	<u>\$ 763,078</u>	<u>\$ 21,135</u>	<u>\$ -</u>	<u>\$ 784,213</u>
Liabilities:				
Intergovernmental payable.	\$ 763,078	\$ 21,135	\$ -	\$ 784,213
Total liabilities.	<u>\$ 763,078</u>	<u>\$ 21,135</u>	<u>\$ -</u>	<u>\$ 784,213</u>
Urban Renewal Comp Dep				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 53,520	\$ -	\$ -	\$ 53,520
Total assets.	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
Liabilities:				
Withholdings and deposits.	\$ 53,520	\$ -	\$ -	\$ 53,520
Total liabilities.	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
Building Permit Surcharge				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 4,802	\$ 2,922	\$ -	\$ 7,724
Total assets.	<u>\$ 4,802</u>	<u>\$ 2,922</u>	<u>\$ -</u>	<u>\$ 7,724</u>
Liabilities:				
Accounts payable	\$ 1,066	\$ 1,178	\$ -	\$ 2,244
Intergovernmental payable.	3,736	1,744	-	5,480
Total liabilities.	<u>\$ 4,802</u>	<u>\$ 2,922</u>	<u>\$ -</u>	<u>\$ 7,724</u>
Payroll Withholding				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 4,225,384	\$ 2,998,547	\$ 4,225,384	\$ 2,998,547
Receivables:				
Accounts	-	14,524	-	14,524
Intergovernmental.	120,576	440,878	120,576	440,878
Total assets.	<u>\$ 4,345,960</u>	<u>\$ 3,453,949</u>	<u>\$ 4,345,960</u>	<u>\$ 3,453,949</u>
Liabilities:				
Due to others.	\$ 29,727	\$ 14,524	\$ 29,727	\$ 14,524
Withholdings and deposits.	4,316,233	3,439,425	4,316,233	3,439,425
Total liabilities.	<u>\$ 4,345,960</u>	<u>\$ 3,453,949</u>	<u>\$ 4,345,960</u>	<u>\$ 3,453,949</u>
Special Improvement District				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 45,097	\$ -	\$ -	\$ 45,097
Receivables:				
Special assessments.	6,473,303	-	1,294,661	5,178,642
Total assets.	<u>\$ 6,518,400</u>	<u>\$ -</u>	<u>\$ 1,294,661</u>	<u>\$ 5,223,739</u>
Liabilities:				
Due to others.	\$ 6,518,400	\$ -	\$ 1,294,661	\$ 5,223,739
Total liabilities.	<u>\$ 6,518,400</u>	<u>\$ -</u>	<u>\$ 1,294,661</u>	<u>\$ 5,223,739</u>

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CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/11</u>
GMR Trading Project				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 101,429	\$ -	\$ 27,430	\$ 73,999
Total assets.	<u>\$ 101,429</u>	<u>\$ -</u>	<u>\$ 27,430</u>	<u>\$ 73,999</u>
Liabilities:				
Intergovernmental payable.	\$ 101,429	\$ -	\$ 27,430	\$ 73,999
Total liabilities.	<u>\$ 101,429</u>	<u>\$ -</u>	<u>\$ 27,430</u>	<u>\$ 73,999</u>
Miami Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 106,270	\$ 249,950	\$ 106,270	\$ 249,950
Total assets.	<u>\$ 106,270</u>	<u>\$ 249,950</u>	<u>\$ 106,270</u>	<u>\$ 249,950</u>
Liabilities:				
Accounts payable	\$ 46,008	\$ -	\$ 46,008	\$ -
Intergovernmental payable.	60,262	249,950	60,262	249,950
Total liabilities.	<u>\$ 106,270</u>	<u>\$ 249,950</u>	<u>\$ 106,270</u>	<u>\$ 249,950</u>
Butler Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 15,766	\$ 32,629	\$ 15,766	\$ 32,629
Total assets.	<u>\$ 15,766</u>	<u>\$ 32,629</u>	<u>\$ 15,766</u>	<u>\$ 32,629</u>
Liabilities:				
Accounts payable	\$ 5,516	\$ -	\$ 5,516	\$ -
Intergovernmental payable.	10,250	32,629	10,250	32,629
Total liabilities.	<u>\$ 15,766</u>	<u>\$ 32,629</u>	<u>\$ 15,766</u>	<u>\$ 32,629</u>
Emery				
Assets:				
Investments with fiscal agent.	\$ 3,388,287	\$ -	\$ 3,388,287	\$ -
Total assets.	<u>\$ 3,388,287</u>	<u>\$ -</u>	<u>\$ 3,388,287</u>	<u>\$ -</u>
Liabilities:				
Due to others.	\$ 3,388,287	\$ -	\$ 3,388,287	\$ -
Total liabilities.	<u>\$ 3,388,287</u>	<u>\$ -</u>	<u>\$ 3,388,287</u>	<u>\$ -</u>
EPA GMR Trading Project				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 234,498	\$ 44,349	\$ -	\$ 278,847
Total assets.	<u>\$ 234,498</u>	<u>\$ 44,349</u>	<u>\$ -</u>	<u>\$ 278,847</u>
Liabilities:				
Due to others.	\$ 234,498	\$ 44,349	\$ -	\$ 278,847
Total liabilities.	<u>\$ 234,498</u>	<u>\$ 44,349</u>	<u>\$ -</u>	<u>\$ 278,847</u>

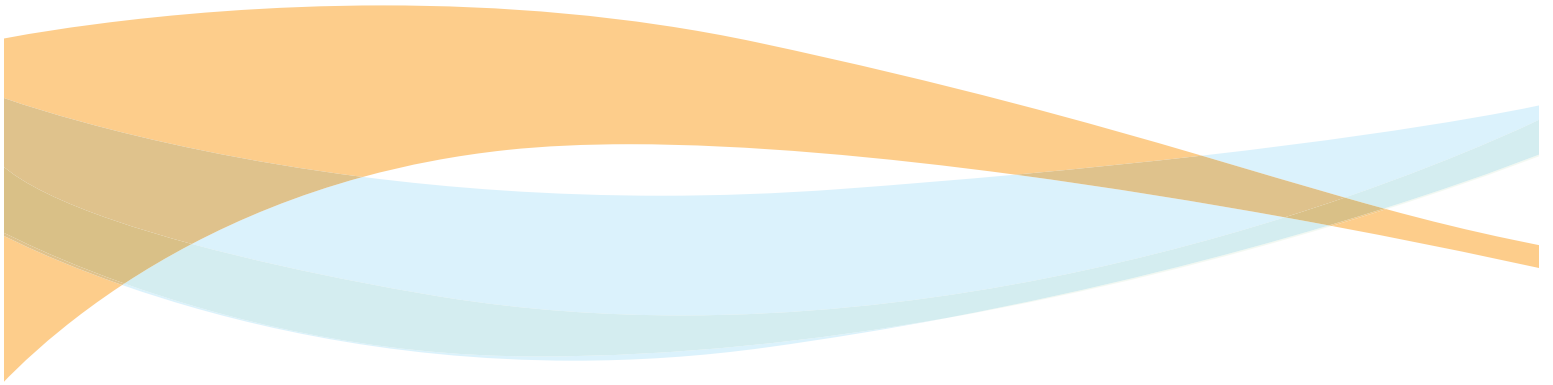
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CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/11</u>
Municipal Courts				
Assets:				
Cash and cash equivalents with fiscal agent	\$ 996,745	\$ 988,267	\$ 996,745	\$ 988,267
Total assets.	<u>\$ 996,745</u>	<u>\$ 988,267</u>	<u>\$ 996,745</u>	<u>\$ 988,267</u>
Liabilities:				
Intergovernmental payable.	\$ 332,063	\$ 305,632	\$ 332,063	\$ 305,632
Due to others.	664,682	682,635	664,682	682,635
Total liabilities.	<u>\$ 996,745</u>	<u>\$ 988,267</u>	<u>\$ 996,745</u>	<u>\$ 988,267</u>
Executive Severance				
Assets:				
Investments with fiscal agent	\$ 826,202	\$ -	\$ 92,306	\$ 733,896
Total assets.	<u>\$ 826,202</u>	<u>\$ -</u>	<u>\$ 92,306</u>	<u>\$ 733,896</u>
Liabilities:				
Withholdings and deposits.	\$ 826,202	\$ -	\$ 92,306	\$ 733,896
Total liabilities.	<u>\$ 826,202</u>	<u>\$ -</u>	<u>\$ 92,306</u>	<u>\$ 733,896</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 5,618,440	\$ 3,687,298	\$ 4,712,216	\$ 4,593,522
Investments with fiscal agent	4,214,489	-	3,480,593	733,896
Cash and cash equivalents with fiscal agent	996,745	988,267	996,745	988,267
Receivables:				
Accounts	896,223	925,536	896,223	925,536
Special assessments.	6,473,303	-	1,294,661	5,178,642
Intergovernmental.	120,576	440,878	120,576	440,878
Total assets.	<u>\$ 18,319,776</u>	<u>\$ 6,041,979</u>	<u>\$ 11,501,014</u>	<u>\$ 12,860,741</u>
Liabilities:				
Accounts payable	\$ 410,923	\$ 127,503	\$ 409,857	\$ 128,569
Intergovernmental payable.	1,740,009	969,423	847,319	1,862,113
Due to others.	4,440,370	1,505,628	5,835,299	6,629,099
Withholdings and deposits.	5,210,074	3,439,425	4,408,539	4,240,960
Total liabilities.	<u>\$ 11,801,376</u>	<u>\$ 6,041,979</u>	<u>\$ 11,501,014</u>	<u>\$ 12,860,741</u>

