



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF DAYTON
MONTGOMERY COUNTY
DECEMBER 31, 2019**

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CITY OF DAYTON
MONTGOMERY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Direct Program</i>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/ Entitlement Grants	14.218		\$100,707	\$4,237,407
Subtotal CDBG - Entitlement Grants Cluster			<u>100,707</u>	<u>4,237,407</u>
Emergency Solutions Grant Program	14.231		452,160	452,160
HOME Investment Partnerships Program	14.239		514,661	514,661
Continuum of Care Program	14.267		2,485,261	2,485,261
Fair Housing Assistance Program State and Local	14.401			<u>52,556</u>
Total U.S. Department of Housing and Urban Development			<u>3,552,789</u>	<u>7,742,045</u>
U.S. DEPARTMENT OF JUSTICE				
<i>Direct Program</i>				
Crime Victim Assistance	16.575			71,440
Public Safety Partnership and Community Policing Grants	16.710			625,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738		3,465	148,491
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838		99,808	139,679
Equitable Sharing Program	16.922			<u>146,602</u>
Total U.S. Department of Justice			<u>103,273</u>	<u>1,131,212</u>
U.S. DEPARTMENT OF STATE				
<i>Direct Program</i>				
AEECA/ESF PD Programs	19.900			<u>102,716</u>
Total U.S. Department of State				<u>102,716</u>

(Continued)

CITY OF DAYTON
MONTGOMERY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Direct Program</i>				
Airport Improvement Program	20.106			6,244,255
<i>Passed through Ohio Department of Transportation</i>				
Highway Planning and Construction Cluster	20.205	PID#105915		249
Highway Planning and Construction		108957		301,085
		100464		9,492
		PID # 97909 Agreement #		
		26578		160,054
		PID # 97907 Agreement #		
		26581		5,873
		PID#100459 Agreement		
		#27322		245
		PID # 97910 Agreement #		
		26580		295,460
		PID # 97908 Agreement #		
		26582		452
		95842		1,260,369
		PID# 95301 Agreement#		
		25686		8,076
		PID#95305 Agreement		
		#25691		29,187
		PID#97900 Agreement#		
		26585		587,111
		PID# 97903		
		Agreement#26583		675,976
		PID#97906 Agreement		
		#27542		469,716
		PID#97904 Agreement		
		#27540		206,071
Subtotal Highway Planning and Construction			<u> </u>	<u>4,009,416</u>
<i>Passed through Ohio Department of Natural Resources</i>				
Recreational Trails Program	20.219	RT14(282)		3,724
Subtotal Highway Planning and Construction Cluster			<u> </u>	<u>4,013,140</u>
<i>Passed through Dayton Regional Transit Authority</i>				
Federal Transit Cluster:				
Federal Transit Formula Grants	20.507			195,339
Subtotal Federal Transit Cluster			<u> </u>	<u>195,339</u>
<i>Passed through Ohio Department of Public Safety</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FFY 2019 Grant # IDEP/STEP-2019- DaytonPolice Dept-00018		21,305
		IDEP/STEP-2020-Dayton Police Dept.-00005		8,465
Subtotal State and Community Highway Safety			<u> </u>	<u>29,770</u>
National Priority Safety Programs	20.616	FFY 2019 Grant # OVI-2019- Dayton Police Dept.-0004 DDEP-2019-Dayton Police Dept.-00037		148,659
		OVI 2020 Dayton Police Dept 00004		5,189
Subtotal National Priority Safety Programs			<u> </u>	<u>26,243</u>
Subtotal Highway Safety Cluster			<u> </u>	<u>180,091</u>
			<u> </u>	<u>209,861</u>

(Continued)

CITY OF DAYTON
MONTGOMERY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
		FFY 2019 Grant #		
		IDEF/STEP-2019-		31,493
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	DaytonPolice Dept-00018		
		IDEF/STEP-2020-Dayton Police Dept.-00005		13,424
Subtotal Minimum Penalties for Repeat Offenders for Driving while Intoxicated				44,917
Total U.S. Department of Transportation				10,707,512
U.S. DEPARTMENT OF TREASURY				
<i>Direct Program</i>				
Equitable Sharing	21.016			1,627
Total U.S. Department of Treasury				1,627
U.S. Environmental Protection Agency				
<i>Direct Program</i>				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818			94,182
Total U.S. Environmental Protection Agency				94,182
U.S. Department of Health and Human Services				
<i>Direct Program</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			1,861
Total U.S. Department of Health and Human Services				1,861
Corporation for National and Community Service				
<i>Passed Through from Ohio Commission on Service and Volunteerism</i>				
AmeriCorps	94.006	18-AFH-1502-19-OC130	258,502	258,502
		18-AFH-1502-20-OC-130	11,649	11,649
Subtotal AmeriCorps			270,151	270,151
Total Corporation for National and Community Service			270,151	270,151
U.S. Department of Homeland Security				
<i>Direct Program</i>				
Metropolitan Medical Response System	97.071			11,695
Total U.S. Department of Homeland Security				11,695
Total Expenditures of Federal Awards			\$3,926,213	\$20,063,001

The accompanying notes are an integral part of this schedule.

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**CITY OF DAYTON
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Dayton (the City) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected **not** to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The City passes certain federal awards received from United States Department of Housing and Urban Development, United States Department of Justice, and the Corporation for National and Community Service to other governments or not-for-profit agencies (subrecipients). As Note B describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE F – U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) REVIEW

On June 6, 2019, the City received a letter from the HUD regarding onsite monitoring in 2017 and 2018. The report identified three findings related to the HOME program. 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 working directly with HUD's Office of Affordable Housing in Washington D.C. to remediate the noncompliance. The repayment amount has not yet been determined.

**CITY OF DAYTON
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

NOTE G – DISASTER GRANTS – PUBLIC ASSISTANCE

After a presidentially declared disaster, FEMA provides Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) to reimburse eligible costs associated with debris removal, emergency protective measures and permanent restoration of infrastructure. The federal government makes reimbursements in the form of cost-sharing grants that require state matching funds. As of December 31, 2019, FEMA had not yet approved the City's project worksheet for the 2019 expenditures to determine which expenditures will be eligible for reimbursement.

CITY OF DAYTON
MONTGOMERY COUNTY
SCHEDULE OF RECEIPTS AND EXPENDITURES OF PASSENGER FACILITY CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Description</u>	<u>Application Number</u>	<u>Receipts</u>	<u>Expenditures</u>
Passenger Facility charges	4, 5, 6, 7, 8	\$3,456,077	\$1,650,015
Interest Earned		<u>251,525</u>	
Total Passenger Facility Charges		<u><u>\$3,707,602</u></u>	<u><u>\$1,650,015</u></u>

See accompanying notes to schedule of expenditures of Passenger Facility Charges

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**CITY OF DAYTON
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF
PASSENGER FACILITIES CHARGES
14 CFR 158
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Passenger Facility Charges (the Schedule) includes the passenger facility charges activity for of the City of Dayton (the City) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is prepared in accordance with the requirements of Title 14 U.S. Code of Federal Regulations Part 158, *Passenger Facility Charges*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures reported on the Schedule are reported on the cash basis of accounting. Such revenues and expenditures are recognized following the cost principles contained in Title 14 U.S. Code of Federal Regulations Part 158, *Passenger Facility Charges*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Honorable Mayor and City Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the 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, (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2020 wherein we noted that the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Efficient • Effective • Transparent

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2020



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

To the Honorable Mayor and City Commissioners:

Report on Compliance for each Major Federal Program

We have audited the City of Dayton’s (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the City of Dayton’s major federal programs for the year ended December 31, 2019. The *Summary of Auditor’s Results* in the accompanying schedule of findings identifies each of the City’s major federal programs.

Management’s Responsibility

The City’s Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to opine on the City’s compliance for each of the City’s major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States’ *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the City’s major programs. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on each Major Federal Program

In our opinion, the City of Dayton complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Dayton (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 29, 2020 wherein we noted that the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. We conducted our audit to opine on the City's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2020

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE**

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

To the Honorable Mayor and City Commissioners:

Compliance

We have audited the compliance of City of Dayton (the City) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), for its passenger facility charge program for the year ended December 31, 2019. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of Dayton complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2019.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Report on Schedule of Receipts and Expenditures of Passenger Facility Charges Required by the Guide

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Dayton (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 29, 2020. Our opinion also explained that the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the year. We also noted that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. We conducted our audit to opine on the City's basic financial statements as a whole. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of receipts and expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, City Commission, management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.



Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2020

**CITY OF DAYTON
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CDBG Entitlement Grants Cluster (CFDA # 14.218) Continuum of Care Program (CFDA #14.267) Airport Improvement Program (CFDA # 20.106) Highway Planning and Construction Cluster (CFDA # 20.205 & 20.219)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
2 CFR 200.511(b)
December 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	<p>Emergency Solutions Program (CFDA# 14.231) Finding #2018-001</p> <p>The following exceptions were noted in the City's monitoring of its sub recipients for ESG Program (CFDA 14.231):</p> <ol style="list-style-type: none"> The ESG sub recipients extract statistical information from HMIS and uploaded the information to SAGE. The City then submitted this information in the annual report. However, the City performed no monitoring over ESG statistical information provided by the sub recipients to verify this information. <p>Policies and procedures should be established and implemented to verify that the City is monitoring its sub recipients for compliance with grant requirements. Failure to do so could result in the City being responsible for repayment of any unallowable expenditures by its sub recipients to the grantor agencies.</p>	<p>Corrective Action Taken and Finding is Fully Corrected</p>	<p>Planning and Community Development provided adequate monitoring over both ESG sub-recipients. During on-site monitoring's, P&CD staff reviews a sample of files to verify that all information was entered correctly into HMIS. All files reviewed at the most recent on-site monitoring's were accurate. The City of Dayton does not have access to the HMIS system as it contains protected and private client data. Additionally, quarterly reports are submitted by the sub recipient, which are used to assess the accuracy and completeness of annual reports.</p> <p>The demographic profiles of ESG beneficiaries are included in the quarterly and annual reports submitted by sub recipients and are reviewed by PC&D staff to assure compliance.</p> <p>Annual on-site monitoring's are not required with the ESG program. Both ESG sub recipients are considered low-risk due to their lack of findings in on-site monitoring reports and lack of deficiencies in monthly desk monitoring's, and therefore biannual on-site monitoring's are reasonable.</p> <p>The City will continue to monitor the performance of its ESG Sub recipients according to established policies and procedures and federal rules and regulations.</p>

<p>2018-002</p>	<p>Airport Improvement Program Reporting (CFDA #20.106) Finding #2018-002</p> <p>The City filed FAA Form 5100-127, Operating and Financial Summary, and FAA Form 5100-126, Financial Government Payment Record, for the year ending December 31, 2017, on July 2, 2018. The Reports were incorrectly based on financial data from the City's fiscal year ending December 31, 2015.</p> <p>The City should establish and implement policies and procedures to verify that reports submitted to grantors are accurate and complete. Failure to do so could result in the City losing future federal funding.</p>	<p>Corrective Action Taken and Finding is Fully Corrected</p>	<p>The Department of Aviation submitted a corrected FY2018 report to the FAA. The financial administration functions in Aviation are being reviewed, so that future reporting is accurate and timely to all granting agencies.</p>
<p>2018-003</p>	<p>CDBG/Entitlement Grants (CFDA #14.218) Finding # 2018-003</p> <p>During 2018, the City awarded multiple contracts out of the Community Development Block Grants federal program that fell within the small purchase procedures. The City lacked appropriate policies and procedures to verify that it followed federal procurement laws. The City did not provide documentation that showed that they obtained an adequate number of price quotations for one out of the six contracts reviewed. Out of the five contract for which the City did provide documentation, the City did not obtain an adequate number of price quotations for one contract.</p>	<p>Partially Corrected</p>	<p>The one contract in question is an annual contract the City has had with the vendor since 2011. The services provided are distinct and particular for historic properties; and the City awarded the contract after determining that it was sole source. For the 2019 Contract the City will have HUD validate that and the services will be rebid for 2020.</p> <p>During 2019, the City spend \$836 with the vendor in question. This purchase would not require any price quotes.</p>

<p>2018-004</p>	<p>CDBG Reporting PR-26 CDBG/Entitlement Grants (CFDA #14.218) Finding # 2018-004</p> <p>The City filed the 2018 PR26 CDBG Financial Summary Report (PR26) with the Department of Housing and Urban Development on March 29, 2019. However, the City was unable to provide support for adjustments made to the report. Due to lack of support we were unable to verify the accuracy of the amounts reported to HUD in the PR-26 report.</p> <p>Failure for the City the maintain adequate documentation for any adjustment made to the PR26 report could result in the City losing future funding or potentially return the funds to the Department of Housing and Urban Development.</p>	<p>Corrective Action Taken and Finding is Fully Corrected</p>	<p>P&CD met with the auditor on 5/24/19 and 6/11/19 and explained the PR26 report and how its numbers are calculated, in addition to the variances that may be found in the City’s Banner system. The City of Dayton submitted the 2018 PR-26 to HUD on March 29, 2019. P&CD staff provided supporting documentation for all adjustments to the HUD Columbus field representative. HUD reviewed and approved the 2018 CAPER – including the PR-26 in June 2019.</p>
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<p>2018-005</p>	<p>Federal Time Logs CDBG/Entitlement Grants (CFDA #14.218) Finding # 2018-005</p> <p>The City paid employees who certified that their time was spent performed duties associated with the Community Development Block Grants (CDBG) program during the year. However, out of the twenty-seven certifications reviewed, twenty-two were certified between five and fifteen months after the period being certified had occurred.</p> <p>Additionally, two out of sixty payroll checks tested for compliance with CDBG requirements did not have any support to show that selected individuals worked on the CDBG program. Of the amount we tested, the total amount of unsupported salaries and associated fringe benefits to employees was \$5,101. In accordance with the foregoing facts and pursuant to 2 C.F.R. § 200.84, a federal questioned cost in the amount of \$5,101 is hereby issued. The likely questioned cost based on this exception exceeds \$25,000.00.</p> <p>The City should establish policies and procedures to verify that federal certifications are completed at the end of certification period. Time and effort logs should be maintained and document times spent on a federal program for employees who work on more than one program. Failure to do so could result in an employee charging a federal grant when they were not working on the program. Additionally, this could result in additional questioned costs in future audits.</p>	<p>Corrective Action Taken and Finding is Fully Corrected</p>	<p>P&CD and the Internal Auditor will provide additional training on policy and procedures, and instructional materials to internal City CDBG recipients on how and when to ensure proper certification of HUD-funded employees must be recorded and managed. In addition, P&CD will monitor departments quarterly who have paid staff from HUD funds to ensure that commitment letters are completed and signed correctly and timely.</p>
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City of Dayton, Ohio ■ USA

Comprehensive Annual Financial Report

Fiscal year ended December 31, 2019



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2019 Administration



Nan Whaley
Mayor



Matt Joseph
Commissioner



Jeffrey Mims
Commissioner



Chris Shaw
Commissioner



Darryl Fairchild
Commissioner



Shelley Dickstein
City Manager

city of Dayton, Ohio

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City of Dayton, Ohio

Comprehensive Annual Financial Report

January 1, 2019 – December 31, 2019

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, 2019**

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June 29, 2020

To the Honorable Mayor, Members of the City Commission, City Manager, City Administration, Community Leaders, 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, 2019.

State law requires that every local government publish a complete set of financial statements within five months of the close of each fiscal year. Also, the City's Charter (Sections 44 and 78) prescribes required accounting, audit, and examination procedures for the City of Dayton. The 2019 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 controls should not exceed the benefits likely to be derived from their use 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 as a whole. Once again, the City has received an unmodified opinion from the independent auditor indicating that the financial statements for the Fiscal Year 2019 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 eleven jointly governed organizations which include: 1) the Miami Valley Regional Planning Commission, 2) Miami Valley Fire/EMS Alliance, 3) Dayton Regional Hazardous Materials Response Team, 4) Economic Development/Government Equity Program, 5) Montgomery County Family & Children First Council, 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, 10) Dayton Arcade New Community Authority, and 11) Preschool Promise.

This transmittal letter provides basic background information about the City, including a brief profile of the City's history, demographics, organization, basic financial structure and policies, a description of economic conditions and outlook, and major community projects and initiatives. The letter is also 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

A small group of settlers founded Dayton on April 1, 1796, 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.

Situated in southwestern Ohio, Dayton is the county seat and the largest city in Montgomery County. As of the 2010 census, the population of Dayton was 141,527 (140,640 is the 2019 estimate population). The 2019 Census estimates that the City's population is 55% White, 39% Black, and 3.9% Hispanic or Latino. The Owner-occupied housing rate is about 47%, and the median household income in 2018 dollars is \$31,395, according to the 2019 Census Quick Facts. The 2010 Census for the Montgomery County population was 535,153 (531,687 is the 2019 estimate). Dayton is also part of a group of other local communities called the Greater Dayton Area, which includes the cities of Vandalia, Trotwood, Kettering, Centerville, Beavercreek, Fairborn, West Carrollton, Huber Heights, Troy, Miamisburg, and several others.

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 matters are directed by the City Commission, which is empowered by the City Charter to pass ordinances and resolutions, adopt regulations, and appoint the City Manager. The City Manager then is charged with ensuring the Commission's priorities and policies are executed effectively and efficiently by appointing department directors and hiring staff, allocating resources, and providing leadership to manage the day-to-day operations for the delivery of City services.

The City provides a full range of basic governmental services that include: police, fire, and emergency medical services; street, alley, bridge, and park maintenance; waste collection services; recreation and park services; convention center operations; community planning and economic development; building, and housing inspection; and a municipal court system. The City also provides enterprise or business-type services that provide water supply and treatment, sewer and stormwater maintenance, wellfield protection, wastewater treatment, airport services, and golf services. The City workforce, across all operations at the end of 2019, was 1,963 employees.

The City's budgeting process is prescribed by the Ohio Revised Code (ORC) and the City of Dayton Charter. 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 significant operating funds, and by fund category for capital and non-operating funds.

In 2014, City of Dayton residents approved a charter amendment to the City's budget process. These changes established the Policy Budget, and five Community Service Areas (CSA): 1) Economic and Community Development, 2) Justice, 3) Building and Environmental Safety, 4) Infrastructure, and 5) Corporate Services and Governance. Each CSA is comprised of a group of programs with an integrated mission, linked together with a set of shared Commission priorities. The Policy Budget emphasizes leveraging City resources to accomplish outcomes that are impactful to the community.

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. In 2019, the City's total original operating budget was \$678,767,800.00, and the final revised operating budget was \$698,932,400.00.

The City maintains financial stability by continuing its well-documented reputation of sound financial management and leadership and strict adherence to key financial policies. One such policy is the City's long-standing Cash Reserve policy to maintain cash reserve levels equal to six to ten weeks of operating expenses. At the end of 2019, the General Fund cash reserve was \$30.2 million, or \$7.9 million over the minimum level of six weeks of operating funds. 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 2019, the City earned \$5.91 million from its leading investment portfolio, a 29.93 % increase over 2018.

The City's well-managed finances, managerial credibility, and community stability are also validated by external entities. For the Fiscal Year 2019, 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) maintained 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 and Fitch Ratings (Fitch) completed surveillance reviews of Dayton's outstanding airport revenue bonds during the year. As a result, S&P affirmed its unenhanced rating on the bonds at BBB+, and Fitch affirmed its rating at BBB. Overall, the announcements from all three rating agencies attest to the continued confidence in Dayton's financial management practices and long-term stability. While the City did not issue debt in 2019, it will in 2020, and these strong credit ratings will position the City to issue debt at lower costs to tax and ratepayers.

