



# DAYTON

# PAFR

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020



# 2020

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# A LETTER FROM THE FINANCE DIRECTOR AND CITY MANAGER

Dear Citizens of the City of Dayton:

The City of Dayton Finance Department is pleased to present to you the City's first annual Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2020. The purpose of this report is to provide residents and businesses with information pertinent to the City's fiscal operations in a user-friendly format.

The financial information for this report has been taken from the 2020 City of Dayton Comprehensive Annual Financial Report. The annual report consists of detailed financial statements, notes and schedules as well as very detailed statistical information. The annual report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited by the State of Ohio Auditor's Office. The City received an unmodified opinion on the audit, which means that no significant deficiencies were identified that required modification. The City's annual report can be obtained on the City's website at [www.daytonohio.gov/277/Tax-Accounting-Administration](http://www.daytonohio.gov/277/Tax-Accounting-Administration). The City of Dayton's PAFR is presented on a GAAP basis and is derived from the 2020 audited financial statements.

The purpose of the PAFR is to provide our citizens with summarized financial data and as a means of increasing awareness and knowledge of the operations of the City. We feel that citizens deserve transparency when it comes to their tax dollars, and this report is designed to help assist you in gaining a better understanding of the City's resources and how we put your tax dollars to use.

Thank you for taking the time to read this year's report. As you review our 2020 PAFR, I invite you to contact the Finance Department at 937.333.3550 with any suggestions, questions or comments you may have.

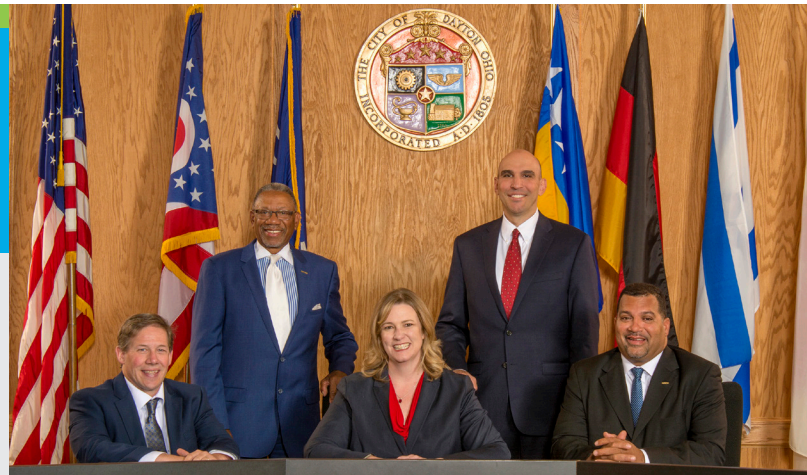
Sincerely,



**C. LaShea Lofton**  
Deputy City Manager and  
Acting Finance Director




**Shelley Dickstein**  
City Manager



## ELECTED AND APPOINTED OFFICIALS

FOR THE YEAR ENDED DECEMBER 31, 2020

### ELECTED OFFICIALS

<b>Mayor</b>	Nan Whaley
<b>Commissioners</b>	Matt Joseph Jeffrey Mims Chris Shaw Darryl Fairchild

### APPOINTED OFFICIALS

<b>City Manager</b>	Shelley Dickstein
<b>Deputy City Manager</b>	C. LaShea Lofton
<b>Deputy City Manager</b>	Joseph Parlette
<b>Director - Aviation</b>	Gilbert Turner
<b>Secretary and Chief Examiner - Civil Service</b>	Kenneth Thomas
<b>Director - Office of City Commission</b>	Ariel Walker
<b>Clerk of Commission - City Commission</b>	Rashella Lavender
<b>Director of Economic Development</b>	Ford Weber
<b>Director (Acting) - Finance</b>	C. LaShea Lofton
<b>Director and Chief - Fire</b>	Jeff Lykins
<b>Director - Human Relations Council</b>	Erica Fields
<b>Director - Human Resources</b>	Kenneth Couch
<b>Director (Acting) - IT</b>	Kenneth Couch
<b>Director - Law</b>	Barbara Doseck
<b>Director - Procurement, Management and Budget</b>	Diane Shannon
<b>Dayton Municipal Clerk of Courts</b>	Mark Owens
<b>Director - Planning and Community Development</b>	Todd Kinskey
<b>Director and Chief - Police</b>	Richard Biehl
<b>Director - Public Works</b>	Fred Stovall
<b>Director - Recreation &amp; Youth Services</b>	Robin Williams
<b>Director - Water</b>	Mike Powell