Statistical



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CITY OF DAYTON, OHIO

STATISTICAL SECTION

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

Contents

Page

Financial Trends

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

S 4 - S 13

Revenue Capacity

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

S 14 - S 21

Debt Capacity

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

S 22 - S 30

Demographic and Economic Information

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

S 31 - S 42

Operating Information

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

S 43

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

CITY OF DAYTON, OHIO

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

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

Source: City of Dayton financial records

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

	2006	2007 (1)	2008 (1)	2009 (1)	2010	2011
\$	242,926,214	\$ 271,643,144	\$ 282,480,043	\$ 300,486,474	\$ 321,452,359	\$ 333,982,829
	71,779,813	60,595,698	96,325,940	91,563,337	99,691,871	77,231,301
	43,854,526	43,818,871	16,945,325	10,040,732	7,086,581	42,181,978
\$	<u>358,560,553</u>	<u>\$ 376,057,713</u>	<u>\$ 395,751,308</u>	<u>\$ 402,090,543</u>	<u>\$ 428,230,811</u>	<u>\$ 453,396,108</u>
\$	346,386,163	\$ 380,238,011	\$ 389,630,233	\$ 401,965,547	\$ 419,111,268	\$ 431,154,590
	-	-	-	-	-	-
	136,579,525	127,953,698	144,931,193	144,144,446	146,350,941	145,543,923
\$	<u>482,965,688</u>	<u>\$ 508,191,709</u>	<u>\$ 534,561,426</u>	<u>\$ 546,109,993</u>	<u>\$ 565,462,209</u>	<u>\$ 576,698,513</u>
\$	589,312,377	\$ 651,881,155	\$ 672,110,276	\$ 702,452,021	\$ 740,563,627	\$ 765,137,419
	71,779,813	60,595,698	96,325,940	91,563,337	99,691,871	77,231,301
	180,434,051	171,772,569	161,876,518	154,185,178	153,437,522	187,725,901
\$	<u>841,526,241</u>	<u>\$ 884,249,422</u>	<u>\$ 930,312,734</u>	<u>\$ 948,200,536</u>	<u>\$ 993,693,020</u>	<u>\$ 1,030,094,621</u>

CITY OF DAYTON, OHIO
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

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

2006	2007	2008	2009	2010	2011
\$ 4,978,385	\$ 5,666,737	\$ 5,570,112	\$ 5,182,850	\$ 5,159,078	\$ 2,922,503
1,886,238	2,408,097	2,583,667	2,264,862	2,514,310	2,395,344
20,050,274	21,459,480	21,460,067	21,342,171	26,843,290	32,086,879
9,348,825	15,999,955	9,810,580	14,263,940	8,432,763	10,105,180
43,411,252	43,224,368	48,563,961	47,091,889	41,299,206	40,275,561
20,544,073	17,892,823	17,442,665	17,707,683	16,832,625	15,884,692
98,533,695	101,277,697	101,533,014	95,706,450	96,284,218	94,294,723
1,105,280	1,378,197	683,122	-	-	-
3,043,887	2,904,913	4,849,682	3,620,502	3,978,196	4,556,429
<u>202,901,909</u>	<u>212,212,267</u>	<u>212,496,870</u>	<u>207,180,347</u>	<u>201,343,686</u>	<u>202,521,311</u>
39,032,293	41,813,989	31,958,820	40,310,513	30,688,222	32,572,362
45,200,207	45,401,676	45,811,605	45,672,640	46,619,869	47,618,625
32,375,482	30,889,719	30,855,192	31,994,865	30,931,209	32,420,315
3,121,707	3,322,911	3,196,937	3,281,384	3,026,601	2,922,959
4,491,851	5,030,425	5,090,241	5,401,928	6,389,207	6,177,790
<u>124,221,540</u>	<u>126,458,720</u>	<u>116,912,795</u>	<u>126,661,330</u>	<u>117,655,108</u>	<u>121,712,051</u>
<u>\$ 327,123,449</u>	<u>\$ 338,670,987</u>	<u>\$ 329,409,665</u>	<u>\$ 333,841,677</u>	<u>\$ 318,998,794</u>	<u>\$ 324,233,362</u>
\$ 505,552	\$ 704,984	\$ 570,059	\$ 588,229	\$ 629,749	\$ 672,824
17,994	19,333	40,322	7,618	7,092	8,674
2,204,445	3,000,683	2,313,335	2,289,894	2,240,217	3,106,283
1,179,367	1,328,746	1,161,369	1,438,105	4,317,785	1,997,277
4,380,757	4,251,275	5,128,446	4,411,912	6,136,336	5,673,292
2,169,808	2,533,128	2,341,620	2,853,032	2,452,413	3,118,657
16,911,515	17,363,610	17,328,246	17,398,578	18,243,867	22,027,599
979,787	1,129,885	27,277	-	-	-
-	-	-	-	-	-
16,701,482	19,245,962	20,423,979	24,147,823	33,479,834	35,387,609
11,253,574	15,536,992	13,489,575	25,771,047	17,935,099	12,849,894
<u>56,304,281</u>	<u>65,114,598</u>	<u>62,824,228</u>	<u>78,906,238</u>	<u>85,442,392</u>	<u>84,842,109</u>
41,820,112	39,311,221	31,067,418	30,655,950	25,673,711	23,644,457
47,088,482	50,944,369	48,944,620	47,743,750	49,318,157	43,529,551
32,379,198	31,322,099	30,398,157	30,998,739	32,558,557	30,119,740
3,295,321	3,353,732	3,291,376	3,250,241	3,180,466	2,946,618
4,898,132	6,663,178	6,688,476	7,083,455	7,213,504	5,264,927
-	-	-	-	-	-
15,408,247	15,058,562	21,316,626	17,098,233	18,967,012	14,064,510
<u>144,889,492</u>	<u>146,653,161</u>	<u>141,706,673</u>	<u>136,830,368</u>	<u>136,911,407</u>	<u>119,569,803</u>
<u>\$ 201,193,773</u>	<u>\$ 211,767,759</u>	<u>\$ 204,530,901</u>	<u>\$ 215,736,606</u>	<u>\$ 222,353,799</u>	<u>\$ 204,411,912</u>

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CITY OF DAYTON, OHIO

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

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

Source: City of Dayton financial records

2006	2007	2008	2009	2010	2011
\$ (146,597,628)	\$ (147,097,669)	\$ (149,672,642)	\$ (128,274,109)	\$ (115,901,294)	\$ (117,679,202)
20,667,952	20,194,441	24,793,878	10,169,038	19,256,299	(2,142,248)
<u>\$ (125,929,676)</u>	<u>\$ (126,903,228)</u>	<u>\$ (124,878,764)</u>	<u>\$ (118,105,071)</u>	<u>\$ (96,644,995)</u>	<u>\$ (119,821,450)</u>
\$ 21,788,008	\$ 23,444,142	\$ 24,167,118	\$ 19,070,860	\$ 18,798,224	\$ 19,373,301
117,876,441	113,785,961	108,868,331	99,817,917	98,399,957	100,129,761
-	-	-	-	1,426,155	669,323
19,192,977	17,600,763	17,912,684	14,827,230	16,327,237	19,159,472
5,084,176	7,064,009	5,340,622	1,311,141	1,960,831	1,945,150
2,862,437	7,547,653	11,889,101	4,673,485	5,123,860	1,199,153
(61,500)	(239,196)	344,798	(662,961)	5,298	368,339
<u>166,742,539</u>	<u>169,203,332</u>	<u>168,522,654</u>	<u>139,037,672</u>	<u>142,041,562</u>	<u>142,844,499</u>
-	-	-	-	-	-
<u>166,742,539</u>	<u>169,203,332</u>	<u>168,522,654</u>	<u>139,037,672</u>	<u>142,041,562</u>	<u>142,844,499</u>
3,640,943	4,894,727	2,764,220	716,568	101,215	236,896
-	-	-	-	-	13,509,995
-	-	-	-	-	-
61,500	239,196	(344,798)	662,961	(5,298)	(368,339)
<u>3,702,443</u>	<u>5,133,923</u>	<u>2,419,422</u>	<u>1,379,529</u>	<u>95,917</u>	<u>13,378,552</u>
<u>\$ 170,444,982</u>	<u>\$ 174,337,255</u>	<u>\$ 170,942,076</u>	<u>\$ 140,417,201</u>	<u>\$ 142,137,479</u>	<u>\$ 156,223,051</u>
\$ 20,144,911	\$ 22,105,663	\$ 18,850,012	\$ 10,763,563	\$ 26,140,268	\$ 25,165,297
24,370,395	25,328,364	27,213,300	11,548,567	19,352,216	11,236,304
<u>\$ 44,515,306</u>	<u>\$ 47,434,027</u>	<u>\$ 46,063,312</u>	<u>\$ 22,312,130</u>	<u>\$ 45,492,484</u>	<u>\$ 36,401,601</u>

