



Comprehensive Annual Financial Report

Fiscal year ended December 31, 2018

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2018 Administration



Nan Whaley
Mayor



Matt Joseph
Commissioner



Jeffrey Mims
Commissioner



Chris Shaw
Commissioner



Darryl Fairchild
Commissioner



Shelley Dickstein
City Manager


DAYTON

city of Dayton, Ohio

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City of Dayton, Ohio

Comprehensive Annual Financial Report

January 1, 2018 – December 31, 2018

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, 2018

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June 27, 2019

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, 2018.

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 2018 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 (140,640 is the 2018 estimate population). The 2010 census for the Montgomery County population was 535,153 (531,542 is the 2018 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

Following weakness in the wake of the Great Recession and recovery, the Dayton Region experienced more than five years of uninterrupted employment growth beginning in 2013. Fortunes reversed in the fourth quarter of 2018, when data suggest the region lost a modest number of jobs. These trends have persisted in the first quarter of 2019. While regional employment has suffered, there is not yet evidence that these trends have taken hold in the city of Dayton. In fact, income tax data suggest otherwise. New construction and business expansions continue to fuel optimism, and strong growth in employment is evident in the continued strength of the city's income tax collections.

The Dayton regional economy added jobs at a steady pace until recent weakness, growing by 30,000 jobs or 8.4% since the depths of the Great Recession in December of 2009. A regional decrease in employment beginning in the fourth quarter of 2018 is a cause for caution, however. The length of the ongoing economic expansion, which in July of 2019 will be the longest on record according to the National Bureau of Economic Research, has given rise to warnings of a possible recession in the intermediate term. While the City is not experiencing these declines, the City administration will continue to monitor ongoing trends in preparation for national and regional economic eventualities.

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 a 115-room Fairfield Inn and Suites, while new developers have forged mixed use plans to renovate an area now known as the Fire Block District. The redevelopment of the Arcade is yet another example of unprecedented public and private partnership coming together with ingenuity and financing to accomplish the rebirth of this central gem. The \$96 Million project is currently underway.

Further, the Dayton International Airport has weathered the departure of Southwest Airlines by continuing to develop its surrounding real estate. Adding to the 77,000 square foot maintenance hangar built by PSA airlines in 2016 and Spectrum Brands \$11 million distribution center is Chewy, Inc.'s lease of a newly constructed 690,000 square foot e-commerce fulfillment center. The company expects to create an estimated 600 jobs, with additional temporary hires during peak sales seasons. The total estimated investment is approximately \$45 Million. Finally, **Crocs, Inc.** announced its intention to lease a 540,000 square foot fulfillment center building which is an estimated \$20 Million investment, at the Dayton International Airport. The footwear company expects to create 130 jobs in Dayton by relocating an existing operation from another state.

COMMUNITY AND ECONOMIC DEVELOPMENT

Downtown Development

A vibrant and thriving center city that continuously attracts people, businesses and investment is key to the City's success in sustaining future viability for the downtown core and the city overall. 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 2018 project highlights in downtown.

- The Moraine based accounting firm, RSM relocated their business to downtown occupying approximately 13,300 sf of the newly renovated 20,000 sf **RSM Building on South Patterson Blvd.** The total investment was \$1.8 Million.
- **Dayton Arcade** – Interior demolition, environmental remediation, and other pre-development activities respecting the multi-phased rehabilitation of this 400,000 square foot campus began in the second quarter of 2018. Once completed, this historic renovation will include an innovation center, 126 apartment units for artists and creative entrepreneurs, a culinary kitchen incubator and creative co-working space.

- **Levitt Pavilion Dayton** – The \$5 Million dollar state of the art outdoor music venue was completed in August, 2018. Free concerts were held through October. This project will leverage the repositioning and revitalization of the surrounding area.
- The construction of a new 250,000 sf, 6 story office building located at E. First and Jefferson for CareSource represents an additional \$35 Million investment.
- **Tech Town** - Tech Town is Dayton’s urban technology campus, where state-of-the-art tech facilities meet leading edge and emerging innovations for the acceleration of technology commercialization. The campus offers collaborative office, laboratory and research space for entrepreneurs, start-ups, established companies and major employers. Tech Town is home to over 40 companies with more than 450 employees. The campus remains 97% leased. New Tenants to Tech Town in 2018 were 361 Interactive, ATA Beilharz, Battle Sight Technology, Cognovi Labs, Scienstation and Vaco.

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 97.5% for both owner- and renter-occupied properties. A few examples of new housing completed in or near downtown include: Fourteen (14) new units of fee-simple, single family housing- each with its own rooftop space was completed as part of the **Library District Housing (City View)** project; and the Flats of South Park, is a mixed use development project consisting of a four-story building constructed along Warren Street that now offers 43 market-rate apartments on the upper floors and 10,500 square feet of commercial space on the first floor for restaurants and service firms, which include Bigby Coffee and Cassano’s Pizza.

Neighborhood and Infrastructure Development

Healthy thriving City neighborhoods are also essential components 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 2018 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/>.

In 2018, the City experienced measurable improvements in the pavement conditions in more than half of Dayton’s neighborhoods; saw an increase in the number of Dayton families enrolled in Pre-School Promise, continued an aggressive demolition of dilapidated housing program, engaged in effective and robust planning work with and for neighborhoods, and witnessed the transition of several neighborhoods to stable or healthy. The collective investment of City resources into our neighborhoods whether it’s through providing quality recreation programming, or quality community policing and safety services; or ensuring that vacant lots are mowed regularly and transportation and water utility infrastructure is well maintained, demonstrate that the City’s citizens, neighborhoods, and businesses are our most valued assets.

FINANCIAL HEALTH AND STABILITY

For the Fiscal Year 2018, Moody’s Investors Service (Moody’s) affirmed Dayton’s general obligation bond credit rating at Aa2 and our non-tax revenue debt rating at Aa3. Standard & Poor’s (S&P) affirmed Dayton’s general obligation bond credit rating at AA and upgraded our non-tax revenue debt rating to AA from AA-. Moody’s and S&P also affirmed their ratings of Aa2 and AA-, respectively, on both the water system revenue bonds and sewer system revenue bonds issued by Dayton. S&P and Fitch Ratings (Fitch) completed surveillance reviews of Dayton’s outstanding airport revenue bonds during the year. As a result, S&P downgraded its unenhanced rating on the bonds to BBB+ from A-, and Fitch downgraded its rating to BBB from BBB+. Despite these downgrades, both ratings are still considered investment-grade. Overall, the 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 now provides relevant guidance in how we issue long-term debt for capital initiatives within the current bond market framework. The City typically issues General Obligation debt every two years. In 2018, the City issued G. O. Various Purpose Bonds in the amount of \$10,705,000; Economic Development Revenue Bonds in the amount of \$3,700,000 and Water Revenue Bonds in the amount of \$16,430,000. Total debt issued in 2018 was \$30,835,000.

Another significant financial policy is the City's Investment Policy. This recently updated policy allows the City to be more flexible and take advantage of market conditions. In 2018, the City earned \$4.54 M from its main investment portfolio, a 23.07 % increase over 2017.

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 2018 Fiscal Year was the second 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 2018 General Fund budget, the goal was to maintain service levels with a \$1.5 million use of cash reserves to fund capital investments. However, given the better than planned performance of expenditures compared to budget, the \$1.5 million planned use of cash reserves was not necessary. On a budgetary basis, fund balance decreased by \$0.6 million in 2018. The City maintains 15.4% of annual General Fund operating budget, which is 56.3 days of general Fund operations (8.04 weeks).

Additional budgetary information is presented for the general fund on page F43.

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, 2017, which represents the 36th 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 2018 CAFR has been submitted to the GFOA for their review.

In conclusion, I proudly offer my sincere gratitude to the Financial Analysis Team in the Department of Finance for their relentless pursuit of excellence in completing the 2018 CAFR. Moreover, this team remains committed and works tirelessly to ensure that the city's accounting records are well managed all year long. 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 diligent leadership and knowledgeable 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

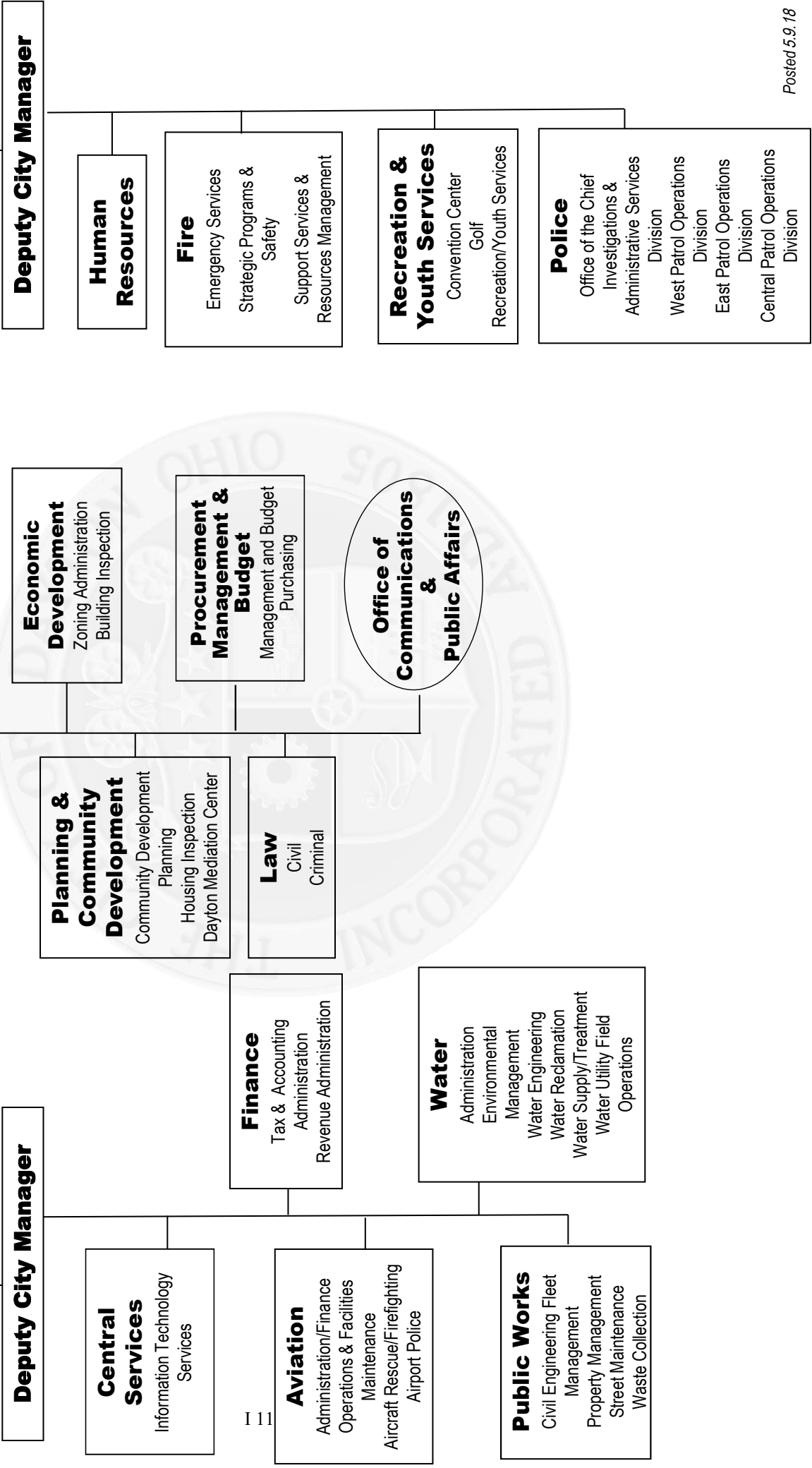
Organization of the City of Dayton

Citizens of Dayton

City Commission

- Board of Zoning Appeals
- Plan Board
- Civil Service Board
- Human Relations Council
- Environmental Advisory Board
- Landmark Commission

City Manager



CITY OF DAYTON, OHIO

**LIST OF ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2018**

ELECTED OFFICIALS

Mayor	Nan Whaley
Commissioner	Joey D. Williams *
Commissioner	Matt Joseph
Commissioner	Jeffrey J. Mims, Jr.
Commissioner	Chris Shaw
Commissioner	Darryl Fairchild **

APPOINTED OFFICIALS

City Manager	Shelley Dickstein
Deputy City Manager	Tammi Clements
Deputy City Manager	Joseph Parlette
Director ~ Aviation	Terrence Slaybaugh
Executive Director of the Human Relations Council	Maurice Evans
Executive Assistant to the Commission	Ariel Walker
Clerk of Commission ~ City Commission	Rashella Lavender
Director ~ Finance	C. LaShea Lofton
Director and Chief ~ Fire	Jeffrey Payne
Director ~ Human Relations Council	Erica Fields ***
Director ~ Human Resources	Kenneth Couch
Director ~ Law	Barbara Doseck
Director ~ Management and Budget	Diane Shannon
Clerk of Courts ~ Municipal Court	Meghan Thomas
Director ~ Planning and Community Development	Todd Kinskey
Director and Chief ~ Police	Richard Biehl
Director ~ Public Works	Fred Stovall
Director ~ Recreation & Youth Services	Robin Williams
Director ~ Water	Mike Powell

- * Commissioner Joey D. Williams resigned from office February 23, 2018
- ** Commissioner Darryl Fairchild took Oath of Office on May 30, 2018 to fill the unexpired term of Joey D. Williams
- *** Erica Fields was appointed to the position of Executive Director on January 7, 2019. She served as an Interim Director from March 5, 2018 until appointment. Catherine Crosby served as the Executive director previously.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Dayton
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

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WestRegion@ohioauditor.gov

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, 2018, 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.

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, Ohio, as of December 31, 2018, 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

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 and other post-employment benefit liabilities and pension and other post-employment benefit 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 27, 2019, 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

June 27, 2019

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CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (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, 2018. 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 2018 are as follows:

- The total net position of the City decreased \$32,494,870 in 2018 from restated 2017 net position as shown in Note 3. Net position of governmental activities decreased \$14,995,255 or 5.77% from 2017 as restated and net position of business-type activities decreased \$17,499,615 or 2.99% from 2017 net position as restated.
- The City had \$221,732,353 in revenues related to governmental activities. General revenues accounted for \$163,049,381 or 73.53% of total governmental activities revenue. Program specific revenues accounted for \$58,682,972 or 26.47% of total governmental activities revenue.
- The City had \$236,086,408 in expenses related to governmental activities; \$58,682,972 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$177,403,436 were partially offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$163,049,381.
- The general fund had revenues of \$185,555,404 in 2018. The expenditures and other financing uses of the general fund totaled \$181,709,550 in 2018. The net increase in the fund balance for the general fund was \$3,845,854 or 6.18% higher than 2017.
- The debt service major fund had \$10,305,918 in revenues and other financing sources and \$11,782,063 in expenditures and other financing uses in 2018. The reduction in fund balance in the debt service fund was \$1,476,145, a 5.15% decrease from 2017.
- The capital improvements major fund had \$31,661,195 in revenues and other financing sources and \$25,161,215 in expenditures and other financing uses in 2018. The fund balance for the capital improvements fund increased \$6,499,980 or 33.36% from 2017.
- 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 2018 by \$17,499,615.
- The Dayton International Airport enterprise fund had \$33,265,049 in operating revenues and \$59,271,700 in operating expenses in 2018. The Dayton International Airport enterprise fund also had non-operating revenues of \$1,225,827, non-operating expenses of \$9,414,836 and capital contributions of \$13,539,838. The net position of the Dayton International Airport enterprise fund decreased \$20,655,822 or 7.84% from 2017 as restated.
- The Water enterprise fund had \$56,103,229 in operating revenues and \$53,979,799 in operating expenses in 2018. The Water enterprise fund also had non-operating revenues of \$922,075, non-operating expenses of \$1,476,637 and capital contributions of \$218,242. The net position of the Water enterprise fund increased \$1,787,110 or 1.01% from 2017 as restated.
- The Sewer enterprise fund had \$33,237,994 in operating revenues and \$32,454,892 in operating expenses in 2018. The Sewer enterprise fund also had non-operating revenues of \$658,253 and non-operating expenses of \$1,145,785. The net position of the Sewer enterprise fund increased \$295,570 or 0.25% over 2017 as restated.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

- In the general fund, the actual revenues were \$2,362,879 higher than they were in the final budget and actual expenditures and other financing uses were \$4,606,827 less than the amount in the final budget. Budgeted revenues increased \$6,145,600 from the original to the final budget. Budgeted expenditures and other financing uses increased \$8,718,400 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 2018?" 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, 2018 (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 16 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 36 - F 42 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 44 - F 53 of this report.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (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 54 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 55 - F 124 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 and net OPEB liability.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

Government-Wide Financial Analysis

The table below is a summary of the City's net position at December 31, 2018 compared to December 31, 2017. The net position at December 31, 2017 has been restated as described in Note 3.

	Net Position					
	Governmental Activities	Governmental Activities Restated	Business-Type Activities	Business-Type Activities Restated	Total	Total Restated
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>						
Current and other assets	\$ 227,992,198	\$ 217,590,924	\$ 233,864,450	\$ 240,343,192	\$ 461,856,648	\$ 457,934,116
Capital assets, net	<u>450,243,358</u>	<u>445,573,893</u>	<u>592,374,109</u>	<u>584,929,657</u>	<u>1,042,617,467</u>	<u>1,030,503,550</u>
Total assets	<u>678,235,556</u>	<u>663,164,817</u>	<u>826,238,559</u>	<u>825,272,849</u>	<u>1,504,474,115</u>	<u>1,488,437,666</u>
Deferred outflows	<u>46,202,669</u>	<u>52,667,420</u>	<u>17,126,043</u>	<u>24,110,519</u>	<u>63,328,712</u>	<u>76,777,939</u>
Total asset and deferred outflows	<u>724,438,225</u>	<u>715,832,237</u>	<u>843,364,602</u>	<u>849,383,368</u>	<u>1,567,802,827</u>	<u>1,565,215,605</u>
<u>Liabilities</u>						
Current liabilities	16,700,637	14,678,519	16,916,237	15,985,382	33,616,874	30,663,901
Long-term liabilities:						
Due within one year	19,915,942	17,684,073	10,698,402	9,643,121	30,614,344	27,327,194
Net pension liability	178,321,849	203,843,784	44,936,163	59,468,029	223,258,012	263,311,813
Net OPEB liability	152,986,812	130,637,113	32,165,279	27,765,443	185,152,091	158,402,556
Other liabilities	<u>74,306,468</u>	<u>69,558,384</u>	<u>157,593,484</u>	<u>148,916,126</u>	<u>231,899,952</u>	<u>218,474,510</u>
Total liabilities	<u>442,231,708</u>	<u>436,401,873</u>	<u>262,309,565</u>	<u>261,778,101</u>	<u>704,541,273</u>	<u>698,179,974</u>
Deferred inflows	<u>37,521,141</u>	<u>19,749,733</u>	<u>12,449,713</u>	<u>1,500,328</u>	<u>49,970,854</u>	<u>21,250,061</u>
Total liabilities and deferred inflows	<u>479,752,849</u>	<u>456,151,606</u>	<u>274,759,278</u>	<u>263,278,429</u>	<u>754,512,127</u>	<u>719,430,035</u>
<u>Net Position</u>						
Net investment						
in capital assets	395,757,572	398,432,088	462,984,698	481,494,371	858,742,270	879,926,459
Restricted	38,778,126	46,244,345	11,039,351	9,737,907	49,817,477	55,982,252
Unrestricted	<u>(189,850,322)</u>	<u>(184,995,802)</u>	<u>94,581,275</u>	<u>94,872,661</u>	<u>(95,269,047)</u>	<u>(90,123,141)</u>
Total net position	<u>\$ 244,685,376</u>	<u>\$ 259,680,631</u>	<u>\$ 568,605,324</u>	<u>\$ 586,104,939</u>	<u>\$ 813,290,700</u>	<u>\$ 845,785,570</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$389,593,054 to \$259,680,631 for governmental activities and \$613,486,950 to \$586,104,939 for business-type activities.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$813,290,700. At year-end, net positions were \$244,685,376 and \$568,605,324 for the governmental activities and the business-type activities, respectively.

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 66.50% 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, 2018, was \$395,757,572 and \$462,984,698 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, 2018, 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, \$38,778,126, 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 \$189,850,322.

The table on the next page shows the changes in net position for 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.

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CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

Change in Net Position

	Governmental Activities <u>2018</u>	Restated Governmental Activities <u>2017</u>	Business-Type Activities <u>2018</u>	Restated Business-Type Activities <u>2017</u>	Total <u>2018</u>	Restated Total <u>2017</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 35,107,450	\$ 31,989,543	\$ 118,546,080	\$ 120,083,605	\$ 153,653,530	\$ 152,073,148
Operating grants and contributions	17,511,214	14,355,175	-	-	17,511,214	14,355,175
Capital grants and contributions	<u>6,064,308</u>	<u>12,766,815</u>	<u>13,758,080</u>	<u>6,176,726</u>	<u>19,822,388</u>	<u>18,943,541</u>
Total program revenues	<u>58,682,972</u>	<u>59,111,533</u>	<u>132,304,160</u>	<u>126,260,331</u>	<u>190,987,132</u>	<u>185,371,864</u>
General revenues:						
Property taxes	12,108,678	9,749,960	-	-	12,108,678	9,749,960
Income taxes	128,707,187	125,253,442	-	-	128,707,187	125,253,442
Payment in lieu of taxes	1,816,290	1,997,895	-	-	1,816,290	1,997,895
Unrestricted grants	12,253,756	13,618,351	-	-	12,253,756	13,618,351
Interest	3,247,089	2,118,284	2,979,857	1,552,267	6,226,946	3,670,551
Miscellaneous	<u>4,916,381</u>	<u>4,334,317</u>	<u>14,653,243</u>	<u>13,148,319</u>	<u>19,569,624</u>	<u>17,482,636</u>
Total general revenues	<u>163,049,381</u>	<u>157,072,249</u>	<u>17,633,100</u>	<u>14,700,586</u>	<u>180,682,481</u>	<u>171,772,835</u>
Total revenues	<u>221,732,353</u>	<u>216,183,782</u>	<u>149,937,260</u>	<u>140,960,917</u>	<u>371,669,613</u>	<u>357,144,699</u>
Expenses:						
Downtown	3,248,268	3,204,951	-	-	3,248,268	3,204,951
Youth, education and human services	3,619	219,529	-	-	3,619	219,529
Community development	25,798,079	20,646,893	-	-	25,798,079	20,646,893
Economic development	10,043,435	26,135,222	-	-	10,043,435	26,135,222
Leadership and quality of life	50,250,202	43,843,557	-	-	50,250,202	43,843,557
Corporate responsibility	19,535,052	18,800,773	-	-	19,535,052	18,800,773
Public safety and justice	124,347,547	110,670,677	-	-	124,347,547	110,670,677
Interest and fiscal charges	2,860,206	2,845,159	-	-	2,860,206	2,845,159
Dayton International Airport	-	-	68,544,041	45,920,196	68,544,041	45,920,196
Water	-	-	55,222,198	56,194,400	55,222,198	56,194,400
Sewer	-	-	33,486,248	32,211,627	33,486,248	32,211,627
Other business-type activities:						
Storm water	-	-	7,633,423	7,110,595	7,633,423	7,110,595
Golf	-	-	3,192,165	3,114,227	3,192,165	3,114,227
Total expenses	<u>236,086,408</u>	<u>226,366,761</u>	<u>168,078,075</u>	<u>144,551,045</u>	<u>404,164,483</u>	<u>370,917,806</u>
Increase in net position before transfers	(14,354,055)	(10,182,979)	(18,140,815)	(3,590,128)	(32,494,870)	(13,773,107)
Transfers	<u>(641,200)</u>	<u>(517,500)</u>	<u>641,200</u>	<u>517,500</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(14,995,255)</u>	<u>(10,700,479)</u>	<u>(17,499,615)</u>	<u>(3,072,628)</u>	<u>(32,494,870)</u>	<u>(13,773,107)</u>
Net position at beginning of year (restated)	<u>259,680,631</u>	N/A	<u>586,104,939</u>	N/A	<u>845,785,570</u>	N/A
Net position at end of year	<u>\$ 244,685,376</u>	<u>\$ 259,680,631</u>	<u>\$ 568,605,324</u>	<u>\$ 586,104,939</u>	<u>\$ 813,290,700</u>	<u>\$ 845,785,570</u>

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$1,108,122 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$15,728,783.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2018 program expenses under GASB 75	\$ 236,086,408	\$ 168,078,075
OPEB expense under GASB 75	(12,502,023)	(3,226,759)
2018 contractually required contributions	298,005	66,649
Adjusted 2018 program expenses	223,882,390	164,917,965
Total 2017 program expenses under GASB 45	226,366,761	144,551,045
Increase (decrease) in program expenses not related to OPEB	\$ (2,484,371)	\$ 20,366,920

Governmental Activities

Governmental activities net position decreased \$14,995,255 in 2018. This decrease of 5.77% 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 \$124,347,547 of the total expenses of the City. These expenses were partially funded by \$20,355,926 in direct charges to users of the services. Leadership and quality of life expenses totaled \$50,250,202. Leadership and quality of life expenses were partially funded by \$7,571,863 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$17,511,214 in operating grants and contributions and \$6,064,308 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$6,817,110 subsidized leadership and quality of life and \$7,567,515 subsidized community development and neighborhoods. The total capital grants and contributions, \$6,064,308 subsidized leadership and quality of life programs.

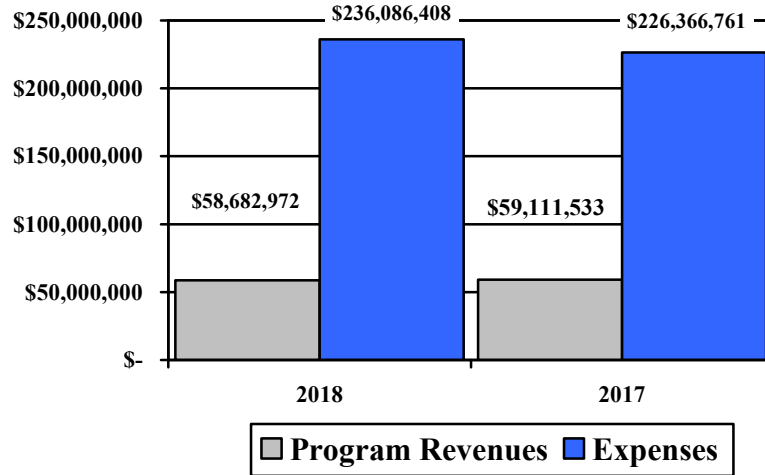
General revenues totaled \$163,049,381 and amounted to 73.53% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$140,815,865. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$12,253,756.

The statement of activities on pages F 34 – F 35 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.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)**

Governmental Activities – Program Revenues vs. Total Expenses



Governmental Activities

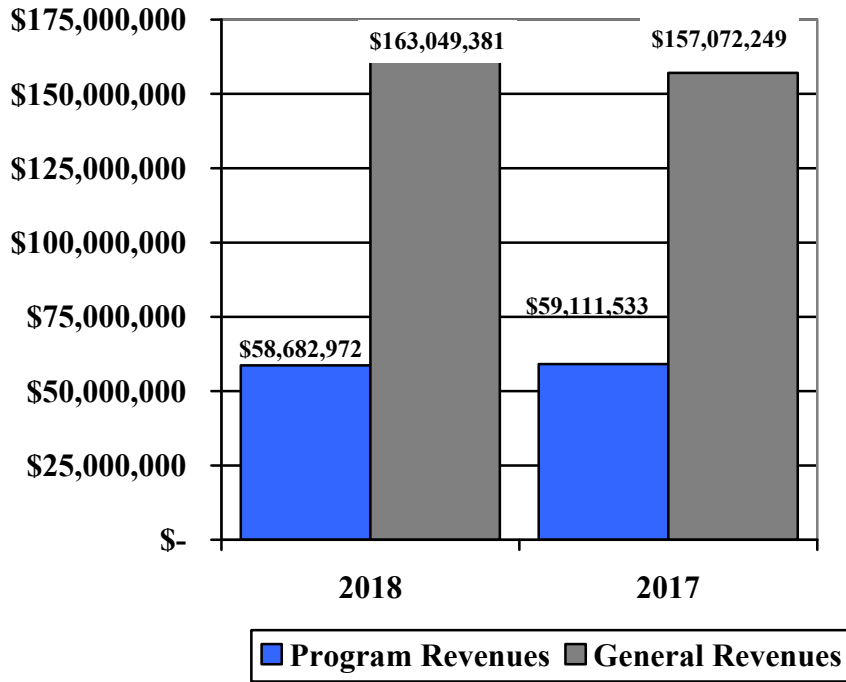
	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2018</u>	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>
Program Expenses:				
Downtown	\$ 3,248,268	\$ 2,822,343	\$ 3,204,951	\$ 2,732,506
Youth, education and human services	3,619	(4,368)	219,529	203,848
Community development and neighborhoods	25,798,079	15,931,342	20,646,893	10,298,590
Economic development	10,043,435	7,824,825	26,135,222	23,313,958
Leadership and quality of life	50,250,202	29,796,921	43,843,557	19,048,552
Corporate responsibility	19,535,052	16,682,466	18,800,773	16,084,957
Public safety and justice	124,347,547	101,489,701	110,670,677	92,727,658
Interest and fiscal charges	<u>2,860,206</u>	<u>2,860,206</u>	<u>2,845,159</u>	<u>2,845,159</u>
Total Expenses	<u>\$ 236,086,408</u>	<u>\$ 177,403,436</u>	<u>\$ 226,366,761</u>	<u>\$ 167,255,228</u>

The dependence upon general revenues for governmental activities is apparent, with 75.14% of expenses supported through taxes and other general revenues. Total governmental expenses were \$236,086,408, program revenues were \$58,682,972 and general revenues were \$163,049,381.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

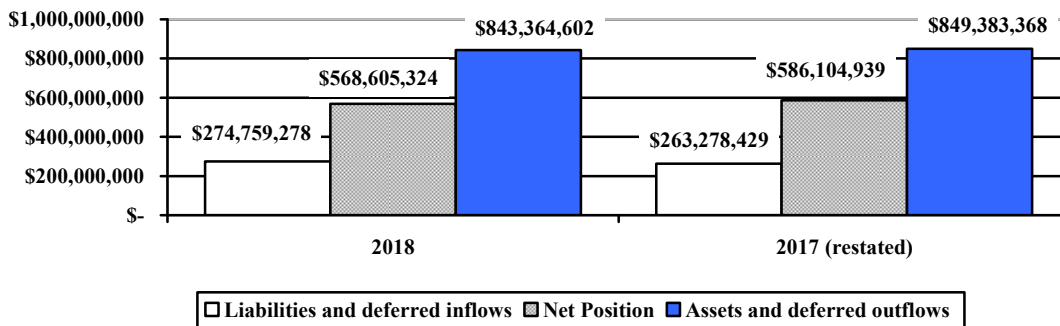
Governmental Activities – General and Program Revenues



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 \$17,499,615 in 2018. These programs had program revenues of \$132,304,160, general revenues of \$17,633,100 and expenses of \$168,078,075 for 2018. The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at year-end (see pages F 32 and F 33). The net position at December 31, 2017 has been restated as described in Note 3.