LOCAL ECONOMY AND INVESTMENT

The local economy in Dayton reflects the heart of what this City does best- transform and innovate. Dayton weathered through transitional years of a declining manufacturing-based economy and rallied through the great recession in 2008. We did this by transforming the economic base to a diversified mix of institutional companies in the fields of healthcare, education, and government, high tech, and advanced manufacturing businesses, and distribution and logistics companies.

After nearly a decade of job losses, the Dayton regional economy reached its lowest point in late 2009. Growth rebounded through the first quarter of 2012 then stalled once again. In 2014, the Dayton regional economy began to hit its stride. Although job creation did decelerate in late 2018, by the second quarter of 2019, it was once again posting gains.

Economic activity is evident in the City's largest revenue source, the earned income tax. Collections climbed 6.2% and 2.8% in 2018 and 2019, respectively. The 2019 Fiscal Year was the third 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, and public safety service delivery as well as provide access to universal preschool for all four-year-olds residing in the City of Dayton. On a budgetary basis, all General Fund sources over the same two years advanced 6.6% and 3.9%.

The activity in various components of the income tax can be a good indicator of the health of our local economy. Withholding collections in 2019, or taxes on wage-earners in the City, grew by \$1.4 million (1.2%) over the prior year, after increasing \$7.5 million in 2018. In fact, 2019 saw the seventh annual increase in withholdings since 2011. In addition, tax revenue from business profits grew by \$2.1 million (18.0%). The partnership component of the profits tax led the growth at 30.0%, while corporations posted gains of 14.4%. The non-withholding tax paid by individuals was flat in 2019. Taken together, income tax collections, net of refunds, grew by \$3.6 million or 2.8% to \$133.6 million. This is the highest level on record.

Those numbers have real stories behind them as Dayton saw business and consumer confidence continue through 2019, as evidenced by more new construction, business expansions, and redevelopment initiatives launched or completed throughout the City, both with and without City investment. For example, there were several real estate acquisitions in Dayton that indicated a strong downtown market, including the \$13 million purchase of the Stratacache Tower (formerly known as Kettering Tower), which houses the company's global headquarters. Crawford Hoying and Woodard Resources also acquired the Mendelson's Building Complex at 340 and 418 East First Street (eclipsing 550,000 square feet) in 2019, and the first phase of that redevelopment will bring an AC Marriott Hotel to the downtown landscape.

The Dayton Arcade is a collection of nine buildings totaling over 500,000 square feet in the heart of downtown Dayton. The full development plan involves many of the attributes from the first decade of the 20th century with a mix of retail, offices, event space, and housing. In April 2019, the developers and financing partners completed the close of the \$90 million financing for the first phase of the project, the South Arcade. Demolition and renovation work has been underway since the closing, and it will continue throughout 2020, making way for an innovation center with the University of Dayton as a higher education partner and a 110-unit residential LIHTC and market-rate development for artists and creative entrepreneurs.

In addition to retail and office development, 2019 continued to see sustained growth in Dayton's downtown housing market. According to *data from the Downtown Dayton Partnership's 2020 first-quarter report*.

- ✓ Downtown Dayton's housing options have been more than 90% occupied consistently.
- ✓ There are now 1,715 market-rate housing units in Dayton's urban core — a 68% increase since 2010.
- ✓ A number of new downtown housing units are still in the pipeline — 255, to be exact.
- ✓ Of those pipeline projects, 102 units are currently 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. Tech Town is home to over 40 companies with more than 450 employees. In October 2019, Mile Two, a software development firm, signed a five-year lease to occupy two floors in Tech Town's Building 2, which is now near 100 percent occupancy. All of this activity continued to contribute to renewed growth and interest in downtown Dayton, which is vital to the economic sustainability for the City overall.

Outside of Downtown, the Dayton International Airport campus continued to be a growing hub for logistics and manufacturing in the City of Dayton, primarily due to its proximity to the I-70 and I-75 interchange. In 2019, Chewy, an online pet supply retailer, opened a regional distribution center and created approximately 1,200 new jobs. Similarly, the Crocs shoe company selected Dayton for its new national distribution center, creating another 250 jobs last year. In addition, Alpla created another 50 jobs for a plastic packaging production facility in the same building where Purina created 30 distribution jobs in 2018. The latest industrial building under construction near the Dayton International Airport is on track to be completed in the second half of 2020. The 521,000 square-foot Dayton V building being developed by Kansas City-based North Point Development, Inc., is being built speculatively on about 30 acres at the intersection of Dog Leg Road and Union Park Boulevard in Vandalia to attract businesses.

Dayton's neighborhoods also benefitted from economic activity, renewed interest, and commitment in 2019. Ziks' Pharmacy completed a \$1.2 million expansion in the Wright Dunbar neighborhood, and Save Foods completed a \$230,000 expansion at its Germantown location with support from the City's West Dayton Development Fund. Both businesses are a few examples of new private investment in areas of Dayton that have experienced years of disinvestment. This type of reinvestment helps to provide for residents' needs, while also encouraging investment from property owners and the business community.

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. This is yet another sign that Dayton's economy is stable and steadily improving.

COMMUNITY DEVELOPMENT AND INITIATIVES

Redevelopment often brings more than just a sign of economic health, but it can often contribute to providing much-needed services to stabilize the neighborhood. OneFifteen, a non-profit ecosystem dedicated to the full and sustained recovery of people living with opioid addiction, celebrated the opening of the first facilities within its state-of-the-art campus in west Dayton in June of 2019. The \$5.2 million investment will provide the full continuum of care to patients on its campus, which is expected to be complete in 2020.

According to a 2015 study by Food Research and Action Center (FRAC), Dayton is in the bottom quartile of cities in the nation for food hardship for families with children. The Gem City Market is well poised to meet that need. It will be a full-service grocery store and deli located in the Salem Avenue corridor, just across the bridge from downtown Dayton. Gem City Market is a cooperative, meaning it is a business owned and controlled by its members for the benefit of those same members. In November of 2019, the site of the new co-op ran market was cleared, and in early January 2020, all the financing from a cadre of public, private, and community partners closed to make way for the construction of the new market.

The Living City Project is a city-wide neighborhood initiative designed to clean-up vacant home lots. On April 6, 2019, hundreds of volunteers in over 30 Dayton neighborhoods picked up over 125 tons of debris out of thousands of vacant lots, which was collected and disposed of by the Department of Public Works. The event was organized by The Church of Greater Dayton, with assistance from the City of Dayton and the Dayton Inspires initiative.

Affordable and accessible housing continues to be a priority throughout the City. In March of 2019, the Omega Community Development Corp. and MVAH Partners broke ground on a four-story, 81-unit apartment community on the site that formerly housed the United Theological Seminary to provide affordable, independent living options for individuals 55 and older. The Ohio Housing Finance Agency awarded tax credits to the project known as the Omega Senior Lofts in June toward the \$13 million project. Omega celebrated the opening of the Lofts by giving keys to its first residents in May this year.

The Southeast Branch Library, a merging of the former Belmont and East branches, held its grand opening in August of 2019. The new \$7.5 million library features state-of-the-art amenities, including Community Rooms available with flexible hours, a Sycamore-themed Children's Area, dedicated TeenEDGE space, a Quiet Reading Room and fireplace, numerous public computers, industrial grade WiFi, laptop lending, a vending area, and five original art installations.

Dayton neighborhoods also saw significant improvements in their physical appearance through the expanded service levels and new investments provided through Issue 9, now known as "Your Dollars, Your Neighborhood." The program supported by the 0.25 percentage point increase to the City's income tax rate passed by voters in 2016 provided for infrastructure improvement in every community, including demolition of vacant structures, various park improvements, residential resurfacing in several neighborhoods, and curbside leaf pickup. In 2019, the City heard the voice of its citizens and returned to loose-leaf curbside pickup! Further, the City continued its investment in the critical maintenance and replacement of facilities and infrastructure that ensure the delivery, treatment, and protection of Dayton water to its residents and customers. The Department of Water and the City awarded 19 contracts for various capital projects throughout the community totaling \$18.7 million in 2019.

LOOKING BACK, MOVING FORWARD

Overall, the local level of economic activity and investment in the Dayton community was remarkable, and much needed considering the traumatic year the City experienced in 2019. It started with a water main break that challenged the City and the region's water supply system. Then a hate group came to town in May for a rally that cost the City over \$600,000 to ensure public safety. A few days later, a series of tornadoes ripped through portions of Dayton on Memorial Day weekend, destroying hundreds of homes and businesses. Lastly, in August, a gunman fatally shot nine people and injured dozens more in a heinous mass shooting in the Oregon District. And yet, Dayton's citizens, leaders, and this community rallied together blow after blow, to address the imminent threat, plan the recovery, and ensure that the most vulnerable in our community were helped. We never wavered- got weary perhaps- but never wavered, in our collective will to act, manage, plan, and heal so we could continue to thrive.

This year has already presented another round of unprecedented challenges. On March 9, 2020, Governor Mike DeWine signed an executive order declaring a state of emergency in Ohio to protect Ohioans from the dangerous effects of COVID-19. The City followed on March 12, with its declaration that would allow it to respond quickly to enact measures that help maintain essential service delivery and to protect public health, safety, and welfare of Dayton residents. Dayton's early and ongoing action to protect its employees and citizens, and to immediately enact cost-containment measures in anticipation of widespread revenue losses from the Stay-at-Home orders, will better position us to weather any pending economic recession.

The pandemic and the dislocation of last year's tornado victims are also impacting another important initiative that kicked off last year- the DAYTON COUNTS- US 2020 Census Campaign. In addition to determining how many seats Ohio has in the U.S. House of Representatives, the count of local residents has a strong influence on the amount of federal dollars the Dayton region receives for needs such as roads and bridges, health clinics, schools, police and fire protection, education and much more. For every resident not counted by the census, Dayton loses around \$1,800 per resident to support these vital services. Now more than ever, the citizens of Dayton must make it their mission to be counted so *that* Dayton receives the representation and funding needed to meet our community's needs, *and* receive the appropriate level of emergency funding *necessary* in times of natural and community crisis.

The City has been and will continue to be aggressive in applying for federal and state relief to support the basic functioning of its government and the deployment of essential services. This year, the City has received \$904,000.00 for emergency services, debris removal, and mutual aid support from other cities from FEMA for the May 2019 tornados. There is another \$1.8 million worth of project expenses related to the City's emergency response and clean-up efforts under final federal review, for which we expect to receive reimbursement by the end of the third quarter of 2020. Likewise, the Administration and Commission are actively working to ensure that Dayton receives every amount necessary to combat the pandemic and ensure that any resulting loss of revenue does not adversely affect the basic health, safety, and welfare of our employees or citizens.

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, 2018. This was the 37th consecutive year that the City had achieved this prestigious award. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized, comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

I am incredibly proud of the Department of Finance's Financial Analysis Team for their tenacity and determination to complete the 2019 CAFR by the original deadline, even during a pandemic. This is the same commitment I witness all during the year from this team and the entire Finance staff, as they work tirelessly and cooperatively to ensure that the City's accounting records are reported correctly, and its funds are managed judiciously.

I must acknowledge the City departments for providing responses and information to the auditors timely, meeting with them remotely if necessary, even while their own operations and staff were challenged trying to manage effectively in the midst of COVID-19. 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 through two consecutive years of natural and man-made disasters. Finally, the City Administration is fortunate to have excellent leadership and support from the Mayor and City Commissioners. Their courage to lead with bold vision and commitment empowers the City administration to consistently excel in managing Dayton's resources, and be united to serve the citizens of Dayton with excellence and resolve.

Respectfully submitted,

A handwritten signature in blue ink that reads "C. LaShea Lofton". The signature is written in a cursive, flowing style.

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

Deputy City Manager

Information Technology

Information Technology Services

Aviation

Administration/Finance Operations & Facilities Maintenance
Aircraft Rescue/Firefighting
Airport Police

Public Works

Civil Engineering Fleet Management
Facilities Management
Property Management
Street Maintenance
Waste Collection

Finance

Tax & Accounting Administration
Revenue Administration

Water

Administration
Environmental Management
Water Engineering
Water Reclamation
Water Supply/Treatment
Water Utility Field Operations

Planning & Community Development

Community Development Planning
Housing Inspection
Dayton Mediation Center

Law

Civil
Criminal

Economic Development

Zoning Administration
Building Inspection

Procurement & Budget

Management and Budget
Purchasing

Office of Communications & Public Affairs

Deputy City Manager

Human Resources

Fire

Emergency Services
Strategic Programs & Safety
Support Services & Resources Management

Recreation & Youth Services

Convention Center
Golf
Recreation/Youth Services

Police

Office of the Chief
Investigations & Administrative Services Division
West Patrol Operations Division
East Patrol Operations Division
Central Patrol Operations Division

CITY OF DAYTON, OHIO

**LIST OF ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2019**

ELECTED OFFICIALS

Mayor	Nan Whaley
Commissioner	Darryl Fairchild
Commissioner	Matt Joseph
Commissioner	Jeffrey Mims
Commissioner	Chris Shaw

APPOINTED OFFICIALS

City Manager	Shelley Dickstein
Deputy City Manager	Tammi Clements
Deputy City Manager	Joseph Parlette
Director (Acting)~ Aviation	Gilbert Turner
Secretary and Chief Examiner ~ Civil Service	Kenneth Thomas
Director ~ Office of City 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 (Acting)~ IT	Kenneth Couch
Director ~ Law	Barbara Doseck
Director ~ Procurement, 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



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, 2018

Executive Director/CEO



Financial

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OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
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, 2019, 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.

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dayton, Montgomery County, Ohio, as of December 31, 2019, 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 2019, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Additionally, as discussed in Note 23 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. 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 relates 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 will also issue our report dated June 29, 2020, 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.



Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2020

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CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (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, 2019. 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 2019 are as follows:

- The total net position of the City increased \$77,083,031 in 2019 from 2018 net position as restated shown in Note 3. Net position of governmental activities increased \$85,171,334 or 34.31% from 2018 and net position of business-type activities decreased \$8,088,303 or 1.42% from 2018 net position.
- The City had \$233,113,767 in revenues related to governmental activities. General revenues accounted for \$173,127,076 or 74.27% of total governmental activities revenue. Program specific revenues accounted for \$59,986,691 or 25.73% of total governmental activities revenue.
- The City had \$147,646,033 in expenses related to governmental activities; \$59,986,691 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$87,659,342 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$173,127,076.
- The general fund had revenues of \$193,586,237 in 2019. The expenditures and other financing uses of the general fund totaled \$184,015,606 in 2019. The net increase in the fund balance for the general fund was \$9,570,631 or 14.14% higher than 2018 as restated in Note 3.
- The debt service major fund had \$8,722,997 in revenues and other financing sources and \$11,050,525 in expenditures in 2019. The reduction in fund balance in the debt service fund was \$2,327,528, an 8.56% decrease from 2018.
- The capital improvements major fund had \$14,395,445 in revenues and other financing sources and \$20,196,710 in expenditures and other financing uses in 2019. The fund balance for the capital improvements fund decreased \$5,801,265 or 22.33% from 2018.
- Net position for the enterprise funds, which are made up of the Dayton International Airport, Water, Sewer, Storm Water and Golf enterprise funds, decreased in 2019 by \$8,449,510.
- The Dayton International Airport enterprise fund had \$35,483,587 in operating revenues and \$40,512,379 in operating expenses in 2019. The Dayton International Airport enterprise fund also had non-operating revenues of \$2,201,110, non-operating expenses of \$3,245,531 and capital contributions of \$10,134,300. The net position of the Dayton International Airport enterprise fund increased \$4,061,087 or 1.67% from 2018.
- The Water enterprise fund had \$55,420,382 in operating revenues and \$60,926,545 in operating expenses in 2019. The Water enterprise fund also had non-operating revenues of \$1,958,663, non-operating expenses of \$4,744,162 and capital contributions of \$245,027. The net position of the Water enterprise fund decreased \$8,046,635 or 4.52% from 2018.
- The Sewer enterprise fund had \$33,156,799 in operating revenues and \$35,404,568 in operating expenses in 2019. The Sewer enterprise fund also had non-operating revenues of \$1,130,825 and non-operating expenses of \$2,791,144. The net position of the Sewer enterprise fund decreased \$3,908,088 or 3.33% over 2018.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

- In the general fund, the actual revenues and other financing sources were \$12,612,147 lower than they were in the final budget and actual expenditures and other financing uses were \$20,910,316 less than the amount in the final budget. Budgeted revenues increased \$2,706,740 from the original to the final budget. Budgeted expenditures and other financing uses increased \$5,468,600 from the original to the final budget.

Using this Comprehensive Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, this review examines the City's financial transactions and asks the question, "How did we do financially during 2019?" 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, 2019 (UNAUDITED)

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page F 15 of this report.

Governmental Funds

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

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

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

Proprietary Funds

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

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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. Custodial funds are the City's only fiduciary fund type.

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.

Required Supplementary Information

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

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CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

Government-Wide Financial Analysis

The table below is a summary of the City's net position at December 31, 2019 compared to December 31, 2018.

	Net Position					
	Governmental Activities	Governmental Activities (Restated)	Business-Type Activities	Business-Type Activities	Total	Total (Restated)
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>						
Current and other assets	\$ 239,317,437	\$ 231,518,080	\$ 218,876,248	\$ 233,864,450	\$ 458,193,685	\$ 465,382,530
Capital assets, net	<u>456,416,584</u>	<u>450,243,358</u>	<u>601,723,156</u>	<u>592,374,109</u>	<u>1,058,139,740</u>	<u>1,042,617,467</u>
Total assets	<u>695,734,021</u>	<u>681,761,438</u>	<u>820,599,404</u>	<u>826,238,559</u>	<u>1,516,333,425</u>	<u>1,507,999,997</u>
Deferred outflows	<u>86,763,163</u>	<u>46,202,669</u>	<u>27,291,286</u>	<u>17,126,043</u>	<u>114,054,449</u>	<u>63,328,712</u>
Total asset and deferred outflows	<u>782,497,184</u>	<u>727,964,107</u>	<u>847,890,690</u>	<u>843,364,602</u>	<u>1,630,387,874</u>	<u>1,571,328,709</u>
<u>Liabilities</u>						
Current liabilities	18,012,886	16,700,637	17,848,142	16,916,237	35,861,028	33,616,874
Long-term liabilities:						
Due within one year	18,305,813	19,915,942	10,752,842	10,698,402	29,058,655	30,614,344
Net pension liability	259,148,050	178,321,849	72,993,190	44,936,163	332,141,240	223,258,012
Net OPEB liability	59,715,901	152,986,812	33,238,081	32,165,279	92,953,982	185,152,091
Other liabilities	<u>69,522,455</u>	<u>74,306,468</u>	<u>149,090,061</u>	<u>157,593,484</u>	<u>218,612,516</u>	<u>231,899,952</u>
Total liabilities	<u>424,705,105</u>	<u>442,231,708</u>	<u>283,922,316</u>	<u>262,309,565</u>	<u>708,627,421</u>	<u>704,541,273</u>
Deferred inflows	<u>24,409,487</u>	<u>37,521,141</u>	<u>3,451,353</u>	<u>12,449,713</u>	<u>27,860,840</u>	<u>49,970,854</u>
Total liabilities and deferred inflows	<u>449,114,592</u>	<u>479,752,849</u>	<u>287,373,669</u>	<u>274,759,278</u>	<u>736,488,261</u>	<u>754,512,127</u>
<u>Net Position</u>						
Net investment						
in capital assets	401,873,312	395,757,572	457,088,828	462,984,698	858,962,140	858,742,270
Restricted	45,569,063	38,778,126	12,324,022	11,039,351	57,893,085	49,817,477
Unrestricted	<u>(114,059,783)</u>	<u>(186,324,440)</u>	<u>91,104,171</u>	<u>94,581,275</u>	<u>(22,955,612)</u>	<u>(91,743,165)</u>
Total net position	<u>\$ 333,382,592</u>	<u>\$ 248,211,258</u>	<u>\$ 560,517,021</u>	<u>\$ 568,605,324</u>	<u>\$ 893,899,613</u>	<u>\$ 816,816,582</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension asset.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (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/asset 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/asset 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/asset 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/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$893,899,613. At year-end, net positions were \$333,382,592 and \$560,517,021 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 64.90% 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, 2019, was \$401,873,312 and \$457,088,828 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, 2019, 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, \$57,893,085, 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 \$114,059,783.