### CONTACTING THE CITY

101 W 3rd Street; Dayton, Ohio 45402  
937.333.3333 | [www.daytonohio.gov](http://www.daytonohio.gov)  
Office Hours: M-F, 8am-5pm

# ORGANIZATION OF THE CITY OF DAYTON

effective 12/31/2020



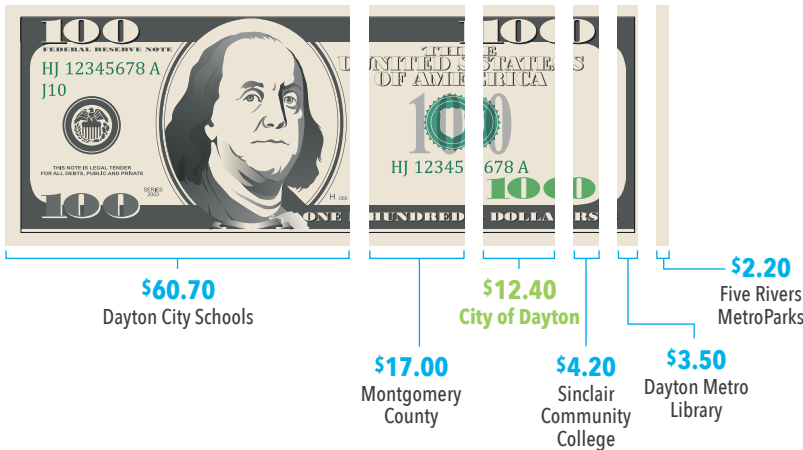
# WHERE DOES THE MONEY COME FROM?

Primary sources of revenue come from income tax, property taxes, and charges for services.

## Property Taxes – Where it Goes

Only a portion of your property taxes support City operations. The City receives approximately \$12.40 of every \$100 of property tax paid. The Dayton City Schools, Montgomery County, Sinclair Community College, Dayton Metro Library and Five Rivers Metro Park all receive a portion of the property tax revenue.

### How \$100 of Property Tax is Allocated



### Understanding Property Taxes

Property tax is based on the amount charged per \$1,000 worth of taxable property value, also known as ‘millage’. The County Auditor’s office handles the administration of property taxes in the State of Ohio, by collecting and distributing taxes paid to the appropriate jurisdiction.

### The Annual Tax Impact of a \$100,000 Home in Dayton

Dayton City Schools	\$1,504.02
Montgomery County	\$424.44
<b>City of Dayton</b>	<b>\$306.25</b>
Sinclair Community College	\$110.06
Dayton Metro Library	\$87.42
Five Rivers MetroParks	\$61.11
	<b>\$2,493.30</b>

## Municipal Income Tax

Income tax represents the largest source of revenue for the City. The City’s income tax rate is 2.5%. This rate includes a ¼ percent earned income tax approved by Dayton Voters on November 8, 2016 (Issue 9) for a period of eight years. Issue 9 funds, also known as “Your Dollars, Your Neighborhood”, have been used for park improvements, road resurfacing, Preschool Promise, increasing the number of police officers by 20 by 2024 and mowing vacant lots. This funding supports expanded service levels and new investments to enhance the quality of life and physical appearance of the City of Dayton and its neighborhoods. An interactive dashboard is available online at <https://civicplus.daytonohio.gov/YourDollarsYourNeighborhood/>

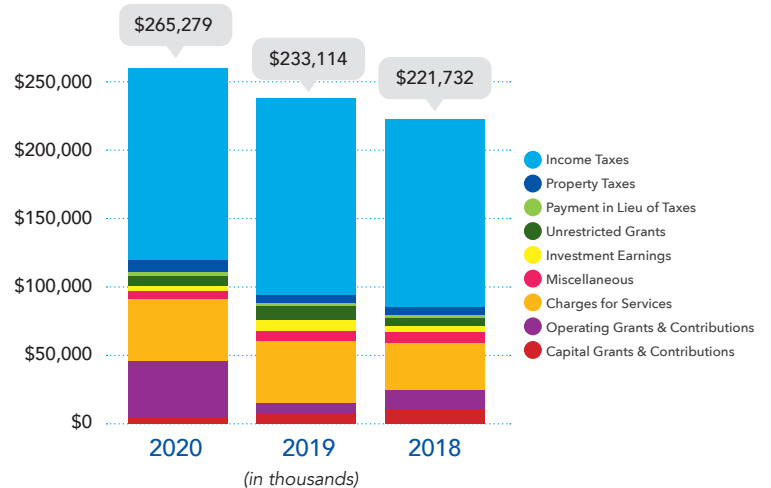
### Income Tax Rates in Ohio

Cincinnati	2.10%
Cleveland	2.00%
Columbus	2.50%
<b>Dayton</b>	<b>2.50%</b>
Springfield	2.00%
Toledo	2.25%
Youngstown	2.75%