Net Position in Business - Type Activities



CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

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.

The City's governmental funds (as presented on the balance sheet on page F 36 - F 37) reported a combined fund balance of \$132,290,357 which is \$7,653,684 more than last year's total of \$124,636,673. The table below indicates the fund balances and the total change in fund balances as of December 31, 2018 for all major and nonmajor governmental funds.

	Fund Balances <u>12/31/2018</u>	Fund Balances <u>12/31/2017</u>	Increase/ <u>(Decrease)</u>
Major Funds:			
General	\$ 66,110,881	\$ 62,265,027	\$ 3,845,854
Debt service	27,187,746	28,663,891	(1,476,145)
Capital improvement	25,981,959	19,481,979	6,499,980
Other nonmajor governmental funds	<u>13,009,771</u>	<u>14,225,776</u>	<u>(1,216,005)</u>
Total	<u>\$ 132,290,357</u>	<u>\$ 124,636,673</u>	<u>\$ 7,653,684</u>

General Fund

The City's general fund balance increased \$3,845,854 (see the table above).

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Income, property and other taxes	\$ 141,408,003	\$ 137,658,609	2.72 %
Charges for services	25,217,066	24,917,049	1.20 %
Licenses and permits	2,898,209	1,721,640	68.34 %
Fines and forfeitures	3,438,162	634,383	441.97 %
Investment income	2,952,586	1,931,858	52.84 %
Special assessments	746,170	169,124	341.20 %
Intergovernmental	3,966,304	4,249,033	(6.65) %
Other	<u>4,928,904</u>	<u>4,306,668</u>	14.45 %
Total	<u>\$ 185,555,404</u>	<u>\$ 175,588,364</u>	5.68 %

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

The above table assists in illustrating the revenues of the general fund. Overall revenues of the general fund increased \$9,967,040. The most significant increases were in the areas of income, property and other taxes, licenses and permits, fines and forfeitures, investment income, special assessments and other revenue. Licenses and permit revenue increased due to an increase in permit fees. Fines and forfeitures increased due to the City's photo enforcement program. The City had an increase in special assessments related to the water street garage.

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

	2018 <u>Amount</u>	2017 <u>Amount</u>	Percentage <u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 2,733,701	\$ 2,842,200	(3.82) %
Youth, education and human services	51,264	94,338	(45.66) %
Community development and neighborhoods	12,911,414	12,342,265	4.61 %
Economic development	6,747,640	12,878,364	(47.60) %
Leadership and quality of life	27,229,971	24,661,870	10.41 %
Corporate responsibility	17,412,726	15,069,560	15.55 %
Public safety and justice	<u>101,878,489</u>	<u>98,263,928</u>	3.68 %
Total	<u>\$ 168,965,205</u>	<u>\$ 166,152,525</u>	1.69 %

Overall expenditures of the general fund increased by \$2,812,680 or 1.69%. The largest expenditure of the City, public safety and justice, increased \$3,614,561 or 3.68%. The largest expenditure decrease is in the area of economic development and is a result of the write-off of a loan with CityWide Development Group for a Tech Town building project in 2017.

Debt Service

The City's debt service fund balance decreased \$1,476,145 (see page F 40). 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.

	2018 <u>Amount</u>	2017 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 6,423,667	\$ 6,290,806	2.11 %
Intergovernmental	969,475	2,422,628	(59.98) %
Special assessments	24,562	33,417	(26.50) %
Investment income	16,073	27,503	(41.56) %
Other	<u>49,717</u>	<u>27,649</u>	79.81 %
Total	<u>\$ 7,483,494</u>	<u>\$ 8,802,003</u>	(14.98) %

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

	<u>2018</u>	<u>2017</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Corporate responsibility	\$ 171,163	\$ 113,292	51.08 %
Bond issuance costs	191,897	-	100.00 %
Principal retirement	7,376,277	7,033,560	4.87 %
Interest and fiscal charges	<u>2,831,087</u>	<u>3,057,872</u>	(7.42) %
Total	<u>\$ 10,570,424</u>	<u>\$ 10,204,724</u>	3.58 %

Capital Improvements

The City's capital improvement fund's fund balance increased by \$6,499,980 or 33.36% (see page F 40). The tables below illustrate the revenues and expenditures of the capital improvement fund. Revenues decreased \$8,546,862 or 48.78%. The tax revenue is used to reduce the balance of the manuscript debt. Expenditures decreased \$12,970,182 or 34.26%. In addition to the revenues listed on the chart below, the capital improvements fund had \$9,434,400 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.

	<u>2018</u>	<u>2017</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 321,800	\$ 321,800	- %
Charges for services	70,600	115,269	(38.75) %
Intergovernmental	6,065,409	13,681,081	(55.67) %
Investment income	15,687	-	(100.00) %
Payments in lieu of taxes	1,816,290	2,919,537	(37.79) %
Other	<u>685,009</u>	<u>483,970</u>	41.54 %
Total	<u>\$ 8,974,795</u>	<u>\$ 17,521,657</u>	(48.78) %

	<u>2018</u>	<u>2017</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Community development and neighbors	868,350	752,053	15.46 %
Economic development	1,614,627	3,697,797	(56.34) %
Leadership and quality of life	2,818,533	1,899,415	48.39 %
Corporate responsibility	187,486	507,927	(63.09) %
Capital outlay	19,169,413	30,601,707	(37.36) %
Debt service	<u>234,306</u>	<u>403,998</u>	(42.00) %
Total	<u>\$ 24,892,715</u>	<u>\$ 37,862,897</u>	(34.26) %

2018 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.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

Given that the City's plans or priorities may change during the year or economic conditions may improve or deteriorate impacting City resources, 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.

With respect to changes to the general fund, the final budget reflects projected revenues that were \$6.1 million higher than the original budget. Actual revenues had a positive variance of \$8.5 million, or 4.8% compared to the original budget and a positive variance of \$2.4 million or 1.3% compared to the final budget. Strong income tax growth is responsible for most of the favorable revenue performance.

Actual general fund revenues performed better in seven categories relative to the original forecast and underperformed in three categories, albeit one of the categories only registered a slight negative variance. As it relates to the final budget, actual revenues again exceeded the budget in seven categories, but fell short in three. The variance to both the original and final budgets of 4.8% and 1.3%, respectively, indicates that we were outside our performance metric of 0% to 3% positive revenue variance for the original budget, but were within the range for the final budget.

Four revenue categories realized a variance in excess of 10% when compared to the original budget and three when compared to the final budget. License and Permits exceeded the original budget by over \$1 million, or 55%, as a result of an increase in building and mechanical permit rates. Revenue from Fines and forfeits was \$933,800 over the original budget due to higher than forecasted revenues from the reinstated public safety photo enforcement program. Conversely, revised revenues for the program were higher than actuals by \$666,200. In 2019, the state transportation bill significantly curtailed the City's ability to use photo enforcement in the future.

Special assessments performed \$201,530 below the original and \$165,930 lower than the final budget, representing a 21% and 18% variance, respectively. Special assessments petitioned by a City developer were lower than initially expected and direct revenue supporting City-issued debt was higher. Investment income beat the final estimate by \$495,082 or 21% due to higher interest rates. Other revenue realized a favorable variance of \$2.0 million, or 76%, compared to the original budget largely as a result of an unplanned \$1.1 million rebate from the State of Ohio, Bureau of Workers Compensation.

Actual expenditures in 2018 were \$2.3 million or 1.3% under (favorable) the original budget while the final budget was \$4.5 million or 2.5% higher than actuals. All programmatic categories were within the 10% variance threshold.

Actual operating transfers out were \$6.4 million over the original budget and \$84,200 under the final budget. Given higher than expected revenues and lower than planned spending levels, an increase in the funding of transfers was incorporated into the final budget.

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 2018 especially as it relates to economic development projects. Accordingly, on a budgetary basis, there was a \$583,600 use of fund balance. When the adjustment is made for prior year encumbrances and adjustments to the balance sheet, the general fund ended the year with a \$64.2 million fund balance.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

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 44 - F 49) reported a combined net position of \$567,888,308 which is \$18,043,844 below last year's total of \$585,932,152 as restated.

The following table indicates the net position and the total change in net position as of December 31, 2018 for all major and nonmajor business-type funds.

	Net Position <u>12/31/18</u>	Restated Net Position <u>12/31/17</u>	Increase <u>(decrease)</u>
Major Funds:			
Dayton International Airport	\$ 242,876,226	\$ 263,532,048	\$ (20,655,822)
Water	178,207,933	176,420,823	1,787,110
Sewer	117,229,328	116,933,758	295,570
Other Business-type activities	<u>29,574,821</u>	<u>29,045,523</u>	<u>529,298</u>
Total	<u>\$ 567,888,308</u>	<u>\$ 585,932,152</u>	<u>\$ (18,043,844)</u>

Dayton International Airport (DIA)

The City's Dayton International Airport net position decreased by \$20,655,822 or 7.84% from the restated amount. The Dayton International Airport received \$13,539,838 in capital contributions.

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

	2018 <u>Amount</u>	2017 <u>Amount</u>	Percentage <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 23,842,686	\$ 27,065,242	(11.91) %
Other	<u>9,422,363</u>	<u>7,998,340</u>	17.80 %
Total	<u>\$ 33,265,049</u>	<u>\$ 35,063,582</u>	(5.13) %

Operating revenues decreased by \$1,798,533 or 5.13%.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

	2018	2017	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 9,872,485	\$ 9,254,880	6.67 %
Benefit payments	6,195,347	5,473,255	13.19 %
Contractual services	7,860,340	10,021,122	(21.56) %
Materials and supplies	1,001,183	1,065,376	(6.03) %
Utilities	1,899,974	1,656,597	14.69 %
Depreciation	29,776,058	13,450,171	121.38 %
Other	<u>2,666,313</u>	<u>2,574,855</u>	3.55 %
Total	<u>\$ 59,271,700</u>	<u>\$ 43,496,256</u>	36.27 %

Operating expenses increased by \$15,775,444 or 36.27%. A large portion of this change was an increase in depreciation expense of \$16,325,887, due to a change in useful life estimates used in the depreciation calculations.

	2018	2017	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 1,168,470	\$ 747,926	56.23 %
Interest expense and fiscal charges	(3,425,000)	(3,457,821)	(0.95) %
Increase (decrease) in fair value of investments	57,357	(135,492)	142.33 %
Gain (Loss) on sale of capital assets	(5,989,836)	1,283,354	(566.73) %
Capital contributions	<u>13,539,838</u>	<u>5,928,254</u>	128.40 %
Total	<u>\$ 5,350,829</u>	<u>\$ 4,366,221</u>	22.55 %

Nonoperating revenues and expenses increased by \$984,608 or 22.55%. Capital contributions for 2017 and 2018 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 increased by \$1,787,110 or 1.01% from the restated amount (see the table on F 21).

	2018	2017	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 51,561,435	\$ 48,891,167	5.46 %
Other	<u>4,541,794</u>	<u>4,481,917</u>	1.34 %
Total	<u>\$ 56,103,229</u>	<u>\$ 53,373,084</u>	5.12 %

Operating revenues increased by \$2,730,145 or 5.12%.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 17,000,961	\$ 16,113,566	5.51 %
Benefit payments	10,426,625	9,857,197	5.78 %
Contractual services	5,384,973	8,274,149	(34.92) %
Materials and supplies	5,198,162	4,885,951	6.39 %
Utilities	5,274,846	5,036,094	4.74 %
Depreciation	8,120,178	7,261,946	11.82 %
Other	<u>2,574,054</u>	<u>3,146,644</u>	(18.20) %
Total	<u>\$ 53,979,799</u>	<u>\$ 54,575,547</u>	(1.09) %

Operating expenses decreased by \$595,748 or 1.09%.

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 879,540	\$ 724,488	21.40 %
Interest expense and fiscal charges	(1,145,654)	(1,141,063)	0.40 %
Increase (decrease) in fair market value of investments	42,535	(207,656)	120.48 %
Bond issuance costs	(218,658)	-	(100.00) %
Capital contributions	218,242	248,472	(12.17) %
Loss on sale of capital assets	<u>(112,325)</u>	<u>(71,810)</u>	56.42 %
Total	<u>\$ (336,320)</u>	<u>\$ (447,569)</u>	24.86 %

Nonoperating revenues and expenses decreased \$111,249 or 24.86% for 2018.

Sewer

The City's Sewer fund net position increased by \$295,570 or 0.25% as restated (see page F 48).

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 32,627,154	\$ 33,845,779	(3.60) %
Other	<u>610,840</u>	<u>611,264</u>	(0.07) %
Total	<u>\$ 33,237,994</u>	<u>\$ 34,457,043</u>	(3.54) %

Operating revenues decreased by \$1,219,049 or 3.54%.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 8,119,381	\$ 7,881,986	3.01 %
Benefit payments	4,794,635	4,672,616	2.61 %
Contractual services	7,832,249	7,876,762	(0.57) %
Materials and supplies	2,811,221	2,249,167	24.99 %
Utilities	2,542,903	2,333,399	8.98 %
Depreciation	5,706,983	4,949,494	15.30 %
Other	<u>647,520</u>	<u>897,106</u>	(27.82) %
Total	<u>\$ 32,454,892</u>	<u>\$ 30,860,530</u>	5.17 %

Operating expenses increased by \$1,594,362 or 5.17%.

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 642,381	\$ 436,528	47.16 %
Increase (decrease) in fair value of investments	15,872	(92,443)	117.17 %
Interest expense and fiscal charges	(1,138,409)	(1,126,911)	1.02 %
Loss on sale of capital assets	<u>(7,376)</u>	<u>(36,883)</u>	(80.00) %
Total	<u>\$ (487,532)</u>	<u>\$ (819,709)</u>	40.52 %

Nonoperating revenues and expenses in 2018 decreased by \$332,177 or 40.52%.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2018, the City had \$1,042,617,467 (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, \$450,243,358 was reported in governmental activities and \$592,374,109 was reported in business-type activities. See Note 12 in the basic financial statements for additional capital asset disclosure.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)**

The following table shows December 31, 2018 balances compared to December 31, 2017:

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

	Governmental Activities 2018	Governmental Activities 2017	Business-Type Activities 2018	Business-Type Activities 2017	Total 2018	Restated Total 2017
Land	\$ 52,417,988	\$ 51,464,353	\$ 43,215,021	\$ 42,700,323	\$ 95,633,009	\$ 94,164,676
Construction in progress	6,882,877	8,852,899	51,387,563	18,776,960	58,270,440	27,629,859
Right of ways	14,007,402	14,007,402	-	-	14,007,402	14,007,402
Buildings and improvements	77,302,690	79,575,280	138,507,588	139,714,770	215,810,278	219,290,050
Improvements other than buildings (IOTB)	22,317,632	17,545,038	336,430,925	362,093,145	358,748,557	379,638,183
Equipment	3,649,269	4,172,275	6,745,534	5,269,913	10,394,803	9,442,188
Software	292,785	454,121	1,027,273	1,271,944	1,320,058	1,726,065
Vehicles	16,046,480	16,436,449	15,060,205	15,102,602	31,106,685	31,539,051
Infrastructure	<u>257,326,235</u>	<u>253,066,076</u>	<u>-</u>	<u>-</u>	<u>257,326,235</u>	<u>253,066,076</u>
Total	<u>\$ 450,243,358</u>	<u>\$ 445,573,893</u>	<u>\$ 592,374,109</u>	<u>\$ 584,929,657</u>	<u>\$ 1,042,617,467</u>	<u>\$ 1,030,503,550</u>

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 57.15% 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 56.79% of the City's total business-type capital assets.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2018 and 2017:

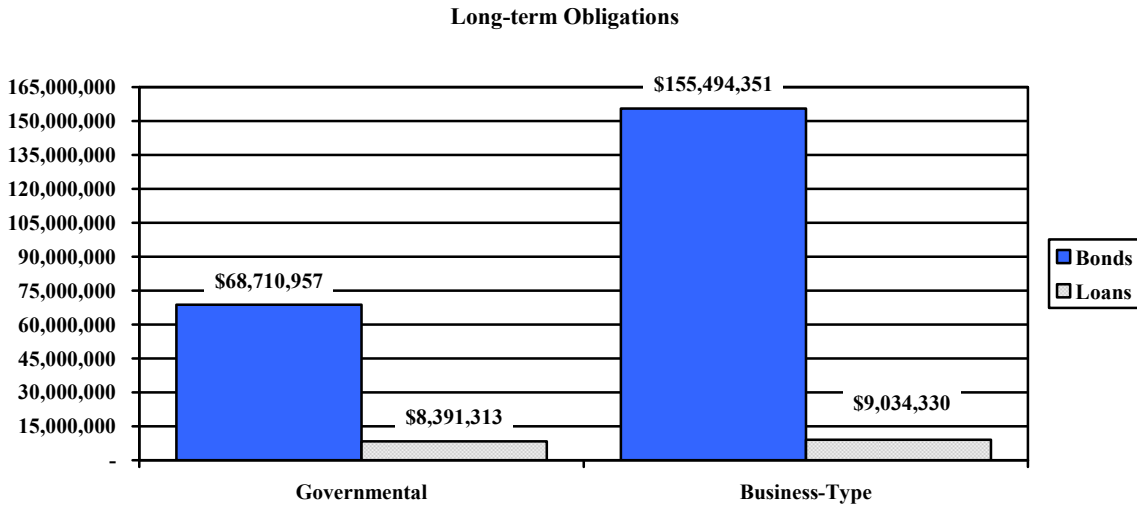
	Governmental Activities <u>2018</u>	Governmental Activities <u>2017</u>
General obligation bonds	\$ 44,265,275	\$ 39,293,603
Revenue bonds	<u>24,445,682</u>	<u>22,996,624</u>
Total bonds	<u>68,710,957</u>	<u>62,290,227</u>
OPWC loans	942,441	1,015,767
State infrastructure bank loan	2,374,531	2,472,769
State infrastructure bank bonds	3,165,000	3,315,000
Ohio Department of Development Loan	<u>1,909,341</u>	<u>2,179,054</u>
Total loans	<u>8,391,313</u>	<u>8,982,590</u>
Total long-term obligations	<u>\$ 77,102,270</u>	<u>\$ 71,272,817</u>
	Business-type Activities <u>2018</u>	Business-type Activities <u>2017</u>
General obligation bonds	\$ 34,290,014	\$ 36,697,191
Revenue bonds	<u>121,204,337</u>	<u>107,941,332</u>
Total bonds	<u>155,494,351</u>	<u>144,638,523</u>
OWDA loans	4,270,588	5,167,722
OPWC loans	100,000	150,000
Jobs Ohio loans	<u>4,663,742</u>	<u>4,867,008</u>
Total loans	<u>9,034,330</u>	<u>10,184,730</u>
Total long-term obligations	<u>\$ 164,528,681</u>	<u>\$ 154,823,253</u>

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

CITY OF DAYTON, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)**

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



Economic Outlook and the 2019 Budget

Following weakness in the wake of the Great Recession and recovery, the Dayton Region experienced more than five years of uninterrupted employment growth beginning in 2013. Fortunes reversed in the fourth quarter of 2018, when data suggest the region lost a modest number of jobs. These trends have persisted in the first quarter of 2019. While regional employment has suffered, there is not yet evidence that these trends have taken hold in the city of Dayton. In fact, income tax data suggest otherwise. New construction and business expansions continue to fuel optimism, and strong growth in employment is evident in the continued strength of the city’s income tax collections. Underscoring the strength of the labor market is a flurry of economic development activity in the city. Developers of the Water Street District completed a 115-room Fairfield Inn and Suites, which opened in the district in October of 2018. CareSource, Ohio’s largest Medicaid managed care provider, has expanded its footprint downtown with the opening of a new 6-story office building. In addition to activity in Northeast downtown, August of 2018 saw the opening of the Levitt Pavilion at Dave Hall Plaza, with the first set of concerts bringing thousands of people to downtown in 2018. A full slate of concerts scheduled for 2019 promises to expand on the success of the partial 2018 season.

Adjacent to the Levitt Pavilion, the Dayton Arcade closed on its \$90 million of financing in April of 2019, and construction is underway. This transformative redevelopment, featuring one of the most complicated and innovative capital stacks in the state will feature an Innovation Hub anchored by the University of Dayton and the Entrepreneur Center as well as spectacular public event space adjacent to residential, commercial, restaurant and retail establishments. Redevelopment of the historic Arcade block has the potential to spur catalytic reuse of more than 3 million square feet of under-utilized office space in the heart of downtown.

The Dayton International Airport has continued 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. Recent deals with Chewy and the Crocs footwear manufacturer have the potential to add hundreds more jobs and hundreds of thousands more square feet for production and logistics operations. All told, five buildings totaling 2.7 million square feet, employing more than 2,270 people and capital investment eclipsing \$92 million have contributed to the transformation of the area surrounding the Dayton International Airport.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

The Dayton regional economy added jobs at a steady pace until recent weakness, growing by 30,000 jobs or 8.4% since the depths of the Great Recession in December of 2009. A regional decrease in employment beginning in the fourth quarter of 2018 is a cause for caution, however. The length of the ongoing economic expansion, which in July of 2019 will be the longest on record according to the National Bureau of Economic Research, has given rise to warnings of a possible recession in the intermediate term. While the City is not experiencing these declines, the City administration will continue to monitor ongoing trends in preparation for national and regional economic eventualities.

The City's general fund financial performance improved over the course of 2018, largely due to strong income tax collections over the course of 2018, bucking the regional downward employment trend late in the year. On a budgetary basis, total 2018 general fund Sources were up 6.6% or \$11.5 million over 2017, \$7.6 million of which was attributable to strong income tax performance. This data suggests that employment growth in the city of Dayton is strong despite data suggesting otherwise for the region. These increases were offset by reductions in Charges for Services as well as revenue from Intergovernmental sources.

Given the better than planned performance of expenditures compared to budget, the planned use of cash reserves was not necessary. At the end of the year, total expenses exceeded total revenues by \$583,600 on a budgetary basis.

Employment and the Income Tax

The components of income tax shed light on the condition and direction of the local economy. Withholding collections in 2018, or taxes on wage-earners in the city, grew by \$7.5 million, or 6.9% over the prior year, reflecting the increasing strength of the city job market. In fact, 2018 saw the sixth annual increase in withholdings since 2011. In addition to growth in withholding, tax revenue from business profits grew by \$1.2 million or 12.1%. Corporate profits tax led the growth for the non-withholding category, and was offset by modest decreases in partnerships and individual non-withholding revenues. Taken together, income tax collections net of refunds grew by \$7.6 million or 6.2% to \$130.0 million, the highest level on record.

The original forecast for 2019 Income Tax Revenues is \$130.2 million. This represents a 0.2% increase over actual 2018 Income Tax Collections as 2018 collections came in above budget, driving the 2018 estimate lower than what was originally projected from the perspective of percentage change.

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 2017/2018 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. The 2019 estimate was a more modest increase of 0.5% in total values, including a citywide reduction of 0.3% in residential values as well as a 0.6% and 6.6% increase in commercial and public utility values, respectively. Since 2012, 0.5 mills of the property tax has 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 the continuation of a 3-year trend that follows a longer-term trend of steep declines.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

Property values remain nearly 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 16,804 vacant properties in 2017 which is 97 below the 2016 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 2016 passage of Issue 9, City staff service each vacant property in the city about once per month during mowing season. During 2018, crews visited over 5,000 vacant properties 5 times each for the purposes of mowing, brush removal and trash removal. The reduced number of mowing rounds from previous years is attributable to weather conditions.

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.

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 cut dramatically 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 were also 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.

As part of the 2018-2019 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 2018 were \$6.5 million.

The General Assembly is currently considering the 2020-2021 biennial budget. The governor has proposed and the House Finance Committee is considering a 9.1% and 1.8% increase to the Local Government Fund in each of the next two state fiscal years.

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.

Total 2018 tax revenue from winnings at the Dayton Casino were \$3.2 million. This is an increase of \$78,600 or 2.5% over 2017.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

Other Sources

Given reductions in reimbursements, less than inflationary growth in other revenues, and higher wage, benefit and healthcare costs, it was necessary to balance the 2019 budget with a planned \$1.5 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 in 2015 and 2016, climbing to their recent peak in 2017 with 1,222 employees. In 2018, total general fund staffing dropped by 24 positions to 1,198. This decrease was driven largely by the movement of 15 positions to a grant fund with approximately half the costs being borne by a transfer from the general fund. 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. Overall, 2018 Personnel costs in the general fund were \$2.9 million, or 2.5%, higher in 2018. Cost drivers were wage increases and a higher withholding rate for health insurance effective as of August, offset by grant funding and a lower overall position count.

Next Year's Budget and Rates

The unassigned general fund balance is expected to meet or exceed the policy parameter of between 10% and 20% of general fund revenues. Additionally, the cash reserve is expected to be well above the minimum policy threshold of 6 weeks of operating reserves.

In 2018, \$4.4 million was added to the cash reserve in advance of an economic downturn.

