

CITY OF DAYTON, OHIO • USA



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Comprehensive Annual Financial Report

Fiscal year ended December 31, 2017

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2017 Administration



Nan Whaley
Mayor



Joey D. Williams
Commissioner



Matt Joseph
Commissioner



Jeffrey Mims
Commissioner



Chris Shaw
Commissioner



Shelley Dickstein
City Manager


DAYTON

City of Dayton, Ohio

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City of Dayton, Ohio

Comprehensive Annual Financial Report

January 1, 2017 – December 31, 2017

Prepared By

DEPARTMENT OF FINANCE

MISSION STATEMENT

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



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Introduction

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CITY OF DAYTON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

Table of Contents

Title Page

INTRODUCTION SECTION

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

FINANCIAL SECTION

Independent Auditor’s Report F 1-3
Management’s Discussion and Analysis F 5-27

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position F 30-31
Statement of Activities F 32-33

Fund Financial Statements:

Balance Sheet - Governmental Funds F 34-35
Reconciliation of Total Governmental Fund Balances to Net Position
of Governmental Activities. F 36
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds F 38-39
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities F 40
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) -
General Fund F 41
Statement of Net Position - Proprietary Funds F 42-45
Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Funds. F 46-47
Statement of Cash Flows - Proprietary Funds F 48-51
Statement of Fiduciary Assets and Liabilities - Fiduciary Funds. F 52

Notes to the Basic Financial Statements F 53-116

CITY OF DAYTON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

Table of Contents
(Continued)

Required Supplementary Information:

Schedule of the City's Proportionate Share of the Net Pension Liability/Asset:

Ohio Public Employees Retirement System (OPERS) F 118
Ohio Police and Fire (OP&F) Pension Fund F 119

Schedule of City Contributions:

Ohio Public Employees Retirement System (OPERS) F 120-121
Ohio Police and Fire (OP&F) Pension Fund F 122-123

Notes to Required Supplementary Information. F 124

Combining Statements and Individual Fund Schedules:

Combining Statements - Governmental Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance -Budget
and Actual (Non-GAAP Budgetary Basis) - General Fund. F 126

Fund Descriptions - Nonmajor Governmental Funds. F 127

Combining Balance Sheet - Nonmajor Governmental Funds F 128

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds F 129

Combining Balance Sheet - Nonmajor Special Revenue Funds F 130-131

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Special Revenue Funds F 132-133

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Street Fund. F 134

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) -
Highway Maintenance Fund F 135

Schedule of Revenues, Expenditures, and Changes in Fund Balance -Budget
and Actual (Non-GAAP Budgetary Basis) - Other Special Revenue Fund F 136

Schedule of Revenues, Expenditures, and Changes in Fund Balance -Budget
and Actual (Non-GAAP Budgetary Basis) - Miscellaneous Grants Fund. F 137

Schedule of Revenues, Expenditures, and Changes in Fund Balance -Budget
and Actual (Non-GAAP Budgetary Basis) - Permanent Fund. F 138

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Fund. F 139

CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

Table of Contents
(Continued)

Combining Statements - Nonmajor Enterprise Funds
Fund Descriptions F 140

Combining Statement of Net Position - Nonmajor Enterprise Funds F 141

Combining Statement of Revenues, Expenses and Changes in
Net Position - Nonmajor Enterprise Funds F 142

Combining Statement of Cash Flows – Nonmajor Enterprise Funds. F 143

Combining Statements – Internal Service Funds
Fund Descriptions F 144

Combining Statement of Net Position - Internal Service Funds F 146-147

Combining Statement of Revenues, Expenses and Changes in
Net Position - Internal Service Funds. F 148-149

Combining Statement of Cash Flows - Internal Service Funds. F 150-151

Combining Statements - Fiduciary Funds
Fund Descriptions. F 152

Combining Statement of Changes in Assets and Liabilities - Agency
Funds F 153-156

STATISTICAL SECTION

Statistical Section Table of Contents. S 3

Net Assets/Position by Component – Last Ten Fiscal Years. S 4-5

Changes in Net Assets/Position – Last Ten Fiscal Years S 6-9

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

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

Gross Income Tax Revenue by Payer Type – Last Ten Fiscal Years. S 14

Income Tax Fund Revenue Distribution – Net of Refunds – Last Ten Fiscal Years S 14

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

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

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

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

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

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

CITY OF DAYTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

Table of Contents
(Continued)

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

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

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

Computation of Direct and Overlapping Debt – December 31, 2017 S 28

Sewer Debt Loan Pledged Revenue Coverage
Ohio Water Development Authority Loan – Last Ten Fiscal Years S 29

Water Enterprise Revenue Bond Coverage
Water Revenue Bonds – Last Three Fiscal Years S 30

Sewer Enterprise Revenue Bond Coverage
Sewer Revenue Bonds – Last Three Fiscal Years S 31

Dayton International Airport Enterprise Revenue Bond Coverage
Dayton International Airport Revenue Refunding Bond Series –
Last Ten Fiscal Years S 32

Business Indicators – Last Ten Fiscal Years S 33

Growth in Land Area – Selected Years S 34

Principal Employers – Current Year and Nine Years Ago. S 35

Estimated Civilian Labor Force and Annual Average Unemployment Rates – Last Ten Fiscal Years. S 36

Estimated Per Capita Income and Personal Income – Last Ten Fiscal Years. S 37

Dayton Metropolitan Statistical Area Employment, Nonagricultural Wage and Salary
Employment in Selected Industries – Last Ten Fiscal Years. S 38-39

Full Time Equivalent City Government Employees By Function/Program – Last Ten Fiscal Years. S 40

School Enrollment Trends in Montgomery County – Last Ten Fiscal Years. S 41

City of Dayton and Montgomery County, Ohio - Land Area – December 31, 2017. S 42

Building Permits Issued – Last Ten Fiscal Years. S 43

Average Cost of Housing Construction – Last Ten Fiscal Years. S 44

Operating Indicators and Capital Asset Statistics – Last Ten Fiscal Years. S 45



June 26, 2018

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Dayton, Ohio for the fiscal year ending December 31, 2017.

State law requires that every local government publish a complete set of financial statements within five months of the close of each fiscal year. In addition, the City's Charter (Sections 44 and 78) prescribes required accounting, audit, and examination procedures for the City of Dayton. The 2017 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. City management is responsible for providing accurate and complete data for a fair and comprehensive presentation of its net financial position.

The City's accounting system provides reasonable, but not absolute, assurance concerning 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.

The Auditor of State of Ohio studies the City's system of internal controls, conducts such tests that are necessary under the circumstances, and renders an opinion based upon the statements when taken in whole. Once again, the City has received an unmodified 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.

The City has included all of the funds for which it is financially accountable in the CAFR. The City is associated with ten jointly governed organizations which include: 1) the Miami Valley Regional Planning Commission, 2) Miami Valley Fire/EMS Alliance, 3) Economic Development/Government Equity Program, 4) Montgomery County Family & Children First Council, 5) Hazardous Material Response Team, 6) Montgomery County Regional Radio Council, 7) Montgomery County Office of Emergency Management, 8) Butler Township-Dayton JEDD (Joint Economic Development District), 9) Miami Township-Dayton JEDD, and 10) Preschool Promise.

This transmittal letter provides basic background information about the City, including a brief history, the state of our local economy, and fiscal health and major financial policies. It also is a complement to the required Management's Discussion and Analysis (MD&A). The City's MD&A, which focuses on the government-wide statements, can be found immediately following the independent auditor's report.

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 City of Dayton was the first large city to adopt the Council Manager form of government in 1913. The Dayton City Commission is comprised of five members – a Mayor and four Commissioners. Each member is 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.

Situated in southwestern Ohio, Dayton 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 include the cities of Vandalia, Trotwood, Kettering, Centerville, Beavercreek, Fairborn, West Carrollton, Huber Heights, Troy, and Miamisburg. As of the 2010 census, the population of Dayton was 141,527 (140,450 is the 2017 estimate population). The 2010 census for the Montgomery County population was 535,153 (520,154 is the 2017 estimate).

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 services, convention center, building inspection, community planning and economic development, recreation and parks, golf, street and bridge maintenance, waste collection, and a municipal court system.

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 after the second Monday in January and the final budget by December 31. The budget is prepared by fund and department for major operating funds, and by fund category for capital and non-operating funds.

LOCAL ECONOMY

At the heart of Dayton's economy is an unwavering spirit of innovation and the will to transform for success. The City has worked strategically to reposition its economy to compete globally in the future with a diversified knowledge-based economy. The City continues to see growth across several sectors of Dayton's regional economy in the past year with the largest increases found in the sectors of Leisure/Hospitality, and Education/Health Services. Since the depths of the financial crisis in December 2009, the Dayton regional economy has added jobs at a steady pace, growing by 34,800 jobs or 9.7%.

New construction and business expansions continue the optimism and reinforce broader-based business and consumer confidence. Underscoring the strength of the labor market is a flurry of economic development activity in the City. Developers of the Water Street District recently completed the Delco Lofts, an adaptive reuse project that transformed a former 6-story factory building into 129 market rate units overlooking the Dragons Baseball Stadium. A 115-room Fairfield Inn and Suites is scheduled to open in the district in late 2018. Children's Medical Center's \$140 million campus expansion has been completed, and CareSource, Ohio's largest Medicaid managed care provider, is in the process of expanding its footprint downtown with construction of a new 7-story office building, scheduled for completion in 2019. In addition to activity in Northeast downtown, construction is underway on the Levitt Pavilion at Dave Hall Plaza; the first concerts are scheduled to take place there in the late summer of 2018.

Further, the Dayton International Airport has weathered the departure of Southwest Airlines by continuing to develop its surrounding real estate. In addition to the 77,000 square foot maintenance hangar built by PSA airlines in 2016, Spectrum Brands finished construction on its 570,000 square foot \$11 million distribution center, adding about 325 jobs.

Tech Town, Dayton's urban technology campus, and home to over 40 companies with more than 450 employees is 97% leased. In 2017, six new tenants OptoTraffic, IKOVE, Dayton Children's Hospital Health Information Management, Willis Acquisition, Production 3D and Radial R & D made Tech Town their home. Also during 2017, the University of Dayton Research Labs experienced growth and expanded their operation on campus.

COMMUNITY AND ECONOMIC DEVELOPMENT

Downtown Development

The City recognizes that a thriving center city that likewise attracts people, businesses and investment is key to the City's success in sustaining future viability, and is an essential strategy expressed in the Greater Downtown Dayton Plan. In addition to the City's multi-million dollar investments, private and other public development is also on the rise from various entities that encompass retail, commercial, housing, health care, education, and recreational industries. Below is a list of some of the 2017 project highlights in downtown:

- 444 East Second Street - Renovation of at 25,000 SF 2-story building to house small innovation companies
- Angstrom Material's Global Graphene Group celebrated the opening of a building it acquired and refurbished at 1235 McCook Ave. Graphene is finding uses in new batteries, both for vehicles and phones, as well as tires, inks, lubricants, thermal films, and much more.
- CODE Credit Union completed an 8,400 SF Expansion adjacent CODE HQ on Monument Street.
- Downtown's new \$64 million main Dayton Metro Library opened in August 2017, re-energizing part of East Third Street.
- Sinclair Life Science Building \$31.5M Construction of a Health Sciences Center that consolidates health care programs into one facility located at West Fourth and Perry Streets. The new Sifferlen Health Sciences Center has been designed to ensure state-of-the-art education opportunities for students pursuing careers in healthcare—and for the benefit of the community.

Complementing the tremendous redevelopment efforts in downtown is an impressive growth in housing development both in the core of downtown and the Greater Downtown area. Occupancy rates in downtown housing have increased to more than 95% for both owner- and renter-occupied properties. A few examples of new housing completed in downtown include Monument Walk Housing, which features 16 large three bedroom, two car heated garage, four-story, elevator-ready luxury townhomes; and the Flats at South Park, a four-story building constructed along Warren Street that now offers 43 market-rate apartments on the upper floors and space for restaurants and service firms on the ground floor.

Neighborhood and Infrastructure Development

The City firmly believes that strong, diverse, and thriving neighborhoods are also keys to Dayton's livability and viability. Therefore, we continue to invest in neighborhood redevelopment projects and maintaining and improving our infrastructure. This reinvestment helps to stabilize neighborhoods, major transportation systems, and amenities while also encouraging investment from property owners and the business community. City administrators and our partners are aggressive and very successful in leveraging limited city resources with other state, local and federal resources to reinvest in all of its neighborhoods.

On November 8, 2016, Dayton voters passed Issue 9, an 8-year, 0.25% earned income tax. Issue 9, now known as "Your Dollars, Your Neighborhood," supports expanded service levels and new investments to enhance the quality of life and physical appearance of the City of Dayton and its neighborhoods. The 2017 Fiscal Year saw great progress toward fulfilling the City's commitment of infrastructure improvement in every neighborhood. An interactive dashboard was established to allow citizens to view when and where these dollars were spent. For more information, please go to <https://civicplus.daytonohio.gov/YourDollarsYourNeighborhood/>. Examples of some of the neighborhood improvements made in 2017 include:

- Completion of Mallory Park and Walnut Park Improvements
- \$4.8M was committed to residential road paving, and \$565,000 in vacant lot mowing.
- Completion of several bike paths including, Cleveland Park, Keowee Street, E. Fifth St and Hamilton Ave, and Valley Street Bikeway (Phase 1)

FINANCIAL HEALTH AND STABILITY

For the Fiscal Year 2017, Moody's Investors Services (Moody's) confirmed Dayton's general obligation bond credit rating at Aa2 and our non-tax revenue debt rating at Aa3. Standard & Poor's (S&P) confirmed Dayton's general obligation bond credit rating at AA and our non-tax revenue debt rating at AA-. S&P confirmed Dayton's Aviation revenue bond credit rating at AA. In addition, Fitch retained Dayton's BBB+ rating on Aviation. Moody's maintained its initial ratings of Aa2 assigned to both the Water System Revenue Bonds and Sewer System Revenue Bonds issued by Dayton in 2015. S&P assigned its AA- rating to both of those Revenue Bond issuances. The 2017 announcements from all three rating agencies attest to the continued confidence in Dayton's financial management practices and long-term stability.

RELEVANT FINANCIAL POLICIES AND BUDGET PLANS

The City maintains financial stability by continuing its well documented reputation of sound financial management and leadership. The City's long-standing policy is to maintain minimum cash 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 24-month period.

In 2017, the City updated its 20 year old Debt Management Policy, which will provide relevant guidance in how we issue long-term debt for capital initiatives within the current bond market framework. Further, 2017 was the first full year that the City used its recently updated Investment Policy. The significant changes in the maturity and allowable investment products allowed the City to be more flexible and take advantage of market conditions. At the end of 2017, the City had earned \$3.69 M from its main investment portfolio, a 24 % increase over 2016.

The City's budgeting process is prescribed by the Ohio Revised Code (ORC) and the City of Dayton Charter, which was amended by voters in November of 2014. The original and revised budgets are 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 County Budget Commission in accordance with the Ohio Revised Code.

The most significant change to the City's 2017 budget was the inclusion of new revenue for the General Fund. 2017 was the first year that the passage of the 0.25 percentage point increase to the City's income tax rate began to realize additional resources to bolster City services. Proceeds from the increase are set aside to primarily fund vacant lot mowing, street paving, public safety service delivery as well as provide access to universal preschool for all 4 year-olds residing in the City of Dayton.

In developing the 2017 General Fund budget, the goal was to maintain service levels with a \$1.7 million use of cash reserves to fund capital investments. However, given the better than planned performance of expenditures compared to budget, the \$1.7 million planned use of cash reserves was not necessary. On a budgetary basis, fund balance increased by \$6.0 million in 2017.

Additional budgetary information is presented for the general fund on page F 18.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Dayton for its CAFR for the year ended December 31, 2016, which represents the 35th consecutive year for this award. 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 2017 CAFR has been submitted to the GFOA for their review.

The Department of Finance has been ISO 9001 certified since 2013. The ISO 9001 certification requires an organization to demonstrate its ability to consistently provide products and services that meet customer needs and applicable statutory and regulatory requirements. This attainment is a great testament to the Department of Finance's commitment to provide accurate and excellent financial services for the City and its stakeholders.

In conclusion, I am proud to recognize and thank the Financial Analysis Team in the Department of Finance for their excellent work, diligent research, and thorough analysis in completing the 2017 CAFR. Moreover, the commitment to ensuring that the city's accounting records are well maintained all year long are also worthy of mention. I would also like to acknowledge and thank the City Manager's Office and the Department of Procurement, Management and Budget for their strategic and sound management of the City's resources. Finally, the City Administration is extremely fortunate to have excellent support from the Mayor and City Commissioners. It is through their conscientious leadership and well informed policy direction that the City administration consistently excels in managing Dayton's finances.

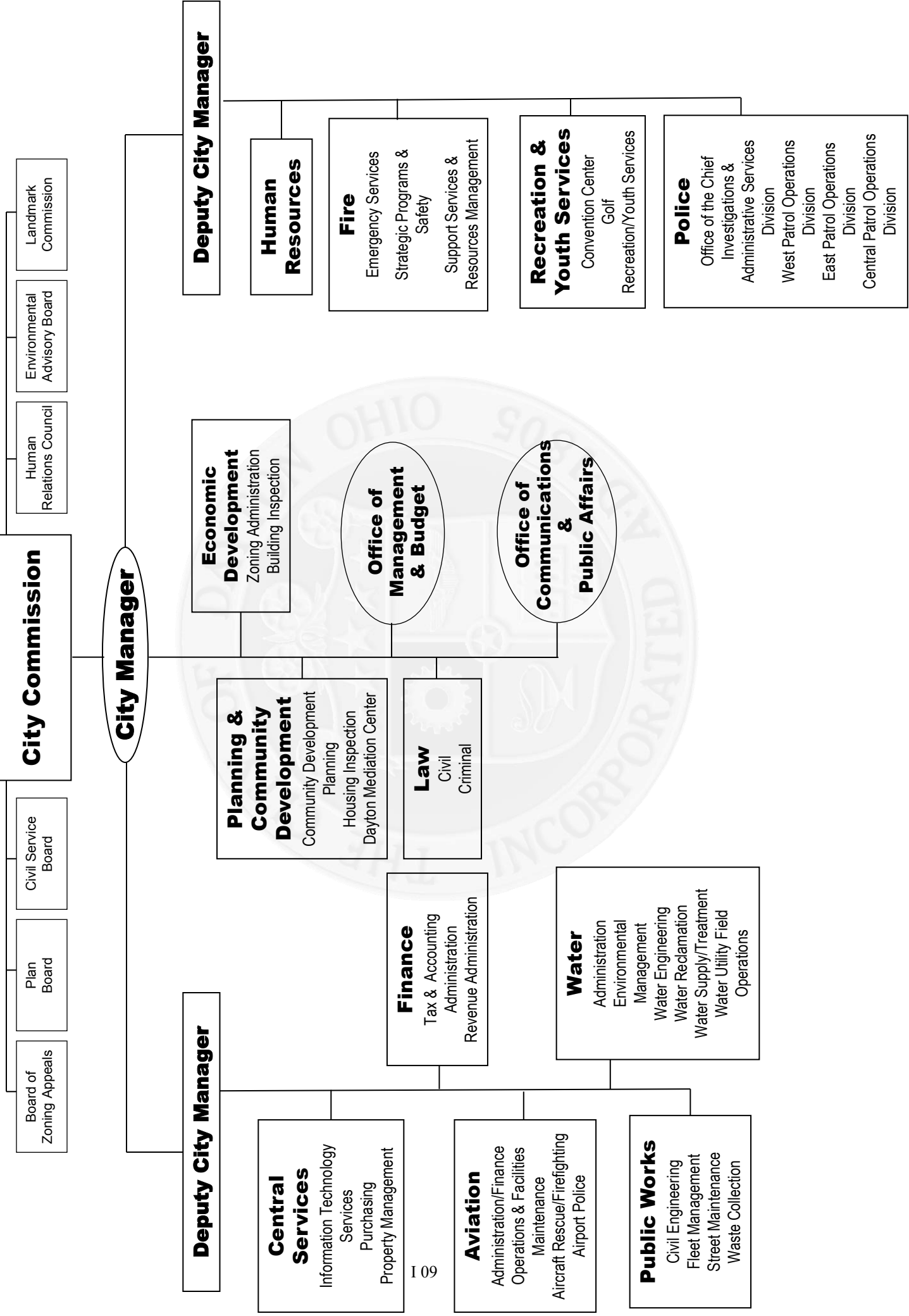
Respectfully submitted,



C. LaShea Lofton, Director
Department of Finance
City of Dayton, Ohio

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, 2017**

ELECTED OFFICIALS

Mayor	Nan Whaley
Commissioner	Joey D. Williams
Commissioner	Matt Joseph
Commissioner	Jeffrey Mims
Commissioner	Chris Shaw

APPOINTED OFFICIALS

City Manager	Shelley Dickstein
Deputy City Manager	Tammi Clements
Deputy City Manager	Joseph Parlette
Director ~ Aviation	Terrence Slaybaugh
Secretary and Chief Examiner ~ Civil Service	Maurice Evans
Director ~ City Commission	Kery Gray
Clerk of Commission ~ City Commission	Rashella Lavender
Director ~ Finance	C. LaShea Lofton
Director and Chief ~ Fire	Jeffrey Payne
Director ~ Human Relations Council	Catherine Crosby
Director ~ Human Resources	Kenneth Couch
Director ~ Law	Barbara Doseck
Director ~ Management and Budget	Barbara LaBrier
Clerk of Courts ~ Municipal Court	Mark Owens
Acting Director ~ Planning and Community Development	Brian Inderrieden
Director and Chief ~ Police	Richard Biehl
Director ~ Public Works	Fred Stovall
Director ~ Recreation & Youth Services	Robin Williams
Director ~ Water	Mike Powell



Government Finance Officers Association

Certificate of
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Presented to

City of Dayton
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

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Financial

FINANCIAL





Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Dayton
Montgomery County
101 West Third Street
Dayton, Ohio 45402

To the Honorable Mayor and City Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dayton, Montgomery County, Ohio (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dayton, Montgomery County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 26, 2018

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

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, 2017. 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 2017 are as follows:

- The total net position of the City decreased \$13,773,107 in 2017 from restated 2016 net position as shown in Note 3. Net position of governmental activities decreased \$10,700,479 or 2.67% from 2016 as restated and net position of business-type activities decreased \$3,072,628 or 0.50% from 2016 net position as restated.
- The City had \$216,183,782 in revenues related to governmental activities. General revenues accounted for \$157,072,249 or 72.66% of total governmental activities revenue. Program specific revenues accounted for \$59,111,533 or 27.34% of total governmental activities revenue.
- The City had \$226,366,761 in expenses related to governmental activities; \$59,111,533 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$167,255,228 were partially offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$157,072,249.
- The general fund had revenues of \$175,588,364 in 2017. The expenditures and other financing uses of the general fund totaled \$176,252,000 in 2017. The net decrease in the fund balance for the general fund was \$663,636 or 1.05% below 2016.
- The debt service major fund had \$9,992,865 in revenues and other financing sources and \$10,204,724 in expenditures in 2017. The reduction in fund balance in the debt service fund was \$211,859, a 0.73% decrease from 2016.
- The capital improvements major fund had \$25,592,258 in revenues and other financing sources and \$37,862,897 in expenditures in 2017. The fund balance for the capital improvements fund decreased \$12,270,639 or 38.64% from 2016.
- Net position for the business-type activities, which are made up of the Dayton International Airport, Water, Sewer, Storm Water and Golf enterprise funds, decreased in 2017 by \$3,072,628.
- The Dayton International Airport enterprise fund had \$35,063,582 in operating revenues and \$43,496,256 in operating expenses in 2017. The Dayton International Airport enterprise fund also had non-operating revenues of \$2,031,280, non-operating expenses of \$3,593,313 and capital contributions of \$5,928,254. The net position of the Dayton International Airport enterprise fund decreased \$4,066,453 or 1.47% from 2016 as restated.
- The Water enterprise fund had \$53,373,084 in operating revenues and \$54,575,547 in operating expenses in 2017. The Water enterprise fund also had non-operating revenues of \$724,488, non-operating expenses of \$1,420,529 and capital contributions of \$248,472. The net position of the Water enterprise fund decreased \$1,650,032 or 0.87% from 2016 as restated.
- The Sewer enterprise fund had \$34,457,043 in operating revenues and \$30,860,530 in operating expenses in 2017. The Sewer enterprise fund also had non-operating revenues of \$436,528 and non-operating expenses of \$1,256,237. The net position of the Sewer enterprise fund increased \$2,776,804 or 2.32% over 2016 as restated.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

- In the general fund, the actual revenues were \$2,406,977 lower than they were in the final budget and actual expenditures and other financing uses were \$4,656,702 less than the amount in the final budget. Budgeted revenues increased \$1,123,100 from the original to the final budget. Budgeted expenditures and other financing uses increased \$478,600 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 an entire financial operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position 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 Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, this review examines the City's financial transactions and asks the question, "How did we do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses 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 position and changes in net position. This change is important because it tells the reader that the financial position of the City has either 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 others.

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

1. Governmental Activities - Most of the City's programs and services are reported 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.
2. 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.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

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 15 of this report.

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major and nonmajor funds. The City's major governmental funds are the general fund, debt service fund and capital improvements fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages F 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, 2017 (UNAUDITED)

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 statements 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 116 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

Government-Wide Financial Analysis

The table below is a summary of the City's net position at December 31, 2017 compared to December 31, 2016.

	Net Position					
	Governmental Activities	Governmental Activities Restated	Business-Type Activities	Business-Type Activities Restated	Total	Total Restated
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>						
Current and other assets	\$ 217,590,924	\$ 232,275,728	\$ 240,343,192	\$ 264,396,096	\$ 457,934,116	\$ 496,671,824
Capital assets, net	<u>445,573,893</u>	<u>428,669,954</u>	<u>584,929,657</u>	<u>560,956,848</u>	<u>1,030,503,550</u>	<u>989,626,802</u>
Total assets	<u>663,164,817</u>	<u>660,945,682</u>	<u>825,272,849</u>	<u>825,352,944</u>	<u>1,488,437,666</u>	<u>1,486,298,626</u>
Deferred outflows	<u>51,942,730</u>	<u>54,654,307</u>	<u>23,727,087</u>	<u>19,821,150</u>	<u>75,669,817</u>	<u>74,475,457</u>
Total asset and deferred outflows	<u>715,107,547</u>	<u>715,599,989</u>	<u>848,999,936</u>	<u>845,174,094</u>	<u>1,564,107,483</u>	<u>1,560,774,083</u>
<u>Liabilities</u>						
Current liabilities	14,678,519	11,955,438	15,985,382	13,236,372	30,663,901	25,191,810
Long-term liabilities:						
Due within one year	17,684,073	16,936,603	9,643,121	9,362,161	27,327,194	26,298,764
Net pension liability	203,843,784	191,388,971	59,468,029	48,588,355	263,311,813	239,977,326
Other liabilities	<u>69,558,384</u>	<u>77,624,504</u>	<u>148,916,126</u>	<u>156,443,994</u>	<u>218,474,510</u>	<u>234,068,498</u>
Total liabilities	<u>305,764,760</u>	<u>297,905,516</u>	<u>234,012,658</u>	<u>227,630,882</u>	<u>539,777,418</u>	<u>525,536,398</u>
Deferred inflows	<u>19,749,733</u>	<u>17,400,940</u>	<u>1,500,328</u>	<u>983,634</u>	<u>21,250,061</u>	<u>18,384,574</u>
Total liabilities and deferred inflows	<u>325,514,493</u>	<u>315,306,456</u>	<u>235,512,986</u>	<u>228,614,516</u>	<u>561,027,479</u>	<u>543,920,972</u>
<u>Net Position</u>						
Net investment						
in capital assets	398,432,088	372,458,561	481,494,371	461,538,909	879,926,459	833,997,470
Restricted	46,244,345	57,403,783	9,737,907	9,514,757	55,982,252	66,918,540
Unrestricted	<u>(55,083,379)</u>	<u>(29,568,811)</u>	<u>122,254,672</u>	<u>145,505,912</u>	<u>67,171,293</u>	<u>115,937,101</u>
Total net position	<u>\$ 389,593,054</u>	<u>\$ 400,293,533</u>	<u>\$ 613,486,950</u>	<u>\$ 616,559,578</u>	<u>\$ 1,003,080,004</u>	<u>\$ 1,016,853,111</u>

In a prior year, the City adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2017, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,003,080,004. At year-end, net positions were \$389,593,054 and \$613,486,950 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, 2017
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's assets and deferred outflows. At year-end, capital assets represented 65.88% of total assets and deferred outflows. Capital assets include land, right of ways, construction in progress (CIP), improvements other than buildings, buildings and improvements, equipment, software, vehicles and infrastructure.

The City's net investment in capital assets at December 31, 2017, was \$398,432,088 and \$481,494,371 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, 2017, the City is able to report a positive balance in total net position, for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net position, \$55,982,252, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is a deficit balance of \$55,083,379.

The table on the next page shows the changes in net position for 2017 and 2016.

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CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

Change in Net Position

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>	Business-Type Activities <u>2017</u>	Business-Type Activities <u>2016</u>	Total <u>2017</u>	Total <u>2016</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 31,989,543	\$ 33,718,351	\$ 120,083,605	\$ 118,447,667	\$ 152,073,148	\$ 152,166,018
Operating grants and contributions	14,355,175	15,921,133	-	-	14,355,175	15,921,133
Capital grants and contributions	<u>12,766,815</u>	<u>13,275,111</u>	<u>6,176,726</u>	<u>13,605,971</u>	<u>18,943,541</u>	<u>26,881,082</u>
Total program revenues	<u>59,111,533</u>	<u>62,914,595</u>	<u>126,260,331</u>	<u>132,053,638</u>	<u>185,371,864</u>	<u>194,968,233</u>
General revenues:						
Property taxes	9,749,960	12,530,977	-	-	9,749,960	12,530,977
Income taxes	125,253,442	109,275,331	-	-	125,253,442	109,275,331
Payment in lieu of taxes	1,997,895	1,639,517	-	-	1,997,895	1,639,517
Unrestricted grants	13,618,351	14,475,022	-	-	13,618,351	14,475,022
Interest	2,118,284	2,258,330	1,552,267	863,088	3,670,551	3,121,418
Miscellaneous	<u>4,334,317</u>	<u>3,399,230</u>	<u>13,148,319</u>	<u>12,535,999</u>	<u>17,482,636</u>	<u>15,935,229</u>
Total general revenues	<u>157,072,249</u>	<u>143,578,407</u>	<u>14,700,586</u>	<u>13,399,087</u>	<u>171,772,835</u>	<u>156,977,494</u>
Total revenues	<u>216,183,782</u>	<u>206,493,002</u>	<u>140,960,917</u>	<u>145,452,725</u>	<u>357,144,699</u>	<u>351,945,727</u>
Expenses:						
Downtown	3,204,951	3,653,125	-	-	3,204,951	3,653,125
Youth, education and human services	219,529	120,375	-	-	219,529	120,375
Community development	20,646,893	20,766,486	-	-	20,646,893	20,766,486
Economic development	26,135,222	10,273,961	-	-	26,135,222	10,273,961
Leadership and quality of life	43,843,557	43,181,443	-	-	43,843,557	43,181,443
Corporate responsibility	18,800,773	16,482,483	-	-	18,800,773	16,482,483
Public safety and justice	110,670,677	107,505,250	-	-	110,670,677	107,505,250
Interest and fiscal charges	2,845,159	3,074,675	-	-	2,845,159	3,074,675
Dayton International Airport	-	-	45,920,196	39,640,671	45,920,196	39,640,671
Water	-	-	56,194,400	49,944,784	56,194,400	49,944,784
Sewer	-	-	32,211,627	30,326,605	32,211,627	30,326,605
Other business-type activities:						
Storm water	-	-	7,110,595	5,700,888	7,110,595	5,700,888
Golf	-	-	3,114,227	2,991,868	3,114,227	2,991,868
Total expenses	<u>226,366,761</u>	<u>205,057,798</u>	<u>144,551,045</u>	<u>128,604,816</u>	<u>370,917,806</u>	<u>333,662,614</u>
Increase in net position before transfers	(10,182,979)	1,435,204	(3,590,128)	16,847,909	(13,773,107)	18,283,113
Transfers	<u>(517,500)</u>	<u>(501,000)</u>	<u>517,500</u>	<u>501,000</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(10,700,479)</u>	<u>934,204</u>	<u>(3,072,628)</u>	<u>17,348,909</u>	<u>(13,773,107)</u>	<u>18,283,113</u>
Net position at beginning of year (restated)	<u>400,293,533</u>	<u>399,359,329</u>	<u>616,559,578</u>	<u>599,210,669</u>	<u>1,016,853,111</u>	<u>998,569,998</u>
Net position at end of year	<u>\$ 389,593,054</u>	<u>\$ 400,293,533</u>	<u>\$ 613,486,950</u>	<u>\$ 616,559,578</u>	<u>\$ 1,003,080,004</u>	<u>\$ 1,016,853,111</u>

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

Governmental Activities

Governmental activities net position decreased \$10,700,479 in 2017. This decrease of 2.67% is due to an increase in expenditures for the City.

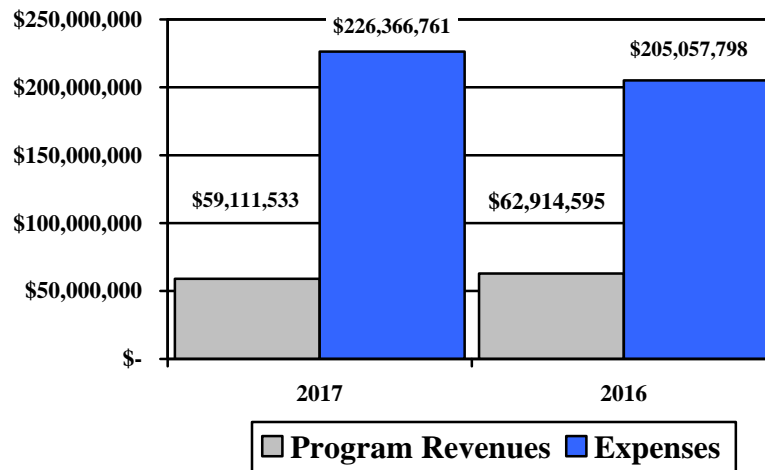
Public safety and justice, which primarily supports the operations of the police and fire departments accounted for \$110,670,677 of the total expenses of the City. These expenses were partially funded by \$17,943,019 in direct charges to users of the services. Leadership and quality of life expenses totaled \$43,843,557. Leadership and quality of life expenses were partially funded by \$5,968,710 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$14,355,175 in operating grants and contributions and \$12,766,815 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$6,059,480 subsidized leadership and quality of life and \$8,138,043 subsidized community development and neighborhoods. The total capital grants and contributions, \$12,766,815 subsidized leadership and quality of life programs.