The table on the next page shows the changes in net position for 2019 and 2018.

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CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

Change in Net Position

	Governmental Activities <u>2019</u>	Restated Governmental Activities <u>2018</u>	Business-Type Activities <u>2019</u>	Business-Type Activities <u>2018</u>	Total <u>2019</u>	Restated Total <u>2018</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 41,620,785	\$ 35,107,450	\$ 118,669,926	\$ 118,546,080	\$ 160,290,711	\$ 153,653,530
Operating grants and contributions	13,610,856	17,511,214	-	-	13,610,856	17,511,214
Capital grants and contributions	<u>4,755,050</u>	<u>6,064,308</u>	<u>10,379,327</u>	<u>13,758,080</u>	<u>15,134,377</u>	<u>19,822,388</u>
Total program revenues	<u>59,986,691</u>	<u>58,682,972</u>	<u>129,049,253</u>	<u>132,304,160</u>	<u>189,035,944</u>	<u>190,987,132</u>
General revenues:						
Property taxes	12,690,158	12,108,678	-	-	12,690,158	12,108,678
Income taxes	134,065,969	128,707,187	-	-	134,065,969	128,707,187
Payment in lieu of taxes	1,473,194	1,816,290	-	-	1,473,194	1,816,290
Unrestricted grants	14,796,558	12,253,756	-	-	14,796,558	12,253,756
Interest	5,007,325	3,247,089	5,084,705	2,979,857	10,092,030	6,226,946
Miscellaneous	<u>5,093,872</u>	<u>4,916,381</u>	<u>16,869,201</u>	<u>14,653,243</u>	<u>21,963,073</u>	<u>19,569,624</u>
Total general revenues	<u>173,127,076</u>	<u>163,049,381</u>	<u>21,953,906</u>	<u>17,633,100</u>	<u>195,080,982</u>	<u>180,682,481</u>
Total revenues	<u>233,113,767</u>	<u>221,732,353</u>	<u>151,003,159</u>	<u>149,937,260</u>	<u>384,116,926</u>	<u>371,669,613</u>
Expenses:						
Downtown	2,726,408	3,248,268	-	-	2,726,408	3,248,268
Youth, education and human services	54,866	3,619	-	-	54,866	3,619
Community Development	25,254,863	25,798,079	-	-	25,254,863	25,798,079
Economic Development	8,674,622	10,043,435	-	-	8,674,622	10,043,435
Leadership and quality of life	49,329,265	50,250,202	-	-	49,329,265	50,250,202
Corporate responsibility	20,580,700	19,535,052	-	-	20,580,700	19,535,052
Public safety and justice	38,043,371	124,347,547	-	-	38,043,371	124,347,547
Interest and fiscal charges	2,981,938	2,860,206	-	-	2,981,938	2,860,206
Dayton International Airport	-	-	43,623,230	68,544,041	43,623,230	68,544,041
Water	-	-	65,547,601	55,222,198	65,547,601	55,222,198
Sewer	-	-	38,112,769	33,486,248	38,112,769	33,486,248
Other business-type activities:						
Storm water	-	-	8,595,536	7,633,423	8,595,536	7,633,423
Golf	-	-	3,508,726	3,192,165	3,508,726	3,192,165
Total expenses	<u>147,646,033</u>	<u>236,086,408</u>	<u>159,387,862</u>	<u>168,078,075</u>	<u>307,033,895</u>	<u>404,164,483</u>
Change in net position before transfers	85,467,734	(14,354,055)	(8,384,703)	(18,140,815)	77,083,031	(32,494,870)
Transfers	<u>(296,400)</u>	<u>(641,200)</u>	<u>296,400</u>	<u>641,200</u>	-	-
Change in net position	<u>85,171,334</u>	<u>(14,995,255)</u>	<u>(8,088,303)</u>	<u>(17,499,615)</u>	<u>77,083,031</u>	<u>(32,494,870)</u>
Net position at beginning of year (restated)	<u>248,211,258</u>	<u>263,206,513</u>	<u>568,605,324</u>	<u>586,104,939</u>	<u>816,816,582</u>	<u>849,311,452</u>
Net position at end of year	<u>\$ 333,382,592</u>	<u>\$ 248,211,258</u>	<u>\$ 560,517,021</u>	<u>\$ 568,605,324</u>	<u>\$ 893,899,613</u>	<u>\$ 816,816,582</u>

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

Governmental Activities

Governmental activities net position increased \$85,171,334 in 2019. This increase of 34.31% is due to a decrease in expenditures for the City, primarily driven by a decrease in the net OPEB liability from \$152,986,812 to \$59,715,901.

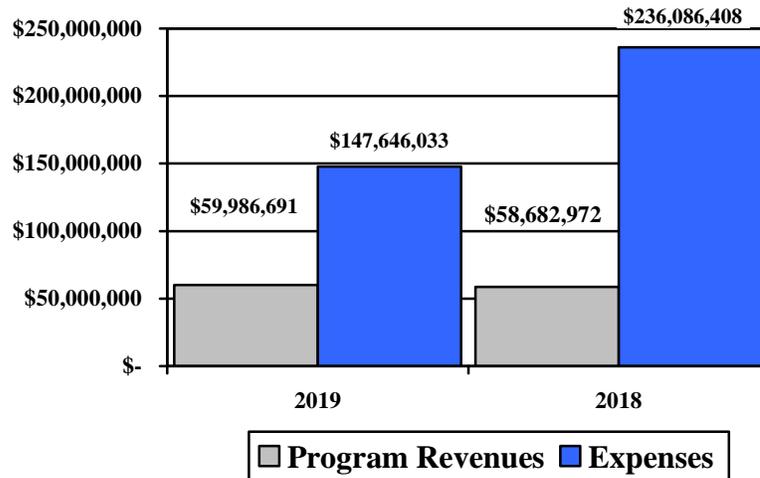
Public safety and justice, which primarily supports the operations of the police and fire departments accounted for \$38,043,371 of the total expenses of the City. These expenses were partially funded by \$21,739,918 in direct charges to users of the services. Leadership and quality of life expenses totaled \$49,329,265. Leadership and quality of life expenses were partially funded by \$12,126,655 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$13,610,856 in operating grants and contributions and \$4,755,050 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$7,759,680 subsidized leadership and quality of life and \$5,055,777 subsidized community development and neighborhoods. The total capital grants and contributions, \$4,755,050 subsidized leadership and quality of life programs.

General revenues totaled \$173,127,076 and amounted to 74.27% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$146,756,127. 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 \$14,796,558.

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

Governmental Activities – Program Revenues vs. Total Expenses



CITY OF DAYTON, OHIO

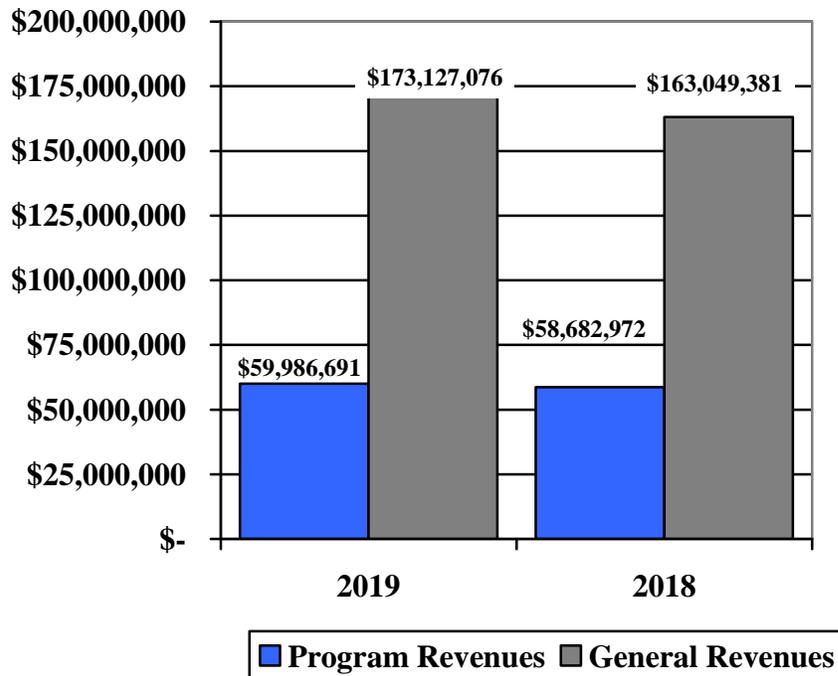
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

Governmental Activities

	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2018</u>
Program Expenses:				
Downtown	\$ 2,726,408	\$ 2,329,299	\$ 3,248,268	\$ 2,822,343
Youth, education and human services	54,866	46,130	3,619	(4,368)
Community development and neighborhoods	25,254,863	17,293,814	25,798,079	15,931,342
Economic development	8,674,622	6,807,563	10,043,435	7,824,825
Leadership and quality of life	49,329,265	24,687,880	50,250,202	29,796,921
Corporate responsibility	20,580,700	17,683,232	19,535,052	16,682,466
Public safety and justice	38,043,371	15,829,486	124,347,547	101,489,701
Interest and fiscal charges	<u>2,981,938</u>	<u>2,981,938</u>	<u>2,860,206</u>	<u>2,860,206</u>
Total Expenses	<u>\$ 147,646,033</u>	<u>\$ 87,659,342</u>	<u>\$ 236,086,408</u>	<u>\$ 177,403,436</u>

The dependence upon general revenues for governmental activities is apparent, with 59.37% of expenses supported through taxes and other general revenues. Total governmental expenses were \$147,646,033, program revenues were \$59,986,691 and general revenues were \$173,127,076. The significant decline in public safety and justice expenses was due to structural changes made to Ohio Police and Fire Pension Fund that resulted in a decrease in net OPEB liability, primarily impacting the public safety and justice expenses.

Governmental Activities – General and Program Revenues



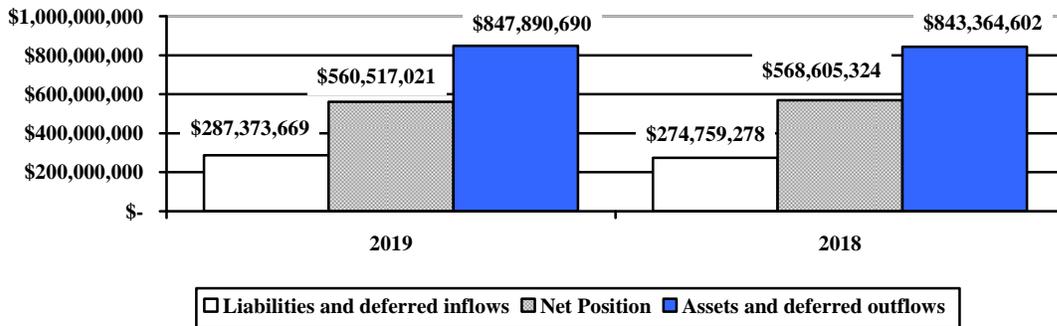
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 \$8,088,303 in 2019. These programs had program revenues of \$129,049,253, general revenues of \$21,953,906 and expenses of \$159,387,862 for 2019. The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at year-end (see pages F 30 and F 31).

Net Position in Business - Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds reported a combined fund balance of \$142,097,093 which is \$6,280,854 more than last year's restated total of \$135,816,239. The table below indicates the fund balances and the total change in fund balances as of December 31, 2019 for all major and nonmajor governmental funds.

	Fund Balances 12/31/2019	Restated Fund Balances 12/31/2018	Increase/ (Decrease)
Major Funds:			
General	\$ 77,276,403	\$ 67,705,772	\$ 9,570,631
Debt service	24,860,218	27,187,746	(2,327,528)
Capital improvement	20,180,694	25,981,959	(5,801,265)
Other nonmajor governmental funds	<u>19,779,778</u>	<u>14,940,762</u>	<u>4,839,016</u>
Total	<u>\$ 142,097,093</u>	<u>\$ 135,816,239</u>	<u>\$ 6,280,854</u>

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
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General Fund

	<u>2019</u>	<u>2018</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Income, property and other taxes	\$ 148,225,448	\$ 141,408,003	4.82 %
Charges for services	26,014,479	25,217,066	3.16 %
Licenses and permits	3,024,345	2,898,209	4.35 %
Fines and forfeitures	2,304,167	3,438,162	(32.98) %
Investment income	4,390,107	2,952,586	48.69 %
Special assessments	535,786	746,170	(28.20) %
Intergovernmental	4,062,300	3,966,304	2.42 %
Other	<u>5,029,605</u>	<u>4,928,904</u>	2.04 %
Total	<u>\$ 193,586,237</u>	<u>\$ 185,555,404</u>	4.33 %

The above table assists in illustrating the revenues of the general fund. Overall revenues of the general fund increased \$8,030,833. The most significant increases were in the areas of income, property and other taxes and investment income. Licenses and permit revenue increased due to an increase in permit fees. Fines and forfeitures decreased due to significant changes to the City's photo enforcement program. The City had a decrease in special assessments related to the water street garage.

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

	<u>2019</u>	<u>2018</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
Downtown	\$ 2,493,895	\$ 2,733,701	(8.77) %
Youth, education and human services	54,865	51,264	7.02 %
Community development and neighborhoods	15,184,896	12,911,414	17.61 %
Economic development	5,210,252	6,747,640	(22.78) %
Leadership and quality of life	28,345,483	27,229,971	4.10 %
Corporate responsibility	16,518,032	17,412,726	(5.14) %
Public safety and justice	<u>107,284,733</u>	<u>101,878,489</u>	5.31 %
Total	<u>\$ 175,092,156</u>	<u>\$ 168,965,205</u>	3.63 %

Overall expenditures of the general fund increased by \$6,126,951 or 3.63%. The largest expenditure of the City, public safety and justice, increased \$5,406,244 or 5.31%. A portion of the increases in expenditures were due to costs incurred related to tornados that devastated the City in May 2019.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Debt Service

The City's debt service fund balance decreased \$2,327,528. 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. The Debt service fund also had a transfer in of \$1,055,761 for debt payments.

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 6,550,737	\$ 6,423,667	1.98 %
Intergovernmental	950,603	969,475	(1.95) %
Special assessments	33,928	24,562	38.13 %
Investment income	8,256	16,073	(48.63) %
Other	<u>123,712</u>	<u>49,717</u>	148.83 %
Total	<u>\$ 7,667,236</u>	<u>\$ 7,483,494</u>	2.46 %

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Corporate responsibility	\$ 194,106	\$ 171,163	13.40 %
Bond issuance costs	-	191,897	100.00 %
Principal retirement	7,602,451	7,376,277	3.07 %
Interest and fiscal charges	<u>3,253,968</u>	<u>2,831,087</u>	14.94 %
Total	<u>\$ 11,050,525</u>	<u>\$ 10,570,424</u>	4.54 %

Capital Improvements

The City's capital improvements fund balance decreased by \$5,801,265 or 22.33%. The tables below illustrate the revenues and expenditures of the capital improvement fund. Revenues decreased \$1,206,950 or 13.45%. The tax revenue is used to reduce the balance of the manuscript debt. Expenditures decreased \$5,031,858 or 20.21%. In addition to the revenues listed on the chart below, the capital improvements fund had \$6,627,600 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>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 321,800	\$ 321,800	0.00 %
Charges for services	70,601	70,600	0.00 %
Intergovernmental	5,526,081	6,065,409	(8.89) %
Investment income	7	15,687	(99.96) %
Payments in lieu of taxes	1,473,194	1,816,290	(18.89) %
Other	<u>376,162</u>	<u>685,009</u>	(45.09) %
Total	<u>\$ 7,767,845</u>	<u>\$ 8,974,795</u>	(13.45) %

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

	2019 <u>Amount</u>	2018 <u>Amount</u>	Percentage <u>Change</u>
<u>Expenditures</u>			
Community development and neighbors	627,093	868,350	(27.78) %
Economic development	1,459,547	1,614,627	(9.60) %
Leadership and quality of life	1,987,303	2,818,533	(29.49) %
Corporate responsibility	288,957	187,486	54.12 %
Capital outlay	15,242,068	19,169,413	(20.49) %
Debt service	<u>255,889</u>	<u>234,306</u>	9.21 %
Total	<u>\$ 19,860,857</u>	<u>\$ 24,892,715</u>	(20.21) %

2019 Budgeting Highlights - General Fund

The City's budgeting process is prescribed by the Ohio Revised Code (ORC) and the City of Dayton Charter, which was amended by voters in November of 2014. The original and revised budgets are a representation of the City's various adopted appropriations. The annual expenditure budget is limited by the amount of anticipated revenues and available cash balances certified by the County Budget Commission in accordance with the Ohio Revised Code.

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

Budgetary information is presented for the general fund on page 41. With respect to changes to the general fund, the final budget reflects projected revenues that were \$2.7 million higher than the original budget. Actual revenues had a positive variance of \$94,600 compared to the original budget and a negative variance of \$2.6 million or 1.3% compared to the final budget.

Actual general fund revenues performed better in seven categories relative to the original forecast and underperformed in three categories. As it relates to the final budget, actual revenues exceeded the budget in five categories and fell short in five. The variance to both the original and final budgets of 0.0% and a negative variance of 1.3%, respectively, indicates that we were outside our performance metric of 0% to 3% positive revenue variance for the final budget, as actual revenues were less than projected. More than 50% of the variance was from expected FEMA reimbursements from the Memorial Day tornadoes that it was later learned would not be received until 2020.

Five revenue categories realized a variance in excess of 10% when compared to the original budget and four when compared to the final budget. State-shared taxes underperformed relative to the final budget by a margin of nearly 16% or \$1.4 million due the expectation that FEMA reimbursements would be received late in 2019. Charges for Services were less than the original budget by \$3.6 million, or 11.9%, despite increasing 8% from the year prior. License and Permits exceeded the original budget by \$334,300, or 12.4%, as a result of an increase in building and mechanical permit rates. Revenue from Fines and forfeitures was \$1.5 million under the original budget and \$1.3 million less than the final budget due to elimination of the public safety photo enforcement program except in school zones. The 2019 state transportation bill significantly curtailed the City's ability to use photo enforcement in the future.

Special assessments performed \$105,700 below both the original and final budget, representing a 16.5% variance. Special assessments petitioned by a City developer were lower than initially expected and direct revenue supporting

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
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City-issued debt was higher. Investment income beat both the original and final estimate by \$1.4 million or 80.3% due to higher interest rates and excellent portfolio management. Better precision on these estimates will be expected in the future.

Actual expenditures in 2019 were \$17.0 million or 8.6% under (favorable) the original budget while the final budget was \$20.8 million or 10.3% higher than actuals. All programmatic categories were within the 10% variance threshold except for economic development. The large variance in this programmatic category is also responsible for most of the expenditure variance to budget for the original and final budgets. Of the \$15.6 million and \$15.9 million variance, \$10.0 million was for a loan to the Downtown Arcade development project. This amount was budgeted, expended and later reversed to the balance sheet and recorded as a loan receivable rather than an expenditure.