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, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments.	\$ 139,582,791	\$ 197,058,034	\$ 336,640,825
Cash with fiscal and escrow agents.	675	6,191	6,866
Receivables:			
Property and other local taxes	19,332,701	-	19,332,701
Municipal income taxes.	17,826,158	-	17,826,158
Accounts.	5,397,765	17,564,493	22,962,258
Payments in lieu of taxes.	1,628,390	-	1,628,390
Special assessments	6,247,216	1,384,538	7,631,754
Accrued interest.	503,927	420,697	924,624
Due from other governments.	14,409,069	2,057,407	16,466,476
Loans receivable.	20,453,988	960,474	21,414,462
Internal balance	(528,015)	528,015	-
Materials and supplies inventory.	1,341,725	1,826,323	3,168,048
Prepayments	844,469	506,324	1,350,793
Inventory held for resale.	511,218	-	511,218
Restricted assets:			
Equity in pooled cash and investments.	-	1,195,435	1,195,435
Investments with fiscal and escrow agents.	85	10,004,050	10,004,135
Net pension asset.	440,036	352,469	792,505
Capital assets:			
Land and construction in progress.	73,308,267	94,602,584	167,910,851
Depreciable capital assets, net.	376,935,091	497,771,525	874,706,616
Total capital assets, net.	450,243,358	592,374,109	1,042,617,467
Total assets	678,235,556	826,238,559	1,504,474,115
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	1,009,485	1,373,915	2,383,400
Pension and OPEB.	45,193,184	15,752,128	60,945,312
Total deferred outflows of resources	46,202,669	17,126,043	63,328,712

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION (continued)
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 1,193,020	\$ 2,486,266	\$ 3,679,286
Contracts payable	5,808,174	7,472,155	13,280,329
Retainage payable	1,835,279	2,596,426	4,431,705
Accrued wages and benefits payable	4,188,720	1,724,223	5,912,943
Due to other governments	3,470,399	1,908,217	5,378,616
Accrued interest payable	205,045	568,816	773,861
Payable from restricted assets:			
Utility deposits	-	160,134	160,134
Long-term liabilities:			
Due within one year	19,915,942	10,698,402	30,614,344
Due in more than one year	74,306,468	157,593,484	231,899,952
Net pension liability	178,321,849	44,936,163	223,258,012
Net OPEB liability	152,986,812	32,165,279	185,152,091
	<u>442,231,708</u>	<u>262,309,565</u>	<u>704,541,273</u>
Total liabilities			
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	13,054,841	-	13,054,841
Pension and OPEB	22,837,910	12,449,713	35,287,623
Payments in lieu of taxes levied for the next fiscal year	1,628,390	-	1,628,390
	<u>37,521,141</u>	<u>12,449,713</u>	<u>49,970,854</u>
Total deferred inflows of resources			
Net position:			
Net investment in capital assets	395,757,572	462,984,698	858,742,270
Restricted for:			
Permanent fund:			
Expendable	80,309	-	80,309
Nonexpendable	102,228	-	102,228
Capital projects	713,484	-	713,484
Debt service	30,188,818	11,039,351	41,228,169
Housing and urban development	1,306,618	-	1,306,618
Special projects	5,379,625	-	5,379,625
Street and highway projects	1,007,044	-	1,007,044
Unrestricted (deficit)	<u>(189,850,322)</u>	<u>94,581,275</u>	<u>(95,269,047)</u>
Total net position	<u>\$ 244,685,376</u>	<u>\$ 568,605,324</u>	<u>\$ 813,290,700</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Downtown	\$ 3,248,268	\$ 425,925	\$ -	\$ -
Youth, education and human services.	3,619	7,987	-	-
Community development and neighborhoods.	25,798,079	2,299,222	7,567,515	-
Economic development	10,043,435	1,706,782	511,828	-
Leadership and quality of life	50,250,202	7,571,863	6,817,110	6,064,308
Corporate responsibility.	19,535,052	2,739,745	112,841	-
Public safety and justice.	124,347,547	20,355,926	2,501,920	-
Interest and fiscal charges.	2,860,206	-	-	-
Total governmental activities	<u>236,086,408</u>	<u>35,107,450</u>	<u>17,511,214</u>	<u>6,064,308</u>
Business-type activities:				
Dayton International Airport.	68,544,041	23,842,686	-	13,539,838
Water.	55,222,198	51,561,435	-	218,242
Sewer.	33,486,248	32,627,154	-	-
Other business-type activities:				
Storm Water.	7,633,423	7,781,552	-	-
Golf.	3,192,165	2,733,253	-	-
Total business-type activities	<u>168,078,075</u>	<u>118,546,080</u>	<u>-</u>	<u>13,758,080</u>
Total primary government	<u>\$ 404,164,483</u>	<u>\$ 153,653,530</u>	<u>\$ 17,511,214</u>	<u>\$ 19,822,388</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
\$ (2,822,343)	\$ -	\$ (2,822,343)
4,368	-	4,368
(15,931,342)	-	(15,931,342)
(7,824,825)	-	(7,824,825)
(29,796,921)	-	(29,796,921)
(16,682,466)	-	(16,682,466)
(101,489,701)	-	(101,489,701)
(2,860,206)	-	(2,860,206)
<u>(177,403,436)</u>	<u>-</u>	<u>(177,403,436)</u>
-	(31,161,517)	(31,161,517)
-	(3,442,521)	(3,442,521)
-	(859,094)	(859,094)
-	148,129	148,129
-	(458,912)	(458,912)
-	<u>(35,773,915)</u>	<u>(35,773,915)</u>
<u>(177,403,436)</u>	<u>(35,773,915)</u>	<u>(213,177,351)</u>
5,790,130	-	5,790,130
6,318,548	-	6,318,548
128,707,187	-	128,707,187
1,816,290	-	1,816,290
12,253,756	-	12,253,756
3,247,089	2,979,857	6,226,946
4,916,381	14,653,243	19,569,624
<u>163,049,381</u>	<u>17,633,100</u>	<u>180,682,481</u>
<u>(641,200)</u>	<u>641,200</u>	<u>-</u>
<u>162,408,181</u>	<u>18,274,300</u>	<u>180,682,481</u>
(14,995,255)	(17,499,615)	(32,494,870)
<u>259,680,631</u>	<u>586,104,939</u>	<u>845,785,570</u>
<u>\$ 244,685,376</u>	<u>\$ 568,605,324</u>	<u>\$ 813,290,700</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Assets:			
Equity in pooled cash and investments.	\$ 58,120,926	\$ 14,390,275	\$ 26,343,046
Investments with fiscal and escrow agents.	675	-	-
Receivables:			
Property and other local taxes.	8,725,100	10,607,601	-
Municipal income taxes.	17,826,158	-	-
Accounts.	5,226,331	28,125	647
Payments in lieu of taxes.	-	-	1,628,390
Special assessments.	502,321	23,645	-
Accrued interest.	444,874	-	-
Due from other funds.	1,267	-	-
Due from other governments.	5,475,866	171,152	2,874,443
Loans receivable.	2,506,782	12,705,000	2,215,184
Advances to other funds.	720,000	91,742	-
Materials and supplies inventory.	47,011	-	53,203
Prepayments.	781,288	-	44,461
Restricted assets:			
Investments with fiscal and escrow agents.	-	-	85
Total assets.	<u>\$ 100,378,599</u>	<u>\$ 38,017,540</u>	<u>\$ 33,159,459</u>
Liabilities:			
Accounts payable.	\$ 597,824	\$ -	\$ 289,285
Contracts payable.	3,577,660	-	1,378,146
Accrued wages and benefits payable.	3,770,680	-	15,517
Retainage payable.	32,580	-	1,688,269
Compensated absences payable.	1,302	-	-
Interfund loans payable.	-	-	-
Due to other funds.	113,483	-	935
Due to other governments.	3,235,855	-	85,072
Claims and judgments payable.	1,672,431	-	-
Claimants payable.	30,397	-	-
Total liabilities.	<u>13,032,212</u>	<u>-</u>	<u>3,457,224</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	5,874,737	7,180,104	-
Delinquent property tax revenue not available.	2,804,316	3,427,497	-
Accrued interest not available.	239,731	-	-
Special assessments revenue not available.	502,321	23,645	-
Miscellaneous revenue not available.	2,036,792	27,396	607
Income tax revenue not available.	6,670,509	-	-
Intergovernmental revenue not available.	3,107,100	171,152	2,091,279
Payments in lieu of taxes levied for the next fiscal year.	-	-	1,628,390
Total deferred inflows of resources.	<u>21,235,506</u>	<u>10,829,794</u>	<u>3,720,276</u>
Fund balances:			
Nonspendable.	4,117,426	-	97,664
Restricted.	-	26,744,173	7,714,094
Committed.	1,586,680	443,573	9,701,058
Assigned.	13,181,363	-	8,469,143
Unassigned.	47,225,412	-	-
Total fund balances.	<u>66,110,881</u>	<u>27,187,746</u>	<u>25,981,959</u>
Total liabilities, deferred inflows and fund balances.	<u>\$ 100,378,599</u>	<u>\$ 38,017,540</u>	<u>\$ 33,159,459</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 9,561,408	\$ 108,415,655
-	675
-	19,332,701
-	17,826,158
135,617	5,390,720
-	1,628,390
5,721,250	6,247,216
2,423	447,297
65,330	66,597
5,878,580	14,400,041
3,027,022	20,453,988
-	811,742
1,241,511	1,341,725
-	825,749
-	85
<u>\$ 25,633,141</u>	<u>\$ 197,188,739</u>
\$ 164,695	\$ 1,051,804
796,479	5,752,285
255,401	4,041,598
114,430	1,835,279
1,951	3,253
720,000	720,000
27,947	142,365
104,905	3,425,832
-	1,672,431
-	30,397
<u>2,185,808</u>	<u>18,675,244</u>
-	13,054,841
-	6,231,813
1,305	241,036
5,721,250	6,247,216
80,758	2,145,553
-	6,670,509
4,634,249	10,003,780
-	1,628,390
<u>10,437,562</u>	<u>46,223,138</u>
1,343,739	5,558,829
11,666,032	46,124,299
-	11,731,311
-	21,650,506
-	47,225,412
<u>13,009,771</u>	<u>132,290,357</u>
<u>\$ 25,633,141</u>	<u>\$ 197,188,739</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Total governmental fund balances		\$ 132,290,357
<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.		449,348,601
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	\$ 10,019,767	
Municipal income taxes receivable	6,670,509	
Accounts receivable	2,296,656	
Special assessments receivable	6,247,216	
Accrued interest receivable	241,036	
Due from other governments	6,064,723	
Total		31,539,907
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 \$711,351 are:		19,206,233
4. In the statement of net position interest is accrued on bonds, whereas in governmental funds, interest is accrued when due.		(205,045)
5. Unamortized deferred amounts on refundings are not recognized in the governmental funds.		1,009,485
6. Unamortized premiums on bond issuances are not recognized in the governmental funds.		(5,530,957)
7. The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds		405,385
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.		(162,953,005)
9. The net OPEB 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.		(139,427,916)
10. 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	(39,935,000)	
Revenue bonds	(23,245,000)	
State Infrastructure Bank Loan	(2,374,531)	
State Infrastructure Bank Bonds	(3,165,000)	
Compensated absences	(9,426,356)	
OPWC loans	(942,441)	
ODOD Loan	(1,909,341)	
Total		(80,997,669)
Net position of governmental activities		\$ 244,685,376

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, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Revenues:			
Municipal income taxes	\$ 128,430,901	\$ -	\$ -
Property and other taxes.	5,554,337	6,423,667	321,800
State shared taxes.	7,422,765	-	-
Charges for services.	25,217,066	-	70,600
Licenses and permits	2,898,209	-	-
Fines and forfeitures	3,438,162	-	-
Intergovernmental.	3,966,304	969,475	6,065,409
Special assessments	746,170	24,562	-
Investment income.	2,894,311	16,073	15,687
Payments in lieu of taxes.	-	-	1,816,290
Increase in fair value of investments.	58,275	-	-
Other	4,928,904	49,717	685,009
Total revenues	<u>185,555,404</u>	<u>7,483,494</u>	<u>8,974,795</u>
Expenditures:			
Current:			
Downtown	2,733,701	-	-
Youth, education and human services.	51,264	-	-
Community development and neighborhoods.	12,911,414	-	868,350
Economic development	6,747,640	-	1,614,627
Leadership and quality of life	27,229,971	-	2,818,533
Corporate responsibility.	17,412,726	171,163	187,486
Public safety and justice.	101,878,489	-	-
Capital outlay	-	-	19,169,413
Debt service:			
Bond issuance costs	-	191,897	-
Principal retirement.	-	7,376,277	225,000
Interest and fiscal charges	-	2,831,087	9,306
Total expenditures	<u>168,965,205</u>	<u>10,570,424</u>	<u>24,892,715</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>16,590,199</u>	<u>(3,086,930)</u>	<u>(15,917,920)</u>
Other financing sources (uses):			
Bond issuance.	-	1,153,000	13,252,000
Payment to refunded bond escrow agent	-	(1,211,639)	-
Transfers in	-	1,062,640	9,434,400
Transfers (out).	(12,744,345)	-	(268,500)
Premium on bond issuance	-	606,784	-
Total other financing sources (uses)	<u>(12,744,345)</u>	<u>1,610,785</u>	<u>22,417,900</u>
Net change in fund balances	3,845,854	(1,476,145)	6,499,980
Fund balances at beginning of year.	<u>62,265,027</u>	<u>28,663,891</u>	<u>19,481,979</u>
Fund balances at end of year	<u>\$ 66,110,881</u>	<u>\$ 27,187,746</u>	<u>\$ 25,981,959</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 128,430,901
-	12,299,804
5,620,920	13,043,685
1,471,725	26,759,391
62,054	2,960,263
231,222	3,669,384
9,503,084	20,504,272
2,662,685	3,433,417
17,063	2,943,134
-	1,816,290
1,336	59,611
2,047,603	7,711,233
<u>21,617,692</u>	<u>223,631,385</u>
-	2,733,701
-	51,264
10,372,625	24,152,389
700,831	9,063,098
9,783,855	39,832,359
152,850	17,924,225
3,818,381	105,696,870
-	19,169,413
-	191,897
-	7,601,277
-	2,840,393
<u>24,828,542</u>	<u>229,256,886</u>
<u>(3,210,850)</u>	<u>(5,625,501)</u>
-	14,405,000
-	(1,211,639)
1,994,845	12,491,885
-	(13,012,845)
-	606,784
<u>1,994,845</u>	<u>13,279,185</u>
(1,216,005)	7,653,684
14,225,776	124,636,673
<u>\$ 13,009,771</u>	<u>\$ 132,290,357</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, 2018

Net change in fund balances - total governmental funds	\$	7,653,684
<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 (\$21,241,007) exceeded depreciation expense (\$16,284,037) in the current period (exclusive of internal service fund activity).		4,956,970
2. The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net position.		(151,817)
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	\$ 276,286	
Property and other local taxes	(278,104)	
Charges for services	(1,990,012)	
Intergovernmental	2,337,471	
Special assessments	(2,448,959)	
Investment income	25,664	
Total	25,664	(2,077,654)
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	7,160,000	
Loan principal payments	441,277	
Total	7,601,277	7,601,277
5. Issuance of bonds are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net position.		(14,405,000)
6. Payment to refunded bond escrow agent for the retirement of bonds is an other use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:		
Bonds refunded	1,185,000	
Deferred charges on refundings	26,639	
Total	1,211,639	1,211,639
7. Premiums and discounts on bonds and notes are amortized over the life of the issuance in the statement of activities.		(606,784)
8. 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:		
Increase in accrued interest payable	(42,141)	
Amortization of bond premiums and discounts	396,054	
Amortization of deferred charges on refundings	(181,828)	
Total	(181,828)	172,085
9. 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.		73,476
10. Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	15,646,559	
OPEB	298,003	
Total	15,944,562	15,944,562
11. Except for amounts reported as deferred inflows/outflows, changes in the net pension liability pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(24,940,129)	
OPEB	(12,185,839)	
Total	(37,125,968)	(37,125,968)
12. 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 \$534,564, is allocated among governmental activities.		1,758,275
Change in net position of governmental activities	\$	(14,995,255)

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, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 123,535,500	\$ 127,819,900	\$ 129,988,860	\$ 2,168,960
Property and other taxes	6,189,300	6,189,300	6,240,742	51,442
State shared taxes	6,456,600	6,456,600	6,694,322	237,722
Charges for services	26,427,100	24,733,800	24,394,052	(339,748)
Licenses and permits	1,874,300	2,676,600	2,898,209	221,609
Fines and forfeitures	2,007,600	3,607,600	2,941,414	(666,186)
Intergovernmental	3,911,900	3,911,900	3,941,946	30,046
Special assessments	947,700	912,100	746,170	(165,930)
Investment income	2,840,500	2,337,700	2,832,782	495,082
Other	2,646,200	4,336,800	4,666,682	329,882
Total revenues	<u>176,836,700</u>	<u>182,982,300</u>	<u>185,345,179</u>	<u>2,362,879</u>
Expenditures:				
Current:				
Downtown	3,116,400	3,053,900	2,919,192	134,708
Youth, education and human services	-	-	51,259	(51,259)
Community development and neighborhoods	13,520,400	14,686,000	14,389,337	296,663
Economic development	9,577,500	9,844,500	9,194,206	650,294
Leadership and quality of life	24,699,920	24,307,420	23,561,258	746,162
Corporate responsibility	16,969,380	16,917,480	16,221,560	695,920
Public safety and justice	101,957,800	103,777,400	101,513,254	2,264,146
Other	5,635,400	5,120,400	5,334,362	(213,962)
Total expenditures	<u>175,476,800</u>	<u>177,707,100</u>	<u>173,184,428</u>	<u>4,522,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,359,900</u>	<u>5,275,200</u>	<u>12,160,751</u>	<u>6,885,551</u>
Other financing uses:				
Transfers (out)	<u>(6,340,400)</u>	<u>(12,828,500)</u>	<u>(12,744,345)</u>	<u>84,155</u>
Total other financing uses	<u>(6,340,400)</u>	<u>(12,828,500)</u>	<u>(12,744,345)</u>	<u>84,155</u>
Net change in fund balances	(4,980,500)	(7,553,300)	(583,594)	6,969,706
Fund balance at beginning of year (restated)	64,481,017	64,481,017	64,481,017	-
Prior year encumbrances appropriated	6,513,056	6,513,056	6,513,056	-
Balance sheet adjustments	<u>(6,171,575)</u>	<u>(6,171,575)</u>	<u>(6,171,575)</u>	<u>-</u>
Fund balance at end of year	<u>\$ 59,841,998</u>	<u>\$ 57,269,198</u>	<u>\$ 64,238,904</u>	<u>\$ 6,969,706</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 54,451,046	\$ 79,221,670	\$ 46,331,941	\$ 17,053,377
Cash with fiscal and escrow agents	-	-	-	6,191
Receivables:				
Accounts	4,032,032	7,155,247	4,784,578	1,592,636
Special assessments	-	547,569	246,871	590,098
Accrued interest	112,991	162,618	102,907	42,181
Due from other funds	-	4,702,169	-	-
Due from other governments	1,650,720	406,687	-	-
Loans receivable	-	960,474	-	-
Materials and supplies inventory	33,512	1,792,811	-	-
Inventory held for resale	-	-	-	-
Prepayments	148,159	275,827	80,715	1,623
Total current assets	60,428,460	95,225,072	51,547,012	19,286,106
Noncurrent assets:				
Net pension asset	77,645	162,888	78,391	33,545
Capital assets:				
Land and construction in progress	68,247,093	12,987,088	12,219,158	1,149,245
Depreciable capital assets, net	224,661,070	150,893,205	105,347,901	16,869,349
Total capital assets, net	292,908,163	163,880,293	117,567,059	18,018,594
Restricted assets:				
Equity in pooled cash and investments	1,035,301	160,134	-	-
Investments with fiscal and escrow agents	6,510,546	2,334,773	1,158,731	-
Total restricted assets	7,545,847	2,494,907	1,158,731	-
Total noncurrent assets	300,531,655	166,538,088	118,804,181	18,052,139
Total assets	360,960,115	261,763,160	170,351,193	37,338,245
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	1,373,915	-	-	-
Pension	3,401,273	5,143,507	2,395,319	1,092,005
OPEB	1,337,897	1,427,452	636,319	318,356
Total deferred outflows of resources	6,113,085	6,570,959	3,031,638	1,410,361
Total assets and deferred outflows of resources	367,073,200	268,334,119	173,382,831	38,748,606

Business-type Activities Enterprise Funds Total		Governmental Activities - Internal Service Funds	
\$	197,058,034	\$	31,167,136
	6,191		-
	17,564,493		7,045
	1,384,538		-
	420,697		56,630
	4,702,169		173,413
	2,057,407		9,028
	960,474		-
	1,826,323		-
	-		511,218
	506,324		18,720
	<u>226,486,650</u>		<u>31,943,190</u>
	352,469		34,651
	94,602,584		75,000
	497,771,525		819,757
	<u>592,374,109</u>		<u>894,757</u>
	1,195,435		-
	10,004,050		-
	<u>11,199,485</u>		<u>-</u>
	603,926,063		929,408
	<u>830,412,713</u>		<u>32,872,598</u>
	1,373,915		-
	12,032,104		1,390,381
	3,720,024		535,689
	<u>17,126,043</u>		<u>1,926,070</u>
	<u>847,538,756</u>		<u>34,798,668</u>

- - Continued

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
DECEMBER 31, 2018

Business-type Activities - Enterprise Funds

	Dayton			Nonmajor Enterprise Funds
	International Airport	Water	Sewer	
Liabilities:				
Current liabilities:				
Accounts payable	265,338	1,401,886	686,302	132,740
Contracts payable	3,380,318	1,791,303	2,259,334	41,200
Retainage payable	1,842,729	309,656	436,123	7,918
Accrued wages and benefits payable	452,605	753,742	356,919	160,957
Due to other funds	56,532	28,898	3,920,398	793,600
Due to other governments	907,321	481,305	461,389	58,202
Accrued interest payable	280,741	149,632	138,443	-
Compensated absences payable - current	574,945	1,121,336	503,213	229,072
Advances from other funds	-	-	-	91,742
General obligation bonds payable	590,000	1,050,000	780,000	-
Revenue bonds payable	2,885,000	1,140,000	635,000	-
OWDA loans payable	-	-	931,950	-
OPWC loans payable	-	-	50,000	-
Other loans payable	207,886	-	-	-
Claims and judgments payable	-	-	-	-
Payable from restricted assets:				
Utility deposits	-	160,134	-	-
Total current liabilities	11,443,415	8,387,892	11,159,071	1,515,431
Long-term liabilities:				
Compensated absences payable	315,966	616,240	276,545	125,888
General obligation bonds payable	7,545,014	14,590,000	9,735,000	-
Revenue bonds payable	72,625,466	29,999,407	13,919,464	-
OWDA loans payable	-	-	3,338,638	-
OPWC loans payable	-	-	50,000	-
Other loans payable	4,455,856	-	-	-
Net OPEB liability	10,726,815	12,706,544	6,115,093	2,616,827
Net pension liability	13,843,157	18,428,776	8,868,948	3,795,282
Claims and judgments payable	-	-	-	-
Total long-term liabilities	109,512,274	76,340,967	42,303,688	6,537,997
Total liabilities	120,955,689	84,728,859	53,462,759	8,053,428
Deferred inflows of resources:				
OPEB	505,490	946,553	455,534	194,936
Pension	2,735,795	4,450,774	2,235,210	925,421
Total deferred inflows of resources	3,241,285	5,397,327	2,690,744	1,120,357
Total liabilities and deferred inflows of resources.	124,196,974	90,126,186	56,153,503	9,173,785
Net position:				
Net investment in capital assets	211,838,275	135,618,112	97,551,001	17,977,310
Restricted for debt service	7,545,847	2,334,773	1,158,731	-
Unrestricted	23,492,104	40,255,048	18,519,596	11,597,511
Total net position	\$ 242,876,226	\$ 178,207,933	\$ 117,229,328	\$ 29,574,821

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
2,486,266	141,215
7,472,155	48,433
2,596,426	-
1,724,223	154,578
4,799,428	386
1,908,217	44,567
568,816	-
2,428,566	220,078
91,742	-
2,420,000	-
4,660,000	-
931,950	-
50,000	-
207,886	-
-	4,094,477
<u>160,134</u>	<u>-</u>
<u>32,505,809</u>	<u>4,703,734</u>
1,334,639	120,943
31,870,014	-
116,544,337	-
3,338,638	-
50,000	-
4,455,856	-
32,165,279	2,988,930
44,936,163	4,230,026
-	1,552,205
<u>234,694,926</u>	<u>8,892,104</u>
<u>267,200,735</u>	<u>13,595,838</u>
2,102,513	229,637
10,347,200	1,049,944
12,449,713	1,279,581
<u>279,650,448</u>	<u>14,875,419</u>
462,984,698	894,757
11,039,351	-
93,864,259	19,028,492
567,888,308	<u>\$ 19,923,249</u>
<u>717,016</u>	
<u>\$ 568,605,324</u>	

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			Nonmajor Enterprise Funds
	Dayton International Airport	Water	Sewer	
Operating revenues:				
Charges for services	\$ 23,842,686	\$ 51,561,435	\$ 32,627,154	\$ 10,514,805
Other operating revenues	9,422,363	4,541,794	610,840	78,246
Total operating revenues.	<u>33,265,049</u>	<u>56,103,229</u>	<u>33,237,994</u>	<u>10,593,051</u>
Operating expenses:				
Personal services	9,872,485	17,000,961	8,119,381	3,491,865
Fringe benefits.	6,195,347	10,426,625	4,794,635	2,158,593
Contract services.	7,860,340	5,384,973	7,832,249	2,043,328
Materials and supplies.	1,001,183	5,198,162	2,811,221	429,031
Cost of sales.	-	-	-	-
Utilities	1,899,974	5,274,846	2,542,903	182,953
Claims expense	-	-	-	-
Depreciation.	29,776,058	8,120,178	5,706,983	1,789,643
Other	2,666,313	2,574,054	647,520	610,666
Total operating expenses.	<u>59,271,700</u>	<u>53,979,799</u>	<u>32,454,892</u>	<u>10,706,079</u>
Operating income (loss)	<u>(26,006,651)</u>	<u>2,123,430</u>	<u>783,102</u>	<u>(113,028)</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(3,425,000)	(1,145,654)	(1,138,409)	(16,073)
Loss on sale of capital assets.	(5,989,836)	(112,325)	(7,376)	(156,503)
Bond issuance costs	-	(218,658)	-	-
Interest income.	1,168,470	879,540	642,381	173,287
Increase in fair value of investments.	57,357	42,535	15,872	415
Total nonoperating revenues (expenses).	<u>(8,189,009)</u>	<u>(554,562)</u>	<u>(487,532)</u>	<u>1,126</u>
Income (loss) before contributions and transfers	(34,195,660)	1,568,868	295,570	(111,902)
Transfer in	-	-	-	641,200
Transfer out	-	-	-	-
Capital contributions.	13,539,838	218,242	-	-
Change in net position	(20,655,822)	1,787,110	295,570	529,298
Net position at beginning of year (restated).	<u>263,532,048</u>	<u>176,420,823</u>	<u>116,933,758</u>	<u>29,045,523</u>
Net position at end of year	<u>\$ 242,876,226</u>	<u>\$ 178,207,933</u>	<u>\$ 117,229,328</u>	<u>\$ 29,574,821</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
\$ 118,546,080	\$ 40,566,188
14,653,243	459,446
<u>133,199,323</u>	<u>41,025,634</u>
38,484,692	3,714,293
23,575,200	2,269,312
23,120,890	1,237,391
9,439,597	250,562
-	4,564,579
9,900,676	20,285
-	26,489,533
45,392,862	114,064
6,498,553	108,224
<u>156,412,470</u>	<u>38,768,243</u>
(23,213,147)	2,257,391
(5,725,136)	-
(6,266,040)	(70,888)
(218,658)	-
2,863,678	230,772
116,179	5,469
<u>(9,229,977)</u>	<u>165,353</u>
(32,443,124)	2,422,744
641,200	-
-	(120,240)
<u>13,758,080</u>	<u>-</u>
(18,043,844)	2,302,504
	<u>17,620,745</u>
	<u>\$ 19,923,249</u>
<u>544,229</u>	
<u>\$ (17,499,615)</u>	

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Cash flows from operating activities:				
Cash received from customers.	\$ 24,571,699	\$ 51,110,892	\$ 33,057,883	\$ 10,462,533
Cash received from interfund services provided.		-	-	-
Cash received from other operations	8,881,176	3,753,614	610,840	78,246
Cash payments for personal services.	(9,821,139)	(16,919,631)	(8,081,909)	(3,473,116)
Cash payments for fringe benefits.	(4,026,104)	(6,881,201)	(3,223,011)	(1,407,818)
Cash payments for contractual services	(8,890,887)	(5,727,642)	(7,349,946)	(1,994,747)
Cash payments for materials and supplies	(1,020,626)	(5,167,317)	(2,656,658)	(431,336)
Cash payments for cost of goods sold.	-	-	-	-
Cash payments for utilities.	(1,881,190)	(5,316,968)	(2,545,972)	(174,453)
Cash payments for claims	-	-	-	-
Cash payments for other expenses	(2,630,819)	(2,582,695)	(664,687)	(605,980)
Net cash provided by operating activities.	<u>5,182,110</u>	<u>12,269,052</u>	<u>9,146,540</u>	<u>2,453,329</u>
Cash flows from noncapital financing activities:				
Cash received from loans to external party.	-	254,384	-	-
Cash payments for loans to external party.	-	(110,122)	-	-
Cash received from transfers in	-	-	-	641,200
Cash used in transfers out	-	-	-	-
Interest paid on interfund loans.	-	-	-	(16,073)
Cash used in repayment of interfund loans.	-	-	-	(265,433)
Net cash provided by (used in) noncapital financing activities.	<u>-</u>	<u>144,262</u>	<u>-</u>	<u>359,694</u>
Cash flows from capital and related financing activities:				
Capital contributions.	12,463,304	-	-	-
Cash received from the sale of capital assets.	1,532,694	-	-	-
Acquisition of capital assets	(32,887,530)	(17,452,438)	(8,215,907)	(948,691)
Principal paid on loans.	(203,266)	-	(947,134)	-
Interest paid on loans.	(95,485)	-	(148,368)	-
Principal paid on bonds.	(3,150,000)	(1,600,000)	(1,355,000)	-
Interest paid on bonds.	(3,410,477)	(1,126,522)	(941,921)	-
Bond issuance costs.	-	(218,658)	-	-
Premium on bonds.	-	788,658	-	-
Bond proceeds.	-	16,430,000	-	-
Net cash used in capital and related financing activities.	<u>(25,750,760)</u>	<u>(3,178,960)</u>	<u>(11,608,330)</u>	<u>(948,691)</u>
Cash flows from investing activities:				
Interest received and fair value adjustment	1,227,010	917,176	555,346	166,127
Net cash provided by investing activities	<u>1,227,010</u>	<u>917,176</u>	<u>555,346</u>	<u>166,127</u>
Net increase (decrease) in cash and investments.	(19,341,640)	10,151,530	(1,906,444)	2,030,459
Cash and investments at beginning of year.	<u>81,338,533</u>	<u>71,565,047</u>	<u>49,397,116</u>	<u>15,029,109</u>
Cash and investments at end of year.	<u>\$ 61,996,893</u>	<u>\$ 81,716,577</u>	<u>\$ 47,490,672</u>	<u>\$ 17,059,568</u>

Business-type Activities Enterprise Funds Total		Governmental Activities - Internal Service Funds	
\$	119,203,007	\$	-
	-		40,453,164
	13,323,876		459,446
	(38,295,795)		(3,724,560)
	(15,538,134)		(1,489,273)
	(23,963,222)		(1,277,504)
	(9,275,937)		(232,214)
	-		(4,472,245)
	(9,918,583)		(21,811)
	-		(26,924,635)
	(6,484,181)		(114,922)
	<u>29,051,031</u>		<u>2,655,446</u>
	254,384		-
	(110,122)		-
	641,200		-
	-		(120,240)
	(16,073)		-
	(265,433)		-
	<u>503,956</u>		<u>(120,240)</u>
	12,463,304		-
	1,532,694		-
	(59,504,566)		(49,264)
	(1,150,400)		-
	(243,853)		-
	(6,105,000)		-
	(5,478,920)		-
	(218,658)		-
	788,658		-
	16,430,000		-
	<u>(41,486,741)</u>		<u>(49,264)</u>
	<u>2,865,659</u>		<u>227,946</u>
	<u>2,865,659</u>		<u>227,946</u>
	(9,066,095)		2,713,888
	217,329,805		28,453,248
\$	<u>208,263,710</u>	\$	<u>31,167,136</u>

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**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	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)	\$ (26,006,651)	\$ 2,123,430	\$ 783,102	\$ (113,028)
Adjustments:				
Depreciation.	29,776,058	8,120,178	5,706,983	1,789,643
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable.	222,131	(635,713)	270,096	(85,017)
Increase in net pension asset.	(49,702)	(103,171)	(49,242)	(21,423)
Decrease in deferred outflows - pension.	2,090,297	4,756,946	2,438,241	917,814
Increase in deferred outflows - OPEB	(1,247,911)	(1,253,886)	(551,621)	(283,174)
Decrease (increase) in due from other funds.	-	(479,948)	-	-
Decrease (increase) in due from other governments.	(34,305)	(116,924)	-	-
Decrease (increase) in prepayments.	(102,627)	18,336	(80,715)	(1,623)
Decrease (increase) in special assessments receivable.	-	(16,168)	160,633	32,745
Decrease (increase) in materials and supplies inventory.	8,119	(117,058)	-	-
Increase in inventory held for resale.	-	-	-	-
Increase (decrease) in accounts payable.	(154,000)	(1,424,598)	(407,725)	84,672
Increase (decrease) in contracts payable	(1,862,921)	1,371,194	661,618	(50,563)
Increase (decrease) in retainage payable	982,483	(319,829)	(83,514)	(33,029)
Increase in accrued wages and benefits.	39,601	96,777	54,864	39,289
Increase (decrease) in due to other funds.	55,264	24,275	431,587	58,305
Decrease in net pension liability.	(2,974,139)	(6,791,760)	(3,441,683)	(1,324,284)
Increase in net OPEB liability.	1,762,385	1,586,229	688,513	362,709
Increase (decrease) in deferred inflows - pension.	1,926,111	4,158,091	1,913,926	848,744
Increase (decrease) in deferred inflows - OPEB.	505,490	946,553	455,534	194,936
Increase (decrease) in due to other governments.	218,667	304,427	197,816	46,930
Increase (decrease) in compensated absences payable.	27,760	11,641	(1,873)	(10,317)
Increase in utility deposits.	-	10,030	-	-
Increase in claims payable.	-	-	-	-
Net cash provided by operating activities	<u>\$ 5,182,110</u>	<u>\$ 12,269,052</u>	<u>\$ 9,146,540</u>	<u>\$ 2,453,329</u>

Non-cash transactions:

During 2018, the Dayton International Airport received \$954,234 in capital grants, which were recognized as receivables in 2017. Receivables in the amount of \$2,030,768 and \$218,242 have been recorded for capital grants in 2018 for the Dayton International Airport and the Water fund, respectively.