General revenues totaled \$157,072,249 and amounted to 72.66% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$135,003,402. 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 \$13,618,351.

The statement of activities on pages F 32 – F 33 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

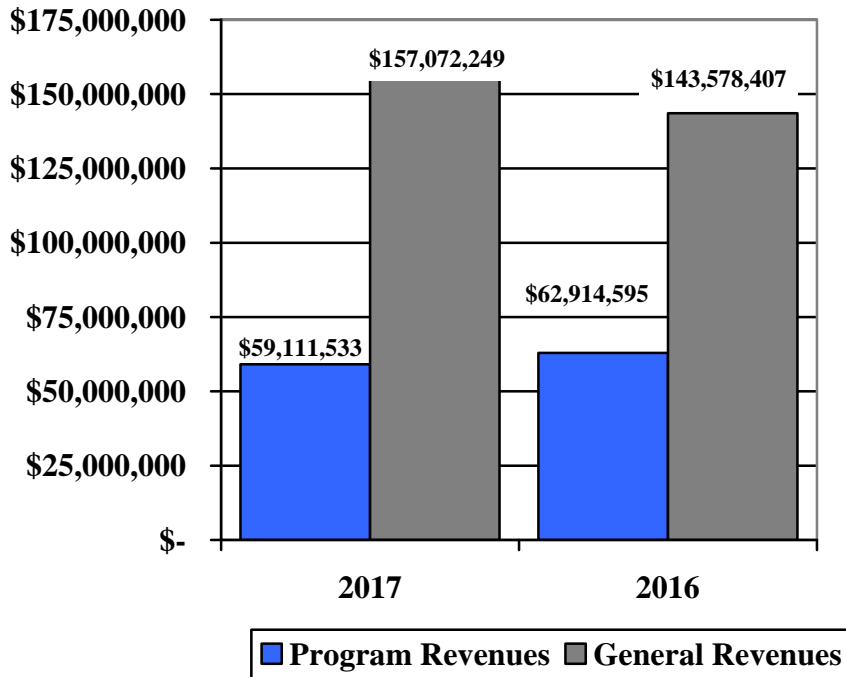
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

Governmental Activities

	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>
Program Expenses:				
Downtown	\$ 3,204,951	\$ 2,732,506	\$ 3,653,125	\$ 3,027,385
Youth, education and human services	219,529	203,848	120,375	101,529
Community development and neighborhoods	20,646,893	10,298,590	20,766,486	11,664,451
Economic development	26,135,222	23,313,958	10,273,961	7,170,902
Leadership and quality of life	43,843,557	19,048,552	43,181,443	16,191,067
Corporate responsibility	18,800,773	16,084,957	16,482,483	13,626,097
Public safety and justice	110,670,677	92,727,658	107,505,250	87,287,097
Interest and fiscal charges	<u>2,845,159</u>	<u>2,845,159</u>	<u>3,074,675</u>	<u>3,074,675</u>
Total Expenses	<u>\$ 226,366,761</u>	<u>\$ 167,255,228</u>	<u>\$ 205,057,798</u>	<u>\$ 142,143,203</u>

The dependence upon general revenues for governmental activities is apparent, with 73.89% of expenses supported through taxes and other general revenues. Total governmental expenses were \$226,366,761, program revenues were \$59,111,533 and general revenues were \$157,072,249.

Governmental Activities – General and Program Revenues



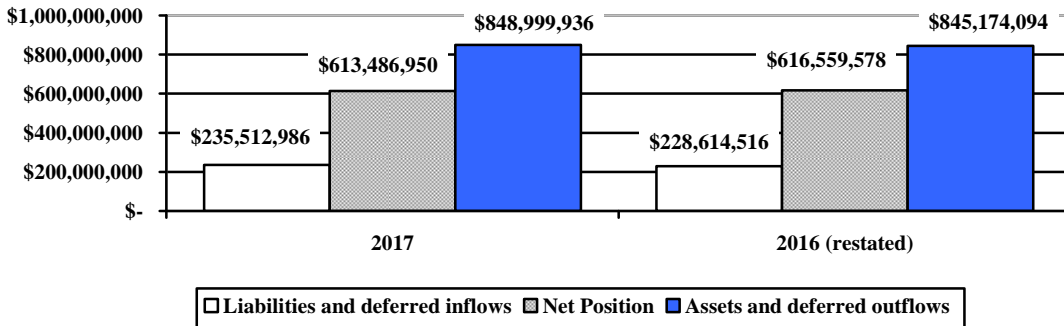
CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

Business-Type Activities

Business-type activities include the Dayton International Airport, Water, Sewer, Storm Water and Golf enterprise funds. Overall, the net position of the business-type activities decreased \$3,072,628 in 2017. This decrease of 0.50% is due to a decrease in revenues and an increase in expenditures for the City. These programs had program revenues of \$126,260,331, general revenues of \$14,700,586 and expenses of \$144,551,045 for 2017. The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at year-end (see pages F 30 and F 31).

Net Position 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, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

The City's governmental funds (as presented on the balance sheet on page F 34 - F 35) reported a combined fund balance of \$124,636,673 which is \$12,986,059 lower than last year's total of \$137,622,732. The table below indicates the fund balances and the total change in fund balances as of December 31, 2017 for all major and nonmajor governmental funds.

	<u>Fund Balances</u> <u>12/31/17</u>	<u>Fund Balances</u> <u>12/31/16</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 62,265,027	\$ 62,928,663	\$ (663,636)
Debt service	28,663,891	28,875,750	(211,859)
Capital improvement	19,481,979	31,752,618	(12,270,639)
Other nonmajor governmental funds	<u>14,225,776</u>	<u>14,065,701</u>	<u>160,075</u>
Total	<u>\$ 124,636,673</u>	<u>\$ 137,622,732</u>	<u>\$ (12,986,059)</u>

General Fund

The City's general fund balance decreased \$663,636 (see the table above).

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Income, property and other taxes	\$ 137,658,609	\$ 122,199,578	12.65 %
Charges for services	24,917,049	26,669,050	(6.57) %
Licenses and permits	1,721,640	1,557,705	10.52 %
Fines and forfeitures	634,383	638,978	(0.72) %
Investment income	1,931,858	2,627,673	(26.48) %
Special assessments	169,124	198,279	(14.70) %
Intergovernmental	4,249,033	4,365,137	(2.66) %
Other	<u>4,306,668</u>	<u>2,725,525</u>	58.01 %
Total	<u>\$ 175,588,364</u>	<u>\$ 160,981,925</u>	9.07 %

The above table assists in illustrating the revenues of the general fund. Overall revenues of the general fund increased \$14,606,439. The most significant increases were in the areas of income, property and other taxes, licenses and permits and other revenue.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

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

	<u>2017</u>	<u>2016</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 2,842,200	\$ 3,266,286	(12.98) %
Youth, education and human services	94,338	104,913	(10.08) %
Community development and neighborhoods	12,342,265	12,396,711	(0.44) %
Economic development	12,878,364	6,649,167	93.68 %
Leadership and quality of life	24,661,870	22,661,555	8.83 %
Corporate responsibility	15,069,560	14,879,137	1.28 %
Public safety and justice	<u>98,263,928</u>	<u>95,257,822</u>	3.16 %
Total	<u>\$ 166,152,525</u>	<u>\$ 155,215,591</u>	7.05 %

Overall expenditures of the general fund increased by \$10,936,934 or 7.05%. The largest expenditure of the City, public safety and justice, increased \$3,006,106 or 3.16%. The largest expenditure increase is in the area of economic development and is a result of development projects and the write-off of a loan with CityWide Development Group for a Tech Town building project.

Debt Service

The City's debt service fund balance decreased \$211,859 (see page F 38). The decrease in fund balance was primarily due to the payment on bonds. The following tables illustrate the revenues and expenditures of the debt service fund.

	<u>2017</u>	<u>2016</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 6,290,806	\$ 6,455,524	(2.55) %
Intergovernmental	2,422,628	2,470,318	(1.93) %
Special assessments	33,417	36,801	(9.20) %
Investment income	27,503	-	100.00 %
Other	<u>27,649</u>	<u>187,764</u>	(85.27) %
Total	<u>\$ 8,802,003</u>	<u>\$ 9,150,407</u>	(3.81) %

	<u>2017</u>	<u>2016</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Corporate responsibility	\$ 113,292	\$ 101,704	11.39 %
Bond issuance costs	-	267,816	(100.00) %
Principal retirement	7,033,560	6,731,095	4.49 %
Interest and fiscal charges	<u>3,057,872</u>	<u>2,797,870</u>	9.29 %
Total	<u>\$ 10,204,724</u>	<u>\$ 9,898,485</u>	3.09 %

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

Capital Improvements

The City's capital improvement fund's fund balance decreased by \$12,270,639 or 38.64% (see page F 38). The tables below illustrate the revenues and expenditures of the capital improvement fund. Revenues increased \$689,511 or 4.10%. The tax revenue is used to reduce the balance of the manuscript debt. Expenditures increased \$10,565,266 or 38.70%. In addition to the revenues listed on the chart below, the capital improvements fund had \$8,070,601 in transfers from the general fund to be used for capital improvements. The debt service payments made from the capital improvement fund were for an OPWC loan and debt payments made with payment in lieu of tax revenue.

	2017	2016	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 321,800	\$ 321,800	- %
Charges for services	115,269	554,978	(79.23) %
Intergovernmental	13,681,081	13,950,686	(1.93) %
Payments in lieu of taxes	2,919,537	1,687,149	73.05 %
Other	<u>483,970</u>	<u>317,533</u>	52.42 %
Total	<u>\$ 17,521,657</u>	<u>\$ 16,832,146</u>	4.10 %

	2017	2016	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Downtown	\$ -	\$ 201,876	(100.00) %
Community development and neighbors	752,053	629,010	19.56 %
Economic development	3,697,797	1,513,209	144.37 %
Leadership and quality of life	1,899,415	1,858,318	2.21 %
Corporate responsibility	507,927	274,450	85.07 %
Public safety and justice	-	29,424	(100.00) %
Capital outlay	30,601,707	20,836,262	46.87 %
Debt service	<u>403,998</u>	<u>1,955,082</u>	(79.34) %
Total	<u>\$ 37,862,897</u>	<u>\$ 27,297,631</u>	38.70 %

2017 Budgeting Highlights – General Fund

The City's budgeting process is prescribed by the Ohio Revised Code (ORC) and the City of Dayton Charter, which was amended by voters in November of 2014. The original and revised budgets are 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 County 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 forecasted revenues are adjusted during the course of the year due to actual revenue performance, then the certificate of available resources and the appropriation are also 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.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

Budgetary information is presented for the general fund on page F 41. With respect to changes to the general fund, the final budget reflects projected revenues that were \$1.1 million higher than the original budget. Actual revenues had a negative variance of \$1.3 million, or 0.7% compared to the original budget and an even larger negative variance of \$2.4 million or 1.4% compared to the final budget. A determination was made in the final quarter of 2017 to eliminate the long-standing 14-period and to bring the City's budgeting basis closer to a cash basis. This reduced actual revenues and expenditures that previously would have been recorded in the accrual period.

Actual general fund revenues performed better in four categories relative to the original forecast and underperformed in six categories. As it relates to the final budget, actual revenues again exceeded the budget in four categories but fell short in six, albeit only three categories exceeded 10%. The negative variance to both the original and final budgets of 0.7% and 1.4%, respectively, indicates that we did not meet our performance metric of 0% to 3% positive variance for revenues.

Two revenue categories realized a variance in excess of 10% when compared to the original budget and three when compared to the final budget. Special assessments performed \$380,876 below both the original and final budget, representing a nearly 70% variance. The increase in special assessment revenue as a result of a higher level of assessments was premature by one year. Other revenue realized a favorable variance of \$1.6 million to the original budget and a \$717,721 variance to the final budget, resulting from an unplanned reimbursement from the State of Ohio, Bureau of Workers Compensation. Finally, fines and forfeitures experienced a \$335,467, or 33.9% variance to the final budget due to the later than anticipated start of the City's Public Safety Photo Enforcement Program. Proceeds from this program are dedicated for the sole purpose of public safety equipment.

Actual expenditures in 2017 were \$7.1 million or 4.1% under (favorable) the original budget while the final budget was \$4.6 million or 2.7% higher than actuals. Two of the ten programmatic areas realized variances in excess of 10%. Youth, education and human services was budgeted at \$57,400 but actual expenditures came in at \$89,422. The "other expenditure" category realized a favorable variance to the original budget of \$1.2 million, or 18.2%. This variance is a function of allowing some flexibility in contingency funds during the year. Both the original and final budgets experienced sizable percentage variances for interest charges, although the dollar amount was just \$2,160.

Actual operating transfers out were \$2.9 million over the original budget and \$72,626 under the final budget. A higher level of transfers was incorporated into the final budget given the lower than planned spending levels.

In both the original and final budget, use of fund balance was anticipated for special project activities as well as for transfers in support of capital investments. Funds for special projects are often received in one year and spent in later years, which was the case in 2017 especially as it relates to economic development projects. When the adjustment is made for prior year encumbrances, the general fund ended the year with a \$65.1 million fund balance, which is \$6.0 million higher than 2016. The significant increase in fund balance is the result of a 0.25 percentage point increase in the City's income tax rate. The increase generated nearly \$11 million in new funding that supports residential road resurfacing, park improvements, vacant lot and boulevard mowing, additional police officers and access to high quality preschool for all Dayton families.

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 City's business-type funds (as presented on the statement of net position on pages F 42 - F 45) reported a combined net position of \$613,314,163 which is \$2,148,748 below last year's total of \$615,462,911 as restated.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

The following table indicates the net position and the total change in net position as of December 31, 2017 for all major and nonmajor business-type funds.

	Net Position <u>12/31/17</u>	Restated Net Position <u>12/31/16</u>	Increase (decrease)
Major Funds:			
Dayton International Airport	\$ 272,406,492	\$ 276,472,945	\$ (4,066,453)
Water	187,367,572	189,017,604	(1,650,032)
Sewer	122,275,640	119,498,836	2,776,804
Other Business-type activities	<u>31,264,459</u>	<u>30,473,526</u>	<u>790,933</u>
Total	<u>\$ 613,314,163</u>	<u>\$ 615,462,911</u>	<u>\$ (2,148,748)</u>

Dayton International Airport (DIA)

The City's Dayton International Airport net position decreased by \$4,066,453 or 1.47% from the restated amount. The Dayton International Airport received \$5,928,254 in capital contributions.

The following tables illustrate the revenues and expenses of the Dayton International Airport fund.

	<u>2017 Amount</u>	<u>2016 Amount</u>	Percentage <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 27,065,242	\$ 26,086,061	3.75 %
Other	<u>7,998,340</u>	<u>7,709,403</u>	3.75 %
Total	<u>\$ 35,063,582</u>	<u>\$ 33,795,464</u>	3.75 %

Operating revenues increased by \$1,268,118 or 3.75%.

	<u>2017 Amount</u>	<u>2016 Amount</u>	Percentage <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 9,254,880	\$ 9,513,475	(2.72) %
Benefit payments	5,473,255	4,501,181	21.60 %
Contractual services	10,021,122	3,908,257	156.41 %
Materials and supplies	1,065,376	1,316,973	(19.10) %
Utilities	1,656,597	1,960,904	(15.52) %
Depreciation	13,450,171	12,575,510	6.96 %
Other	<u>2,574,855</u>	<u>3,174,363</u>	(18.89) %
Total	<u>\$ 43,496,256</u>	<u>\$ 36,950,663</u>	17.71 %

Operating expenses increased by \$6,545,593 or 17.71%.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

	<u>2017</u>	<u>2016</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 747,926	\$ 502,165	48.94 %
Interest expense and fiscal charges	(3,457,821)	(2,361,402)	46.43 %
Increase(decrease) in fair market value of investments	(135,492)	(144,171)	(6.02) %
Gain on sale of capital assets	1,283,354	-	100.00 %
Bond issuance costs	-	(668,941)	(100.00) %
Capital contributions	<u>5,928,254</u>	<u>9,959,857</u>	(40.48) %
Total	<u>\$ 4,366,221</u>	<u>\$ 7,287,508</u>	(40.09) %

Nonoperating revenues and expenses decreased by \$2,921,287 or 40.09%. Capital contributions for 2016 and 2017 were primarily for Federal grants that are being used for capital improvements, including significant upgrades to the terminal, along with passenger facility charges.

Water

The City's Water fund net position decreased by \$1,650,032 or 0.87% from the restated amount (see the table on F 20).

	<u>2017</u>	<u>2016</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 48,891,167	\$ 49,912,404	(2.05) %
Other	<u>4,481,917</u>	<u>4,353,648</u>	2.95 %
Total	<u>\$ 53,373,084</u>	<u>\$ 54,266,052</u>	(1.65) %

Operating revenues decreased by \$892,968 or 1.65%.

	<u>2017</u>	<u>2016</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 16,113,566	\$ 15,588,070	3.37 %
Benefit payments	9,857,197	7,202,144	36.86 %
Contractual services	8,274,149	6,539,604	26.52 %
Materials and supplies	4,885,951	4,530,942	7.84 %
Utilities	5,036,094	5,289,696	(4.79) %
Depreciation	7,261,946	7,098,170	2.31 %
Other	<u>3,146,644</u>	<u>3,146,537</u>	0.00 %
Total	<u>\$ 54,575,547</u>	<u>\$ 49,395,163</u>	10.49 %

Operating expenses increased by \$5,180,384 or 10.49%.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

	<u>2017</u>	<u>2016</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 724,488	\$ 355,939	103.54 %
Interest expense and fiscal charges	(1,141,063)	(994,137)	14.78 %
Increase (decrease) in fair market value of investments	(207,656)	(103,611)	100.42 %
Capital contributions	248,472	3,447,881	(92.79) %
Loss on sale of capital assets	<u>(71,810)</u>	<u>-</u>	(100.00) %
 Total	 <u>\$ (447,569)</u>	 <u>\$ 2,706,072</u>	 116.54 %

Nonoperating revenues and expenses decreased \$3,153,641 or 116.54% for 2017.

Sewer

The City's Sewer fund net position increased by \$2,776,804 or 2.32% as restated (see page F 20).

	<u>2017</u>	<u>2016</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 33,845,779	\$ 32,309,554	4.75 %
Other	<u>611,264</u>	<u>472,948</u>	29.25 %
Total	<u>\$ 34,457,043</u>	<u>\$ 32,782,502</u>	5.11 %

Operating revenues increased by \$1,674,541 or 5.11%.

	<u>2017</u>	<u>2016</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 7,881,986	\$ 7,885,915	(0.05) %
Benefit payments	4,672,616	3,663,004	27.56 %
Contractual services	7,876,762	7,092,012	11.07 %
Materials and supplies	2,249,167	2,115,291	6.33 %
Utilities	2,333,399	2,733,299	(14.63) %
Depreciation	4,949,494	4,514,490	9.64 %
Other	<u>897,106</u>	<u>1,340,013</u>	(33.05) %
Total	<u>\$ 30,860,530</u>	<u>\$ 29,344,024</u>	5.17 %

Operating expenses increased by \$1,516,506 or 5.17%.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

	2017	2016	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 436,528	\$ 272,494	60.20 %
Increase(decrease) in fair market value of investments	(92,443)	(66,382)	39.26 %
Interest expense and fiscal charges	(1,126,911)	(1,187,526)	(5.10) %
Loss on sale of capital assets	(36,883)	-	(100.00) %
Capital contributions	<u>-</u>	<u>198,233</u>	100.00 %
Total	<u>\$ (819,709)</u>	<u>\$ (783,181)</u>	(4.66) %

Nonoperating revenues and expenses in 2017 decreased by \$36,528 or 4.66%.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2017, the City had \$1,030,503,550 (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, \$445,573,893 was reported in governmental activities and \$584,929,657 was reported in business-type activities. See Note 12 in the basic financial statements for additional capital asset disclosure.

The following table shows December 31, 2017 balances compared to December 31, 2016:

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

	Governmental	Restated Governmental	Business-Type	Restated Business-Type	Total	Restated Total
	Activities	Activities	Activities	Activities	2017	2016
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>		
Land	\$ 51,464,353	\$ 51,011,664	\$ 42,700,323	\$ 42,696,301	\$ 94,164,676	\$ 93,707,965
Construction in progress	8,852,899	21,568,904	18,776,960	27,701,409	27,629,859	49,270,313
Right of ways	14,007,402	14,007,402	-	-	14,007,402	14,007,402
Buildings and improvements	79,575,280	75,924,381	131,515,887	123,364,147	211,091,167	199,288,528
Improvements other than buildings (IOTB)	17,545,038	16,598,225	370,292,028	345,884,980	387,837,066	362,483,205
Equipment	4,172,275	5,124,081	5,269,913	4,670,024	9,442,188	9,794,105
Software	454,121	597,066	1,271,944	1,542,025	1,726,065	2,139,091
Vehicles	16,436,449	14,060,982	15,102,602	15,097,962	31,539,051	29,158,944
Infrastructure	<u>253,066,076</u>	<u>229,777,249</u>	<u>-</u>	<u>-</u>	<u>253,066,076</u>	<u>229,777,249</u>
Total	<u>\$ 445,573,893</u>	<u>\$ 428,669,954</u>	<u>\$ 584,929,657</u>	<u>\$ 560,956,848</u>	<u>\$ 1,030,503,550</u>	<u>\$ 989,626,802</u>

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

The City's largest governmental 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 56.80% of the City's total governmental capital assets.

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 63.31% of the City's total business-type capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2017 and 2016:

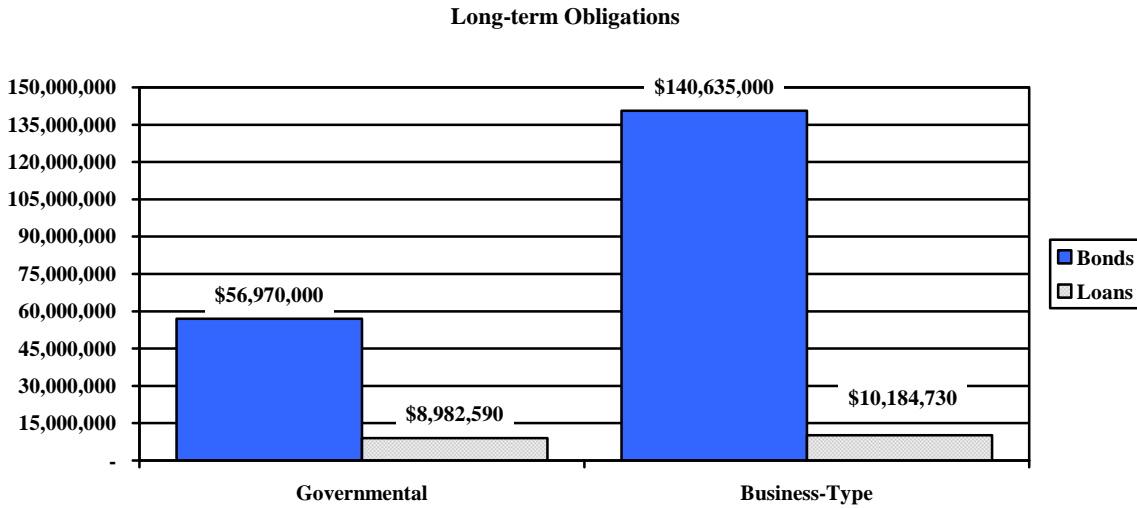
	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
General obligation bonds	\$ 35,125,000	\$ 39,730,000
Revenue bonds	<u>21,845,000</u>	<u>24,055,000</u>
Total bonds	<u>56,970,000</u>	<u>63,785,000</u>
OPWC loans	1,015,767	1,116,405
State infrastructure bank loan	2,472,769	2,568,125
State infrastructure bank bonds	3,315,000	3,465,000
Ohio Department of Development Loan	<u>2,179,054</u>	<u>2,440,804</u>
Total loans	<u>8,982,590</u>	<u>9,590,334</u>
Total long-term obligations	<u>\$ 65,952,590</u>	<u>\$ 73,375,334</u>
	Business-type Activities <u>2017</u>	Business-type Activities <u>2016</u>
General obligation bonds	\$ 36,135,000	\$ 38,415,000
Revenue bonds	<u>104,500,000</u>	<u>108,125,000</u>
Total bonds	<u>140,635,000</u>	<u>146,540,000</u>
OWDA loans	5,167,722	6,031,338
OPWC loans	150,000	200,000
Jobs Ohio loans	<u>4,867,008</u>	<u>5,000,000</u>
Total loans	<u>10,184,730</u>	<u>11,231,338</u>
Total long-term obligations	<u>\$ 150,819,730</u>	<u>\$157,771,338</u>

CITY OF DAYTON, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

See Note 14 in the basic financial statements for additional disclosures and detail regarding the City’s debt activity.

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



Economic Outlook and the 2018 Budget

After years of stagnant or declining growth, the economy of the Dayton Region has turned the corner and registered four years of continuous job growth. New construction and business expansions are fueling optimism and reinforcing broader-based consumer confidence.

Underscoring the strength of the labor market is a flurry of economic development activity in the City. Developers of the Water Street District recently completed the Delco Lofts, an adaptive reuse project that transformed a former 6-story factory building into 129 market rate units overlooking the Dragons Baseball Stadium. A 115-room Fairfield Inn and Suites is scheduled to open in the district in late 2018. Children’s Medical Center’s \$140 million campus expansion has been completed, and CareSource, Ohio’s largest Medicaid managed care provider, is in the process of expanding its footprint downtown with construction of a new 7-story office building, scheduled for completion in 2019. In addition to activity in Northeast downtown, construction is underway on the Levitt Pavilion at Dave Hall Plaza; the first concerts are scheduled to take place there in the late summer of 2018.

The Dayton International Airport has weathered the departure of Southwest Airlines by continuing to develop its surrounding real estate. In addition to the 77,000 square foot maintenance hangar built by PSA airlines in 2016, Spectrum brands finished construction on its 570,000 square foot distribution center, adding about 325 jobs. The Dayton regional economy has added jobs at a steady pace, growing by 34,800 jobs or 9.7% since the depths of the Great Recession in December of 2009. Growth has accelerated across many sectors of the regional economy in the past year with the largest increases found in the sectors of Leisure/Hospitality, and Education/Health Services.

The City’s General Fund financial performance improved over the course of 2017, largely due to the passage of a 0.25% income tax increase passed by voters in November of 2016. On a budgetary basis, total 2017 General Fund Sources were up 7.5% or \$12.1 million over 2016, \$13.6 million of which was attributable to the income tax Increase. Baseline income tax revenues (omitting the impacts of the tax increase) increased \$3 million or 2.8% year over year, signaling more evidence of an improving job market. These increases were offset by reductions in charges for services as well as state support to local governments.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

Given the better than planned performance of expenditures compared to budget, the \$1.7 million planned use of cash reserves was not necessary. On a budgetary basis, fund balance increased by \$6.0 million in 2017.

Employment and the Income Tax

The components of income tax shed light on the condition and direction of the local economy. Withholding collections in 2017, or taxes on wage-earners in the City, grew by \$12.6 million, or 13% over the prior year, reflecting the impact of the 0.25% income tax issue passed by voters in November, 2016. In fact, 2017 saw the fifth annual increase in withholdings since 2011. Despite this, taxes on business profits fell for the third consecutive year, dropping \$380,800, or 3.6%. Taken together, income tax collections, net of refunds, grew by \$13.6 million or 12.5% to \$122.4 million, the highest level on record.

The original forecast for 2018 Income Tax Revenues is \$123.5 million including the \$12.2 million projection for Issue 9. This represents a 1% increase over actual 2017 Income Tax Collections as 2017 collections came in above budget, driving the 2018 estimate lower than what was originally projected.

Property Values and the Property Tax

Although Dayton did not experience the significant appreciation in home values that many other areas saw during the housing boom, the City was not immune to the precipitous drop in values brought about by the subsequent housing bust. The 2017 triennial revaluation saw a slight 0.7% increase in values for properties in the City of Dayton, including a 0.4% increase in residential values. Since 2012, 0.5 mills of the property tax have been shifted from the General fund to the Bond Retirement Fund to help offset the loss of revenue due to declining property values. The modest increase in overall valuations as a result of the revaluation represents a reversal of the declining trend.

Property values remain 25% below their 2006 peak and are only slightly above their lowest level since 2000. According to the American Community Survey, the City of Dayton had 16,901 vacant properties in 2016 which is 37 below the 2015 count. Of these properties, about 7,000 are completely abandoned, leaving the City with substantial liabilities in the form of maintenance and mowing. As part of the Your Dollars, Your Neighborhood pledge associated with the passage of Issue 9, City staff service each vacant property in the City once per month during mowing season, for a total of 6 rounds. During 2017, crews visited over 6,000 vacant properties 6 times each for the purposes of mowing, brush removal and trash removal.

Housing stock quality and value is improving in various areas of the City, with the construction of hundreds of new units either underway or recently finished, largely in the downtown. The City has also continued an aggressive demolition strategy with regards to vacant and abandoned buildings with 302 total demolitions in 2017.

State Revenue Sharing and the Local Government Fund

When faced with an \$8 billion deficit in the state 2012-2013 biennial budget, the Governor and General Assembly chose to dramatically cut long-standing revenue-sharing programs with local governments. These reductions included eliminating reimbursements associated with the tangible personal property and public utility taxes for all current expense levies. This reduced City of Dayton General Fund revenues by \$1.6 million. The \$1.6 million distributed to the Bond Retirement remained intact until 2017 and 2018, when both will also be eliminated, which would have supported \$22 million in capital investments for the City.

In addition to the elimination of the tangible personal property tax, the legislature also removed the estate tax, slashed the local government fund by 50%, and eliminated the local share of the dealers in intangibles tax. These actions taken together reduced City revenues by more than \$10 million.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

As part of the current biennial budget, the municipal direct allocation was eliminated entirely (after having previously been cut by about 75%). The high water mark for total LGF receipts was \$15.9 million in 2001. The total receipts in 2017 were \$6.3 million.

Casino Tax Revenue

On November 3, 2009, Ohio voters passed Issue 3 that amended the Ohio constitution permitting four casinos in Cincinnati, Columbus, Cleveland and Toledo. The amendment provided for a 33% tax on gross casino revenues, 90% of which is to be distributed to county governments (51%), school districts (34%), and the host City (5%). If the most populated City located in a county had a population over 80,000, then that City (Dayton included) would receive 50% of the county distribution.

All four casinos were operational by the first quarter of 2013. Casino revenues for the City were \$3.2 million in 2014, which was the first full year of operation for all four casinos followed by \$3.1 million in 2015, 2016 and 2017, respectively. With video-lottery gambling at the seven racinos (horse-racing combined with gambling) the market appears saturated, which has resulted in flat revenues. Hence, the estimate for 2018 remains at \$3.1 million; this is recorded under the intergovernmental category.

Other Sources

Given reductions in reimbursements, the sunset of racino payments and less than inflationary growth in other revenues, it was necessary to balance the 2018 budget with a planned \$1.7 million use of the cash reserve.

Cost Containment and Workforce Reductions

After more than a decade of workforce reductions across the City organization, 2013 marked the first year for increased employment levels in the General Fund, albeit just a slight 1.7% increase. An additional 16 employees were added in 2014, but levels decreased to 1,199 and 1,198 for 2015 and 2016, respectively. The City pledged an increase in patrol staffing in its Issue 9 campaign, accordingly the average workforce increased to 1,222 or by 24 net new employees in 2017. Nevertheless, cost containment is still a reality for the City of Dayton organization. The City is continually evaluating methods for continuous improvement in service delivery, while achieving higher levels of efficiency, especially through the use of technology and capital investment.

Wage increases were very modest in 2013 and 2014, while converting to a self-insured health plan and investing in wellness initiatives have helped rein in costs. Labor contracts for the 2015 - 2017 contract period were executed with the City's four bargaining groups, resulting in a three-year wage package of 3%, 2% and 2%. Additionally, the contracts included several cost containment articles for health insurance. A similar wage package (3%, 2%, 2%) was negotiated with all bargaining groups for the 2018 -2020 contract period.

Next Year's Budget and Rates

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

Contacting the City's Financial Management

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

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**BASIC
FINANCIAL STATEMENTS**

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

**STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments.	\$ 119,390,569	\$ 207,441,794	\$ 326,832,363
Cash with fiscal and escrow agents.	675	-	675
Receivables:			
Property and other local taxes	20,772,254	-	20,772,254
Municipal income taxes.	18,574,655	-	18,574,655
Accounts.	6,889,988	17,343,822	24,233,810
Payments in lieu of taxes.	1,619,320	-	1,619,320
Special assessments	8,696,175	1,561,748	10,257,923
Accrued interest	436,383	405,665	842,048
Due from other governments.	13,938,643	603,570	14,542,213
Loans receivable.	24,866,574	1,104,736	25,971,310
Internal balance	192,164	(192,164)	-
Materials and supplies inventory.	654,765	1,717,384	2,372,149
Prepayments	841,372	339,695	1,181,067
Inventory held for resale.	547,472	-	547,472
Restricted assets:			
Equity in pooled cash and investments.	-	1,165,420	1,165,420
Investments with fiscal and escrow agents.	2	8,722,591	8,722,593
Net pension asset.	169,913	128,931	298,844
Capital assets:			
Land and construction in progress.	74,324,654	61,477,283	135,801,937
Depreciable capital assets, net.	371,249,239	523,452,374	894,701,613
Total capital assets, net.	445,573,893	584,929,657	1,030,503,550
Total assets	663,164,817	825,272,849	1,488,437,666
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	1,164,675	1,491,685	2,656,360
Pension.	50,778,055	22,235,402	73,013,457
Total deferred outflows of resources	51,942,730	23,727,087	75,669,817

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION (continued)
DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 1,747,309	\$ 4,387,917	\$ 6,135,226
Contracts payable	4,276,891	6,221,345	10,498,236
Retainage payable	1,043,664	2,050,315	3,093,979
Accrued wages and benefits payable	3,679,359	1,493,692	5,173,051
Due to other governments	3,768,392	1,140,377	4,908,769
Accrued interest payable	162,904	541,632	704,536
Payable from restricted assets:			
Utility deposits	-	150,104	150,104
Long-term liabilities:			
Due within one year	17,684,073	9,643,121	27,327,194
Due in more than one year	69,558,384	148,916,126	218,474,510
Net pension liability	203,843,784	59,468,029	263,311,813
	305,764,760	234,012,658	539,777,418
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	14,338,478	-	14,338,478
Pension	3,791,935	1,500,328	5,292,263
Payments in lieu of taxes levied for the next fiscal year	1,619,320	-	1,619,320
Total deferred inflows of resources	19,749,733	1,500,328	21,250,061
Net position:			
Net investment in capital assets	398,432,088	481,494,371	879,926,459
Restricted for:			
Permanent fund:			
Expendable	81,249	-	81,249
Nonexpendable	102,228	-	102,228
Capital projects	3,078,898	-	3,078,898
Debt service	31,854,167	9,737,907	41,592,074
Housing and urban development	4,661,834	-	4,661,834
Special projects	3,499,570	-	3,499,570
Street and highway projects	2,966,399	-	2,966,399
Unrestricted (deficit)	(55,083,379)	122,254,672	67,171,293
Total net position	\$ 389,593,054	\$ 613,486,950	\$ 1,003,080,004

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Downtown	\$ 3,204,951	\$ 472,445	\$ -	\$ -
Youth, education and human services.	219,529	15,681	-	-
Community development and neighborhoods.	20,646,893	2,210,260	8,138,043	-
Economic development	26,135,222	2,821,264	-	-
Leadership and quality of life	43,843,557	5,968,710	6,059,480	12,766,815
Corporate responsibility.	18,800,773	2,558,164	157,652	-
Public safety and justice.	110,670,677	17,943,019	-	-
Interest and fiscal charges.	2,845,159	-	-	-
Total governmental activities	<u>226,366,761</u>	<u>31,989,543</u>	<u>14,355,175</u>	<u>12,766,815</u>
Business-type activities:				
Dayton International Airport.	45,920,196	27,065,242	-	5,928,254
Water.	56,194,400	48,891,167	-	248,472
Sewer.	32,211,627	33,845,779	-	-
Other business-type activities:				
Storm Water.	7,110,595	7,534,843	-	-
Golf.	3,114,227	2,746,574	-	-
Total business-type activities	<u>144,551,045</u>	<u>120,083,605</u>	<u>-</u>	<u>6,176,726</u>
Total primary government	<u>\$ 370,917,806</u>	<u>\$ 152,073,148</u>	<u>\$ 14,355,175</u>	<u>\$ 18,943,541</u>

General revenues:

Property taxes levied for:

 General purposes

 Debt service.