Similarly, a transfer into the general fund of \$10.0 million was recorded and later reversed. The transaction was recorded as a loan payable from the general fund and a loan receivable to the source of the loan, the workers compensation fund. Actual operating transfers out were \$1.6 million over the original budget and \$150,100 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. However, on a budgetary basis, actual revenues and transfers in exceeded actual expenditures and transfers out by \$3.1 million. After adjustments for prior year encumbrances and to the balance sheet, the general fund ended the year with a \$68.6 million budgetary basis fund balance. This represents a \$4.4 million increase from 2018.

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 reported a combined net position of \$559,438,798 which is \$8,449,510 below last year's total of \$567,888,308.

The following table indicates the net position and the total change in net position as of December 31, 2019 for all major and nonmajor business-type funds.

	Net Position 12/31/19	Net Position 12/31/18	Increase (decrease)
Major Funds:			
Dayton International Airport	\$ 246,937,313	\$ 242,876,226	\$ 4,061,087
Water	170,161,298	178,207,933	(8,046,635)
Sewer	113,321,240	117,229,328	(3,908,088)
Other Business-type activities	29,018,947	29,574,821	(555,874)
Total	\$ 559,438,798	\$ 567,888,308	\$ (8,449,510)

Dayton International Airport (DIA)

The City's Dayton International Airport net position increased by \$4,061,087 or 1.67% from the 2018 amount. The Dayton International Airport received \$10,134,300 in capital contributions.

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

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	2019	2018	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 24,446,146	\$ 23,842,686	2.53 %
Other	<u>11,037,441</u>	<u>9,422,363</u>	17.14 %
Total	<u>\$ 35,483,587</u>	<u>\$ 33,265,049</u>	6.67 %

Operating revenues increased by \$2,218,538 or 6.67%.

	2019	2018	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 9,399,462	\$ 9,872,485	(4.79) %
Benefit payments	3,526,372	6,195,347	(43.08) %
Contractual services	6,760,491	7,860,340	(13.99) %
Materials and supplies	954,476	1,001,183	(4.67) %
Utilities	1,860,947	1,899,974	(2.05) %
Depreciation	14,645,527	29,776,058	(50.81) %
Other	<u>3,365,104</u>	<u>2,666,313</u>	26.21 %
Total	<u>\$ 40,512,379</u>	<u>\$ 59,271,700</u>	(31.65) %

Operating expenses decreased by \$18,759,321 or 31.65%. A large portion of this change was a decrease in depreciation expense of \$15,130,531, due to disposals of assets in the prior year, which lowered depreciation expense in the current year.

	2019	2018	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 1,206,163	\$ 1,168,470	3.23 %
Interest expense and fiscal charges	(3,245,531)	(3,425,000)	(5.24) %
Increase (decrease) in fair value of investments	352,486	57,357	(514.55) %
Gain (Loss) on sale of capital assets	642,461	(5,989,836)	(110.73) %
Capital contributions	<u>10,134,300</u>	<u>13,539,838</u>	(25.15) %
Total	<u>\$ 9,089,879</u>	<u>\$ 5,350,829</u>	69.88 %

Nonoperating revenues and expenses increased by \$3,739,050 or 69.88%. Capital contributions for 2018 and 2019 were primarily for Federal grants that are being used for capital improvements, including significant upgrades to the terminal, along with passenger facility charges. As mentioned above, there was a significant amount of disposals in the prior year, which resulted in a loss of sale of capital assets in 2018.

Water

The City's Water fund net position decreased by \$8,046,635 or 4.52% from the 2018 amount.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	2019	2018	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 50,886,932	\$ 51,561,435	(1.31) %
Other	<u>4,533,450</u>	<u>4,541,794</u>	(0.18) %
Total	<u>\$ 55,420,382</u>	<u>\$ 56,103,229</u>	(1.22) %

Operating revenues decreased by \$682,847 or 1.22%.

	2019	2018	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 17,005,081	\$ 17,000,961	0.02 %
Benefit payments	13,439,057	10,426,625	28.89 %
Contractual services	9,920,592	5,384,973	84.23 %
Materials and supplies	5,676,310	5,198,162	9.20 %
Utilities	4,787,654	5,274,846	(9.24) %
Depreciation	7,612,594	8,120,178	(6.25) %
Other	<u>2,485,257</u>	<u>2,574,054</u>	(3.45) %
Total	<u>\$ 60,926,545</u>	<u>\$ 53,979,799</u>	12.87 %

Operating expenses increased by \$6,946,746 or 12.87%. The largest increase in expenses was for contractual services. The City had a significant water main break under the Great Miami River during 2019, which resulted in service outages and increase in operating expenses.

	2019	2018	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 1,484,692	\$ 879,540	68.80 %
Interest expense and fiscal charges	(1,669,557)	(1,145,654)	45.73 %
Increase in fair market value of investments	473,971	42,535	1,014.31 %
Bond issuance costs	-	(218,658)	(100.00) %
Capital contributions	245,027	218,242	12.27 %
Loss on sale of capital assets	<u>(3,074,605)</u>	<u>(112,325)</u>	2,637.24 %
Total	<u>\$ (2,540,472)</u>	<u>\$ (336,320)</u>	(655.37) %

Nonoperating revenues and expenses decreased \$2,204,152 or 655.37% for 2019. The City issued debt in 2018, which increased the investments in the City's portfolio, which resulted in an increase in both interest revenue and the fair market value of investments. This debt issuance in 2018 was also the main factor in the increase in interest expense in 2019.

Sewer

The City's Sewer fund net position decreased by \$3,908,088 or 3.33% from 2018.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	2019 <u>Amount</u>	2018 <u>Amount</u>	Percentage <u>Change</u>
<u>Operating Revenues</u>			
Charges for services	\$ 32,593,511	\$ 32,627,154	(0.10) %
Other	<u>563,288</u>	<u>610,840</u>	(7.78) %
Total	<u>\$ 33,156,799</u>	<u>\$ 33,237,994</u>	(0.24) %

Operating revenues remained stable with only a slight decreased by \$81,195 or 0.24%.

	2019 <u>Amount</u>	2018 <u>Amount</u>	Percentage <u>Change</u>
<u>Operating Expenses</u>			
Personal services	\$ 8,156,045	\$ 8,119,381	0.45 %
Benefit payments	6,230,164	4,794,635	29.94 %
Contractual services	9,398,360	7,832,249	20.00 %
Materials and supplies	2,681,644	2,811,221	(4.61) %
Utilities	2,410,770	2,542,903	(5.20) %
Depreciation	5,608,077	5,706,983	(1.73) %
Other	<u>919,508</u>	<u>647,520</u>	42.00 %
Total	<u>\$ 35,404,568</u>	<u>\$ 32,454,892</u>	9.09 %

Operating expenses increased by \$2,949,676 or 9.09%. The largest increase in expenses was to benefit payments related to recording the net pension liability and the net OPEB liability.

	2019 <u>Amount</u>	2018 <u>Amount</u>	Percentage <u>Change</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest revenue	\$ 851,635	\$ 642,381	32.57 %
Increase (decrease) in fair value of investments	279,190	15,872	1,659.01 %
Interest expense and fiscal charges	(958,795)	(1,138,409)	(15.78) %
Loss on sale of capital assets	<u>(1,832,349)</u>	<u>(7,376)</u>	24,742.04 %
Total	<u>\$ (1,660,319)</u>	<u>\$ (487,532)</u>	(240.56) %

Nonoperating revenues and expenses in 2019 decreased by \$1,172,787 or 240.56%.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2019, the City had \$1,058,139,740 (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, \$456,416,584 was reported in governmental activities and \$601,723,156 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, 2019
(UNAUDITED)**

The following table shows December 31, 2019 balances compared to December 31, 2018:

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

	Governmental Activities 2019	Governmental Activities 2018	Business-Type Activities 2019	Business-Type Activities 2018	Total 2019	Total 2018
Land	\$ 52,191,437	\$ 52,417,988	\$ 41,829,382	\$ 43,215,021	\$ 94,020,819	\$ 95,633,009
Construction in progress	14,236,130	6,882,877	43,365,955	51,387,563	57,602,085	58,270,440
Right of ways	14,007,402	14,007,402	-	-	14,007,402	14,007,402
Buildings and improvements	78,164,884	77,302,690	161,263,770	138,507,588	239,428,654	215,810,278
Improvements other than buildings (IOTB)	21,765,602	22,317,632	334,278,125	336,430,925	356,043,727	358,748,557
Equipment	2,710,663	3,649,269	5,684,293	6,745,534	8,394,956	10,394,803
Software	472,454	292,785	454,273	1,027,273	926,727	1,320,058
Vehicles	17,618,622	16,046,480	14,847,358	15,060,205	32,465,980	31,106,685
Infrastructure	<u>255,249,390</u>	<u>257,326,235</u>	<u>-</u>	<u>-</u>	<u>255,249,390</u>	<u>257,326,235</u>
Total	<u>\$ 456,416,584</u>	<u>\$ 450,243,358</u>	<u>\$ 601,723,156</u>	<u>\$ 592,374,109</u>	<u>\$ 1,058,139,740</u>	<u>\$ 1,042,617,467</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 55.92% 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 55.55% of the City's total business-type capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2019 and 2018:

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>
General obligation bonds	\$ 39,229,345	\$ 44,265,275
Revenue bonds	<u>21,820,539</u>	<u>24,445,682</u>
Total bonds	<u>61,049,884</u>	<u>68,710,957</u>
OPWC loans	869,114	942,441
State infrastructure bank loan	2,273,324	2,374,531
State infrastructure bank bonds	3,015,000	3,165,000
Ohio Department of Development Loan	<u>1,631,424</u>	<u>1,909,341</u>
Total loans	<u>7,788,862</u>	<u>8,391,313</u>
Total long-term obligations	<u>\$ 68,838,746</u>	<u>\$ 77,102,270</u>

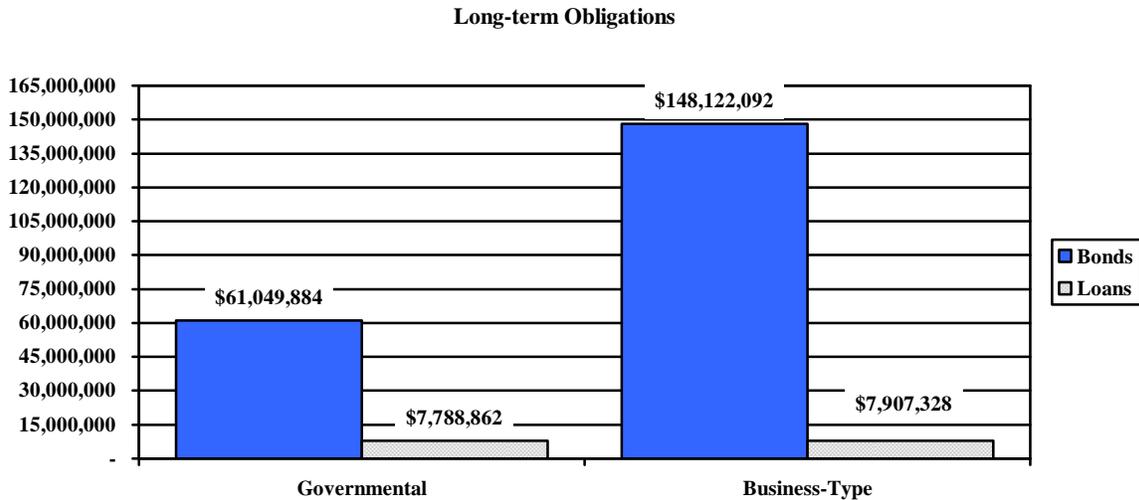
CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

	Business-type Activities <u>2019</u>	Business-type Activities <u>2018</u>
General obligation bonds	\$ 31,822,837	\$ 34,290,014
Revenue bonds	<u>116,299,255</u>	<u>121,204,337</u>
Total bonds	<u>148,122,092</u>	<u>155,494,351</u>
OWDA loans	3,401,472	4,270,588
OPWC loans	50,000	100,000
Jobs Ohio loans	<u>4,455,856</u>	<u>4,663,742</u>
Total loans	<u>7,907,328</u>	<u>9,034,330</u>
Total long-term obligations	<u>\$ 156,029,420</u>	<u>\$ 164,528,681</u>

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

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



CITY OF DAYTON, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

Economic Outlook and the 2019 Budget

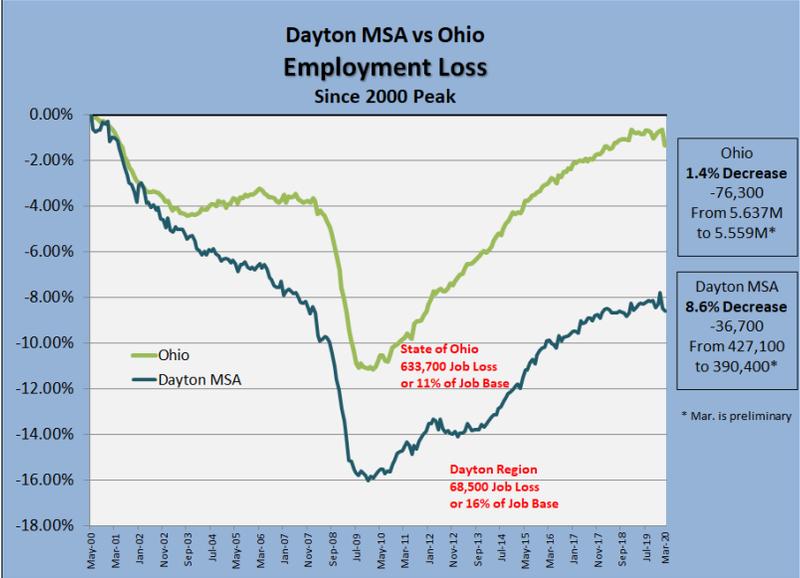
After nearly a decade of job losses, the Dayton regional economy reached its nadir in late 2009. Growth rebounded through the first quarter of 2012 then stalled once again. Beginning in 2014, the Dayton regional economy began to hit its stride. Although job creation did decelerate in late 2018, by the second quarter of 2019 the economy was once again posting gains. Large developments like Water Street along with amenities such as the Levitt Pavilion coupled with the CareSource Pamela Morris tower are just a few of the major developments that have shaped the Downtown Dayton renaissance.

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 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. A couple blocks away, the Fireblocks district development with housing, retail and restaurants is also under construction.

Outside of Downtown, the Dayton International Airport has been a growth engine, adding over 2,200 jobs at companies like Spectrum Brands, pet food retailer Chewy, and footwear company Crocs. Grandview Hospital expanded its footprint by doubling its emergency room capacity in response to the closing of Good Samaritan Hospital. In addition, developers’ awareness of opportunity zone tax benefits are spurring interest in several other development spots throughout the city.

Economic activity is evident in the City’s largest revenue source, income tax. Collections climbed 6.2% and 2.8% in 2018 and 2019, respectively. All General Fund sources over the same two years advanced 6.6% and 3.9%. Given the better than planned performance of the General Fund compared to budget in 2019, the planned use of cash reserves was not necessary. At the end of 2019, revenues exceeded expenditures by \$3.1 million on a budgetary basis, and the budgetary fund balance increased by \$4.4 million. This was a remarkable effort considering the traumatic year the City experienced in 2019. A hate group came to town in May for a rally that cost the City over \$600,000 to ensure public safety. A series of tornadoes touched down on Memorial Day weekend destroying hundreds of homes and businesses. Lastly, in August a gunman fatally shot nine people and injured dozens more in a heinous mass shooting in the Oregon District.

As if 2019 wasn’t bad enough, a pall spread over the world late in 2019 in the form of the novel coronavirus. Millions have been infected and the human toll has been high. As of March, most of the world is sheltering in place. The COVID-19 pandemic of 2020 is undoubtedly the worst health crisis experienced in over 100 years with both human and economic consequences that will have generationally altering effects into the future.



CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

Employment and the Income Tax

The respective components of income tax are a proxy for the condition and direction of the local economy. Withholding collections in 2019, or taxes on wage-earners in the city, grew by \$1.4 million, or 1.2% over the prior year, after increasing \$7.5 million in 2018. In fact, 2019 saw the seventh annual increase in withholdings since 2011. In addition to growth in withholding, tax revenue from business profits grew by \$2.1 million or 18.0%. The partnership component of the net income tax led the growth at 30%, while corporations posted gains of 14.4%. The non-withholding tax paid by individuals was flat in 2019. Taken together, income tax collections, net of refunds, grew by \$3.6 million or 2.8% to \$133.6 million. This is the highest level on record.

The original forecast for 2020 income tax revenues is \$130.9 million. This represents a 2.0% decrease from 2019 collections. The current economic expansion is the longest on record and, given current headwinds, we chose the prudent path to forecast a small decline. The 2020 original forecast was developed prior to the worldwide pandemic. As of this writing, the 2% decrease appears woefully short of the decline we will likely experience.

Property Values and the Property Tax

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. Our 2020 estimate projects a 1.0% increase in advance of the six-year real estate revaluation that will impact 2021 collections. This was shy of the 2.1% increase in values we received after the forecast was developed. It should be noted that this increase was largely the result of higher public utility personal property values.

Since 2012, 0.5 mills of the property tax have been shifted from the general fund to the bond retirement fund to help offset the loss of revenue due to declining property values. The modest increase in overall valuations represents the continuation of a four-year trend that follows a longer-term trend of steep declines. Real estate values, omitting personal property, 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. 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 serviced each vacant property in the city about once per month during mowing season. In 2019, crews serviced over 5,000 vacant properties 5 times each for the purposes of mowing, brush removal and trash removal.

Housing stock quality and value is improving in various areas of the city, with the construction of hundreds of new units either underway or recently finished, largely in Downtown. The City has also continued to demolish vacant and abandoned buildings; although there remains thousands more to demolish and funding is limited.

State Revenue Sharing and the Local Government Fund

As part of the 2018-2019 state of Ohio biennial budget, the municipal direct allocation was eliminated entirely (after having previously been cut by about 75%). The municipal indirect was reestablished in the 2020-2021 state budget, but at much reduced levels.

The Local Government Fund forecast for 2020 is \$7.0 million, up slightly from 2019. With the economy slowing and the threat of the global pandemic, there is real concern that state tax sources will decline in 2020 and ergo revenue sharing will fall short of estimate.

CITY OF DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

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 2019 tax revenue-sharing from the four Ohio casinos was \$3.2 million. This is an increase of \$73,000 or 2.3% over 2018. Our forecast for 2020 is a continued modest increase to \$3.3 million, although a recession will certainly reduce this number.

Other Sources

Given concerns regarding the length of the current expansion, reductions in reimbursements, less than inflationary growth in other revenues, and higher wage, benefit and healthcare costs, it was necessary to balance the 2020 budget with a planned \$2.0 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 police officer positions to a grant fund with approximately half the costs being borne by a transfer from the general fund. For 2019, staffing levels increased by 16 positions, or 1.4% to an average of 1,214 filled positions.

Cost containment continues to be a reality for the City of Dayton organization. With the expected slowdown in the economy and the threat of the global pandemic wreaking havoc on economic growth, the City organization is operating under a modified hiring freeze. The City commitment to excellence in customer service will require achieving higher levels of efficiency, especially through 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 over the long run. 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, 2019 personnel costs in the general fund were \$7.4 million, or 6.1%, higher than 2018. Cost drivers include overtime associated with the several unplanned tragedies that occurred during the year, along with wage increases and a 24% increase in the transfer rate for health insurance, effective August of 2018.

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 remain above the minimum policy threshold of 6 weeks of operating reserves.

At the end of 2019, the cash reserve was \$30.2 million or \$7.9 million over the minimum level of six-weeks of operating funds.