At December 31, 2018, the Water, Sewer, Dayton International Airport, Storm Water and Golf enterprise funds purchased \$1,855,567, \$2,259,897, \$4,887,124, \$105,670 and \$23,703, respectively, in capital assets on account. 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.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds
\$ (23,213,147)	\$ 2,257,391
45,392,862	114,064
(228,503)	(2,781)
(223,538)	(21,700)
10,203,298	799,371
(3,336,592)	(498,075)
(479,948)	(121,654)
(151,229)	11,411
(166,629)	(16,520)
177,210	-
(108,939)	-
-	36,254
(1,901,651)	40,875
119,328	29,173
546,111	-
230,531	27,729
569,431	(771)
(14,531,866)	(1,240,017)
4,399,836	578,972
8,846,872	883,585
2,102,513	229,637
767,840	(7,173)
27,211	(22,048)
10,030	-
-	(422,277)
<u>\$ 29,051,031</u>	<u>\$ 2,655,446</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Agency
Assets:	
Equity in pooled cash and investments.	\$ 7,266,573
Investments with fiscal agent	896,033
Cash and cash equivalents with fiscal agent	959,862
Receivables:	
Accounts	201,436
Special assessments.	9,634,776
Intergovernmental.	73,333
Total assets	\$ 19,032,013
Liabilities:	
Accounts payable	\$ 288,390
Intergovernmental payable.	2,438,152
Due to others.	12,963,394
Withholdings and deposits.	3,342,077
Total liabilities.	\$ 19,032,013

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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 \$35 for the operation of the Commission during 2018. 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 2018. 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 income 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 \$138,402 in revenues through the JEDD in 2018. Financial information can be obtained from Clay McCord, Treasurer, at 2700 Lyons Road, Miamisburg, Ohio 45342.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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 income 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 2018. Financial information can be obtained from Erika Vogel, Fiscal Officer, 3510 Sudachi Drive, Dayton, Ohio 45414.

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 2018. 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 2018. 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, 2018

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 2018, 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 \$56,611 for the operation of the MCOEM during 2018. 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 2018. 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 2107-18 school year.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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 \$3,599,629 to Preschool Promise during 2018. Financial information can be obtained from Robyn Lightcap, Executive Director, 4801 Springfield Street, Dayton, OH 45431. Robyn.Lightcap@preschoolpromise.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, 2018

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, 2018

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, 2018

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, 2018

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 Notes 17 and 18 for deferred outflows of resources related to the City's net pension liability and net OPEB liability, respectively. 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, 2018, but which were levied to finance 2019 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 Notes 17 and 18 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively. 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.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

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 2018.

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.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

G. Cash and Cash Equivalents

Cash balances of the City's funds, except cash and cash equivalents and investments held by fiscal 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 2018, 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, 2018. 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 2018, 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 \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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", "investment with fiscal agent" and "cash and cash equivalents with fiscal agent".

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 2018 was \$2,894,311 in the general fund, which includes \$1,951,404 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, 2018

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, 2018, 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, 2018

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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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, 2018

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, 2018

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/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans 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 fiscal year 2018, the City has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the City's postemployment benefit plan disclosures, as presented in Note 18 to the basic financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the City.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 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 implement GASB Statement No 75. The governmental activities and business-type activities at January 1, 2018 have been restated as follows:

	Governmental Activities	Internal Service Funds
Net position as previously reported	\$ 389,593,054	\$ 19,993,089
Deferred outflows - payments subsequent to measurement date	724,690	37,614
Net OPEB liability	<u>(130,637,113)</u>	<u>(2,409,958)</u>
Restated net position at January 1, 2018	<u>\$ 259,680,631</u>	<u>\$ 17,620,745</u>

	Business-Type Activities	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Net position as previously reported	\$ 613,486,950	\$ 272,406,492	\$ 187,367,572	\$ 122,275,640	\$ 31,264,459
Deferred outflows - payments subsequent to measurement date	383,432	89,986	173,566	84,698	35,182
Net OPEB liability	<u>(27,765,443)</u>	<u>(8,964,430)</u>	<u>(11,120,315)</u>	<u>(5,426,580)</u>	<u>(2,254,118)</u>
Restated net position at January 1, 2018	<u>\$ 586,104,939</u>	<u>\$ 263,532,048</u>	<u>\$ 176,420,823</u>	<u>\$ 116,933,758</u>	<u>\$ 29,045,523</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

C. Restatement of Budgetary Balance

The City restated the January 1, 2018 general fund budgetary balance from \$65,082,386 to \$64,481,017 to agree it to their accounting system.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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.

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 or other political subdivisions of the State of Ohio, including the City of Dayton;
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. Up to twenty-five percent of interim monies in either commercial paper or bankers acceptances with the highest short-term credit rating of at least two nationally recognized standard rating services

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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. Securities Lending Agreements with institutions having a signed securities lending agreement on file with the Director of Finance;
2. Corporate obligations rated at least “AA” or the equivalent, by a nationally recognized rating agency at the time of purchase.
3. Interest Bearing Demand Deposit Accounts, provided that such accounts are fully collateralized in excess of the FDIC maximum coverage.

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 \$46,375 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 and Escrow Agents

At year-end, the City had \$6,866 held by the Dayton Foundation.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Deposits with Financial Institutions

At December 31, 2018, the carrying amount of all City deposits was a deficit of \$1,268,474. As of December 31, 2018, \$7,024,172 of the City's bank balance of \$7,774,172 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's 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 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 2018, the City's financial institutions were approved for a reduced collateral rate 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.

D. Investments

As of December 31, 2018, 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
<i>Fair Value:</i>						
FFCB	\$ 38,017,229	\$ 4,328,362	\$ 6,935,500	\$ 2,951,100	\$ 3,571,540	\$ 20,230,727
FHLB	46,414,426	5,322,229	14,067,399	988,460	3,479,410	22,556,928
FHLMC	55,036,133	1,195,190	14,333,796	9,014,065	6,190,137	24,302,945
FNMA	73,543,064	6,973,800	22,700,880	12,307,474	16,396,745	15,164,165
U.S. Treasury Notes	17,877,180	1,498,560	-	2,959,440	6,811,533	6,607,647
Commercial Paper	27,125,940	21,017,257	6,108,683	-	-	-
City Owned Debt	765,000	-	-	-	-	765,000
U.S. Government						
Money Market	15,649,928	15,649,928	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>83,756,062</u>	<u>83,756,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 358,184,962</u>	<u>\$ 139,741,388</u>	<u>\$ 64,146,258</u>	<u>\$ 28,220,539</u>	<u>\$ 36,449,365</u>	<u>\$ 89,627,412</u>

The weighted average maturity of investments is 1.14 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).

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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, 2018:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FFCB	\$ 38,017,229	10.61
FHLB	46,414,426	12.96
FHLMC	55,036,133	15.37
FNMA	73,543,064	20.54
U.S. Treasury Notes	17,877,180	4.99
Commercial Paper	27,125,940	7.57
City Owned Debt	765,000	0.21
U.S. Government Money Market	15,649,928	4.37
<i>Amortized Cost:</i>		
STAR Ohio	<u>83,756,062</u>	<u>23.38</u>
Total	<u>\$ 358,184,962</u>	<u>100.00</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2018:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ (1,268,474)
Investments	358,184,962
Cash on hand	46,375
Cash with fiscal agent	<u>6,866</u>
Total	<u>\$ 356,969,729</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 139,583,551
Business type activities	208,263,710
Agency funds	<u>9,122,468</u>
Total	<u>\$ 356,969,729</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Due from/to other funds consisted of the following at December 31, 2018, 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	\$ -	\$ 694	\$ -	\$ 112,789	\$ 113,483
Capital Improvement	800	-	-	135	935
Nonmajor Governmental	265	-	-	27,682	27,947
Dayton International Airport	-	56,515	-	17	56,532
Water	168	6,387	-	22,343	28,898
Sewer	22	-	3,914,067	6,309	3,920,398
Nonmajor Enterprise	-	1,734	788,102	3,764	793,600
Internal Service	<u>12</u>	<u>-</u>	<u>-</u>	<u>374</u>	<u>386</u>
Due to total	<u>\$ 1,267</u>	<u>\$ 65,330</u>	<u>\$ 4,702,169</u>	<u>\$ 173,413</u>	<u>\$ 4,942,179</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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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, 2018, consisted of the following, as reported on the fund statements:

	Transfer to					
<u>Transfer from</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>	
General	\$ 942,400	\$ 9,434,400	\$ 1,994,845	\$ 372,700	\$ 12,744,345	
Capital Improvement	-	-	-	268,500	268,500	
Internal Service	<u>120,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,240</u>	
Total	<u>\$ 1,062,640</u>	<u>\$ 9,434,400</u>	<u>\$ 1,994,845</u>	<u>\$ 641,200</u>	<u>\$ 13,133,085</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 \$120,240 from the fire fleet internal service fund to the debt service fund for related debt payments. The City transferred \$268,500 in bond proceeds from the capital improvement fund to the golf fund (a nonmajor enterprise fund) for capital projects.

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, 2018, 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>\$ 91,742</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 \$2,574,400 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The City also has \$45,400 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, 2018, 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>\$ 720,000</u>

The general fund advanced \$720,000 to the HUD (nonmajor governmental fund) during 2018. This advance is expected to be repaid during 2019.

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.

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. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 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, 2018 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 2018 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2018 was \$10 per \$1,000 of assessed value. The assessed values of real and public utility property for tax year 2018 are as follows:

Real property

Residential/agricultural	\$ 898,185,150
Commercial/industrial	423,437,290

Public utility

Real	1,826,080
Personal	116,271,480
Total assessed value	<u>\$ 1,439,720,000</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, 2018 (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, 2018. The City income tax also applies to the net income of businesses located or doing business within the City. The residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100% of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City of Dayton at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City of Dayton administers the collection of income taxes and the assessment of interest and penalties. Income tax proceeds are to be used to pay the cost of administering the tax and are recorded in the general fund. Income tax revenue for 2018, as reported in the governmental fund financial statements on the modified accrual basis of accounting, was \$128,430,901.

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 \$1,816,290 in 2018 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 9 - TAX ABATEMENTS

As of December 31, 2018, 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.

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 11 parcels that have taxes abated through Ezone agreements and 324 parcels that have taxes abated through CRAs. During 2018, 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	\$ 195,430
Ezone	<u>41,856</u>
Total	<u>\$ 237,286</u>

NOTE 10 - RECEIVABLES

Receivables at December 31, 2018, 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, 2018, as well as intended to finance 2018 operations.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - RECEIVABLES - (Continued)

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

Governmental activities:

Property and other local taxes	\$ 19,332,701
Municipal income taxes	17,826,158
Accounts	5,397,765
Payments in lieu of taxes	1,628,390
Special assessments	6,247,216
Accrued interest	503,927
Loans	20,453,988
Due from other governments	14,409,069

Business-type activities:

Accounts	17,564,493
Special assessments	1,384,538
Accrued interest	420,697
Due from other governments	2,057,407
Loans	960,474

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, 2018, the amount owed to the City was \$21,000,341. 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 \$12,705,000 for this loan and considers \$8,295,341 uncollectible. However, the Port Authority remains liable for the entire balance of the loan, including the portion in default.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 11 - LOANS RECEIVABLE - (Continued)

B 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 \$541,293 in loan payments during 2018, forgave \$3,145,677 in loans and made \$110,122 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	\$ 2,287,923
Wellfield	960,474
Hawthorne School	681,584
Phoenix Redevelopment	2,272,699
Tech Town	1,930,000
Tech Town 2	550,000
Miami Valley Packing	26,782
Total	<u>\$ 8,709,462</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - CAPITAL ASSETS

A. Capital asset activity for the governmental activities for the year ended December 31, 2018 were as follows:

	<u>Balance</u> 12/31/17	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 12/31/18
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 51,464,353	\$ 986,635	\$ (33,000)	\$ 52,417,988
Construction in progress	8,852,899	11,814,657	(13,784,679)	6,882,877
Right-of-ways	<u>14,007,402</u>	<u>-</u>	<u>-</u>	<u>14,007,402</u>
Total capital assets, not being depreciated	<u>74,324,654</u>	<u>12,801,292</u>	<u>(13,817,679)</u>	<u>73,308,267</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	163,480,791	720,118	(898,756)	163,302,153
Improvements other than buildings	56,249,091	5,867,381	-	62,116,472
Equipment	19,144,676	1,206,206	(54,701)	20,296,181
Software	1,459,423	-	-	1,459,423
Motor vehicles	46,771,485	2,387,381	(3,238,034)	45,920,832
Infrastructure	<u>361,212,812</u>	<u>12,125,571</u>	<u>(88,848)</u>	<u>373,249,535</u>
Total capital assets, being depreciated	<u>648,318,278</u>	<u>22,306,657</u>	<u>(4,280,339)</u>	<u>666,344,596</u>
<i>Less: accumulated depreciation</i>				
Building improvements	(83,905,511)	(2,992,708)	898,756	(85,999,463)
Improvements other than buildings	(38,704,053)	(1,094,787)	-	(39,798,840)
Equipment	(14,972,401)	(1,728,034)	53,523	(16,646,912)
Software	(1,005,302)	(161,336)	-	(1,166,638)
Motor vehicles	(30,335,036)	(2,556,343)	3,017,027	(29,874,352)
Infrastructure	<u>(108,146,736)</u>	<u>(7,864,892)</u>	<u>88,328</u>	<u>(115,923,300)</u>
Total accumulated depreciation	<u>(277,069,039)</u>	<u>(16,398,100)</u>	<u>4,057,634</u>	<u>(289,409,505)</u>
Total capital assets being depreciated, net	<u>371,249,239</u>	<u>5,908,557</u>	<u>(222,705)</u>	<u>376,935,091</u>
Governmental activities capital assets, net	<u>\$ 445,573,893</u>	<u>\$ 18,709,849</u>	<u>\$ (14,040,384)</u>	<u>\$ 450,243,358</u>

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

<u>Governmental activities:</u>	
Downtown	\$ 402,845
Youth, education and human services	3,674
Community development and neighborhoods	639,211
Economic development	660,191
Leadership and quality of life	10,360,189
Corporate responsibility	748,905
Public safety and justice	<u>3,583,085</u>
Total depreciation expense - governmental activities	<u>\$ 16,398,100</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - CAPITAL ASSETS - (Continued)

B. Beginning balances were restated for an aircraft hanger project with an acquisition cost of \$8,540,503 and accumulated depreciation of \$341,620 that was reclassified to building improvements from improvements other than buildings. This did not effect the net position. Capital asset activity for the business-type activities for the year ended December 31, 2018, were as follows:

	<u>Restated Balance 12/31/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/18</u>
Business-type activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 42,700,323	\$ 514,698	\$ -	\$ 43,215,021
Construction in progress	<u>18,776,960</u>	<u>56,154,699</u>	<u>(23,544,096)</u>	<u>51,387,563</u>
Total capital assets, not being depreciated	<u>61,477,283</u>	<u>56,669,397</u>	<u>(23,544,096)</u>	<u>94,602,584</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	249,351,580	4,866,922	(1,906,571)	252,311,931
Improvements other than buildings	833,471,786	17,040,126	(34,401,185)	816,110,727
Equipment	21,448,342	3,093,260	(130,777)	24,410,825
Software	2,743,971	258,957	(57,411)	2,945,517
Vehicles	<u>41,203,020</u>	<u>2,251,482</u>	<u>(2,751,153)</u>	<u>40,703,349</u>
Total capital assets, being depreciated	<u>1,148,218,699</u>	<u>27,510,747</u>	<u>(39,247,097)</u>	<u>1,136,482,349</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(109,636,810)	(5,945,572)	1,778,039	(113,804,343)
Improvements other than buildings	(471,378,641)	(35,320,212)	27,019,051	(479,679,802)
Equipment	(16,178,429)	(1,610,371)	123,509	(17,665,291)
Software	(1,472,027)	(478,044)	31,827	(1,918,244)
Vehicles	<u>(26,100,418)</u>	<u>(2,038,663)</u>	<u>2,495,937</u>	<u>(25,643,144)</u>
Total accumulated depreciation	<u>(624,766,325)</u>	<u>(45,392,862)</u>	<u>31,448,363</u>	<u>(638,710,824)</u>
Total capital assets being depreciated, net	<u>523,452,374</u>	<u>(17,882,115)</u>	<u>(7,798,734)</u>	<u>497,771,525</u>
Business-type activities capital assets, net	<u>\$ 584,929,657</u>	<u>\$ 38,787,282</u>	<u>\$ (31,342,830)</u>	<u>\$ 592,374,109</u>

Depreciation expense was charged to the enterprise funds as follows:

Business-type Activities:

Dayton International Airport	\$ 29,776,058
Water	8,120,178
Sewer	5,706,983
Storm water	1,545,372
Golf	<u>244,271</u>
Total depreciation expense - business-type activities	<u>\$ 45,392,862</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - CAPITAL ASSETS - (Continued)

- C. Outstanding contractual commitments related to construction in progress for the year ended December 31, 2018, was as follows:

Governmental activities	\$ 7,427,482
Water	4,658,003
Sewer	16,185,017
Dayton International Airport	22,091,509
Nonmajor enterprise funds	<u>21,314</u>
Total outstanding contractual commitments	<u>\$ 50,383,325</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, 2018, are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2019	\$ 2,306,310
2020	2,236,901
2021	1,642,031
2022	1,292,227
2023	1,292,227
2024 - 2028	4,684,571
2029 - 2033	3,788,684
2034 - 2038	2,364,472
2039 - 2043	983,526
2044 - 2048	983,526
2049 - 2053	983,526
2054 - 2058	713,796
2059 - 2063	612,446
2064 - 2068	<u>240,584</u>
Totals	<u>\$ 24,124,827</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018, are as follows:

Year Ending December 31,	Minimum Lease Payments
2019	\$ 365,636
2020	243,646
2021	231,646
2022	231,635
2023	231,634
2024 - 2028	1,157,827
2029 - 2033	928,680
2034 - 2038	845,677
2039 - 2043	<u>44,906</u>
Totals	<u>\$ 4,281,287</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 Issue Amount	Restated Balance 12/31/17	Increase	Decrease	Balance 12/31/18	Amounts Due in One Year
Governmental activities:									
General obligation bonds:									
Capital facilities	10/25/07	12/01/27	4.0 - 5.0	19,745,000	1,560,000	-	(1,560,000)	-	-
Various purpose and refunding	07/28/09	12/01/29	2.5 - 5.0	26,483,111	9,120,000	-	(1,615,000)	7,505,000	1,640,000
Various Purpose GO Bonds	12/15/16	12/01/36	2.0 - 5.0	12,210,000	11,520,000	-	(1,340,000)	10,180,000	905,000
Energy conservation bonds	06/11/11	12/01/25	4.98	1,615,000	960,000	-	(115,000)	845,000	115,000
Various purpose bonds	10/11/12	12/01/32	3.0 - 4.0	11,385,000	7,210,000	-	(925,000)	6,285,000	960,000
Various purpose bonds	9/9/14	12/01/34	1.25 - 4.0	5,700,000	4,755,000	-	(340,000)	4,415,000	340,000
Various purpose bonds	11/13/18	12/01/38	2.5-4.0	10,705,000	-	10,705,000	-	10,705,000	770,000
Total general obligation bonds					<u>35,125,000</u>	<u>10,705,000</u>	<u>(5,895,000)</u>	<u>39,935,000</u>	<u>4,730,000</u>
Revenue bonds:									
Baseball revenue refunding bonds	12/30/09	12/01/19	2.25 - 3.5	7,925,000	1,760,000	-	(865,000)	895,000	895,000
Economic development	09/22/10	12/1/31	2.0 - 4.125	2,500,000	1,845,000	-	(105,000)	1,740,000	105,000
Economic development refunding bonds	11/14/12	12/01/28	3.0 - 5.0	24,170,000	18,240,000	-	(1,330,000)	16,910,000	1,395,000
Economic development	11/13/18	12/01/38	3.75 - 5.0	3,700,000	-	3,700,000	-	3,700,000	115,000
Total revenue bonds					<u>21,845,000</u>	<u>3,700,000</u>	<u>(2,300,000)</u>	<u>23,245,000</u>	<u>2,510,000</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

	Issue	Maturity	Original Issue	Restated Balance			Balance	Amounts Due in
<i>Governmental activities:</i>	<u>Date</u>	<u>Date</u>	<u>Amount</u>	<u>12/31/17</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/18</u>	<u>One Year</u>
Ohio Public Works Commission loans:								
Ohio Public Works								
Commission loan	1/1/2016	1/1/2031	323,885	\$ 291,497	-	\$ (21,593)	\$ 269,904	\$ 21,592
Ohio Public Works								
Commission loan	7/1/2016	7/1/2031	133,189	124,310	-	(8,879)	115,431	8,880
Ohio Public Works								
Commission loan	7/1/2016	7/1/2031	642,814	599,960	-	(42,854)	557,106	42,855
Total Ohio Public Works Commission loans				<u>1,015,767</u>	<u>-</u>	<u>(73,326)</u>	<u>942,441</u>	<u>73,327</u>
Other long-term obligations:								
Ohio Department of								
Development loan	04/01/10	04/21/25	2,860,000	2,179,054	-	(269,713)	1,909,341	277,917
State Infrastructure								
Bank loan	12/4/2014	11/15/2036	2,500,000	2,472,769	-	(98,238)	2,374,531	101,207
State Infrastructure								
Bank bonds	12/4/14	11/15/2036	3,540,000	3,315,000	-	(150,000)	3,165,000	150,000
Net pension liability				203,843,784	-	(25,521,935)	178,321,849	-
Net OPEB liability				130,637,113	22,349,699	-	152,986,812	-
Judgments				3,155	1,816,655	(116,982)	1,702,828	1,672,431
Claims				6,068,959	22,998,748	(23,421,025)	5,646,682	4,094,477
Compensated absences				9,897,526	8,591,540	(8,718,436)	9,770,630	6,306,583
Total other long-term obligations				<u>358,417,360</u>	<u>55,756,642</u>	<u>(58,296,329)</u>	<u>355,877,673</u>	<u>12,602,615</u>
Total governmental activities							<u>420,000,114</u>	<u>\$ 19,915,942</u>
Add: unamortized bond premiums and discounts							<u>5,530,957</u>	
Total on statement of net position							<u>\$ 425,531,071</u>	

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

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018, is \$1,905,000.

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, 2018

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

The balance of the refunded Series 1999 baseball revenue bonds at December 31, 2018 is \$1,055,000. 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 2.30 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2009 baseball revenue refunding bonds is \$926,325. Principal and interest paid for the current year on the Series 1999 baseball revenue bonds was \$865,000 and \$59,870. General fund nontax revenues for the current year were \$40,181,097.

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, 2018 is \$21,040,000. 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 5.06 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 \$20,311,462. Principal and interest paid for the current year on the refunding revenue bonds was \$1,330,000 and \$703,550. General fund nontax revenues for the current year were \$40,181,097.

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 .44 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2010 revenue bonds is \$2,263,881. Principal and interest paid for the current year was \$105,000 and \$70,379. General fund nontax revenues for the current year were \$40,181,097.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

The City has pledged future nontax revenues in the City's general fund to repay \$3,700,000 in Series 2018 economic development revenue bonds. The proceeds were used for the Oregon District parking garage project. The Series 2018 revenue bonds are payable solely from nontax revenues in the general fund and are payable through 2038. The most significant amounts of nontax revenues in the City's general fund which are pledged for these purposes are derived from charges for services, investment earnings, fines and forfeitures and license permit fees. The total principal and interest remaining to be paid on the Series 2018 revenue bonds is \$5,584,121. The City did not pay principal or interest during 2018. General fund nontax revenues for the current year were \$40,181,097.

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.

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, 2018, is \$2,090,000.

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.

On November 13, 2018, the City issued \$10,705,000 in various purpose bonds (Series 2018 various purpose bonds). Of this issue, \$1,185,000 was used to advance refund a portion of the Series 2007 capital facilities bonds. The remaining amount of \$9,520,000 were used for various capital improvement projects. 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, 2018, is \$1,185,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$26,639. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 9 years by \$96,776 and resulted in an economic gain of \$85,310.

The City has three Ohio Public Works Commission loans that will be repaid from the debt service fund. The first loan was issued at 0% interest rate with a maturity date of January 1, 2031 for Keowee Street rehabilitation. The second loan was issued at 0% interest rate with a maturity date of July 1, 2031 for River Corridor Drive rebuild. The third 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.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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 and net OPEB 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 Notes 17 and 18 for details on the net pension liability and net OPEB liability, respectively.

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 15, 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.

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, 2018, the City's total debt margin was \$105,685,951 and the unvoted debt margin was \$33,699,951.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2018 for the governmental activities:

Year Ending December 31,	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 4,730,000	\$ 1,569,274	\$ 6,299,274	\$ 2,510,000	\$ 895,099	\$ 3,405,099
2020	4,080,000	1,353,985	5,433,985	1,705,000	778,691	2,483,691
2021	3,070,000	1,198,908	4,268,908	1,785,000	696,172	2,481,172
2022	3,010,000	1,104,982	4,114,982	1,860,000	685,116	2,545,116
2023	3,020,000	987,106	4,007,106	1,930,000	551,076	2,481,076
2024 - 2028	12,410,000	3,271,506	15,681,506	10,760,000	1,647,985	12,407,985
2029 - 2033	6,595,000	1,293,731	7,888,731	1,475,000	424,662	1,899,662
2034 - 2035	3,020,000	314,900	3,334,900	1,220,000	161,988	1,381,988
Totals	<u>\$ 39,935,000</u>	<u>\$ 11,094,392</u>	<u>\$ 51,029,392</u>	<u>\$ 23,245,000</u>	<u>\$ 5,840,789</u>	<u>\$ 29,085,789</u>

Year Ending December 31,	Ohio Public Works Commission Loans			Ohio Department of Development Loan		
	Principal	Interest	Total	Principal	Interest	Total
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	73,326	-	73,326	313,305	19,600	332,905
2024 - 2028	366,630	-	366,630	432,613	10,040	442,653
2028 - 2032	209,182	-	209,182	-	-	-
Totals	<u>\$ 942,441</u>	<u>\$ -</u>	<u>\$ 942,441</u>	<u>\$ 1,909,341</u>	<u>\$ 205,304</u>	<u>\$ 2,114,645</u>

Year Ending December 31,	State Infrastructure Bank Bonds			State Infrastructure Bank Loan		
	Principal	Interest	Total	Principal	Interest	Total
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	150,000	86,807	236,807	114,009	57,681	171,690
2024 - 2028	820,000	362,336	1,182,336	623,867	234,583	858,450
2029 - 2033	940,000	218,406	1,158,406	724,025	134,425	858,450
2034 - 2037	655,000	43,593	698,593	489,075	25,995	515,070
Totals	<u>\$ 3,165,000</u>	<u>\$ 1,095,398</u>	<u>\$ 4,260,398</u>	<u>\$ 2,374,531</u>	<u>\$ 715,889</u>	<u>\$ 3,090,420</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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:

	Issue	Maturity	Interest	Original	Restated				Amounts
	Date	Date	Rate (%)	Issue	Balance	Increase	Decrease	Balance	Due in
<i>Business-type activities:</i>				Amount	12/31/17			12/31/18	One Year
General obligation bonds:									
Water	10/11/2012	12/1/2032	3.0 - 4.0	\$15,300,000	\$ 11,035,000	\$ -	\$ (735,000)	\$ 10,300,000	\$ 760,000
Sewer	10/11/2012	12/1/2032	3.0 - 4.0	15,600,000	11,260,000	-	(745,000)	10,515,000	780,000
Dayton International Airport parking garage	07/28/2009	12/1/2029	1.75 to 6.5	10,820,000	460,000	-	(460,000)	-	-
Dayton International Airport refunding bonds	12/3/2015	12/1/2029	1.0 to 4.0	8,045,000	7,760,000	-	(140,000)	7,620,000	590,000
Wellfield	12/15/2016	12/1/2036	2.0 to 5.0	5,900,000	5,620,000	-	(280,000)	5,340,000	290,000
Total general obligation bonds					<u>36,135,000</u>	<u>-</u>	<u>(2,360,000)</u>	<u>33,775,000</u>	<u>2,420,000</u>
Revenue bonds:									
Water	12/3/2015	12/1/2035	1.0 to 4.0	15,090,000	13,975,000	-	(585,000)	13,390,000	610,000
Sewer	12/3/2015	12/1/2035	1.0 to 4.0	15,770,000	14,605,000	-	(610,000)	13,995,000	635,000
Dayton International Airport	12/30/2015	12/1/2035	3.0 to 5.0	21,545,000	20,075,000	-	(810,000)	19,265,000	845,000
Dayton International Airport	9/9/2014	12/01/2032	2.30 to 5.00	26,950,000	23,405,000	-	(1,130,000)	22,275,000	1,180,000
Dayton International Airport	12/15/2016	12/1/2041	3.0 to 5.0	33,050,000	32,440,000	-	(610,000)	31,830,000	860,000
Water	11/13/18	12/01/38	3.0 to 5.0	16,430,000	-	16,430,000	-	16,430,000	530,000
Total revenue bonds					<u>104,500,000</u>	<u>16,430,000</u>	<u>(3,745,000)</u>	<u>117,185,000</u>	<u>4,660,000</u>
Other long-term obligations									
Ohio water development authority loan	01/01/2003	07/01/2023	3.80 to 3.95	15,079,710	5,167,722	-	(897,134)	4,270,588	931,950
Ohio public works Commission loan	07/01/1997	01/01/2020	0.00	1,000,000	150,000	-	(50,000)	100,000	50,000
JOBS Ohio loan	09/01/2016	04/01/2037	2.0 to 3.0	5,000,000	4,867,008	-	(203,266)	4,663,742	207,886
Compensated absences payable					3,735,993	2,414,933	(2,387,721)	3,763,205	2,428,566
Net pension liability					59,468,030	42,718	(14,574,585)	44,936,163	-
Net OPEB liability					<u>27,765,443</u>	<u>4,399,836</u>	<u>-</u>	<u>32,165,279</u>	<u>-</u>
Total other long-term obligations					<u>101,154,196</u>	<u>6,857,487</u>	<u>(18,112,706)</u>	<u>89,898,977</u>	<u>3,618,402</u>
Total business-type activities					<u>\$ 241,789,196</u>	<u>\$ 23,287,487</u>	<u>\$ (24,217,706)</u>	<u>240,858,977</u>	<u>\$ 10,698,402</u>
Add: unamortized bond premiums and discounts								4,534,351	
Total on statement of net position								<u>\$ 245,393,328</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, 2018

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 to 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 to 4.0%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The proceeds were 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.