CITY OF DAYTON, OHIO

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

	2002	2003	2004	2005
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	2,798,924	4,077,216	4,451,193	4,846,464
Unreserved, reported in:				
Designated for future years' expenditures	-	1,226,505	2,161,198	3,573,236
Undesignated	31,594,377	34,784,392	29,795,216	36,132,638
Total general fund	\$ 34,393,301	\$ 40,088,113	\$ 36,407,607	\$ 44,552,338
Housing and Urban Development Fund				
Restricted	\$ -	\$ -	\$ -	\$ -
Reserved	13,424,442	11,124,490	10,666,174	13,189,745
Unreserved (deficit), reported in:				
Special revenue funds	(7,532,396)	(5,842,964)	(6,032,154)	(8,120,556)
Total housing and urban development fund	\$ 5,892,046	\$ 5,281,526	\$ 4,634,020	\$ 5,069,189
Debt Service Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Reserved	24,087,261	17,839,709	15,333,393	13,298,438
Total debt service fund	\$ 24,087,261	\$ 17,839,709	\$ 15,333,393	\$ 13,298,438
Capital Improvement Fund				
Restricted	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Reserved	18,370,993	15,435,869	23,208,822	14,836,284
Unreserved (deficit)	2,067,381	(3,857,644)	916,028	2,013,719
Total capital improvement fund	\$ 20,438,374	\$ 11,578,225	\$ 24,124,850	\$ 16,850,003
Other governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Reserved	5,095,641	4,587,904	2,045,043	7,677,583
Unreserved (deficit), reported in:				
Designated, special revenue funds	-	486,000	400,000	-
Special revenue funds	6,161,752	6,903,557	10,434,682	8,305,186
Permanent fund	16,380	36,805	53,439	58,896
Capital projects funds	(1,415,108)	2,497,998	739,531	(4,384,639)
Total governmental funds	\$ 9,858,665	\$ 14,512,264	\$ 13,672,695	\$ 11,657,026
Total Fund Balances, Governmental Funds	\$ 94,669,647	\$ 89,299,837	\$ 94,172,565	\$ 91,426,994

(1) The City implemented GASB Statement No. 54 in 2011. Only balances at December 31, 2011 are presented in accordance with this statement.

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

Source: City of Dayton financial records

2006	2007 (2)	2008 (2)	2009	2010	2011 (1)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,695,165
-	-	-	-	-	4,543,378
-	-	-	-	-	11,900,572
-	-	-	-	-	28,874,330
2,985,745	3,646,545	2,418,755	3,571,816	3,131,124	-
6,949,009	8,284,213	10,172,634	6,585,539	5,322,656	-
27,407,200	30,035,615	31,002,915	25,681,059	26,153,904	-
<u>\$ 37,341,954</u>	<u>\$ 41,966,373</u>	<u>\$ 43,594,304</u>	<u>\$ 35,838,414</u>	<u>\$ 34,607,684</u>	<u>\$ 55,013,445</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,744,563
13,683,601	12,102,726	11,221,427	18,609,523	33,789,736	-
(9,537,969)	(7,585,726)	(6,233,434)	(13,231,227)	(28,364,133)	-
<u>\$ 4,145,632</u>	<u>\$ 4,517,000</u>	<u>\$ 4,987,993</u>	<u>\$ 5,378,296</u>	<u>\$ 5,425,603</u>	<u>\$ 6,744,563</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 553
-	-	-	-	-	38,979,080
-	-	-	-	-	192,652
15,080,926	18,676,879	43,092,546	42,188,046	42,541,211	-
<u>\$ 15,080,926</u>	<u>\$ 18,676,879</u>	<u>\$ 43,092,546</u>	<u>\$ 42,188,046</u>	<u>\$ 42,541,211</u>	<u>\$ 39,172,285</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,758,591
-	-	-	-	-	5,026,521
-	-	-	-	-	5,836,905
22,459,015	30,413,308	27,221,279	26,133,688	28,184,390	-
1,797,815	(12,394,589)	(10,819,429)	(21,142,062)	(18,628,322)	-
<u>\$ 24,256,830</u>	<u>\$ 18,018,719</u>	<u>\$ 16,401,850</u>	<u>\$ 4,991,626</u>	<u>\$ 9,556,068</u>	<u>\$ 15,622,017</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,704
-	-	-	-	-	10,204,735
5,851,488	7,831,952	9,924,937	13,107,729	17,258,120	-
1,253,000	1,146,380	1,116,000	398,848	-	-
10,662,439	10,496,391	5,817,102	4,556,006	5,425,978	-
67,805	79,836	60,413	76,302	70,250	-
(1,480,796)	-	-	-	-	-
<u>\$ 16,353,936</u>	<u>\$ 19,554,559</u>	<u>\$ 16,918,452</u>	<u>\$ 18,138,885</u>	<u>\$ 22,754,348</u>	<u>\$ 10,307,439</u>
<u>\$ 97,179,278</u>	<u>\$ 102,733,530</u>	<u>\$ 124,995,145</u>	<u>\$ 106,535,267</u>	<u>\$ 114,884,914</u>	<u>\$ 126,859,749</u>

ance with GASB Statement No. 54

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

	2002	2003	2004	2005
Revenues (1)				
Taxes	\$ 145,251,212	\$ 147,286,520	\$ 149,926,379	\$ 154,210,979
Charges for services	23,813,556	22,262,759	20,295,875	22,898,740
Licenses and permits	1,980,844	2,120,143	1,817,222	1,903,063
Fines and forfeits	2,249,333	2,083,662	1,832,710	1,944,186
Intergovernmental	24,096,216	28,609,999	25,333,452	17,329,078
Special assessments	693,360	1,033,045	1,034,415	652,363
Payments in lieu of taxes	-	-	-	-
Investment income	3,332,301	3,623,500	2,288,903	3,483,518
Increase (decrease) in FMV of investments	-	-	-	-
Other	8,319,580	5,756,600	4,767,369	6,554,510
Total revenues	<u>209,736,402</u>	<u>212,776,228</u>	<u>207,296,325</u>	<u>208,976,437</u>
Expenditures (1)				
Current:				
Downtown	4,807,733	3,747,343	4,167,407	4,093,181
Youth, education and human services	1,506,653	2,531,763	2,237,230	2,060,357
Community development and neighborhoods	2,468,203	20,353,743	20,311,675	19,230,564
Economic development	24,328,537	6,996,268	6,410,373	7,049,497
Leadership and quality life	39,442,705	37,705,241	41,319,775	40,423,448
Corporate responsibility	15,813,881	16,035,551	14,870,289	15,423,671
Public safety and justice	100,912,458	90,354,455	92,673,272	92,422,480
Other	1,747,482	918,216	506,890	2,544,612
Capital outlay	22,165,044	29,742,434	23,346,465	22,818,819
Debt service:				
Principal retirement	6,198,173	7,350,552	9,228,813	5,774,552
Interest and fiscal charges	4,317,835	3,430,374	3,962,946	3,097,330
Bond issuance costs	-	-	199,535	-
Total expenditures	<u>223,708,704</u>	<u>219,165,940</u>	<u>219,234,670</u>	<u>214,938,511</u>
Excess(deficiency) of revenues over expenditures	(13,972,302)	(6,389,712)	(11,938,345)	(5,962,074)
Other Financing Sources (Uses)				
Sale of capital assets	-	150,000	824,849	101,600
Transfers in	9,119,979	17,092,990	15,249,526	16,692,371
Transfers out	(7,755,533)	(16,730,663)	(15,349,526)	(16,732,871)
Bonds issued	1,568,387	395,485	11,731,021	-
Proceeds of loans	-	-	-	-
Payment of refunded bond escrow agent	-	-	-	-
Premium (discount) on bond issuance	-	-	244,535	-
Capital lease transactions	-	112,090	4,500,000	205,326
Total other financing sources (uses)	<u>2,932,833</u>	<u>1,019,902</u>	<u>17,200,405</u>	<u>266,426</u>
Net change in fund balance	<u>\$ (11,039,469)</u>	<u>\$ (5,369,810)</u>	<u>\$ 5,262,060</u>	<u>\$ (5,695,648)</u>
Capital expenditures	\$ 22,024,697	\$ 21,536,097	\$ 24,327,555	\$ 21,930,329
Debt service as a percentage of noncapital expenditures	5.50%	5.77%	7.27%	4.82%