CITY OF DAYTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

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, Ohio 45401-0022, or visit our website at www.daytonohio.gov.

BASIC
FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments.	\$ 145,876,811	\$ 181,350,966	\$ 327,227,777
Cash with fiscal and escrow agents.	15,675	6,191	21,866
Receivables:			
Property and other local taxes	18,978,404	-	18,978,404
Municipal income taxes.	19,080,512	-	19,080,512
Accounts.	5,524,685	15,552,592	21,077,277
Payments in lieu of taxes.	2,067,012	-	2,067,012
Special assessments	3,480,645	1,396,097	4,876,742
Accrued interest.	581,890	623,470	1,205,360
Due from other governments.	13,436,342	2,881,542	16,317,884
Loans receivable.	28,015,996	716,469	28,732,465
Internal balance	(1,065,659)	1,065,659	-
Materials and supplies inventory.	1,366,941	2,024,416	3,391,357
Prepayments	1,098,405	488,531	1,586,936
Inventory held for resale.	502,346	-	502,346
Restricted assets:			
Equity in pooled cash and investments.	-	1,210,715	1,210,715
Investments with fiscal and escrow agents. . .	92	11,288,721	11,288,813
Net pension asset.	357,340	270,879	628,219
Capital assets:			
Land, right of ways, and construction in progress.	80,434,969	85,195,337	165,630,306
Depreciable capital assets, net.	375,981,615	516,527,819	892,509,434
Total capital assets, net.	456,416,584	601,723,156	1,058,139,740
Total assets	695,734,021	820,599,404	1,516,333,425
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	856,357	1,256,145	2,112,502
Pension and OPEB.	85,906,806	26,035,141	111,941,947
Total deferred outflows of resources	86,763,163	27,291,286	114,054,449

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION (continued)
DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 1,466,317	\$ 3,343,850	\$ 4,810,167
Contracts payable	4,303,595	6,601,673	10,905,268
Retainage payable	803,839	2,757,760	3,561,599
Accrued wages and benefits payable	7,124,103	1,862,664	8,986,767
Due to other governments	4,129,959	2,579,356	6,709,315
Accrued interest payable	185,073	527,425	712,498
Payable from restricted assets:			
Utility deposits	-	175,414	175,414
Long-term liabilities:			
Due within one year	18,305,813	10,752,842	29,058,655
Due in more than one year	69,522,455	149,090,061	218,612,516
Net pension liability	259,148,050	72,993,190	332,141,240
Net OPEB liability	59,715,901	33,238,081	92,953,982
Total liabilities	424,705,105	283,922,316	708,627,421
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	12,469,754	-	12,469,754
Pension and OPEB	9,872,721	3,451,353	13,324,074
Payments in lieu of taxes levied for the next fiscal year	2,067,012	-	2,067,012
Total deferred inflows of resources	24,409,487	3,451,353	27,860,840
Net position:			
Net investment in capital assets	401,873,312	457,088,828	858,962,140
Restricted for:			
Permanent fund:			
Expendable	83,547	-	83,547
Nonexpendable	102,228	-	102,228
Capital projects	1,145,536	-	1,145,536
Debt service	28,236,667	12,324,022	40,560,689
Housing and urban development	466,839	-	466,839
Special projects	13,682,177	-	13,682,177
Street and highway projects	338,862	-	338,862
Other purposes	1,513,207	-	1,513,207
Unrestricted (deficit)	(114,059,783)	91,104,171	(22,955,612)
Total net position	\$ 333,382,592	\$ 560,517,021	\$ 893,899,613

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Downtown	\$ 2,726,408	\$ 397,109	\$ -	\$ -
Youth, education and human services.	54,866	8,736	-	-
Community development and neighborhoods.	25,254,863	2,905,272	5,055,777	-
Economic development	8,674,622	1,696,878	170,181	-
Leadership and quality of life	49,329,265	12,126,655	7,759,680	4,755,050
Corporate responsibility.	20,580,700	2,746,217	151,251	-
Public safety and justice.	38,043,371	21,739,918	473,967	-
Interest and fiscal charges.	2,981,938	-	-	-
Total governmental activities	<u>147,646,033</u>	<u>41,620,785</u>	<u>13,610,856</u>	<u>4,755,050</u>
Business-type activities:				
Dayton International Airport.	43,623,230	24,446,146	-	10,134,300
Water.	65,547,601	50,886,932	-	245,027
Sewer.	38,112,769	32,593,511	-	-
Other business-type activities:				
Storm Water.	8,595,536	7,700,065	-	-
Golf.	3,508,726	3,043,272	-	-
Total business-type activities	<u>159,387,862</u>	<u>118,669,926</u>	<u>-</u>	<u>10,379,327</u>
Total primary government	<u>\$ 307,033,895</u>	<u>\$ 160,290,711</u>	<u>\$ 13,610,856</u>	<u>\$ 15,134,377</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
\$ (2,329,299)	\$ -	\$ (2,329,299)
(46,130)	-	(46,130)
(17,293,814)	-	(17,293,814)
(6,807,563)	-	(6,807,563)
(24,687,880)	-	(24,687,880)
(17,683,232)	-	(17,683,232)
(15,829,486)	-	(15,829,486)
(2,981,938)	-	(2,981,938)
<u>(87,659,342)</u>	<u>-</u>	<u>(87,659,342)</u>
-	(9,042,784)	(9,042,784)
-	(14,415,642)	(14,415,642)
-	(5,519,258)	(5,519,258)
-	(895,471)	(895,471)
-	(465,454)	(465,454)
-	<u>(30,338,609)</u>	<u>(30,338,609)</u>
<u>(87,659,342)</u>	<u>(30,338,609)</u>	<u>(117,997,951)</u>
5,697,263	-	5,697,263
6,992,895	-	6,992,895
134,065,969	-	134,065,969
1,473,194	-	1,473,194
14,796,558		14,796,558
5,007,325	5,084,705	10,092,030
5,093,872	16,869,201	21,963,073
<u>173,127,076</u>	<u>21,953,906</u>	<u>195,080,982</u>
<u>(296,400)</u>	<u>296,400</u>	<u>-</u>
<u>172,830,676</u>	<u>22,250,306</u>	<u>195,080,982</u>
85,171,334	(8,088,303)	77,083,031
248,211,258	568,605,324	816,816,582
<u>\$ 333,382,592</u>	<u>\$ 560,517,021</u>	<u>\$ 893,899,613</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>
Assets:			
Equity in pooled cash and investments.	\$ 67,145,888	\$ 13,180,218	\$ 18,772,782
Cash with fiscal and escrow agents.	15,675	-	
Receivables:			
Property and other local taxes.	8,572,199	10,406,205	-
Municipal income taxes.	19,080,512	-	-
Accounts.	5,011,343	56,250	14,265
Payments in lieu of taxes.	-	-	2,067,012
Special assessments.	469,845	-	-
Interfund loans.	260,000	-	500,000
Accrued interest.	500,524	-	-
Due from other governments.	5,757,941	410,175	2,692,888
Loans receivable.	13,381,713	11,680,000	681,584
Advances to other funds.	720,000	-	-
Materials and supplies inventory.	31,412	-	90,157
Prepayments.	1,051,699	-	24,170
Restricted assets:			
Investments with fiscal and escrow agents.	-	-	92
Total assets.	<u>\$ 121,998,751</u>	<u>\$ 35,732,848</u>	<u>\$ 24,842,950</u>
Liabilities:			
Accounts payable.	\$ 805,478	\$ -	\$ 176,736
Contracts payable.	2,059,341	-	331,133
Accrued wages and benefits payable.	6,625,181	-	21,688
Retainage payable.	-	-	715,109
Interfund loans payable.	500,000	-	-
Advances from other funds.	9,160,000	-	-
Due to other funds.	33,717	-	-
Due to other governments.	3,780,649	-	53,500
Claims and judgments payable.	4,997	-	-
Claimants payable.	36,936	-	-
Total liabilities.	<u>23,006,299</u>	<u>-</u>	<u>1,298,166</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	5,611,404	6,858,350	-
Delinquent property tax revenue not available.	2,902,790	3,547,855	-
Accrued interest not available.	284,569	-	-
Special assessments revenue not available.	469,845	-	-
Miscellaneous revenue not available.	1,836,993	56,250	14,225
Income tax revenue not available.	7,163,196	-	-
Intergovernmental revenue not available.	3,447,252	410,175	1,282,853
Payments in lieu of taxes levied for the next fiscal year.	-	-	2,067,012
Total deferred inflows of resources.	<u>21,716,049</u>	<u>10,872,630</u>	<u>3,364,090</u>
Fund balances:			
Nonspendable.	16,099,839	-	114,327
Restricted.	1,513,207	24,407,460	924,888
Committed.	2,125,347	452,758	10,158,119
Assigned.	24,131,684	-	8,983,360
Unassigned.	33,406,326	-	-
Total fund balances.	<u>77,276,403</u>	<u>24,860,218</u>	<u>20,180,694</u>
Total liabilities, deferred inflows and fund balances.	<u>\$ 121,998,751</u>	<u>\$ 35,732,848</u>	<u>\$ 24,842,950</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 18,517,728	\$ 117,616,616
-	15,675
-	18,978,404
-	19,080,512
439,461	5,521,319
-	2,067,012
3,010,800	3,480,645
-	760,000
23,952	524,476
4,542,943	13,403,947
2,272,699	28,015,996
-	720,000
1,245,372	1,366,941
973	1,076,842
-	92
\$ 30,053,928	\$ 212,628,477
\$ 382,566	\$ 1,364,780
1,908,041	4,298,515
325,950	6,972,819
88,730	803,839
260,000	760,000
720,000	9,880,000
526	34,243
251,149	4,085,298
-	4,997
-	36,936
3,936,962	28,241,427
-	12,469,754
-	6,450,645
13,618	298,187
3,010,800	3,480,645
412,200	2,319,668
-	7,163,196
2,900,570	8,040,850
-	2,067,012
6,337,188	42,289,957
1,348,573	17,562,739
18,431,205	45,276,760
-	12,736,224
-	33,115,044
-	33,406,326
19,779,778	142,097,093
\$ 30,053,928	\$ 212,628,477

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Total governmental fund balances		\$ 142,097,093
<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.		455,486,110
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	\$ 9,782,559	
Municipal income taxes receivable	7,163,196	
Accounts receivable	2,319,668	
Special assessments receivable	3,480,645	
Accrued interest receivable	298,187	
Due from other governments	4,708,936	
Total		27,753,191
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 \$1,078,223 are:		22,787,344
4. In the statement of net position interest is accrued on bonds, whereas in governmental funds, interest is accrued when due.		(185,073)
5. Unamortized deferred amounts on refundings are not recognized in the governmental funds.		856,357
6. Unamortized premiums on bond issuances are not recognized in the governmental funds.		(5,109,884)
7. The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds		330,285
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.		(186,588,806)
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.		(48,398,895)
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	(35,205,000)	
Revenue bonds	(20,735,000)	
State Infrastructure Bank Loan	(2,273,324)	
State Infrastructure Bank Bonds	(3,015,000)	
Compensated absences	(11,916,268)	
OPWC loans	(869,114)	
ODOD Loan	(1,631,424)	
Total		(75,645,130)
Net position of governmental activities		\$ 333,382,592

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, 2019

	General	Debt Service	Capital Improvement
Revenues:			
Municipal income taxes	\$ 133,573,282	\$ -	\$ -
Property and other taxes.	5,598,789	6,550,737	321,800
State shared taxes.	9,053,377	-	-
Charges for services.	26,014,479	90,000	70,601
Licenses and permits	3,024,345	-	-
Fines and forfeitures	2,304,167	-	-
Intergovernmental.	4,062,300	950,603	5,526,081
Special assessments	535,786	33,928	-
Investment income.	3,109,838	8,256	7
Payments in lieu of taxes.	-	-	1,473,194
Increase in fair value of investments.	1,280,269	-	-
Other	5,029,605	33,712	376,162
Total revenues	193,586,237	7,667,236	7,767,845
Expenditures:			
Current:			
Downtown	2,493,895	-	-
Youth, education and human services.	54,865	-	-
Community development and neighborhoods.	15,184,896	-	627,093
Economic development	5,210,252	-	1,459,547
Leadership and quality of life	28,345,483	-	1,987,303
Corporate responsibility.	16,518,032	194,106	288,957
Public safety and justice.	107,284,733	-	-
Capital outlay	-	-	15,242,068
Debt service:			
Principal retirement.	-	7,602,451	240,000
Interest and fiscal charges	-	3,253,968	15,889
Total expenditures	175,092,156	11,050,525	19,860,857
Excess (deficiency) of revenues over (under) expenditures.	18,494,081	(3,383,289)	(12,093,012)
Other financing sources (uses):			
Transfers in	-	1,055,761	6,627,600
Transfers (out).	(8,923,450)	-	(335,853)
Total other financing sources (uses)	(8,923,450)	1,055,761	6,291,747
Net change in fund balances	9,570,631	(2,327,528)	(5,801,265)
Fund balances at beginning of year (restated)	67,705,772	27,187,746	25,981,959
Fund balances at end of year	\$ 77,276,403	\$ 24,860,218	\$ 20,180,694

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 133,573,282
-	12,471,326
6,481,692	15,535,069
1,596,308	27,771,388
24,046	3,048,391
491,415	2,795,582
8,754,790	19,293,774
2,932,504	3,502,218
105,484	3,223,585
-	1,473,194
20,914	1,301,183
6,872,037	12,311,516
<u>27,279,190</u>	<u>236,300,508</u>
-	2,493,895
-	54,865
6,197,097	22,009,086
741,863	7,411,662
13,009,671	43,342,457
173,377	17,174,472
3,717,816	111,002,549
-	15,242,068
-	7,842,451
-	3,269,857
<u>23,839,824</u>	<u>229,843,362</u>
<u>3,439,366</u>	<u>6,457,146</u>
1,399,650	9,083,011
-	(9,259,303)
<u>1,399,650</u>	<u>(176,292)</u>
4,839,016	6,280,854
14,940,762	135,816,239
<u>\$ 19,779,778</u>	<u>\$ 142,097,093</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, 2019

Net change in fund balances - total governmental funds	\$	6,280,854
<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 (\$22,636,699) exceeded depreciation expense (\$16,177,779) in the current period (exclusive of internal service fund activity).		6,458,920
2. The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net position.		(321,411)
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	\$ 492,687	
Property and other local taxes	(237,208)	
Charges for services	23,012	
Intergovernmental	(1,355,787)	
Special assessments	(2,766,571)	
Investment income	57,151	
Total	57,151	(3,786,716)
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	7,390,000	
Loan principal payments	452,451	
Total	7,842,451	7,842,451
5. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the following:		
Increase in accrued interest payable	19,972	
Amortization of bond premiums and discounts	421,073	
Amortization of deferred charges on refundings	(153,129)	
Total	287,916	287,916
6. Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(2,489,912)
7. 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	16,690,982	
OPEB	313,135	
Total	17,004,117	17,004,117
8. 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	(40,401,884)	
OPEB	90,715,888	
Total	50,314,004	50,314,004
9. Internal service funds used by management to charge the costs of fleet management, fire fleet management, stores and reproduction, workers' compensation, health insurance, and plumbing to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service funds revenues are eliminated. The net revenue of the internal service funds, excluding internal balances of \$1,078,233, is allocated among governmental activities.		3,581,111
Change in net position of governmental activities	\$	85,171,334

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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 130,959,300	\$ 132,081,500	\$ 133,578,155	\$ 1,496,655
Property and other taxes	6,319,300	6,365,600	6,475,180	109,580
State shared taxes	6,799,100	8,555,800	7,195,258	(1,360,542)
Charges for services	29,904,200	29,169,300	26,342,485	(2,826,815)
Licenses and permits	2,690,000	3,015,200	3,024,345	9,145
Fines and forfeitures	4,307,800	4,047,800	2,724,285	(1,323,515)
Intergovernmental	3,919,700	3,919,700	4,002,294	82,594
Special assessments	641,500	641,500	535,786	(105,714)
Investment income	1,700,000	1,700,000	3,065,085	1,365,085
Other	5,157,200	5,608,440	5,549,820	(58,620)
Total revenues	<u>192,398,100</u>	<u>195,104,840</u>	<u>192,492,693</u>	<u>(2,612,147)</u>
Expenditures:				
Current:				
Downtown	2,538,600	2,538,600	2,497,955	40,645
Youth, education and human services	-	-	54,066	(54,066)
Community development and neighborhoods	14,869,000	15,377,500	14,875,848	501,652
Economic development	22,475,700	22,792,300	6,911,101	15,881,199
Leadership and quality of life	26,943,000	28,052,900	25,718,352	2,334,548
Corporate responsibility	19,319,900	19,132,500	18,312,373	820,127
Public safety and justice	106,047,100	108,139,900	106,990,595	1,149,305
Other	5,283,600	5,183,700	5,096,844	86,856
Total expenditures	<u>197,476,900</u>	<u>201,217,400</u>	<u>180,457,134</u>	<u>20,760,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,078,800)</u>	<u>(6,112,560)</u>	<u>12,035,559</u>	<u>18,148,119</u>
Other financing uses:				
Transfers in	10,000,000	10,000,000	-	(10,000,000)
Transfers (out)	(7,345,400)	(9,073,500)	(8,923,450)	150,050
Total other financing uses	<u>2,654,600</u>	<u>926,500</u>	<u>(8,923,450)</u>	<u>(9,849,950)</u>
Net change in fund balances	(2,424,200)	(5,186,060)	3,112,109	8,298,169
Fund balance at beginning of year	64,238,904	64,238,904	64,238,904	-
Prior year encumbrances appropriated	4,137,202	4,137,202	4,137,202	-
Balance sheet adjustments	(2,890,321)	(2,890,321)	(2,890,321)	-
Fund balance at end of year	<u>\$ 63,061,585</u>	<u>\$ 60,299,725</u>	<u>\$ 68,597,894</u>	<u>\$ 8,298,169</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

Business-type Activities - Enterprise Funds

	Dayton			Nonmajor Enterprise Funds
	International Airport	Water	Sewer	
Assets:				
Current assets:				
Equity in pooled cash and investments.	\$ 47,778,579	\$ 75,611,499	\$ 39,049,459	\$ 18,911,429
Cash with fiscal and escrow agents.	-	-	-	6,191
Receivables:				
Accounts.	3,771,342	6,765,299	3,536,002	1,479,949
Special assessments	-	578,743	251,814	565,540
Accrued interest	168,720	243,057	143,242	68,451
Due from other funds	-	3,932,537	-	-
Due from other governments.	2,451,615	429,927	-	-
Loans receivable.	-	716,469	-	-
Advances to other funds	-	-	-	-
Materials and supplies inventory.	38,604	1,985,812	-	-
Inventory held for resale.	-	-	-	-
Prepayments	167,986	189,039	123,911	7,595
Total current assets	<u>54,376,846</u>	<u>90,452,382</u>	<u>43,104,428</u>	<u>21,039,155</u>
Noncurrent assets:				
Net pension asset.	57,290	127,069	61,146	25,374
Capital assets:				
Land and construction in progress.	48,368,225	18,618,177	16,070,326	2,138,609
Depreciable capital assets, net.	249,744,729	146,880,754	104,897,076	15,005,260
Total capital assets, net.	<u>298,112,954</u>	<u>165,498,931</u>	<u>120,967,402</u>	<u>17,143,869</u>
Restricted assets:				
Equity in pooled cash and investments	1,035,301	175,414	-	-
Investments with fiscal and escrow agents	6,573,073	2,379,404	2,336,244	-
Total restricted assets.	<u>7,608,374</u>	<u>2,554,818</u>	<u>2,336,244</u>	<u>-</u>
Total noncurrent assets	<u>305,778,618</u>	<u>168,180,818</u>	<u>123,364,792</u>	<u>17,169,243</u>
Total assets	<u>360,155,464</u>	<u>258,633,200</u>	<u>166,469,220</u>	<u>38,208,398</u>
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	1,256,145	-	-	-
Pension.	6,172,641	9,647,017	4,602,976	1,944,341
OPEB.	1,241,050	1,446,673	669,786	310,657
Total deferred outflows of resources	<u>8,669,836</u>	<u>11,093,690</u>	<u>5,272,762</u>	<u>2,254,998</u>
Total assets and deferred outflows of resources	<u>368,825,300</u>	<u>269,726,890</u>	<u>171,741,982</u>	<u>40,463,396</u>