On November 13, 2018, the City issued \$16,430,000 in water revenue bonds. The interest rates on the current interest bonds range from 3.0% to 5.0%. The City has pledged future water revenues, net of specified operating expenses, to repay the Series 2018 water system revenue bonds. The proceeds were used for water capital improvements.

The Series 2015 and Series 2018 revenue bonds are payable solely from revenues in the water fund and are payable through 2038. Annual principal and interest payments on the bonds are expected to require 9.82 percent of net customer revenues. The total principal and interest remaining to be paid on the Series 2015 and 2018 revenue bonds is \$39,198,475. Principal and interest paid for the current year and total customer net revenues were \$1,079,912 and \$11,002,352, 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 15.93 percent of net customer revenues. The total principal and interest remaining to be paid on the Series 2015 revenue bonds is \$19,167,998. Principal and interest paid for the current year and total customer net revenues were \$1,127,212 and \$7,074,332 respectively.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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.

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, 2018 is \$23,690,000.

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 63.17 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 \$71,002,901. Principal and interest paid for the current year and total customer net revenues were \$5,741,186 and \$9,088,997, 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, 2018, the City had outstanding borrowings of \$4,270,588 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 15.00 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$4,588,807. Principal and interest paid for the current year were \$1,061,465 and customer net revenues were \$7,074,332.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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.

Compensated absences, net pension liability and net OPEB liability 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 Notes 17 and 18 for details on the net pension liability and net OPEB liability, respectively.

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2018 for the business-type activities.

Year Ending December 31,	Revenue Bonds			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 4,660,000	\$ 4,754,361	\$ 9,414,361	\$ 2,420,000	\$ 1,269,426	\$ 3,689,426
2020	4,860,000	4,543,660	9,403,660	2,505,000	1,184,474	3,689,474
2021	5,030,000	4,381,886	9,411,886	2,500,000	1,102,275	3,602,275
2022	5,185,000	4,228,387	9,413,387	2,055,000	1,006,213	3,061,213
2023	5,345,000	4,064,581	9,409,581	2,130,000	924,012	3,054,012
2024 - 2028	30,000,000	17,038,268	47,038,268	12,025,000	3,267,563	15,292,563
2029 - 2033	34,705,000	10,199,679	44,904,679	9,015,000	1,007,025	10,022,025
2034 - 2038	21,230,000	3,771,397	25,001,397	1,125,000	82,650	1,207,650
2039 - 2042	6,170,000	590,026	6,760,026	-	-	-
Totals	<u>\$ 117,185,000</u>	<u>\$ 53,572,245</u>	<u>\$ 170,757,245</u>	<u>\$ 33,775,000</u>	<u>\$ 9,843,638</u>	<u>\$ 43,618,638</u>

Year Ending December 31,	OWDA Loan			OPWC Loan		
	Principal	Interest	Total	Principal	Interest	Total
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	320,102	7,226	327,328	-	-	-
Totals	<u>\$ 4,270,588</u>	<u>\$ 318,219</u>	<u>\$ 4,588,807</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>

Year Ending December 31,	JOBS Ohio		
	Principal	Interest	Total
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	227,445	73,993	301,438
2023 - 2027	1,199,134	342,362	1,541,496
2028 - 2032	1,348,376	259,814	1,608,190
2033 - 2037	1,028,455	53,635	1,082,090
Totals	<u>\$ 4,663,742</u>	<u>\$ 1,069,720</u>	<u>\$ 5,733,462</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 2018, 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, 2018

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, 2018, there were \$1,702,828 in outstanding claims and judgments pending that are reported as a component of claimants payable in the general fund. Claims activity for 2018 and 2017 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>
2018	\$ 3,155	\$ 1,816,655	\$ (116,982)	\$ 1,702,828
2017	170,891	282,970	(450,706)	3,155

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 \$2,710,750 reported at December 31, 2018, 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 \$2,710,750 claims liability, \$1,158,545 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 \$1,552,205. 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, 2018

NOTE 15 - RISK MANAGEMENT - (Continued)

Changes in the funds' claims liability amount in 2018 and 2017 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>
2018	\$ 3,478,945	\$ 1,648,849	\$ (2,417,044)	\$ 2,710,750
2017	3,502,343	2,442,411	(2,465,809)	3,478,945

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 \$2,935,932 for the claims payable liability.

Changes in the claims payable liability in 2018 and 2017 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>
2018	\$ 2,590,014	\$ 24,892,424	\$ (24,546,506)	\$ 2,935,932
2017	2,426,282	23,901,147	(23,737,415)	2,590,014

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, 2018**

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, 2018

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68 assumes any net pension liability/asset 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.

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):

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
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 \$11,011,769 for 2018. Of this amount, \$1,129,117 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.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

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
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2018 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 \$10,433,002 for 2018. Of this amount, \$752,968 is reported as due to other governments.

Net 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, 2017, 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, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.55580000%	0.53334000%	0.48113200%	2.16452900%	
Proportion of the net pension liability/asset current measurement date	<u>0.57153300%</u>	<u>0.56915500%</u>	<u>0.50718300%</u>	<u>2.17672700%</u>	
Change in proportionate share	<u>0.01573300%</u>	<u>0.03581500%</u>	<u>0.02605100%</u>	<u>0.01219800%</u>	
Proportionate share of the net pension liability	\$ 89,662,448	\$ -	\$ -	\$ 133,595,564	\$ 223,258,012
Proportionate share of the net pension asset	-	(774,804)	(17,701)	-	(792,505)
Pension expense	19,960,525	125,084	(5,751)	15,374,486	35,454,344

At December 31, 2018, 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	\$ 91,567	\$ -	\$ 34,428	\$ 2,027,405	\$ 2,153,400
Changes of assumptions	10,715,261	67,708	2,099	5,821,464	16,606,532
Changes in employer's proportionate percentage/difference between employer contributions	1,600,278	-	-	582,700	2,182,978
City contributions subsequent to the measurement date	10,391,609	330,191	289,969	10,433,002	21,444,771
Total deferred outflows of resources	<u>\$ 22,798,715</u>	<u>\$ 397,899</u>	<u>\$ 326,496</u>	<u>\$ 18,864,571</u>	<u>\$ 42,387,681</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	\$ 1,766,962	\$ 230,820	\$ -	\$ 241,677	\$ 2,239,459
Net difference between projected and actual earnings on pension plan investments	19,249,347	122,245	4,985	4,621,381	23,997,958
Changes in employer's proportionate percentage/ difference between employer contributions	626,251	-	-	2,359,855	2,986,106
Total deferred inflows of resources	<u>\$ 21,642,560</u>	<u>\$ 353,065</u>	<u>\$ 4,985</u>	<u>\$ 7,222,913</u>	<u>\$ 29,223,523</u>

\$21,444,770 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/increase in asset in the year ending December 31, 2019.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:					
2019	\$ 8,334,321	\$ (38,861)	\$ 3,946	\$ 2,811,531	\$ 11,110,937
2020	(1,183,548)	(42,207)	3,827	1,596,531	374,603
2021	(8,476,390)	(69,591)	3,142	(3,143,234)	(11,686,073)
2022	(7,909,837)	(66,702)	3,260	(2,010,815)	(9,984,094)
2023	-	(23,779)	4,790	1,569,898	1,550,909
Thereafter	-	(44,217)	12,577	384,745	353,105
Total	<u>\$ (9,235,454)</u>	<u>\$ (285,357)</u>	<u>\$ 31,542</u>	<u>\$ 1,208,656</u>	<u>\$ (8,280,613)</u>

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

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

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. 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 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 was 16.82% for 2017.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.20 %
Domestic equities	19.00	6.37
Real estate	10.00	5.26
Private equity	10.00	8.97
International equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

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. 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	\$ 159,217,663	\$ 89,662,448	\$ 31,674,359
Combined Plan	(421,175)	(774,804)	(1,018,787)
Member-Directed Plan	(10,144)	(17,701)	(25,359)

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below. The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the investment rate of return from 8.25% to 8.00%, (b) projected salary increases decreased from 4.25% - 11.00% to 3.75% - 10.50%, (c) payroll increases decreased from 3.75% to 3.25%, (d) inflation assumptions decreased from 3.25% to 2.75% and (e) Cost of Living Adjustments (COLAs) decreased from 2.60% to 2.20%.

Valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%
Cost of living adjustments	2.20% 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 and Guidelines. 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 average 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2017 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.22 %	5.39 %
Non-US Equity	16.00	4.41	5.59
Private Markets	8.00	6.67	8.08
Core Fixed Income *	23.00	1.57	2.71
High Yield Fixed Income	7.00	2.94	4.71
Private Credit	5.00	6.93	7.26
Global Inflation			
Protected Securities *	17.00	0.98	2.52
Master Limited Partnerships	8.00	7.50	7.93
Real Assets	8.00	6.88	7.24
Private Real Estate	12.00	5.58	6.34
Total	<u>120.00 %</u>		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F'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 the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 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 8.00%. A discount rate of 8.25% was used in the prior measurement period. 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 8.00%. 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.

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 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 185,198,484	\$ 133,595,564	\$ 91,508,662

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

For 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. This GASB pronouncement had no effect on beginning net position as reported January 1, 2018, as the net OPEB liability is not reported in the accompanying financial statements. The net OPEB liability has been disclosed below.

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 net OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability 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 these estimates annually.

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 OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The net OPEB liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 75. See OPERS' CAFR referenced below for additional information.

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 Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

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

The City's contractually required contribution was \$115,989 for 2018. Of this amount, \$11,893 is reported as due to other governments.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, 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 Government Accounting Standards Board (GASB) Statement No. 75.

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 information and required supplementary information for the plan. The report may be obtained by visiting the OP&F 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.

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 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$248,665 for 2018. Of this amount, \$17,947 is reported as due to other governments.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.55104300%	2.16452900%	
Proportion of the net OPEB liability current measurement date	<u>0.56930000%</u>	<u>2.17672700%</u>	
Change in proportionate share	<u>0.01825700%</u>	<u>0.01219800%</u>	
Proportionate share of the net OPEB liability	\$ 61,821,787	\$ 123,330,304	\$ 185,152,091
OPEB expense	\$ 5,860,167	\$ 9,868,616	\$ 15,728,783

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 48,160	\$ -	\$ 48,160
Changes of assumptions	4,501,281	12,034,416	16,535,697
Changes in employer's proportionate percentage/difference between employer contributions	1,253,911	355,209	1,609,120
City contributions subsequent to the measurement date	115,989	248,665	364,654
Total deferred outflows of resources	<u>\$ 5,919,341</u>	<u>\$ 12,638,290</u>	<u>\$ 18,557,631</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 622,028	\$ 622,028
Net difference between projected and actual earnings on pension plan investments	4,605,306	811,814	5,417,120
Changes in employer's proportionate percentage/difference between employer contributions	24,952	-	24,952
Total deferred inflows of resources	<u>\$ 4,630,258</u>	<u>\$ 1,433,842</u>	<u>\$ 6,064,100</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

\$364,652 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019.

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	OP&F	Total
2019	\$ 1,611,342	\$ 1,517,455	\$ 3,128,797
2020	1,611,342	1,517,455	3,128,797
2021	(898,273)	1,517,455	619,182
2022	(1,151,317)	1,517,457	366,140
2023	-	1,720,409	1,720,409
Thereafter	-	3,165,552	3,165,552
Total	\$ 1,173,094	\$ 10,955,783	\$ 12,128,877

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

The long-term expected rate of return on health care 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 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. 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 Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	<u>100.00 %</u>	<u>4.98 %</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$ 82,132,911	\$ 61,821,787	\$ 45,390,289

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 59,150,270	\$ 61,821,787	\$ 64,581,392

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, 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.

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB 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 OP&F's target asset allocation as of December 31, 2017, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income*	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.

*levered 2x

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

OP&F'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 OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$ 154,164,365	\$ 123,330,304	\$ 99,604,845

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
Year					
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	<u>1% Decrease</u>	Current Health Care Trend Rate Assumption	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 95,805,196	\$ 123,330,304	\$ 160,424,830

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.

The adjustments necessary to convert the results of operations of the general fund for the year ended December 31, 2018, on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balance

	<u>General</u>
Budget basis	\$ (583,594)
Net adjustment for revenues	210,225
Net adjustment for expenditures	(8,811,594)
Adjustment for encumbrances	<u>13,030,817</u>
GAAP basis	<u><u>\$ 3,845,854</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	\$ 11,702,748
Debt service	3,250
Capital improvement	15,598,128
Nonmajor governmental	<u>13,757,275</u>
Total	<u><u>\$ 41,061,401</u></u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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:

Fund balance	General	Debt Service Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays	\$ 781,288	\$ -	\$ 44,461	\$ -	\$ 825,749
Materials and supplies inventory	47,011	-	53,203	1,241,511	1,341,725
Perpetual care	-	-	-	102,228	102,228
Loans receivable	2,506,782	-	-	-	2,506,782
Unclaimed monies	782,345	-	-	-	782,345
Total nonspendable	4,117,426	-	97,664	1,343,739	5,558,829
Restricted:					
Street and highway programs	-	-	-	2,682,210	2,682,210
Special projects	-	-	-	5,107,497	5,107,497
Housing and urban development	-	-	-	2,863,594	2,863,594
Debt service	-	26,744,173	-	-	26,744,173
Capital projects	-	-	7,714,094	-	7,714,094
Other purposes	-	-	-	932,519	932,519
Permanent fund	-	-	-	80,212	80,212
Total restricted	-	26,744,173	7,714,094	11,666,032	46,124,299
Committed:					
Capital projects	-	-	9,701,058	-	9,701,058
Community development	47,964	-	-	-	47,964
Economic development	49,594	-	-	-	49,594
Leadership and quality of life	575,183	-	-	-	575,183
Corporate responsibility	556,089	-	-	-	556,089
Other purposes	44,957	-	-	-	44,957
Public safety	312,893	-	-	-	312,893
Special assessments	-	443,573	-	-	443,573
Total committed	1,586,680	443,573	9,701,058	-	11,731,311
Assigned:					
Downtown	70	-	-	-	70
Community development	14,527	-	-	-	14,527
Economic development	12,544	-	-	-	12,544
Leadership and quality of life	134,504	-	-	-	134,504
Corporate responsibility	75,092	-	-	-	75,092
Public safety	93,874	-	-	-	93,874
Special payroll	1,869,147	-	-	-	1,869,147
Termination pay	2,914,807	-	-	-	2,914,807
Unemployment	986,443	-	-	-	986,443
Other purposes	1,183,199	-	-	-	1,183,199
Police professional development	161,417	-	-	-	161,417
Sunrise Bomberger Center	188,825	-	-	-	188,825
Community policing council (CIRGV)	14,265	-	-	-	14,265
Mediation center	141,386	-	-	-	141,386
Professional development	218,813	-	-	-	218,813
Nationwide settlement	141,789	-	-	-	141,789
Executive savings	25,694	-	-	-	25,694
Judgments	1,955,426	-	-	-	1,955,426
Development	1,876,345	-	-	-	1,876,345
Real estate development	527,830	-	-	-	527,830
Subsequent year appropriations	-	-	-	-	-
Water Street Parking	645,366	-	-	-	645,366
Capital projects	-	-	8,469,143	-	8,469,143
Total assigned	13,181,363	-	8,469,143	-	21,650,506
Unassigned	47,225,412	-	-	-	47,225,412
Total fund balances	\$ 66,110,881	\$ 27,187,746	\$ 25,981,959	\$ 13,009,771	\$ 132,290,357

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018 to December 31, 2018, 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.

On June 6, 2019, the City received a letter from the U.S. Department of Housing and Urban Development (HUD) regarding on-site monitoring in 2017 and 2018. The report identified three findings related to the HOME program and gave the City 30 days to provide a written response. If the City is unable to come up with the items requested by HUD, the City could be requested to pay up to \$3,233,354 plus any difference between the amount of HOME funds requested for reimbursement by the City of Kettering and the amount of HOME funds drawn by the City of Dayton. The City is in the process of drafting its response and the final outcome of the review is not yet known.

NOTE 23 – ONGOING INVESTIGATION

There is an ongoing federal investigation involving the award of particular contracts and a certain employee and a former commission member. The outcome of this investigation is unknown at this time but is not expected to have a material impact on the financial statements.

NOTE 24 - SUBSEQUENT EVENTS

On April 24, 2019, the City executed an internal borrowing of \$10 million from the Worker's Compensation Fund to the General fund. This borrowing was then used for a development loan to support the Arcade Project. On April 10, 2019, The City entered into an \$11 million loan agreement with CityWide Development Corporation to be used for the redevelopment of the Arcade Building Complex.

A water main break under the Great Miami River in February 2019 resulted in significant service disruption and a boil advisory for the City's water customers. Water service was fully restored to all customers within 16 days of the event. The total cost of this incident, including lost water, emergency response and repairs, increased utility costs, and final permanent repair is likely to exceed \$1,500,000.

On June 12, 2019, the City Commission approved \$10.5 million in revenues from a legal settlement agreement with Waste Management of Ohio, Inc. and Stony Hollow Landfill, Inc. involving County generated fess at the Stony Hollow Landfill. The monies received from the settlement will be dedicated to advance the City's asset-development strategies in the Greater West Dayton area, including southwest and northwest land use areas.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAYTON, OHIO

SCHEDULES OF THE 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 FIVE YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>					
City's proportion of the net pension liability	0.571533%	0.555800%	0.567394%	0.560246%	0.560246%
City's proportionate share of the net pension liability	\$ 89,662,448	\$ 126,212,728	\$ 98,279,795	\$ 67,571,930	\$ 66,045,704
City's covered payroll	\$ 73,469,231	\$ 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	122.04%	175.39%	135.89%	100.24%	99.37%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%
<i>Combined Plan:</i>					
City's proportion of the net pension asset	0.569155%	0.533340%	0.506860%	0.475603%	0.475603%
City's proportionate share of the net pension asset	\$ 774,804	\$ 296,841	\$ 246,649	\$ 183,119	\$ 49,906
City's covered payroll	\$ 2,330,962	\$ 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	33.24%	14.31%	14.99%	10.53%	3.47%
Plan fiduciary net position as a percentage of the total pension asset	137.28%	116.55%	116.90%	114.83%	104.56%
<i>Member Directed Plan:</i>					
City's proportion of the net pension asset	0.507183%	0.481132%	0.424314%	n/a	n/a
City's proportionate share of the net pension asset	\$ 17,701	\$ 2,004	\$ 1,622	n/a	n/a
City's covered payroll	\$ 2,767,440	\$ 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	0.64%	0.08%	0.05%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	124.46%	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 fiscal 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 THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	2.17672700%	2.16452900%	2.20264200%	2.41510400%	2.24151040%
City's proportionate share of the net pension liability	\$ 133,595,564	\$ 137,099,085	\$ 141,697,531	\$ 116,119,585	\$ 109,168,588
City's covered payroll	\$ 47,884,272	\$ 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	279.00%	292.63%	302.74%	270.58%	249.84%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	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 fiscal 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 THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 10,391,609	\$ 9,551,000	\$ 8,635,354	\$ 8,678,982
Contributions in relation to the contractually required contribution	<u>(10,391,609)</u>	<u>(9,551,000)</u>	<u>(8,635,354)</u>	<u>(8,678,982)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 74,225,779	\$ 73,469,231	\$ 71,961,283	\$ 72,324,850
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 330,191	\$ 303,025	\$ 248,847	\$ 197,480
Contributions in relation to the contractually required contribution	<u>(330,191)</u>	<u>(303,025)</u>	<u>(248,847)</u>	<u>(197,480)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,358,507	\$ 2,330,962	\$ 2,073,725	\$ 1,645,667
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 289,969	\$ 276,744	\$ 235,990	\$ 283,571
Contributions in relation to the contractually required contribution	<u>(289,969)</u>	<u>(276,744)</u>	<u>(235,990)</u>	<u>(283,571)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,899,690	\$ 2,767,440	\$ 2,484,105	\$ 2,984,958
Contributions as a percentage of covered payroll	10.00%	10.00%	9.50%	9.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 8,089,324	\$ 8,640,659	\$ 6,878,420	\$ 6,823,221	\$ 6,488,756	\$ 6,536,423
<u>(8,089,324)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 67,411,033	\$ 66,466,608	\$ 68,784,200	\$ 68,232,210	\$ 72,771,095	\$ 80,448,283
12.00%	13.00%	10.00%	10.00%	8.92%	8.13%
\$ 208,621	\$ 186,978	\$ 98,164	\$ 105,120	\$ 118,154	
<u>(208,621)</u>	<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>	
\$ 1,738,508	\$ 1,438,292	\$ 1,234,767	\$ 1,322,264	\$ 1,219,759	
12.00%	13.00%	7.95%	7.95%	9.69%	

CITY OF DAYTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Police:</i>				
Contractually required contribution	\$ 5,295,638	\$ 5,068,477	\$ 4,938,796	\$ 4,997,877
Contributions in relation to the contractually required contribution	<u>(5,295,638)</u>	<u>(5,068,477)</u>	<u>(4,938,796)</u>	<u>(4,997,877)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 27,871,779	\$ 26,676,195	\$ 25,993,663	\$ 26,304,616
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 5,137,364	\$ 4,983,898	\$ 4,901,257	\$ 4,817,700
Contributions in relation to the contractually required contribution	<u>(5,137,364)</u>	<u>(4,983,898)</u>	<u>(4,901,257)</u>	<u>(4,817,700)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 21,861,123	\$ 21,208,077	\$ 20,856,413	\$ 20,500,851
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 4,599,130	\$ 3,876,616	\$ 3,123,636	\$ 3,108,863	\$ 3,524,787	\$ 3,327,952
<u>(4,599,130)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 24,205,947	\$ 24,406,816	\$ 24,499,106	\$ 24,383,239	\$ 27,645,388	\$ 26,101,584
19.00%	15.88%	12.75%	12.75%	12.75%	12.75%
\$ 4,396,569	\$ 3,931,652	\$ 3,466,063	\$ 3,403,911	\$ 3,930,474	\$ 3,821,620
<u>(4,396,569)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,708,804	\$ 19,288,563	\$ 20,093,119	\$ 19,732,817	\$ 22,785,357	\$ 22,154,319
23.50%	20.38%	17.25%	17.25%	17.25%	17.25%

CITY OF DAYTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS

	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.569300%	0.551043%
City's proportionate share of the net OPEB liability	\$ 61,821,787	\$ 55,657,232
City's covered payroll	\$ 78,567,633	\$ 76,519,113
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	78.69%	72.74%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal 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 THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS

	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	2.17672700%	2.16452900%
City's proportionate share of the net OPEB liability	\$ 123,330,304	\$ 102,745,324
City's covered payroll	\$ 47,884,272	\$ 46,850,076
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	257.56%	219.31%
Plan fiduciary net position as a percentage of the total OPEB liability	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal 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 THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 115,989	\$ 868,701	\$ 1,592,485	\$ 1,479,410
Contributions in relation to the contractually required contribution	<u>(115,989)</u>	<u>(868,701)</u>	<u>(1,592,485)</u>	<u>(1,479,410)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 79,483,976	\$ 78,567,633	\$ 76,519,113	\$ 76,955,475
Contributions as a percentage of covered payroll	0.15%	1.11%	2.08%	1.92%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,407,023	\$ 630,293	\$ 2,826,071	\$ 2,809,285	\$ 3,751,814	\$ 4,596,951
<u>(1,407,023)</u>	<u>(630,293)</u>	<u>(2,826,071)</u>	<u>(2,809,285)</u>	<u>(3,751,814)</u>	<u>(4,596,951)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 69,149,541	\$ 67,904,900	\$ 70,018,967	\$ 69,554,474	\$ 73,990,854	\$ 80,448,283
2.03%	0.93%	4.04%	4.04%	5.07%	5.71%

CITY OF DAYTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Police:</i>				
Contractually required contribution	\$ 139,359	\$ 133,381	\$ 129,968	\$ 131,523
Contributions in relation to the contractually required contribution	<u>(139,359)</u>	<u>(133,381)</u>	<u>(129,968)</u>	<u>(131,523)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 27,871,779	\$ 26,676,195	\$ 25,993,663	\$ 26,304,616
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
<i>Fire:</i>				
Contractually required contribution	\$ 109,306	\$ 106,040	\$ 104,282	\$ 102,504
Contributions in relation to the contractually required contribution	<u>(109,306)</u>	<u>(106,040)</u>	<u>(104,282)</u>	<u>(102,504)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 21,861,123	\$ 21,208,077	\$ 20,856,413	\$ 20,500,851
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 121,030	\$ 883,527	\$ 1,653,689	\$ 1,645,869	\$ 1,866,064	\$ 1,761,857
<u>(121,030)</u>	<u>(883,527)</u>	<u>(1,653,689)</u>	<u>(1,645,869)</u>	<u>(1,866,064)</u>	<u>(1,761,857)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 24,205,947	\$ 24,406,816	\$ 24,499,106	\$ 24,383,239	\$ 27,645,388	\$ 26,101,584
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%
\$ 93,544	\$ 698,246	\$ 1,356,286	\$ 1,331,965	\$ 1,538,011	\$ 1,495,416
<u>(93,544)</u>	<u>(698,246)</u>	<u>(1,356,286)</u>	<u>(1,331,965)</u>	<u>(1,538,011)</u>	<u>(1,495,416)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,708,804	\$ 19,288,563	\$ 20,093,119	\$ 19,732,817	\$ 22,785,357	\$ 22,154,319
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%

CITY OF DAYTON, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

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%. There were no changes in assumptions for 2018.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.