Income tax collections are comprised of three sources: taxes withheld from employees working in the City, taxes from individual residents, and taxes on the net-profits of business doing business within the City. Employer withholding payments have made over 86% of the income tax revenue collected over the past 5 years.

## All Governmental Revenues

The City is dependent on the resources that generate revenue to provide the different services that our residents receive. Below is a three year comparison of the governmental activity revenue by source and additional detail on the most significant sources of revenue.



### Income Tax Collections

	2020	2019	2018	2017	2016
Withholding Accounts	\$117,350,299	\$116,866,344	\$115,647,959	\$108,269,956	\$95,785,501
Individual Accounts	\$4,777,189	\$5,047,544	\$5,036,463	\$5,280,807	\$4,528,649
Business Accounts	\$13,249,791	\$13,613,089	\$11,531,671	\$10,284,031	\$10,664,862
	<b>\$135,377,279</b>	<b>\$135,526,977</b>	<b>\$132,216,093</b>	<b>\$123,834,794</b>	<b>\$110,979,012</b>

# WHAT ARE THE CITY'S FUNDS USED FOR?

## Government Wide Financial Statement Expenses

The City provides a full range of basic governmental services that include police, fire and emergency medical, street, alley, bridge, and park maintenance, waste collection services, recreation, park services, convention center operations, community planning and engagement and economic development, building and housing inspection, and a municipal court system.

In addition, the City operates enterprise or business-type functions that provide water supply and treatment, sewer and stormwater maintenance, wellfield protection, wastewater treatment, airport services, and golf. The golf operations were transferred from business-type activities to governmental activities during 2020. The City workforce across all funds at the end of 2020 was 1,823 (full-time equivalent) employees.

The leadership and quality of life expenses include a variety of areas including recreation and youth services, the City Manager's Office, the City Commission Office, Procurement, Management and Budget and Finance.

Public Safety Expenses relate to the City's Police Department and Fire Department. The Police Department's mission statement is "through genuine community partnerships, utilizes comprehensive crime reduction strategies, supported by innovative technology, to provide effective and efficient service that enhances quality of life and safety for our community." On June 18, 2020, the City Commission announced an oversight working group that will be used to drive changes for police reform in Dayton.

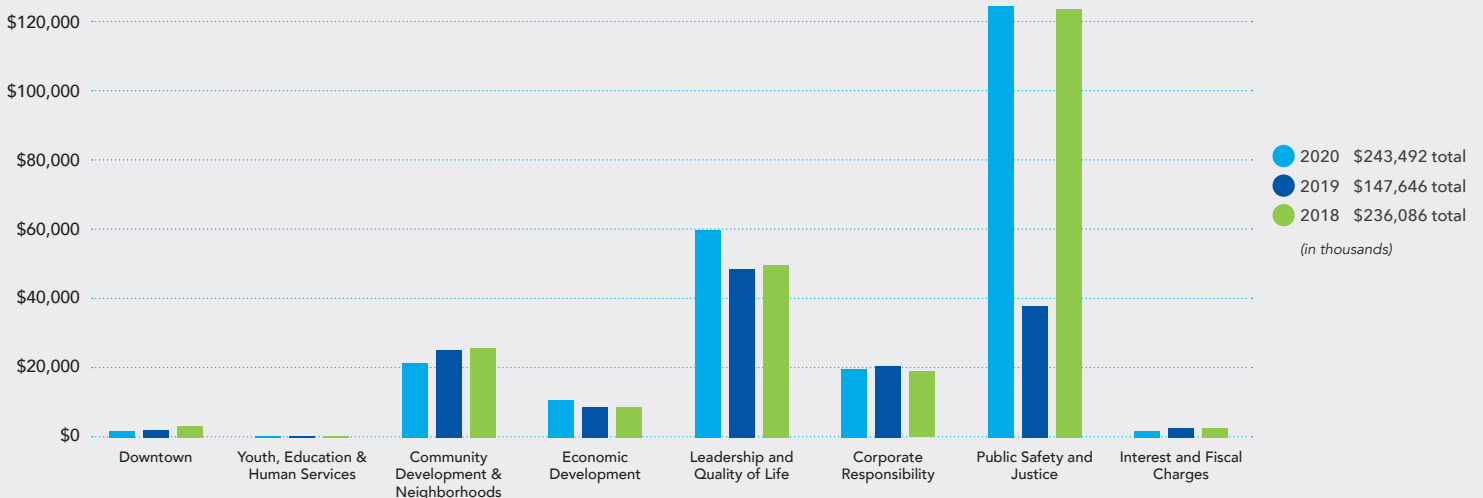
The Fire Department is responsible for fire suppression, rescue, and emergency medical services the citizens of Dayton 24 hours per day, 365 days per year. These services are delivered by 306 firefighters, paramedics, and emergency medical technicians operating from 12 strategically located fire stations. Four aerial ladder trucks and seven engine companies make up the core of the fire suppression and rescue forces.