	Business-type Activities Enterprise Funds Total	Governmental Activities - Internal Service Funds	
\$	181,350,966	\$	28,260,195
	6,191		-
	15,552,592		2,317
	1,396,097		-
	623,470		57,414
	3,932,537		47,607
	2,881,542		33,444
	716,469		-
	-		9,160,000
	2,024,416		-
	-		502,346
	488,531		21,563
	<u>208,972,811</u>		<u>38,084,886</u>
	270,879		27,055
	85,195,337		75,000
	<u>516,527,819</u>		<u>855,474</u>
	<u>601,723,156</u>		<u>930,474</u>
	1,210,715		-
	<u>11,288,721</u>		<u>-</u>
	<u>12,499,436</u>		<u>-</u>
	<u>614,493,471</u>		<u>957,529</u>
	<u>823,466,282</u>		<u>39,042,415</u>
	1,256,145		-
	22,366,975		2,257,288
	3,668,166		483,215
	<u>27,291,286</u>		<u>2,740,503</u>
	<u>850,757,568</u>		<u>41,782,918</u>

- - Continued

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
DECEMBER 31, 2019

Business-type Activities - Enterprise Funds

	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Liabilities:				
Current liabilities:				
Accounts payable	148,082	2,193,683	911,754	90,331
Contracts payable	2,167,669	2,089,051	2,057,039	287,914
Retainage payable	1,709,438	323,690	639,810	84,822
Accrued wages and benefits payable	694,062	389,358	559,146	220,098
Due to other funds	72	11,276	3,222,516	711,237
Due to other governments	1,545,152	661,052	288,723	84,429
Accrued interest payable	270,695	136,982	119,748	-
Compensated absences payable - current	546,343	1,016,088	448,944	195,734
General obligation bonds payable	595,000	1,100,000	810,000	-
Revenue bonds payable	2,995,000	1,205,000	660,000	-
OWDA loans payable	-	-	968,119	-
Other loans payable	212,614	-	-	-
Claims and judgments payable	-	-	-	-
Payable from restricted assets:				
Utility deposits	-	175,414	-	-
Total current liabilities	10,884,127	9,301,594	10,685,799	1,674,565
Long-term liabilities:				
Compensated absences payable	398,019	740,237	325,523	142,595
General obligation bonds payable	6,902,837	13,490,000	8,925,000	-
Revenue bonds payable	69,489,472	28,723,391	13,226,392	-
OWDA loans payable	-	-	2,433,353	-
OPWC loans payable	-	-	50,000	-
Other loans payable	4,243,242	-	-	-
Net OPEB liability	7,885,833	15,026,238	7,231,458	3,094,552
Net pension liability	20,549,132	31,200,170	15,013,482	6,230,406
Claims and judgments payable	-	-	-	-
Total long-term liabilities	109,468,535	89,180,036	47,205,208	9,467,553
Total liabilities	120,352,662	98,481,630	57,891,007	11,142,118
Deferred inflows of resources:				
OPEB	434,399	170,950	82,270	35,210
Pension	1,100,926	913,012	447,465	267,121
Total deferred inflows of resources	1,535,325	1,083,962	529,735	302,331
Total liabilities and deferred inflows of resources.	121,887,987	99,565,592	58,420,742	11,444,449
Net position:				
Net investment in capital assets	211,053,827	131,989,257	97,274,611	16,771,133
Restricted for debt service	7,608,374	2,379,404	2,336,244	-
Unrestricted	28,275,112	35,792,637	13,710,385	12,247,814
Total net position	\$ 246,937,313	\$ 170,161,298	\$ 113,321,240	\$ 29,018,947

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
3,343,850	101,537
6,601,673	5,080
2,757,760	-
1,862,664	151,284
3,945,101	800
2,579,356	44,661
527,425	-
2,207,109	188,222
2,505,000	-
4,860,000	-
968,119	-
212,614	-
-	4,856,092
175,414	-
<u>32,546,085</u>	<u>5,347,676</u>
1,606,374	137,122
29,317,837	-
111,439,255	-
2,433,353	-
50,000	-
4,243,242	-
33,238,081	3,196,577
72,993,190	6,642,992
-	1,849,887
<u>255,321,332</u>	<u>11,826,578</u>
<u>287,867,417</u>	<u>17,174,254</u>
722,829	273,807
2,728,524	469,290
<u>3,451,353</u>	<u>743,097</u>
<u>291,318,770</u>	<u>17,917,351</u>
457,088,828	930,474
12,324,022	-
<u>90,025,948</u>	<u>22,935,093</u>
559,438,798	<u>\$ 23,865,567</u>
<u>1,078,223</u>	
<u>\$ 560,517,021</u>	

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			Nonmajor Enterprise Funds
	Dayton International Airport	Water	Sewer	
Operating revenues:				
Charges for services	\$ 24,446,146	\$ 50,886,932	\$ 32,593,511	\$ 10,743,337
Other operating revenues	11,037,441	4,533,450	563,288	92,561
Total operating revenues.	<u>35,483,587</u>	<u>55,420,382</u>	<u>33,156,799</u>	<u>10,835,898</u>
Operating expenses:				
Personal services	9,399,462	17,005,081	8,156,045	3,375,996
Fringe benefits.	3,526,372	13,439,057	6,230,164	2,700,065
Contract services.	6,760,491	9,920,592	9,398,360	2,387,696
Materials and supplies.	954,476	5,676,310	2,681,644	621,386
Cost of sales.	-	-	-	-
Utilities	1,860,947	4,787,654	2,410,770	176,685
Claims expense	-	-	-	-
Depreciation.	14,645,527	7,612,594	5,608,077	1,787,891
Other	3,365,104	2,485,257	919,508	595,550
Total operating expenses.	<u>40,512,379</u>	<u>60,926,545</u>	<u>35,404,568</u>	<u>11,645,269</u>
Operating income (loss)	<u>(5,028,792)</u>	<u>(5,506,163)</u>	<u>(2,247,769)</u>	<u>(809,371)</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(3,245,531)	(1,669,557)	(958,795)	(8,256)
Gain (loss) on sale of capital assets.	642,461	(3,074,605)	(1,832,349)	(471,215)
Interest income.	1,206,163	1,484,692	851,635	301,391
Increase in fair value of investments.	352,486	473,971	279,190	135,177
Total nonoperating revenues (expenses).	<u>(1,044,421)</u>	<u>(2,785,499)</u>	<u>(1,660,319)</u>	<u>(42,903)</u>
Income (loss) before contributions and transfers	(6,073,213)	(8,291,662)	(3,908,088)	(852,274)
Transfer in	-	-	-	296,400
Transfer out	-	-	-	-
Capital contributions.	10,134,300	245,027	-	-
Change in net position	4,061,087	(8,046,635)	(3,908,088)	(555,874)
Net position at beginning of year.	<u>242,876,226</u>	<u>178,207,933</u>	<u>117,229,328</u>	<u>29,574,821</u>
Net position at end of year	<u>\$ 246,937,313</u>	<u>\$ 170,161,298</u>	<u>\$ 113,321,240</u>	<u>\$ 29,018,947</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
\$ 118,669,926	\$ 42,492,372
16,226,740	466,206
<u>134,896,666</u>	<u>42,958,578</u>
37,936,584	3,718,064
25,895,658	2,734,223
28,467,139	1,409,469
9,933,816	398,032
-	4,561,290
9,236,056	91,263
-	26,376,331
29,654,089	58,019
7,365,419	112,041
<u>148,488,761</u>	<u>39,458,732</u>
<u>(13,592,095)</u>	<u>3,499,846</u>
(5,882,139)	-
(4,735,708)	-
3,843,881	403,746
1,240,824	158,834
<u>(5,533,142)</u>	<u>562,580</u>
(19,125,237)	4,062,426
296,400	-
-	(120,108)
<u>10,379,327</u>	<u>-</u>
(8,449,510)	3,942,318
	<u>19,923,249</u>
	<u>\$ 23,865,567</u>
<u>361,207</u>	
<u>\$ (8,088,303)</u>	

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds
Cash flows from operating activities:				
Cash received from customers.	\$ 24,719,516	\$ 51,012,664	\$ 33,837,144	\$ 10,880,582
Cash received from interfund services provided.	-	-	-	-
Cash received from other operations	11,069,304	5,309,922	563,288	92,561
Cash payments for personal services.	(9,111,920)	(16,556,239)	(7,966,432)	(3,318,649)
Cash payments for fringe benefits.	(4,015,908)	(7,118,052)	(3,343,712)	(1,437,893)
Cash payments for contractual services	(6,507,411)	(9,379,717)	(10,143,456)	(2,648,925)
Cash payments for materials and supplies	(987,660)	(5,978,596)	(2,770,868)	(443,880)
Cash payments for cost of goods sold.	-	-	-	-
Cash payments for utilities.	(1,911,626)	(5,064,683)	(2,578,947)	(172,703)
Cash payments for claims	-	-	-	-
Cash payments for other expenses	(2,710,832)	(2,343,050)	(948,985)	(600,098)
Net cash provided by operating activities.	<u>10,543,463</u>	<u>9,882,249</u>	<u>6,648,032</u>	<u>2,350,995</u>
Cash flows from noncapital financing activities:				
Cash received from loans to external party.	-	244,005	-	-
Cash received from transfers in	-	-	-	296,400
Cash used in transfers out	-	-	-	-
Interest paid on interfund loans.	-	-	-	(8,256)
Cash used in interfund loans.	-	-	-	(91,742)
Net cash provided by (used in) noncapital financing activities.	<u>-</u>	<u>244,005</u>	<u>-</u>	<u>196,402</u>
Cash flows from capital and related financing activities:				
Capital contributions.	9,288,862	463,269	-	-
Cash received from the sale of capital assets.	2,127,097	-	-	-
Acquisition of capital assets	(23,063,418)	(12,074,784)	(10,498,813)	(1,099,643)
Principal paid on loans.	-	-	(981,950)	-
Interest paid on loans.	-	-	(121,195)	-
Principal paid on bonds.	(3,475,000)	(2,190,000)	(1,415,000)	-
Interest paid on bonds.	(3,533,864)	(1,753,223)	(889,367)	-
Loan proceeds.	-	-	62,834	-
Net cash used in capital and related financing activities.	<u>(18,656,323)</u>	<u>(15,554,738)</u>	<u>(13,843,491)</u>	<u>(1,099,643)</u>
Cash flows from investing activities:				
Interest received and fair value adjustment	<u>1,502,920</u>	<u>1,878,224</u>	<u>1,090,490</u>	<u>410,298</u>
Net cash provided by investing activities	<u>1,502,920</u>	<u>1,878,224</u>	<u>1,090,490</u>	<u>410,298</u>
Net increase (decrease) in cash and investments.	(6,609,940)	(3,550,260)	(6,104,969)	1,858,052
Cash and investments at beginning of year.	<u>61,996,893</u>	<u>81,716,577</u>	<u>47,490,672</u>	<u>17,059,568</u>
Cash and investments at end of year.	<u>\$ 55,386,953</u>	<u>\$ 78,166,317</u>	<u>\$ 41,385,703</u>	<u>\$ 18,917,620</u>

Business-type Activities Enterprise Funds Total		Governmental Activities - Internal Service Funds	
\$	120,449,906	\$	-
	-		42,598,490
	17,035,075		466,206
	(36,953,240)		(3,727,725)
	(15,915,565)		(1,521,805)
	(28,679,509)		(1,430,872)
	(10,181,004)		(355,200)
	-		(4,622,051)
	(9,727,959)		(25,193)
	-		(25,355,949)
	(6,602,965)		(120,794)
	<u>29,424,739</u>		<u>5,905,107</u>
	244,005		-
	296,400		-
	-		(120,108)
	(8,256)		-
	<u>(91,742)</u>		<u>(9,160,000)</u>
	<u>440,407</u>		<u>(9,280,108)</u>
	9,752,131		-
	2,127,097		-
	(46,736,658)		(93,736)
	(981,950)		-
	(121,195)		-
	(7,080,000)		-
	(6,176,454)		-
	62,834		-
	<u>(49,154,195)</u>		<u>(93,736)</u>
	<u>4,881,932</u>		<u>561,796</u>
	<u>4,881,932</u>		<u>561,796</u>
	(14,407,117)		(2,906,941)
	<u>208,263,710</u>		<u>31,167,136</u>
\$	<u><u>193,856,593</u></u>	\$	<u><u>28,260,195</u></u>

- - Continued

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	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)	\$ (5,028,792)	\$ (5,506,163)	\$ (2,247,769)	\$ (809,371)
Adjustments:				
Depreciation.	14,645,527	7,612,594	5,608,077	1,787,891
Changes in assets and liabilities:				
Decrease in accounts receivable.	260,690	389,948	1,248,576	112,687
Decrease in net pension asset.	20,355	35,819	17,245	8,171
Increase in deferred outflows - pension.	(2,771,368)	(4,503,510)	(2,207,657)	(852,336)
Decrease (increase) in deferred outflows - OPEB	96,847	(19,221)	(33,467)	7,699
Decrease in due from other funds.	-	769,632	-	-
Decrease (increase) in due from other governments.	44,543	(241,482)	-	-
Decrease (increase) in prepayments.	(19,827)	86,788	(43,196)	(5,972)
Decrease (increase) in special assessments receivable.	-	(31,174)	(4,943)	24,558
Increase in materials and supplies inventory.	(5,092)	(193,001)	-	-
Decrease in inventory held for resale.	-	-	-	-
Increase (decrease) in accounts payable.	(117,256)	791,797	225,452	(42,409)
Increase (decrease) in contracts payable.	515,815	66,695	(544,251)	(38,024)
Increase (decrease) in retainage payable.	(133,291)	14,034	203,687	76,904
Increase (decrease) in accrued wages and benefits.	241,457	(364,384)	202,227	59,141
Increase (decrease) in due to other funds.	(56,460)	(17,622)	(697,882)	(82,363)
Increase in net pension liability.	6,705,975	12,771,394	6,144,534	2,435,124
Increase (decrease) in net OPEB liability.	(2,840,982)	2,319,694	1,116,365	477,725
Decrease in deferred inflows - pension.	(1,634,869)	(3,537,762)	(1,787,745)	(658,300)
Increase (decrease) in deferred inflows - OPEB.	(71,091)	(775,603)	(373,264)	(159,726)
Increase (decrease) in due to other governments.	637,831	179,747	(172,666)	26,227
Increase (decrease) in compensated absences payable.	53,451	18,749	(5,291)	(16,631)
Increase in utility deposits.	-	15,280	-	-
Increase in claims payable.	-	-	-	-
Net cash provided by operating activities	<u>\$ 10,543,463</u>	<u>\$ 9,882,249</u>	<u>\$ 6,648,032</u>	<u>\$ 2,350,995</u>

Non-cash transactions:

During 2019, the Dayton International Airport and Water funds received \$2,030,768 and \$218,242, respectively in capital grants, which were recognized as receivables in 2018. Receivables in the amount of \$2,876,206 and \$68,451 have been recorded for capital grants in 2019 for the Dayton International Airport and the Storm Water fund, respectively.

At December 31, 2019, the Dayton International Airport, Water, Sewer and Storm Water enterprise funds purchased \$3,158,660, \$2,086,620, \$2,601,853, and \$390,408 respectively, in capital assets on account. At December 31, 2018, the Dayton International Airport, Water, Sewer and Storm Water enterprise funds purchased \$4,887,124, \$1,855,567, \$2,259,897 and \$105,670, 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
\$ (13,592,095)	\$ 3,499,846
29,654,089	58,019
2,011,901	4,728
81,590	7,596
(10,334,871)	(866,907)
51,858	52,474
769,632	125,806
(196,939)	(24,416)
17,793	(2,843)
(11,559)	-
(198,093)	-
-	8,872
857,584	(39,678)
235	(43,353)
161,334	-
138,441	(3,294)
(854,327)	414
28,057,027	2,412,966
1,072,802	207,647
(7,618,676)	(580,654)
(1,379,684)	44,170
671,139	94
50,278	(15,677)
15,280	-
-	1,059,297
<u>\$ 29,424,739</u>	<u>\$ 5,905,107</u>

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Custodial
Assets:	
Equity in pooled cash and investments	\$ 926,936
Cash with fiscal agent	873,796
Investments	1,046,411
Receivables (net of allowances for uncollectibles):	
Special assessments	6,100,653
Income taxes	41,594
Total assets	8,989,390
Total assets and deferred outflows of resources	8,989,390
Liabilities:	
Due to other governments	46,508
Due to others	282,122
Total liabilities	328,630
Net position:	
Restricted for individuals, organizations and other governments .	8,660,760
Total net position	\$ 8,660,760

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Custodial
Additions:	
Amounts held for employees	\$ 213,802
Licenses, permits and fees for other governments	65,546
Fines and forfeitures for other governments	4,278,485
Income tax collection for other governments	617,028
Special assessments collections for other governments	313,247
Earnings on investments	54,223
Total additions	5,542,331
Deductions:	
Distributions to the State of Ohio	584,550
Distributions to individuals	111,903
Fines and forfeitures distributions to other governments	3,191,815
Income tax distributions to other governments	413,487
Special assessment distributions to other governments	2,585,466
Other custodial fund disbursements	7,105
Total deductions	6,894,326
Net change in fiduciary net position	(1,351,995)
Net position beginning of year (restated)	10,012,755
Net position end of year	\$ 8,660,760

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019

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

The City is associated with the following eleven 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 \$65,102 for the operation of the Commission during 2019. 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 2019. 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 District's 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 \$135,434 in revenues through the JEDD in 2019. 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, 2019

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). Financial information can be obtained from Erika Vogel, Fiscal Officer, 3510 Sudachi Drive, Dayton, Ohio 45414. 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 \$11,243 in revenues through the JEDD in 2019.

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 2019. Financial information can be obtained from Dan Bish, Montgomery County, 451 W. Third Street, 10th Floor, Dayton, OH 45422, 937-224-3850, e-mail: bishd@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 2019. 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, 2019

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 2019, the City contributed \$20,314 to HAZMAT. Financial information can be obtained from Danny Bristow, Coordinator, at 444 West Third Street, Suite 20-231, Dayton, Ohio 45402.

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

The funding for the operation of the MCOEM is through contributions from each participating entity. Payments to the MCOEM are made from the general fund. The City contributed \$28,305 for the operation of the MCOEM during 2019. 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 2019. Financial information can be obtained from Jay Weiskircher, MVCC Executive Director, 1195 Alex Bell Road, Centerville, Ohio 45459.

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 \$3,170,783 to Preschool Promise during 2019. Financial information can be obtained from Robyn Lightcap, Executive Director, 4801 Springfield Street, Dayton, OH 45431. Robyn.Lightcap@preschoolpromise.org.