Combining Statements and Schedules


DAYTON

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Municipal income taxes	\$ 123,535,500	\$ 127,819,900	\$ 129,988,860	\$ 2,168,960
Property and other taxes	6,189,300	6,189,300	6,240,742	51,442
State shared taxes	6,456,600	6,456,600	6,694,322	237,722
Charges for services	26,427,100	24,733,800	24,394,052	(339,748)
Licenses and permits	1,874,300	2,676,600	2,898,209	221,609
Fines and forfeitures	2,007,600	3,607,600	2,941,414	(666,186)
Intergovernmental	3,911,900	3,911,900	3,941,946	30,046
Special assessments	947,700	912,100	746,170	(165,930)
Investment income	2,840,500	2,337,700	2,832,782	495,082
Other	2,646,200	4,336,800	4,666,682	329,882
Total revenues	176,836,700	182,982,300	185,345,179	2,362,879
Expenditures:				
General operating:				
General government:				
Clerk of commission	1,299,700	1,275,000	1,226,742	48,258
Civil service board	1,456,300	1,466,800	1,444,706	22,094
Human relations council	811,200	700,000	674,307	25,693
City manager's office	1,408,500	1,275,700	1,263,469	12,231
Department of public affairs	1,205,500	1,228,500	1,188,522	39,978
Department of planning & community development	2,673,500	2,606,700	2,515,060	91,640
Clerk of courts	3,650,100	3,650,100	3,439,481	210,619
Municipal court	4,476,800	4,476,800	4,336,803	139,997
Office of economic development	3,347,000	3,385,800	3,348,877	36,923
Department of management and budget	1,737,300	1,486,900	1,433,201	53,699
Department of water	96,700	103,400	102,347	1,053
Department of law	2,753,300	2,910,000	2,858,694	51,306
Department of finance	3,267,800	3,156,400	3,111,104	45,296
Department of central services	6,825,400	6,575,300	6,338,218	237,082
Department of human resources	1,108,800	1,132,300	1,088,439	43,861
Department of police	50,817,900	50,915,100	49,964,047	951,053
Department of fire	39,796,600	41,060,300	40,566,738	493,562
Department of public works	24,865,000	25,335,400	24,703,437	631,963
Department of recreation and youth services	5,707,700	5,464,900	5,342,146	122,754
Non-departmental	1,341,400	863,400	710,124	153,276
Special projects	16,830,300	18,638,300	17,527,966	1,110,334
Total expenditures	175,476,800	177,707,100	173,184,428	4,522,672
Excess (deficiency) of revenues over (under) expenditures	1,359,900	5,275,200	12,160,751	6,885,551
Other financing uses:				
Transfers (out)	(6,340,400)	(12,828,500)	(12,744,345)	84,155
Total other financing (uses)	(6,340,400)	(12,828,500)	(12,744,345)	84,155
Net change in fund balances	(4,980,500)	(7,553,300)	(583,594)	6,969,706
Fund balance at beginning of year (restated)	64,481,017	64,481,017	64,481,017	-
Prior year encumbrances appropriated	6,513,056	6,513,056	6,513,056	-
Balance Sheet Adjustments	(6,171,575)	(6,171,575)	(6,171,575)	-
Fund balance at end of year	\$ 59,841,998	\$ 57,269,198	\$ 64,238,904	\$ 6,969,706

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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 9,377,350	\$ 184,058	\$ 9,561,408
Receivables:			
Accounts	135,617	-	135,617
Special assessments	5,721,250	-	5,721,250
Accrued interest	2,243	180	2,423
Due from other funds	65,330	-	65,330
Due from other governments	5,878,580	-	5,878,580
Loans receivable	3,027,022	-	3,027,022
Materials and supplies inventory	1,241,511	-	1,241,511
Total assets	\$ 25,448,903	\$ 184,238	\$ 25,633,141
Liabilities:			
Accounts payable	\$ 164,695	\$ -	\$ 164,695
Contracts payable	796,479	-	796,479
Accrued wages and benefits payable	255,401	-	255,401
Retainage payable	114,430	-	114,430
Compensated absences payable	1,951	-	1,951
Interfund loans payable	720,000	-	720,000
Due to other funds	27,947	-	27,947
Due to other governments	103,204	1,701	104,905
Total liabilities	2,184,107	1,701	2,185,808
Deferred inflows of resources:			
Accrued interest not available	1,208	97	1,305
Special assessments revenue not available	5,721,250	-	5,721,250
Miscellaneous revenue not available	80,758	-	80,758
Intergovernmental revenue not available	4,634,249	-	4,634,249
Total deferred inflows of resources	10,437,465	97	10,437,562
Fund Balances:			
Nonspendable	1,241,511	102,228	1,343,739
Restricted	11,585,820	80,212	11,666,032
Total fund balances	12,827,331	182,440	13,009,771
Total liabilities, deferred inflows of resources and fund balances	\$ 25,448,903	\$ 184,238	\$ 25,633,141

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:			
State shared taxes.	\$ 5,620,920	\$ -	\$ 5,620,920
Charges for services.	1,471,725	-	1,471,725
Licenses and permits	62,054	-	62,054
Fines and forfeitures	231,222	-	231,222
Intergovernmental.	9,503,084	-	9,503,084
Special assessments	2,662,685	-	2,662,685
Investment income	16,347	716	17,063
Increase in fair value of investments.	1,299	37	1,336
Other	2,047,603	-	2,047,603
Total revenues	21,616,939	753	21,617,692
Expenditures:			
Current:			
General government:			
Community development and neighborhoods.	10,372,625	-	10,372,625
Economic development	700,831	-	700,831
Leadership and quality of life	9,782,154	1,701	9,783,855
Corporate responsibility.	152,850	-	152,850
Public safety and justice.	3,818,381	-	3,818,381
Total expenditures.	24,826,841	1,701	24,828,542
Excess (deficiency) of revenues over (under) expenditures.	(3,209,902)	(948)	(3,210,850)
Other financing sources:			
Transfers in	1,994,845	-	1,994,845
Total other financing sources	1,994,845	-	1,994,845
Net change in fund balances	(1,215,057)	(948)	(1,216,005)
Fund balances at beginning of year.	14,042,388	183,388	14,225,776
Fund balances at end of year	\$ 12,827,331	\$ 182,440	\$ 13,009,771

CITY OF DAYTON, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2018

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Assets:			
Equity in pooled cash and investments	\$ 1,194,420	\$ 674,415	\$ 5,353,699
Receivables:			
Accounts	42,063	-	82,301
Special assessments	-	-	5,546,803
Accrued interest	-	-	1,346
Due from other funds	65,330	-	-
Due from other governments	2,547,643	195,474	57,563
Loans receivable	-	-	-
Materials and supplies inventory	969,383	-	272,128
Total assets	<u>\$ 4,818,839</u>	<u>\$ 869,889</u>	<u>\$ 11,313,840</u>
Liabilities:			
Accounts payable	\$ 25,755	\$ 9,992	\$ 112,809
Contracts payable	19,367	13,003	175,942
Accrued wages and benefits payable	67,159	4,553	46,693
Retainage payable	-	-	-
Compensated absences payable	-	-	-
Interfund loans payable	-	-	-
Due to other funds	26,182	16	905
Due to other governments	22,710	1,670	13,430
Total liabilities	<u>161,173</u>	<u>29,234</u>	<u>349,779</u>
Deferred inflows of resources:			
Accrued interest not available	-	-	725
Special assessments revenue not available	-	-	5,546,803
Miscellaneous revenue not available	39,585	-	36,298
Intergovernmental revenue not available	1,671,607	135,536	610
Total deferred inflows of resources	<u>1,711,192</u>	<u>135,536</u>	<u>5,584,436</u>
Fund Balances:			
Nonspendable	969,383	-	272,128
Restricted	1,977,091	705,119	5,107,497
Total fund balances	<u>2,946,474</u>	<u>705,119</u>	<u>5,379,625</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,818,839</u>	<u>\$ 869,889</u>	<u>\$ 11,313,840</u>

HUD Programs	Miscellaneous Grants	Total
\$ 979,367	\$ 1,175,449	\$ 9,377,350
11,253	-	135,617
174,447	-	5,721,250
-	897	2,243
-	-	65,330
1,780,281	1,297,619	5,878,580
3,027,022	-	3,027,022
-	-	1,241,511
<u>\$ 5,972,370</u>	<u>\$ 2,473,965</u>	<u>\$ 25,448,903</u>
\$ 7,376	\$ 8,763	\$ 164,695
368,270	219,897	796,479
75,004	61,992	255,401
114,430	-	114,430
1,951	-	1,951
720,000	-	720,000
631	213	27,947
25,530	39,864	103,204
<u>1,313,192</u>	<u>330,729</u>	<u>2,184,107</u>
-	483	1,208
174,447	-	5,721,250
4,875	-	80,758
1,616,262	1,210,234	4,634,249
<u>1,795,584</u>	<u>1,210,717</u>	<u>10,437,465</u>
-	-	1,241,511
2,863,594	932,519	11,585,820
<u>2,863,594</u>	<u>932,519</u>	<u>12,827,331</u>
<u>\$ 5,972,370</u>	<u>\$ 2,473,965</u>	<u>\$ 25,448,903</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, 2018

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Revenues:			
State shared taxes	\$ 5,247,768	\$ 373,152	\$ -
Charges for services	360,281	-	629,065
Licenses and permits	-	-	62,054
Fines and forfeitures	-	-	24,269
Intergovernmental	-	-	-
Special assessments	-	-	2,662,685
Investment income	-	-	5,517
Increase (decrease) in fair value of investments	-	-	(566)
Other	239,309	2,341	1,574,507
Total revenues	<u>5,847,358</u>	<u>375,493</u>	<u>4,957,531</u>
Expenditures:			
Current:			
General government:			
Community development and neighborhoods	-	-	186,471
Economic development	-	-	116,143
Leadership and quality of life	5,511,615	436,963	2,287,721
Corporate responsibility	-	-	-
Public safety and justice	-	-	961,041
Total expenditures	<u>5,511,615</u>	<u>436,963</u>	<u>3,551,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>335,743</u>	<u>(61,470)</u>	<u>1,406,155</u>
Other financing sources:			
Transfers in	-	-	473,900
Total other financing sources	-	-	473,900
Net change in fund balances	335,743	(61,470)	1,880,055
Fund balances			
at beginning of year	<u>2,610,731</u>	<u>766,589</u>	<u>3,499,570</u>
Fund balances at end of year	<u>\$ 2,946,474</u>	<u>\$ 705,119</u>	<u>\$ 5,379,625</u>

HUD Programs	Miscellaneous Grants	Total
\$ -	\$ -	\$ 5,620,920
208,603	273,776	1,471,725
-	-	62,054
-	206,953	231,222
7,100,969	2,402,115	9,503,084
-	-	2,662,685
7,247	3,583	16,347
1,682	183	1,299
37,178	194,268	2,047,603
<u>7,355,679</u>	<u>3,080,878</u>	<u>21,616,939</u>
9,840,390	345,764	10,372,625
-	584,688	700,831
1,280,972	264,883	9,782,154
152,850	-	152,850
-	2,857,340	3,818,381
<u>11,274,212</u>	<u>4,052,675</u>	<u>24,826,841</u>
<u>(3,918,533)</u>	<u>(971,797)</u>	<u>(3,209,902)</u>
<u>825,397</u>	<u>695,548</u>	<u>1,994,845</u>
<u>825,397</u>	<u>695,548</u>	<u>1,994,845</u>
<u>(3,093,136)</u>	<u>(276,249)</u>	<u>(1,215,057)</u>
<u>5,956,730</u>	<u>1,208,768</u>	<u>14,042,388</u>
<u>\$ 2,863,594</u>	<u>\$ 932,519</u>	<u>\$ 12,827,331</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, 2018

	<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	\$ 5,148,200	\$ 5,148,200	\$ 5,216,668	\$ 68,468
Charges for services	395,200	395,200	195,460	(199,740)
Other	437,500	467,400	161,021	(306,379)
Total revenues.	<u>5,980,900</u>	<u>6,010,800</u>	<u>5,573,149</u>	<u>(437,651)</u>
Expenditures:				
Department of public works	5,748,000	6,093,000	5,804,640	288,360
Total expenditures.	<u>5,748,000</u>	<u>6,093,000</u>	<u>5,804,640</u>	<u>288,360</u>
Net change in fund balance	232,900	(82,200)	(231,491)	(149,291)
Fund balance at beginning of year (restated).	1,634,855	1,634,855	1,634,855	-
Prior year encumbrances appropriated.	(197,228)	(197,228)	(197,228)	-
Balance Sheet Adjustments	80,584	80,584	80,584	-
Fund balance at end of year.	<u>\$ 1,751,111</u>	<u>\$ 1,436,011</u>	<u>\$ 1,286,720</u>	<u>\$ (149,291)</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, 2018

	<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	\$ 410,000	\$ 410,000	\$ 381,253	\$ (28,747)
Other	-	2,300	2,340	40
Total revenues.	<u>410,000</u>	<u>412,300</u>	<u>383,593</u>	<u>(28,707)</u>
Expenditures:				
Department of public works	<u>458,000</u>	<u>458,000</u>	<u>385,773</u>	<u>72,227</u>
Total expenditures.	<u>458,000</u>	<u>458,000</u>	<u>385,773</u>	<u>72,227</u>
Net change in fund balance	(48,000)	(45,700)	(2,180)	43,520
Fund balance at beginning of year (restated).	713,481	713,481	713,481	-
Prior year encumbrances appropriated.	43,698	43,698	43,698	-
Balance Sheet Adjustments	<u>(80,584)</u>	<u>(80,584)</u>	<u>(80,584)</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 628,595</u>	<u>\$ 630,895</u>	<u>\$ 674,415</u>	<u>\$ 43,520</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, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 436,200	\$ 665,000	\$ 598,485	\$ (66,515)
Fines and forfeitures	17,700	30,000	24,269	(5,731)
Special assessments	1,940,800	2,750,000	2,662,685	(87,315)
Other	1,162,200	1,385,900	1,594,504	208,604
Total revenues.	<u>3,556,900</u>	<u>4,830,900</u>	<u>4,879,943</u>	<u>49,043</u>
Expenditures:				
Various departments	5,623,000	6,170,200	4,986,881	1,183,319
Total expenditures.	<u>5,623,000</u>	<u>6,170,200</u>	<u>4,986,881</u>	<u>1,183,319</u>
Excess of expenditures over revenues	<u>(2,066,100)</u>	<u>(1,339,300)</u>	<u>(106,938)</u>	<u>1,232,362</u>
Other financing sources:				
Transfers in	-	473,900	473,900	-
Total other financing sources.	<u>-</u>	<u>473,900</u>	<u>473,900</u>	<u>-</u>
Net change in fund balance.	(2,066,100)	(865,400)	366,962	1,232,362
Fund balance at beginning of year (restated).	3,766,436	3,766,436	3,766,436	-
Prior year encumbrances appropriated.	<u>1,333,686</u>	<u>1,333,686</u>	<u>1,333,686</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 3,034,022</u>	<u>\$ 4,234,722</u>	<u>\$ 5,467,084</u>	<u>\$ 1,232,362</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, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Fines and forfeitures	\$ 889,300	\$ 784,500	\$ 206,953	\$ (577,547)
Intergovernmental.	11,212,200	9,890,600	2,609,229	(7,281,371)
Charges for Services	1,176,400	1,037,800	273,776	(764,024)
Other	850,000	749,800	197,795	(552,005)
Total revenues.	<u>14,127,900</u>	<u>12,462,700</u>	<u>3,287,753</u>	<u>(9,174,947)</u>
Expenditures:				
Other grants				
Other.	12,121,800	14,872,800	11,154,690	3,718,110
Total other	<u>12,121,800</u>	<u>14,872,800</u>	<u>11,154,690</u>	<u>3,718,110</u>
Total expenditures.	<u>12,121,800</u>	<u>14,872,800</u>	<u>11,154,690</u>	<u>3,718,110</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,006,100</u>	<u>(2,410,100)</u>	<u>(7,866,937)</u>	<u>(5,456,837)</u>
Other financing sources:				
Transfers in	269,100	779,600	695,548	(84,052)
Total other financing sources	<u>269,100</u>	<u>779,600</u>	<u>695,548</u>	<u>(84,052)</u>
Net change in fund balances	2,275,200	(1,630,500)	(7,171,389)	(5,540,889)
Fund balance at beginning of year (restated).	1,358,789	1,358,789	1,358,789	-
Prior year encumbrances appropriated.	7,135,595	7,135,595	7,135,595	-
Balance Sheet Adjustments	<u>(161,171)</u>	<u>(161,171)</u>	<u>(161,171)</u>	<u>-</u>
Fund balance at end of year	<u>\$ 10,608,413</u>	<u>\$ 6,702,713</u>	<u>\$ 1,161,824</u>	<u>\$ (5,540,889)</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, 2018

	<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	\$ -	\$ -	\$ 705	\$ 705
Total revenues.	-	-	705	705
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)	705	50,705
Fund balance at beginning of year (restated).	<u>249,313</u>	<u>249,313</u>	<u>249,313</u>	<u>-</u>
Fund balance at end of year	<u>\$ 199,313</u>	<u>\$ 199,313</u>	<u>\$ 250,018</u>	<u>\$ 50,705</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, 2018

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues:				
Property and other taxes.	\$ 7,379,200	\$ 7,379,200	\$ 6,745,467	\$ (633,733)
Intergovernmental.	1,060,600	1,060,600	969,475	(91,125)
Other	557,200	557,200	509,383	(47,817)
Total revenues.	<u>8,997,000</u>	<u>8,997,000</u>	<u>8,224,325</u>	<u>(772,675)</u>
Expenditures:				
Department of finance	11,548,500	11,548,500	10,701,136	847,364
Total expenditures.	<u>11,548,500</u>	<u>11,548,500</u>	<u>10,701,136</u>	<u>847,364</u>
Excess of expenditures over revenues	<u>(2,551,500)</u>	<u>(2,551,500)</u>	<u>(2,476,811)</u>	<u>74,689</u>
Other financing sources:				
Transfers in	942,400	942,400	942,400	-
Total other financing sources	<u>942,400</u>	<u>942,400</u>	<u>942,400</u>	<u>-</u>
Net change in fund balance	(1,609,100)	(1,609,100)	(1,534,411)	74,689
Fund balance at beginning of year (restated).	34,643,703	34,643,703	34,643,703	-
Prior year encumbrances appropriated.	<u>(21,890)</u>	<u>(21,890)</u>	<u>(21,890)</u>	<u>-</u>
Fund balance at end of year	<u>\$ 33,034,603</u>	<u>\$ 33,034,603</u>	<u>\$ 33,109,292</u>	<u>\$ 74,689</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 three 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, 2018

	Storm Water	Golf	Total
Assets:			
Current assets:			
Equity in pooled cash and investments	\$ 16,885,672	\$ 167,705	\$ 17,053,377
Cash with fiscal and escrow agents.	-	6,191	6,191
Receivables:			
Accounts	1,592,636	-	1,592,636
Special assessments	590,098	-	590,098
Accrued interest	42,181	-	42,181
Prepayments	-	1,623	1,623
Total current assets.	<u>19,110,587</u>	<u>175,519</u>	<u>19,286,106</u>
Noncurrent assets:			
Net pension asset	25,799	7,746	33,545
Capital assets:			
Land and construction in progress.	572,914	576,331	1,149,245
Depreciable capital assets, net	13,083,588	3,785,761	16,869,349
Total capital assets, net.	<u>13,656,502</u>	<u>4,362,092</u>	<u>18,018,594</u>
Total noncurrent assets.	<u>13,682,301</u>	<u>4,369,838</u>	<u>18,052,139</u>
Total assets.	<u>32,792,888</u>	<u>4,545,357</u>	<u>37,338,245</u>
Deferred outflows of resources:			
Pension.	874,523	217,482	1,092,005
OPEB.	265,478	52,878	318,356
Total deferred outflows of resources	<u>1,140,001</u>	<u>270,360</u>	<u>1,410,361</u>
Total assets and deferred outflows of resources	<u>33,932,889</u>	<u>4,815,717</u>	<u>38,748,606</u>
Liabilities:			
Current liabilities:			
Accounts payable.	117,565	15,175	132,740
Contracts payable.	10,496	30,704	41,200
Retainage payable.	84	7,834	7,918
Accrued wages and benefits payable	124,133	36,824	160,957
Due to other funds	793,600	-	793,600
Due to other governments	40,207	17,995	58,202
Compensated absences payable - current	153,816	75,256	229,072
Advances from other funds.	-	91,742	91,742
Total current liabilities	<u>1,239,901</u>	<u>275,530</u>	<u>1,515,431</u>
Long-term liabilities:			
Compensated absences payable	84,531	41,357	125,888
Net OPEB liability	2,012,567	604,260	2,616,827
Net pension liability	2,918,901	876,381	3,795,282
Total long-term liabilities	<u>5,015,999</u>	<u>1,521,998</u>	<u>6,537,997</u>
Total liabilities.	<u>6,255,900</u>	<u>1,797,528</u>	<u>8,053,428</u>
Deferred inflows of resources:			
OPEB.	149,923	45,013	194,936
Pension.	710,191	215,230	925,421
Total deferred inflows of resources	<u>860,114</u>	<u>260,243</u>	<u>1,120,357</u>
Total liabilities and deferred inflows of resources	<u>7,116,014</u>	<u>2,057,771</u>	<u>9,173,785</u>
Net position:			
Net investment in capital assets	13,645,922	4,331,388	17,977,310
Unrestricted (deficit).	13,170,953	(1,573,442)	11,597,511
Total net position	<u>\$ 26,816,875</u>	<u>\$ 2,757,946</u>	<u>\$ 29,574,821</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Storm Water	Golf	Total
Operating revenues:			
Charges for services	\$ 7,781,552	\$ 2,733,253	\$ 10,514,805
Other operating revenues	58,555	19,691	78,246
Total operating revenues	<u>7,840,107</u>	<u>2,752,944</u>	<u>10,593,051</u>
Operating expenses:			
Personal services	2,673,739	818,126	3,491,865
Fringe benefits.	1,688,450	470,143	2,158,593
Contract services.	1,192,134	851,194	2,043,328
Materials and supplies	150,444	278,587	429,031
Utilities	72,351	110,602	182,953
Depreciation	1,545,372	244,271	1,789,643
Other.	199,112	411,554	610,666
Total operating expenses.	<u>7,521,602</u>	<u>3,184,477</u>	<u>10,706,079</u>
Operating income (loss).	<u>318,505</u>	<u>(431,533)</u>	<u>(113,028)</u>
Nonoperating revenues (expenses):			
Interest and fiscal charges	-	(16,073)	(16,073)
Loss on sale of capital assets.	(13,720)	(142,783)	(156,503)
Interest income.	173,287	-	173,287
Increase in fair value of investments.	415	-	415
Total nonoperating revenues (expenses)	<u>159,982</u>	<u>(158,856)</u>	<u>1,126</u>
Income (loss) before transfers and contributions.	478,487	(590,389)	(111,902)
transfers			
Transfer in	-	641,200	641,200
Change in net position	478,487	50,811	529,298
Net position at beginning of year (restated).	<u>26,338,388</u>	<u>2,707,135</u>	<u>29,045,523</u>
Net position at end of year	<u>\$ 26,816,875</u>	<u>\$ 2,757,946</u>	<u>\$ 29,574,821</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers.	\$ 7,729,280	\$ 2,733,253	\$ 10,462,533
Cash received from other operations.	58,555	19,691	78,246
Cash payments for personal services.	(2,661,824)	(811,292)	(3,473,116)
Cash payments for fringe benefits	(1,089,315)	(318,503)	(1,407,818)
Cash payments for contractual services	(1,153,073)	(841,674)	(1,994,747)
Cash payments for materials and supplies	(152,126)	(279,210)	(431,336)
Cash payments for utilities.	(69,940)	(104,513)	(174,453)
Cash payments for other expenses	(199,022)	(406,958)	(605,980)
Net cash provided by (used in) operating activities.	<u>2,462,535</u>	<u>(9,206)</u>	<u>2,453,329</u>
Cash flows from noncapital financing activities:			
Transfers in.	-	641,200	641,200
Interest paid on interfund loans.	-	(16,073)	(16,073)
Cash used in repayment of interfund loans	-	(265,433)	(265,433)
Net cash provided by noncapital financing activities	<u>-</u>	<u>359,694</u>	<u>359,694</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(603,625)	(345,066)	(948,691)
Net cash used in capital and related financing activities	<u>(603,625)</u>	<u>(345,066)</u>	<u>(948,691)</u>
Cash flows from investing activities:			
Interest received.	166,127	-	166,127
Net cash provided by investing activities	<u>166,127</u>	<u>-</u>	<u>166,127</u>
Net increase in cash and cash equivalents.	2,025,037	5,422	2,030,459
Cash and cash equivalents at beginning of year.	<u>14,860,635</u>	<u>168,474</u>	<u>15,029,109</u>
Cash and cash equivalents at end of year	<u>\$ 16,885,672</u>	<u>\$ 173,896</u>	<u>\$ 17,059,568</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss).	\$ 318,505	\$ (431,533)	\$ (113,028)
Adjustments:			
Depreciation	1,545,372	244,271	1,789,643
Changes in assets and liabilities:			
(Increase) in accounts receivable.	(85,017)	-	(85,017)
(Increase) in net pension asset	(16,650)	(4,773)	(21,423)
Decrease in deferred outflows for pension	642,302	275,512	917,814
(Increase) in deferred outflows for OPEB	(238,896)	(44,278)	(283,174)
(Increase) in prepayments.	-	(1,623)	(1,623)
Decrease in special assessments receivable.	32,745	-	32,745
Increase in accounts payable.	78,612	6,060	84,672
Increase (decrease) in contracts payable	(54,923)	4,360	(50,563)
Increase (decrease) in retainage payable	(40,863)	7,834	(33,029)
Increase in accrued wages and benefits.	34,709	4,580	39,289
Increase (decrease) in due to other funds.	58,480	(175)	58,305
(Decrease) in net pension liability.	(944,899)	(379,385)	(1,324,284)
Increase in net OPEB liability.	309,456	53,253	362,709
Increase in deferred inflows - pension.	654,705	194,039	848,744
Increase in deferred inflows - OPEB.	149,923	45,013	194,936
Increase in due to other governments	32,883	14,047	46,930
Increase (decrease) in compensated absences payable	(13,909)	3,592	(10,317)
Net cash provided by (used in) operating activities.	<u>\$ 2,462,535</u>	<u>\$ (9,206)</u>	<u>\$ 2,453,329</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, 2018

	<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.	\$ 1,466,749	\$ 54,772	\$ 390,146	\$ 6,058,901
Receivables:				
Accounts.	-	7,045	-	-
Accrued interest	-	-	-	-
Due from other funds	147,466	23,927	2,020	-
Due from other governments.	-	9,028	-	-
Inventory held for resale	156,138	355,080	-	-
Prepayments	2,275	16,445	-	-
Total current assets.	<u>1,772,628</u>	<u>466,297</u>	<u>392,166</u>	<u>6,058,901</u>
Noncurrent assets:				
Net pension asset	20,638	5,232	1,111	1,501
Capital assets:				
Land	-	75,000	-	-
Depreciable capital assets, net	188,019	580,024	-	-
Total noncurrent assets.	<u>208,657</u>	<u>660,256</u>	<u>1,111</u>	<u>1,501</u>
Total assets.	<u>1,981,285</u>	<u>1,126,553</u>	<u>393,277</u>	<u>6,060,402</u>
Deferred outflows of resources:				
Pension	663,514	437,739	40,634	61,612
OPEB	188,968	276,044	12,090	10,926
Total deferred outflows of resources	<u>852,482</u>	<u>713,783</u>	<u>52,724</u>	<u>72,538</u>
Total assets and deferred outflows of resources	<u>2,833,767</u>	<u>1,840,336</u>	<u>446,001</u>	<u>6,132,940</u>
Liabilities:				
Current liabilities:				
Accounts payable.	81,958	10,637	15,164	90
Contracts payable.	6,408	3,200	-	38,825
Accrued wages and benefits payable.	80,692	18,080	7,456	9,065
Due to other funds	-	3	12	-
Due to other governments	24,670	6,918	1,866	2,562
Compensated absences payable - current.	52,836	34,681	20,943	11,729
Claims and judgments payable	-	-	-	2,935,932
Total current liabilities	<u>246,564</u>	<u>73,519</u>	<u>45,441</u>	<u>2,998,203</u>
Long-term liabilities:				
Compensated absences payable	29,036	19,058	11,509	6,446
Net OPEB liability	1,609,957	693,998	86,652	117,074
Net pension liability	2,334,980	901,602	125,675	169,796
Claims and judgements payable	-	-	-	-
Total long-term liabilities	<u>3,973,973</u>	<u>1,614,658</u>	<u>223,836</u>	<u>293,316</u>
Total liabilities	<u>4,220,537</u>	<u>1,688,177</u>	<u>269,277</u>	<u>3,291,519</u>
Deferred inflows of resources:				
OPEB.	119,931	33,729	6,455	8,721
Pension.	558,897	162,850	29,959	40,477
Total deferred inflows of resources.	<u>678,828</u>	<u>196,579</u>	<u>36,414</u>	<u>49,198</u>
Total liabilities and deferred inflows of resources	<u>4,899,365</u>	<u>1,884,756</u>	<u>305,691</u>	<u>3,340,717</u>
Net position:				
Net investment in capital assets	188,019	655,024	-	-
Unrestricted.	(2,253,617)	(699,444)	140,310	2,792,223
Total net position	<u>\$ (2,065,598)</u>	<u>\$ (44,420)</u>	<u>\$ 140,310</u>	<u>\$ 2,792,223</u>

Workers' Compensation	Plumbing Shop	Total
\$ 22,676,362	\$ 520,206	\$ 31,167,136
-	-	7,045
56,630	-	56,630
-	-	173,413
-	-	9,028
-	-	511,218
-	-	18,720
<u>22,732,992</u>	<u>520,206</u>	<u>31,943,190</u>
3,252	2,917	34,651
-	-	75,000
-	51,714	819,757
<u>3,252</u>	<u>54,631</u>	<u>929,408</u>
<u>22,736,244</u>	<u>574,837</u>	<u>32,872,598</u>
90,213	96,669	1,390,381
19,145	28,516	535,689
<u>109,358</u>	<u>125,185</u>	<u>1,926,070</u>
<u>22,845,602</u>	<u>700,022</u>	<u>34,798,668</u>
18,620	14,746	141,215
-	-	48,433
29,823	9,462	154,578
38	333	386
5,324	3,227	44,567
82,856	17,033	220,078
1,158,545	-	4,094,477
<u>1,295,206</u>	<u>44,801</u>	<u>4,703,734</u>
45,534	9,360	120,943
253,679	227,570	2,988,930
367,920	330,053	4,230,026
1,552,205	-	1,552,205
<u>2,219,338</u>	<u>566,983</u>	<u>8,892,104</u>
<u>3,514,544</u>	<u>611,784</u>	<u>13,595,838</u>
43,849	16,952	229,637
176,112	81,649	1,049,944
<u>219,961</u>	<u>98,601</u>	<u>1,279,581</u>
<u>3,734,505</u>	<u>710,385</u>	<u>14,875,419</u>
-	51,714	894,757
19,111,097	(62,077)	19,028,492
<u>\$ 19,111,097</u>	<u>\$ (10,363)</u>	<u>\$ 19,923,249</u>