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

2006	2007	2008	2009	2010	2011
\$ 159,082,912	\$ 157,223,154	\$ 152,514,608	\$ 139,011,038	\$ 136,753,834	\$ 134,006,534
22,083,074	24,051,832	23,926,449	25,037,733	26,265,870	26,910,213
1,750,262	1,861,236	1,817,153	1,630,319	1,314,956	1,561,850
3,450,859	2,044,271	2,908,861	2,106,189	2,276,856	2,402,917
28,044,012	31,643,646	25,707,748	39,699,451	50,996,557	55,538,646
1,076,163	505,670	546,047	422,608	380,767	333,328
-	-	-	-	1,039,654	604,596
5,131,388	7,393,303	4,286,751	2,927,657	1,926,077	1,730,915
-	-	599,485	(1,085,864)	50,814	186,772
2,862,437	7,547,653	11,889,101	4,648,485	9,506,045	4,148,279
<u>223,481,107</u>	<u>232,270,765</u>	<u>224,196,203</u>	<u>214,397,616</u>	<u>230,511,430</u>	<u>227,424,050</u>
4,183,009	4,651,014	4,604,197	4,143,788	4,117,582	3,804,513
1,928,205	2,420,958	2,581,447	2,280,237	2,512,611	2,409,496
18,959,062	21,016,004	20,981,602	22,259,601	26,873,157	32,366,889
9,464,377	15,082,881	11,191,284	15,047,900	13,900,769	10,063,494
37,073,237	36,925,472	41,676,303	40,991,411	41,347,850	30,741,740
19,489,965	16,597,674	16,401,770	17,125,159	15,536,916	14,967,599
97,403,724	98,432,234	100,009,551	95,240,850	95,698,192	93,849,670
1,107,606	1,377,348	685,888	-	-	-
17,501,729	28,529,727	24,852,628	34,908,638	18,226,238	15,253,781
7,480,101	5,789,851	6,652,464	8,047,222	8,030,000	9,516,702
3,076,308	2,884,154	4,707,848	3,557,790	3,828,281	4,401,891
-	312,327	598,836	586,476	137,068	-
<u>217,667,323</u>	<u>234,019,644</u>	<u>234,943,818</u>	<u>244,189,072</u>	<u>230,208,664</u>	<u>217,375,775</u>
5,813,784	(1,748,879)	(10,747,615)	(29,791,456)	302,766	10,048,275
100,000	-	-	-	-	-
21,682,063	13,418,525	9,831,205	11,818,503	12,481,039	6,767,335
(21,843,563)	(13,757,721)	(9,556,407)	(12,678,413)	(12,488,042)	(6,455,775)
-	19,745,000	32,000,000	34,408,111	5,180,000	1,615,000
-	-	239,750	-	2,860,000	-
-	(10,383,734)	-	(22,528,097)	-	-
-	491,061	(348,901)	311,474	13,884	-
-	-	-	-	-	-
<u>(61,500)</u>	<u>9,513,131</u>	<u>32,165,647</u>	<u>11,331,578</u>	<u>8,046,881</u>	<u>1,926,560</u>
<u>\$ 5,752,284</u>	<u>\$ 7,764,252</u>	<u>\$ 21,418,032</u>	<u>\$ (18,459,878)</u>	<u>\$ 8,349,647</u>	<u>\$ 11,974,835</u>
\$ 17,332,478	\$ 27,702,620	\$ 24,555,847	\$ 39,799,258	\$ 29,626,529	\$ 18,744,758
5.56%	4.40%	5.73%	6.04%	6.29%	7.01%

CITY OF DAYTON, OHIO

**GROSS INCOME TAX REVENUE BY PAYER TYPE
LAST TEN FISCAL YEARS**

Year	Withholding	% of withholding to total	Total Non-withholding	% of non-withholding to total	Total	Individual Accounts	% of individual to total	Business Accounts	% of Business to total	Total
2002	100,229,065	89.83%	11,352,029	10.17%	111,581,094	4,294,841	3.85%	7,057,188	6.32%	111,581,094
2003	99,464,861	88.56%	12,853,429	11.44%	112,318,290	4,297,342	3.83%	8,556,088	7.62%	112,318,290
2004	99,902,076	88.57%	12,890,137	11.43%	112,792,213	4,677,075	4.15%	8,213,062	7.28%	112,792,213
2005	100,076,600	85.80%	16,567,146	14.20%	116,643,746	5,321,371	4.56%	11,245,776	9.64%	116,643,746
2006	102,033,754	86.79%	15,532,269	13.21%	117,566,023	4,962,179	4.22%	10,570,090	8.99%	117,566,023
2007	101,226,600	86.33%	16,034,631	13.67%	117,261,231	5,790,379	4.94%	10,244,253	8.74%	117,261,231
2008	96,917,767	85.31%	16,683,194	14.69%	113,600,961	5,041,787	4.44%	11,641,406	10.25%	113,600,961
2009	90,581,920	87.41%	13,048,061	12.59%	103,629,981	4,485,865	4.33%	8,562,196	8.26%	103,629,981
2010	87,502,256	86.64%	13,497,453	13.36%	100,999,709	4,073,345	4.03%	9,424,110	9.33%	100,999,709
2011	86,866,507	84.51%	15,915,982	15.49%	102,782,489	4,732,700	4.60%	11,183,282	10.88%	102,782,489

**INCOME TAX FUND REVENUE DISTRIBUTION
NET OF REFUNDS**

Year	Budget Basis			GAAP (Modified Accrual Basis)		
	General Fund	Total	% Increase (Decrease)	General Fund	Total	% Increase (Decrease)
2002	107,756,012	107,756,012	-9.14%	106,625,368	106,625,368	-2.36%
2003	105,281,708	105,281,708	-2.30%	108,554,027	108,554,027	1.81%
2004	108,494,807	108,494,807	3.05%	107,737,232	107,737,232	-0.75%
2005	112,281,500	112,281,500	3.49%	112,824,119	112,824,119	4.72%
2006	113,767,671	113,767,671	1.32%	112,619,532	112,619,532	-0.18%
2007	112,794,901	112,794,901	-0.86%	113,156,087	113,156,087	0.48%
2008	110,449,891	110,449,891	-2.08%	109,008,881	109,008,881	-3.67%
2009	100,430,248	100,430,248	-9.07%	99,831,456	99,831,456	-8.42%
2010	98,205,983	98,205,983	-11.09%	98,824,027	98,824,027	-9.34%
2011	99,668,943	99,668,943	-0.76%	100,362,688	100,362,688	0.53%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal year</u>	<u>Total tax levy</u>	<u>Current tax collections</u>	<u>Percent of levy collected</u>	<u>Delinquent tax collections (1)</u>	<u>Total tax collections</u>	<u>Percent of total tax collections to tax levy</u>	<u>Outstanding delinquent taxes</u>	<u>Percent of outstanding delinquent taxes to tax levy</u>
<u>Montgomery County</u>								
2002	19,075,592	17,815,051	93.39%	1,327,331	19,142,382	100.35%	4,765,605	24.98%
2003	21,142,675	19,212,789	90.87%	1,265,481	20,478,270	96.86%	4,956,875	23.44%
2004	21,129,504	19,921,141	94.28%	1,441,368	21,362,509	101.10%	4,921,388	23.29%
2005	20,559,068	19,464,064	94.67%	2,004,760	21,468,824	104.43%	3,621,335	17.61%
2006	22,098,556	20,809,488	94.17%	2,343,469	23,152,957	104.77%	2,526,394	11.43%
2007	20,334,804	19,544,381	96.11%	1,998,653	21,543,034	105.94%	3,390,837	16.68%
2008	19,483,451	17,932,392	92.04%	1,661,231	19,593,623	100.57%	5,911,972	30.34%
2009	18,205,975	17,052,225	93.66%	1,195,497	18,247,722	100.23%	4,700,112	25.82%
2010	17,867,159	16,460,622	92.13%	957,426	17,418,048	97.49%	5,879,954	32.91%
2011	16,976,964	15,321,147	90.25%	890,712	16,211,859	95.49%	6,723,836	39.61%

(1) The City is unable to obtain delinquent taxes by levy year

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

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

Tax year	For	Real Property		Personal Property		Public Utilities	
		Assessed value	Estimated actual value	Assessed value	Estimated actual value	Assessed value	Estimated actual value
<u>Montgomery County</u>							
2002	2003	1,349,792,850	N/A	456,304,945	N/A	101,461,400	N/A
2003	2004	1,605,463,590	N/A	402,063,173	N/A	106,740,710	N/A
2004	2005	1,618,667,120	N/A	318,067,610	N/A	106,951,010	N/A
2005	2006	1,629,682,550	N/A	324,633,707	N/A	101,590,570	N/A
2006	2007	1,789,262,590	5,112,178,829	220,535,502	1,176,189,344	95,959,270	54,216,988
2007	2008	1,767,313,000	5,049,465,714	107,769,573	1,356,704,408	73,262,480	188,151,369
2008	2009	1,732,074,470	4,948,784,200	13,367,820	213,885,120	75,155,200	193,012,218
2009	2010	1,710,322,150	4,886,634,714	2,088,420	20,884,200	74,305,290	190,829,495
2010	2011	1,688,719,230	4,824,912,086	-	-	77,611,120	199,709,660
2011	2012	1,746,003,550	4,133,339,882	-	-	75,471,510	178,664,816