Income taxes levied for:

 General purposes

Payments in lieu of taxes

Grants and entitlements not restricted

 to specific programs

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers.

Change in net position

Net position at beginning of year (restated). . .

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (2,732,506)	\$ -	\$ (2,732,506)
(203,848)	-	(203,848)
(10,298,590)	-	(10,298,590)
(23,313,958)	-	(23,313,958)
(19,048,552)	-	(19,048,552)
(16,084,957)	-	(16,084,957)
(92,727,658)	-	(92,727,658)
(2,845,159)	-	(2,845,159)
<u>(167,255,228)</u>	<u>-</u>	<u>(167,255,228)</u>
-	(12,926,700)	(12,926,700)
-	(7,054,761)	(7,054,761)
-	1,634,152	1,634,152
-	424,248	424,248
-	(367,653)	(367,653)
-	<u>(18,290,714)</u>	<u>(18,290,714)</u>
<u>(167,255,228)</u>	<u>(18,290,714)</u>	<u>(185,545,942)</u>
4,710,421	-	4,710,421
5,039,539	-	5,039,539
125,253,442	-	125,253,442
1,997,895	-	1,997,895
13,618,351	-	13,618,351
2,118,284	1,552,267	3,670,551
4,334,317	13,148,319	17,482,636
<u>157,072,249</u>	<u>14,700,586</u>	<u>171,772,835</u>
<u>(517,500)</u>	<u>517,500</u>	<u>-</u>
<u>156,554,749</u>	<u>15,218,086</u>	<u>171,772,835</u>
(10,700,479)	(3,072,628)	(13,773,107)
400,293,533	616,559,578	1,016,853,111
<u>\$ 389,593,054</u>	<u>\$ 613,486,950</u>	<u>\$ 1,003,080,004</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Debt Service	Capital Improvement
Assets:			
Equity in pooled cash and investments.	\$ 49,587,694	\$ 14,602,966	\$ 18,997,760
Investments with fiscal and escrow agents.	675	-	
Receivables:			
Property and other local taxes.	8,596,520	12,175,734	-
Municipal income taxes.	18,574,655	-	-
Accounts.	6,648,346	37,500	40
Payments in lieu of taxes.	-	-	1,619,320
Special assessments	193,330	47,289	-
Accrued interest	385,559	-	-
Due from other funds	3,044	-	-
Due from other governments.	5,627,768	176,941	3,595,200
Loans receivable.	2,658,691	13,685,000	2,350,184
Advances to other funds	1,170,000	357,175	-
Materials and supplies inventory.	-	-	-
Prepayments	831,230	-	7,942
Restricted assets:			
Cash with fiscal and escrow agents.	-	-	2
Total assets	\$ 94,277,512	\$ 41,082,605	\$ 26,570,448
Liabilities:			
Accounts payable.	\$ 1,163,952	\$ -	\$ 179,011
Contracts payable.	1,580,496	-	2,134,502
Accrued wages and benefits payable	3,212,923	-	22,572
Retainage payable	-	-	977,441
Compensated absences payable	21,029	-	-
Interfund loans payable.	-	-	-
Due to other funds	42,257	-	2,153
Due to other governments	3,568,974	-	47,821
Claimants payable	3,155	-	-
Total liabilities	9,592,786	-	3,363,500
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	5,695,360	8,643,118	-
Delinquent property tax revenue not available.	2,890,323	3,532,616	-
Accrued interest not available	213,990	-	-
Special assessments revenue not available.	193,330	47,289	-
Miscellaneous revenue not available.	3,695,390	18,750	-
Income tax revenue not available	6,394,223	-	-
Intergovernmental revenue not available	3,337,083	176,941	2,105,649
Payments in lieu of taxes levied for the next fiscal year.	-	-	1,503,988
Delinquent payment in lieu of taxes revenue not available.	-	-	115,332
Total deferred inflows of resources	22,419,699	12,418,714	3,724,969
Fund balances:			
Nonspendable	4,204,941	-	-
Restricted.	-	28,241,475	5,126,467
Committed	2,796,237	422,416	7,284,916
Assigned	22,539,046	-	7,070,596
Unassigned.	32,724,803	-	-
Total fund balances.	62,265,027	28,663,891	19,481,979
Total liabilities, deferred inflows and fund balances	\$ 94,277,512	\$ 41,082,605	\$ 26,570,448

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 7,748,901	\$ 90,937,321
-	675
-	20,772,254
-	18,574,655
199,838	6,885,724
-	1,619,320
8,455,556	8,696,175
2,489	388,048
1,920	4,964
4,518,295	13,918,204
6,172,699	24,866,574
-	1,527,175
654,765	654,765
-	839,172
-	2
<u>\$ 27,754,463</u>	<u>\$ 189,685,028</u>
\$ 304,006	\$ 1,646,969
542,633	4,257,631
317,015	3,552,510
66,223	1,043,664
13,596	34,625
1,170,000	1,170,000
3,380	47,790
99,857	3,716,652
-	3,155
<u>2,516,710</u>	<u>15,472,996</u>
-	14,338,478
-	6,422,939
1,382	215,372
8,455,556	8,696,175
176,515	3,890,655
-	6,394,223
2,378,524	7,998,197
-	1,503,988
-	115,332
<u>11,011,977</u>	<u>49,575,359</u>
756,993	4,961,934
13,468,783	46,836,725
-	10,503,569
-	29,609,642
-	32,724,803
<u>14,225,776</u>	<u>124,636,673</u>
<u>\$ 27,754,463</u>	<u>\$ 189,685,028</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017

Total governmental fund balances		\$ 124,636,673
<i>Amounts reported for governmental activities on the statement of net position are different than the net position because:</i>		
1. Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds.		444,543,448
2. 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	\$ 10,297,871	
Municipal income taxes receivable	6,394,223	
Accounts receivable	4,286,668	
Special assessments receivable	8,696,175	
Accrued interest receivable	215,372	
Due from other governments	3,727,252	
Total		33,617,561
3. Internal service funds are used by management to charge the costs of fleet management fire fleet management, stores and reproduction, workers' compensation, health insurance and plumbing to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position. The net position of the internal service funds, excluding internal balances of \$172,787 are:		19,820,302
4. In the statement of net position interest is accrued on bonds, whereas in governmental funds, interest is accrued when due.		(162,904)
5. Unamortized deferred amounts on refundings are not recognized in the governmental funds.		1,164,675
6. Unamortized premiums on bond issuances are not recognized in the governmental funds.		(5,320,227)
7. The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds		156,962
8. The net pension liability is not due and payable in the current period; therefore, the liability and related deferred outflows and inflows are not reported in the governmental funds.		(153,411,014)
9. 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).		
General obligation bonds	(35,125,000)	
Revenue bonds	(21,845,000)	
State Infrastructure Bank Loan	(2,472,769)	
State Infrastructure Bank Bonds	(3,315,000)	
Compensated absences	(9,499,832)	
OPWC loans	(1,015,767)	
ODOD Loan	(2,179,054)	
Total		(75,452,422)
Net position of governmental activities		\$ 389,593,054

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, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Revenues:			
Municipal income taxes	\$ 125,088,070	\$ -	\$ -
Property and other taxes.	5,412,384	6,290,806	321,800
State shared taxes.	7,158,155	-	-
Charges for services.	24,917,049	-	115,269
Licenses and permits	1,721,640	-	1,779
Fines and forfeitures	634,383	-	-
Intergovernmental.	4,249,033	2,422,628	13,681,081
Special assessments	169,124	33,417	-
Investment income.	2,415,871	27,503	-
Payments in lieu of taxes.	-	-	2,919,537
Decrease in FMV of investments.	(484,013)	-	-
Other	4,306,668	27,649	482,191
Total revenues	<u>175,588,364</u>	<u>8,802,003</u>	<u>17,521,657</u>
Expenditures:			
Current:			
Downtown	2,842,200	-	-
Youth, education and human services.	94,338	-	-
Community development and neighborhoods.	12,342,265	-	752,053
Economic development	12,878,364	-	3,697,797
Leadership and quality of life	24,661,870	-	1,899,415
Corporate responsibility.	15,069,560	113,292	507,927
Public safety and justice.	98,263,928	-	-
Capital outlay	-	-	30,601,707
Debt service:			
Principal retirement.	-	7,033,560	389,184
Interest and fiscal charges	-	3,057,872	14,814
Total expenditures	<u>166,152,525</u>	<u>10,204,724</u>	<u>37,862,897</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>9,435,839</u>	<u>(1,402,721)</u>	<u>(20,341,240)</u>
Other financing sources (uses):			
Transfers in	-	1,190,862	8,070,601
Transfers (out).	(10,099,475)	-	-
Total other financing sources (uses)	<u>(10,099,475)</u>	<u>1,190,862</u>	<u>8,070,601</u>
Net change in fund balances	(663,636)	(211,859)	(12,270,639)
Fund balances at beginning of year.	<u>62,928,663</u>	<u>28,875,750</u>	<u>31,752,618</u>
Fund balances at end of year	<u>\$ 62,265,027</u>	<u>\$ 28,663,891</u>	<u>\$ 19,481,979</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 125,088,070
-	12,024,990
5,577,504	12,735,659
1,397,516	26,429,834
58,414	1,781,833
265,889	900,272
10,104,063	30,456,805
2,768,644	2,971,185
8,513	2,451,887
-	2,919,537
(2,294)	(486,307)
2,069,261	6,885,769
<u>22,247,510</u>	<u>224,159,534</u>
-	2,842,200
-	94,338
7,909,115	21,003,433
1,408,637	17,984,798
9,698,050	36,259,335
148,122	15,838,901
3,295,362	101,559,290
66,223	30,667,930
-	7,422,744
-	3,072,686
<u>22,525,509</u>	<u>236,745,655</u>
<u>(277,999)</u>	<u>(12,586,121)</u>
438,074	9,699,537
-	(10,099,475)
<u>438,074</u>	<u>(399,938)</u>
160,075	(12,986,059)
14,065,701	137,622,732
<u>\$ 14,225,776</u>	<u>\$ 124,636,673</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, 2017

Net change in fund balances - total governmental funds		\$ (12,986,059)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
1. 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 (\$31,630,721) exceeded depreciation expense (\$14,884,908) in the current period (exclusive of internal service fund activity).		16,745,813
2. The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net position.		(43,646)
3. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Municipal income taxes	\$ 165,372	
Property and other local taxes	(2,186,178)	
Payments in lieu of taxes	(921,642)	
Charges for services	990,751	
Intergovernmental	(2,547,045)	
Special assessments	(3,635,784)	
Investment income	48,869	
Total		(8,085,657)
4. 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 position.		
Bond principal payments	6,965,000	
Loan principal payments	457,744	
Total		7,422,744
5. 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	18,517	
Amortization of bond premiums and discounts	392,269	
Amortization of deferred charges on refundings	(183,260)	
Total		227,526
6. Compensated absence 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.		(432,213)
7. Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows		15,005,571
8. Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(29,969,627)
9. Internal service funds used by management to charge the costs of fleet management, fire fleet management, stores and reproduction, workers' compensation, health insurance, 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 of the internal service funds, including internal balances of \$923,880, is allocated among governmental activities.		1,415,069
Change in net position of governmental activities		\$ (10,700,479)

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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 122,291,100	\$ 122,291,100	\$ 122,370,400	\$ 79,300
Property and other taxes	6,002,200	6,002,200	6,058,502	56,302
State shared taxes	7,096,900	7,096,900	6,527,388	(569,512)
Charges for services	27,297,800	27,297,800	25,273,233	(2,024,567)
Licenses and permits	1,829,100	1,829,100	1,721,640	(107,460)
Fines and forfeitures	706,600	990,200	654,733	(335,467)
Intergovernmental	3,922,300	3,922,300	4,197,188	274,888
Special assessments	550,000	550,000	169,124	(380,876)
Investment income	2,475,200	2,475,200	2,357,894	(117,306)
Other	2,935,100	3,774,600	4,492,321	717,721
Total revenues	<u>175,106,300</u>	<u>176,229,400</u>	<u>173,822,423</u>	<u>(2,406,977)</u>
Expenditures:				
Current:				
Downtown	2,967,100	3,217,300	2,937,264	280,036
Youth, education and human services	57,400	57,400	89,422	(32,022)
Community development and neighborhoods	13,531,200	13,341,100	13,033,406	307,694
Economic development	8,686,800	7,877,800	7,432,473	445,327
Leadership and quality of life	24,467,700	23,980,500	23,188,604	791,896
Corporate responsibility	16,382,200	15,636,800	15,508,638	128,162
Public safety and justice	99,750,900	99,847,100	97,752,192	2,094,908
Other	6,519,200	5,901,800	5,333,803	567,997
Debt service:				
Principal retirement	72,600	72,600	74,682	(2,082)
Interest and fiscal charges	4,400	4,400	2,240	2,160
Total expenditures	<u>172,439,500</u>	<u>169,936,800</u>	<u>165,352,724</u>	<u>4,584,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,666,800</u>	<u>6,292,600</u>	<u>8,469,699</u>	<u>2,177,099</u>
Other financing uses:				
Transfers (out)	<u>(7,190,800)</u>	<u>(10,172,100)</u>	<u>(10,099,474)</u>	<u>72,626</u>
Total other financing uses	<u>(7,190,800)</u>	<u>(10,172,100)</u>	<u>(10,099,474)</u>	<u>72,626</u>
Net change in fund balances	(4,524,000)	(3,879,500)	(1,629,775)	2,249,725
Fund balance at beginning of year	59,049,610	59,049,610	59,049,610	-
Prior year encumbrances appropriated	<u>7,662,551</u>	<u>7,662,551</u>	<u>7,662,551</u>	-
Fund balance at end of year	<u>\$ 62,188,161</u>	<u>\$ 62,832,661</u>	<u>\$ 65,082,386</u>	<u>\$ 2,249,725</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Assets:				
Current assets:				
Equity in pooled cash and investments.	\$ 73,807,799	\$ 70,335,594	\$ 48,269,292	\$ 15,029,109
Receivables:				
Accounts.	4,261,995	6,519,534	5,054,674	1,507,619
Special assessments	-	531,401	407,504	622,843
Accrued interest	114,174	157,719	99,166	34,606
Due from other funds	-	4,222,221	-	-
Due from other governments.	532,049	71,521	-	-
Loans receivable.	-	1,104,736	-	-
Materials and supplies inventory.	41,631	1,675,753	-	-
Inventory held for resale.	-	-	-	-
Prepayments	45,532	294,163	-	-
Total current assets	78,803,180	84,912,642	53,830,636	17,194,177
Noncurrent assets:				
Net pension asset.	27,943	59,717	29,149	12,122
Capital assets:				
Land and construction in progress.	40,694,170	12,234,227	6,623,616	1,925,270
Depreciable capital assets, net.	254,752,535	143,795,064	107,892,693	17,012,082
Total capital assets, net.	295,446,705	156,029,291	114,516,309	18,937,352
Restricted assets:				
Equity in pooled cash and investments	1,015,316	150,104	-	-
Investments with fiscal and escrow agents	6,515,418	1,079,349	1,127,824	-
Total restricted assets.	7,530,734	1,229,453	1,127,824	-
Total noncurrent assets	303,005,382	157,318,461	115,673,282	18,949,474
Total assets	381,808,562	242,231,103	169,503,918	36,143,651
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	1,491,685	-	-	-
Pension.	5,491,570	9,900,453	4,833,560	2,009,819
Total deferred outflows of resources	6,983,255	9,900,453	4,833,560	2,009,819
Total assets and deferred outflows of resources	388,791,817	252,131,556	174,337,478	38,153,470

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 207,441,794	\$ 28,453,248
17,343,822	4,264
1,561,748	-
405,665	48,335
4,222,221	51,759
603,570	20,439
1,104,736	-
1,717,384	-
-	547,472
339,695	2,200
<u>234,740,635</u>	<u>29,127,717</u>
128,931	12,951
61,477,283	75,000
523,452,374	955,445
<u>584,929,657</u>	<u>1,030,445</u>
1,165,420	-
8,722,591	-
<u>9,888,011</u>	<u>-</u>
594,946,599	1,043,396
<u>829,687,234</u>	<u>30,171,113</u>
1,491,685	-
22,235,402	2,189,752
<u>23,727,087</u>	<u>2,189,752</u>
<u>853,414,321</u>	<u>32,360,865</u>

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**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			Nonmajor Enterprise Funds
	Dayton International Airport	Water	Sewer	
Liabilities:				
Current liabilities:				
Accounts payable	419,338	2,826,484	1,094,027	48,068
Contracts payable	3,370,723	1,789,042	1,048,514	13,066
Retainage payable	860,246	629,485	519,637	40,947
Accrued wages and benefits payable	413,004	656,965	302,055	121,668
Due to other funds	1,268	4,623	3,488,811	735,295
Due to other governments	688,654	176,878	263,573	11,272
Accrued interest payable	291,299	93,916	156,417	-
Compensated absences payable - current	551,651	1,103,067	499,550	233,453
Advances from other funds	-	-	-	357,175
General obligation bonds payable	600,000	1,015,000	745,000	-
Revenue bonds payable	2,550,000	585,000	610,000	-
OWDA loans payable	-	-	897,134	-
OPWC loans payable	-	-	50,000	-
Other loans payable	203,266	-	-	-
Claims and judgments payable	-	-	-	-
Payable from restricted assets:				
Utility deposits	-	150,104	-	-
Total current liabilities	9,949,449	9,030,564	9,674,718	1,560,944
Long-term liabilities:				
Compensated absences payable	311,500	622,868	282,081	131,824
General obligation bonds payable	8,182,191	15,640,000	10,515,000	-
Revenue bonds payable	75,651,463	13,957,333	14,587,536	-
OWDA loans payable	-	-	4,270,588	-
OPWC loans payable	-	-	100,000	-
Other loans payable	4,663,742	-	-	-
Net pension liability	16,817,296	25,220,536	12,310,631	5,119,566
Claims and judgments payable	-	-	-	-
Total long-term liabilities	105,626,192	55,440,737	42,065,836	5,251,390
Total liabilities	115,575,641	64,471,301	51,740,554	6,812,334
Deferred inflows of resources:				
Pension	809,684	292,683	321,284	76,677
Total deferred inflows of resources	809,684	292,683	321,284	76,677
Total liabilities and deferred inflows of resources	116,385,325	64,763,984	52,061,838	6,889,011
Net position:				
Net investment in capital assets	231,101,004	134,810,767	96,699,261	18,883,339
Restricted for debt service	7,530,734	1,079,349	1,127,824	-
Unrestricted	33,774,754	51,477,456	24,448,555	12,381,120
Total net position	\$ 272,406,492	\$ 187,367,572	\$ 122,275,640	\$ 31,264,459

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

Net position of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
4,387,917	100,340
6,221,345	19,260
2,050,315	-
1,493,692	126,849
4,229,997	1,157
1,140,377	51,740
541,632	-
2,387,721	232,043
357,175	-
2,360,000	-
3,745,000	-
897,134	-
50,000	-
203,266	-
-	3,742,067
150,104	-
<u>30,215,675</u>	<u>4,273,456</u>
1,348,273	131,026
34,337,191	-
104,196,332	-
4,270,588	-
100,000	-
4,663,742	-
59,468,029	5,470,043
-	2,326,892
<u>208,384,155</u>	<u>7,927,961</u>
<u>238,599,830</u>	<u>12,201,417</u>
<u>1,500,328</u>	<u>166,359</u>
<u>1,500,328</u>	<u>166,359</u>
<u>240,100,158</u>	<u>12,367,776</u>
481,494,371	1,030,445
9,737,907	-
<u>122,081,885</u>	<u>18,962,644</u>
613,314,163	<u>\$ 19,993,089</u>
<u>172,787</u>	
<u>\$ 613,486,950</u>	

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			Nonmajor Enterprise Funds
	Dayton International Airport	Water	Sewer	
Operating revenues:				
Charges for services	\$ 27,065,242	\$ 48,891,167	\$ 33,845,779	\$ 10,281,417
Other operating revenues	7,998,340	4,481,917	611,264	56,798
Total operating revenues.	<u>35,063,582</u>	<u>53,373,084</u>	<u>34,457,043</u>	<u>10,338,215</u>
Operating expenses:				
Personal services	9,254,880	16,113,566	7,881,986	3,274,257
Fringe benefits.	5,473,255	9,857,197	4,672,616	2,000,917
Contract services.	10,021,122	8,274,149	7,876,762	2,031,447
Materials and supplies.	1,065,376	4,885,951	2,249,167	286,530
Cost of sales.	-	-	-	-
Utilities	1,656,597	5,036,094	2,333,399	165,155
Claims expense	-	-	-	-
Depreciation.	13,450,171	7,261,946	4,949,494	1,726,888
Other	2,574,855	3,146,644	897,106	631,001
Total operating expenses.	<u>43,496,256</u>	<u>54,575,547</u>	<u>30,860,530</u>	<u>10,116,195</u>
Operating income (loss)	<u>(8,432,674)</u>	<u>(1,202,463)</u>	<u>3,596,513</u>	<u>222,020</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(3,457,821)	(1,141,063)	(1,126,911)	(27,503)
Gain (loss) on sale of capital assets.	1,283,354	(71,810)	(36,883)	-
Interest income.	747,926	724,488	436,528	129,406
Decrease in fair market value of investments.	(135,492)	(207,656)	(92,443)	(50,490)
Total nonoperating revenues (expenses).	<u>(1,562,033)</u>	<u>(696,041)</u>	<u>(819,709)</u>	<u>51,413</u>
Income (loss) before contributions and transfers	(9,994,707)	(1,898,504)	2,776,804	273,433
Transfer in	-	-	-	517,500
Transfer out	-	-	-	-
Capital contributions.	5,928,254	248,472	-	-
Change in net position	(4,066,453)	(1,650,032)	2,776,804	790,933
Net position at beginning of year (restated).	<u>276,472,945</u>	<u>189,017,604</u>	<u>119,498,836</u>	<u>30,473,526</u>
Net position at end of year	<u>\$ 272,406,492</u>	<u>\$ 187,367,572</u>	<u>\$ 122,275,640</u>	<u>\$ 31,264,459</u>

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

Change in net position of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ 120,083,605	\$ 38,319,992
13,148,319	407,935
<u>133,231,924</u>	<u>38,727,927</u>
36,524,689	3,707,709
22,003,985	2,115,379
28,203,480	1,490,202
8,487,024	247,208
-	4,152,215
9,191,245	22,104
-	26,321,707
27,388,499	44,852
7,249,606	127,706
<u>139,048,528</u>	<u>38,229,082</u>
<u>(5,816,604)</u>	<u>498,845</u>
(5,753,298)	-
1,174,661	-
2,038,348	181,143
(486,081)	(71,237)
<u>(3,026,370)</u>	<u>109,906</u>
(8,842,974)	608,751
517,500	-
-	(117,562)
<u>6,176,726</u>	<u>-</u>
(2,148,748)	491,189
	<u>19,501,900</u>
	<u>\$ 19,993,089</u>
<u>(923,880)</u>	
<u>\$ (3,072,628)</u>	

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Cash flows from operating activities:				
Cash received from customers.	\$ 25,558,182	\$ 48,719,299	\$ 33,515,677	\$ 10,374,196
Cash received from interfund services provided.	-	-	-	-
Cash received from other operations	7,919,570	4,408,436	611,264	56,798
Cash payments for personal services.	(9,291,881)	(16,008,977)	(7,838,307)	(3,267,478)
Cash payments for fringe benefits.	(3,778,427)	(6,459,523)	(3,065,618)	(1,329,665)
Cash payments for contractual services	(9,569,998)	(8,039,103)	(7,018,717)	(1,911,603)
Cash payments for materials and supplies	(1,256,195)	(4,879,582)	(2,165,520)	(419,366)
Cash payments for cost of goods sold.	-	-	-	-
Cash payments for utilities.	(1,705,201)	(4,867,044)	(2,228,730)	(167,859)
Cash payments for claims	-	-	-	-
Cash payments for other expenses	(2,527,276)	(3,124,738)	(864,132)	(621,405)
Net cash provided by operating activities.	<u>5,348,774</u>	<u>9,748,768</u>	<u>10,945,917</u>	<u>2,713,618</u>
Cash flows from noncapital financing activities:				
Cash received from loans to external party.	-	262,489	-	-
Cash payments for loans to external party.	-	(234,992)	-	-
Cash received from transfers in	-	-	-	517,500
Cash used in transfers out	-	-	-	-
Cash received from interfund loans	-	-	-	-
Interest paid on interfund loans.	-	-	-	(27,503)
Cash used in repayment of interfund loans.	-	-	-	(254,003)
Net cash provided by (used in) noncapital financing activities.	<u>-</u>	<u>27,497</u>	<u>-</u>	<u>235,994</u>
Cash flows from capital and related financing activities:				
Capital contributions.	6,240,548	248,472	-	-
Cash received from the sale of capital assets.	1,313,628	-	-	-
Acquisition of capital assets	(18,497,918)	(15,937,709)	(13,368,619)	(1,903,881)
Principal paid on loans.	(132,992)	-	(913,616)	-
Interest paid on loans.	(78,297)	-	(174,525)	-
Principal paid on bonds.	(3,055,000)	(1,545,000)	(1,305,000)	-
Interest paid on bonds.	(3,441,491)	(1,177,157)	(996,730)	-
Net cash used in capital and related financing activities.	<u>(17,651,522)</u>	<u>(18,411,394)</u>	<u>(16,758,490)</u>	<u>(1,903,881)</u>
Cash flows from investing activities:				
Interest received and fair market value adjustment	588,913	444,437	307,814	66,563
Net cash provided by investing activities	<u>588,913</u>	<u>444,437</u>	<u>307,814</u>	<u>66,563</u>
Net increase (decrease) in cash and investments.	(11,713,835)	(8,190,692)	(5,504,759)	1,112,294
Cash and investments at beginning of year.	<u>93,052,368</u>	<u>79,755,739</u>	<u>54,901,875</u>	<u>13,916,815</u>
Cash and investments at end of year.	<u>\$ 81,338,533</u>	<u>\$ 71,565,047</u>	<u>\$ 49,397,116</u>	<u>\$ 15,029,109</u>

Business-type Activities Enterprise Funds Total		Governmental Activities - Internal Service Funds	
\$	118,167,354	\$	-
	-		38,526,398
	12,996,068		407,935
	(36,406,643)		(3,639,556)
	(14,633,233)		(1,391,151)
	(26,539,421)		(1,379,966)
	(8,720,663)		(245,146)
	-		(4,263,745)
	(8,968,834)		(20,694)
	-		(26,203,224)
	(7,137,551)		(114,994)
	<u>28,757,077</u>		<u>1,675,857</u>
	262,489		-
	(234,992)		-
	517,500		-
	-		(117,562)
	-		74,682
	(27,503)		-
	(254,003)		-
	<u>263,491</u>		<u>(42,880)</u>
	6,489,020		-
	1,313,628		-
	(49,708,127)		(246,624)
	(1,046,608)		-
	(252,822)		-
	(5,905,000)		-
	(5,615,378)		-
	<u>(54,725,287)</u>		<u>(246,624)</u>
	<u>1,407,727</u>		<u>92,257</u>
	<u>1,407,727</u>		<u>92,257</u>
	(24,296,992)		1,478,610
	241,626,797		26,974,638
\$	<u><u>217,329,805</u></u>	\$	<u><u>28,453,248</u></u>

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**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	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)	\$ (8,432,674)	\$ (1,202,463)	\$ 3,596,513	\$ 222,020
Adjustments:				
Depreciation.	13,450,171	7,261,946	4,949,494	1,726,888
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable.	(1,650,676)	31,567	(198,726)	66,725
Increase in net pension asset.	(3,150)	(10,567)	(4,240)	(2,052)
Increase in deferred outflows - pension.	(364,997)	(2,255,819)	(959,264)	(443,627)
Decrease (increase) in due from other funds.	-	(516,241)	175,345	-
Decrease in due from other governments.	64,846	18,678	-	-
Decrease in prepayments.	81,557	492,139	67,183	4,169
Decrease (increase) in special assessments receivable.	-	66,502	(131,376)	26,054
Increase in materials and supplies inventory.	(8,228)	(93,396)	-	-
Decrease in loans receivable.	-	150,000	-	-
Increase in inventory held for resale.	-	-	-	-
Increase (decrease) in accounts payable.	(350,618)	751,183	408,190	(155,597)
Increase (decrease) in contracts payable.	817,374	(845,022)	(369,726)	(10,751)
Increase (decrease) in retainage payable.	(122,403)	167,676	160,827	19,322
Increase in accrued wages and benefits.	55,603	86,603	37,151	7,946
Increase (decrease) in due to other funds.	(176,120)	(53,941)	374,665	120,067
Increase in net pension liability.	1,532,064	5,764,075	2,450,108	1,133,427
Increase (decrease) in deferred inflows - pension.	526,792	(116,706)	113,805	(7,197)
Increase (decrease) in due to other governments.	17,718	13,732	262,851	7,924
Increase (decrease) in compensated absences payable.	(88,485)	34,677	13,117	(1,700)
Increase in utility deposits.	-	4,145	-	-
Increase in claims payable.	-	-	-	-
Net cash provided by operating activities	<u>\$ 5,348,774</u>	<u>\$ 9,748,768</u>	<u>\$ 10,945,917</u>	<u>\$ 2,713,618</u>

Non-cash transactions:

During 2017, the Dayton International Airport received \$1,266,528 in capital grants, which were recognized as receivables in 2016. Receivables in the amount of \$954,234 have been recorded for capital grants in 2017 for the Dayton International Airport.

At December 31, 2017, the Water, Sewer, Dayton International Airport and Storm Water enterprise funds purchased \$3,224,500, \$1,710,695, \$3,014,608 and \$50,676, respectively, in capital assets on account. At December 31, 2016, the Water, Sewer, Dayton International Airport and Storm Water enterprise funds purchased \$2,610,135, \$666,058, \$2,877,608 and \$54,530, 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
\$ (5,816,604)	\$ 498,845
27,388,499	44,852
(1,751,110)	(4,264)
(20,009)	(1,984)
(4,023,707)	(484,040)
(340,896)	189,232
83,524	21,682
645,048	127,878
(38,820)	-
(101,624)	-
150,000	-
-	(39,925)
653,158	(90,381)
(408,125)	17,422
225,422	-
187,303	15,330
264,671	(348)
10,879,674	1,128,815
516,694	75,013
302,225	(21,851)
(42,391)	59,247
4,145	-
-	140,334
<u>\$ 28,757,077</u>	<u>\$ 1,675,857</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2017

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 6,524,454
Investments with fiscal agent	1,057,191
Cash and cash equivalents with fiscal agent . .	983,487
Receivables:	
Accounts	201,436
Special assessments.	11,492,257
Intergovernmental.	121,626
Total assets	\$ 20,380,451
Liabilities:	
Accounts payable	\$ 320,043
Intergovernmental payable.	1,946,389
Due to others.	14,626,236
Withholdings and deposits.	3,487,783
Total liabilities.	\$ 20,380,451

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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 generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental financial accounting principles.

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. The City does not have any component units.

The City is associated with the following ten jointly governed organizations:

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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 \$65,102 for the operation of the Commission during 2017. Financial information can be obtained from Brian O. Martin, Executive Director, at 10 N. Ludlow Street Suite 700, 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 \$33,966 for the operation of the Alliance during 2017. Financial information can be obtained from Franklin E. Clay, Executive Director, at 444 W. Third Street, Sinclair Building 20, Room 231, Dayton, Ohio 45402.

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 \$119,576 in revenues through the JEDD in 2017.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

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 District's 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 \$8,130 in revenues through the JEDD in 2017.

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, townships, 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 2017. Financial information can be obtained from Michael Norton-Smith, Community and Economic Development Specialist, Montgomery County, 451 W. Third Street, 10th Floor, Dayton, OH 45422, 937-224-3850, e-mail: smithmn@mcOhio.org

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 2017. Financial information can be obtained from Tom Kelley, 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

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 2017, the City contributed \$20,314 to HAZMAT. Financial information can be obtained from Danny Bristow, Coordinator, at 444 West Third Street, Suite 20-231, Dayton, Ohio 45402.

Montgomery County Office of Emergency Management - The Montgomery County Office of Emergency Management (MCOEM) is a jointly governed organization between various political subdivisions in the Miami Valley Region. The MCOEM is responsible for developing plans and programs that prepare the region to effectively prevent, respond to, and recover from catastrophic disasters.

The funding for the operation of the MCOEM is through contributions from each participating entity. Payments to the MCOEM are made from the general fund. The City contributed \$28,305 for the operation of the MCOEM during 2017. Financial information can be obtained from Jeff Jordan, Executive Director, 117 South Main Street, Suite 721, Dayton, Ohio 45422.

Montgomery County Regional Radio Council - The Montgomery County Regional Radio Council (the Council) is a Council of Governments that has representatives from political jurisdictions in Montgomery County, local colleges and universities and other entities that use the radio system. The Council was established to provide oversight and direction for the county-wide 800 MHz P25 public safety communications system. The Council is responsible for recommending the operating, maintenance and capital replacement budgets, approve fees and/or fee structures, monitoring the contract with the State of Ohio's Multi-Agency Radio Communication System (MARCS) and recommending operational policies and procedures. The Montgomery County Sheriff has the responsibility of daily operations.