CITY OF DAYTON, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Health Insurance</u>
Operating revenues:				
Charges for services	\$ 8,130,537	\$ 1,314,806	\$ 171,834	\$ 25,386,173
Other operating revenues	98,228	11,034	337,448	3,838
Total operating revenues	<u>8,228,765</u>	<u>1,325,840</u>	<u>509,282</u>	<u>25,390,011</u>
Operating expenses:				
Personal services	2,084,690	578,136	116,022	315,622
Fringe benefits	1,345,603	396,822	92,635	120,766
Contract services	603,372	64,390	195,571	91,046
Materials and supplies	27,733	-	3,181	6,118
Cost of sales	4,194,277	332,077	38,225	-
Utilities	-	20,285	-	-
Claims expense	-	-	-	24,892,424
Depreciation	22,672	76,410	-	-
Other	13,645	2,438	38,744	18,292
Total operating expenses	<u>8,291,992</u>	<u>1,470,558</u>	<u>484,378</u>	<u>25,444,268</u>
Operating income (loss)	<u>(63,227)</u>	<u>(144,718)</u>	<u>24,904</u>	<u>(54,257)</u>
Nonoperating revenues:				
Interest income	-	-	-	-
Loss on sale of capital assets	-	-	-	-
Increase in fair value of investments	-	-	-	-
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	(63,227)	(144,718)	24,904	(54,257)
Transfers out	<u>-</u>	<u>(120,240)</u>	<u>-</u>	<u>-</u>
Change in net position	(63,227)	(264,958)	24,904	(54,257)
Net position at beginning of year (restated)	<u>(2,002,371)</u>	<u>220,538</u>	<u>115,406</u>	<u>2,846,480</u>
Net position at end of year	<u>\$ (2,065,598)</u>	<u>\$ (44,420)</u>	<u>\$ 140,310</u>	<u>\$ 2,792,223</u>

Workers' Compensation	Plumbing Shop	Total
\$ 5,023,008	\$ 539,830	\$ 40,566,188
5,254	3,644	459,446
<u>5,028,262</u>	<u>543,474</u>	<u>41,025,634</u>
320,194	299,629	3,714,293
124,634	188,852	2,269,312
268,388	14,624	1,237,391
83,230	130,300	250,562
-	-	4,564,579
-	-	20,285
1,597,109	-	26,489,533
7,400	7,582	114,064
35,105	-	108,224
<u>2,436,060</u>	<u>640,987</u>	<u>38,768,243</u>
<u>2,592,202</u>	<u>(97,513)</u>	<u>2,257,391</u>
230,772	-	230,772
-	(70,888)	(70,888)
5,469	-	5,469
<u>236,241</u>	<u>(70,888)</u>	<u>165,353</u>
2,828,443	(168,401)	2,422,744
-	-	(120,240)
2,828,443	(168,401)	2,302,504
16,282,654	158,038	17,620,745
<u>\$ 19,111,097</u>	<u>\$ (10,363)</u>	<u>\$ 19,923,249</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<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 . . .	\$ 7,983,071	\$ 1,299,509	\$ 221,573	\$ 25,386,173
Cash received from other operations	98,228	11,034	337,448	3,838
Cash payments for personal services	(2,111,136)	(545,059)	(117,116)	(315,037)
Cash payments for fringe benefits.	(887,825)	(208,409)	(61,768)	(72,650)
Cash payments for contractual services	(604,540)	(82,797)	(233,450)	(91,047)
Cash payments for materials and supplies	(27,733)	-	(220)	(6,118)
Cash payments for cost of goods sold	(4,094,234)	(339,786)	(38,225)	-
Cash payments for utilities.	-	(21,811)	-	-
Cash payments for claims.	-	-	-	(24,507,591)
Cash payments for other expenses	(27,051)	(2,826)	(31,015)	(18,292)
Net cash provided by (used in) operating activities. .	<u>328,780</u>	<u>109,855</u>	<u>77,227</u>	<u>379,276</u>
Cash flows from noncapital financing activities:				
Cash used in transfers out	-	(120,240)	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(120,240)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(49,264)	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>(49,264)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest received and fair value adjustment	-	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents.	328,780	(59,649)	77,227	379,276
Cash and cash equivalents				
at beginning of year.	1,137,969	114,421	312,919	5,679,625
Cash and cash equivalents at end of year	<u>\$ 1,466,749</u>	<u>\$ 54,772</u>	<u>\$ 390,146</u>	<u>\$ 6,058,901</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (63,227)	\$ (144,718)	\$ 24,904	\$ (54,257)
Adjustments:				
Depreciation	22,672	76,410	-	-
Changes in assets and liabilities:				
(Increase) in net pension asset.	(13,134)	(3,252)	(716)	(932)
(Increase) in deferred outflows for OPEB.	(167,164)	(270,311)	(10,961)	(9,275)
(Increase) decrease in deferred outflows for pension.	580,580	(109,367)	32,258	67,337
(Increase) in accounts receivable.	-	(2,781)	-	-
(Increase) decrease in due from other funds.	(147,466)	(23,927)	49,739	-
Decrease in due from other governments	-	11,411	-	-
(Increase) in prepayments.	(75)	(16,445)	-	-
Increase (decrease) in inventory held for resale.	50,071	(13,817)	-	-
Increase (decrease) in accounts payable	48,580	(680)	(27,201)	90
Increase (decrease) in contracts payable	(12,852)	3,200	-	38,825
Increase (decrease) in accrued wages and benefits.	11,335	(813)	1,049	943
Increase (decrease) in due to other funds	(255)	(288)	12	(1)
Increase (decrease) in due to other governments.	24,670	6,918	1,866	2,562
Increase (decrease) in net pension liability	(834,358)	65,328	(41,317)	(70,668)
Increase (decrease) in net OPEB liability	212,960	326,660	14,298	11,325
Increase in deferred inflows - pension.	531,666	136,718	28,755	38,748
Increase in deferred inflows - OPEB.	119,931	33,729	6,455	8,721
Increase (decrease) in compensated absences payable.	(35,154)	35,880	(1,914)	(60)
Increase (decrease) in claims payable.	-	-	-	345,918
Net cash provided by (used in) operating activities	<u>\$ 328,780</u>	<u>\$ 109,855</u>	<u>\$ 77,227</u>	<u>\$ 379,276</u>

	Workers' Compensation	Plumbing Shop	Total
\$	5,023,008	\$ 539,830	\$ 40,453,164
	5,254	3,644	459,446
	(338,373)	(297,839)	(3,724,560)
	(133,662)	(124,959)	(1,489,273)
	(254,714)	(10,956)	(1,277,504)
	(74,695)	(123,448)	(232,214)
	-	-	(4,472,245)
	-	-	(21,811)
	(2,417,044)	-	(26,924,635)
	(35,738)	-	(114,922)
	<u>1,774,036</u>	<u>(13,728)</u>	<u>2,655,446</u>
	-	-	(120,240)
	-	-	(120,240)
	-	-	(49,264)
	-	-	(49,264)
	<u>227,946</u>	<u>-</u>	<u>227,946</u>
	<u>227,946</u>	<u>-</u>	<u>227,946</u>
	2,001,982	(13,728)	2,713,888
	<u>20,674,380</u>	<u>533,934</u>	<u>28,453,248</u>
\$	<u>22,676,362</u>	<u>520,206</u>	<u>31,167,136</u>

\$	2,592,202	\$ (97,513)	\$ 2,257,391
	7,400	7,582	114,064
	(1,795)	(1,871)	(21,700)
	(14,888)	(25,476)	(498,075)
	151,797	76,766	799,371
	-	-	(2,781)
	-	-	(121,654)
	-	-	11,411
	-	-	(16,520)
	-	-	36,254
	9,899	10,187	40,875
	-	-	29,173
	13,137	2,078	27,729
	(572)	333	(771)
	(46,416)	3,227	(7,173)
	(247,264)	(111,738)	(1,240,017)
	(19,041)	32,770	578,972
	74,943	72,755	883,585
	43,849	16,952	229,637
	(21,020)	220	(22,048)
	(768,195)	-	(422,277)
\$	<u>1,774,036</u>	<u>(13,728)</u>	<u>2,655,446</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, 2018

	<u>Balance 12/31/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/18</u>
Guaranty				
Assets:				
Equity in pooled cash and investments.	\$ 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 investments.	\$ 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 investments.	\$ 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.	\$ 201,436	\$ -	\$ -	\$ 201,436
Total assets.	<u>\$ 201,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,436</u>
Liabilities:				
Due to others.	\$ 201,436	\$ -	\$ -	\$ 201,436
Total liabilities.	<u>\$ 201,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,436</u>
Dependent Care				
Assets:				
Equity in pooled cash and investments.	\$ 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>

-- Continued

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Balance 12/31/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/18</u>
Fire Proceeds				
Assets:				
Equity in pooled cash and investments.	\$ 1,256,442	\$ 256,765	\$ -	\$ 1,513,207
Total assets.	<u>\$ 1,256,442</u>	<u>\$ 256,765</u>	<u>\$ -</u>	<u>\$ 1,513,207</u>
Liabilities:				
Accounts payable	\$ 133,864	\$ 107,120	\$ -	\$ 240,984
Intergovernmental payable.	1,122,578	149,645	-	1,272,223
Total liabilities.	<u>\$ 1,256,442</u>	<u>\$ 256,765</u>	<u>\$ -</u>	<u>\$ 1,513,207</u>
Urban Renewal Comp Dep				
Assets:				
Equity in pooled cash and investments.	\$ 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 investments.	\$ 7,106	\$ 17,802	\$ 8,097	\$ 16,811
Total assets.	<u>\$ 7,106</u>	<u>\$ 17,802</u>	<u>\$ 8,097</u>	<u>\$ 16,811</u>
Liabilities:				
Accounts payable	\$ 8,097	\$ -	\$ 8,097	\$ -
Intergovernmental payable.	-	3,211	-	3,211
Due to others.	(991)	14,591	-	13,600
Total liabilities.	<u>\$ 7,106</u>	<u>\$ 17,802</u>	<u>\$ 8,097</u>	<u>\$ 16,811</u>
Payroll Withholding				
Assets:				
Equity in pooled cash and investments.	\$ 2,675,266	\$ 2,779,423	\$ 2,675,266	\$ 2,779,423
Receivables:				
Intergovernmental.	121,626	73,333	121,626	73,333
Total assets.	<u>\$ 2,796,892</u>	<u>\$ 2,852,756</u>	<u>\$ 2,796,892</u>	<u>\$ 2,852,756</u>
Liabilities:				
Accounts payable	\$ 57,424	\$ 47,406	\$ 57,424	\$ 47,406
Due to others.	376,515	426,945	376,515	426,945
Withholdings and deposits.	2,362,953	2,378,405	2,362,953	2,378,405
Total liabilities.	<u>\$ 2,796,892</u>	<u>\$ 2,852,756</u>	<u>\$ 2,796,892</u>	<u>\$ 2,852,756</u>
Special Improvement District				
Assets:				
Equity in pooled cash and investments.	\$ 123,546	\$ -	\$ -	\$ 123,546
Receivables:				
Special assessments.	5,937,240	4,452,930	5,937,240	4,452,930
Total assets.	<u>\$ 6,060,786</u>	<u>\$ 4,452,930</u>	<u>\$ 5,937,240</u>	<u>\$ 4,576,476</u>
Liabilities:				
Due to others.	\$ 6,060,786	\$ 4,452,930	\$ 5,937,240	\$ 4,576,476
Total liabilities.	<u>\$ 6,060,786</u>	<u>\$ 4,452,930</u>	<u>\$ 5,937,240</u>	<u>\$ 4,576,476</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, 2018

	<u>Balance</u> <u>12/31/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/18</u>
GMR Trading Project				
Assets:				
Equity in pooled cash and investments.	\$ 32,499	\$ -	\$ -	\$ 32,499
Total assets.	<u>\$ 32,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,499</u>
Liabilities:				
Intergovernmental payable.	\$ 32,499	\$ -	\$ -	\$ 32,499
Total liabilities.	<u>\$ 32,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,499</u>
Miami Township-Dayton JEDD				
Assets:				
Equity in pooled cash and investments.	\$ 520,682	\$ 221,648	\$ 76,211	\$ 666,119
Total assets.	<u>\$ 520,682</u>	<u>\$ 221,648</u>	<u>\$ 76,211</u>	<u>\$ 666,119</u>
Liabilities:				
Accounts payable	\$ 76,211	\$ -	\$ 76,211	\$ -
Intergovernmental payable.	444,471	221,648	-	666,119
Total liabilities.	<u>\$ 520,682</u>	<u>\$ 221,648</u>	<u>\$ 76,211</u>	<u>\$ 666,119</u>
Butler Township-Dayton JEDD				
Assets:				
Equity in pooled cash and investments.	\$ 57,503	\$ 2,847	\$ 5,675	\$ 54,675
Total assets.	<u>\$ 57,503</u>	<u>\$ 2,847</u>	<u>\$ 5,675</u>	<u>\$ 54,675</u>
Liabilities:				
Accounts payable	\$ 5,675	\$ -	\$ 5,675	\$ -
Intergovernmental payable.	51,828	2,847	-	54,675
Total liabilities.	<u>\$ 57,503</u>	<u>\$ 2,847</u>	<u>\$ 5,675</u>	<u>\$ 54,675</u>
Engery Special Improvement District				
Assets:				
Equity in pooled cash and investments.	\$ -	\$ 26,786	\$ -	\$ 26,786
Receivables:				
Special assessments.	5,555,017	5,181,846	5,555,017	5,181,846
Total assets.	<u>\$ 5,555,017</u>	<u>\$ 5,208,632</u>	<u>\$ 5,555,017</u>	<u>\$ 5,208,632</u>
Liabilities:				
Due to others.	\$ 5,555,017	\$ 5,208,632	\$ 5,555,017	\$ 5,208,632
Total liabilities.	<u>\$ 5,555,017</u>	<u>\$ 5,208,632</u>	<u>\$ 5,555,017</u>	<u>\$ 5,208,632</u>

- - Continued

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Balance</u> <u>12/31/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/18</u>
Police Property Room				
Assets:				
Equity in pooled cash and investments.	\$ 1,728,894	\$ 240,869	\$ 38,772	\$ 1,930,991
Total assets.	<u>\$ 1,728,894</u>	<u>\$ 240,869</u>	<u>\$ 38,772</u>	<u>\$ 1,930,991</u>
Liabilities:				
Accounts payable	\$ 38,772	\$ -	\$ 38,772	\$ -
Intergovernmental payable.	-	103,594	-	103,594
Due to others.	1,690,122	137,275	-	1,827,397
Total liabilities.	<u>\$ 1,728,894</u>	<u>\$ 240,869</u>	<u>\$ 38,772</u>	<u>\$ 1,930,991</u>
Municipal Courts				
Assets:				
Cash and cash equivalents with fiscal agent . .	\$ 983,487	\$ 959,862	\$ 983,487	\$ 959,862
Total assets.	<u>\$ 983,487</u>	<u>\$ 959,862</u>	<u>\$ 983,487</u>	<u>\$ 959,862</u>
Liabilities:				
Intergovernmental payable.	\$ 243,136	\$ 253,954	\$ 243,136	\$ 253,954
Due to others.	740,351	705,908	740,351	705,908
Total liabilities.	<u>\$ 983,487</u>	<u>\$ 959,862</u>	<u>\$ 983,487</u>	<u>\$ 959,862</u>
Executive Severance				
Assets:				
Investments with fiscal agent	\$ 1,057,191	\$ 896,033	\$ 1,057,191	\$ 896,033
Total assets.	<u>\$ 1,057,191</u>	<u>\$ 896,033</u>	<u>\$ 1,057,191</u>	<u>\$ 896,033</u>
Liabilities:				
Withholdings and deposits.	\$ 1,057,191	\$ 896,033	\$ 1,057,191	\$ 896,033
Total liabilities.	<u>\$ 1,057,191</u>	<u>\$ 896,033</u>	<u>\$ 1,057,191</u>	<u>\$ 896,033</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and investments.	\$ 6,524,454	\$ 3,546,140	\$ 2,804,021	\$ 7,266,573
Investments with fiscal agent	1,057,191	896,033	1,057,191	896,033
Cash and cash equivalents with fiscal agent . .	983,487	959,862	983,487	959,862
Receivables:				
Accounts	201,436	-	-	201,436
Special assessments.	11,492,257	9,634,776	11,492,257	9,634,776
Intergovernmental.	121,626	73,333	121,626	73,333
Total assets.	<u>\$ 20,380,451</u>	<u>\$ 15,110,144</u>	<u>\$ 16,458,582</u>	<u>\$ 19,032,013</u>
Liabilities:				
Accounts payable	\$ 320,043	\$ 154,526	\$ 186,179	\$ 288,390
Intergovernmental payable.	1,946,389	734,899	243,136	2,438,152
Due to others.	14,626,236	10,946,281	12,609,123	12,963,394
Withholdings and deposits.	3,487,783	3,274,438	3,420,144	3,342,077
Total liabilities.	<u>\$ 20,380,451</u>	<u>\$ 15,110,144</u>	<u>\$ 16,458,582</u>	<u>\$ 19,032,013</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)

	2009 (1)	2010	2011 (1) (2)	2012 (1)
Governmental activities				
Net investment in capital assets	\$ 300,486,474	\$ 321,452,359	\$ 332,540,773	\$ 370,313,674
Restricted	91,563,337	99,691,871	77,231,301	71,969,027
Unrestricted	10,040,732	7,086,581	42,181,978	58,329,858
Total governmental activities net assets/position	\$ 402,090,543	\$ 428,230,811	\$ 451,954,052	\$ 500,612,559
Business-type activities				
Net investment in capital assets	\$ 401,965,547	\$ 419,111,268	\$ 429,634,383	\$ 401,528,337
Restricted	-	-	-	-
Unrestricted	144,144,446	146,350,941	145,543,923	190,338,004
Total business-type activities net assets/position	\$ 546,109,993	\$ 565,462,209	\$ 575,178,306	\$ 591,866,341
Primary government				
Net investment in capital assets	\$ 702,452,021	\$ 740,563,627	\$ 762,175,156	\$ 771,842,011
Restricted	91,563,337	99,691,871	77,231,301	71,969,027
Unrestricted	154,185,178	153,437,522	187,725,901	248,667,862
Total primary government net assets/position	\$ 948,200,536	\$ 993,693,020	\$ 1,027,132,358	\$ 1,092,478,900

(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

	2013	2014 (3)	2015	2016 (1)	2017	2018
\$	375,002,891	\$ 380,538,467	\$ 378,194,645	\$ 372,458,561	\$ 398,432,088	\$ 395,757,572
	63,085,637	60,235,431	63,381,287	57,403,783	46,244,345	38,778,126
	71,855,215	(29,254,490)	(28,570,356)	(29,568,811)	(55,083,379)	(189,850,322)
\$	509,943,743	\$ 411,519,408	\$ 413,005,576	\$ 400,293,533	\$ 389,593,054	\$ 244,685,376
\$	407,888,085	\$ 420,343,386	\$ 451,108,014	\$ 461,538,909	\$ 481,494,371	\$ 462,984,698
	-	-	-	9,514,757	9,737,907	11,039,351
	191,931,048	161,812,038	149,357,573	145,505,912	122,254,672	94,581,275
\$	599,819,133	\$ 582,155,424	\$ 600,465,587	\$ 616,559,578	\$ 613,486,950	\$ 568,605,324
\$	782,890,976	\$ 800,881,853	\$ 829,302,659	\$ 833,997,470	\$ 879,926,459	\$ 858,742,270
	63,085,637	60,235,431	63,381,287	66,918,540	55,982,252	49,817,477
	263,786,263	132,557,548	120,787,217	115,937,101	67,171,293	(95,269,047)
\$	1,109,762,876	\$ 993,674,832	\$ 1,013,471,163	\$ 1,016,853,111	\$ 1,003,080,004	\$ 813,290,700

CITY OF DAYTON, OHIO

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

	2009	2010	2011 (1)	2012
Expenses				
Governmental activities:				
Downtown	\$ 5,182,850	\$ 5,159,078	\$ 2,922,503	\$ 3,894,895
Youth, education and human services	2,264,862	2,514,310	2,395,344	1,058,361
Community development and neighbors	21,342,171	26,843,290	32,086,879	31,880,468
Economic development	14,263,940	8,432,763	10,105,180	9,492,689
Leadership and quality of life	47,091,889	41,299,206	40,275,561	35,672,811
Corporate responsibility	17,707,683	16,832,625	15,884,692	15,225,815
Public safety and justice	95,706,450	96,284,218	94,294,723	93,120,303
Bond issuance costs	-	-	-	693,878
Interest and fiscal charges	3,620,502	3,978,196	4,556,429	2,767,292
Total governmental activities expenses	207,180,347	201,343,686	202,521,311	193,806,512
Business type activities:				
Dayton International Airport	40,310,513	30,688,222	32,572,362	36,571,471
Water	45,672,640	46,619,869	47,618,625	44,084,645
Sewer	31,994,865	30,931,209	32,420,315	29,765,334
Golf	3,281,384	3,026,601	2,922,959	3,123,360
Storm Water	5,401,928	6,389,207	6,177,790	4,997,022
Total business-type activities expenses	126,661,330	117,655,108	121,712,051	118,541,832
Total primary government expenses	\$ 333,841,677	\$ 318,998,794	\$ 324,233,362	\$ 312,348,344
Program Revenues				
Governmental activities:				
Charges for services:				
Downtown	\$ 588,229	\$ 629,749	\$ 672,824	\$ 531,072
Youth, education and human services	7,618	7,092	8,674	11,032
Community development and neighbors	2,289,894	2,240,217	3,106,283	2,547,442
Economic development	1,438,105	4,317,785	1,997,277	2,445,796
Leadership and quality of life	4,411,912	6,136,336	5,673,292	5,001,134
Corporate responsibility	2,853,032	2,452,413	3,118,657	2,518,064
Public safety and justice	17,398,578	18,243,867	22,027,599	23,624,400
Interest and fiscal charges	-	-	-	-
Operating grants and contributions	24,147,823	33,479,834	35,387,609	34,438,364
Capital grants and contributions	25,771,047	17,935,099	12,849,894	12,626,114
Total governmental activities program revenue	78,906,238	85,442,392	84,842,109	83,743,418
Business type activities:				
Charges for services:				
Dayton International Airport	30,655,950	25,673,711	23,644,457	24,508,791
Water	47,743,750	49,318,157	43,529,551	45,700,719
Sewer	30,998,739	32,558,557	30,119,740	33,115,458
Golf	3,250,241	3,180,466	2,946,618	3,123,224
Storm Water	7,083,455	7,213,504	5,264,927	7,383,856
Capital grants and contributions	17,098,233	18,967,012	14,064,510	10,436,869
Total business-type activities program revenue	136,830,368	136,911,407	119,569,803	124,268,917
Total primary government program revenue	\$ 215,736,606	\$ 222,353,799	\$ 204,411,912	\$ 208,012,335

	2013	2014	2015	2016	2017	2018
\$	3,596,856	\$ 3,973,957	\$ 3,796,899	\$ 3,653,125	\$ 3,204,951	\$ 3,248,268
	2,904,850	3,499,722	550,914	120,375	219,529	3,619
	27,516,705	22,225,850	23,517,538	20,766,486	20,646,893	25,798,079
	15,682,768	13,940,292	15,401,684	10,273,961	26,135,222	10,043,435
	42,108,488	42,943,946	46,597,492	43,181,443	43,843,557	50,250,202
	16,027,649	14,189,753	15,284,297	16,482,483	18,800,773	19,535,052
	93,221,162	90,511,356	97,757,003	107,505,250	110,670,677	124,347,547
	-	195,142	-	-	-	-
	2,958,434	2,608,301	2,942,225	3,074,675	2,845,159	2,860,206
	<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>	<u>236,086,408</u>
	40,954,651	41,476,361	42,627,742	39,640,671	45,920,196	68,544,041
	46,445,617	46,245,372	45,493,204	49,944,784	56,194,400	55,222,198
	31,515,981	29,448,754	28,009,025	30,326,605	32,211,627	33,486,248
	2,956,261	2,957,656	3,026,642	2,991,868	3,114,227	3,192,165
	5,312,757	5,480,442	5,662,740	5,700,888	7,110,595	7,633,423
	<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>168,078,075</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>	<u>\$ 404,164,483</u>
\$	571,365	\$ 572,477	\$ 659,723	\$ 625,740	\$ 472,445	\$ 425,925
	17,205	7,965	27,903	18,846	15,681	7,987
	3,456,330	3,017,823	2,675,576	2,394,632	2,210,260	2,299,222
	3,446,864	6,401,968	2,769,150	2,237,230	2,821,264	1,706,782
	6,942,907	13,688,808	5,811,184	7,049,529	5,968,710	7,571,863
	2,667,492	2,850,358	2,834,131	2,738,963	2,558,164	2,739,745
	21,385,906	25,704,452	20,823,804	18,653,411	17,943,019	20,355,926
	-	158,829	168,771	-	-	-
	24,584,286	25,909,216	21,715,944	15,921,133	14,355,175	17,511,214
	11,761,088	7,184,234	8,771,868	13,275,111	12,766,815	6,064,308
	<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>	<u>58,682,972</u>
	24,723,701	26,454,375	24,974,019	26,086,061	27,065,242	23,842,686
	44,291,334	47,702,941	47,377,507	49,912,404	48,891,167	51,561,435
	30,245,346	32,034,019	33,960,790	32,309,554	33,845,779	32,627,154
	2,997,480	2,874,737	2,923,295	2,780,282	2,746,574	2,733,253
	7,345,250	7,330,340	7,432,885	7,359,366	7,534,843	7,781,552
	13,857,011	7,939,351	14,318,883	13,605,971	6,176,726	13,758,080
	<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>132,304,160</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>	<u>\$ 190,987,132</u>

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CITY OF DAYTON, OHIO

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

	2009	2010	2011 (1)	2012
Net (Expense)/Revenue				
Governmental activities	\$ (128,274,109)	\$ (115,901,294)	\$ (117,679,202)	\$ (110,063,094)
Business-type activities	10,169,038	19,256,299	(2,142,248)	5,727,085
Total primary government net expense	<u>\$ (118,105,071)</u>	<u>\$ (96,644,995)</u>	<u>\$ (119,821,450)</u>	<u>\$ (104,336,009)</u>
General Revenues and Other Changes in Net Assets/Position				
Governmental activities:				
Property taxes	\$ 19,070,860	\$ 18,798,224	\$ 19,373,301	\$ 10,055,324
Income taxes	99,817,917	98,399,957	100,129,761	100,336,653
Payments in lieu of taxes	-	1,426,155	669,323	1,076,054
Grants and entitlements	14,827,230	16,327,237	19,159,472	14,833,540
Investment earnings	1,311,141	1,960,831	1,945,150	1,931,883
Miscellaneous	4,673,485	5,123,860	1,199,153	3,848,415
Transfers	(662,961)	5,298	368,339	354,169
Total governmental activities general revenues	<u>139,037,672</u>	<u>142,041,562</u>	<u>142,844,499</u>	<u>132,436,038</u>
Business type activities:				
Investment earnings	716,568	101,215	236,896	557,911
Miscellaneous	-	-	13,509,995	10,757,208
Transfers	662,961	(5,298)	(368,339)	(354,169)
Total business-type activities	<u>1,379,529</u>	<u>95,917</u>	<u>13,378,552</u>	<u>10,960,950</u>
Total primary government	<u>\$ 140,417,201</u>	<u>\$ 142,137,479</u>	<u>\$ 156,223,051</u>	<u>\$ 143,396,988</u>
Changes in Net Assets/Position				
Governmental activities	\$ 10,763,563	\$ 26,140,268	\$ 25,165,297	\$ 22,372,944
Business-type activities	11,548,567	19,352,216	11,236,304	16,688,035
Total primary government	<u>\$ 22,312,130</u>	<u>\$ 45,492,484</u>	<u>\$ 36,401,601</u>	<u>\$ 39,060,979</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.

Only balances after December 31, 2017 are presented in accordance with GASB Statement No. 75.