Dayton Arcade New Community Authority Financing Authority - The Dayton Arcade New Community Authority Financing Authority ("NCA") was established under Chapter 349 of the Ohio Revised Code. The NCA is a quasi-governing body put in place that allows the City to fund part of the community benefits agreement related to the Arcade Building complex. It is a revenue-generating structure, so it helps support the sustainability of the Arcade development project. The Board of Trustees of the NCA is comprised of seven members, appointed by the City Commission. These members include a representative from the University of Dayton and two other developer members, three citizen members and one representative from the City.

The arcade development is a \$95 million public-private partnership, including a loan agreement that provides \$11 million to be loaned to Citywide, who, in turn, will lend the funds into the Arcade new market tax credit structure for seven years. This amount includes \$1 million in funding from Montgomery County. The City part of the leveraged investment. The Community Benefits Agreement extends benefits from the Arcade Innovation Hub into Dayton's neighborhoods. The organizations behind the innovation hub — the University of Dayton and The Entrepreneurs Center — signed a 10-year lease for the Arcade. The Community Reinvestment Area abatements provide real property tax incentives to the project in accordance with the City's agreement with Dayton Public Schools. Resolutions on the energy and public improvements will fund energy improvements, with repayment of private debt generated from a special assessment on the properties. Financial Information can be obtained from Todd Kinskey, Secretary of the Board, and Diane Shannon, Treasurer of the Board, 101 W. Third Street, Dayton, Ohio 45402.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

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 custodial 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. Custodial funds are custodial in nature and are prepared using the economic resources measurement focus. The City's only fiduciary funds are custodial funds which are used to account for items such as building permit surcharges, municipal court accounts, JEDD activity, and other situations where the City's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, and other governments.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

D. Measurement Focus

Government-Wide Financial Statements - The government-wide and proprietary fund financial statements are prepared using the economic resources measurement focus. All assets and 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, 2019

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.

Custodial funds use the economic resources measurement focus.

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 custodial 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, 2019

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, 2019, but which were levied to finance 2020 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 custodial 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, 2019

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 2019.

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 Department of Procurement, 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, 2019

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 2019, 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). The City also held some common stock obtained from a settlement. 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, 2019. 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 a NAV per share that approximates fair value.

For 2019, 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" and "cash with fiscal agent".

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 2019 was \$3,109,838 in the general fund, which includes \$1,811,072 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, 2019

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, 2019, 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, 2019

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, 2019

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, 2019

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 2019, the City has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*", GASB Statement No. 84, "*Fiduciary Activities*", GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the City.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental or proprietary funds. These fund reclassifications resulted in the restatement of the City’s financial statements.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the City, however additional disclosure was added in the long-term obligations disclosure.

GASB Statement No. 90 improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the City.

B. Restatement of Net Position and Fund Balances

The implementation of GASB 84 had the following effect on fund balance as reported at December 31, 2018:

	General	Bond Retirement Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	\$ 66,110,881	\$ 27,187,746	\$ 25,981,959	\$ 13,009,771	\$ 132,290,357
GASB Statement No. 84	<u>1,594,891</u>	<u>-</u>	<u>-</u>	<u>1,930,991</u>	<u>3,525,882</u>
Restated Fund Balance, at December 31, 2018	<u>\$ 67,705,772</u>	<u>\$ 27,187,746</u>	<u>\$ 25,981,959</u>	<u>\$ 14,940,762</u>	<u>\$ 135,816,239</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at December 31, 2018:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 244,685,376
GASB Statement No. 84	<u>3,525,882</u>
Restated net position at December 31, 2018	<u>\$ 248,211,258</u>

Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of \$10,012,755. Also, related to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. At December 31, 2018, agency funds reported assets and liabilities of \$19,032,013.

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;

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in 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;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and,
9. Federally insured certificates of deposit.

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 deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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. Except as noted above, 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.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 \$46,775 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 \$21,866 held by the Dayton Foundation for donations related to Golf operations and the rails to trails program. In addition, there was \$92 held by Huntington Bank related to the State Infrastructure Bank bonds.

C. Deposits with Financial Institutions

At December 31, 2019, the carrying amount of all City deposits was \$5,573,274. As of December 31, 2019, \$13,264,271 of the City’s bank balance of \$13,994,413 was exposed to custodial risk as discussed below, while \$730,142 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 2019, 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2019, 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	\$ 53,894,596	\$ 997,966	\$ 3,642,216	\$ 8,257,985	\$ 9,269,680	\$ 31,726,749
FHLB	31,811,690	3,051,138	3,514,120	5,999,141	2,750,118	16,497,173
FHLMC	79,736,040	8,144,788	3,258,335	4,497,132	8,321,251	55,514,534
FNMA	55,849,282	12,478,523	22,109,700	2,263,933	7,232,013	11,765,113
U.S. Treasury Notes	17,259,265	3,000,000	6,903,946	3,340,710	2,031,249	1,983,360
Commercial Paper	25,317,817	11,165,622	14,152,195	-	-	-
Common Stock	23,746	23,746	-	-	-	-
City Owned Debt	525,000	-	-	-	525,000	-
<i>Bond funds</i>						
Money Market	950,452	950,452	-	-	-	-
U.S. Government						
Money Market	16,707,097	16,707,097	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	54,879,322	54,879,322	-	-	-	-
Total	\$ 336,954,307	\$ 111,398,654	\$ 53,580,512	\$ 24,358,901	\$ 30,129,311	\$ 117,486,929

The weighted average maturity of investments is 1.81 years.

The City's investments in federal agency securities, common stock, commercial paper, money market, and U.S. Treasury notes are valued using quoted market prices (Level 2 inputs). 76

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: STAR Ohio carries a rating of AAAM (strongest rating) 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. The City's investments in common stock were rated BB- and Ba3 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, 2019:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FFCB	\$ 53,894,596	16.00
FHLB	31,811,690	9.44
FHLMC	79,736,040	23.66
FNMA	55,849,282	16.57
U.S. Treasury Notes	17,259,265	5.12
Commercial Paper	25,317,817	7.51
Common Stock	23,746	0.01
City Owned Debt	525,000	0.16
Bond Funds		
Money Market	950,452	0.28
U.S. Government		
Money Market	16,707,097	4.96
<i>Amortized Cost:</i>		
STAR Ohio	<u>54,879,322</u>	<u>16.29</u>
Total	<u>\$ 336,954,307</u>	<u>100.00</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,573,274
Investments	335,907,896
Investments - Cash with fiscal agent	1,046,411
Cash on hand	46,775
Cash with fiscal agent	<u>21,958</u>
Total	<u>\$ 342,596,314</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 145,892,578
Business type activities	193,856,593
Custodial funds	<u>2,847,143</u>
Total	<u>\$ 342,596,314</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Due from/to other funds consisted of the following at December 31, 2019, as reported on the fund statements:

<u>Due to</u>	<u>Due from</u>		
	<u>Water</u>	<u>Internal Service</u>	<u>Due from Total</u>
General	\$ -	\$ 33,717	\$ 33,717
Nonmajor Governmental		526	526
Dayton International Airport		72	72
Water		11,276	11,276
Sewer	3,221,637	879	3,222,516
Nonmajor Enterprise	710,900	337	711,237
Internal Service	<u>-</u>	<u>800</u>	<u>800</u>
Due to total	<u>\$ 3,932,537</u>	<u>\$ 47,607</u>	<u>\$ 3,980,144</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, 2019

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, 2019, consisted of the following, as reported on the fund statements:

<u>Transfer from</u>	<u>Transfer to</u>				<u>Total</u>
	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	
General	\$ 599,800	\$ 6,627,600	\$ 1,399,650	\$ 296,400	\$ 8,923,450
Capital Improvement	335,853	-	-	-	335,853
Internal Service	<u>120,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,108</u>
Total	<u>\$ 1,055,761</u>	<u>\$ 6,627,600</u>	<u>\$ 1,399,650</u>	<u>\$ 296,400</u>	<u>\$ 9,379,411</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.

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, 2019, consisted of the following, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	HUD	\$ 720,000
Worker's Compensation	General fund	<u>9,160,000</u>
Total		<u>\$ 9,880,000</u>

Advances from the general fund to the HUD fund (a nonmajor governmental fund) are for long-term interfund loans. These advances were made to fund HUD eligible projects and the City is anticipating reimbursement from HUD. The \$9,160,000 advance from worker's compensation fund to the general fund was for manuscript bonds related to the Arcade development funds. Advances between governmental funds are eliminated on the government-wide financial statements.

The City also has \$2,252,600 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, 2019

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The City also has \$22,700 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.

- D.** Interfund loans for the year ended December 31, 2019, consisted of the following, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Capital	General	\$ 500,000
General	Nonmajor governmental funds	<u>260,000</u>
Total		<u>\$ 760,000</u>

The general fund advanced \$260,000 to the HUD (nonmajor governmental fund) during 2019. This advance is expected to be repaid during 2020.

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. 2019 public utility property taxes became a lien at December 31, 2018, are levied after October 1, 2019, and are collected in 2020 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, 2019 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 2019 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, 2019**

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2019 was \$10.00 per \$1,000 of assessed value. The assessed values of real and public utility property for tax year 2019 are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 896,507,670
Commercial/industrial	445,965,620
<u>Public utility</u>	
Real	1,877,880
Personal	125,279,300
Total assessed value	<u>\$ 1,469,630,470</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 2019, as reported in the governmental fund financial statements on the modified accrual basis of accounting, was \$133,573,282.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 \$1,473,194 in 2019 as reported in the fund financial statements. The TIF has a longevity of up to 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT’s cease and property taxes then apply to the increased property values.

NOTE 9 - TAX ABATEMENTS

As of December 31, 2019, 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - TAX ABATEMENTS – (Continued)

The City has entered into agreements to abate property taxes through these programs. There are 9 parcels that have taxes abated through Ezone agreements and 327 parcels that have taxes abated through CRAs. During 2019, 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	\$ 413,599
Ezone	<u>39,008</u>
Total	<u>\$ 452,607</u>

NOTE 10 - RECEIVABLES

Receivables at December 31, 2019, 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, 2019, as well as intended to finance 2019 operations.

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

Governmental activities:

Property and other local taxes	\$ 18,978,404
Municipal income taxes	19,080,512
Accounts	5,524,685
Payments in lieu of taxes	2,067,012
Special assessments	3,480,645
Accrued interest	581,890
Loans	28,015,996
Due from other governments	13,436,342

Business-type activities:

Accounts	15,552,592
Special assessments	1,396,097
Accrued interest	623,470
Due from other governments	2,881,542
Loans	716,469

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).

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 semi-annually 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, 2019, the amount owed to the City was \$20,738,929. 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 \$11,680,000 for this loan and considers \$9,058,929 uncollectible. However, the Port Authority remains liable for the entire balance of the loan, including the portion in default.

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 \$2,656,997 in loan payments during 2019, and made \$11,000,000 in new loans. A summary of the loans receivable outstanding by project are as follows:

<u>Project Name</u>	<u>Loan Receivable</u>
Arcade	\$ 11,000,000
Wellfield	716,469
Hawthorne School	681,584
Phoenix Redevelopment	2,272,699
Tech Town	1,825,000
Tech Town 2	550,000
Miami Valley Packing	6,713
Total	<u>\$ 17,052,465</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - CAPITAL ASSETS

A. Capital asset activity for the governmental activities for the year ended December 31, 2019 were as follows:

	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/19</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 52,417,988	\$ -	\$ (226,551)	\$ 52,191,437
Construction in progress	6,882,877	17,497,555	(10,144,302)	14,236,130
Right-of-ways	<u>14,007,402</u>	<u>-</u>	<u>-</u>	<u>14,007,402</u>
Total capital assets, not being depreciated	<u>73,308,267</u>	<u>17,497,555</u>	<u>(10,370,853)</u>	<u>80,434,969</u>
<i>Capital assets, being depreciated:</i>				
Building improvements	163,302,153	3,839,046	(483,546)	166,657,653
Improvements other than buildings	62,116,472	595,879	-	62,712,351
Equipment	20,296,181	485,423	(36,537)	20,745,067
Software	1,459,423	363,399	(5,145)	1,817,677
Motor vehicles	45,920,832	4,139,928	(1,480,725)	48,580,035
Infrastructure	<u>373,249,535</u>	<u>5,990,902</u>	<u>-</u>	<u>379,240,437</u>
Total capital assets, being depreciated	<u>666,344,596</u>	<u>15,414,577</u>	<u>(2,005,953)</u>	<u>679,753,220</u>
<i>Less: accumulated depreciation</i>				
Building improvements	(85,999,463)	(2,976,852)	483,546	(88,492,769)
Improvements other than buildings	(39,798,840)	(1,147,909)	-	(40,946,749)
Equipment	(16,646,912)	(1,387,492)	-	(18,034,404)
Software	(1,166,638)	(183,730)	5,145	(1,345,223)
Motor vehicles	(29,874,352)	(2,475,636)	1,388,575	(30,961,413)
Infrastructure	<u>(115,923,300)</u>	<u>(8,067,747)</u>	<u>-</u>	<u>(123,991,047)</u>
Total accumulated depreciation	<u>(289,409,505)</u>	<u>(16,239,366)</u>	<u>1,877,266</u>	<u>(303,771,605)</u>
Total capital assets being depreciated, net	<u>376,935,091</u>	<u>(824,789)</u>	<u>(128,687)</u>	<u>375,981,615</u>
Governmental activities capital assets, net	<u>\$ 450,243,358</u>	<u>\$ 16,672,766</u>	<u>\$ (10,499,540)</u>	<u>\$ 456,416,584</u>

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

<u>Governmental activities:</u>	
Downtown	\$ 397,586
Youth, education and human services	3,675
Community development and neighborhoods	613,359
Economic development	637,540
Leadership and quality of life	11,024,373
Corporate responsibility	893,657
Public safety and justice	<u>2,669,176</u>
Total depreciation expense - governmental activities	<u>\$ 16,239,366</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - CAPITAL ASSETS - (Continued)

B. Capital asset activity for the business-type activities for the year ended December 31, 2019, were as follows:

	<u>Balance</u>		<u>Balance</u>
	<u>12/31/18</u>	<u>Additions</u>	<u>12/31/19</u>
		<u>Deductions</u>	
Business-type activities:			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 43,215,021	\$ -	\$ 41,829,382
Construction in progress	<u>51,387,563</u>	<u>43,759,382</u>	<u>(51,780,990)</u>
Total capital assets, not being depreciated	<u>94,602,584</u>	<u>43,759,382</u>	<u>(53,166,629)</u>
<i>Capital assets, being depreciated:</i>			
Buildings and improvements	252,311,931	28,758,741	(306,140)
Improvements other than buildings	816,110,727	21,913,483	(7,563,352)
Equipment	24,410,825	956,641	(3,380,122)
Software	2,945,517	103,260	(1,488,579)
Vehicles	<u>40,703,349</u>	<u>2,155,426</u>	<u>(3,209,064)</u>
Total capital assets, being depreciated	<u>1,136,482,349</u>	<u>53,887,551</u>	<u>(15,947,257)</u>
<i>Less: accumulated depreciation</i>			
Buildings and improvements	(113,804,343)	(5,940,666)	244,247
Improvements other than buildings	(479,679,802)	(19,850,031)	3,347,100
Equipment	(17,665,291)	(1,467,046)	2,829,286
Software	(1,918,244)	(333,070)	1,145,389
Vehicles	<u>(25,643,144)</u>	<u>(2,063,276)</u>	<u>2,904,067</u>
Total accumulated depreciation	<u>(638,710,824)</u>	<u>(29,654,089)</u>	<u>10,470,089</u>
Total capital assets being depreciated, net	<u>497,771,525</u>	<u>24,233,462</u>	<u>(5,477,168)</u>
Business-type activities capital assets, net	<u>\$ 592,374,109</u>	<u>\$ 67,992,844</u>	<u>\$ (58,643,797)</u>

Depreciation expense was charged to the enterprise funds as follows:

Business-type Activities:

Dayton International Airport	\$ 14,645,527
Water	7,612,594
Sewer	5,608,077
Storm water	1,581,263
Golf	<u>206,628</u>
 Total depreciation expense - business-type activities	 <u>\$ 29,654,089</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - CAPITAL ASSETS - (Continued)

- C. Outstanding contractual commitments related to construction in progress for the year ended December 31, 2019, was as follows:

Governmental activities	\$ 7,450,277
Water	10,999,298
Sewer	11,434,915
Dayton International Airport	10,635,767
Nonmajor enterprise funds	<u>1,279,660</u>
Total outstanding contractual commitments	<u>\$ 41,799,917</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 six years. The future minimum lease payments as of December 31, 2019, are as follows:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2020	\$ 140,803
2021	263,542
2022	255,993
2023	264,935
2024	274,191
2025	<u>136,052</u>
Totals	<u>\$ 1,335,516</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 99 years. The future minimum lease payments as of December 31, 2019, are as follows:

2020	\$ 587,988
2021	588,835
2022	335,490
2023	168,893
2024	83,890
2025 - 2029	375,694
2030 - 2034	430,659
2035 - 2039	512,651
2040 - 2044	610,253
2045-2049	726,438
2050-2054	864,744
2055-2059	1,029,381
2060-2064	1,225,362
2065-2069	1,458,657
2070-2074	1,736,368
2075-2079	2,066,952
2080-2084	2,460,475
2085-2089	2,566,217
2090-2094	480,052
2095-2099	571,200
Totals	<u>\$ 18,880,199</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 14 - LONG-TERM OBLIGATIONS

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

<i>Governmental activities:</i>	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 12/31/18	Increase	Decrease	Balance 12/31/19	Amounts Due in One Year
General obligation bonds:									
Various purpose and refunding	07/28/09	12/01/29	2.5 - 5.0	26,483,111	7,505,000	-	(1,640,000)	5,865,000	1,335,000
Various Purpose GO Bonds	12/15/16	12/01/36	2.0 - 5.0	12,210,000	10,180,000	-	(905,000)	9,275,000	955,000
Energy conservation bonds	06/11/11	12/01/25	4.98	1,615,000	845,000	-	(115,000)	730,000	115,000
Various purpose bonds	10/11/12	12/01/32	3.0 - 4.0	11,385,000	6,285,000	-	(960,000)	5,325,000	510,000
Various purpose bonds	9/9/14	12/01/34	1.25 - 4.0	5,700,000	4,415,000	-	(340,000)	4,075,000	350,000
Various purpose bonds	11/13/18	12/01/38	2.5-4.0	10,705,000	10,705,000	-	(770,000)	9,935,000	815,000
Total general obligation bonds					39,935,000	-	(4,730,000)	35,205,000	4,080,000
Revenue bonds:									
Baseball revenue refunding bonds	12/30/09	12/01/19	2.25 - 3.5	7,925,000	895,000	-	(895,000)	-	-
Economic development	09/22/10	12/1/31	2.0 - 4.125	2,500,000	1,740,000	-	(105,000)	1,635,000	110,000
Economic development refunding bonds	11/14/12	12/01/28	3.0 - 5.0	24,170,000	16,910,000	-	(1,395,000)	15,515,000	1,465,000
Economic development	11/13/18	12/01/38	3.75 - 5.0	3,700,000	3,700,000	-	(115,000)	3,585,000	130,000
Total revenue bonds					23,245,000	-	(2,510,000)	20,735,000	1,705,000

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

	Issue	Maturity	Original					Amounts
	Date	Date	Issue	Balance			Balance	Due in
<i>Governmental activities:</i>	<u>Date</u>	<u>Date</u>	<u>Amount</u>	<u>12/31/18</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/19</u>	<u>One Year</u>
Ohio Public Works Commission loans:								
<u>Direct Borrowings:</u>								
Ohio Public Works								
Commission loan	1/1/2016	1/1/2031	323,885	\$ 269,904	\$ -	\$ (21,592)	\$ 248,312	\$ -
Ohio Public Works								
Commission loan	7/1/2016	7/1/2031	133,189	115,431	-	(8,880)	106,551	-
Ohio Public Works								
Commission loan	7/1/2016	7/1/2031	642,814	557,106	-	(42,855)	514,251	-
Total Ohio Public Works Commission loans				942,441	-	(73,327)	869,114	-
Other long-term obligations:								
<u>Direct Borrowings:</u>								
Ohio Department of								
Development loan	04/01/10	04/21/25	2,860,000	1,909,341	-	(277,917)	1,631,424	286,372
State Infrastructure								
Bank loan	12/4/2014	11/15/2036	2,500,000	2,374,531	-	(101,207)	2,273,324	104,266
State Infrastructure								
Bank bonds	12/4/14	11/15/2036	3,540,000	3,165,000	-	(150,000)	3,015,000	150,000
Net pension liability				178,321,849	80,826,201	-	259,148,050	-
Net OPEB liability				152,986,812	6,266,599	(99,537,510)	59,715,901	-
Judgments				1,702,828	133,727	(1,794,622)	41,933	41,933
Claims				5,646,682	23,715,343	(22,656,046)	6,705,979	4,856,092
Compensated absences				9,770,630	11,514,166	(9,043,186)	12,241,610	7,082,150
Total other long-term obligations				355,877,673	122,456,036	(133,560,488)	344,773,221	12,520,813
Total governmental activities							401,582,335	\$ 18,305,813
Add: unamortized bond premiums and discounts							5,109,884	
Total on statement of net position							\$ 406,692,219	

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, 2019**

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 was paid in full at December 31, 2019.