The funding for the operation of the Council is through user fees from each participating entity. Payments to the Agency are made from the general fund. The City did not contribute to the operations of the Council during 2017. Financial information can be obtained from Brian Humphress, MVCC Executive Director, 1195 Alex Bell Road, Centerville, Ohio 45459.

Preschool Promise - Preschool Promise began in 2016 when the City of Dayton voters passed a 0.25% income tax increase to support critical city services and to offer 1 year of affordable, quality Preschool to all Dayton families with a 4-year-old. This move institutionalized Preschool Promise in Dayton and provides sustained funding. Dayton made this bold leap after our community successfully implemented Preschool Promise demonstration programs in Northwest Dayton in the 2016-17 school year. These pilot efforts were made possible by multiple public and private funders, with the City of Dayton funding at the forefront. Because of the overwhelming support of Dayton voters - 56% voted "yes" for Issue 9 - Preschool Promise was expanded to all of Dayton beginning in the 2017-18 school year.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

In 2017, Preschool Promise became a stand-alone 501(c)(3) organization, and is now led by a 5-member board of directors. It is fiscally separate from Learn to Earn Dayton, though it remains a close partner. The funding for the operation of the Preschool Promise is through contributions from each participating entity. Payments to Preschool Promise are made from the City's general fund. The City paid \$1,930,360 to Preschool Promise during 2017. Financial information can be obtained from Robyn Lightcap, Executive Director, 4801 Springfield Street, Dayton, OH 45431. Robyn.Lightcap@LearntoEarnDayton.org.

B. Basis of Presentation

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

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the 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.

The statement of net position 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

1. **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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

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

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

Capital 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.

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

- a. **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 three golf courses. 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, 2017

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

- b. ***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, health insurance and stores and reproduction services.

- 3. ***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the 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 surcharges, municipal court accounts, performance bonds, and 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.

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 deferred outflows and all liabilities and deferred inflows associated with the operation of the City are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental 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 deferred outflows and all liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

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, health insurance, 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 inflows 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.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, See Note 17 for deferred outflows of resources related to the City's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Note 17 for deferred inflows of resources related to the City's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position and proprietary fund statement of net position.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

F. Budgetary Process

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

All funds, except agency funds, are legally required to be budgeted. 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 City Commission at the time capital monies/grants are received (bond proceeds, etc.), remain intact until they are expended or modified by City Commission. 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 unassigned 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 2017.

Appropriations - A temporary appropriation measure to control expenditures may be passed prior to 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 Office of Management & Budget. All other modifications may only be made by ordinance of City Commission. During the year, several supplemental appropriation measures were passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

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 assign 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 assignments of fund balances for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each operating 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.

G. Cash and Cash Equivalents

Cash balances of the City's funds, except cash and cash equivalents and investments held by fiscal and escrow 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 investments" on the statement of net position.

During 2017, investments were limited to federal agency securities, U.S. Treasury notes, commercial paper, 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, 2017. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 with fiscal and escrow agents" and "investments with fiscal and escrow agents".

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Interest income is distributed to the funds according to City Ordinance and statutory requirements. Interest revenue earned during 2017 was \$2,415,871 in the general fund, which includes \$1,784,432 assigned from other City funds.

H. Inventory of Supplies

Inventories held for resale are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Materials and supplies are reported at cost.

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 investments” and “investments with fiscal and escrow agents”. The “equity in pooled cash and investments” represent utility deposits held by the City and the collateral account for the Jobs Ohio Loan. The “investment with fiscal and escrow agents” are the proceeds from bond and loan issues that are required by the investment indenture or loan agreement to be held by a financial services corporation.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, 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 position 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 acquisition value. 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	5 - 40 years	5 - 50 years
Buildings and improvements	5 - 50 years	5 - 50 years
Equipment	3 - 30 years	3 - 40 years
Vehicles	3 - 20 years	3 - 25 years
Software	3 - 5 years	3 - 5 years
Infrastructure	25 - 50 years	

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

K. Interfund Balances

On fund financial statements, long-term interfund loans are classified as “advances to/from other funds” on the balance sheet. All other outstanding balances 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 position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

M. Compensated Absences

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

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

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

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

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

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

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. Bond Premium and Discount/Accounting Gain or Loss

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 a deferred inflow or deferred outflow of resources

On the governmental fund financial statements, 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 position is presented in Note 14.

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 as 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

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, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.

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 accordance with the City's fund balance policy, 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's fund balance policy states that 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 an 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

T. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets, 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 position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The City did not have any net position restricted by enabling legislation.

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

U. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

V. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2017, the City has implemented GASB Statement No. 80, "Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14", GASB Statement No. 81 "Irrevocable Split-Interest Agreements", and GASB Statement No. 82, "Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73".

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the City.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the City.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the City.

B. Restatement of Net Position

A net position restatement is required in order to restate the beginning balance of capital assets due to errors and omissions in the prior year. The governmental activities, business-type activities and enterprise funds at January 1, 2017 have been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Net position as previously reported	\$ 413,939,780	\$ 617,814,496	
Capital asset restatement	<u>(13,646,247)</u>	<u>(1,254,918)</u>	
Restated net position at January 1, 2017	<u>\$ 400,293,533</u>	<u>\$ 616,559,578</u>	
	<u>Dayton International Airport</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Net position as previously reported	\$ 277,814,782	\$ 188,714,990	\$ 119,681,298
Capital asset restatement	<u>(1,341,837)</u>	<u>302,614</u>	<u>(182,462)</u>
Restated net position at January 1, 2017	<u>\$ 276,472,945</u>	<u>\$ 189,017,604</u>	<u>\$ 119,498,836</u>
	<u>Storm Water Fund</u>	<u>Golf Fund</u>	
Net position as previously reported	\$ 27,417,716	\$ 3,089,043	
Capital asset restatement	<u>(2,688)</u>	<u>(30,545)</u>	
Restated net position at January 1, 2017	<u>\$ 27,415,028</u>	<u>\$ 3,058,498</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 no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

In addition to the securities listed above, the City may also invest any monies not required to be used for a period of six months or more in the following:

1. Repurchase Agreements with institutions having a signed master repurchase agreement on file with the Director of Finance or his/her designee, and only with primary dealers who have a long-term credit rating of "A" or better by two Nationally Recognized Statistical Rating Organizations "NRSROs", if the final maturity of the repurchase agreement is less than one week;
2. Securities Lending Agreements with institutions having a signed securities lending agreement on file with the Director of Finance;
3. Banker's Acceptances issued by financial institutions rated with the highest short-term credit rating of any two NRSROs, at the time of purchase;
4. Obligations or debt issuances of any Ohio political subdivision, including the City of Dayton; and

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. Corporate obligations rated at least “AA” or the equivalent, by a nationally recognized rating agency at the time of purchase.

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 \$45,875 in undeposited cash on hand which is included on the financial statements of the City as part of “equity in pooled cash and investments”.

B. Cash and Investments with Fiscal Agent

At year-end, the City had \$9,779,782 in restricted cash and investments with fiscal agent held by a financial institution related to debt issuances.

C. Deposits with Financial Institutions

At December 31, 2017, the carrying amount of all City deposits was a deficit of \$1,834,191. As of December 31, 2017, \$5,495,411 of the City’s bank balance of \$6,245,411 was exposed to custodial risk as discussed below, while \$750,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2017, the City’s financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2017, the City had the following investments and maturities:

Measurement/ Investment type	Investment Maturities					
	Measurement Amount	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
FFCB	\$ 36,918,355	\$ 224,827	\$ 5,172,266	\$ 3,464,340	\$ 6,933,370	\$ 21,123,552
FHLB	53,391,693	7,228,213	13,441,400	991,060	14,032,632	17,698,388
FHLMC	64,748,696	18,458,280	2,585,990	1,188,830	11,972,554	30,543,042
FNMA	78,207,539	1,496,950	6,219,283	6,938,350	22,628,392	40,924,564
U.S. Treasury Notes	14,068,549	-	1,970,980	-	935,674	11,161,895
Commercial Paper	20,627,140	20,627,140	-	-	-	-
City Owned Debt	990,000	-	-	-	-	990,000
U.S. Government						
Money Market	13,039,220	13,039,220	-	-	-	-
Amortized Cost:						
STAR Ohio	<u>65,082,630</u>	<u>65,082,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 347,073,822</u>	<u>\$ 126,157,260</u>	<u>\$ 29,389,919</u>	<u>\$ 12,582,580</u>	<u>\$ 56,502,622</u>	<u>\$ 122,441,441</u>

The weighted average maturity of investments is 1.57 years.

The City's investments in federal agency securities, commercial paper and U.S. Treasury notes are valued using quoted market prices (Level 2 inputs).

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

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2017:

<u>Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
Measurement/ Fair Value:		
FFCB	\$ 36,918,355	10.64
FHLB	53,391,693	15.38
FHLMC	64,748,696	18.66
FNMA	78,207,539	22.53
U.S. Treasury Notes	14,068,549	4.05
Commercial Paper	20,627,140	5.94
City Owned Debt	990,000	0.29
U.S. Government Money Market	13,039,220	3.76
Amortized Cost:		
STAR Ohio	<u>65,082,630</u>	<u>18.75</u>
Total	<u>\$ 347,073,822</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position

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 position as of December 31, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ (1,834,191)
Investments	337,294,040
Investments - Cash with fiscal agent	9,779,782
Cash on hand	45,875
Cash with fiscal agent	<u>677</u>
Total	<u>\$ 345,286,183</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 119,391,246
Business type activities	217,329,805
Agency funds	<u>8,565,132</u>
Total	<u>\$ 345,286,183</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 5 - INTERFUND TRANSACTIONS

- A. Due from/to other funds consisted of the following at December 31, 2017, as reported on the fund statements:

<u>Due to</u>	<u>Due from</u>				<u>Due from Total</u>
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Water</u>	<u>Internal Service</u>	
General	\$ -	\$ -	\$ -	\$ 42,257	\$ 42,257
Capital Improvement	57	1,920	-	176	2,153
Nonmajor Governmental	1,959	-	-	1,421	3,380
Dayton International Airport	-	-	-	1,268	1,268
Water	843	-	-	3,780	4,623
Sewer	108	-	3,487,101	1,602	3,488,811
Nonmajor Enterprise	2	-	735,120	173	735,295
Internal Service	75	-	-	1,082	1,157
Due to total	<u>\$ 3,044</u>	<u>\$ 1,920</u>	<u>\$ 4,222,221</u>	<u>\$ 51,759</u>	<u>\$ 4,278,944</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 position.

- B. Interfund transfers for the year ended December 31, 2017, consisted of the following, as reported on the fund statements:

<u>Transfer from</u>	<u>Transfer to</u>				<u>Total</u>
	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	
General	\$ 1,073,300	\$ 8,070,601	\$ 438,074	\$ 517,500	\$ 10,099,475
Internal Service	<u>117,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,562</u>
Total	<u>\$ 1,190,862</u>	<u>\$ 8,070,601</u>	<u>\$ 438,074</u>	<u>\$ 517,500</u>	<u>\$ 10,217,037</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 City transferred \$117,562 from the fire fleet internal service fund to the debt service fund for related debt payments.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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.

- C. Advances to/from other funds for the year ended December 31, 2017, 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	<u>\$ 357,175</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 began in 2013 with the complete loan being retired in 2019.

The City also has \$2,896,200 in manuscript bonds outstanding related to the recreational facilities project. The loan was made between sub-funds within the capital projects fund. Intrafund loans are not presented on the basic financial statements.

The City also has \$68,100 in manuscript bonds outstanding in the debt service fund related to special assessments. This loan was made between sub-funds of the debt service fund. Intrafund loans are not presented on the basic financial statements.

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

- D. Interfund loans for the year ended December 31, 2017, consisted of the following, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 1,170,000</u>

The general fund advanced \$1,170,000 to the HUD (nonmajor governmental fund) during 2017. This advance is expected to be repaid during 2018.

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. For Montgomery County, the first half payment is due the middle of February and the second half payment is due the middle of July.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6 - PROPERTY TAXES - (Continued)

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. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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, 2017 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2017 operations and the collection of delinquent taxes has been offset by deferred inflows of resources 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 a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2017 was \$10 per \$1,000 of assessed value. The assessed values of real and public utility property for tax year 2017 are as follows:

Real property

Residential/agricultural	\$ 900,803,550
Commercial/industrial	421,098,100

Public utility

Real	1,869,030
Personal	<u>109,034,600</u>
Total assessed value	<u>\$ 1,432,805,280</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. On May 6, 2014, at the regular primary election, the voters of the City approved a Charter Amendment authorizing the City Commission to levy an income tax at the annual rate of 2.25% for a continuing period commencing January 1, 2015. Ordinance 31288-14, being approved by the electorate, became effective January 1, 2015. On November 8, 2016, at the regular general election, the voters of the City approved a Charter Amendment authorizing the City Commission to levy an income tax at the annual rate of 2.5% for a period of eight (8) years commencing January 1, 2017 (2.25% is permanent and .25% is for a period of 8 years). Ordinance 31501-16, being approved by the electorate, became effective January 1, 2017. 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 7 - INCOME TAX - (Continued)

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 2017, as reported in the governmental fund financial statements on the modified accrual basis of accounting, was \$125,088,070.

NOTE 8 - TAX INCREMENT FINANCING DISTRICT (TIF)

The City, pursuant to the Ohio Revised Code and City ordinances, has four active 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 \$2,919,537 in 2017 as reported in the fund financial statements. The TIF has a longevity of up to 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 - TAX ABATEMENTS

As of December 31, 2017, the City provides tax abatements through two programs—Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA’s are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity’s property tax bill.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 - TAX ABATEMENTS - (Continued)

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The City has entered into agreements to abate property taxes through these programs. There are 10 parcels that have taxes abated through Ezone agreements and 388 parcels that have taxes abated through CRAs. During 2017, the City's property tax revenues were reduced as a result of these agreements as follows:

<u>Tax Abatement Program</u>	<u>City Taxes Abated</u>
CRA	\$ 211,242
Ezone	<u>46,513</u>
Total	<u>\$ 257,755</u>

NOTE 10 - RECEIVABLES

Receivables at December 31, 2017, consisted of taxes, accounts (billings for user charged services), special assessments, payments in lieu of taxes, 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, 2017, as well as intended to finance 2017 operations.

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

<u>Governmental activities:</u>	
Property and other local taxes	\$ 20,772,254
Municipal income taxes	18,574,655
Accounts	6,889,988
Payments in lieu of taxes	1,619,320
Special assessments	8,696,175
Accrued interest	436,383
Loans	24,866,574
Due from other governments	13,938,643

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 10 – RECEIVABLES - (Continued)

Business-type activities:

Accounts	17,343,822
Special assessments	1,561,748
Accrued interest	405,665
Due from other governments	603,570
Loans	1,104,736

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 11).

NOTE 11 - LOANS RECEIVABLE

A. 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. The Port Authority is currently in default of this loan and unpaid interest adds to the principal outstanding on the loan. At December 31, 2017, the amount owed to the City was \$21,287,115. However, the City reports loans receivable net of uncollectible amounts. Due to the non-recourse language in the loan and the Port Authority’s current state of default, the City has recorded a receivable of \$13,685,000 for this loan and considers \$7,602,115 uncollectible. However, the Port Authority remains liable for the entire balance of the loan, including the portion in default.

B. 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. In 2017, this loan was forgiven in exchange for the City gaining ownership of the recreation complex.

C. 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 final loan payment is due June 27, 2040. During 2017, the City forgave a portion of this loan. The remaining balance is considered uncollectible.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 11 - LOANS RECEIVABLE – (Continued)

D. City-Wide Development Corporation (CWDC)

The City has various loans outstanding with City-Wide Development Corporation. CWDC is a private, non-profit development organization. The City received \$458,353 in loan payments during 2017, forgave \$250,000 in loans and made \$234,992 in new loans. A summary of the loans receivable outstanding by project are as follows:

<u>Project Name</u>	<u>Loan Receivable</u>
Landing Project	\$ 5,433,600
Wellfield	1,104,736
Hawthorne School	681,584
Phoenix Redevelopment	2,272,699
Webster Street	135,000
Tech Town	2,035,000
Tech Town 2	550,000
Boost Technologies	27,024
Miami Valley Packing	46,667
Total	<u>\$ 12,286,310</u>

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CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 12 - CAPITAL ASSETS

- A. The beginning balances of capital assets have been restated as described in Note 3.B. Capital asset activity for the governmental activities for the year ended December 31, 2017 were as follows:

	Balance <u>12/31/16</u>	<u>Restatement</u>	Restated Balance <u>12/31/16</u>
Governmental activities:			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 69,980,251	\$ (18,968,587)	\$ 51,011,664
Construction in progress	21,568,904	-	21,568,904
Right-of-ways	<u>14,007,402</u>	<u>-</u>	<u>14,007,402</u>
Total capital assets, not being depreciated	<u>105,556,557</u>	<u>(18,968,587)</u>	<u>86,587,970</u>
<i>Capital assets, being depreciated:</i>			
Building improvements	155,323,832	1,678,504	157,002,336
Improvements other than buildings	62,557,498	(8,244,002)	54,313,496
Equipment	20,862,345	(2,151,278)	18,711,067
Software	1,425,748	-	1,425,748
Motor vehicles	48,440,652	(5,188,182)	43,252,470
Infrastructure	<u>330,756,409</u>	<u>(47,034)</u>	<u>330,709,375</u>
Total capital assets, being depreciated	<u>619,366,484</u>	<u>(13,951,992)</u>	<u>605,414,492</u>
<i>Less: accumulated depreciation</i>			
Building improvements	(86,081,028)	5,003,073	(81,077,955)
Improvements other than buildings	(44,549,582)	6,834,311	(37,715,271)
Equipment	(15,766,068)	2,179,082	(13,586,986)
Software	(828,682)	-	(828,682)
Motor vehicles	(34,373,753)	5,182,265	(29,191,488)
Infrastructure	<u>(101,007,727)</u>	<u>75,601</u>	<u>(100,932,126)</u>
Total accumulated depreciation	<u>(282,606,840)</u>	<u>19,274,332</u>	<u>(263,332,508)</u>
Total capital assets being depreciated, net	<u>336,759,644</u>	<u>5,322,340</u>	<u>342,081,984</u>
Governmental activities capital assets, net	<u>\$ 442,316,201</u>	<u>\$ (13,646,247)</u>	<u>\$ 428,669,954</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 12 - CAPITAL ASSETS - (Continued)

	Restated Balance <u>12/31/16</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/17</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 51,011,664	\$ 452,689	\$ -	\$ 51,464,353
Construction in progress	21,568,904	17,532,110	(30,248,115)	8,852,899
Right-of-ways	<u>14,007,402</u>	<u>-</u>	<u>-</u>	<u>14,007,402</u>
Total capital assets, not being depreciated	<u>86,587,970</u>	<u>17,984,799</u>	<u>(30,248,115)</u>	<u>74,324,654</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	157,002,336	6,478,455	-	163,480,791
Improvements other than buildings	54,313,496	1,935,595	-	56,249,091
Equipment	18,711,067	433,609	-	19,144,676
Software	1,425,748	33,675	-	1,459,423
Motor vehicles	43,252,470	4,755,890	(1,236,875)	46,771,485
Infrastructure	<u>330,709,375</u>	<u>30,503,437</u>	<u>-</u>	<u>361,212,812</u>
Total capital assets, being depreciated	<u>605,414,492</u>	<u>44,140,661</u>	<u>(1,236,875)</u>	<u>648,318,278</u>
<i>Less: accumulated depreciation</i>				
Building improvements	(81,077,955)	(2,827,556)	-	(83,905,511)
Improvements other than buildings	(37,715,271)	(988,782)	-	(38,704,053)
Equipment	(13,586,986)	(1,385,415)	-	(14,972,401)
Software	(828,682)	(176,620)	-	(1,005,302)
Motor vehicles	(29,191,488)	(2,336,777)	1,193,229	(30,335,036)
Infrastructure	<u>(100,932,126)</u>	<u>(7,214,610)</u>	<u>-</u>	<u>(108,146,736)</u>
Total accumulated depreciation	<u>(263,332,508)</u>	<u>(14,929,760)</u>	<u>1,193,229</u>	<u>(277,069,039)</u>
Total capital assets being depreciated, net	<u>342,081,984</u>	<u>29,210,901</u>	<u>(43,646)</u>	<u>371,249,239</u>
Governmental activities capital assets, net	<u>\$ 428,669,954</u>	<u>\$ 47,195,700</u>	<u>\$ (30,291,761)</u>	<u>\$ 445,573,893</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 12 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

Downtown	\$ 376,699
Youth, education and human services	3,237
Community development and neighborhoods	492,759
Economic development	650,960
Leadership and quality of life	9,838,776
Corporate responsibility	751,139
Public safety and justice	<u>2,816,190</u>
Total depreciation expense - governmental activities	<u>\$ 14,929,760</u>

B. Capital asset activity for the business-type activities for the year ended December 31, 2017, were as follows:

	<u>Balance</u>		<u>Restated</u>
	<u>12/31/16</u>	<u>Restatement</u>	<u>Balance</u>
			<u>12/31/16</u>
Business-type activities:			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 42,965,353	\$ (269,052)	\$ 42,696,301
Construction in progress	<u>27,701,409</u>	<u>-</u>	<u>27,701,409</u>
Total capital assets, not being depreciated	<u>70,666,762</u>	<u>(269,052)</u>	<u>70,397,710</u>
<i>Capital assets, being depreciated:</i>			
Buildings and improvements	229,275,977	(1,513,666)	227,762,311
Improvements other than buildings	798,872,166	(148,363)	798,723,803
Equipment	21,879,348	(2,112,360)	19,766,988
Software	2,514,770	-	2,514,770
Vehicles	<u>45,772,391</u>	<u>(5,746,015)</u>	<u>40,026,376</u>
Total capital assets, being depreciated	<u>1,098,314,652</u>	<u>(9,520,404)</u>	<u>1,088,794,248</u>
<i>Less: accumulated depreciation</i>			
Buildings and improvements	(105,233,986)	835,822	(104,398,164)
Improvements other than buildings	(452,963,150)	124,327	(452,838,823)
Equipment	(16,925,338)	1,828,374	(15,096,964)
Software	(972,745)	-	(972,745)
Vehicles	<u>(30,674,429)</u>	<u>5,746,015</u>	<u>(24,928,414)</u>
Total accumulated depreciation	<u>(606,769,648)</u>	<u>8,534,538</u>	<u>(598,235,110)</u>
Total capital assets being depreciated, net	<u>491,545,004</u>	<u>(985,866)</u>	<u>490,559,138</u>
Business-type activities capital assets, net	<u>\$ 562,211,766</u>	<u>\$ (1,254,918)</u>	<u>\$ 560,956,848</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 12 - CAPITAL ASSETS - (Continued)

	Restated Balance			Balance
	<u>12/31/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/17</u>
Business-type activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 42,696,301	\$ 34,296	\$ (30,274)	\$ 42,700,323
Construction in progress	<u>27,701,409</u>	<u>40,642,671</u>	<u>(49,567,120)</u>	<u>18,776,960</u>
Total capital assets, not being depreciated	<u>70,397,710</u>	<u>40,676,967</u>	<u>(49,597,394)</u>	<u>61,477,283</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	227,762,311	13,048,766	-	240,811,077
Improvements other than buildings	798,723,803	43,288,486	-	842,012,289
Equipment	19,766,988	1,779,669	(98,315)	21,448,342
Software	2,514,770	229,201	-	2,743,971
Vehicles	<u>40,026,376</u>	<u>2,044,306</u>	<u>(867,662)</u>	<u>41,203,020</u>
Total capital assets, being depreciated	<u>1,088,794,248</u>	<u>60,390,428</u>	<u>(965,977)</u>	<u>1,148,218,699</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(104,398,164)	(4,897,026)	-	(109,295,190)
Improvements other than buildings	(452,838,823)	(18,881,438)	-	(471,720,261)
Equipment	(15,096,964)	(1,179,780)	98,315	(16,178,429)
Software	(972,745)	(499,282)	-	(1,472,027)
Vehicles	<u>(24,928,414)</u>	<u>(1,930,973)</u>	<u>758,969</u>	<u>(26,100,418)</u>
Total accumulated depreciation	<u>(598,235,110)</u>	<u>(27,388,499)</u>	<u>857,284</u>	<u>(624,766,325)</u>
Total capital assets being depreciated, net	<u>490,559,138</u>	<u>33,001,929</u>	<u>(108,693)</u>	<u>523,452,374</u>
Business-type activities capital assets, net	<u>\$ 560,956,848</u>	<u>\$ 73,678,896</u>	<u>\$ (49,706,087)</u>	<u>\$ 584,929,657</u>

Depreciation expense was charged to the enterprise funds as follows:

Business-type Activities:

Dayton International Airport	\$ 13,450,171
Water	7,261,946
Sewer	4,949,494
Storm water	1,460,740
Golf	<u>266,148</u>
Total depreciation expense - business-type activities	<u>\$ 27,388,499</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 12 - CAPITAL ASSETS - (Continued)

C. Outstanding contractual commitments related to construction in progress for the year ended December 31, 2017, was as follows:

Governmental activities	\$	5,053,994
Water		6,988,278
Sewer		12,348,871
Dayton International Airport		<u>43,525,531</u>
 Total outstanding contractual commitments	 \$	 <u>67,916,674</u>

NOTE 13 - 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 one to 54 years. The future minimum lease payments as of December 31, 2017, are as follows:

<u>Year Ending December 31,</u>		<u>Minimum Lease Payments</u>
2018	\$	4,509,524
2019		2,174,204
2020		2,087,429
2021		1,603,439
2022		1,253,635
2023 - 2027		4,976,380
2028 - 2032		3,605,085
2033 - 2037		2,548,232
2038 - 2042		1,024,522
2043 - 2047		908,526
2048 - 2052		908,526
2053 - 2057		702,262
2058 - 2062		591,196
2063 - 2067		358,823
2068 - 2072		<u>4,105</u>
 Totals	 \$	 <u>27,255,888</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 13 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE – (Continued)

B. The City is the lessor of various parcels of lands and buildings for multiple purposes within the governmental activities, including economic development, recreation services, and public works. The leases are between the City and various vendors. The leases have varying terms from one to 24 years. The future minimum lease payments as of December 31, 2017, are as follows:

Year Ending <u>December 31,</u>	<u>Minimum Lease Payments</u>
2018	\$ 278,340
2019	306,052
2020	184,062
2021	172,062
2022	172,051
2023 - 2027	860,048
2028 - 2032	891,444
2033 - 2037	859,538
2038 - 2042	<u>202,640</u>
Totals	<u>\$ 3,926,237</u>

NOTE 14 - LONG-TERM OBLIGATIONS

A. The changes in the City's governmental activities long-term obligations during the year consist of the following:

	Issue Date	Maturity Date	Interest Rate (%)	Original		Increase	Decrease	Balance 12/31/17	Amounts Due in One Year
				Issue Amount	Balance 12/31/16				
Governmental activities:									
General obligation bonds:									
Capital facilities	10/25/07	12/01/27	4.0 - 5.0	19,745,000	2,605,000	-	(1,045,000)	1,560,000	375,000
Various purpose and refunding	07/28/09	12/01/29	2.5 - 5.0	26,483,111	10,680,000	-	(1,560,000)	9,120,000	1,615,000
Various Purpose GO Bonds	12/15/16	12/01/36	2.0 - 5.0	12,210,000	12,210,000	-	(690,000)	11,520,000	1,340,000
Energy conservation bonds	06/11/11	12/01/25	4.98	1,615,000	1,075,000	-	(115,000)	960,000	115,000
Various purpose bonds	10/11/12	12/01/32	3.0 - 4.0	11,385,000	8,070,000	-	(860,000)	7,210,000	925,000
Various purpose bonds	9/9/14	12/01/34	1.25 - 4.0	5,700,000	<u>5,090,000</u>	-	<u>(335,000)</u>	<u>4,755,000</u>	<u>340,000</u>
Total general obligation bonds					<u>39,730,000</u>	-	<u>(4,605,000)</u>	<u>35,125,000</u>	<u>4,710,000</u>
Revenue bonds:									
Baseball revenue refunding bonds	12/30/09	12/01/19	2.25 - 3.5	7,925,000	2,595,000	-	(835,000)	1,760,000	865,000
Economic development	09/22/10	12/1/31	2.0 - 4.125	2,500,000	1,945,000	-	(100,000)	1,845,000	105,000
Economic development refunding bonds	11/14/12	12/01/28	3.0 - 5.0	24,170,000	<u>19,515,000</u>	-	<u>(1,275,000)</u>	<u>18,240,000</u>	<u>1,330,000</u>
Total revenue bonds					<u>24,055,000</u>	-	<u>(2,210,000)</u>	<u>21,845,000</u>	<u>2,300,000</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

	Issue	Maturity	Original Issue	Balance			Balance	Amounts Due in
<i>Governmental activities:</i>	<u>Date</u>	<u>Date</u>	<u>Amount</u>	<u>12/31/16</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/17</u>	<u>One Year</u>
Ohio Public Works Commission loans:								
Ohio Public Works								
Commission loan	07/01/02	07/01/17	\$ 239,750	\$ 27,313	\$ -	\$ (27,313)	\$ -	\$ -
Ohio Public Works								
Commission loan	1/1/2016	1/1/2031	323,885	313,089	-	(21,592)	291,497	21,593
Ohio Public Works								
Commission loan	7/1/2016	7/1/2031	133,189	133,189	-	(8,879)	124,310	8,879
Ohio Public Works								
Commission loan	7/1/2016	7/1/2031	642,814	642,814	-	(42,854)	599,960	42,854
Total Ohio Public Works Commission loans				1,116,405	-	(100,638)	1,015,767	73,326
Other long-term obligations:								
Ohio Department of								
Development loan	04/01/10	04/21/25	2,860,000	2,440,804	-	(261,750)	2,179,054	269,713
State Infrastructure								
Bank loan	12/4/2014	11/15/2036	2,500,000	2,568,125	-	(95,356)	2,472,769	98,238
State Infrastructure								
Bank bonds	12/4/14	11/15/2036	3,540,000	3,465,000	-	(150,000)	3,315,000	150,000
Net pension liability				191,388,971	16,598,580	(4,143,767)	203,843,784	-
Judgments				173,210	282,576	(452,631)	3,155	3,155
Claims				5,928,625	28,914,563	(28,774,229)	6,068,959	3,741,511
Compensated absences				9,371,441	8,768,293	(8,242,208)	9,897,526	6,338,130
Total other long-term obligations				215,336,176	54,564,012	(42,119,941)	227,780,247	10,600,747
Total governmental activities							285,766,014	\$ 17,684,073
Add: unamortized bond premiums and discounts							5,320,227	
Total on statement of net position							\$ 291,086,241	

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 position.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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.

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 position. The balance of the refunded Series 1998 capital facilities general obligation bonds at December 31, 2017, is \$2,820,000.

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 on 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.

On October 11, 2012, the City issued \$42,285,000 in various purpose bonds (Series 2012 various purpose bonds). Of this issue, \$15,300,000 is reported as a liability in the water fund, \$15,600,000 is reported as a liability in the sewer fund and the remaining \$11,385,000 is a liability in the governmental activities. \$2,460,000 was used to advance refund the callable portion of the Series 2004 capital facilities bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$519,666. 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 position.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

The balance of the refunded Series 1999 baseball revenue bonds at December 31, 2017 is \$2,040,000. 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 2.73 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2009 baseball revenue refunding bonds is \$1,181,195. Principal and interest paid for the current year on the Series 1999 baseball revenue bonds was \$835,000 and \$85,755. General fund nontax revenues for the current year were \$33,680,722.

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. On November 14, 2012, the City issued revenue bonds (Series 2012 economic development refunding bonds) to advance refund the Series 2008 economic development bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded Series 2008 economic development revenue bonds at December 31, 2017 is \$22,460,000. The Series 2012 revenue bonds are payable solely from nontax revenues in the general fund and are payable through 2028. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license permit fees. Annual principal and interest payments on the revenues bonds are expected to require less than 6.03 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 2012 revenue bonds is \$22,345,012. Principal and interest paid for the current year on the refunding revenue bonds was \$1,275,000 and \$754,550. General fund nontax revenues for the current year were \$33,680,722.

The reacquisition price exceeded the net carrying amount of the old debt by \$675,285. 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 \$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 .51 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2010 revenue bonds is \$2,439,260. Principal and interest paid for the current year was \$100,000 and \$72,879. General fund nontax revenues for the current year were \$33,680,722.

On September 9, 2014, the City issued various purpose general obligation bonds, par value \$5,700,000. The interest rates on the current interest bonds range from 1.25% to 4.0%. 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, 2034.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

On December 15, 2016, the City issued \$18,110,000 in various purpose bonds (Series 2016 various purpose bonds). Of this issue, \$5,900,000 is reported as a liability in the water fund and the remaining \$12,210,000 is a liability of the governmental activities. \$2,710,000 was used to advance refund the callable portion of the Series 2007 capital facilities bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded Series 2007 capital facilities general obligation bonds at December 31, 2017, is \$2,775,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$101,310. 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 four Ohio Public Works Commission loans that will be repaid from the debt service fund. The first 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 second loan was issued at 0% interest rate with a maturity date of January 1, 2031 for Keowee Street rehabilitation. The third loan was issued at 0% interest rate with a maturity date of July 1, 2031 for River Corridor Drive rebuild. The fourth loan was issued at 0% interest rate with a maturity date of July 1, 2031 for South Smithville Road project phase I.

The Ohio Department of Development loan was issued for development of the Tech-Town 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, the Street fund (a nonmajor governmental fund) and the HUD Programs fund (a nonmajor governmental fund). The net pension liability will be paid from the general fund and the Street 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 and the Health Insurance Internal Service fund.

See Note 17 for detail on the net pension liability.

On December 4, 2014, the Ohio Department of Transportation ("ODOT") issued the City bonds, par value \$3,540,000 and a loan in the amount of \$2,500,000 and capitalized interest of \$68,125 through the State Infrastructure Bank ("SIB"). The bonds have a final maturity date of November 15, 2036 and an interest rate of 3.428%, with semi-annual principal and interest payments. The loan has a maturity date of November 1, 2036, with a 3.0% interest rate, beginning December 4, 2015. Principal and interest payments are due semi-annually. The loan had a zero percent interest rate until December 4, 2015.

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.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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, 2017, the City's total debt margin was \$106,970,767 and the unvoted debt margin was \$35,330,503.