Source: County Auditor; Montgomery County, Ohio

N/A - Information not available

Assessed value	Total		Percent of
	Total direct tax rate	Esimated actual value	total assessed to total estimated actual value
1,907,559,195	10.00	5,897,206,567	32.35%
2,114,267,473	10.00	5,797,067,825	36.47%
2,043,685,740	10.00	6,269,282,241	32.60%
2,055,906,827	10.00	6,171,703,279	33.31%
2,105,757,362	10.00	6,125,085,429	34.38%
1,948,345,053	10.00	6,594,321,491	29.55%
1,820,597,490	10.00	5,355,681,538	33.99%
1,786,715,860	10.00	5,098,348,409	35.04%
1,766,330,350	10.00	5,024,621,746	35.15%
1,821,475,060	10.00	4,312,004,698	42.24%

CITY OF DAYTON, OHIO

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

Fiscal Year	<u>Direct 10 Mill Limitation (By Ohio Constitution)</u>				<u>By November 6, 1945 Charter Amendment</u>			
	Debt Service Fund	Judgement Trust Fund	Street Maintenance Fund	Total	Capital Improvement Fund	Debt Service Fund	General	Total
<u>Montgomery County</u>								
2002	0.15	-	1.35	1.50	-	3.50	5.00	8.50
2003	0.15	-	1.35	1.50	1.70	1.80	5.00	8.50
2004	1.17	-	0.33	1.50	-	3.50	5.00	8.50
2005	1.17	-	0.33	1.50	-	3.50	5.00	8.50
2006	0.40	-	-	0.40	-	4.60	5.00	9.60
2007	0.40	-	-	0.40	-	4.60	5.00	9.60
2008	0.40	-	-	0.40	-	4.60	5.00	9.60
2009	0.40	-	-	0.40	-	4.60	5.00	9.60
2010	0.40	-	-	0.40	-	4.60	5.00	9.60
2011	0.40	-	-	0.40	-	4.60	5.00	9.60

(1) The Ohio Constitution places a ten-mill limitation upon the combined property tax levied by the County, the School District, and the City. The City has been permitted to levy only 1.5 mills of that ten-mill limitation. The Constitution permits the City to levy additional millage beyond 1.5 mills upon approval of the electorate. The City Charter also has a ten-mill limitation which prohibits the City from levying a total tax rate for all purposes in excess of ten mills.

Source: County Auditor; Montgomery County, Ohio

City of Dayton

<u>Grand Total</u>	<u>Dayton City School District</u>	<u>Montgomery County</u>	<u>Montgomery County Public Library</u>
10.00	70.85	16.64	0.26
10.00	70.85	17.24	0.26
10.00	70.85	18.24	0.26
10.00	70.85	18.24	0.26
10.00	70.85	18.24	1.25
10.00	70.85	20.25	1.25
10.00	75.75	20.94	1.25
10.00	75.75	20.94	1.75
10.00	76.52	20.94	1.75
10.00	77.52	20.94	1.75

CITY OF DAYTON, OHIO

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

Taxpayer	Fiscal Year 2011			Fiscal Year 2002		
	Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Dayton Power and Light Company	\$ 69,873,050	1	3.84%	\$ 46,413,920	2	2.43%
National Cash Register Company	10,928,110	2	0.60%	33,245,150	3	1.74%
Amamata LLC	10,513,140	3	0.58%			
Vectren Energy Delivery	9,531,430	4	0.52%			
KND Real Estate 29 LLC	5,643,560	5	0.31%			
Marriot International	5,238,110	6	0.29%			
Delamore Elizabeth	4,939,840	7	0.27%			
DUCRU SPE LLC	4,734,550	8	0.26%			
40 North Main Street	4,524,370	9	0.25%			
Delphi Automotive Systems Corporation				46,623,730	1	2.44%
Ohio Bell Telephone Company				26,443,600	4	1.39%
Cargill Inc.				23,440,510	5	1.23%
Tate & Lyle Citric Acid Inc.				16,540,380	6	0.87%
Daimler Chrysler Corporation				12,273,170	7	0.64%
Emery Air Freight Inc.				10,725,900	8	0.56%
Standard Register				8,979,960	9	0.47%
Reynolds and Reynolds				8,377,160	10	0.44%
Total	\$ 125,926,160		6.92%	\$ 233,063,480		12.22%

Source: County Auditor; Montgomery, County, Ohio

Only the top nine principal property tax payers were available.

CITY OF DAYTON, OHIO

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Current Assements Due (1)</u>	<u>Current Assessment Collected (1)</u>	<u>Percent of Current Collections to Current Assessments</u>	<u>Delinquent Assessments Collected</u>	<u>Total Assessments Collected</u>	<u>Percent of Total Assessments Collected to Current Due (2)</u>
2002	1,734,308	1,179,253	68.00%	185,355	1,364,608	78.68%
2003	1,720,310	1,198,753	69.68%	238,209	1,436,962	83.53%
2004	1,814,540	1,250,199	68.90%	158,459	1,408,658	77.63%
2005	1,838,846	763,031	41.50%	138,406	901,437	49.02%
2006	2,439,603	1,529,084	62.68%	741,577	2,270,661	93.08%
2007	2,339,548	2,023,233	86.48%	815,408	2,838,641	121.33%
2008	3,065,046	2,195,831	71.64%	419,295	2,615,126	85.32%
2009	3,404,912	1,829,865	53.74%	330,272	2,160,137	63.44%
2010	3,599,298	1,799,212	49.99%	260,117	2,059,329	57.21%
2011	4,432,302	2,280,991	51.46%	302,809	2,583,800	58.29%

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

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

Note: This table reflects only those special assessments collected through the County Auditor's Office.

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Governmental Activities								
Fiscal Year	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Ohio Department of Development Loan	Capital Lease Obligations	General Obligation Notes	OPWC Loans	Special Assessment Notes
2002	65,167,452	12,170,000	885,487	-	312,990	8,250,000	-	44,234
2003	58,635,798	11,790,000	1,095,285	-	332,660	8,250,000	-	48,130
2004	62,429,997	11,385,000	1,244,721	-	3,730,742	-	-	52,688
2005	54,962,646	10,955,000	977,100	-	3,255,561	-	-	-
2006	49,727,772	9,500,000	753,500	-	2,612,121	-	-	-
2007	54,900,224	9,015,000	555,600	-	1,995,000	-	-	-
2008	49,441,334	40,500,000	409,600	-	1,494,000	-	208,176	-
2009	56,284,054	39,925,000	299,500	-	-	-	197,334	-
2010	52,818,927	40,650,000	211,800	2,860,000	-	-	175,161	-
2011	46,884,969	38,780,000	136,900	2,860,000	-	-	152,317	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Dayton financial records

(1) Source: Bureau of Economic Analysis, US Department of Commerce. Personal Income for 2011 is not available.

(2) Airport revenue bonds are shown on the balance sheet net of a discount and unamortized deferred charges. For 2011, this amount was \$162,408

Business-Type Activities

General Obligation Bonds	Revenue Bonds (2)	OWDA Loans	OPWC Loans	Capital Lease Obligations	General Obligation Notes	Total Primary Government	Personal Income (1)	Percentage of Personal Income	Per Capita
3,422,536	59,245,000	16,994,159	900,000	14,284,427	12,850,000	194,526,285	25,130,233,000	0.77%	1,195
3,104,190	89,345,000	27,401,011	850,000	110,127	4,850,000	205,812,201	25,525,598,000	0.81%	1,272
2,640,003	81,455,000	24,539,685	800,000	-	9,350,000	197,627,836	25,935,393,000	0.76%	1,233
2,292,354	80,210,000	21,005,877	750,000	132,516	6,675,000	181,216,054	26,452,240,000	0.69%	1,131
2,087,228	70,730,000	17,624,367	700,000	67,630	6,715,000	160,517,618	27,693,775,000	0.58%	1,010
1,874,776	39,185,000	15,055,215	650,000	-	3,285,000	126,515,815	28,596,630,000	0.44%	796
1,653,666	38,095,000	11,774,364	600,000	-	1,885,000	146,061,140	29,736,127,000	0.49%	932
12,195,946	36,980,000	11,118,492	550,000	-	485,000	158,035,326	29,436,435,000	0.54%	1,008
11,591,073	35,825,000	10,437,177	500,000	-	-	155,069,138	30,220,395,000	0.51%	1,094
10,860,031	34,462,592	9,888,914	450,000	-	-	144,475,723	N/A	N/A	1,019