The significant fluctuation in public safety expenses is primarily due to the accounting treatment of the pension and OPEB liability, as required by the Governmental Accounting Standards Board.

The City's community development and neighborhood expenses are used, in part, for demolition, nuisance abatement, parks and playground upgrades, along with other neighborhood and downtown initiatives. Expenses also include the department's operating expenses which include personnel and benefit expenses. The Department staff works closely with elected officials and citizens on the following boards: City Commission, City Plan Board, Board of Zoning Appeals, Landmarks Commission and the Community and Neighborhood Development Advisory Board. Operating grants used to fund community development and neighborhood projects include, Community Development Block Grant, Neighborhood Stabilization, HOME, and Emergency Solutions Grant programs.



## All Governmental Expenses



## GENERAL FUND ANALYSIS

The General Fund is the City's primary operating fund. It accounts for the majority of governmental activities personnel costs as well as the day-to-day operating expenditures. Very little capital expenditures come from the General Fund. The revenues and expenditures are presented in the charts below on the modified accrual basis of accounting, which is consistent with the Comprehensive Annual Financial Report. However, the City's financial system and budget is on a modified cash basis.

### General Fund Revenue By Source - 3 Year Comparison

Over 76% of the City's General Fund revenue is derived from income tax (70%) and property and other local taxes (6%). 8% of City revenue resulted from a variety of license, fees and permits, including building permits, engineering fees, liquor permits and franchise fees. Intergovernmental revenue was primarily from casino distributions, homestead and rollback reimbursements from the State of Ohio and local government fund distributions.

#### Revenues (Operating and Nonoperating)

	2020	2019	2018
Income, property and other taxes	\$146,883,564	\$148,225,448	\$141,408,003
Charges for services	\$25,900,996	\$26,014,479	\$25,217,066
Licenses and permits	\$2,257,013	\$3,024,345	\$2,898,209
Fines and forfeitures	\$1,702,624	\$2,304,167	\$3,438,162
Investment income	\$2,285,276	\$4,390,107	\$2,952,586
Special assessments	\$270,629	\$535,786	\$746,170
Intergovernmental	\$4,307,193	\$4,062,300	\$3,966,304
Other	\$9,178,298	\$5,029,605	\$4,928,904
<b>Total</b>	<b>\$192,785,593</b>	<b>\$193,586,237</b>	<b>\$185,555,404</b>

### General Fund Expenditures by Function - 3 Year Comparison

The General fund is the main operating fund of the City and pays a significant amount of the personnel costs of City employees, as well as the day-to-day operating expenditures. Public safety is the largest category of expenditures, which includes the City's Police and Fire Departments. The Leadership and Quality of Life expenditure category is the second largest expenditure category, which accounts for over 14% of general fund expenses. These expenses include: City Commission, the City Manager's Office, Law, Human Resources, Finance, Recreation and Youth Services, and Information Technology.

#### Expenditures

	2020	2019	2018
Downtown	\$1,679,049	\$2,493,895	\$2,733,701
Youth, education and human services	\$49,999	\$54,865	\$51,264
Community development and neighborhoods	\$14,720,865	\$15,184,896	\$12,911,414
Economic development	\$9,667,465	\$5,210,252	\$6,747,640
Leadership and quality of life	\$26,378,153	\$28,345,483	\$27,229,971
Corporate responsibility	\$16,633,706	\$16,518,032	\$17,412,726
Public safety and justice	\$112,157,810	\$107,284,733	\$101,878,489
<b>Total</b>	<b>\$181,287,047</b>	<b>\$175,092,156</b>	<b>\$168,965,205</b>

# CAPITAL IMPROVEMENTS

The City's financial investment in infrastructure is designed to maintain and improve the City's public assets to promote development, public safety and community value.