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2017 for the governmental activities:

Year Ending December 31,	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 4,710,000	\$ 1,320,213	\$ 6,030,213	\$ 2,300,000	\$ 833,799	\$ 3,133,799
2019	4,070,000	1,155,537	5,225,537	2,395,000	735,866	3,130,866
2020	3,380,000	1,004,634	4,384,634	1,575,000	631,641	2,206,641
2021	2,345,000	878,308	3,223,308	1,650,000	554,322	2,204,322
2022	2,275,000	785,683	3,060,683	1,720,000	488,666	2,208,666
2023 - 2027	10,815,000	2,462,018	13,277,018	9,610,000	1,416,312	11,026,312
2028 - 2032	5,870,000	935,785	6,805,785	2,595,000	129,861	2,724,861
2033 - 2035	1,660,000	139,548	1,799,548	-	-	-
Totals	\$ 35,125,000	\$ 8,681,726	\$ 43,806,726	\$ 21,845,000	\$ 4,790,467	\$ 26,635,467

Year Ending December 31,	Ohio Public Works Commission Loans			Ohio Department of Development Loan		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 73,326	\$ -	\$ 73,326	\$ 269,713	\$ 66,820	\$ 336,533
2019	73,327	-	73,327	277,917	57,934	335,851
2020	73,325	-	73,325	286,372	48,773	335,145
2021	73,326	-	73,326	295,079	39,340	334,419
2022	73,325	-	73,325	304,055	29,617	333,672
2023 - 2027	366,628	-	366,628	745,918	29,640	775,558
2028 - 2032	282,510	-	282,510	-	-	-
Totals	\$ 1,015,767	\$ -	\$ 1,015,767	\$ 2,179,054	\$ 272,124	\$ 2,451,178

Year Ending December 31,	State Infrastructure Bank Bonds			State Infrastructure Bank Loan		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 150,000	\$ 103,494	\$ 253,494	\$ 98,238	\$ 73,452	\$ 171,690
2019	150,000	101,056	251,056	101,207	70,483	171,690
2020	150,000	97,962	247,962	104,266	67,424	171,690
2021	150,000	94,494	244,494	107,418	64,272	171,690
2022	150,000	90,744	240,744	110,664	61,026	171,690
2023 - 2027	800,000	386,806	1,186,806	605,563	252,887	858,450
2028 - 2032	910,000	250,743	1,160,743	702,783	155,667	858,450
2033 - 2037	855,000	73,593	928,593	642,630	44,130	686,760
Totals	\$ 3,315,000	\$ 1,198,892	\$ 4,513,892	\$ 2,472,769	\$ 789,341	\$ 3,262,110

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

B. The changes in the City's business-type activities long-term obligations during the year consist of the following:

<i>Business-type activities:</i>	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 12/31/16	Increase	Decrease	Balance 12/31/17	Amounts Due in One Year
General obligation bonds:									
Water	10/11/2012	12/1/2032	3.0 - 4.0	\$15,300,000	\$ 11,740,000	\$ -	\$ (705,000)	\$ 11,035,000	\$ 735,000
Sewer	10/11/2012	12/1/2032	3.0 - 4.0	15,600,000	11,980,000	-	(720,000)	11,260,000	745,000
Dayton International Airport parking garage	07/28/2009	12/1/2029	1.75 to 6.5	10,820,000	895,000	-	(435,000)	460,000	460,000
Dayton International Airport refunding bonds	12/3/2015	12/1/2029	1.0 to 4.0	8,045,000	7,900,000	-	(140,000)	7,760,000	140,000
Wellfield	12/15/2016	12/1/2036	2.0 to 5.0	5,900,000	5,900,000	-	(280,000)	5,620,000	280,000
Total general obligation bonds					<u>38,415,000</u>	<u>-</u>	<u>(2,280,000)</u>	<u>36,135,000</u>	<u>2,360,000</u>
Revenue bonds:									
Water	12/3/2015	12/1/2035	1.0 to 4.0	15,090,000	14,535,000	-	(560,000)	13,975,000	585,000
Sewer	12/3/2015	12/1/2035	1.0 to 4.0	15,770,000	15,190,000	-	(585,000)	14,605,000	610,000
Dayton International Airport	12/30/2015	12/1/2035	3.0 to 5.0	21,545,000	20,855,000	-	(780,000)	20,075,000	810,000
Dayton International Airport	9/9/2014	12/01/2032	2.30 to 5.00	26,950,000	24,495,000	-	(1,090,000)	23,405,000	1,130,000
Dayton International Airport	12/15/2016	12/1/2041	3.0 to 5.0	33,050,000	33,050,000	-	(610,000)	32,440,000	610,000
Total revenue bonds					<u>108,125,000</u>	<u>-</u>	<u>(3,625,000)</u>	<u>104,500,000</u>	<u>3,745,000</u>
Other long-term obligations									
Ohio water development authority loan	01/01/2003	07/01/2023	3.80 to 3.95	15,079,710	6,031,338	-	(863,616)	5,167,722	897,134
Ohio public works Commission loan	07/01/1997	01/01/2020	0.00	1,000,000	200,000	-	(50,000)	150,000	50,000
JOBS Ohio loan	09/01/2016	04/01/2037	2.0 to 3.0	5,000,000	5,000,000	-	(132,992)	4,867,008	203,266
Compensated absences payable					3,778,385	2,368,161	(2,410,553)	3,735,993	2,387,721
Net pension liability					48,588,355	11,334,354	(454,679)	59,468,030	-
Total other long-term obligations					<u>63,598,078</u>	<u>13,702,515</u>	<u>(3,911,840)</u>	<u>73,388,753</u>	<u>3,538,121</u>
Total business-type activities					<u>\$ 210,138,078</u>	<u>\$ 13,702,515</u>	<u>\$ (9,816,840)</u>	<u>214,023,753</u>	<u>\$ 9,643,121</u>
Add: unamortized bond premiums and discounts								<u>4,003,523</u>	
Total on statement of net position								<u>\$ 218,027,276</u>	

Enterprise fund general obligation bonds were used for capital improvements related to water and sewer, and construction of a parking facility at the Dayton International Airport. The bonds will be paid from the water fund, the sewer fund and the Dayton International Airport fund, respectively.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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. During 2015, the City issued general obligation bonds (Series 2015 refunding bonds) to refund a portion of the Series 2009 Dayton International Airport parking garage bonds. The balance of the refunded series 2009 bonds was \$7,275,000.

On December 3, 2015, the City issued airport refunding bonds (Series 2015 Airport Refunding Bonds), par value \$8,045,000. The interest rates on the current interest bonds range from 1.0 – 4.0%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The proceeds was used to advance refund a portion of the Series 2009 Dayton Internal Airport parking garage bonds. The issuance proceeds were deposited into an 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 2009 bonds. This refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,236,884. 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.

On December 3, 2015 the City issued \$15,090,000 in water revenue bonds. The interest rates on the current interest bonds range from 1.0% to 4.0%. The City has pledged future water revenues, net of specified operating expenses, to repay the Series 2015 water system revenue bonds. The proceeds were used for water capital improvements. The Series 2015 revenue bonds are payable solely from revenues in the water fund and are payable through 2035. Annual principal and interest payments on the bonds are expected to require 16.38 percent of net customer revenues. The total principal and interest remaining to be paid on the Series 2015 revenue bonds is \$19,417,687. Principal and interest paid for the current year and total customer net revenues were \$1,077,312 and \$6,579,315, respectively.

On December 3, 2015, the City issued \$15,770,000 in sewer revenue bonds. The interest rates on the current interest bonds range from 1.0% to 4.0%. The City has pledged future sewer revenues, net of specified operating expenses, to repay the Series 2015 sewer system revenue bonds. The proceeds were used for sewer capital improvements. The Series 2015 revenue bonds are payable solely from revenues in the sewer fund and are payable through 2035. Annual principal and interest payments on the bonds are expected to require 12.66 percent of net customer revenues. The total principal and interest remaining to be paid on the Series 2015 revenue bonds is \$20,295,210. Principal and interest paid for the current year and total customer net revenues were \$1,125,612 and \$8,890,092, respectively.

On December 30, 2015, the City issued \$21,545,000 in Airport revenue bonds. The interest rates on the current interest bonds range from 3.0% to 5.0%. The City has pledged future airport revenues, net of specified operating expenses, to repay the Series 2015 Airport revenue bonds. The proceeds were used for the acquisition and construction of airport improvements. The Series 2015 revenue bonds are payable solely from revenues from the airport fund and are payable through 2035.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

On December 15, 2016, the City issued \$33,050,000 in Airport revenue bonds. The interest rates on the current interest bonds range from 3.0% to 5.0%. The City has pledged future airport revenues, net of specified operating expenses, to repay the Series 2016 Airport revenue bonds. The proceeds were used for the acquisition and construction of airport improvements. The Series 2016 revenue bonds are payable solely from revenues from the airport fund and are payable through 2041.

On September 9, 2014, the City issued airport revenue bonds (Series 2014 Bonds), par value \$26,950,000. The proceeds were used to advance refund the Series 2003A and 2003C revenue bonds. The issuance proceeds were deposited into an 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 2003A and 2003C bonds. This refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net position. The balance of the refunded Series 2003A and 2003C airport revenue bonds at December 31, 2017 is \$24,825,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$534,479. 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 airport revenues, net of specified operating expenses, to repay the Series 2014, 2015 and 2016 airport revenue bonds. The Series 2014, 2015, and 2016 airport revenue bonds are payable solely from airport net revenues and are payable through 2041. Annual principal and interest payments on the bonds are expected to require 57.19 percent of net customer revenues. Net customer revenues included both PFC and CFC charges that were used for debt service. The total principal and interest remaining to be paid on the Series 2014, 2015 and 2016 airport revenue bonds is \$114,288,069. Principal and interest paid for the current year and total customer net revenues were \$5,866,657 and \$9,973,531, respectively.

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, 2017, the City had outstanding borrowings of \$5,167,722 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 12.98 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$5,634,309. Principal and interest paid for the current year were \$1,045,502 and customer net revenues were \$6,579,315.

In 1997, the City 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.

In 2016, the City was granted a \$5,000,000 loan from Jobs Ohio. The purpose of the loan is to build a maintenance hangar at the airport. The loan is being paid out of Dayton International Airport fund. The final maturity is April 1, 2037 and the interest rate on the loan is 2 to 3 percent.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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

See Note 17 for detail on the net pension liability.

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2017 for the business-type activities.

Year Ending December 31,	Revenue Bonds			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 3,745,000	\$ 4,203,310	\$ 7,948,310	\$ 2,360,000	\$ 1,366,075	\$ 3,726,075
2019	4,130,000	4,055,061	8,185,061	2,420,000	1,269,426	3,689,426
2020	4,285,000	3,893,560	8,178,560	2,505,000	1,184,474	3,689,474
2021	4,430,000	3,754,786	8,184,786	2,500,000	1,102,275	3,602,275
2022	4,560,000	3,625,287	8,185,287	2,055,000	1,006,213	3,061,213
2023 - 2027	25,330,000	15,580,395	40,910,395	11,560,000	3,729,812	15,289,812
2028 - 2032	31,160,000	9,747,996	40,907,996	11,265,000	1,413,345	12,678,345
2033 - 2037	18,810,000	3,840,272	22,650,272	1,470,000	138,093	1,608,093
2038 - 2042	8,050,000	962,788	9,012,788	-	-	-
Totals	<u>\$ 104,500,000</u>	<u>\$ 49,663,455</u>	<u>\$ 154,163,455</u>	<u>\$ 36,135,000</u>	<u>\$ 11,209,713</u>	<u>\$ 47,344,713</u>

Year Ending December 31,	OWDA Loan			OPWC Loan		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 897,134	\$ 148,368	\$ 1,045,502	\$ 50,000	\$ -	\$ 50,000
2019	931,950	121,195	1,053,145	50,000	-	50,000
2020	968,119	92,968	1,061,087	50,000	-	50,000
2021	1,005,692	63,645	1,069,337	-	-	-
2022	1,044,725	33,185	1,077,910	-	-	-
2023 - 2026	320,102	7,226	327,328	-	-	-
Totals	<u>\$ 5,167,722</u>	<u>\$ 466,587</u>	<u>\$ 5,634,309</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>

Year Ending December 31,	JOBS Ohio		
	Principal	Interest	Total
2018	\$ 203,266	\$ 95,485	\$ 298,751
2019	207,886	91,378	299,264
2020	212,614	87,176	299,790
2021	217,444	82,879	300,323
2022	222,388	78,483	300,871
2023 - 2027	1,182,183	341,058	1,523,241
2028 - 2032	1,305,315	299,563	1,604,878
2033 - 2037	1,315,912	89,183	1,405,095
Totals	<u>\$ 4,867,008</u>	<u>\$ 1,165,205</u>	<u>\$ 6,032,213</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15 - 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 2017, 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	928,776,387
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
Dayton Municipal Clerk of Courts Bonds	27,000
Clerk of Courts Crime Coverage/Bonds	2,000,000
Garagekeepers: Liability	2,000,000
Garagekeepers: Test Driving	1,000,000
General Liability (Zion Cultural Center)	2,000,000
Excess Umbrella Coverage (Zion Cultural Center)	2,000,000
General Liability	
(Community Service Program for Dayton Municipal Court)	5,000,000
(Community Service Program for Dayton Municipal Court - Additional various coverages)	100,000
Travel (AD&D)	100,000,000
Executive Management Liability Policy	1,000,000
Employment Practices Liability	2,000,000
Public Officials Bond	27,000
Schedule Positions/Bonds	2,500,000

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15 - RISK MANAGEMENT - (Continued)

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, 2017, there were \$3,155 in outstanding claims pending that are reported as a component of claimants payable in the general fund. Claims activity for 2017 and 2016 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>
2017	\$ 170,891	\$ 282,970	\$ (450,706)	\$ 3,155
2016	102,070	68,821	-	170,891

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. After ten years, the City settles up for the reserve on any claims that are still open. The City has established a workers' compensation internal service fund to account for and finance its uninsured risks of loss in this program.

The claims liability of \$3,478,945 reported at December 31, 2017, 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 \$3,478,945 claims liability, \$1,152,053 of the liability is due within one year and is reported as a current liability in the statement of net position for the proprietary funds. The remaining portion is a noncurrent liability of \$2,326,892. The estimate was not affected by non-incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15 - RISK MANAGEMENT - (Continued)

Changes in the funds' claims liability amount in 2017 and 2016 were as follows:

<u>Year</u>	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2017	\$ 3,502,343	\$ 2,442,411	\$ (2,465,809)	\$ 3,478,945
2016	4,828,684	1,129,914	(2,456,255)	3,502,343

C. Health Insurance

On January 1, 2012, the City became self-insured for medical and prescription drug benefits (the "Program"). The Program is administered through a third-party administrator who manages and processes the claims. The City makes required payments to the third-party administrator to reimburse them for the claim payments. The City's stop-loss coverage through the Program is limited to \$200,000 per claim with a stop-loss annual coverage aggregate that is 115% of the expected annual claims amounts in the Program. The city has reported a liability in both the health insurance internal service fund and government-wide financial statements amounting to \$2,590,014 for the claims payable liability.

Changes in the claims payable liability in 2017 and 2016 were 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>
2017	\$ 2,426,282	\$ 23,901,147	\$ (23,737,415)	\$ 2,590,014
2016	2,696,249	20,039,236	(20,309,203)	2,426,282

NOTE 16 - 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.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 16 - OTHER EMPLOYEE BENEFITS - (Continued)

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.

B. Insurance Benefits

The City is self-insured for medical benefits through Anthem Blue Cross/Blue Shield Health Maintenance insurance plans as described in Note 15.C. 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 17- DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits or overfunded benefits is presented as a long-term *net pension liability* or *net pension asset*, respectively, on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *due to other governments* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate 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 and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0 %
 Total Employer	 14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$10,130,769 for 2017. Of this amount, \$792,451 is reported as due to other governments.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension 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 information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$10,052,375 for 2017. Of this amount \$751,368 is reported as due to other governments.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2016, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.56739400%	0.50686000%	0.42431400%	2.20264200%	
Proportion of the net pension liability/asset current measurement date	<u>0.55580000%</u>	<u>0.53334000%</u>	<u>0.48113200%</u>	<u>2.16452900%</u>	
Change in proportionate share	<u>-0.01159400%</u>	<u>0.02648000%</u>	<u>0.05681800%</u>	<u>-0.03811300%</u>	
Proportionate share of the net pension liability	\$ 126,212,728	\$ -	\$ -	\$ 137,099,085	\$ 263,311,813
Proportionate share of the net pension asset	-	(296,840)	(2,004)	-	(298,844)
Pension expense	26,708,824	214,458	2,471	16,291,903	43,217,656

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 171,071	\$ -	\$ 20,403	\$ 38,788	\$ 230,262
Net difference between projected and actual earnings on pension plan investments	18,795,990	72,424	1,725	13,332,283	32,202,422
Changes of assumptions	20,018,862	72,346	2,254	-	20,093,462
Changes in employer's proportionate percentage/difference between employer contributions	304,167	-	-	-	304,167
City contributions subsequent to the measurement date	9,551,000	303,025	276,744	10,052,375	20,183,144
Total deferred outflows of resources	<u>\$ 48,841,090</u>	<u>\$ 447,795</u>	<u>\$ 301,126</u>	<u>\$ 23,423,446</u>	<u>\$ 73,013,457</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 751,154	\$ 151,814	\$ -	\$ 315,658	\$ 1,218,626
Changes in employer's proportionate percentage/difference between employer contributions	1,052,513	-	-	3,021,124	4,073,637
Total deferred inflows of resources	<u>\$ 1,803,667</u>	<u>\$ 151,814</u>	<u>\$ -</u>	<u>\$ 3,336,782</u>	<u>\$ 5,292,263</u>

\$20,183,144 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a change of the net pension liability/asset in the year ending December 31, 2018.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2018	\$ 15,506,971	\$ 14,067	\$ 3,572	\$ 4,398,122	\$ 19,922,732
2019	15,890,035	14,065	3,572	4,398,122	20,305,794
2020	6,640,371	10,933	3,458	3,189,930	9,844,692
2021	(550,954)	(14,729)	2,808	(1,523,013)	(2,085,888)
2022	-	(12,022)	2,921	(395,680)	(404,781)
Thereafter	-	(19,358)	8,051	(33,192)	(44,499)
Total	\$ 37,486,423	\$ (7,044)	\$ 24,382	\$ 10,034,289	\$ 47,538,050

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, for the defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.75 %
Domestic equities	20.70	6.34
Real estate	10.00	4.75
Private equity	10.00	8.97
International equities	18.30	7.95
Other investments	18.00	4.92
Total	<u>100.00 %</u>	<u>5.66 %</u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. A discount rate of 8.00% was used in the previous measurement period. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.50%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 192,818,136	\$ 126,212,728	\$ 70,708,876
Combined Plan	21,334	(296,840)	(544,007)
Member-Directed Plan	4,811	(2,004)	(4,811)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation date	January 1, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8.25%
Projected salary increases	4.25% - 11.00%
Payroll increases	3.75%
Inflation assumptions	3.25%
Cost of living adjustments	2.60% and 3.00% simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016 are summarized below:

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return **</u>	<u>30 Year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.46 %	5.21 %
Non-US Equity	16.00	4.66	5.40
Core Fixed Income *	20.00	1.67	2.37
Global Inflation			
Protected Securities *	20.00	0.49	2.33
High Yield	15.00	3.33	4.48
Real Estate	12.00	4.71	5.65
Private Markets	8.00	7.31	7.99
Timber	5.00	6.87	6.87
Master Limited Partnerships	8.00	6.92	7.36
Total	<u>120.00 %</u>		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OPF’s Board of Trustees has incorporated the “risk parity” concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.25%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25%. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Changes Between Measurement Date and Report Date – In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact the City’s net pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25%), or one percentage point higher (9.25%) than the current rate.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease <u>(7.25%)</u>	Current Discount Rate <u>(8.25%)</u>	1% Increase <u>(9.25%)</u>
City's proportionate share of the net pension liability	\$ 182,599,748	\$ 137,099,085	\$ 98,536,673

NOTE 18 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) 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/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

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 2017, 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 and Combined Plan for 2017 was 1.00%.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 18- POSTRETIREMENT BENEFIT PLANS - (Continued)

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, 2017, 2016, and 2015 were \$868,700, \$1,592,485, and \$1,479,410, respectively; 92.80% has been contributed for 2017 and 100% has been contributed for 2016 and 2017. The remaining 2017 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

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 health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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 or by visiting the website at www.op-f.org.

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.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 18- POSTRETIREMENT BENEFIT PLANS - (Continued)

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. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2017 thru December 31, 2017. 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 \$133,381 and \$106,040 for the year ended December 31, 2017, \$129,968 and \$104,282 for the year ended December 31, 2016, and \$135,078 and \$102,504, for the year ended December 31, 2015. 100% has been contributed for 2016 and 2015. 92.62% has been contributed for police and 92.78% has been contributed for firefighters for 2017. The remaining 2017 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

NOTE 19 - 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, 2017

NOTE 19 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

The adjustments necessary to convert the results of operations of the general fund for the year ended December 31, 2017, on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balance

	<u>General</u>
Budget basis	\$ (1,629,775)
Net adjustment for revenues	1,765,941
Net adjustment for expenditures	(11,015,514)
Net adjustment for other sources/uses	(1)
Adjustment for encumbrances	<u>10,215,713</u>
GAAP basis	<u><u>\$ (663,636)</u></u>

NOTE 20 - 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	\$ 9,130,237
Debt service	45,428
Capital improvement	9,087,869
Nonmajor governmental	<u>14,699,645</u>
Total	<u><u>\$ 32,963,179</u></u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 21 - 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:

<u>Fund balance</u>	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Improvement Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
Nonspendable:					
Prepays	\$ 831,230	\$ -	\$ -	\$ -	\$ 831,230
Materials and supplies inventory	-	-	-	654,765	654,765
Perpetual care	-	-	-	102,228	102,228
Loans receivable	2,658,691	-	-	-	2,658,691
Unclaimed monies	<u>715,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>715,020</u>
Total nonspendable	<u>4,204,941</u>	<u>-</u>	<u>-</u>	<u>756,993</u>	<u>4,961,934</u>
Restricted:					
Street and highway programs	-	-	-	2,722,555	2,722,555
Special projects	-	-	-	3,499,570	3,499,570
Housing and urban development	-	-	-	5,956,730	5,956,730
Debt service	-	28,241,475	-	-	28,241,475
Capital projects	-	-	5,126,467	-	5,126,467
Other purposes	-	-	-	1,208,768	1,208,768
Permanent fund	-	-	-	81,160	81,160
Total restricted	<u>-</u>	<u>28,241,475</u>	<u>5,126,467</u>	<u>13,468,783</u>	<u>46,836,725</u>
Committed:					
Capital projects	-	-	7,284,916	-	7,284,916
Community development	86,298	-	-	-	86,298
Economic development	75,761	-	-	-	75,761
Leadership and quality of life	1,211,706	-	-	-	1,211,706
Corporate responsibility	334,216	-	-	-	334,216
Other purposes	509,553	-	-	-	509,553
Public safety	578,703	-	-	-	578,703
Special assessments	-	422,416	-	-	422,416
Total committed	<u>2,796,237</u>	<u>422,416</u>	<u>7,284,916</u>	<u>-</u>	<u>10,503,569</u>
Assigned:					
Downtown	1,425	-	-	-	1,425
Community development	14,346	-	-	-	14,346
Economic development	7,953	-	-	-	7,953
Leadership and quality of life	53,633	-	-	-	53,633
Corporate responsibility	42,228	-	-	-	42,228
Public safety	23,246	-	-	-	23,246
Special payroll	1,493,085	-	-	-	1,493,085
Termination pay	3,130,591	-	-	-	3,130,591
Unemployment	1,038,686	-	-	-	1,038,686
Other purposes	394,525	-	-	-	394,525
Demolition	688,893	-	-	-	688,893
Police professional development	91,091	-	-	-	91,091
HRC Special Projects	14,807	-	-	-	14,807
Sunrise Bomberger Center	200,546	-	-	-	200,546
Community policing council (CIRGV)	28,985	-	-	-	28,985
Mediation center	26,692	-	-	-	26,692
Professional development	121,419	-	-	-	121,419
Nationwide settlement	246,789	-	-	-	246,789
Judgments	1,246,694	-	-	-	1,246,694
Development	4,683,982	-	-	-	4,683,982
Real estate development	520,430	-	-	-	520,430
Subsequent year appropriations	8,469,000	-	-	-	8,469,000
Capital projects	-	-	7,070,596	-	7,070,596
Total assigned	<u>22,539,046</u>	<u>-</u>	<u>7,070,596</u>	<u>-</u>	<u>29,609,642</u>
Unassigned	<u>32,724,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,724,803</u>
Total fund balances	<u>\$ 62,265,027</u>	<u>\$ 28,663,891</u>	<u>\$ 19,481,979</u>	<u>\$ 14,225,776</u>	<u>\$ 124,636,673</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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.

B. Grants

For the period January 1, 2017 to December 31, 2017, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 23 – SUBSEQUENT EVENT

On May 23, 2018 the City authorized an internal borrowing of up to \$10 million to be loaned in support of the Arcade Project. Further, the City authorized an early release of a portion of the loan in an amount not to exceed \$2 million in accordance with the terms and conditions of the Development Agreement. The \$10 million loan is part of a New Markets Tax Credit structure and will not be executed until and if the Arcade financing closes, which is expected to occur in the late summer or early fall of 2018. The \$2 million early release will be expensed by the City until such time that the full closing occurs. At that time any funds expended in the early release will be reversed and will be incorporated in the total loan amount.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

	LAST FOUR YEARS			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.555800%	0.567394%	0.560246%	0.560246%
City's proportionate share of the net pension liability	\$ 126,212,728	\$ 98,279,795	\$ 67,571,930	\$ 66,045,704
City's covered payroll	\$ 71,961,283	\$ 72,324,850	\$ 67,411,033	\$ 66,466,608
City's proportionate share of the net pension liability as a percentage of its covered payroll	175.39%	135.89%	100.24%	99.37%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.533340%	0.506860%	0.475603%	0.475603%
City's proportionate share of the net pension asset	\$ 296,841	\$ 246,649	\$ 183,119	\$ 49,906
City's covered payroll	\$ 2,073,725	\$ 1,645,667	\$ 1,738,508	\$ 1,438,292
City's proportionate share of the net pension asset as a percentage of its covered payroll	14.31%	14.99%	10.53%	3.47%
Plan fiduciary net position as a percentage of the total pension asset	116.55%	116.90%	114.83%	104.56%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.481132%	0.424314%	n/a	n/a
City's proportionate share of the net pension asset	\$ 2,004	\$ 1,622	n/a	n/a
City's covered payroll	\$ 2,484,105	\$ 2,984,958	n/a	n/a
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.08%	0.05%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	103.40%	103.91%	n/a	n/a

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

	LAST FOUR YEARS			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	2.16452900%	2.20264200%	2.41510400%	2.24151040%
City's proportionate share of the net pension liability	\$ 137,099,085	\$ 141,697,531	\$ 116,119,585	\$ 109,168,588
City's covered payroll	\$ 46,850,076	\$ 46,805,467	\$ 42,914,752	\$ 43,695,379
City's proportionate share of the net pension liability as a percentage of its covered payroll	292.63%	302.74%	270.58%	249.84%
Plan fiduciary net position as a percentage of the total pension liability	68.36%	66.77%	72.20%	73.00%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 9,551,000	\$ 8,635,354	\$ 8,678,982	\$ 8,089,324
Contributions in relation to the contractually required contribution	<u>(9,551,000)</u>	<u>(8,635,354)</u>	<u>(8,678,982)</u>	<u>(8,089,324)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 73,469,231	\$ 71,961,283	\$ 72,324,850	\$ 67,411,033
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 303,025	\$ 248,847	\$ 197,480	\$ 208,621
Contributions in relation to the contractually required contribution	<u>(303,025)</u>	<u>(248,847)</u>	<u>(197,480)</u>	<u>(208,621)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,330,962	\$ 2,073,725	\$ 1,645,667	\$ 1,738,508
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 276,744	\$ 235,990	\$ 283,571	
Contributions in relation to the contractually required contribution	<u>(276,744)</u>	<u>(235,990)</u>	<u>(283,571)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City's covered payroll	\$ 2,767,440	\$ 2,484,105	\$ 2,984,958	
Contributions as a percentage of covered payroll	10.00%	9.50%	9.50%	

Note: Information prior to 2010 was unavailable for the combined plan.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 8,640,659	\$ 6,878,420	\$ 6,823,221	\$ 6,488,756	\$ 6,536,423	\$ 5,847,515
<u>(8,640,659)</u>	<u>(6,878,420)</u>	<u>(6,823,221)</u>	<u>(6,488,756)</u>	<u>(6,536,423)</u>	<u>(5,847,515)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 66,466,608	\$ 68,784,200	\$ 68,232,210	\$ 72,771,095	\$ 80,448,283	\$ 83,535,929
13.00%	10.00%	10.00%	8.92%	8.13%	7.00%
\$ 186,978	\$ 98,164	\$ 105,120	\$ 118,154	\$ -	\$ -
<u>(186,978)</u>	<u>(98,164)</u>	<u>(105,120)</u>	<u>(118,154)</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,438,292	\$ 1,234,767	\$ 1,322,264	\$ 1,219,759	\$ -	\$ -
13.00%	7.95%	7.95%	9.69%		

CITY OF DAYTON, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Police:</i>				
Contractually required contribution	\$ 5,068,477	\$ 4,938,796	\$ 4,997,877	\$ 4,599,130
Contributions in relation to the contractually required contribution	<u>(5,068,477)</u>	<u>(4,938,796)</u>	<u>(4,997,877)</u>	<u>(4,599,130)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 26,676,195	\$ 25,993,663	\$ 26,304,616	\$ 24,205,947
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 4,983,898	\$ 4,901,257	\$ 4,817,700	\$ 4,396,569
Contributions in relation to the contractually required contribution	<u>(4,983,898)</u>	<u>(4,901,257)</u>	<u>(4,817,700)</u>	<u>(4,396,569)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 21,208,077	\$ 20,856,413	\$ 20,500,851	\$ 18,708,804
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 3,876,616	\$ 3,123,636	\$ 3,108,863	\$ 3,524,787	\$ 3,327,952	\$ 3,547,664
<u>(3,876,616)</u>	<u>(3,123,636)</u>	<u>(3,108,863)</u>	<u>(3,524,787)</u>	<u>(3,327,952)</u>	<u>(3,547,664)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 24,406,816	\$ 24,499,106	\$ 24,383,239	\$ 27,645,388	\$ 26,101,584	\$ 27,824,816
15.88%	12.75%	12.75%	12.75%	12.75%	12.75%
\$ 3,931,652	\$ 3,466,063	\$ 3,403,911	\$ 3,930,474	\$ 3,821,620	\$ 3,953,996
<u>(3,931,652)</u>	<u>(3,466,063)</u>	<u>(3,403,911)</u>	<u>(3,930,474)</u>	<u>(3,821,620)</u>	<u>(3,953,996)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 19,288,563	\$ 20,093,119	\$ 19,732,817	\$ 22,785,357	\$ 22,154,319	\$ 22,921,716
20.38%	17.25%	17.25%	17.25%	17.25%	17.25%

CITY OF DAYTON, OHIO

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.




DAYTON

Combining Statements and Schedules

**COMBINING STATEMENTS
AND SCHEDULES**

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**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Municipal income taxes	\$ 122,291,100	\$ 122,291,100	\$ 122,370,400	\$ 79,300
Property and other taxes	6,002,200	6,002,200	6,058,502	56,302
State shared taxes	7,096,900	7,096,900	6,527,388	(569,512)
Charges for services	27,297,800	27,297,800	25,273,233	(2,024,567)
Licenses and permits	1,829,100	1,829,100	1,721,640	(107,460)
Fines and forfeitures	706,600	990,200	654,733	(335,467)
Intergovernmental	3,922,300	3,922,300	4,197,188	274,888
Special assessments	550,000	550,000	169,124	(380,876)
Investment income	2,475,200	2,475,200	2,357,894	(117,306)
Other	2,935,100	3,774,600	4,492,321	717,721
Total revenues	175,106,300	176,229,400	173,822,423	(2,406,977)
Expenditures:				
General operating:				
General government:				
Clerk of commission	1,265,100	1,270,100	1,232,550	37,550
Civil service board	1,642,900	1,475,900	1,403,264	72,636
Human relations council	807,000	807,000	799,245	7,755
City manager's office	1,374,500	1,344,500	1,253,431	91,069
Department of public affairs	772,500	797,800	756,443	41,357
Department of planning & community development	2,783,900	2,748,900	2,600,515	148,385
Clerk of courts	3,564,400	3,464,400	3,384,401	79,999
Municipal court	4,386,000	4,306,000	4,205,949	100,051
Office of economic development	3,121,300	3,380,300	3,187,161	193,139
Department of management and budget	1,051,000	921,000	876,650	44,350
Department of water	92,100	92,100	90,140	1,960
Department of law	2,760,200	2,600,200	2,513,949	86,251
Department of finance	3,047,300	2,882,800	2,847,634	35,166
Department of human resources	1,116,800	1,073,800	1,064,618	9,182
Department of central services	14,544,900	14,025,700	13,900,445	125,255
Department of police	50,495,500	50,425,200	49,594,285	830,915
Department of fire	39,507,900	39,864,400	39,182,889	681,511
Department of public works	17,575,200	17,520,400	17,035,277	485,123
Department of recreation and youth services	6,015,800	5,970,800	5,733,073	237,727
Non-departmental	2,225,200	1,607,800	1,082,000	525,800
Special projects	14,213,000	13,280,700	12,531,883	748,817
Debt service:				
Principal retirement	72,600	72,600	74,682	(2,082)
Interest and fiscal charges	4,400	4,400	2,240	2,160
Total expenditures	172,439,500	169,936,800	165,352,724	4,584,076
Excess (deficiency) of revenues over (under) expenditures	2,666,800	6,292,600	8,469,699	2,177,099
Other financing uses:				
Transfers (out)	(7,190,800)	(10,172,100)	(10,099,474)	72,626
Total other financing (uses)	(7,190,800)	(10,172,100)	(10,099,474)	72,626
Net change in fund balances	(4,524,000)	(3,879,500)	(1,629,775)	2,249,725
Fund balance at beginning of year	59,049,610	59,049,610	59,049,610	-
Prior year encumbrances appropriated	7,662,551	7,662,551	7,662,551	-
Fund balance at end of year	<u>\$ 62,188,161</u>	<u>\$ 62,832,661</u>	<u>\$ 65,082,386</u>	<u>\$ 2,249,725</u>

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 for the general upkeep to ensure a safe and 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 throughout 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.