CITY OF DAYTON, OHIO

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Assesed Value (2)	\$ 1,907,559,195	\$ 2,114,267,473	\$ 2,043,685,740	\$ 2,055,906,827
Legal debt margin:				
Debt limitation - 10.5% of Assesed Value	200,293,715	221,998,085	214,587,003	215,870,217
Total Voted and Unvoted Debt Outstanding	179,928,869	202,589,607	193,897,094	176,184,321
Less: Exempt Debt				
Airport General Obligation Bonds and Notes	(12,850,000)	(4,850,000)	(9,350,000)	(6,675,000)
Waterworks Revenue Bonds (1)	(27,260,000)	(21,839,200)	(5,235,650)	(10,927,100)
Ohio Water Development Authority Loan	(16,994,159)	(27,401,011)	(24,539,685)	(21,005,877)
Ohio Department of Development Loan	-	-	-	-
Ohio Public Works Commission Loan	(900,000)	(850,000)	(800,000)	(750,000)
Airport Revenue Bonds (1)	(31,985,000)	(64,951,733)	(62,645,625)	(67,639,245)
Special Assessment Bonds and Notes	(929,721)	(1,143,415)	(1,297,409)	(977,100)
Capital Facilities and Various Purpose Income Tax Bonds	(56,912,452)	(51,810,798)	(57,034,997)	(35,962,645)
Economic Development Bonds	(12,170,000)	(11,790,000)	(11,385,000)	(10,955,000)
Golf Renovation General Obligation Bonds	(3,422,536)	(3,104,190)	(2,640,003)	(2,292,354)
Total Exempt Debt	<u>(163,423,868)</u>	<u>(187,740,347)</u>	<u>(174,928,369)</u>	<u>(157,184,321)</u>
Total Debt Applicable to Limitation - Within 10.5% Limitations	16,505,001	14,849,260	18,968,725	19,000,000
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>(14,559,051)</u>	<u>(8,872,909)</u>	<u>(6,895,689)</u>	<u>(5,435,549)</u>
Net Debt Within 10.5% Limitation	<u>1,945,950</u>	<u>5,976,351</u>	<u>12,073,036</u>	<u>13,564,451</u>
Overall Debt Margin Within 10.5% Limitations	<u>\$ 198,347,765</u>	<u>\$ 216,021,734</u>	<u>\$ 202,513,967</u>	<u>\$ 202,305,766</u>
Unvoted Debt Limitation - 5.5% of Assesed Valuation	\$ 104,915,756	\$ 116,284,711	\$ 112,402,716	\$ 113,074,875
Debt Within 5.5% Limitations	16,505,001	14,849,260	18,968,725	19,000,000
Less Amount Available in Debt Service Fund	(14,559,051)	(8,872,909)	(6,895,689)	(5,435,549)
Net Debt Within 5.5% Limitation	<u>1,945,950</u>	<u>5,976,351</u>	<u>12,073,036</u>	<u>13,564,451</u>
Unvoted Debt Margin Within 5.5% Limitation	<u>\$ 102,969,806</u>	<u>\$ 110,308,360</u>	<u>\$ 100,329,680</u>	<u>\$ 99,510,424</u>

Source: City of Dayton financial records

- (1) Airport revenue bonds are shown on the balance sheet net of a discount and unamortized deferred charges. For 2011, this amount was \$162,408.
- (2) Beginning in 2007, due to the rapid phase-out of the tangible personal property tax, including certain public utility personal property, and the length of bond issues, the taxable value of such property should be excluded from the assessed valuation used to calculate the legal debt margin. The adjusted personal property valuation is included, which excludes railroads and telephone personal property valuation.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 2,105,757,362	\$ 1,838,251,690	\$ 2,351,440,480	\$ 1,786,715,860	\$ 1,766,330,350	\$ 1,821,475,060
221,104,523	193,016,427	246,901,250	187,605,165	185,464,687	191,254,881
157,837,860	124,821,234	144,393,875	158,035,326	155,069,138	144,475,723
(6,715,000)	(3,430,000)	(1,885,000)	(485,000)	-	-
(5,133,550)	-	-	-	-	-
(17,624,365)	(15,055,215)	(11,774,364)	(11,118,492)	(10,437,177)	(9,888,914)
-	-	-	-	(2,860,000)	(2,860,000)
(700,000)	(650,000)	(808,176)	(747,334)	(675,161)	(602,317)
(64,350,209)	(39,007,904)	(37,921,735)	(36,810,567)	(35,659,399)	(34,462,592)
(753,500)	(555,600)	(409,600)	(299,500)	(211,800)	(136,900)
(31,974,008)	(23,705,224)	(20,841,334)	(20,910,943)	(17,107,699)	(12,470,000)
(9,500,000)	(9,015,000)	(40,500,000)	(39,925,000)	(40,650,000)	(38,780,000)
(2,087,228)	(1,874,776)	(1,653,666)	(1,375,946)	(1,121,073)	(745,031)
<u>(138,837,860)</u>	<u>(93,293,719)</u>	<u>(115,793,875)</u>	<u>(111,672,782)</u>	<u>(108,722,309)</u>	<u>(99,945,754)</u>
19,000,000	31,527,515	28,600,000	46,362,544	46,346,829	44,529,969
<u>(7,777,979)</u>	<u>(16,499,004)</u>	<u>(15,943,399)</u>	<u>(15,536,249)</u>	<u>(17,092,706)</u>	<u>(14,927,743)</u>
<u>11,222,021</u>	<u>15,028,511</u>	<u>12,656,601</u>	<u>30,826,295</u>	<u>29,254,123</u>	<u>29,602,226</u>
<u>\$ 209,882,502</u>	<u>\$ 177,987,916</u>	<u>\$ 234,244,649</u>	<u>\$ 156,778,870</u>	<u>\$ 156,210,564</u>	<u>\$ 161,652,655</u>
\$ 115,816,655	\$ 101,103,843	\$ 129,329,226	\$ 98,269,372	\$ 97,148,169	\$ 100,181,128
19,000,000	31,527,515	28,600,000	46,362,544	46,346,829	44,529,969
(7,777,979)	(16,499,004)	(15,943,399)	(15,536,249)	(17,092,706)	(14,927,743)
<u>11,222,021</u>	<u>15,028,511</u>	<u>12,656,601</u>	<u>30,826,295</u>	<u>29,254,123</u>	<u>29,602,226</u>
<u>\$ 104,594,634</u>	<u>\$ 86,075,332</u>	<u>\$ 116,672,625</u>	<u>\$ 67,443,077</u>	<u>\$ 67,894,046</u>	<u>\$ 70,578,902</u>

CITY OF DAYTON, OHIO

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

<u>Fiscal Year</u>	<u>Population (3)</u>	<u>Assessed value (2)</u>	<u>Net general bonded debt (1)</u>	<u>Ratio of net general bonded debt to assessed value</u>	<u>Net general bonded debt per capita</u>
2002	162,788	1,907,559,195	50,608,401	2.65%	\$ 311
2003	161,832	2,114,267,473	49,762,889	2.35%	\$ 307
2004	160,293	2,043,685,740	55,534,308	2.72%	\$ 346
2005	160,293	2,055,906,827	49,527,097	2.41%	\$ 309
2006	158,873	2,105,757,362	41,949,793	1.99%	\$ 264
2007	158,873	1,948,345,053	42,949,931	2.20%	\$ 270
2008	156,771	1,820,597,490	33,497,935	1.84%	\$ 214
2009	154,200	1,786,715,860	40,747,805	2.28%	\$ 264
2010	141,729	1,766,330,350	35,726,221	2.02%	\$ 252
2011	141,729	1,821,475,060	31,957,226	1.75%	\$ 225

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

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

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

CITY OF DAYTON, OHIO

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>	<u>Total general governmental expenditures</u>	<u>Ratio of debt service to total general governmental expenditures</u>
2002	6,198,173	4,317,835	10,516,008	223,708,704	4.70%
2003	7,350,552	3,430,374	10,780,926	219,165,940	4.92%
2004	9,228,813	3,962,946	13,191,759	219,044,970	6.02%
2005	8,774,552	3,097,330	11,871,882	217,938,511	5.45%
2006	7,480,101	3,076,308	10,556,409	217,667,323	4.85%
2007	5,789,851	2,884,154	8,674,005	234,019,644	3.71%
2008	6,652,464	4,707,848	11,360,312	234,943,818	4.84%
2009	8,047,222	3,557,790	11,605,012	244,189,072	4.75%
2010	8,030,000	3,828,281	11,858,281	230,208,664	5.15%
2011	9,516,702	4,401,891	13,918,593	217,375,775	6.40%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2011**

Debt of the City, authorized by the Council but not by a vote of the electors, is subject to overlapping restrictions with each respective county and school district. Limitations apply to each county total and should not be considered cumulatively. Total debt service charges for and one year of all overlapping debt must not exceed ten mills (1%) of the assessed property value. This determination is made by the respective county auditors each time a subdivision proposes to issue unvoted debt. The most recent data prepared by the county auditors for this purpose is as of December 31, 2011.