## The policy priorities for 2020 were:

- Ensure Safe & Affordable Drinking Water
- Improve Roads and Infrastructure
- Optimize Efficiency Through Equipment and Technology
- Provide Quality Services with Excellent Customer Service
- Support Services and Opportunities for Young People
- COVID-19 Response

In 2020, the City paved 56.4 lane miles of residential streets and completed over 100 trenchless repairs within the sewer collection system. The City continued to maintain and upgrade the water distribution system to minimize water main breaks and water service leaks.

The City's COVID-19 response included deferring planned capital investment due to the pandemic and ongoing uncertainty. The City's 2021 budget includes \$55.6 million in Capital improvements. These projects will include infrastructure improvements, facilities modernization, neighborhood development, economic development, and airport improvements.

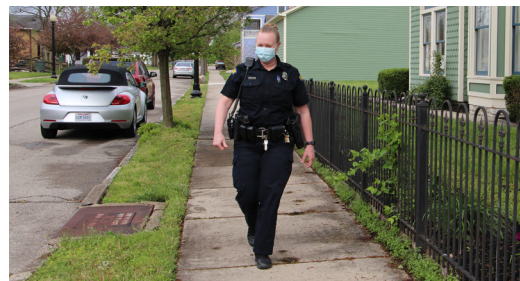
## COVID-19 Pandemic

City departments worked collaboratively to take extraordinary actions to mitigate the harmful effects of the COVID-19 pandemic on City operations, City staff and City revenues.

Federal and State action aided the City's efforts, with the passage of the Coronavirus Aid, Relief and Economic Securities Act (CARES) on March 27, 2020. Specifically, the pandemic's impact on City Income Tax revenues was blunted by the Payroll Protection Program (PPP), a business stimulus program. The Local Coronavirus Relief Fund (LCRF) enacted by the State of Ohio, allowed the City to reimburse itself for eligible public health and public safety payroll expenses, offsetting the extraordinary costs associated with pandemic response. In addition, the City received over \$8 million in rebates from the Ohio Bureau of Worker's Compensation.

Even with the positive impact of the CARES Act, aggressive expense reduction was necessary to ensure a responsible and balanced 2020 budget. Expense reductions included limiting expenditures to emergency purchases only, instituting a hiring freeze and a Voluntary Separation Plan (VSP), and canceling and deferring capital investments and capital equipment.

The City used a portion of the CARES Act funding to provide over \$5 million in community assistance. This includes \$3 million to 19 local cultural organizations, \$1.5 million to 22 nonprofit organizations, and \$300,000 in local business grants.



## BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

The City reported activity for five enterprise funds in 2020 - Aviation, Water, Sewer, Storm Water and Golf. Golf and Storm Water were classified as non-major funds in 2020. The City closed several golf courses in 2020 and transferred operations to the general fund. The following charts highlight the financial activity of the major enterprise funds for the past three years. .



### Aviation

The Dayton International Airport is located near the “Crossroads of the America” - Interstates 70 and 75, the Dayton International Airport provides air service to meet the needs of travelers to and from Southwest Ohio. The COVID-19 pandemic had a devastating impact on aviation operations throughout the globe, and Dayton was no exception. The City experienced significant declines in aviation revenue, directly related to the decline in air travel. The City received \$14.6 million in CARES Act federal funding to ensure continuity of operations. Aviation also underwent a massive downsizing and reorganization resulting in a budget reduction of approximately \$4 million.

### Water and Sewer

The City of Dayton Water Department treats and pumps drinking water to over 400,000 people in Montgomery County and part of Greene County. Water is supplied to water treatment plants by the Miami and the Mad River Well Fields. Wells pump groundwater from the Great Miami River Buried Valley Aquifer. Dayton uses recharge lagoons to help maintain the water table and allow large wells to efficiently pump water to the water plants. Dayton has approximately 110 production wells. Each of these large wells can pump from one to four million gallons per day. Dayton maintains over 800 miles of water distribution pipelines, 740 miles of wastewater collection pipelines and 600 miles of stormwater lines. The increase in charges for services revenue is partially due to rate increases that are being rolled out over time to complete necessary infrastructure improvements. Changing regulatory requirements also impact utility rates.