Source: City of Dayton financial records

2013	2014	2015	2016	2017	2018
\$ (129,183,469)	\$ (108,592,189)	\$ (139,589,998)	\$ (142,143,203)	\$ (167,255,228)	\$ (177,403,436)
(3,725,145)	(1,272,822)	6,168,026	3,448,822	(18,290,714)	(35,773,915)
<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>	<u>\$ (213,177,351)</u>
\$ 14,355,108	\$ 12,918,102	\$ 12,155,647	\$ 12,530,977	\$ 9,749,960	\$ 12,108,678
101,967,172	103,721,834	107,633,425	109,275,331	125,253,442	128,707,187
1,406,710	1,771,683	1,599,086	1,639,517	1,997,895	1,816,290
15,376,160	15,529,135	14,236,917	14,475,022	13,618,351	12,253,756
1,241,997	1,722,766	1,852,285	2,258,330	2,118,284	3,247,089
4,167,506	3,453,599	3,598,806	3,399,230	4,334,317	4,916,381
-	(360,000)	-	(501,000)	(517,500)	(641,200)
<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>	<u>162,408,181</u>
113,372	485,592	535,994	863,088	1,552,267	2,979,857
11,564,565	12,044,998	11,606,143	12,535,999	13,148,319	14,653,243
-	360,000	-	501,000	517,500	641,200
<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>18,274,300</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>	<u>\$ 180,682,481</u>
\$ 9,331,184	\$ 30,164,930	\$ 1,486,168	\$ 934,204	\$ (10,700,479)	\$ (14,995,255)
7,952,792	11,617,768	18,310,163	17,348,909	(3,072,628)	(17,499,615)
<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>	<u>\$ (32,494,870)</u>

CITY OF DAYTON, OHIO

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

	2009	2010	2011 (1) (2)	2012 (2)
General Fund				
Nonspendable	\$ -	\$ -	\$ 9,695,165	\$ 10,166,112
Committed	-	-	4,543,378	2,952,023
Assigned	-	-	11,900,572	17,106,981
Unassigned	-	-	29,291,035	31,114,283
Reserved	3,571,816	3,131,124	-	-
Unreserved, reported in:				
Designated for future years' expenditures	6,585,539	5,322,656	-	-
Undesignated	25,681,059	26,153,904	-	-
Total general fund	\$ 35,838,414	\$ 34,607,684	\$ 55,430,150	\$ 61,339,399
Other Special Revenue				
Nonspendable	\$ -	\$ -	\$ 476	
Restricted	-	-	5,821,124	5,971,337
Reserved	3,397,002	8,141,647	-	-
Unreserved (deficit), reported in:				
Special revenue funds	9,163,395	6,104,504	-	-
Total other special revenue	\$ 12,560,397	\$ 14,246,151	\$ 5,821,600	\$ 5,971,337
Debt Service Fund				
Nonspendable	\$ -	\$ -	\$ 553	\$ -
Restricted	-	-	39,378,381	28,369,891
Committed	-	-	192,652	331,130
Reserved	42,188,046	42,541,211	-	-
Total debt service fund	\$ 42,188,046	\$ 42,541,211	\$ 39,571,586	\$ 28,701,021
Capital Improvement Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	4,758,591	10,424,439
Committed	-	-	5,026,521	8,436,236
Assigned	-	-	11,243,145	6,790,703
Reserved	26,133,688	28,184,390	-	-
Unreserved (deficit)	(21,142,062)	(18,628,322)	-	-
Total capital improvement fund	\$ 4,991,626	\$ 9,556,068	\$ 21,028,257	\$ 25,651,378
Other governmental Funds				
Nonspendable	\$ -	\$ -	\$ 102,228	\$ 103,727
Restricted	-	-	11,128,174	10,856,667
Reserved	46,929,773	76,695,945	-	-
Unreserved (deficit), reported in:				
Designated, special revenue funds	398,848	-	-	-
Special revenue funds	(31,069,843)	(57,406,792)	-	-
Permanent fund	76,302	70,250	-	-
Total governmental funds	\$ 16,335,080	\$ 19,359,403	\$ 11,230,402	\$ 10,960,394
Total Fund Balances, Governmental Funds	\$ 111,913,563	\$ 120,310,517	\$ 133,081,995	\$ 132,623,529

(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

	2013	2014	2015	2016	2017	2018
\$	10,556,945	\$ 11,113,881	\$ 10,582,684	\$ 11,130,189	\$ 4,204,941	\$ 4,117,426
	1,877,155	1,985,533	2,551,240	1,765,917	2,796,237	1,586,680
	22,147,568	21,268,158	20,365,988	26,532,688	22,539,046	13,181,363
	26,287,308	27,221,281	28,939,568	23,499,869	32,724,803	47,225,412
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<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>	<u>\$ 66,110,881</u>
\$	-	\$ 500	\$ 3,163	\$ -	\$ -	\$ -
	5,678,456	5,420,505	5,782,016	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>5,678,456</u>	<u>\$ 5,421,005</u>	<u>\$ 5,785,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	26,962,021	26,915,684	27,686,642	28,459,284	28,241,475	26,744,173
	407,021	419,906	408,494	416,466	422,416	443,573
	-	-	-	-	-	-
\$	<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>	<u>\$ 27,187,746</u>
\$	6,563	\$ -	\$ -	\$ -	\$ -	\$ 97,664
	8,427,005	15,704,146	9,434,711	17,575,596	5,126,467	7,714,094
	9,591,625	8,310,682	7,302,188	7,875,468	7,284,916	9,701,058
	8,885,969	8,203,654	10,779,323	6,301,554	7,070,596	8,469,143
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<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>	<u>\$ 25,981,959</u>
\$	102,228	\$ 102,228	\$ 102,228	\$ 914,376	\$ 756,993	\$ 1,343,739
	8,104,755	11,755,537	8,216,413	13,151,325	13,468,783	11,666,032
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	(209,996)	-	-	-
	-	-	-	-	-	-
\$	<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>\$ 13,009,771</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>	<u>\$ 132,290,357</u>

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

	2009	2010	2011	2012
Revenues				
Taxes	\$ 139,011,038	\$ 136,753,834	\$ 134,006,534	\$ 128,586,427
Charges for services	25,037,733	26,265,870	26,910,213	27,256,576
Licenses and permits	1,630,319	1,314,956	1,561,850	1,616,712
Fines and forfeits	2,106,189	2,276,856	2,402,917	5,926,766
Intergovernmental	39,699,451	50,996,557	55,538,646	45,662,634
Special assessments	422,608	380,767	333,328	297,589
Payments in lieu of taxes	-	1,039,654	604,596	873,495
Investment income	2,927,657	1,926,077	1,730,915	1,858,064
Increase (decrease) in fair value of investments	(1,085,864)	50,814	186,772	80,325
Other	4,648,485	9,506,045	4,148,279	6,282,291
Total revenues	<u>214,397,616</u>	<u>230,511,430</u>	<u>227,424,050</u>	<u>218,440,879</u>
Expenditures				
Current:				
Downtown	4,143,788	4,117,582	3,804,513	3,346,771
Youth, education and human services	2,280,237	2,512,611	2,409,496	2,518,658
Community development and neighborhoods	22,259,601	26,873,157	32,366,889	31,889,756
Economic development	15,047,900	13,900,769	10,063,494	9,529,602
Leadership and quality life	40,991,411	41,347,850	30,741,740	28,678,675
Corporate responsibility	17,125,159	15,536,916	14,967,599	13,901,301
Public safety and justice	95,240,850	95,698,192	93,849,670	94,598,883
Capital outlay	34,908,638	18,226,238	15,253,781	16,942,861
Debt service:				
Principal retirement	8,047,222	8,030,000	9,516,702	9,918,875
Interest and fiscal charges	3,557,790	3,828,281	4,401,891	2,785,143
Bond issuance costs	586,476	137,068	-	693,878
Total expenditures	<u>244,189,072</u>	<u>230,208,664</u>	<u>217,375,775</u>	<u>214,804,403</u>
Excess(deficiency) of revenues over expenditures	(29,791,456)	302,766	10,048,275	3,636,476
Other Financing Sources (Uses)				
Transfers in	11,818,503	12,481,039	6,767,335	8,590,551
Transfers out	(12,678,413)	(12,488,042)	(6,455,775)	(8,168,518)
Bonds issued	34,408,111	5,180,000	1,615,000	35,555,000
Issuance of loans	-	2,860,000	-	-
Payment of refunded bond escrow agent	(22,528,097)	-	-	(35,364,951)
Premium (discount) on bond issuance	311,474	13,884	-	5,435,222
(Discount) on note issuance	-	-	-	-
Capital lease transactions	-	-	-	-
Total other financing sources (uses)	<u>11,331,578</u>	<u>8,046,881</u>	<u>1,926,560</u>	<u>6,047,304</u>
Net change in fund balance	<u>\$ (18,459,878)</u>	<u>\$ 8,349,647</u>	<u>\$ 11,974,835</u>	<u>\$ 9,683,780</u>
Capital expenditures	\$ 39,799,258	\$ 29,626,529	\$ 18,744,758	\$ 21,668,262
Debt service as a percentage of noncapital expenditures	5.68%	5.91%	7.01%	6.58%

Source: City of Dayton financial records

2013	2014	2015	2016	2017	2018
\$ 131,413,081	\$ 132,423,102	\$ 134,876,542	\$ 134,469,794	\$ 149,848,719	\$ 153,774,390
26,855,263	27,395,234	28,978,808	28,108,799	26,429,834	26,759,391
1,458,434	1,381,915	1,549,259	1,580,745	1,781,833	2,960,263
4,217,985	3,815,470	2,737,317	1,383,357	900,272	3,669,384
38,037,763	31,756,758	27,257,994	34,659,554	30,456,805	20,504,272
344,211	754,970	2,778,402	3,016,394	2,971,185	3,433,417
1,195,609	1,590,825	1,757,149	1,687,149	2,919,537	1,816,290
1,497,795	1,639,315	1,675,558	2,636,156	2,451,887	2,943,134
(240,888)	32,885	(16,440)	(470,837)	(486,307)	59,611
9,830,450	5,528,609	5,878,638	5,807,497	6,885,769	7,711,233
<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>	<u>223,631,385</u>
3,139,384	3,183,464	3,500,198	3,468,162	2,842,200	2,733,701
2,902,251	708,900	493,757	104,913	94,338	51,264
28,406,652	22,550,030	23,458,563	21,967,449	21,003,433	24,152,389
15,142,478	13,346,277	14,864,797	9,646,066	17,984,798	9,063,098
32,029,419	32,784,866	36,273,704	36,858,771	36,259,335	39,832,359
15,163,461	15,486,893	14,800,055	15,410,341	15,838,901	17,924,225
95,650,844	95,477,660	94,684,266	98,253,686	101,559,290	105,696,870
14,798,332	16,329,574	15,878,315	20,836,262	30,667,930	19,169,413
8,446,175	7,708,143	7,062,185	8,583,778	7,422,744	7,601,277
3,164,241	2,843,361	3,052,165	2,844,231	3,072,686	2,840,393
-	195,142	-	323,854	-	191,897
<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>	<u>229,256,886</u>
(4,233,534)	(4,295,227)	(6,594,778)	(5,418,905)	(12,586,121)	(5,625,501)
6,838,592	6,076,041	9,500,959	5,504,550	9,699,537	12,491,885
(6,750,939)	(6,318,132)	(9,383,214)	(5,892,656)	(10,099,475)	(13,012,845)
-	9,240,000	-	12,210,000	-	14,405,000
556,971	2,500,000	-	1,099,888	-	-
-	-	-	(2,876,310)	-	(1,211,639)
-	249,270	-	1,051,503	-	606,784
-	(60,196)	-	-	-	-
-	1,995,320	-	-	-	-
<u>644,624</u>	<u>13,682,303</u>	<u>117,745</u>	<u>11,096,975</u>	<u>(399,938)</u>	<u>13,279,185</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>	<u>\$ 7,653,684</u>
\$ 16,716,779	\$ 19,494,767	\$ 15,725,633	\$ 29,324,228	\$ 31,630,721	\$ 21,227,738
5.74%	5.52%	5.10%	6.05%	5.12%	5.02%

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
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
2018	115,647,959	87.47%	16,568,134	12.53%	132,216,093	5,036,463	3.81%	11,531,671	8.72%	132,216,093

**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)
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	0.31%	101,359,488	101,359,488	0.90%
2014	102,649,505	102,649,505	0.70%	103,916,809	103,916,809	2.52%
2015	106,661,923	106,661,923	3.91%	107,375,864	107,375,864	3.33%
2016	117,658,900	117,658,900	10.31%	113,461,023	113,461,023	5.67%
2017	110,795,400	110,795,400	-5.83%	121,733,746	121,733,746	7.29%
2018	129,988,860	129,988,860	17.32%	128,430,901	128,430,901	5.50%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

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

<u>Fiscal year</u>	<u>Total tax levy</u>	<u>Current tax collections</u>	<u>Percent of levy collected</u>	<u>Delinquent tax collections (1)</u>	<u>Total tax collections</u>	<u>Percent of total tax collections to tax levy</u>	<u>Outstanding delinquent taxes</u>	<u>Percent of outstanding delinquent taxes to tax levy</u>
<u>Montgomery County</u>								
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%
2018	14,327,917	12,891,853	89.98%	13,969,866	26,861,719	187.48%	8,738,631	60.99%

(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>							
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
2018	2019	1,321,622,440	3,776,064,113	-	-	118,097,560	303,823,672

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	
\$ 1,786,715,860	\$ 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%
1,439,720,000	10.00	4,079,887,785	35.29%

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>					
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
2018	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	\$ 1.75
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
10.00	80.05	23.14	3.31

CITY OF DAYTON, OHIO

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

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	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	\$ 91,236,730	1	6.34%	\$ 56,235,130	1	3.09%
Vectren Energy Delivery	25,351,450	2	1.76%	8,204,930	4	0.45%
KND Real Estate 29 LLC	6,551,310	3	0.46%			
GLP Capital LP	6,547,920	4	0.45%			
Dayton Hotel II LLC	5,171,320	5	0.36%			
Miami Valley Hospital	4,872,950	6	0.34%			
Cloud Park Plaza Unlimited	4,169,090	7	0.29%			
Elizabeth Place Holdings LLC	4,006,500	8	0.28%			
One South Main St. Holdings	3,953,770	9	0.27%			
Premier Plaza LP	3,567,170	10	0.25%			
DUCRU SPE LLC						
Caresource				15,455,080	2	0.85%
NCR				10,912,560	3	0.60%
Good Samaritan Hospital				7,918,060	5	0.43%
Danis Fifth Third Bank				6,526,380	6	0.36%
Kettering Tower Partners				5,531,980	7	0.30%
Marriott International				5,455,160	8	0.30%
Behr Dayton Thermal				4,810,680	9	0.26%
Delamore Elizabeth				4,735,650	10	0.26%
Total	\$ 155,428,210		10.80%	\$ 125,785,610		6.90%

Source: County Auditor; Montgomery, County, Ohio

CITY OF DAYTON, OHIO

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

<u>Fiscal Year</u>	<u>Current Assements Due (1) (3)</u>	<u>Current Assessment Collected (1)</u>	<u>Percent of Current Collections to Current Assessments</u>	<u>Delinquent Assessments Collected</u>	<u>Total Assessments Collected</u>	<u>Percent of Total Assessments Collected to Current Due (2)</u>
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%
2018	5,904,149	5,443,856	92.20%	1,172,852	6,616,708	112.07%

(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
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
2018	44,265,275	24,445,682	-	1,909,341	-	942,441	2,374,531	3,165,000

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
\$ 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%	1,096
10,860,031	34,625,000	9,888,914	450,000	-	-	-	144,638,131	30,733,685,000	0.47%	1,021
41,031,571	33,265,591	9,175,000	400,000	-	-	-	169,996,937	31,611,141,000	0.54%	1,203
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	33,144,355,000	0.48%	1,132
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%	1,716
36,697,191	107,941,332	5,167,722	150,000	-	4,867,008	-	226,096,070	n/a	n/a	1,611
34,290,014	120,420,598	4,270,588	100,000	-	4,663,742	-	240,847,212	n/a	n/a	1,713

CITY OF DAYTON, OHIO

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assesed Value (2)	\$ 1,786,715,860	\$ 1,766,330,350	\$ 1,572,433,810	\$ 1,527,043,290
Legal debt margin:				
Debt limitation - 10.5% of Assesed Value	187,605,165	185,464,687	165,105,550	160,339,545
Total Voted and Unvoted Debt Outstanding	158,035,326	155,069,138	144,638,131	169,996,937
Less: Exempt Debt				
Airport General Obligation Bonds and Notes	(11,305,000)	(10,470,000)	(10,115,000)	(9,750,000)
Airport Revenue Bonds (1)	(36,810,567)	(35,659,399)	(34,462,592)	(33,265,591)
Water Revenue Bonds (1)	-	-	-	-
Sewer Revenue Bonds (1)	-	-	-	-
Water General Obligation Bonds (3)	-	-	-	(15,300,000)
Sewer General Obligation Bonds (3)	-	-	-	(15,600,000)
Special Assessment Bonds and Notes	(299,500)	(211,800)	(136,900)	(63,100)
Economic Development Bonds	(39,925,000)	(40,650,000)	(38,780,000)	(32,235,000)
Total Exempt Debt	<u>(88,340,067)</u>	<u>(86,991,199)</u>	<u>(83,494,492)</u>	<u>(106,213,691)</u>
Total Debt Applicable to Limitation - Within 10.5% Limitations	69,695,259	68,077,939	61,143,639	63,783,246
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>(15,536,249)</u>	<u>(17,092,706)</u>	<u>(14,927,743)</u>	<u>(10,776,956)</u>
Net Debt Within 10.5% Limitation	<u>54,159,010</u>	<u>50,985,233</u>	<u>46,215,896</u>	<u>53,006,290</u>
Overall Debt Margin Within 10.5% Limitations	<u>\$ 133,446,155</u>	<u>\$ 134,479,454</u>	<u>\$ 118,889,654</u>	<u>\$ 107,333,255</u>
Unvoted Debt Limitation - 5.5% of Assesed Valuation	\$ 98,269,372	\$ 97,148,169	\$ 86,483,860	\$ 83,987,381
Debt Within 5.5% Limitations	69,695,259	68,077,939	61,143,639	63,783,246
Less Amount Available in Debt Service Fund	(15,536,249)	(17,092,706)	(14,927,743)	(10,776,956)
Net Debt Within 5.5% Limitation	<u>54,159,010</u>	<u>50,985,233</u>	<u>46,215,896</u>	<u>53,006,290</u>
Unvoted Debt Margin Within 5.5% Limitation	<u>\$ 44,110,362</u>	<u>\$ 46,162,936</u>	<u>\$ 40,267,964</u>	<u>\$ 30,981,091</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,545,990,210	\$ 1,420,769,660	\$ 1,419,103,270	\$ 1,422,658,280	\$ 1,432,805,280	\$ 1,439,720,000
162,328,972	149,180,814	149,005,843	149,379,119	150,444,554	151,170,600
157,522,164	159,621,062	201,500,505	241,115,601	226,096,070	240,847,212
(9,375,000)	(8,990,000)	(10,016,545)	(9,404,368)	(8,782,191)	(8,135,014)
(32,090,000)	(30,232,678)	(52,051,403)	(80,822,459)	(79,361,332)	(77,650,932)
-	-	(15,720,663)	(15,133,998)	(14,542,333)	(31,139,407)
-	-	(16,428,679)	(15,815,607)	(15,197,536)	(14,554,464)
(14,520,000)	(13,630,000)	(12,705,000)	(17,640,000)	(16,655,000)	(15,640,000)
(14,805,000)	(13,905,000)	(12,970,000)	(11,980,000)	(11,260,000)	(10,515,000)
(23,200)	-	-	-	-	-
<u>(30,305,000)</u>	<u>(28,285,000)</u>	<u>(26,200,000)</u>	<u>(24,055,000)</u>	<u>(21,845,000)</u>	<u>(23,245,000)</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>	<u>(180,879,817)</u>
56,403,964	64,578,384	55,408,215	66,264,169	58,452,678	59,967,395
<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>(14,482,746)</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>45,484,649</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>	<u>\$ 105,685,951</u>
\$ 85,029,462	\$ 78,142,331	\$ 78,050,680	\$ 78,246,205	\$ 78,804,290	\$ 79,184,600
56,403,964	64,578,384	55,408,215	66,264,169	58,452,678	59,967,395
(10,184,042)	(10,965,590)	(12,580,136)	(14,255,750)	(14,978,891)	(14,482,746)
<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>45,484,649</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>	<u>\$ 33,699,951</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
2009	154,200	\$ 1,786,715,860	\$ 68,480,000	\$ 15,536,249	\$ 52,943,751	2.96%	\$ 343
2010	141,527	1,766,330,350	64,410,000	17,092,706	47,317,294	2.68%	334
2011	141,713	1,572,433,810	57,745,000	14,927,743	42,817,257	2.72%	302
2012	141,359	1,527,043,290	90,180,658	9,583,585	80,597,073	5.28%	570
2013	143,355	1,545,990,210	81,353,728	10,184,042	71,169,686	4.60%	496
2014	141,003	1,420,769,660	79,081,962	10,965,590	68,116,372	4.79%	483
2015	140,599	1,419,103,270	73,630,043	12,580,136	61,049,907	4.30%	434
2016	140,489	1,422,658,280	83,262,279	14,255,750	69,006,529	4.85%	491
2017	140,371	1,432,805,280	75,990,794	14,978,891	61,011,903	4.26%	435
2018	140,640	1,439,720,000	78,555,289	14,391,004	64,164,285	4.46%	456

(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>
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%
2018	7,601,277	2,840,393	191,897	10,633,567	229,256,886	4.64%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2018

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, 2018.

Political subdivision of State of Ohio	2018 Debt Outstanding	Percentage applicable to Dayton	Amount applicable to Dayton
Direct			
City of Dayton	\$ 77,102,270	100.00%	\$ 77,102,270
Total Direct Debt	<u>77,102,270</u>		<u>77,102,270</u>
Overlapping			
Dayton Metro Library District	153,425,000	19.89%	30,516,233
Dayton City School District	133,585,000	83.90%	112,077,815
Miami Valley Career Center	131,082,994	2.23%	2,923,151
Vandalia Butler City School District	45,185,166	2.42%	1,093,481
Mad River Local School District	5,955,000	23.48%	1,398,234
Huber Heights City School District	66,310,000	11.44%	7,585,864
Trotwood-Madison City School District	23,365,000	4.19%	978,994
Fairborn City School District	41,576,331	3.47%	1,442,699
Northridge Local School District	16,640,000	32.33%	5,379,712
Total Overlapping Debt	<u>617,124,491</u>		<u>163,396,183</u>
Total Direct and Overlapping Debt	<u>\$ 694,226,761</u>		<u>\$ 240,498,453</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	
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
2018	7,148,338	947,134	148,368	1,095,502	6.53

(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 FOUR 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
2018	13,373,581	585,000	494,912	1,079,912	12.38

(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 FOUR 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
2018	7,463,318	610,000	517,213	1,127,213	6.62

(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	
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
2018	9,088,997	2,550,000	3,191,186	5,741,186	1.58

(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>
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
2018	56 (+/-)	1,813,570	8,005

<u>Year</u>	<u>Active Gas Meters (3)</u>	<u>Vehicle Registrations (4)</u>
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
2018	72,436	127,407

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
2018	56.5

Source: Division of Planning City of Dayton

CITY OF DAYTON, OHIO

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Fiscal Year 2018			Fiscal Year 2009		
	Employees	Rank	Percentage of Total Dayton Labor Force	Employees	Rank	Percentage of Total Dayton Labor Force
Premier Health Partners (1)	12,138	1	20.89%	6,960	1	10.06%
Kettering Health Network (2)	8,909	2	15.33%	-		
Montgomery County	4,366	3	7.51%	5,774	2	8.35%
Sinclair Community College	3,085	4	5.31%	1,597	8	2.31%
University of Dayton	3,028	5	5.21%	2,900	5	4.19%
Childrens Medical Hospital	2,974	6	5.12%	1,912	7	2.76%
CareSource	2,800	7	4.82%	-		
Veterans Administration	2,403	8	4.14%	1,579	9	2.28%
Dayton Public Schools	2,062	9	3.55%	3,700	3	5.35%
City of Dayton (3)	1,972	10	3.39%	2,648	6	3.83%
MAHLE Behr Dayton LLC				1,416	10	2.05%
Good Samaritan Hospital and Health				3,343	4	4.83%
Total	43,737		75.28%	31,829		46.01%

Source: Dayton Business Journal

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

(2) Kettering Health Network includes Grandview Hospital

(3) Source: City of Dayton ITS and Management & Budget (FY2018),
prior years Source: Dayton Business Journal (2017, 2018 General Fund FTE's only)

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
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%
2018	250,700	4.50%	386,000	4.30%	5,755,000	4.60%	3.90%

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
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	91.21%	5,654,908,269	39,795	90.99%	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%	5,835,550,158	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	44,006	88.77%	N/A	43,311	87.37%	44,876	90.53%	49,571
2017	45,708	90.70%	N/A	45,039	89.38%	45,615	90.52%	50,392
2018	N/A	N/A	N/A	N/A	N/A	48,242	89.82%	53,712

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	2009	2010	2011	2012	2013
Total	372.5	369.4	376.1	378.1	376.4
Goods-Producing Industries	50.6	49.4	51.2	52.6	52.7
Natural Resources, Mining and Construction	11.6	10.9	11.1	11.4	11.4
Manufacturing	39.0	38.5	40.1	41.2	41.3
Service-Providing Industries	321.9	320.0	324.9	325.5	323.7
Trade, Transportation, and Utilities	63.1	61.4	62.4	64.6	64.9
Information	11.0	10.5	9.8	8.9	8.7
Financial Activities	16.8	16.5	17.0	17.3	17.3
Professional and Business Services	45.5	45.6	48.3	48.7	47.5
Educational and Health Services	68.7	69.0	69.9	70.2	69.8
Leisure and Hospitality	36.3	36.2	37.0	37.1	36.9
Other Services	14.9	15.2	15.1	14.7	15.1
Government	65.6	65.6	65.4	64.0	63.5

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

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

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

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Percentage of Total 2018 employment</u>
372.0	379.1	384.5	389.0	390.0	100%
50.7	52.0	53.6	54.7	56.1	14.4%
11.7	12.0	12.4	12.6	13.1	3.4%
39.0	40.0	41.2	42.1	43.0	11.0%
321.3	327.1	330.9	334.3	333.9	85.6%
64.4	65.8	65.3	65.5	66.3	17.0%
8.5	8.4	8.5	8.3	8.2	2.1%
17.3	17.6	17.9	18.1	18.1	4.6%
48.6	50.1	51.0	50.8	52.4	13.4%
70.2	71.0	72.5	74.4	74.1	19.0%
37.2	37.8	38.8	40.3	39.1	10.0%
14.0	13.8	14.0	14.4	13.8	3.5%
61.1	62.6	62.9	62.5	61.9	15.9%

CITY OF DAYTON, OHIO

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

Function/Program	2009	2010 (2)	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Downtown	32	16	15	14	15	15	15	17	18	18
Youth, education and human services	1	-	1	1	1	1	-	1	1	1
Community development and neighbors	170	132	136	134	130	128	141	126	132	128
Economic development	42	35	33	26	30	32	7	33	40	31
Leadership and quality of life	251	143	184	178	171	303	214	147	141	144
Corporate responsibility	163	137	133	134	137	133	169	136	135	137
Public safety and justice	1,056	943	863	866	868	864	838	826	849	856
Business-type activities:										
Dayton International Airport	145	128	133	138	140	144	143	141	138	136
Water	267	245	237	218	232	164	246	373	375	375
Sewer	141	113	110	109	113	70	119	97	100	100
Golf	66	15	16	15	14	14	14	12	12	13
Storm Sewer	134	89	89	89	83	66	41	36	39	33
Total Full-Time Equivalent (FTE)	2,468	1,996	1,950	1,922	1,934	1,934	1,947	1,945	1,980	1,972

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>
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
2018	11,306	14,038	18,448	43,792	13,202

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, 2018**

<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)
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
2018	604	289,916,362

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>
2009	123	11,114,593	90,363	17.95%	-2.60%
2010	27	3,823,530	141,612	56.71%	52.64%
2011	90	9,516,794	105,742	-25.33%	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%	24.69%
2017	4	445,000	12,027	-89.60%	-87.04%
2018	7	1,560,000	42,162	250.56%	-54.55%

Source: Census Bureau

CITY OF DAYTON, OHIO

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Service										
Highways and Streets										
Streets (miles)	1,718	1,718	1,718	1,718	1,718	1,718	1,719	1,719	1,719	1,719
Streetlights	20,163	20,252	20,235	20,391	20,427	19,720	19,720	19,976	19,976	19,976
Traffic Signals	325	325	313	313	314	320	316	316	319	319
Computerized Signals	275	275	275	275	314	320	316	316	319	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	7	7	3
Number of Employees	474	455	385	413	409	405	410	397	419	417
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	346	341	332	308	314	318	327	318	322	320
City Fleet (public safety)										
Fire	97	94	99	108	84	88	91	88	97	90
Police	307	320	324	314	304	289	291	290	271	246
Recreation and parks										
Parks Acreage	1,374	1,374	1,374	1,374	1,374	1,374	1,374	1,374	1,374	1,374
Playgrounds	42	42	42	42	42	42	39	25	19	37
Total Facilities *	184	181	181	180	181	170	162	187	129	129
Parks	60	60	60	60	60	60	60	63	63	37
Swimming Pools	4	5	4	4	4	4	4	4	4	4
Tennis Courts	63	63	63	63	63	50	41	41	9	9
Community Centers	-	3	3	3	3	3	3	-	-	-
Senior Centers	1	1	-	-	-	-	-	-	-	-
Athletic Complexes	2	2	2	2	2	2	2	2	3	3
Specialized Facilities	-	-	-	-	1	1	1	1	1	1
Shelter Houses	37	37	37	37	37	36	37	62	35	34
Golf Courses	3	3	3	3	3	3	3	3	3	3
Spray Park Facilities	6	6	7	7	7	7	7	7	7	7
Recreation Centers	5	-	-	-	-	3	3	3	3	3
Cultural Centers	2	-	1	1	1	1	1	1	1	1
Teen Centers	1	1	1	-	-	-	-	-	-	-
Water										
Water Mains (miles)	804.29	806.12	807.03	806.61	807.03	807.03	807.26	847.65	852.51	852.51
Maximum Daily Capacity (millions of gallons)	43.79	43.82	43.21	44.30	41.00	42.00	43.20	43.20	43.20	43.20
Sewer										
Sanitary Sewers (miles)	603.11	603.05	603.18	603.27	603.40	603.40	730.00	730.00	740.46	740.60
Storm Sewers (miles)	403.61	403.62	403.67	403.67	403.67	403.67	576.60	576.60	576.89	576.89
Maximum Daily Capacity (millions of gallons)	32.61	33.72	33.03	29.80	28.69	28.33	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

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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, 2018

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
Vetrice Nickson	Financial Analyst I
Tonika Williams	Financial Tech II
Jennifer Hill	Support Staff
Vallerie Bristol	Support Staff
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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