Political subdivision of State of Ohio	Net General Bonded Debt	Percentage applicable to Dayton	Amount applicable to Dayton
Direct			
City of Dayton	\$ 46,884,969	100.00%	\$ 46,884,969
Total Direct Debt	46,884,969		46,884,969
<i>Per Montgomery County Auditor:</i>			
Overlapping			
Montgomery County	4,617,830	17.42%	804,426
Green County Joint Vocational School District	150,001	0.58%	870
Miami Valley Career Joint Vocational School District	6,655,000	2.45%	163,048
Dayton City School District	199,310,000	83.31%	166,045,161
Miami Valley Regional Transit Authority	920,000	17.42%	160,264
Vandalia Butler City School District	49,139,309	2.81%	1,380,815
Mad River Local School District	10,995,000	21.18%	2,328,741
Huber Heights City School District	78,285,000	11.31%	8,854,034
Trotwood-Madison City School District	29,969,987	3.09%	926,073
Fairborn City School District	14,249,987	3.60%	513,000
Northridge Local School District	5,675,000	27.76%	1,575,380
Total Overlapping Debt	399,967,114		182,751,810
Total Direct and Overlapping Debt	\$ 446,852,083		\$ 229,636,779

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

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

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2002	20,337,932	2,937,995	1,601,779	4,539,774	4.48
2003	7,463,816	3,481,730	1,624,473	5,106,203	1.46
2004	7,869,180	3,264,332	1,562,095	4,826,427	1.63
2005	7,965,366	3,483,808	1,333,562	4,817,370	1.65
2006	7,947,706	3,381,510	1,101,749	4,483,259	1.77
2007	8,480,924	3,257,274	882,616	4,139,890	2.05
2008	7,661,321	3,280,851	675,575	3,956,426	1.94
2009	7,262,150	655,872	463,620	1,119,492	6.49
2010	9,596,696	681,315	438,177	1,119,492	8.57
2011	7,850,586	548,263	406,141	954,404	8.23

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

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

DAYTON INTERNATIONAL AIRPORT ENTERPRISE REVENUE BOND COVERAGE
 DAYTON INTERNATIONAL AIRPORT REVENUE REFUNDING BOND SERIES
 LAST TEN FISCAL YEARS

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements (2)			Coverage
		Principal	Interest	Total	
2002	4,936,408	1,975,000	1,820,023	3,795,023	1.30
2003	17,489,400	1,275,000	1,206,507	2,481,507	7.05
2004	14,839,413	2,485,000	3,357,370	5,842,370	2.54
2005	12,196,929	3,005,000	3,085,715	6,090,715	2.00
2006	16,742,217	3,630,000	2,813,589	6,443,589	2.60
2007	16,112,888	3,750,000	3,062,695	6,812,695	2.37
2008	11,735,966	1,090,000	1,894,488	2,984,488	3.93
2009	6,230,427	1,115,000	1,860,958	2,975,958	2.09
2010	10,544,858	1,155,000	1,823,404	2,978,404	3.54
2011	13,284,695	1,200,000	1,780,969	2,980,969	4.46

(1) Net Revenue Available for Debt Service is computed by adding operating income (loss) for the reporting period to depreciation expense and interest revenue. Also included in this calculation is the portion of Passenger Facility Charges (PFC) which were used for payment of debt service charges and all Customer Facility Charges (CFC). For 2007 and 2008, no PFC were used for payment of debt service charges.

(2) Debt service requirements are exclusive of refunding transactions and additional principal payments made to retire bonds.

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**BUSINESS INDICATORS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Square Mile Area City of Dayton Year End (1)</u>	<u>Air Passengers (2)</u>	<u>Scheduled Airline Freight (2)</u>
2002	56 (+/-)	2,280,960	430,282
2003	56 (+/-)	2,603,129	360,796
2004	56 (+/-)	2,874,386	369,429
2005	56 (+/-)	2,438,210	370,329
2006	56 (+/-)	2,607,167	166,613
2007	56 (+/-)	2,833,081	10,455
2008	56 (+/-)	2,928,018	9,471
2009	56 (+/-)	2,506,271	10,388
2010	56 (+/-)	2,526,839	8,092
2011	56 (+/-)	2,528,859	8,549

<u>Year</u>	<u>Active Gas Meters (3)</u>	<u>Vehicle Registrations (4)</u>
2002	84,245	N/A
2003	83,065	N/A
2004	83,115	131,096
2005	84,458	120,623
2006	88,573	130,190
2007	81,606	123,640
2008	80,900	106,186
2009	80,233	102,921
2010	79,508	122,513
2011	78,753	123,008

Source: 1 Square Miles for City of Dayton - Division of Planning, City of Dayton
 2 Dayton International Airport
 3 Vectren
 4 Bureau of Motor Vehicles

CITY OF DAYTON, OHIO

**GROWTH IN LAND AREA
SELECTED YEARS**

<u>Year</u>	<u>Square miles at December 31</u>
1955	27
1960	34
1965	36
1970	40
1975	43
1980	54
1985	55
1990	55
1995	56
2000	56
2005	56
2006	56
2007	56
2008	56.5
2009	56.5
2010	56.5
2011	56.5

Source: Division of Planning City of Dayton

CITY OF DAYTON, OHIO

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

Employer	Fiscal Year 2011			Fiscal Year 2002		
	Employees	Rank	Percentage of Total Dayton Labor Force	Employees	Rank	Percentage of Total Dayton Labor Force
Premier Health Partners (1)	14,135	1	23.13%			
Montgomery County	4,559	2	7.46%	5,000	2	6.79%
Sinclair Community College	2,726	3	4.46%	2,400	9	3.26%
Dayton Public Schools	2,574	4	4.21%	3,500	4	4.76%
University of Dayton	2,191	5	3.59%	2,700	8	3.67%
City of Dayton	1,950	6	3.19%	2,788	6	3.79%
Grandview Hospital	1,918	7	3.14%			
Veterns Administration	1,914	8	3.13%			
Childrens Medical Hospital	1,335	9	2.18%			
BEHR Dayton Thermal	1,022	10	1.67%	2,400	10	3.26%
AT&T				2,700	7	3.67%
Miami Valley Hospital				5,800	1	7.88%
Delphi Automotive Systems Corporation				4,300	3	5.84%
Good Samaritan Hospital				3,100	5	4.21%
Total	34,324		56.17%	34,688		47.13%

Source: Dayton Business Journal

(1) Premier Health Partners includes Miami Valley Hospital and Good Samaritan Hospital

CITY OF DAYTON, OHIO

**ESTIMATED CIVILIAN LABOR FORCE
AND ANNUAL AVERAGE UNEMPLOYMENT RATES
LAST TEN FISCAL YEARS**

Year	Montgomery County		Dayton		Ohio		U.S.
	Labor Force	Unemployment rate	Labor force	Unemployment rate	Labor force	Unemployment rate	Unemployment rate
2002	276,700	6.00%	73,600	10.20%	5,836,500	5.60%	5.70%
2003	276,000	6.50%	72,500	7.60%	5,866,800	5.50%	6.20%
2004	273,300	6.60%	71,600	8.00%	5,875,300	7.10%	6.20%
2005	272,200	6.40%	71,200	7.60%	5,900,400	7.60%	5.90%
2006	271,900	6.05%	71,000	8.30%	5,839,200	5.37%	4.60%
2007	275,200	6.20%	71,500	7.20%	5,976,500	5.60%	4.60%
2008	270,500	8.40%	70,000	9.40%	5,954,200	7.60%	5.80%
2009	267,234	11.40%	69,188	12.60%	5,970,188	10.20%	9.30%
2010	261,705	10.10%	67,763	11.30%	5,897,559	10.10%	9.60%
2011	257,589	9.40%	61,108	11.00%	5,806,467	8.60%	8.90%

Source: Ohio Workforce Informer

CITY OF DAYTON, OHIO

ESTIMATED PER CAPITA INCOME AND PERSONAL INCOME
LAST TEN FISCAL YEARS

Year	Dayton (MSA)			Montgomery County		Ohio		United States
	Per capita income	% of national average	Total personal income	Per capita income	% of national average	Per capita income	% of national average	Per capita income
2002	29,747	96.55%	\$ 4,842,454,636	30,404	98.68%	29,212	94.81%	30,810
2003	30,385	96.51%	\$ 4,917,265,320	30,784	97.78%	29,954	95.14%	31,484
2004	31,387	94.97%	\$ 5,031,116,391	31,773	96.14%	31,161	94.28%	33,050
2005	31,792	92.16%	\$ 5,096,035,056	32,133	93.15%	31,867	92.38%	34,495
2006	33,195	90.42%	\$ 5,273,789,235	33,658	91.68%	33,320	90.76%	36,714
2007	34,314	88.87%	\$ 5,451,568,122	34,732	89.95%	34,874	90.32%	38,611
2008	34,724	87.35%	\$ 5,443,716,204	34,715	87.33%	35,511	89.33%	39,751
2009	34,943	89.28%	\$ 5,388,210,600	35,669	91.14%	35,381	90.40%	39,138
2010	35,886	88.42%	\$ 5,086,086,894	36,302	89.45%	36,395	89.68%	40,584
2011	N/A	N/A	N/A	N/A	N/A	37,791	90.71%	41,663

Source: Bureau of Economic Analysis

N/A - Information not available

CITY OF DAYTON, OHIO

DAYTON METROPOLITAN STATISTICAL AREA EMPLOYMENT (1)
 NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT IN SELECTED INDUSTRIES (2)
 LAST TEN FISCAL YEARS
 (IN THOUSANDS, EXCEPT PERCENT)

Industry	2002	2003	2004	2005	2006	2007
Total	420.6	415.5	411.8	409.4	408.2	408.2
Goods-Producing Industries	82.5	78.3	75.4	73.8	71.7	67.8
Natural Resources, Mining and Construction	15.3	15.2	15.6	15.4	15.2	14.7
Manufacturing	67.2	63.1	59.9	58.4	56.5	53.1
Service-Providing Industries	338.1	337.2	336.4	335.7	336.5	335.6
Trade, Transportation, and Utilities	75.0	72.6	71.6	71.1	70.0	68.7
Information	11.6	11.4	11.1	11.1	10.6	10.9
Financial Activities	18.3	18.8	19.0	19.0	20.1	20.1
Professional and Business Services	52.7	53.9	53.2	52.3	52.3	52.2
Educational and Health Services	60.9	61.7	62.5	63.7	64.7	65.8
Leisure and Hospitality	35.7	36.5	37.1	37.3	37.8	37.3
Other Services	16.7	16.8	16.7	16.7	16.4	16.0
Government	67.3	65.4	65.1	64.5	64.8	64.5

(1) Dayton Metropolitan Statistical Area includes Greene, Miami, Montgomery, and Preble Counties.