HUD Programs

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

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

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

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

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

Miscellaneous Grants

To account for miscellaneous grant projects. These projects include food service for children at child care and recreation centers, additional police patrol in high density traffic areas, juvenile court mediation services, and drug rehabilitation programs. Funding sources include the United States Departments of Justice, Housing and Urban Development, Agriculture, Education, Interior, Transportation, 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
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 7,565,585	\$ 183,316	\$ 7,748,901
Receivables:			
Accounts	199,838	-	199,838
Special assessments	8,455,556	-	8,455,556
Accrued interest	2,328	161	2,489
Due from other funds	1,920	-	1,920
Due from other governments	4,518,295	-	4,518,295
Loans receivable	6,172,699	-	6,172,699
Materials and supplies inventory	654,765	-	654,765
Total assets	\$ 27,570,986	\$ 183,477	\$ 27,754,463
Liabilities:			
Accounts payable	\$ 304,006	\$ -	\$ 304,006
Contracts payable	542,633	-	542,633
Accrued wages and benefits payable	317,015	-	317,015
Retainage payable	66,223	-	66,223
Compensated absences payable	13,596	-	13,596
Interfund loans payable	1,170,000	-	1,170,000
Due to other funds	3,380	-	3,380
Due to other governments	99,857	-	99,857
Total liabilities	2,516,710	-	2,516,710
Deferred inflows of resources:			
Accrued interest not available	1,293	89	1,382
Special assessments revenue not available	8,455,556	-	8,455,556
Miscellaneous revenue not available	176,515	-	176,515
Intergovernmental revenue not available	2,378,524	-	2,378,524
Total deferred inflows of resources	11,011,888	89	11,011,977
Fund Balances:			
Nonspendable	654,765	102,228	756,993
Restricted	13,387,623	81,160	13,468,783
Total fund balances	14,042,388	183,388	14,225,776
Total liabilities, deferred inflows of resources and fund balances	\$ 27,570,986	\$ 183,477	\$ 27,754,463

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
State shared taxes.	\$ 5,577,504	\$ -	\$ 5,577,504
Charges for services.	1,397,516	-	1,397,516
Licenses and permits	58,414	-	58,414
Fines and forfeitures	265,889	-	265,889
Intergovernmental.	10,104,063	-	10,104,063
Special assessments	2,768,644	-	2,768,644
Investment income	7,949	564	8,513
Decrease in FMV of investments.	(2,084)	(210)	(2,294)
Other	2,069,261	-	2,069,261
Total revenues	<u>22,247,156</u>	<u>354</u>	<u>22,247,510</u>
Expenditures:			
Current:			
General government:			
Community development and neighborhoods.	7,909,115	-	7,909,115
Economic development	1,408,637	-	1,408,637
Leadership and quality of life	9,698,050	-	9,698,050
Corporate responsibility.	148,122	-	148,122
Public safety and justice.	3,295,362	-	3,295,362
Capital outlay	66,223	-	66,223
Total expenditures.	<u>22,525,509</u>	<u>-</u>	<u>22,525,509</u>
Excess of revenues over expenditures.	<u>(278,353)</u>	<u>354</u>	<u>(277,999)</u>
Other financing sources:			
Transfers in	438,074	-	438,074
Total other financing sources	<u>438,074</u>	<u>-</u>	<u>438,074</u>
Net change in fund balances	159,721	354	160,075
Fund balances at beginning of year.	<u>13,882,667</u>	<u>183,034</u>	<u>14,065,701</u>
Fund balances at end of year	<u>\$ 14,042,388</u>	<u>\$ 183,388</u>	<u>\$ 14,225,776</u>

CITY OF DAYTON, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Assets:			
Equity in pooled cash and investments	\$ 1,464,369	\$ 713,481	\$ 3,622,228
Receivables:			
Accounts	56,319	-	119,294
Special assessments	-	-	8,320,166
Accrued interest	-	-	883
Due from other funds	-	-	1,920
Due from other governments	2,464,764	240,358	49,413
Loans receivable	-	-	-
Materials and supplies inventory	654,765	-	-
Total assets	<u>\$ 4,640,217</u>	<u>\$ 953,839</u>	<u>\$ 12,113,904</u>
Liabilities:			
Accounts payable	\$ 131,143	\$ 10,032	\$ 52,344
Contracts payable	1,125	-	40,890
Accrued wages and benefits payable	123,345	4,898	42,289
Retainage payable	-	-	43,298
Compensated absences payable	-	-	-
Interfund loans payable	-	-	-
Due to other funds	610	-	1
Due to other governments	-	-	650
Total liabilities	<u>256,223</u>	<u>14,930</u>	<u>179,472</u>
Deferred inflows of resources:			
Accrued interest not available	-	-	490
Special assessments revenue not available	-	-	8,320,166
Miscellaneous revenue not available	56,244	-	97,471
Intergovernmental revenue not available	1,717,019	172,320	16,735
Total deferred inflows of resources	<u>1,773,263</u>	<u>172,320</u>	<u>8,434,862</u>
Fund Balances:			
Nonspendable	654,765	-	-
Restricted	<u>1,955,966</u>	<u>766,589</u>	<u>3,499,570</u>
Total fund balances	<u>2,610,731</u>	<u>766,589</u>	<u>3,499,570</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,640,217</u>	<u>\$ 953,839</u>	<u>\$ 12,113,904</u>

HUD Programs	Miscellaneous Grants	Total
\$ 393,275	\$ 1,372,232	\$ 7,565,585
24,225	-	199,838
135,390	-	8,455,556
642	803	2,328
-	-	1,920
1,399,453	364,307	4,518,295
6,172,699	-	6,172,699
-	-	654,765
<u>\$ 8,125,684</u>	<u>\$ 1,737,342</u>	<u>\$ 27,570,986</u>
\$ 10,994	\$ 99,493	\$ 304,006
291,924	208,694	542,633
95,753	50,730	317,015
22,925	-	66,223
13,596	-	13,596
1,170,000	-	1,170,000
2,573	196	3,380
-	99,207	99,857
<u>1,607,765</u>	<u>458,320</u>	<u>2,516,710</u>
357	446	1,293
135,390	-	8,455,556
22,800	-	176,515
402,642	69,808	2,378,524
<u>561,189</u>	<u>70,254</u>	<u>11,011,888</u>
-	-	654,765
<u>5,956,730</u>	<u>1,208,768</u>	<u>13,387,623</u>
<u>5,956,730</u>	<u>1,208,768</u>	<u>14,042,388</u>
<u>\$ 8,125,684</u>	<u>\$ 1,737,342</u>	<u>\$ 27,570,986</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Revenues:			
State shared taxes	\$ 5,118,048	\$ 459,456	\$ -
Charges for services	392,412	-	606,746
Licenses and permits	-	-	58,414
Fines and forfeitures	-	-	28,501
Intergovernmental	-	-	50,000
Special assessments	-	-	2,748,446
Investment income	-	-	2,671
Increase (decrease) in FMV of investments	-	-	328
Other	400,659	-	1,364,317
Total revenues	<u>5,911,119</u>	<u>459,456</u>	<u>4,859,423</u>
Expenditures:			
Current:			
General government:			
Community development and neighborhoods	313	-	152,261
Economic development	-	-	688,940
Leadership and quality of life	5,920,938	393,061	2,543,834
Corporate responsibility	-	-	-
Public safety and justice	-	-	1,002,977
Capital outlay	-	-	43,298
Total expenditures	<u>5,921,251</u>	<u>393,061</u>	<u>4,431,310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,132)</u>	<u>66,395</u>	<u>428,113</u>
Other financing sources:			
Transfers in	-	-	100,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>100,000</u>
Net change in fund balances	(10,132)	66,395	528,113
Fund balances			
at beginning of year	<u>2,620,863</u>	<u>700,194</u>	<u>2,971,457</u>
Fund balances at end of year	<u>\$ 2,610,731</u>	<u>\$ 766,589</u>	<u>\$ 3,499,570</u>

HUD Programs	Miscellaneous Grants	Total
\$ -	\$ -	\$ 5,577,504
79,272	319,086	1,397,516
-	-	58,414
-	237,388	265,889
8,872,697	1,181,366	10,104,063
20,198	-	2,768,644
2,458	2,820	7,949
(1,365)	(1,047)	(2,084)
80,836	223,449	2,069,261
<u>9,054,096</u>	<u>1,963,062</u>	<u>22,247,156</u>
7,654,274	102,267	7,909,115
-	719,697	1,408,637
474,265	365,952	9,698,050
148,122	-	148,122
-	2,292,385	3,295,362
22,925	-	66,223
<u>8,299,586</u>	<u>3,480,301</u>	<u>22,525,509</u>
<u>754,510</u>	<u>(1,517,239)</u>	<u>(278,353)</u>
-	338,074	438,074
-	338,074	438,074
754,510	(1,179,165)	159,721
<u>5,202,220</u>	<u>2,387,933</u>	<u>13,882,667</u>
<u>\$ 5,956,730</u>	<u>\$ 1,208,768</u>	<u>\$ 14,042,388</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State shared taxes	\$ 4,959,700	\$ 4,959,700	\$ 5,112,349	\$ 152,649
Charges for services	402,600	402,600	392,412	(10,188)
Other	235,700	547,800	434,369	(113,431)
Total revenues.	<u>5,598,000</u>	<u>5,910,100</u>	<u>5,939,130</u>	<u>29,030</u>
Expenditures:				
Department of public works	5,748,000	6,121,000	5,900,285	220,715
Total expenditures.	<u>5,748,000</u>	<u>6,121,000</u>	<u>5,900,285</u>	<u>220,715</u>
Net change in fund balance	(150,000)	(210,900)	38,845	249,745
Fund balance at beginning of year.	1,415,812	1,415,812	1,415,812	-
Prior year encumbrances appropriated.	259,663	259,663	259,663	-
Fund balance at end of year.	<u>\$ 1,525,475</u>	<u>\$ 1,464,575</u>	<u>\$ 1,714,320</u>	<u>\$ 249,745</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
State shared taxes	\$ 445,000	\$ 445,000	\$ 458,906	\$ 13,906
Total revenues.	<u>445,000</u>	<u>445,000</u>	<u>458,906</u>	<u>13,906</u>
Expenditures:				
Department of public works	<u>445,000</u>	<u>445,000</u>	<u>441,826</u>	<u>3,174</u>
Total expenditures.	<u>445,000</u>	<u>445,000</u>	<u>441,826</u>	<u>3,174</u>
Net change in fund balance	-	-	17,080	17,080
Fund balance at beginning of year.	722,076	722,076	722,076	-
Prior year encumbrances appropriated.	<u>42,009</u>	<u>42,009</u>	<u>42,009</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 764,085</u>	<u>\$ 764,085</u>	<u>\$ 781,165</u>	<u>\$ 17,080</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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 604,500	\$ 604,500	\$ 636,682	\$ 32,182
Fines and forfeitures	15,000	15,000	28,501	13,501
Special assessments	2,878,700	2,878,700	2,748,447	(130,253)
Other	1,172,100	1,175,800	1,518,516	342,716
Total revenues.	<u>4,670,300</u>	<u>4,674,000</u>	<u>4,932,146</u>	<u>258,146</u>
Expenditures:				
Various departments	5,253,700	6,097,700	5,458,943	638,757
Total expenditures.	<u>5,253,700</u>	<u>6,097,700</u>	<u>5,458,943</u>	<u>638,757</u>
Excess of expenditures over revenues	<u>(583,400)</u>	<u>(1,423,700)</u>	<u>(526,797)</u>	<u>896,903</u>
Other financing sources:				
Transfers in	100,000	100,000	100,000	-
Total other financing sources.	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance.	(483,400)	(1,323,700)	(426,797)	896,903
Fund balance at beginning of year.	3,531,962	3,531,962	3,531,962	-
Prior year encumbrances appropriated.	<u>624,341</u>	<u>624,341</u>	<u>624,341</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 3,672,903</u>	<u>\$ 2,832,603</u>	<u>\$ 3,729,506</u>	<u>\$ 896,903</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 9,890,300	\$ 11,169,900	\$ 1,877,663	\$ (9,292,237)
Intergovernmental.	1,250,400	1,412,200	237,388	(1,174,812)
Charges for Services	1,680,700	1,898,200	319,086	(1,579,114)
Other	1,189,000	1,342,800	223,449	(1,119,351)
Total revenues.	<u>14,010,400</u>	<u>15,823,100</u>	<u>2,657,586</u>	<u>(13,165,514)</u>
Expenditures:				
Other grants				
Other.	<u>12,200,500</u>	<u>13,753,100</u>	<u>10,944,130</u>	<u>2,808,970</u>
Total other	<u>12,200,500</u>	<u>13,753,100</u>	<u>10,944,130</u>	<u>2,808,970</u>
Total expenditures.	<u>12,200,500</u>	<u>13,753,100</u>	<u>10,944,130</u>	<u>2,808,970</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,809,900</u>	<u>2,070,000</u>	<u>(8,286,544)</u>	<u>(10,356,544)</u>
Other financing sources:				
Transfers in	-	367,200	338,074	(29,126)
Total other financing sources	<u>-</u>	<u>367,200</u>	<u>338,074</u>	<u>(29,126)</u>
Net change in fund balances	1,809,900	2,437,200	(7,948,470)	(10,385,670)
Fund balance at beginning of year.	1,846,310	1,846,310	1,846,310	-
Prior year encumbrances appropriated.	7,726,266	7,726,266	7,726,266	-
Fund balance at end of year	<u>\$ 11,382,476</u>	<u>\$ 12,009,776</u>	<u>\$ 1,624,106</u>	<u>\$ (10,385,670)</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, 2017

	<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:				
Other	\$ -	\$ -	\$ 543	\$ 543
Total revenues.	-	-	543	543
Expenditures:				
Other	50,000	50,000	-	50,000
Total expenditures.	50,000	50,000	-	50,000
Net change in fund balances	(50,000)	(50,000)	543	50,543
Fund balance at beginning of year.	<u>290,542</u>	<u>290,542</u>	<u>290,542</u>	<u>-</u>
Fund balance at end of year	<u>\$ 240,542</u>	<u>\$ 240,542</u>	<u>\$ 291,085</u>	<u>\$ 50,543</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, 2017

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues:				
Property and other taxes.	\$ 6,608,900	\$ 6,608,900	\$ 6,612,606	\$ 3,706
Intergovernmental.	2,350,700	2,350,700	2,422,628	71,928
Other	394,000	394,000	175,912	(218,088)
Total revenues.	<u>9,353,600</u>	<u>9,353,600</u>	<u>9,211,146</u>	<u>(142,454)</u>
Expenditures:				
Department of finance	11,125,100	11,125,100	10,745,278	379,822
Total expenditures.	<u>11,125,100</u>	<u>11,125,100</u>	<u>10,745,278</u>	<u>379,822</u>
Excess of expenditures over revenues	<u>(1,771,500)</u>	<u>(1,771,500)</u>	<u>(1,534,132)</u>	<u>237,368</u>
Other financing sources:				
Transfers in	942,500	1,073,500	1,073,300	(200)
Total other financing sources.	<u>942,500</u>	<u>1,073,500</u>	<u>1,073,300</u>	<u>(200)</u>
Net change in fund balance	(829,000)	(698,000)	(460,832)	237,168
Fund balance at beginning of year.	13,906,918	13,906,918	13,906,918	-
Prior year encumbrances appropriated.	<u>45,428</u>	<u>45,428</u>	<u>45,428</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 13,123,346</u>	<u>\$ 13,254,346</u>	<u>\$ 13,491,514</u>	<u>\$ 237,168</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 is 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 POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2017

	Storm Water	Golf	Total
Assets:			
Current assets:			
Equity in pooled cash and investments	\$ 14,860,635	\$ 168,474	\$ 15,029,109
Receivables:			
Accounts	1,507,619	-	1,507,619
Special assessments	622,843	-	622,843
Accrued interest	34,606	-	34,606
Total current assets.	<u>17,025,703</u>	<u>168,474</u>	<u>17,194,177</u>
Noncurrent assets:			
Net pension asset	9,149	2,973	12,122
Capital assets:			
Land and construction in progress.	1,359,656	565,614	1,925,270
Depreciable capital assets, net	23,313,446	11,926,724	35,240,170
Accumulated Depreciation	(10,116,127)	(8,111,961)	(18,228,088)
Total capital assets, net.	<u>14,556,975</u>	<u>4,380,377</u>	<u>18,937,352</u>
Total noncurrent assets.	<u>14,566,124</u>	<u>4,383,350</u>	<u>18,949,474</u>
Total assets.	<u>31,591,827</u>	<u>4,551,824</u>	<u>36,143,651</u>
Deferred outflows of resources:			
Pension.	1,516,825	492,994	2,009,819
Total assets and deferred outflows of resources	<u>33,108,652</u>	<u>5,044,818</u>	<u>38,153,470</u>
Liabilities:			
Current liabilities:			
Accounts payable.	38,953	9,115	48,068
Contracts payable.	10,425	2,641	13,066
Retainage payable.	40,947	-	40,947
Accrued wages and benefits payable	89,424	32,244	121,668
Due to other funds	735,120	175	735,295
Due to other governments	7,324	3,948	11,272
Compensated absences payable - current	161,220	72,233	233,453
Advances from other funds.	-	357,175	357,175
Total current liabilities.	<u>1,083,413</u>	<u>477,531</u>	<u>1,560,944</u>
Long-term liabilities:			
Compensated absences payable	91,036	40,788	131,824
Net pension liability	3,863,800	1,255,766	5,119,566
Total long-term liabilities	<u>3,954,836</u>	<u>1,296,554</u>	<u>5,251,390</u>
Total liabilities.	<u>5,038,249</u>	<u>1,774,085</u>	<u>6,812,334</u>
Deferred inflows of resources:			
Pension.	55,486	21,191	76,677
Total liabilities and deferred inflows of resources	<u>5,093,735</u>	<u>1,795,276</u>	<u>6,889,011</u>
Net position:			
Net investment in capital assets	14,505,603	4,377,736	18,883,339
Unrestricted (deficit).	13,509,314	(1,128,194)	12,381,120
Total net position	<u>\$ 28,014,917</u>	<u>\$ 3,249,542</u>	<u>\$ 31,264,459</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Storm Water	Golf	Total
Operating revenues:			
Charges for services	\$ 7,534,843	\$ 2,746,574	\$ 10,281,417
Other operating revenues	36,472	20,326	56,798
Total operating revenues	<u>7,571,315</u>	<u>2,766,900</u>	<u>10,338,215</u>
Operating expenses:			
Personal services	2,457,853	816,404	3,274,257
Fringe benefits	1,530,819	470,098	2,000,917
Contract services	1,243,783	787,664	2,031,447
Materials and supplies	133,240	153,290	286,530
Utilities	64,142	101,013	165,155
Depreciation	1,460,740	266,148	1,726,888
Other	159,765	471,236	631,001
Total operating expenses	<u>7,050,342</u>	<u>3,065,853</u>	<u>10,116,195</u>
Operating income (loss)	<u>520,973</u>	<u>(298,953)</u>	<u>222,020</u>
Nonoperating revenues (expenses):			
Interest and fiscal charges	-	(27,503)	(27,503)
Loss on sale of capital assets	-	-	-
Interest income	129,406	-	129,406
Decrease in fair market value of investments	(50,490)	-	(50,490)
Total nonoperating revenues (expenses)	<u>78,916</u>	<u>(27,503)</u>	<u>51,413</u>
Income (loss) before transfers and contributions	599,889	(326,456)	273,433
transfers			
Transfer in	-	517,500	517,500
Change in net position	599,889	191,044	790,933
Net position at beginning of year	<u>27,415,028</u>	<u>3,058,498</u>	<u>30,473,526</u>
Net position at end of year	<u>\$ 28,014,917</u>	<u>\$ 3,249,542</u>	<u>\$ 31,264,459</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Storm Water	Golf	Total
Cash flows from operating activities:			
Cash received from customers.	\$ 7,627,622	\$ 2,746,574	\$ 10,374,196
Cash received from other operations.	36,472	20,326	56,798
Cash payments for personal services.	(2,460,633)	(806,845)	(3,267,478)
Cash payments for fringe benefits	(1,027,575)	(302,090)	(1,329,665)
Cash payments for contractual services	(1,115,904)	(795,699)	(1,911,603)
Cash payments for materials and supplies	(130,301)	(289,065)	(419,366)
Cash payments for utilities.	(62,007)	(105,852)	(167,859)
Cash payments for other expenses	(150,144)	(471,261)	(621,405)
Net cash provided by (used in) operating activities.	2,717,530	(3,912)	2,713,618
Cash flows from noncapital financing activities:			
Transfers in.	-	517,500	517,500
Interest paid on interfund loans.	-	(27,503)	(27,503)
Cash used in repayment of interfund loans	-	(254,003)	(254,003)
Net cash provided by noncapital financing activities	-	235,994	235,994
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(1,513,397)	(390,484)	(1,903,881)
Net cash used in capital and related financing activities	(1,513,397)	(390,484)	(1,903,881)
Cash flows from investing activities:			
Interest received.	66,563	-	66,563
Net cash provided by investing activities	66,563	-	66,563
Net increase (decrease) in cash and cash equivalents.	1,270,696	(158,402)	1,112,294
Cash and cash equivalents at beginning of year.	13,589,939	326,876	13,916,815
Cash and cash equivalents at end of year	<u>\$ 14,860,635</u>	<u>\$ 168,474</u>	<u>\$ 15,029,109</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss).	\$ 520,973	\$ (298,953)	\$ 222,020
Adjustments:			
Depreciation	1,460,740	266,148	1,726,888
Changes in assets and liabilities:			
Decrease in accounts receivable.	66,725	-	66,725
(Increase) in net pension asset	(1,561)	(491)	(2,052)
(Increase) in deferred outflows for pension	(336,628)	(106,999)	(443,627)
Decrease in prepayments.	2,600	1,569	4,169
Decrease in special assessments receivable.	26,054	-	26,054
Increase (decrease) in accounts payable.	(8,076)	(147,521)	(155,597)
Increase (decrease) in contracts payable	(7,437)	(3,314)	(10,751)
Increase in retainage payable	19,322	-	19,322
Increase in accrued wages and benefits.	4,022	3,924	7,946
Increase (decrease) in due to other funds.	120,075	(8)	120,067
Increase in net pension liability.	860,064	273,363	1,133,427
Increase (decrease) in deferred inflows of resources.	(7,717)	520	(7,197)
Increase in due to other governments	7,324	600	7,924
Increase (decrease) in compensated absences payable	(8,950)	7,250	(1,700)
Net cash provided by (used in) operating activities.	<u>\$ 2,717,530</u>	<u>\$ (3,912)</u>	<u>\$ 2,713,618</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENTS - INTERNAL SERVICE FUNDS

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

Fleet Management

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

Fire Fleet Management

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

Stores and Reproduction

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

Health Insurance

To account for claims and administrative payments to cover the cost of servicing the City's self-insured insurance program for medical and prescription drug benefits.

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.

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CITY OF DAYTON, OHIO

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2017

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Health Insurance</u>
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 1,137,969	\$ 114,421	\$ 312,919	\$ 5,679,625
Receivables:				
Accounts	-	4,264	-	-
Accrued interest	-	-	-	-
Due from other funds	-	-	51,759	-
Due from other governments	-	20,439	-	-
Inventory held for resale	206,209	341,263	-	-
Prepayments	2,200	-	-	-
Total current assets	<u>1,346,378</u>	<u>480,387</u>	<u>364,678</u>	<u>5,679,625</u>
Noncurrent assets:				
Net pension asset	7,504	1,980	395	569
Capital assets:				
Land	-	75,000	-	-
Depreciable capital assets, net	210,691	607,170	-	-
Total noncurrent assets	<u>218,195</u>	<u>684,150</u>	<u>395</u>	<u>569</u>
Total assets	<u>1,564,573</u>	<u>1,164,537</u>	<u>365,073</u>	<u>5,680,194</u>
Deferred outflows of resources:				
Pension	1,244,094	328,372	72,892	128,949
Total assets and deferred outflows of resources	<u>2,808,667</u>	<u>1,492,909</u>	<u>437,965</u>	<u>5,809,143</u>
Liabilities:				
Current liabilities:				
Accounts payable	33,378	11,317	42,365	-
Contracts payable	19,260	-	-	-
Accrued wages and benefits payable	69,357	18,893	6,407	8,122
Due to other funds	255	291	-	1
Due to other governments	-	-	-	-
Compensated absences payable - current	74,793	11,414	21,964	11,654
Claims and judgments payable	-	-	-	2,590,014
Total current liabilities	<u>197,043</u>	<u>41,915</u>	<u>70,736</u>	<u>2,609,791</u>
Long-term liabilities:				
Compensated absences payable	42,233	6,445	12,402	6,581
Net pension liability	3,169,338	836,274	166,992	240,464
Claims and judgments payable	-	-	-	-
Total long-term liabilities	<u>3,211,571</u>	<u>842,719</u>	<u>179,394</u>	<u>247,045</u>
Total liabilities	<u>3,408,614</u>	<u>884,634</u>	<u>250,130</u>	<u>2,856,836</u>
Deferred inflows of resources:				
Pension	27,231	26,132	1,204	1,729
Total deferred inflows of resources	<u>27,231</u>	<u>26,132</u>	<u>1,204</u>	<u>1,729</u>
Total liabilities and deferred inflows of resources	<u>3,435,845</u>	<u>910,766</u>	<u>251,334</u>	<u>2,858,565</u>
Net position:				
Net investment in capital assets	210,691	682,170	-	-
Unrestricted	<u>(837,869)</u>	<u>(100,027)</u>	<u>186,631</u>	<u>2,950,578</u>
Total net position	<u>\$ (627,178)</u>	<u>\$ 582,143</u>	<u>\$ 186,631</u>	<u>\$ 2,950,578</u>

Workers' Compensation	Plumbing Shop	Total
\$ 20,674,380	\$ 533,934	\$ 28,453,248
-	-	4,264
48,335	-	48,335
-	-	51,759
-	-	20,439
-	-	547,472
-	-	2,200
<u>20,722,715</u>	<u>533,934</u>	<u>29,127,717</u>
1,457	1,046	12,951
-	-	75,000
7,400	130,184	955,445
<u>8,857</u>	<u>131,230</u>	<u>1,043,396</u>
<u>20,731,572</u>	<u>665,164</u>	<u>30,171,113</u>
242,010	173,435	2,189,752
<u>20,973,582</u>	<u>838,599</u>	<u>32,360,865</u>
8,721	4,559	100,340
-	-	19,260
16,686	7,384	126,849
610	-	1,157
51,740	-	51,740
95,490	16,728	232,043
1,152,053	-	3,742,067
<u>1,325,300</u>	<u>28,671</u>	<u>4,273,456</u>
53,920	9,445	131,026
615,184	441,791	5,470,043
2,326,892	-	2,326,892
<u>2,995,996</u>	<u>451,236</u>	<u>7,927,961</u>
<u>4,321,296</u>	<u>479,907</u>	<u>12,201,417</u>
101,169	8,894	166,359
<u>101,169</u>	<u>8,894</u>	<u>166,359</u>
<u>4,422,465</u>	<u>488,801</u>	<u>12,367,776</u>
7,400	130,184	1,030,445
<u>16,543,717</u>	<u>219,614</u>	<u>18,962,644</u>
<u>\$ 16,551,117</u>	<u>\$ 349,798</u>	<u>\$ 19,993,089</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Health Insurance</u>
Operating revenues:				
Charges for services	\$ 7,518,358	\$ 1,269,504	\$ 211,388	\$ 23,958,154
Other operating revenues	36,685	5,782	329,254	2,734
Total operating revenues	<u>7,555,043</u>	<u>1,275,286</u>	<u>540,642</u>	<u>23,960,888</u>
Operating expenses:				
Personal services	1,983,256	520,508	137,188	306,749
Fringe benefits	1,219,489	319,471	82,119	105,511
Contract services	650,725	129,320	205,412	325,482
Materials and supplies	885	-	1,885	16,351
Cost of sales	3,785,662	329,653	36,900	-
Utilities	-	22,104	-	-
Claims expense	-	-	-	23,901,147
Depreciation	4,731	27,146	-	-
Other	34,937	4,974	33,563	19,602
Total operating expenses	<u>7,679,685</u>	<u>1,353,176</u>	<u>497,067</u>	<u>24,674,842</u>
Operating income (loss)	<u>(124,642)</u>	<u>(77,890)</u>	<u>43,575</u>	<u>(713,954)</u>
Nonoperating revenues:				
Interest income	-	-	-	-
(Decrease) in fair market value of investments	-	-	-	-
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	(124,642)	(77,890)	43,575	(713,954)
Transfers out	<u>-</u>	<u>(117,562)</u>	<u>-</u>	<u>-</u>
Change in net position	(124,642)	(195,452)	43,575	(713,954)
Net position at beginning of year	<u>(502,536)</u>	<u>777,595</u>	<u>143,056</u>	<u>3,664,532</u>
Net position at end of year	<u>\$ (627,178)</u>	<u>\$ 582,143</u>	<u>\$ 186,631</u>	<u>\$ 2,950,578</u>

Workers' Compensation	Plumbing Shop	Total
\$ 4,790,456	\$ 572,132	\$ 38,319,992
30,626	2,854	407,935
<u>4,821,082</u>	<u>574,986</u>	<u>38,727,927</u>
483,166	276,842	3,707,709
212,445	176,344	2,115,379
168,899	10,364	1,490,202
86,646	141,441	247,208
-	-	4,152,215
-	-	22,104
2,420,560	-	26,321,707
1,750	11,225	44,852
34,630	-	127,706
<u>3,408,096</u>	<u>616,216</u>	<u>38,229,082</u>
<u>1,412,986</u>	<u>(41,230)</u>	<u>498,845</u>
181,143	-	181,143
(71,237)	-	(71,237)
<u>109,906</u>	<u>-</u>	<u>109,906</u>
1,522,892	(41,230)	608,751
-	-	(117,562)
1,522,892	(41,230)	491,189
<u>15,028,225</u>	<u>391,028</u>	<u>19,501,900</u>
<u>\$ 16,551,117</u>	<u>\$ 349,798</u>	<u>\$ 19,993,089</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Health Insurance</u>
Cash flows from operating activities:				
Cash received from interfund services provided . . .	\$ 7,680,030	\$ 1,330,545	\$ 195,081	\$ 23,958,154
Cash received from other operations	36,685	5,782	329,254	2,734
Cash payments for personal services	(2,019,677)	(533,847)	(106,321)	(304,784)
Cash payments for fringe benefits.	(792,657)	(212,600)	(53,661)	(62,128)
Cash payments for contractual services	(637,069)	(118,860)	(230,816)	(212,801)
Cash payments for materials and supplies	(885)	-	(691)	(16,351)
Cash payments for cost of goods sold	(3,866,243)	(360,602)	(36,900)	-
Cash payments for utilities.	-	(20,694)	-	-
Cash payments for claims.	-	-	-	(23,737,415)
Cash payments for other expenses	(21,438)	(4,870)	(34,581)	(19,628)
Net cash provided by (used in) operating activities. .	<u>378,746</u>	<u>84,854</u>	<u>61,365</u>	<u>(392,219)</u>
Cash flows from noncapital financing activities:				
Cash used in transfers out	-	(117,562)	-	-
Cash received from interfund loans.	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(117,562)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(179,415)	-	-	-
Net cash used in capital and related financing activities	<u>(179,415)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest received and fair market value adjustment	-	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents.	199,331	(32,708)	61,365	(392,219)
Cash and cash equivalents at beginning of year.	<u>938,638</u>	<u>147,129</u>	<u>251,554</u>	<u>6,071,844</u>
Cash and cash equivalents at end of year	<u>\$ 1,137,969</u>	<u>\$ 114,421</u>	<u>\$ 312,919</u>	<u>\$ 5,679,625</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (124,642)	\$ (77,890)	\$ 43,575	\$ (713,954)
Adjustments:				
Depreciation	4,731	27,146	-	-
Changes in assets and liabilities:				
(Increase) decrease in net pension asset	(1,376)	(266)	(114)	(288)
(Increase) decrease in deferred outflows for pension	(290,927)	(61,757)	(29,255)	(85,312)
(Increase) in accounts receivable.	-	(4,264)	-	-
(Increase) decrease in due from other funds.	161,916	43,623	(16,307)	-
Decrease in due from other governments	-	21,682	-	-
(Increase) decrease in prepayments	(2,200)	15,560	-	114,518
Increase in inventory held for resale.	(16,151)	(23,774)	-	-
Increase (decrease) in accounts payable	(54,364)	(10,768)	(25,228)	-
Increase (decrease) in contracts payable	19,260	-	-	(1,838)
Increase (decrease) in accrued wages and benefits.	14,493	3,148	2,936	677
Increase (decrease) in due to other funds	(215)	7	-	(25)
Decrease in due to other governments.	-	-	-	-
Increase (decrease) in net pension liability	743,420	157,710	55,931	129,403
Increase (decrease) in deferred inflows - pension.	(23,814)	11,854	(1,133)	(608)
Increase (decrease) in compensated absences payable. . .	(51,385)	(17,157)	30,960	1,476
Increase (decrease) in claims payable.	-	-	-	163,732
Net cash provided by (used in) operating activities	<u>\$ 378,746</u>	<u>\$ 84,854</u>	<u>\$ 61,365</u>	<u>\$ (392,219)</u>

Workers' Compensation	Plumbing Shop	Total
\$ 4,790,456	\$ 572,132	\$ 38,526,398
30,626	2,854	407,935
(394,126)	(280,801)	(3,639,556)
(152,546)	(117,559)	(1,391,151)
(170,056)	(10,364)	(1,379,966)
(88,610)	(138,609)	(245,146)
-	-	(4,263,745)
-	-	(20,694)
(2,465,809)	-	(26,203,224)
(34,477)	-	(114,994)
<u>1,515,458</u>	<u>27,653</u>	<u>1,675,857</u>
-	-	(117,562)
<u>74,682</u>	<u>-</u>	<u>74,682</u>
<u>74,682</u>	<u>-</u>	<u>(42,880)</u>
-	(67,209)	(246,624)
-	(67,209)	(246,624)
<u>92,257</u>	<u>-</u>	<u>92,257</u>
<u>92,257</u>	<u>-</u>	<u>92,257</u>
1,682,397	(39,556)	1,478,610
<u>18,991,983</u>	<u>573,490</u>	<u>26,974,638</u>
<u>\$ 20,674,380</u>	<u>\$ 533,934</u>	<u>\$ 28,453,248</u>
\$ 1,412,986	\$ (41,230)	\$ 498,845
1,750	11,225	44,852
229	(169)	(1,984)
20,201	(36,990)	(484,040)
-	-	(4,264)
-	-	189,232
-	-	21,682
-	-	127,878
-	-	(39,925)
(3,083)	3,062	(90,381)
-	-	17,422
(6,661)	737	15,330
115	(230)	(348)
(21,851)	-	(21,851)
(52,174)	94,525	1,128,815
87,127	1,587	75,013
100,217	(4,864)	59,247
(23,398)	-	140,334
<u>\$ 1,515,458</u>	<u>\$ 27,653</u>	<u>\$ 1,675,857</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, police property room 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 | Engery Special Improvement District |
| Urban Renewal Comp Dep | Police Property Room |
| 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, 2017