## Major Enterprise Funds

### Revenues (Operating and Nonoperating)

	2020 (in thousands)	2019 (in thousands)	2018 (in thousands)
Water	\$59,352	\$57,624	\$57,379
Sewer	\$36,510	\$34,288	\$33,896
Dayton International Airport	\$39,234	\$47,818	\$48,030
	<b>\$135,096</b>	<b>\$139,730</b>	<b>\$138,952</b>

### Expenses

	2020 (in thousands)	2019 (in thousands)	2018 (in thousands)
Water	\$57,270	\$65,671	\$55,457
Sewer	\$33,772	\$38,196	\$33,600
Dayton International Airport	\$40,728	\$43,757	\$68,686
	<b>\$131,770</b>	<b>\$147,624</b>	<b>\$157,743</b>

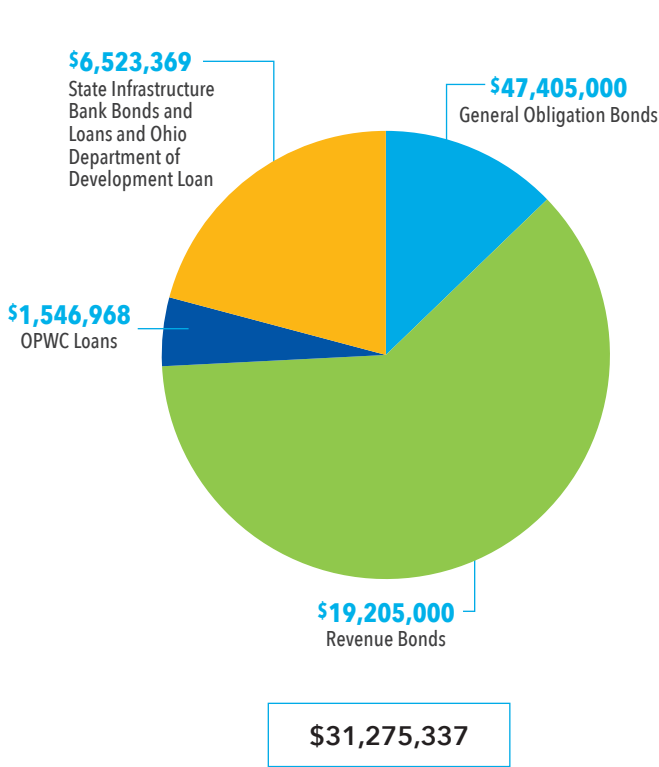
# A LOOK AT THE CITY'S DEBT

Strong financial management has been a hallmark of the City of Dayton's administration for decades.