(2) Nonagricultural employment excludes farm workers, proprietors, the self-employed, unpaid family workers, and domestic workers.

Source: Bureau of Labor Market Information and Ohio Department of Job and Family Services

2008	2009	2010	2011	Percentage of Total 2011 employment
396.2	372.6	370	376.1	100.00%
60.6	50.6	49.4	51.2	13.61%
13.7	11.6	10.9	11.1	2.95%
46.9	39.0	38.5	40.1	10.66%
335.6	322.0	320.1	324.9	86.39%
67.0	63.1	61.4	62.4	16.59%
12.1	11.0	10.5	9.8	2.61%
18.6	16.8	16.5	17.0	4.52%
51.7	45.5	45.6	48.3	12.84%
68.9	68.7	69.0	69.9	18.57%
37.2	36.3	36.2	37.0	9.84%
15.5	14.9	15.2	15.1	4.01%
64.6	65.6	65.6	65.4	17.37%

CITY OF DAYTON, OHIO

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

Function/Program	2002	2003	2004	2005	2006	2007 (1)	2008	2009	2010	2011
Governmental activities:										
Downtown	29	28	34	34	29	36	34	32	16	15
Youth, education and human services	4	4	4	3	3	4	1	1	-	1
Community development and neighbors	194	184	174	174	168	131	139	170	132	136
Economic development	50	33	40	40	39	45	43	42	35	33
Leadership and quality of life	336	317	317	299	281	421	368	251	143	184
Corporate responsibility	185	172	160	169	164	187	178	163	137	133
Public safety and justice	1,210	1,134	1,098	1,056	1,072	1,134	1,118	1,056	943	863
Business-type activities:										
Dayton International Airport	185	193	187	178	175	180	160	145	128	133
Water	266	273	268	253	242	257	260	267	245	237
Sewer	129	129	124	122	120	142	134	141	113	110
Golf	37	24	17	17	19	86	70	66	15	16
Storm Sewer	163	147	138	124	124	144	143	134	89	89
Total Full-Time Equivalent (FTE)	2,788	2,638	2,561	2,469	2,436	2,767	2,648	2,468	1,996	1,950

Source: City of Dayton ITS and Manangement & Budget

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

CITY OF DAYTON, OHIO

**SCHOOL ENROLLMENT TRENDS IN MONTGOMERY COUNTY
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>The University of Dayton (1)</u>	<u>Wright State University (2)</u>	<u>Sinclair Community College (3)</u>	<u>Total Colleges/ Universities</u>	<u>Dayton Public Schools (4)</u>
2002	10,125	16,517	22,917	49,559	20,788
2003	10,284	16,729	23,588	50,601	17,170
2004	10,495	16,944	23,241	50,680	19,829
2005	10,569	17,074	22,555	50,198	15,972
2006	10,503	16,870	22,786	50,159	17,054
2007	10,395	16,913	22,443	49,751	14,963
2008	10,920	17,662	23,259	51,841	14,486
2009	10,908	17,558	25,249	53,715	14,939
2010	11,214	18,447	25,942	55,603	15,122
2011	10,776	18,304	25,223	54,303	15,166

Source: (1) University of Dayton, Registrar's Office
(2) Wright State University, Budget Planning & Resource Analysis
(3) Sinclair Community College, Institute of Planning & Research
(4) Dayton City School District

CITY OF DAYTON, OHIO

**CITY OF DAYTON AND
MONTGOMERY COUNTY, OHIO
LAND AREA
DECEMBER 31, 2011**

<u>Jurisdiction</u>	<u>Square Miles</u>
Dayton	56
Less portion outside of Montgomery County.	
Other incorporated areas in Montgomery County excluding Dayton	174
Unincorporated Townships within Montgomery County	233
	<hr/>
Total approximate area of Montgomery County	<u><u>463</u></u>

Source: Division of Planning City of Dayton (County Land Records)

CITY OF DAYTON, OHIO

**BUILDING PERMITS ISSUED
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>New Construction</u>	
	<u>Permits issued (1)</u>	<u>Valuation (1)</u>
2002	1,314	148,084,800
2003	1,407	133,241,900
2004	1,020	174,560,405
2005	957	135,844,107
2006	948	106,199,962
2007	843	135,523,498
2008	757	76,613,598
2009	793	111,538,280
2010	627	61,926,890
2011	624	76,837,017

Source: (1) City of Dayton Division of Business Services, Permit Section

CITY OF DAYTON, OHIO

**AVERAGE COST OF HOUSING CONSTRUCTION
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Units</u>	<u>Total Permit Value</u>	<u>Single-family average structure cost</u>	<u>% Change from previous year</u>	<u>% Change from 2002</u>
2002	222	22,801,633	102,710	-4.84%	0.00%
2003	277	29,435,199	106,264	3.46%	3.46%
2004	185	21,928,258	118,531	11.54%	15.40%
2005	215	25,306,493	117,705	-0.70%	14.60%
2006	186	19,292,702	103,724	-11.88%	0.99%
2007	134	12,431,781	92,774	-10.56%	-9.67%
2008	150	11,491,562	76,610	-17.42%	-25.41%
2009	123	11,114,593	90,363	17.95%	-12.02%
2010	27	3,823,530	141,612	56.72%	37.88%
2011	90	9,516,794	105,742	-25.33%	2.95%

Source: Census Bureau

CITY OF DAYTON, OHIO

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Service										
Highways and Streets										
Streets (miles)	855	855	855	855	967	969	1,718	1,718	1,718	1,718
Streetlights	19,188	19,356	21,292	23,421	18,650	18,650	20,163	20,163	20,252	20,235
Traffic Signals	N/A	N/A	N/A	N/A	325	325	325	325	325	313
Computerized Signals	N/A	N/A	N/A	N/A	178	225	275	275	275	275
Public Safety										
Police										
Headquarters	1	1	1	1	1	1	1	1	1	1
Training Academy	1	1	1	1	1	1	1	1	1	1
Number of Districts	5	5	5	5	5	5	5	5	5	5
Number of Employees	611	464	439	414	506	512	505	474	455	385
Fire										
Headquarters	1	1	1	1	1	1	1	1	1	1
Training Academy	1	1	1	1	1	1	1	1	1	1
Fire Stations	13	13	13	12	12	12	12	12	12	12
Number of Employees	413	379	376	366	385	383	379	346	341	332
City Fleet (public safety)										
Fire	N/A	N/A	N/A	N/A	101	99	96	97	94	99
Police	N/A	405	402	393	288	354	354	307	320	324
Recreation and parks										
Parks Acreage	1,400	1,400	1,400	1,400	1,389	1,389	1,389	1,374	1,374	1,374
Playgrounds	49	49	49	49	49	49	49	42	42	42
Total Facilities	185	185	188	182	186	221	205	184	191	191
Parks	72	72	72	72	72	72	62	60	60	60
Swimming Pools	16	16	19	14	19	8	3	4	5	4
Tennis Courts	22	22	22	22	22	65	65	63	63	63
Community Centers	11	11	11	10	9	2	2	-	4	4
Senior Centers	2	2	2	2	2	1	1	1	1	3
Athletic Complexes	2	2	2	2	2	2	2	2	2	2
Specialized Facilities	4	4	4	4	4	1	1	-	2	2
Shelter Houses	53	53	53	53	53	53	53	37	37	37
Golf Courses	3	3	3	3	3	3	3	3	3	3
Spray Park Facilities	N/A	N/A	N/A	N/A	N/A	7	7	6	6	7
Recreation Centers	N/A	N/A	N/A	N/A	N/A	4	4	5	5	3
Cultural Centers	N/A	N/A	N/A	N/A	N/A	2	1	2	2	2
Teen Centers	N/A	N/A	N/A	N/A	N/A	1	1	1	1	-
Water										
Water Mains (miles)	800.00	800.00	791.00	799.00	800.28	803.07	803.33	804.29	806.12	807.03
Maximum Daily Capacity (millions of gallons)	72.35	72.35	51.85	51.30	50.30	51.60	46.53	43.79	43.82	43.21
Sewer										
Sanitary Sewers (miles)	650.00	650.00	600.00	600.00	601.28	601.39	602.85	603.11	603.05	603.18
Storm Sewers (miles)	600.00	600.00	400.00	401.00	402.28	402.85	403.35	403.61	403.62	403.67
Maximum Daily Capacity (millions of gallons)	44.98	37.43	36.64	36.03	37.56	35.97	35.06	32.61	33.72	33.03

Source: Various Departments, City of Dayton

N/A - Information not available

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