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/17</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.	\$ 3,000	\$ -	\$ -	\$ 3,000
Total assets.	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Liabilities:				
Due to others.	\$ 3,000	\$ -	\$ -	\$ 3,000
Total liabilities.	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Deposit of Taxes/Courthouse Square				
Assets:				
Accounts receivable.	\$ 90,671	\$ 201,436	\$ 90,671	\$ 201,436
Total assets.	<u>\$ 90,671</u>	<u>\$ 201,436</u>	<u>\$ 90,671</u>	<u>\$ 201,436</u>
Liabilities:				
Due to others.	\$ 90,671	\$ 201,436	\$ 90,671	\$ 201,436
Total liabilities.	<u>\$ 90,671</u>	<u>\$ 201,436</u>	<u>\$ 90,671</u>	<u>\$ 201,436</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, 2017

	<u>Balance 12/31/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/17</u>
Fire Proceeds				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 1,078,965	\$ 177,477	\$ -	\$ 1,256,442
Total assets.	<u>\$ 1,078,965</u>	<u>\$ 177,477</u>	<u>\$ -</u>	<u>\$ 1,256,442</u>
Liabilities:				
Accounts payable	\$ -	\$ 133,864	\$ -	\$ 133,864
Intergovernmental payable.	1,078,965	43,613	-	1,122,578
Total liabilities.	<u>\$ 1,078,965</u>	<u>\$ 177,477</u>	<u>\$ -</u>	<u>\$ 1,256,442</u>
Urban Renewal Comp Dep				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 53,520	\$ -	\$ -	\$ 53,520
Total assets.	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
Liabilities:				
Withholdings and deposits.	\$ 53,520	\$ -	\$ -	\$ 53,520
Total liabilities.	<u>\$ 53,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,520</u>
Building Permit Surcharge				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 6,843	\$ 8,097	\$ 7,834	\$ 7,106
Total assets.	<u>\$ 6,843</u>	<u>\$ 8,097</u>	<u>\$ 7,834</u>	<u>\$ 7,106</u>
Liabilities:				
Accounts payable	\$ 6,843	\$ 8,097	\$ 6,843	\$ 8,097
Due to others.	-	-	991	(991)
Total liabilities.	<u>\$ 6,843</u>	<u>\$ 8,097</u>	<u>\$ 7,834</u>	<u>\$ 7,106</u>
Payroll Withholding				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,485,231	\$ 2,675,266	\$ 2,485,231	\$ 2,675,266
Receivables:				
Intergovernmental.	90,671	121,626	90,671	121,626
Total assets.	<u>\$ 2,575,902</u>	<u>\$ 2,796,892</u>	<u>\$ 2,575,902</u>	<u>\$ 2,796,892</u>
Liabilities:				
Accounts payable	\$ -	\$ 57,424	\$ -	\$ 57,424
Due to others.	199,088	376,515	199,088	376,515
Withholdings and deposits.	2,376,814	2,362,953	2,376,814	2,362,953
Total liabilities.	<u>\$ 2,575,902</u>	<u>\$ 2,796,892</u>	<u>\$ 2,575,902</u>	<u>\$ 2,796,892</u>
Special Improvement District				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 123,546	\$ -	\$ -	\$ 123,546
Receivables:				
Special assessments.	5,937,240	-	-	5,937,240
Total assets.	<u>\$ 6,060,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,060,786</u>
Liabilities:				
Due to others.	\$ 6,060,786	\$ -	\$ -	\$ 6,060,786
Total liabilities.	<u>\$ 6,060,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,060,786</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, 2017

	Balance 12/31/16	Additions	Deductions	Balance 12/31/17
GMR Trading Project				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 32,499	\$ -	\$ -	\$ 32,499
Total assets.	\$ 32,499	\$ -	\$ -	\$ 32,499
Liabilities:				
Intergovernmental payable.	\$ 32,499	\$ -	\$ -	\$ 32,499
Total liabilities.	\$ 32,499	\$ -	\$ -	\$ 32,499
Miami Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 412,012	\$ 119,576	\$ 10,906	\$ 520,682
Total assets.	\$ 412,012	\$ 119,576	\$ 10,906	\$ 520,682
Liabilities:				
Accounts payable	\$ -	\$ 76,211	\$ -	\$ 76,211
Intergovernmental payable.	412,012	43,365	10,906	444,471
Total liabilities.	\$ 412,012	\$ 119,576	\$ 10,906	\$ 520,682
Butler Township-Dayton JEDD				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 49,292	\$ 8,211	\$ -	\$ 57,503
Total assets.	\$ 49,292	\$ 8,211	\$ -	\$ 57,503
Liabilities:				
Accounts payable	\$ -	\$ 5,675	\$ -	\$ 5,675
Intergovernmental payable.	49,292	2,536	-	51,828
Total liabilities.	\$ 49,292	\$ 8,211	\$ -	\$ 57,503
Engery Special Improvement District				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 175,400	\$ -	\$ 175,400	\$ -
Receivables:				
Special assessments.	-	5,555,017	-	5,555,017
Total assets.	\$ 175,400	\$ 5,555,017	\$ 175,400	\$ 5,555,017
Liabilities:				
Due to others.	\$ 175,400	\$ 5,555,017	\$ 175,400	\$ 5,555,017
Total liabilities.	\$ 175,400	\$ 5,555,017	\$ 175,400	\$ 5,555,017

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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, 2017

	<u>Balance 12/31/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/17</u>
Police Property Room				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 1,845,489	\$ 38,772	\$ 155,367	\$ 1,728,894
Total assets.	<u>\$ 1,845,489</u>	<u>\$ 38,772</u>	<u>\$ 155,367</u>	<u>\$ 1,728,894</u>
Liabilities:				
Accounts payable	\$ -	\$ 38,772	\$ -	\$ 38,772
Due to others.	1,845,489	-	155,367	1,690,122
Total liabilities.	<u>\$ 1,845,489</u>	<u>\$ 38,772</u>	<u>\$ 155,367</u>	<u>\$ 1,728,894</u>
Municipal Courts				
Assets:				
Cash and cash equivalents with fiscal agent . .	\$ 1,054,764	\$ 983,487	\$ 1,054,764	\$ 983,487
Total assets.	<u>\$ 1,054,764</u>	<u>\$ 983,487</u>	<u>\$ 1,054,764</u>	<u>\$ 983,487</u>
Liabilities:				
Intergovernmental payable.	\$ 213,357	\$ 243,136	\$ 213,357	\$ 243,136
Due to others.	841,407	740,351	841,407	740,351
Total liabilities.	<u>\$ 1,054,764</u>	<u>\$ 983,487</u>	<u>\$ 1,054,764</u>	<u>\$ 983,487</u>
Executive Severance				
Assets:				
Investments with fiscal agent	\$ 932,036	\$ 1,057,191	\$ 932,036	\$ 1,057,191
Total assets.	<u>\$ 932,036</u>	<u>\$ 1,057,191</u>	<u>\$ 932,036</u>	<u>\$ 1,057,191</u>
Liabilities:				
Withholdings and deposits.	\$ 932,036	\$ 1,057,191	\$ 932,036	\$ 1,057,191
Total liabilities.	<u>\$ 932,036</u>	<u>\$ 1,057,191</u>	<u>\$ 932,036</u>	<u>\$ 1,057,191</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 6,331,793	\$ 3,027,399	\$ 2,834,738	\$ 6,524,454
Investments with fiscal agent	932,036	1,057,191	932,036	1,057,191
Cash and cash equivalents with fiscal agent . .	1,054,764	983,487	1,054,764	983,487
Receivables:				
Accounts	90,671	201,436	90,671	201,436
Special assessments.	5,937,240	5,555,017	-	11,492,257
Intergovernmental.	90,671	121,626	90,671	121,626
Total assets.	<u>\$ 14,437,175</u>	<u>\$ 10,946,156</u>	<u>\$ 5,002,880</u>	<u>\$ 20,380,451</u>
Liabilities:				
Accounts payable	\$ 6,843	\$ 320,043	\$ 6,843	\$ 320,043
Intergovernmental payable.	1,838,002	332,650	224,263	1,946,389
Due to others.	9,215,841	6,873,319	1,462,924	14,626,236
Withholdings and deposits.	3,376,489	3,420,144	3,308,850	3,487,783
Total liabilities.	<u>\$ 14,437,175</u>	<u>\$ 10,946,156</u>	<u>\$ 5,002,880</u>	<u>\$ 20,380,451</u>



Statistical

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STATISTICAL SECTION

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

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CITY OF DAYTON, OHIO

STATISTICAL SECTION

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

Contents

Page

Financial Trends

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

S 4 - S 13

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources: 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 32

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 33 - S 44

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 45

Sources: Sources are noted on the individual schedules. The City implemented GASB Statement 63 in 2012; schedules presenting net position began that year.

CITY OF DAYTON, OHIO

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

	2008 (1)	2009 (1)	2010	2011 (1) (2)
Governmental activities				
Net investment in capital assets	\$ 282,480,043	\$ 300,486,474	\$ 321,452,359	\$ 332,540,773
Restricted	378,805,983	91,563,337	99,691,871	77,231,301
Unrestricted	16,945,325	10,040,732	7,086,581	42,181,978
Total governmental activities net assets/position	<u>\$ 678,231,351</u>	<u>\$ 402,090,543</u>	<u>\$ 428,230,811</u>	<u>\$ 451,954,052</u>
Business-type activities				
Net investment in capital assets	\$ 389,630,233	\$ 401,965,547	\$ 419,111,268	\$ 429,634,383
Restricted	-	-	-	-
Unrestricted	144,931,193	144,144,446	146,350,941	145,543,923
Total business-type activities net assets/position	<u>\$ 534,561,426</u>	<u>\$ 546,109,993</u>	<u>\$ 565,462,209</u>	<u>\$ 575,178,306</u>
Primary government				
Net investment in capital assets	\$ 672,110,276	\$ 702,452,021	\$ 740,563,627	\$ 762,175,156
Restricted	378,805,983	91,563,337	99,691,871	77,231,301
Unrestricted	161,876,518	154,185,178	153,437,522	187,725,901
Total primary government net assets/position	<u>\$ 1,212,792,777</u>	<u>\$ 948,200,536</u>	<u>\$ 993,693,020</u>	<u>\$ 1,027,132,358</u>

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

(2) The City implemented GASB Statements No. 63 and 65 in 2012.

Only balances after December 31, 2011 are presented in accordance with GASB Statements No. 63 and 65.

(3) Amounts have been restated to reflect the implementation of GASB Statements No. 68 and 71, which were implemented in 2015.

Source: City of Dayton financial records

2012 (1)	2013	2014 (3)	2015	2016 (1)	2017
\$ 370,313,674	\$ 375,002,891	\$ 380,538,467	\$ 378,194,645	\$ 372,458,561	\$ 398,432,088
71,969,027	63,085,637	60,235,431	63,381,287	57,403,783	46,244,345
58,329,858	71,855,215	(29,254,490)	(28,570,356)	(29,568,811)	(55,083,379)
<u>\$ 500,612,559</u>	<u>\$ 509,943,743</u>	<u>\$ 411,519,408</u>	<u>\$ 413,005,576</u>	<u>\$ 400,293,533</u>	<u>\$ 389,593,054</u>
\$ 401,528,337	\$ 407,888,085	\$ 420,343,386	\$ 451,108,014	\$ 461,538,909	\$ 481,494,371
-	-	-	-	9,514,757	9,737,907
190,338,004	191,931,048	161,812,038	149,357,573	145,505,912	122,254,672
<u>\$ 591,866,341</u>	<u>\$ 599,819,133</u>	<u>\$ 582,155,424</u>	<u>\$ 600,465,587</u>	<u>\$ 616,559,578</u>	<u>\$ 613,486,950</u>
\$ 771,842,011	\$ 782,890,976	\$ 800,881,853	\$ 829,302,659	\$ 833,997,470	\$ 879,926,459
71,969,027	63,085,637	60,235,431	63,381,287	66,918,540	55,982,252
248,667,862	263,786,263	132,557,548	120,787,217	115,937,101	67,171,293
<u>\$ 1,092,478,900</u>	<u>\$ 1,109,762,876</u>	<u>\$ 993,674,832</u>	<u>\$ 1,013,471,163</u>	<u>\$ 1,016,853,111</u>	<u>\$ 1,003,080,004</u>

CITY OF DAYTON, OHIO

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

	2008	2009	2010	2011 (1)
Expenses				
Governmental activities:				
Downtown	\$ 5,570,112	\$ 5,182,850	\$ 5,159,078	\$ 2,922,503
Youth, education and human services	2,583,667	2,264,862	2,514,310	2,395,344
Community development and neighbors	21,460,067	21,342,171	26,843,290	32,086,879
Economic development	9,810,580	14,263,940	8,432,763	10,105,180
Leadership and quality of life	48,563,961	47,091,889	41,299,206	40,275,561
Corporate responsibility	17,442,665	17,707,683	16,832,625	15,884,692
Public safety and justice	101,533,014	95,706,450	96,284,218	94,294,723
Other	683,122	-	-	-
Bond issuance costs	-	-	-	-
Interest and fiscal charges	4,849,682	3,620,502	3,978,196	4,556,429
Total governmental activities expenses	212,496,870	207,180,347	201,343,686	202,521,311
Business type activities:				
Dayton International Airport	31,958,820	40,310,513	30,688,222	32,572,362
Water	45,811,605	45,672,640	46,619,869	47,618,625
Sewer	30,855,192	31,994,865	30,931,209	32,420,315
Golf	3,196,937	3,281,384	3,026,601	2,922,959
Storm Water	5,090,241	5,401,928	6,389,207	6,177,790
Total business-type activities expenses	116,912,795	126,661,330	117,655,108	121,712,051
Total primary government expenses	\$ 329,409,665	\$ 333,841,677	\$ 318,998,794	\$ 324,233,362
Program Revenues				
Governmental activities:				
Charges for services:				
Downtown	\$ 570,059	\$ 588,229	\$ 629,749	\$ 672,824
Youth, education and human services	40,322	7,618	7,092	8,674
Community development and neighbors	2,313,335	2,289,894	2,240,217	3,106,283
Economic development	1,161,369	1,438,105	4,317,785	1,997,277
Leadership and quality of life	5,128,446	4,411,912	6,136,336	5,673,292
Corporate responsibility	2,341,620	2,853,032	2,452,413	3,118,657
Public safety and justice	17,328,246	17,398,578	18,243,867	22,027,599
Other	27,277	-	-	-
Interest and fiscal charges	-	-	-	-
Operating grants and contributions	20,423,979	24,147,823	33,479,834	35,387,609
Capital grants and contributions	13,489,575	25,771,047	17,935,099	12,849,894
Total governmental activities program revenue	62,824,228	78,906,238	85,442,392	84,842,109
Business type activities:				
Charges for services:				
Dayton International Airport	31,067,418	30,655,950	25,673,711	23,644,457
Water	48,944,620	47,743,750	49,318,157	43,529,551
Sewer	30,398,157	30,998,739	32,558,557	30,119,740
Golf	3,291,376	3,250,241	3,180,466	2,946,618
Storm Water	6,688,476	7,083,455	7,213,504	5,264,927
Capital grants and contributions	21,316,626	17,098,233	18,967,012	14,064,510
Total business-type activities program revenue	141,706,673	136,830,368	136,911,407	119,569,803
Total primary government program revenue	\$ 204,530,901	\$ 215,736,606	\$ 222,353,799	\$ 204,411,912

	2012	2013	2014	2015	2016	2017
\$	3,894,895	\$ 3,596,856	\$ 3,973,957	\$ 3,796,899	\$ 3,653,125	\$ 3,204,951
	1,058,361	2,904,850	3,499,722	550,914	120,375	219,529
	31,880,468	27,516,705	22,225,850	23,517,538	20,766,486	20,646,893
	9,492,689	15,682,768	13,940,292	15,401,684	10,273,961	26,135,222
	35,672,811	42,108,488	42,943,946	46,597,492	43,181,443	43,843,557
	15,225,815	16,027,649	14,189,753	15,284,297	16,482,483	18,800,773
	93,120,303	93,221,162	90,511,356	97,757,003	107,505,250	110,670,677
	-	-	-	-	-	-
	693,878	-	195,142	-	-	-
	2,767,292	2,958,434	2,608,301	2,942,225	3,074,675	2,845,159
	<u>193,806,512</u>	<u>204,016,912</u>	<u>194,088,319</u>	<u>205,848,052</u>	<u>205,057,798</u>	<u>226,366,761</u>
	36,571,471	40,954,651	41,476,361	42,627,742	39,640,671	45,920,196
	44,084,645	46,445,617	46,245,372	45,493,204	49,944,784	56,194,400
	29,765,334	31,515,981	29,448,754	28,009,025	30,326,605	32,211,627
	3,123,360	2,956,261	2,957,656	3,026,642	2,991,868	3,114,227
	4,997,022	5,312,757	5,480,442	5,662,740	5,700,888	7,110,595
	<u>118,541,832</u>	<u>127,185,267</u>	<u>125,608,585</u>	<u>124,819,353</u>	<u>128,604,816</u>	<u>144,551,045</u>
\$	<u>312,348,344</u>	<u>\$ 331,202,179</u>	<u>\$ 319,696,904</u>	<u>\$ 330,667,405</u>	<u>\$ 333,662,614</u>	<u>\$ 370,917,806</u>
\$	531,072	\$ 571,365	\$ 572,477	\$ 659,723	\$ 625,740	\$ 472,445
	11,032	17,205	7,965	27,903	18,846	15,681
	2,547,442	3,456,330	3,017,823	2,675,576	2,394,632	2,210,260
	2,445,796	3,446,864	6,401,968	2,769,150	2,237,230	2,821,264
	5,001,134	6,942,907	13,688,808	5,811,184	7,049,529	5,968,710
	2,518,064	2,667,492	2,850,358	2,834,131	2,738,963	2,558,164
	23,624,400	21,385,906	25,704,452	20,823,804	18,653,411	17,943,019
	-	-	-	-	-	-
	-	-	158,829	168,771	-	-
	34,438,364	24,584,286	25,909,216	21,715,944	15,921,133	14,355,175
	12,626,114	11,761,088	7,184,234	8,771,868	13,275,111	12,766,815
	<u>83,743,418</u>	<u>74,833,443</u>	<u>85,496,130</u>	<u>66,258,054</u>	<u>62,914,595</u>	<u>59,111,533</u>
	24,508,791	24,723,701	26,454,375	24,974,019	26,086,061	27,065,242
	45,700,719	44,291,334	47,702,941	47,377,507	49,912,404	48,891,167
	33,115,458	30,245,346	32,034,019	33,960,790	32,309,554	33,845,779
	3,123,224	2,997,480	2,874,737	2,923,295	2,780,282	2,746,574
	7,383,856	7,345,250	7,330,340	7,432,885	7,359,366	7,534,843
	10,436,869	13,857,011	7,939,351	14,318,883	13,605,971	6,176,726
	<u>124,268,917</u>	<u>123,460,122</u>	<u>124,335,763</u>	<u>130,987,379</u>	<u>132,053,638</u>	<u>126,260,331</u>
\$	<u>208,012,335</u>	<u>\$ 198,293,565</u>	<u>\$ 209,831,893</u>	<u>\$ 197,245,433</u>	<u>\$ 194,968,233</u>	<u>\$ 185,371,864</u>

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CITY OF DAYTON, OHIO

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

	2008	2009	2010	2011 (1)
Net (Expense)/Revenue				
Governmental activities	\$ (149,672,642)	\$ (128,274,109)	\$ (115,901,294)	\$ (117,679,202)
Business-type activities	24,793,878	10,169,038	19,256,299	(2,142,248)
Total primary government net expense	<u>\$ (124,878,764)</u>	<u>\$ (118,105,071)</u>	<u>\$ (96,644,995)</u>	<u>\$ (119,821,450)</u>
General Revenues and Other Changes in Net Assets/Position				
Governmental activities:				
Property taxes	\$ 24,167,118	\$ 19,070,860	\$ 18,798,224	\$ 19,373,301
Income taxes	108,868,331	99,817,917	98,399,957	100,129,761
Payments in lieu of taxes	-	-	1,426,155	669,323
Grants and entitlements	17,912,684	14,827,230	16,327,237	19,159,472
Investment earnings	5,340,622	1,311,141	1,960,831	1,945,150
Miscellaneous	11,889,101	4,673,485	5,123,860	1,199,153
Transfers	344,798	(662,961)	5,298	368,339
Total governmental activities general revenues	<u>168,522,654</u>	<u>139,037,672</u>	<u>142,041,562</u>	<u>142,844,499</u>
Business type activities:				
Investment earnings	2,764,220	716,568	101,215	236,896
Miscellaneous	-	-	-	13,509,995
Gain on sale of capital assets	-	-	-	-
Transfers	(344,798)	662,961	(5,298)	(368,339)
Total business-type activities	<u>2,419,422</u>	<u>1,379,529</u>	<u>95,917</u>	<u>13,378,552</u>
Total primary government	<u>\$ 170,942,076</u>	<u>\$ 140,417,201</u>	<u>\$ 142,137,479</u>	<u>\$ 156,223,051</u>
Changes in Net Assets/Position				
Governmental activities	\$ 18,850,012	\$ 10,763,563	\$ 26,140,268	\$ 25,165,297
Business-type activities	27,213,300	11,548,567	19,352,216	11,236,304
Total primary government	<u>\$ 46,063,312</u>	<u>\$ 22,312,130</u>	<u>\$ 45,492,484</u>	<u>\$ 36,401,601</u>

(1) The City implemented GASB Statements No. 63 and 65 in 2012.

Only balances after December 31, 2011 are presented in accordance with GASB Statement No. 63.

Source: City of Dayton financial records

2012	2013	2014	2015	2016	2017
\$ (110,063,094)	\$ (129,183,469)	\$ (108,592,189)	\$ (139,589,998)	\$ (142,143,203)	\$ (167,255,228)
5,727,085	(3,725,145)	(1,272,822)	6,168,026	3,448,822	(18,290,714)
<u>\$ (104,336,009)</u>	<u>\$ (132,908,614)</u>	<u>\$ (109,865,011)</u>	<u>\$ (133,421,972)</u>	<u>\$ (138,694,381)</u>	<u>\$ (185,545,942)</u>
\$ 10,055,324	\$ 14,355,108	\$ 12,918,102	\$ 12,155,647	\$ 12,530,977	\$ 9,749,960
100,336,653	101,967,172	103,721,834	107,633,425	109,275,331	125,253,442
1,076,054	1,406,710	1,771,683	1,599,086	1,639,517	1,997,895
14,833,540	15,376,160	15,529,135	14,236,917	14,475,022	13,618,351
1,931,883	1,241,997	1,722,766	1,852,285	2,258,330	2,118,284
3,848,415	4,167,506	3,453,599	3,598,806	3,399,230	4,334,317
354,169	-	(360,000)	-	(501,000)	(517,500)
<u>132,436,038</u>	<u>138,514,653</u>	<u>138,757,119</u>	<u>141,076,166</u>	<u>143,077,407</u>	<u>156,554,749</u>
557,911	113,372	485,592	535,994	863,088	1,552,267
10,757,208	11,564,565	12,044,998	11,606,143	12,535,999	13,148,319
-	-	-	-	-	-
(354,169)	-	360,000	-	501,000	517,500
<u>10,960,950</u>	<u>11,677,937</u>	<u>12,890,590</u>	<u>12,142,137</u>	<u>13,900,087</u>	<u>15,218,086</u>
<u>\$ 143,396,988</u>	<u>\$ 150,192,590</u>	<u>\$ 151,647,709</u>	<u>\$ 153,218,303</u>	<u>\$ 156,977,494</u>	<u>\$ 171,772,835</u>
\$ 22,372,944	\$ 9,331,184	\$ 30,164,930	\$ 1,486,168	\$ 934,204	\$ (10,700,479)
16,688,035	7,952,792	11,617,768	18,310,163	17,348,909	(3,072,628)
<u>\$ 39,060,979</u>	<u>\$ 17,283,976</u>	<u>\$ 41,782,698</u>	<u>\$ 19,796,331</u>	<u>\$ 18,283,113</u>	<u>\$ (13,773,107)</u>

CITY OF DAYTON, OHIO

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

	2008 (2)	2009	2010	2011 (1) (2)
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ 9,695,165
Committed	-	-	-	4,543,378
Assigned	-	-	-	11,900,572
Unassigned	-	-	-	29,291,035
Reserved	2,418,755	3,571,816	3,131,124	-
Unreserved, reported in:				
Designated for future years' expenditure:	10,172,634	6,585,539	5,322,656	-
Undesignated	31,002,915	25,681,059	26,153,904	-
Total general fund	\$ 43,594,304	\$ 35,838,414	\$ 34,607,684	\$ 55,430,150
Other Special Revenue				
Nonspendable	\$ -	\$ -	\$ -	\$ 476
Restricted	-	-	-	5,821,124
Reserved	3,449,888	3,397,002	8,141,647	-
Unreserved (deficit), reported in:				
Special revenue funds	8,226,916	9,163,395	6,104,504	-
Total other special revenue	\$ 11,676,804	\$ 12,560,397	\$ 14,246,151	\$ 5,821,600
Debt Service Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ 553
Restricted	-	-	-	39,378,381
Committed	-	-	-	192,652
Reserved	43,092,546	42,188,046	42,541,211	-
Total debt service fund	\$ 43,092,546	\$ 42,188,046	\$ 42,541,211	\$ 39,571,586
Capital Improvement Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	4,758,591
Committed	-	-	-	5,026,521
Assigned	-	-	-	11,243,145
Reserved	27,221,279	26,133,688	28,184,390	-
Unreserved (deficit)	(10,819,429)	(21,142,062)	(18,628,322)	-
Total capital improvement fund	\$ 16,401,850	\$ 4,991,626	\$ 9,556,068	\$ 21,028,257
Other governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ 102,228
Restricted	-	-	-	11,128,174
Reserved	28,917,903	46,929,773	76,695,945	-
Unreserved (deficit), reported in:				
Designated, special revenue funds	1,116,000	398,848	-	-
Special revenue funds	(14,876,682)	(31,069,843)	(57,406,792)	-
Permanent fund	60,413	76,302	70,250	-
Total governmental funds	\$ 15,217,634	\$ 16,335,080	\$ 19,359,403	\$ 11,230,402
Total Fund Balances, Governmental Funds	\$ 129,983,138	\$ 111,913,563	\$ 120,310,517	\$ 133,081,995

(1) The City implemented GASB Statement No. 54 in 2011.

Only balances after December 31, 2011 are presented in accordance with GASB Statement No. 54.

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

Source: City of Dayton financial records

	2012 (2)	2013	2014	2015	2016	2017
\$	10,166,112	\$ 10,556,945	\$ 11,113,881	\$ 10,582,684	\$ 11,130,189	\$ 4,204,941
	2,952,023	1,877,155	1,985,533	2,551,240	1,765,917	2,796,237
	17,106,981	22,147,568	21,268,158	20,365,988	26,532,688	22,539,046
	31,114,283	26,287,308	27,221,281	28,939,568	23,499,869	32,724,803
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>61,339,399</u>	<u>\$ 60,868,976</u>	<u>\$ 61,588,853</u>	<u>\$ 62,439,480</u>	<u>\$ 62,928,663</u>	<u>\$ 62,265,027</u>
		\$ -	\$ 500	\$ 3,163	\$ -	\$ -
	5,971,337	5,678,456	5,420,505	5,782,016	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>5,971,337</u>	<u>\$ 5,678,456</u>	<u>\$ 5,421,005</u>	<u>\$ 5,785,179</u>	<u>\$ -</u>	<u>\$ -</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	28,369,891	26,962,021	26,915,684	27,686,642	28,459,284	28,241,475
	331,130	407,021	419,906	408,494	416,466	422,416
	-	-	-	-	-	-
\$	<u>28,701,021</u>	<u>\$ 27,369,042</u>	<u>\$ 27,335,590</u>	<u>\$ 28,095,136</u>	<u>\$ 28,875,750</u>	<u>\$ 28,663,891</u>
\$	-	\$ 6,563	\$ -	\$ -	\$ -	\$ -
	10,424,439	8,427,005	15,704,146	9,434,711	17,575,596	5,126,467
	8,436,236	9,591,625	8,310,682	7,302,188	7,875,468	7,284,916
	6,790,703	8,885,969	8,203,654	10,779,323	6,301,554	7,070,596
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>25,651,378</u>	<u>\$ 26,911,162</u>	<u>\$ 32,218,482</u>	<u>\$ 27,516,222</u>	<u>\$ 31,752,618</u>	<u>\$ 19,481,979</u>
\$	103,727	\$ 102,228	\$ 102,228	\$ 102,228	\$ 914,376	\$ 756,993
	10,856,667	8,104,755	11,755,537	8,216,413	13,151,325	13,468,783
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	(209,996)	-	-
	-	-	-	-	-	-
\$	<u>10,960,394</u>	<u>\$ 8,206,983</u>	<u>\$ 11,857,765</u>	<u>\$ 8,108,645</u>	<u>\$ 14,065,701</u>	<u>\$ 14,225,776</u>
\$	<u>132,623,529</u>	<u>\$ 129,034,619</u>	<u>\$ 138,421,695</u>	<u>\$ 131,944,662</u>	<u>\$ 137,622,732</u>	<u>\$ 124,636,673</u>

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

	2008	2009	2010	2011
Revenues				
Taxes	\$ 152,514,608	\$ 139,011,038	\$ 136,753,834	\$ 134,006,534
Charges for services	23,926,449	25,037,733	26,265,870	26,910,213
Licenses and permits	1,817,153	1,630,319	1,314,956	1,561,850
Fines and forfeits	2,908,861	2,106,189	2,276,856	2,402,917
Intergovernmental	25,707,748	39,699,451	50,996,557	55,538,646
Special assessments	546,047	422,608	380,767	333,328
Payments in lieu of taxes	-	-	1,039,654	604,596
Investment income	4,286,751	2,927,657	1,926,077	1,730,915
Increase (decrease) in FMV of investments	599,485	(1,085,864)	50,814	186,772
Other	11,889,101	4,648,485	9,506,045	4,148,279
Total revenues	<u>224,196,203</u>	<u>214,397,616</u>	<u>230,511,430</u>	<u>227,424,050</u>
Expenditures				
Current:				
Downtown	4,604,197	4,143,788	4,117,582	3,804,513
Youth, education and human services	2,581,447	2,280,237	2,512,611	2,409,496
Community development and neighborhoods	20,981,602	22,259,601	26,873,157	32,366,889
Economic development	11,191,284	15,047,900	13,900,769	10,063,494
Leadership and quality life	41,676,303	40,991,411	41,347,850	30,741,740
Corporate responsibility	16,401,770	17,125,159	15,536,916	14,967,599
Public safety and justice	100,009,551	95,240,850	95,698,192	93,849,670
Other	685,888	-	-	-
Capital outlay	24,852,628	34,908,638	18,226,238	15,253,781
Debt service:				
Principal retirement	6,652,464	8,047,222	8,030,000	9,516,702
Interest and fiscal charges	4,707,848	3,557,790	3,828,281	4,401,891
Bond issuance costs	598,836	586,476	137,068	-
Total expenditures	<u>234,943,818</u>	<u>244,189,072</u>	<u>230,208,664</u>	<u>217,375,775</u>
Excess(deficiency) of revenues over expenditures	(10,747,615)	(29,791,456)	302,766	10,048,275
Other Financing Sources (Uses)				
Transfers in	9,831,205	11,818,503	12,481,039	6,767,335
Transfers out	(9,556,407)	(12,678,413)	(12,488,042)	(6,455,775)
Bonds issued	32,000,000	34,408,111	5,180,000	1,615,000
Issuance of loans	239,750	-	2,860,000	-
Payment of refunded bond escrow agent	-	(22,528,097)	-	-
Premium (discount) on bond issuance	(348,901)	311,474	13,884	-
(Discount) on note issuance	-	-	-	-
Capital lease transactions	-	-	-	-
Total other financing sources (uses)	<u>32,165,647</u>	<u>11,331,578</u>	<u>8,046,881</u>	<u>1,926,560</u>
Net change in fund balance	<u>\$ 21,418,032</u>	<u>\$ (18,459,878)</u>	<u>\$ 8,349,647</u>	<u>\$ 11,974,835</u>
Capital expenditures	\$ 24,555,847	\$ 39,799,258	\$ 29,626,529	\$ 18,744,758
Debt service as a percentage of noncapital expenditures	5.40%	5.68%	5.91%	7.01%

Source: City of Dayton financial records

2012	2013	2014	2015	2016	2017
\$ 128,586,427	\$ 131,413,081	\$ 132,423,102	\$ 134,876,542	\$ 134,469,794	\$ 149,848,719
27,256,576	26,855,263	27,395,234	28,978,808	28,108,799	26,429,834
1,616,712	1,458,434	1,381,915	1,549,259	1,580,745	1,781,833
5,926,766	4,217,985	3,815,470	2,737,317	1,383,357	900,272
45,662,634	38,037,763	31,756,758	27,257,994	34,659,554	30,456,805
297,589	344,211	754,970	2,778,402	3,016,394	2,971,185
873,495	1,195,609	1,590,825	1,757,149	1,687,149	2,919,537
1,858,064	1,497,795	1,639,315	1,675,558	2,636,156	2,451,887
80,325	(240,888)	32,885	(16,440)	(470,837)	(486,307)
6,282,291	9,830,450	5,528,609	5,878,638	5,807,497	6,885,769
<u>218,440,879</u>	<u>214,609,703</u>	<u>206,319,083</u>	<u>207,473,227</u>	<u>212,878,608</u>	<u>224,159,534</u>
3,346,771	3,139,384	3,183,464	3,500,198	3,468,162	2,842,200
2,518,658	2,902,251	708,900	493,757	104,913	94,338
31,889,756	28,406,652	22,550,030	23,458,563	21,967,449	21,003,433
9,529,602	15,142,478	13,346,277	14,864,797	9,646,066	17,984,798
28,678,675	32,029,419	32,784,866	36,273,704	36,858,771	36,259,335
13,901,301	15,163,461	15,486,893	14,800,055	15,410,341	15,838,901
94,598,883	95,650,844	95,477,660	94,684,266	98,253,686	101,559,290
-	-	-	-	-	-
16,942,861	14,798,332	16,329,574	15,878,315	20,836,262	30,667,930
9,918,875	8,446,175	7,708,143	7,062,185	8,583,778	7,422,744
2,785,143	3,164,241	2,843,361	3,052,165	2,844,231	3,072,686
693,878	-	195,142	-	323,854	-
<u>214,804,403</u>	<u>218,843,237</u>	<u>210,614,310</u>	<u>214,068,005</u>	<u>218,297,513</u>	<u>236,745,655</u>
3,636,476	(4,233,534)	(4,295,227)	(6,594,778)	(5,418,905)	(12,586,121)
8,590,551	6,838,592	6,076,041	9,500,959	5,504,550	9,699,537
(8,168,518)	(6,750,939)	(6,318,132)	(9,383,214)	(5,892,656)	(10,099,475)
35,555,000	-	9,240,000	-	12,210,000	-
-	556,971	2,500,000	-	1,099,888	-
(35,364,951)	-	-	-	(2,876,310)	-
5,435,222	-	249,270	-	1,051,503	-
-	-	(60,196)	-	-	-
-	-	1,995,320	-	-	-
<u>6,047,304</u>	<u>644,624</u>	<u>13,682,303</u>	<u>117,745</u>	<u>11,096,975</u>	<u>(399,938)</u>
<u>\$ 9,683,780</u>	<u>\$ (3,588,910)</u>	<u>\$ 9,387,076</u>	<u>\$ (6,477,033)</u>	<u>\$ 5,678,070</u>	<u>\$ (12,986,059)</u>
\$ 21,668,262	\$ 16,716,779	\$ 19,494,767	\$ 15,725,633	\$ 29,324,228	\$ 31,630,721
6.58%	5.74%	5.52%	5.10%	6.05%	5.12%

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
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
2012	89,759,346	86.27%	14,286,616	13.73%	104,045,962	4,129,840	3.97%	10,156,776	9.76%	104,045,962
2013	88,682,519	84.47%	16,301,796	15.53%	104,984,315	4,482,437	4.27%	11,819,358	11.26%	104,984,315
2014	89,661,242	84.68%	16,219,013	15.32%	105,880,255	4,323,182	4.08%	11,895,831	11.24%	105,880,255
2015	93,006,624	85.30%	16,028,674	14.70%	109,035,298	4,274,278	3.92%	11,754,396	10.78%	109,035,298
2016	95,785,501	86.31%	15,193,511	13.69%	110,979,012	4,528,649	4.08%	10,664,862	9.61%	110,979,012
2017	108,269,956	87.43%	15,564,839	12.57%	123,834,795	5,280,807	4.26%	10,284,031	8.30%	123,834,795

**INCOME TAX FUND REVENUE DISTRIBUTION
NET OF REFUNDS
LAST TEN FISCAL YEARS**

Year	Budget Basis			GAAP (Modified Accrual Basis)		
	General Fund	Total	% Increase (Decrease)	General Fund	Total	% Increase (Decrease)
2008	\$ 110,449,891	\$ 110,449,891	-2.08%	\$ 109,008,881	\$ 109,008,881	-3.67%
2009	100,430,248	100,430,248	-9.07%	99,831,456	99,831,456	-8.42%
2010	98,205,983	98,205,983	-2.21%	98,824,027	98,824,027	-1.01%
2011	99,668,943	99,668,943	1.49%	100,362,688	100,362,688	1.56%
2012	101,624,151	101,624,151	1.96%	100,450,896	100,450,896	0.09%
2013	101,934,268	101,934,268	2.27%	101,359,488	101,359,488	0.99%
2014	102,649,505	102,649,505	1.01%	103,916,809	103,916,809	3.45%
2015	106,661,923	106,661,923	4.64%	107,375,864	107,375,864	5.94%
2016	117,658,900	117,658,900	10.31%	113,461,023	113,461,023	9.18%
2017	110,795,400	110,795,400	-5.83%	121,733,746	121,733,746	13.37%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

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

Fiscal year	Total tax levy	Current tax collections	Percent of levy collected	Delinquent tax collections (1)	Total tax collections	Percent of total tax collections to tax levy	Outstanding delinquent taxes	Percent of outstanding delinquent taxes to tax levy
<u>Montgomery County</u>								
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%
2012	15,724,338	13,342,279	84.85%	982,606	14,324,885	91.10%	6,590,787	41.91%
2013	15,270,433	13,344,519	87.39%	895,002	14,239,521	93.25%	7,927,702	51.92%
2014	15,459,902	13,432,271	86.88%	1,136,015	14,568,286	94.23%	8,043,185	52.03%
2015	14,207,597	12,559,556	88.40%	1,110,059	13,669,615	96.21%	8,141,799	57.31%
2016	14,190,924	12,631,228	89.01%	1,088,396	13,719,624	96.68%	8,538,215	60.17%
2017	14,226,435	12,766,366	89.74%	980,504	13,746,870	96.63%	8,399,679	59.04%

(1) Delinquent tax records are maintained by an external agency, Montgomery County. The agency does not currently track delinquent taxes by levy year and the City is researching other options for capturing this data for future reporting.