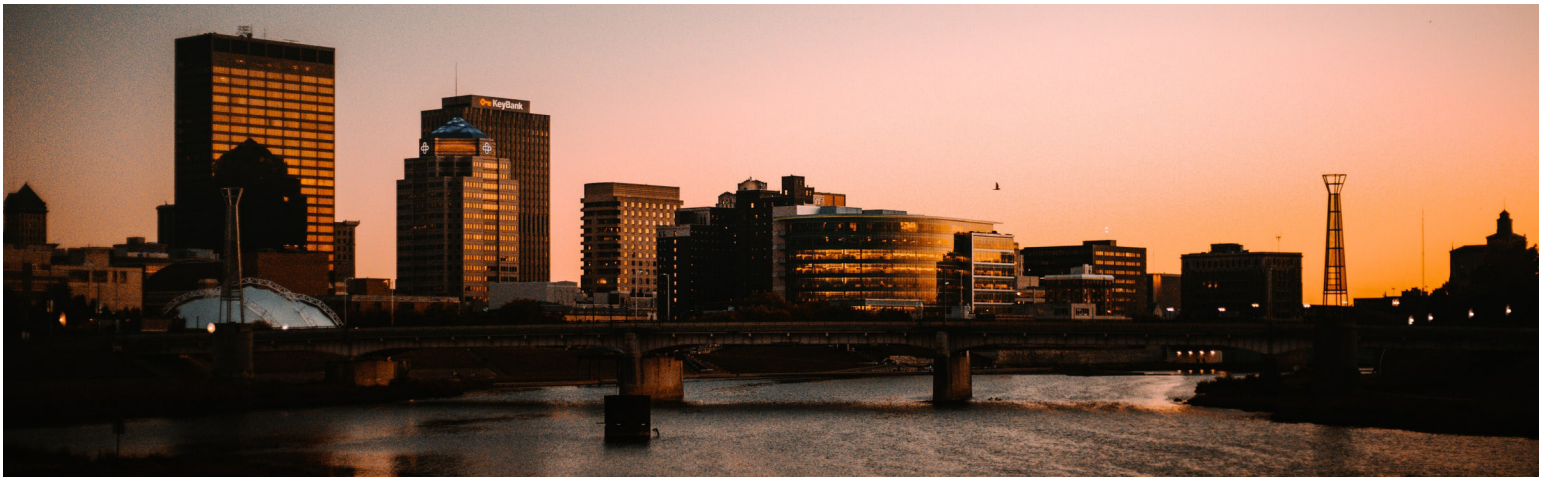
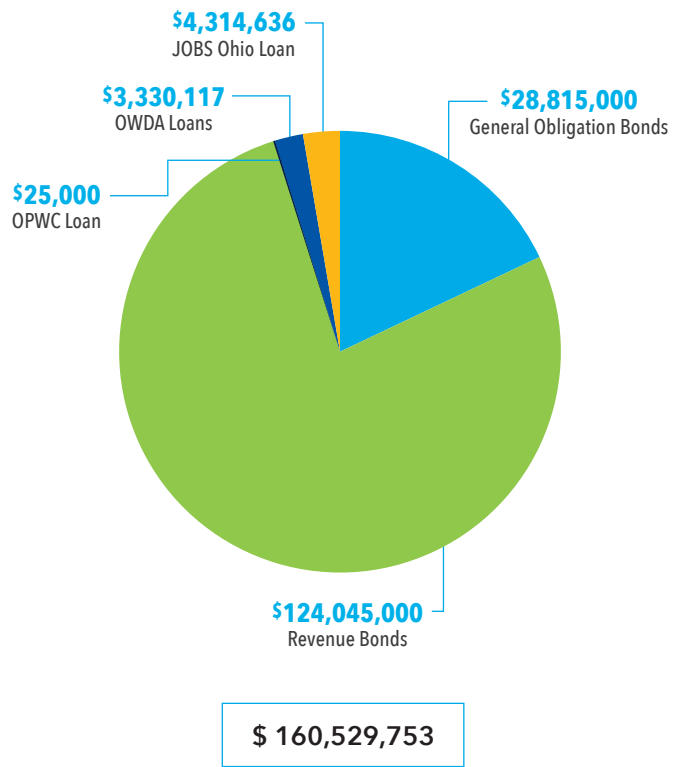
For the Fiscal Year 2020, Moody's Investors Service (Moody's) maintained Dayton's general obligation bond credit rating at Aa2 and our non-tax revenue debt rating at Aa3. Standard & Poor's (S&P) affirmed Dayton's general obligation bond and non-tax revenue debt credit ratings at AA. Moody's and S&P also retained their ratings of Aa2 and AA-, respectively, on both the water system revenue bonds and sewer system revenue bonds issued by Dayton. S&P downgraded its unenhanced rating on Dayton's outstanding airport revenue bonds to BBB from BBB+ in September 2020, a common action taken for many airports across the country as the global pandemic wreaked havoc on the aviation industry. FitchRatings affirmed its rating on the outstanding airport revenue bonds at BBB.

The City had the following governmental and business-type (enterprise) debt obligations at December 31, 2020

## Governmental Activities 2020



## Business-Type Activities 2020



# COMMUNITY AND ECONOMIC DEVELOPMENT INITIATIVES

Redevelopment often brings more than just a sign of economic health, but can often contribute to providing much-needed services to stabilize the neighborhood.

In September 2020, **OneFifteen**, a non-profit ecosystem dedicated to the full and sustained recovery of people living with opioid addiction, completed the addition of an apartment complex for recovering addicts, joining the treatment campus by local hospitals and Google-affiliate Verily which opened in 2019 in West Dayton.

In 2020, the \$1.2 million Valley Street Realignment Project was completed. The relocation of Valley Street provides a safer intersection for both vehicular and pedestrian traffic with updated sidewalks, tree lawns, and lighting, and allowed for the expansion and connection of multiple park spaces often referred to as "The Point." This larger invigorated park better connects the neighborhood to the river network and regional trail system and serves as a gateway into Old North Dayton.

Germantown Street Housing and Urban Development (HUD) Façade Improvement Program - CityWide Development worked with five local businesses along Germantown St. to help improve the outside appearance of their properties through the Germantown Street HUD Façade Improvement Program. Business owners were offered a grant for \$7,000 with the owner providing a 10% match. Through the HUD Choice Grant, a total of \$31,000 in funding was provided. This money was leveraged and resulted in nearly \$80,000 in façade improvements along Germantown St.

The W. Social Tap & Table, a joint venture between Wright Dunbar, Inc. and Dillin Corp. got underway in 2020. This \$2.1 million project will be the first food vendor market hall in Dayton. The 6685-sf. building is located at 1100 West Third St. in the Historic Wright Dunbar Business District and will offer seven local independent restaurants, a coffee shop, a bar and will have indoor and outdoor dining. This project is funded through private investment and with the support of the City of Dayton's West Dayton Development Fund.



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Despite the COVID-19 fall out, the Dayton community still experienced glimmers of hope and found ways to continue growing and improving our City.

Despite the COVID-19 fall out, the Dayton community still experienced glimmers of hope and found ways to continue growing and improving our City. In the midst of pop-up patios and curbside pick-up provisions being implemented to keep existing retail businesses afloat, several major developments were either initiated or completed. Examples include:

- Construction neared completion on the \$93 million first phase of the restoration of the Dayton Arcade. The first tenants, including the The Hub Powered by PNC - the partnership between The Entrepreneurs Center and the University of Dayton moved into this downtown icon during the first quarter of 2021.
- Crawford Hoying and Woodard Development began a project to create a 125-unit apartment complex called "The Monument" across from RiverScape MetroPark. The project also will feature first-floor retail space and a parking garage, and is slated for completion in 2022.
- The historic \$18 million renovation of **Dayton Motor Car Building (15 McDonough Street)** by Louisville, KY based **Weyland Ventures** wrapped up in 2020. The six-story building which is roughly 75,000 square feet, completes the current expansion of the Gosiger Company, and offers four floors of speculative office space.



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The Entrepreneurs Center and the University of Dayton moved into this downtown icon during the first quarter of 2021.

# COMMUNITY AND ECONOMIC DEVELOPMENT INITIATIVES

(CONTINUED)

- **537 Monument Avenue** - This new **\$3.5 million**, 25,000 square-foot office building that houses the **Marsh McLennan Agency** was completed in 2020.
- 2020 saw the completion of the **Encompass Health Rehabilitation Hospital**. The **\$24 million**, 60-bed freestanding rehabilitation hospital is located near Miami Valley Hospital.
- First Hospitality Group and Lawyers Development received a \$2.45 million Ohio Historic Preservation Tax Credit award for **the Barclay Building toward a \$25 million project** to convert the 10-story property into a 118-room boutique hotel.

Downtown saw several new businesses open in the middle of the pandemic, and many others made announcements and plans to open soon. Overall, more than 20 new businesses opened in 2020, and about 15 more made plans to open in the near future. In addition to retail and office development, 2020 continued to see sustained growth in Dayton's downtown housing market. According to *data from the Downtown Dayton Partnership's 2020 year-end report*:

- Downtown Dayton's housing options have been more than 90% occupied consistently.
- There are now 1,807 market-rate housing units in Dayton's urban core – a 77% increase since 2010.
- A number of new downtown housing units were still in the pipeline – 308, to be exact.
- Of those pipeline projects, 155 units were under construction.

**Tech Town** is Dayton's urban technology campus downtown, where state-of-the-art tech facilities meet the leading edge and emerging innovations for the acceleration of technology commercialization. The campus offers a collaborative office, laboratory, and research space for entrepreneurs, start-ups, established companies, and major employers. In 2020, the Tech Town Campus achieved 100% occupancy. The most significant addition was the Shriners Hospital for Children, a partner with Dayton Children's hospital, located on the ground floor of Tech Town 3.

Outside of Downtown, the Dayton International Airport campus continued to be a growing hub for logistics and manufacturing in the City of Dayton. This is largely due to its proximity to the I-70 and I-75 interchange. The latest giant industrial building to be completed near the Dayton International Airport in 2020 was The **Dayton V** building. The 521,000 square-foot facility was constructed by Kansas City, MO based NorthPoint Development, LLC and was built on around 30 acres at the intersection of Dog Leg Road and Union Airpark Boulevard. The building houses the **Crocs** shoe company and its new national distribution center, which created 754 jobs last year. Construction is currently underway on the **Dayton VI** building, which will be an expansion of **Crocs'** existing operations.

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