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 (1)		Public Utilities	
		Assessed value	Estimated actual value	Assessed value	Estimated actual value	Assessed value	Estimated actual value
<u>Montgomery County</u>							
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	1,492,173,530	4,091,911,043	-	-	80,260,280	220,093,655
2012	2013	1,441,010,830	4,117,173,800	-	-	86,032,460	221,379,468
2013	2014	1,451,672,070	4,147,634,486	-	-	94,318,140	242,685,716
2014	2015	1,323,254,870	3,780,728,200	-	-	97,514,790	250,914,681
2015	2016	1,318,587,830	3,767,393,799	-	-	100,515,440	258,758,907
2016	2017	1,315,612,520	3,758,892,913	-	-	107,045,760	275,473,588
2017	2018	1,321,901,650	3,776,861,858	-	-	110,903,630	285,360,763

Source: County Auditor; Montgomery County, Ohio

N/A - Information not available

(1) Tangible personal property tax was phased out beginning in 2007

Assessed value	Total		Percent of total assessed estimated actual value
	Total direct tax rate	Estimated actual value	
\$ 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%
1,572,433,810	10.00	4,312,004,698	36.47%
1,527,043,290	10.00	4,338,553,268	35.20%
1,545,990,210	10.00	4,390,320,202	35.21%
1,420,769,660	10.00	4,031,642,881	35.24%
1,419,103,270	10.00	4,026,152,706	35.25%
1,422,658,280	10.00	4,034,366,501	35.26%
1,432,805,280	10.00	4,062,222,621	35.27%

CITY OF DAYTON, OHIO

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

Direct 10 Mill Limitation (By Ohio Constitution) By November 6, 1945 Charter Amendment

<u>Fiscal Year</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Debt Service Fund</u>	<u>General</u>	<u>Total</u>
<u>Montgomery County</u>					
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
2012	0.40	0.40	4.80	4.80	9.60
2013	0.40	0.40	5.00	4.60	9.60
2014	0.40	0.40	5.10	4.50	9.60
2015	0.40	0.40	5.10	4.50	9.60
2016	0.40	0.40	5.10	4.50	9.60
2017	0.40	0.40	5.10	4.50	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

<u>Grand Total (1)</u>	<u>Dayton City School District</u>	<u>Montgomery County</u>	<u>Montgomery County Public Library</u>
\$ 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
10.00	79.85	20.94	3.31
10.00	79.85	20.94	3.31
10.00	79.85	21.94	3.31
10.00	81.35	22.94	3.31
10.00	83.35	22.94	3.31
10.00	83.35	22.94	3.31

CITY OF DAYTON, OHIO

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

Taxpayer	Fiscal Year 2017			Fiscal Year 2008		
	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	\$ 89,264,310	1	6.23%	\$ 52,880,670	1	2.71%
Vectren Energy Delivery	20,331,570	2	1.42%	10,840,930	7	0.56%
KND Real Estate 29 LLC	6,551,310	3	0.46%			
GLP Capital LP	6,531,830	4	0.46%			
Dayton Hotel II LLC	5,171,320	5	0.36%			
Miami Valley Hospital	4,308,560	6	0.30%			
Cloud Park Apartment	4,169,090	7	0.29%			
Elizabeth Place Holdings LLC	4,006,500	8	0.28%			
DUCRU SPE LLC	3,953,770	9	0.28%			
Premier Plaza LP	3,567,170	10	0.25%			
Delphi Automotive Systems Corporation				16,850,470	4	0.86%
NCR				19,898,580	2	1.02%
Ohio Bell Telephone Company				18,780,630	3	0.96%
Cargill Inc.				12,394,230	6	0.64%
Behr Dayton Thermal				14,555,560	5	0.75%
Dayton Heart Hospital				7,427,010	9	0.38%
Danis Fifth Thrid Bank				6,640,500	10	0.34%
Marriott International				7,490,000	8	0.38%
Total	\$ 147,855,430		10.33%	\$ 167,758,580		8.60%

Source: County Auditor; Montgomery, County, Ohio

CITY OF DAYTON, OHIO

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

Fiscal Year	Current Assements Due (1) (3)	Current Assessment Collected (1)	Percent of Current Collections to Current Assessments	Delinquent Assessments Collected	Total Assessments Collected	Percent of Total Assessments Collected to Current Due (2)
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%
2012	6,257,674	2,027,236	32.40%	277,857	2,305,093	36.84%
2013	4,727,901	2,010,113	42.52%	537,153	2,547,266	53.88%
2014	4,727,901	1,916,141	40.53%	498,060	2,414,201	51.06%
2015	7,449,675	4,133,966	55.49%	709,211	4,843,177	65.01%
2016	8,225,568	4,262,189	51.82%	947,474	5,209,663	63.33%
2017	6,808,229	4,816,159	70.74%	937,030	5,753,189	84.50%

(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.

(3) Current Assessments Due increased in 2012 as a result of weed, nuisance and delinquent utility 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	OPWC Loans	SIB Loans	SIB Bonds
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	-	-
2012	49,149,087	33,923,806	63,100	2,860,000	-	128,782	-	-
2013	42,465,128	31,886,369	23,200	2,860,000	-	661,507	-	-
2014	42,556,962	29,758,933	-	2,860,000	1,995,320	617,964	2,500,000	3,419,608
2015	37,938,498	27,566,497	-	2,694,829	1,621,171	555,099	2,500,000	3,482,779
2016	44,237,911	25,314,060	-	2,440,804	-	1,116,405	2,568,125	3,410,526
2017	39,293,603	22,996,624	-	2,179,054	-	1,015,767	2,472,769	3,315,000

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

Source: City of Dayton financial records

(1) Source: Bureau of Economic Analysis, US Department of Commerce. Personal Income for 2011 - 2017 is not available.

Business-Type Activities

General Obligation Bonds	Revenue Bonds	OWDA Loans	OPWC Loans	Capital Lease Obligations	JOBS Ohio Loan	General Obligation Notes	Total Primary Government	Personal Income (1)	Percentage of Personal Income	Per Capita
\$ 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%	1,025
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	34,625,000	9,888,914	450,000	-	-	-	144,638,131	30,733,685,000	0.47%	1,020
41,031,571	33,265,591	9,175,000	400,000	-	-	-	169,996,937	31,611,141,000	0.54%	1,199
38,888,600	31,953,977	8,433,383	350,000	-	-	-	157,522,164	31,926,492,000	0.49%	1,099
36,525,000	30,776,093	7,662,986	300,000	648,196	-	-	159,621,062	33,114,355,000	0.48%	1,113
35,691,545	81,810,745	6,862,691	250,000	526,651	-	-	201,500,505	34,260,966,000	0.59%	1,433
39,024,368	111,772,064	6,031,338	200,000	-	5,000,000	-	241,115,601	34,966,720,000	0.69%	1,715
36,697,191	107,941,332	5,167,722	150,000	-	4,867,008	-	226,096,070	N/A	N/A	1,609

CITY OF DAYTON, OHIO

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assesed Value (2)	\$ 1,820,597,490	\$ 1,786,715,860	\$ 1,766,330,350	\$ 1,572,433,810
Legal debt margin:				
Debt limitation - 10.5% of Assesed Value	191,162,736	187,605,165	185,464,687	165,105,550
Total Voted and Unvoted Debt Outstanding	144,393,875	158,035,326	155,069,138	144,638,131
Less: Exempt Debt				
Airport General Obligation Bonds and Notes	(1,885,000)	(11,305,000)	(10,470,000)	(10,115,000)
Airport Revenue Bonds (1)	(37,921,735)	(36,810,567)	(35,659,399)	(34,462,592)
Water Revenue Bonds (1)	-	-	-	-
Sewer Revenue Bonds (1)	-	-	-	-
Water General Obligation Bonds (3)	-	-	-	-
Sewer General Obligation Bonds (3)	-	-	-	-
Special Assessment Bonds and Notes	(409,600)	(299,500)	(211,800)	(136,900)
Economic Development Bonds	(40,500,000)	(39,925,000)	(40,650,000)	(38,780,000)
Total Exempt Debt	<u>(80,716,335)</u>	<u>(88,340,067)</u>	<u>(86,991,199)</u>	<u>(83,494,492)</u>
Total Debt Applicable to Limitation - Within 10.5% Limitations	63,677,540	69,695,259	68,077,939	61,143,639
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>(15,943,399)</u>	<u>(15,536,249)</u>	<u>(17,092,706)</u>	<u>(14,927,743)</u>
Net Debt Within 10.5% Limitation	<u>47,734,141</u>	<u>54,159,010</u>	<u>50,985,233</u>	<u>46,215,896</u>
Overall Debt Margin Within 10.5% Limitations	<u>\$ 143,428,595</u>	<u>\$ 133,446,155</u>	<u>\$ 134,479,454</u>	<u>\$ 118,889,654</u>
Unvoted Debt Limitation - 5.5% of Assesed Valuation	\$ 100,132,862	\$ 98,269,372	\$ 97,148,169	\$ 86,483,860
Debt Within 5.5% Limitations	63,677,540	69,695,259	68,077,939	61,143,639
Less Amount Available in Debt Service Fund	(15,943,399)	(15,536,249)	(17,092,706)	(14,927,743)
Net Debt Within 5.5% Limitation	<u>47,734,141</u>	<u>54,159,010</u>	<u>50,985,233</u>	<u>46,215,896</u>
Unvoted Debt Margin Within 5.5% Limitation	<u>\$ 52,398,721</u>	<u>\$ 44,110,362</u>	<u>\$ 46,162,936</u>	<u>\$ 40,267,964</u>

Source: City of Dayton financial records

- (1) Airport, Water and Sewer revenue bonds are shown net of premiums.
- (2) Assesed valuations have been revised to agree with the assessed valuation by each tax year as provided by the Montgomery County Auditor.
- (3) Water and Sewer general obligation bonds are exempt debt.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,527,043,290	\$ 1,545,990,210	\$ 1,420,769,660	\$ 1,419,103,270	\$ 1,422,658,280	\$ 1,432,805,280
160,339,545	162,328,972	149,180,814	149,005,843	149,379,119	150,444,554
169,996,937	157,522,164	159,621,062	201,500,505	241,115,601	226,096,070
(9,750,000)	(9,375,000)	(8,990,000)	(10,016,545)	(9,404,368)	(8,782,191)
(33,265,591)	(32,090,000)	(30,232,678)	(52,051,403)	(80,822,459)	(79,361,332)
-	-	-	(15,720,663)	(15,133,998)	(14,542,333)
-	-	-	(16,428,679)	(15,815,607)	(15,197,536)
(15,300,000)	(14,520,000)	(13,630,000)	(12,705,000)	(17,640,000)	(16,655,000)
(15,600,000)	(14,805,000)	(13,905,000)	(12,970,000)	(11,980,000)	(11,260,000)
(63,100)	(23,200)	-	-	-	-
(32,235,000)	(30,305,000)	(28,285,000)	(26,200,000)	(24,055,000)	(21,845,000)
<u>(106,213,691)</u>	<u>(101,118,200)</u>	<u>(95,042,678)</u>	<u>(146,092,290)</u>	<u>(174,851,432)</u>	<u>(167,643,392)</u>
63,783,246	56,403,964	64,578,384	55,408,215	66,264,169	58,452,678
<u>(10,776,956)</u>	<u>(10,184,042)</u>	<u>(10,965,590)</u>	<u>(12,580,136)</u>	<u>(14,255,750)</u>	<u>(14,978,891)</u>
<u>53,006,290</u>	<u>46,219,922</u>	<u>53,612,794</u>	<u>42,828,079</u>	<u>52,008,419</u>	<u>43,473,787</u>
<u>\$ 107,333,255</u>	<u>\$ 116,109,050</u>	<u>\$ 95,568,020</u>	<u>\$ 106,177,764</u>	<u>\$ 97,370,700</u>	<u>\$ 106,970,767</u>
\$ 83,987,381	\$ 85,029,462	\$ 78,142,331	\$ 78,050,680	\$ 78,246,205	\$ 78,804,290
63,783,246	56,403,964	64,578,384	55,408,215	66,264,169	58,452,678
(10,776,956)	(10,184,042)	(10,965,590)	(12,580,136)	(14,255,750)	(14,978,891)
<u>53,006,290</u>	<u>46,219,922</u>	<u>53,612,794</u>	<u>42,828,079</u>	<u>52,008,419</u>	<u>43,473,787</u>
<u>\$ 30,981,091</u>	<u>\$ 38,809,540</u>	<u>\$ 24,529,537</u>	<u>\$ 35,222,601</u>	<u>\$ 26,237,786</u>	<u>\$ 35,330,503</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**

Fiscal Year	Population (3)	Assessed value (2)	Gross general bonded debt (1)	Less: Amounts available in Debt Service Fund (4)	Net general bonded debt (1)	Ratio of net general bonded debt to assessed value	Net general bonded debt per capita
2008	156,771	\$ 1,820,597,490	\$ 51,095,000	\$ 15,943,399	\$ 35,151,601	1.93%	\$ 224
2009	154,200	1,786,715,860	68,480,000	15,536,249	52,943,751	2.96%	343
2010	141,759	1,766,330,350	64,410,000	17,092,706	47,317,294	2.68%	334
2011	141,759	1,572,433,810	57,745,000	14,927,743	42,817,257	2.72%	302
2012	141,759	1,527,043,290	90,180,658	9,583,585	80,597,073	5.28%	569
2013	143,355	1,545,990,210	81,353,728	10,184,042	71,169,686	4.60%	496
2014	143,355	1,420,769,660	79,081,962	10,965,590	68,116,372	4.79%	475
2015	140,599	1,419,103,270	73,630,043	12,580,136	61,049,907	4.30%	434
2016	140,599	1,422,658,280	83,262,279	14,255,750	69,006,529	4.85%	491
2017	140,489	1,432,805,280	75,990,794	14,978,891	61,011,903	4.26%	434

(1) Net general bonded debt is defined as bonded debt supported by taxes less Debt Service Fund fund balance (which does not include assigned 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

(4) Debt Service Fund fund balance does not include assigned for encumbrances, advances or loans receivable.

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>Bond issuance costs</u>	<u>Total debt service</u>	<u>Total general governmental expenditures</u>	<u>Ratio of debt service to total general governmental expenditures</u>
2008	\$ 6,652,464	\$ 3,072,686	\$ 598,836	\$ 10,323,986	\$ 236,745,655	4.36%
2009	8,047,222	3,557,790	586,476	12,191,488	244,189,072	4.99%
2010	8,030,000	3,828,281	137,068	11,995,349	230,208,664	5.21%
2011	9,516,702	4,401,891	-	13,918,593	217,375,775	6.40%
2012	9,918,875	2,785,143	693,878	13,397,896	214,804,403	6.24%
2013	8,446,175	3,164,241	-	11,610,416	218,843,237	5.31%
2014	7,708,143	2,843,361	195,142	10,746,646	210,614,310	5.10%
2015	7,062,185	3,052,165	-	10,114,350	214,068,005	4.72%
2016	8,583,778	2,844,231	323,854	11,751,863	218,297,513	5.38%
2017	7,422,744	3,072,686	-	10,495,430	236,745,655	4.43%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2017**

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 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, 2017.

Political subdivision of State of Ohio	2017 Debt Outstanding	Percentage applicable to Dayton	Amount applicable to Dayton
Direct			
City of Dayton	\$ 71,272,817	100.00%	\$ 71,272,817
Total Direct Debt	<u>71,272,817</u>		<u>71,272,817</u>
Overlapping			
Butler Township	4,325,000	0.08%	3,460
Dayton Metro Library District	158,770,000	19.89%	31,579,353
Dayton City School District	143,660,000	83.90%	120,530,740
Miami Valley Career Center	5,197,994	2.23%	115,915
Vandalia Butler City School District	45,970,513	2.42%	1,112,486
Mad River Local School District	6,820,000	23.48%	1,601,336
Huber Heights City School District	68,290,000	11.44%	7,812,376
Trotwood-Madison City School District	24,550,000	4.19%	1,028,645
Fairborn City School District	43,021,331	3.47%	1,492,840
Northridge Local School District	16,910,000	32.33%	5,467,003
Total Overlapping Debt	<u>517,514,838</u>		<u>170,744,154</u>
Total Direct and Overlapping Debt	<u>\$ 588,787,655</u>		<u>\$ 242,016,971</u>

Source: County Auditor; Montgomery County, Ohio and Ohio Municipal Advisory Council (OMAC)

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	
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
2012	10,831,537	713,914	373,672	1,087,586	9.96
2013	8,304,330	741,617	345,967	1,087,584	7.64
2014	9,687,415	770,397	317,188	1,087,585	8.91
2015	11,760,637	800,295	287,291	1,087,586	10.81
2016	8,159,080	831,353	199,704	1,031,057	7.91
2017	8,890,092	913,616	174,525	1,088,141	8.17

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

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

WATER ENTERPRISE REVENUE BOND COVERAGE
WATER REVENUE BONDS
LAST THREE FISCAL YEARS

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2015 (2)	\$ 14,491,713	\$ -	\$ -	\$ -	0.00
2016	13,303,988	555,000	519,957	1,074,957	12.38
2017	7,655,664	560,000	517,312	1,077,312	7.11

(1) Net Revenue Available for Debt Service is computed by adding operating income (loss) for the reporting period to depreciation expense, interest revenue and the fair market value adjustment. The Net Revenue Available for Debt Service also includes restricted cash held by a fiscal agent to meet the Rate Covenant as described in Section 4.02 of the Trust Agreement.

(2) The City issued new water bonds in 2015. There were no payments due in 2015.

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

**SEWER ENTERPRISE REVENUE BOND COVERAGE
SEWER REVENUE BONDS
LAST THREE FISCAL YEARS**

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2015 (2)	\$ 11,760,637	\$ -	\$ -	\$ -	0.00
2016	9,290,302	580,000	543,377	1,123,377	8.27
2017	10,017,916	585,000	540,612	1,125,612	8.90

(1) Net Revenue Available for Debt Service is computed by adding operating income (loss) for the reporting period to depreciation expense, interest revenue and the fair market value adjustment. The Net Revenue Available for Debt Service also includes restricted cash held by a fiscal agent to meet the Rate Covenant as described in Section 4.02 of the Trust Agreement.

(2) The City issued new sewer bonds in 2015. There were no payments due in 2015.

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	
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
2012	9,162,019	1,245,000	1,733,902	2,978,902	3.08
2013	6,342,789	1,290,000	1,683,228	2,973,228	2.13
2014	8,233,042	1,350,000	1,628,664	2,978,664	2.76
2015	8,714,245	1,445,000	1,237,784	2,682,784	3.25
2016	16,987,289	1,750,000	1,845,826	3,595,826	4.72
2017	9,973,531	2,480,000	3,224,168	5,704,168	1.75

(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. In 2012, bond proceeds of \$2,591,965 were included, as the project was completed and excess proceeds were used for debt service.

(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>
2008	56 (+/-)	2,928,018	9,471
2009	56 (+/-)	2,506,271	10,388
2010	56 (+/-)	2,526,839	8,092
2011	56 (+/-)	2,528,856	8,549
2012	56 (+/-)	2,607,528	10,069
2013	56 (+/-)	2,503,961	7,819
2014	56 (+/-)	2,282,211	9,132
2015	56 (+/-)	2,137,085	8,542
2016	56 (+/-)	2,069,718	8,491
2017	56 (+/-)	1,896,744	8,164

<u>Year</u>	<u>Active Gas Meters (3)</u>	<u>Vehicle Registrations (4)</u>
2008	80,900	106,186
2009	80,233	102,921
2010	79,508	122,513
2011	78,753	123,008
2012	78,140	122,573
2013	77,647	116,811
2014	77,369	120,939
2015	76,735	124,365
2016	76,299	126,145
2017	75,886	127,888

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
2010	56.5
2011	56.5
2012	56.5
2013	56.5
2014	56.5
2015	56.5
2016	56.5
2017	56.5

Source: Division of Planning City of Dayton

CITY OF DAYTON, OHIO

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

Employer	Fiscal Year 2017			Fiscal Year 2008		
	Employees	Rank	Percentage of Total Dayton Labor Force	Employees	Rank	Percentage of Total Dayton Labor Force
Premier Health Partners (1)	13,858	1	23.85%	6,960	1	9.94%
Kettering Health Network (2)	8,415	2	14.48%			
Montgomery County	4,383	3	7.54%	5,774	2	8.25%
Sinclair Community College	3,094	4	5.33%	1,597	8	2.28%
University of Dayton	2,964	5	5.10%	2,900	5	4.14%
Childrens Medical Hospital	2,467	6	4.25%	1,912	7	2.73%
Veterans Administration	2,268	7	3.90%	1,579	9	2.26%
CareSource	2,200	8	3.79%			
Dayton Public Schools	2,062	9	3.55%	3,700	3	5.29%
City of Dayton	1,900	10	3.27%	2,648	6	3.78%
Good Samaritan Hospital and Health				3,343	4	4.78%
BEHR Dayton Thermal				1,416	10	2.02%
Total	43,611		75.06%	31,829		45.47%

Source: Dayton Business Journal

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

(2) Kettering Health Network includes Grandview 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	Employment rate	Unemployment rate
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%
2012	252,888	7.00%	59,558	7.90%	5,747,885	7.20%	8.10%
2013	249,000	8.00%	59,000	9.40%	5,766,000	7.40%	7.40%
2014	250,300	6.00%	59,100	7.10%	5,719,000	5.70%	6.20%
2015	249,600	5.00%	58,800	5.80%	5,700,000	4.90%	5.30%
2016	249,500	4.80%	58,100	5.80%	5,713,000	4.90%	4.90%
2017	253,600	4.90%	59,100	5.80%	5,780,000	5.00%	4.40%

Source: State of Ohio Labor Market Information

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
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%	5,087,163,474	36,302	89.45%	36,395	89.68%	40,584
2011	37,410	89.79%	5,303,204,190	37,684	90.45%	37,791	90.71%	41,663
2012	39,891	89.56%	5,654,908,269	39,795	89.34%	40,057	91.59%	43,735
2013	40,353	90.59%	5,720,400,927	40,150	90.14%	40,865	91.74%	44,543
2014	41,386	89.72%	5,932,890,030	40,851	88.56%	42,571	92.29%	46,129
2015	42,707	89.59%	6,004,561,493	42,223	88.58%	43,478	91.21%	47,669
2016	N/A	N/A	N/A	N/A	N/A	44,876	90.53%	49,571
2017	N/A	N/A	N/A	N/A	N/A	45,615	90.52%	50,392

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	2008	2009	2010	2011	2012
Total	396.2	372.5	369.4	376.1	378.1
Goods-Producing Industries	60.6	50.6	49.4	51.2	52.6
Natural Resources, Mining and Construction	13.7	11.6	10.9	11.1	11.4
Manufacturing	46.9	39.0	38.5	40.1	41.2
Service-Providing Industries	335.6	321.9	320.0	324.9	325.5
Trade, Transportation, and Utilities	67.0	63.1	61.4	62.4	64.6
Information	12.1	11.0	10.5	9.8	8.9
Financial Activities	18.6	16.8	16.5	17.0	17.3
Professional and Business Services	51.7	45.5	45.6	48.3	48.7
Educational and Health Services	68.9	68.7	69.0	69.9	70.2
Leisure and Hospitality	37.2	36.3	36.2	37.0	37.1
Other Services	15.5	14.9	15.2	15.1	14.7
Government	64.6	65.6	65.6	65.4	64.0

(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

2013	2014	2015	2016	2017	Percentage of Total 2017 employment
376.4	372.0	379.1	384.5	389.0	100%
52.7	50.7	52.0	53.6	54.7	14.1%
11.4	11.7	12.0	12.4	12.6	3.2%
41.3	39.0	40.0	41.2	42.1	10.8%
323.7	321.3	327.1	330.9	334.3	85.9%
64.9	64.4	65.8	65.3	65.5	16.8%
8.7	8.5	8.4	8.5	8.3	2.1%
17.3	17.3	17.6	17.9	18.1	4.7%
47.5	48.6	50.1	51.0	50.8	13.1%
69.8	70.2	71.0	72.5	74.4	19.1%
36.9	37.2	37.8	38.8	40.3	10.4%
15.1	14.0	13.8	14.0	14.4	3.7%
63.5	61.1	62.6	62.9	62.5	16.1%

CITY OF DAYTON, OHIO

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

Function/Program	2008	2009	2010 (2)	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Downtown	34	32	16	15	14	15	15	15	17	18
Youth, education and human services	1	1	-	1	1	1	1	-	1	1
Community development and neighbors	139	170	132	136	134	130	128	141	126	132
Economic development	43	42	35	33	26	30	32	7	33	40
Leadership and quality of life	368	251	143	184	178	171	303	214	147	141
Corporate responsibility	178	163	137	133	134	137	133	169	136	135
Public safety and justice	1,118	1,056	943	863	866	868	864	838	826	849
Business-type activities:										
Dayton International Airport	160	145	128	133	138	140	144	143	141	138
Water	260	267	245	237	218	232	164	246	373	375
Sewer	134	141	113	110	109	113	70	119	97	100
Golf	70	66	15	16	15	14	14	14	12	12
Storm Sewer	143	134	89	89	89	83	66	41	36	39
Total Full-Time Equivalent (FTE)	2,648	2,468	1,996	1,950	1,922	1,934	1,934	1,947	1,945	1,980

Source: City of Dayton ITS and Manangement & Budget

(2) 2010 represents current employment at year-end

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>
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
2012	11,186	17,789	23,641	52,616	14,515
2013	10,857	17,595	22,884	51,336	14,505
2014	11,368	17,779	21,358	50,505	14,013
2015	11,271	18,059	18,452	47,782	14,060
2016	10,828	17,775	19,093	47,696	13,792
2017	10,882	17,108	17,914	45,904	13,325

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 PK - 12

CITY OF DAYTON, OHIO

**CITY OF DAYTON AND
MONTGOMERY COUNTY, OHIO
LAND AREA
DECEMBER 31, 2017**

<u>Jurisdiction</u>	<u>Square Miles</u>
Dayton	55
Less portion outside of Montgomery County.	
Other incorporated areas in Montgomery County excluding Dayton	174
Unincorporated Townships within Montgomery County	234
Total approximate area of Montgomery County	<u>463</u>

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

CITY OF DAYTON, OHIO

**BUILDING PERMITS ISSUED
LAST TEN FISCAL YEARS**

Year	New Construction	
	Permits issued (1)	Valuation (1)
2008	757	\$ 76,613,598
2009	793	111,538,280
2010	627	61,926,890
2011	624	76,837,017
2012	976	110,167,787
2013	1,020	71,059,409
2014	553	95,087,428
2015	591	83,727,498
2016	567	123,859,391
2017	666	220,519,958

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 2007</u>
2008	150	\$ 11,491,562	\$ 76,610	-17.42%	-17.42%
2009	123	11,114,593	90,363	17.95%	-2.60%
2010	27	3,823,530	141,612	56.72%	52.64%
2011	90	9,516,794	105,742	17.02%	13.98%
2012	153	13,518,608	88,357	-16.44%	-4.76%
2013	44	3,459,005	78,614	-11.03%	-15.26%
2014	7	629,989	89,998	14.48%	-2.99%
2015	63	8,518,038	135,674	50.75%	46.24%
2016	37	4,280,000	115,676	-14.74%	24.68%
2017	4	445,000	12,027	-89.60%	-87.04%

Source: Census Bureau

CITY OF DAYTON, OHIO

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Service										
Highways and Streets										
Streets (miles) **	1,718	1,718	1,718	1,718	1,718	1,718	1,718	1,719	1,719	1,719
Streetlights	20,163	20,163	20,252	20,235	20,391	20,427	19,720	19,720	19,976	19,976
Traffic Signals	325	325	325	313	313	314	320	316	316	319
Computerized Signals	275	275	275	275	275	314	320	316	316	319
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	7	7
Number of Employees	505	474	455	385	413	409	405	410	397	419
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	12	12	12	12	12	12	12	12	12	12
Number of Employees	379	346	341	332	308	314	318	327	318	322
City Fleet (public safety)										
Fire	96	97	94	99	108	84	88	91	88	97
Police	354	307	320	324	314	304	289	291	290	271
Recreation and parks										
Parks Acreage	1,389	1,374	1,374	1,374	1,374	1,374	1,374	1,374	1,374	1,374
Playgrounds	49	42	42	42	42	42	42	39	25	19
Total Facilities *	205	184	181	181	180	181	170	162	187	129
Parks	62	60	60	60	60	60	60	60	63	63
Swimming Pools	3	4	5	4	4	4	4	4	4	4
Tennis Courts	65	63	63	63	63	63	50	41	41	9
Community Centers	2	-	3	3	3	3	3	3	-	-
Senior Centers	1	1	1	-	-	-	-	-	-	-
Athletic Complexes	2	2	2	2	2	2	2	2	2	3
Specialized Facilities	1	-	-	-	-	1	1	1	1	1
Shelter Houses	53	37	37	37	37	37	36	37	62	35
Golf Courses	3	3	3	3	3	3	3	3	3	3
Spray Park Facilities	7	6	6	7	7	7	7	7	7	7
Recreation Centers	4	5	-	-	-	-	3	3	3	3
Cultural Centers	1	2	-	1	1	1	1	1	1	1
Teen Centers	1	1	1	1	-	-	-	-	-	-
Water										
Water Mains (miles)	803.33	804.29	806.12	807.03	806.61	807.03	807.03	807.26	847.65	852.51
Maximum Daily Capacity (millions of gallons)	46.53	43.79	43.82	43.21	44.30	41.00	42.00	43.20	43.20	43.20
Sewer										
Sanitary Sewers (miles)	602.85	603.11	603.05	603.18	603.27	603.40	603.40	730.00	730.00	740.46
Storm Sewers (miles)	403.35	403.61	403.62	403.67	403.67	403.67	403.67	576.60	576.60	576.89
Maximum Daily Capacity (millions of gallons)	35.06	32.61	33.72	33.03	29.80	28.69	28.33	28.33	28.33	28.33

Source: Various Departments, City of Dayton

* 2007-2016 Recreation facilities include only those that were operational in a calendar year

N/A - Information not available

**Prior to 2008, straightline miles mode of measurement was used. After 2008, the mode of measurement was in Lane miles.

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We acknowledge the following Financial Services Personnel in the preparation of the Comprehensive Annual Financial Report. Fiscal Year Ended December 31, 2017

C. LaShea Lofton	Finance Director
Bejoy C. John	Deputy Finance Director
Valerie Henderson	Financial Service Supervisor

Kena Brown	Sr. Financial Analyst
Tiffany Boone	Fixed Asset Specialist
Saleh Asumani	Financial Analyst I
Jeffrey Marshall	Financial Analyst I
Chatan Robinson	Financial Analyst I
Jennifer Hill	Support Staff
Louisa Okwudibonye	Intern

Shelley Dickstein	City Manager
Tammi L. Clements	Deputy City Manager
Joseph Parlette	Deputy City Manager

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The Department of Finance - Mission Statement

The Department of Finance provides accurate, efficient, and quality financial services in a systematic and professional manner. We are a customer focused TEAM that thrives in an environment of continuous improvement.

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