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, 2019

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

The City made the final payment on the refunded Series 1999 baseball revenue bonds in 2019. The Series 1999 revenue bonds are payable solely from nontax revenues in the City's debt service fund. 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. Principal and interest paid for the current year on the Series 1999 baseball revenue bonds was \$895,000 and \$31,325. General fund nontax revenues for the current year were \$41,298,489.

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, 2019 is \$19,565,000. 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 and permit fees. Annual principal and interest payments on the revenues bonds are expected to require less than 4.96 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 \$18,279,412. Principal and interest paid for the current year on the refunding revenue bonds was \$1,395,000 and \$637,050. General fund nontax revenues for the current year were \$41,298,489.

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 and permit fees. Annual principal and interest payments on the revenue bonds are expected to require less than .42 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2010 revenue bonds is \$2,091,390. Principal and interest paid for the current year was \$105,000 and \$67,491. General fund nontax revenues for the current year were \$41,298,489.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 and permit fees. Annual principal and interest payments on the revenue bonds are expected to require less than .67 percent of general fund nontax revenues. The total principal and interest remaining to be paid on the Series 2018 revenue bonds is \$5,309,888. Principal and interest paid for the current year was \$115,000 and \$159,233. General fund nontax revenues for the current year were \$41,298,489.

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, 2019, is \$1,895,000.

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, 2019, is \$1,075,000.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

The City has three Ohio Public Works Commission loans, direct borrowings, 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. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

The Ohio Department of Development loan, a direct borrowing, 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. In the event of default, ODOD may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

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.

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2019, the City's total debt margin was \$123,160,344 and the unvoted debt margin was \$49,678,820.

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2019 for the governmental activities:

Year Ending December 31,	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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	625,116	2,485,116
2023	3,020,000	987,106	4,007,106	1,930,000	551,076	2,481,076
2024	2,785,000	876,709	3,661,709	2,010,000	474,251	2,484,251
2025 - 2029	11,425,000	2,767,956	14,192,956	9,090,000	1,285,784	10,375,784
2030 - 2034	5,565,000	1,037,663	6,602,663	1,360,000	365,600	1,725,600
2035 - 2038	2,250,000	197,813	2,447,813	995,000	109,000	1,104,000
Totals	\$ 35,205,000	\$ 9,525,122	\$ 44,730,122	\$ 20,735,000	\$ 4,885,690	\$ 25,620,690

Year Ending December 31,	Ohio Public Works Commission Loans			Ohio Department of Development Loan		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ -	\$ -	\$ -	\$ 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	73,326	-	73,326	322,834	9,296	332,130
2025 - 2029	366,629	-	366,629	109,779	744	110,523
2030 - 2036	209,182	-	209,182	-	-	-
Totals	\$ 869,114	\$ -	\$ 869,114	\$ 1,631,424	\$ 147,370	\$ 1,778,794

Year Ending December 31,	State Infrastructure Bank Bonds			State Infrastructure Bank Loan		
	Principal	Interest	Total	Principal	Interest	Total
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	160,000	82,232	242,232	117,456	54,234	171,690
2025 - 2029	835,000	336,810	1,171,810	642,723	215,727	858,450
2030 - 2034	975,000	184,294	1,159,294	745,909	112,541	858,450
2035 - 2037	445,000	20,999	465,999	330,879	12,501	343,380
Totals	\$ 3,015,000	\$ 994,342	\$ 4,009,342	\$ 2,273,324	\$ 645,406	\$ 2,918,730

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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

<i>Business-type activities:</i>	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 12/31/18	Increase	Decrease	Balance 12/31/19	Amounts Due in One Year
General obligation bonds:									
Water	10/11/2012	12/1/2032	3.0 - 4.0	\$15,300,000	\$ 10,300,000	\$ -	\$ (760,000)	\$ 9,540,000	\$ 795,000
Sewer	10/11/2012	12/1/2032	3.0 - 4.0	15,600,000	10,515,000	-	(780,000)	9,735,000	810,000
Dayton International Airport refunding bonds	12/3/2015	12/1/2029	1.0 to 4.0	8,045,000	7,620,000	-	(590,000)	7,030,000	595,000
Wellfield	12/15/2016	12/1/2036	2.0 to 5.0	5,900,000	5,340,000	-	(290,000)	5,050,000	305,000
Total general obligation bonds					33,775,000	-	(2,420,000)	31,355,000	2,505,000
Revenue bonds:									
Water	12/3/2015	12/1/2035	1.0 to 4.0	15,090,000	13,390,000	-	(610,000)	12,780,000	630,000
Sewer	12/3/2015	12/1/2035	1.0 to 4.0	15,770,000	13,995,000	-	(635,000)	13,360,000	660,000
Dayton International Airport	12/30/2015	12/1/2035	3.0 to 5.0	21,545,000	19,265,000	-	(845,000)	18,420,000	880,000
Dayton International Airport	9/9/2014	12/01/2032	2.30 to 5.00	26,950,000	22,275,000	-	(1,180,000)	21,095,000	1,230,000
Dayton International Airport	12/15/2016	12/1/2041	3.0 to 5.0	33,050,000	31,830,000	-	(860,000)	30,970,000	885,000
Water	11/13/18	12/01/38	3.0 to 5.0	16,430,000	16,430,000	-	(530,000)	15,900,000	575,000
Total revenue bonds					117,185,000	-	(4,660,000)	112,525,000	4,860,000
Other long-term obligations									
<u>Direct borrowings:</u>									
Ohio water development authority loan	01/01/2003	07/01/2023	3.80 to 3.95	15,079,710	4,270,588	62,834	(931,950)	3,401,472	968,119
Ohio public works Commission loan	07/01/1997	01/01/2021	0.00	1,000,000	100,000	-	(50,000)	50,000	-
JOBS Ohio loan	09/01/2016	04/01/2037	2.0 to 3.0	5,000,000	4,663,742	-	(207,886)	4,455,856	212,614
Compensated absences payable					3,763,205	2,437,999	(2,387,721)	3,813,483	2,207,109
Net pension liability					44,936,163	28,057,027	-	72,993,190	-
Net OPEB liability					32,165,279	5,019,526	(3,946,724)	33,238,081	-
Total other long-term obligations					89,898,977	35,577,386	(7,524,281)	117,952,082	3,387,842
Total business-type activities					\$ 240,858,977	\$ 35,577,386	\$ (14,604,281)	261,832,082	\$ 10,752,842
Add: unamortized bond premiums and discounts								4,242,092	
Total on statement of net position								\$ 266,074,174	

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, 2019

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 \$6,790,000.

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 56.85 percent of net customer revenues. The total principal and interest remaining to be paid on the Series 2015 and 2018 revenue bonds is \$40,569,063. Principal and interest paid for the current year and total customer net revenues were \$2,310,813 and \$4,065,094, 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 25.11 percent of net customer revenues. The total principal and interest remaining to be paid on the Series 2015 revenue bonds is \$18,040,188. Principal and interest paid for the current year and total customer net revenues were \$1,127,813 and \$4,491,133, respectively.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019 is \$22,500,000.

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 \$102,733,638. Principal and interest paid for the current year and total customer net revenues were \$5,975,736 and \$13,599,555, 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 Loans are direct borrowings that will be paid from the sewer enterprise fund. At December 31, 2019, the City had outstanding borrowings of \$3,401,472 through OWDA. The City entered into a new OWDA loan agreement during 2019 for \$520,378, of this amount, \$62,834 was disbursed during 2019. This loan is considered open and an amortization schedule is not available. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

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 23.45 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$3,598,496. Principal and interest paid for the current year were \$1,053,145 and customer net revenues were \$4,491,133.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

In 1997, the City was granted a \$1,000,000 loan from the Ohio Public Works Commission, a direct borrowing. The purpose of the loan is to finance and reimburse the costs of replacing a wastewater treatment laboratory facility to meet Ohio Environmental Protection Agency and the Occupational Safety and Health Association requirements. The loan is being paid out of the sewer fund over 20 years, with semi-annual payments of \$25,000. There is no interest on this loan. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

In 2016, the City received a \$5,000,000 loan from Jobs Ohio. This is a direct borrowing. 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. In the event of default, Jobs Ohio may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

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, 2019 for the business-type activities.

Year Ending	Revenue Bonds			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
<u>December 31,</u>						
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	5,535,000	3,879,436	9,414,436	2,215,000	841,163	3,056,163
2025 - 2029	31,250,000	15,778,043	47,028,043	12,505,000	2,787,262	15,292,262
2030 - 2034	34,005,000	8,774,080	42,779,080	6,680,000	686,944	7,366,944
2035 - 2039	17,110,000	2,865,948	19,975,948	765,000	41,869	806,869
2040 - 2042	4,205,000	301,863	4,506,863	-	-	-
Totals	<u>\$ 112,525,000</u>	<u>\$ 48,817,884</u>	<u>\$ 161,342,884</u>	<u>\$ 31,355,000</u>	<u>\$ 8,574,212</u>	<u>\$ 39,929,212</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending <u>December 31,</u>	OWDA Loan			OPWC Loan		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 968,119	\$ 92,968	\$ 1,061,087	\$ -	\$ -	\$ -
2021	1,005,692	63,645	1,069,337	50,000	-	50,000
2022	1,044,725	33,185	1,077,910	-	-	-
2023	<u>320,102</u>	<u>7,226</u>	<u>327,328</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 3,338,638</u>	<u>\$ 197,024</u>	<u>\$ 3,535,662</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>

Year Ending <u>December 31,</u>	JOBS Ohio		
	Principal	Interest	Total
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
2024	232,615	69,395	302,010
2025 - 2029	1,218,980	340,821	1,559,801
2030 - 2034	1,392,856	218,755	1,611,611
2035 - 2037	<u>731,514</u>	<u>26,840</u>	<u>758,354</u>
Totals	<u>\$ 4,455,856</u>	<u>\$ 978,342</u>	<u>\$ 5,434,198</u>

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - RISK MANAGEMENT - (Continued)

The City is fully insured through premium-based insurance policies for all other types of insurance. In 2019, 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.

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, 2019, there were \$4,997 in outstanding claims and judgments pending that are reported as a component of claimants payable in the general fund. Claims activity for 2019 and 2018 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>
2019	\$ 1,702,828	\$ 91,658	\$ (1,789,489)	\$ 4,997
2018	3,155	1,816,655	(116,982)	1,702,828

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

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

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

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

The claims liability of \$3,230,679 reported at December 31, 2019, as estimated by the third party administrator, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Of the \$3,230,679 claims liability, \$1,380,792 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 \$1,849,887. The estimate was not affected by non-incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the funds' claims liability amount in 2019 and 2018 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>
2019	\$ 2,710,750	\$ 2,851,307	\$ (2,331,378)	\$ 3,230,679
2018	3,478,945	1,648,849	(2,417,044)	2,710,750

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - RISK MANAGEMENT - (Continued)

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 \$3,475,300 for the claims payable liability.

Changes in the claims payable liability in 2019 and 2018 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>
2019	\$ 2,935,932	\$ 23,525,024	\$ (22,985,656)	\$ 3,475,300
2018	2,590,014	24,892,424	(24,546,506)	2,935,932

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.

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

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - OTHER EMPLOYEE BENEFITS - (Continued)

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.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 3.00%.

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 1.00% 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 3.00% 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, 2019

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
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee ***	10.0 %
2019 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 \$11,475,105 for 2019. Of this amount, \$1,161,866 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 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.

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 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, 2019

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 OP&F 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 3.00% 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 3.00% of their base pension or disability benefit.

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

	<u>Police</u>	<u>Firefighters</u>
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2019 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
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 \$11,061,033 for 2019. Of this amount, \$858,011 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, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. 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, 2019

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	0.57153300%	0.56915500%	0.50718300%	2.17672700%	
Proportion of the net pension liability/asset current measurement date	<u>0.56320700%</u>	<u>0.55145000%</u>	<u>0.50799900%</u>	<u>2.17932200%</u>	
Change in proportionate share	<u>-0.00832600%</u>	<u>-0.01770500%</u>	<u>0.00081600%</u>	<u>0.00259500%</u>	
Proportionate share of the net pension liability	\$ 154,250,979	\$ -	\$ -	\$ 177,890,261	\$ 332,141,240
Proportionate share of the net pension asset	-	(616,644)	(11,575)	-	(628,219)
Pension expense	34,181,605	171,117	(3,000)	23,055,391	57,405,113

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 7,115	\$ -	\$ 48,184	\$ 7,308,801	\$ 7,364,100
Net difference between projected and actual earnings on pension plan investments	20,936,181	132,835	3,832	21,915,932	42,988,780
Changes of assumptions	13,427,926	137,725	3,584	4,716,112	18,285,347
Changes in employer's proportionate percentage/difference between employer contributions	1,076,874	-	-	1,186,986	2,263,860
Contributions subsequent to the measurement date	10,869,619	316,910	288,576	11,061,033	22,536,138
Total deferred outflows of resources	<u>\$ 46,317,715</u>	<u>\$ 587,470</u>	<u>\$ 344,176</u>	<u>\$ 46,188,864</u>	<u>\$ 93,438,225</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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	\$ 2,025,407	\$ 251,851	\$ -	\$ 166,115	\$ 2,443,373
Changes in employer's proportionate percentage/ difference between employer contributions	1,571,398	-	-	2,080,753	3,652,151
Total deferred inflows of resources	<u>\$ 3,596,805</u>	<u>\$ 251,851</u>	<u>\$ -</u>	<u>\$ 2,246,868</u>	<u>\$ 6,095,524</u>

\$22,536,138 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a change of the net pension liability/asset in the year ending December 31, 2020.

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:					
2020	\$ 13,969,353	\$ 20,825	\$ 8,011	\$ 10,162,799	\$ 24,160,988
2021	6,202,816	(5,708)	7,327	5,416,501	11,620,936
2022	1,942,256	(2,907)	7,443	6,550,550	8,497,342
2023	9,736,864	38,680	8,975	10,135,113	19,919,632
2024	2	(15,919)	6,635	616,000	606,718
Thereafter	-	(16,262)	17,209	-	947
Total	<u>\$ 31,851,291</u>	<u>\$ 18,709</u>	<u>\$ 55,600</u>	<u>\$ 32,880,963</u>	<u>\$ 64,806,563</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, 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	
Current measurement date	7.20%
Prior measurement date	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 expected 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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

During 2018, 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 2.94% for 2018.

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 2018 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 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2018 was 7.50%. 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/Asset 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 7.20%, 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 (6.20%) or one-percentage-point higher (8.20%) than the current rate:

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 227,873,552	\$ 154,250,979	\$ 93,069,957
Combined Plan	(204,037)	(616,644)	(915,407)
Member-Directed Plan	(5,080)	(11,575)	(20,320)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, 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, 2018, are presented below.

Valuation date	1/1/18 with actuarial liabilities rolled forward to 12/31/18
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%, plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

<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 Buck Modified 2016 Improvement Scale.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age	Police	Fire
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 recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2018 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.

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, 2018 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	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	120.00 %		

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. 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	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 233,824,489	\$ 177,890,261	\$ 131,149,136

NOTE 18 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. 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 obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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.

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. Health care is not being funded.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. 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. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined 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 2019 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$115,431 for 2019. Of this amount, \$11,688 is reported as due to other governments.

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 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 2019, the portion of employer contributions allocated to health care was 0.50% 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.

Beginning January 1, 2019, OP&F changed 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 \$263,697 for 2019. Of this amount, \$20,455 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, 2017, rolled forward to the measurement date of December 31, 2018, 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, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. 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:

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.56930000%	2.17672700%	
Proportion of the net OPEB liability current measurement date	<u>0.56074500%</u>	<u>2.17932200%</u>	
Change in proportionate share	<u>-0.00855500%</u>	<u>0.00259500%</u>	
Proportionate share of the net OPEB liability	\$ 73,107,912	\$ 19,846,070	\$ 92,953,982
OPEB expense	\$ 7,032,147	\$ (97,632,773)	\$ (90,600,626)

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2019, 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	\$ 24,756	\$ -	\$ 24,756
Net difference between projected and actual earnings on OPEB plan investments	3,351,565	671,808	4,023,373
Changes of assumptions	2,357,086	10,287,247	12,644,333
Changes in employer's proportionate percentage/ difference between employer contributions	654,411	777,721	1,432,132
Contributions subsequent to the measurement date	115,431	263,697	379,128
Total deferred outflows of resources	<u>\$ 6,503,249</u>	<u>\$ 12,000,473</u>	<u>\$ 18,503,722</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 198,364	\$ 531,719	\$ 730,083
Changes of assumptions	-	5,494,331	5,494,331
Changes in employer's proportionate percentage/ difference between employer contributions	646,400	357,736	1,004,136
Total deferred inflows of resources	<u>\$ 844,764</u>	<u>\$ 6,383,786</u>	<u>\$ 7,228,550</u>

\$379,128 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, 2020.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS	OP&F	Total
Year Ending December 31:			
2020	\$ 2,896,014	\$ 952,155	\$ 3,848,169
2021	416,091	952,155	1,368,246
2022	542,539	952,157	1,494,696
2023	1,688,410	1,155,349	2,843,759
2024	-	835,002	835,002
Thereafter	-	506,172	506,172
Total	\$ 5,543,054	\$ 5,352,990	\$ 10,896,044

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 health care costs 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, 2017, rolled forward to the measurement date of December 31, 2018. 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%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, 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, 2019

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 2018, 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 5.60% for 2018.

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 2018 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 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. 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 6.00% and a municipal bond rate of 3.71%. 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, 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 3.96%, 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 (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 93,532,266	\$ 73,107,912	\$ 56,865,150

Sensitivity of the City/County'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 1.00% lower or 1.00% 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 2019 is 10.00%. 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% in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 70,272,563	\$ 73,107,912	\$ 76,373,469

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, 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, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Current measurement date	4.66%
Prior measurement date	3.24%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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%.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Age	Police	Fire
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.

Age	Police	Fire
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 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, 2018, are summarized below:

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	120.00 %		

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 their 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 OPEB liability was calculated using the discount rate of 4.66%. A discount rate of 3.24% was used to measure the total OPEB liability at December 31, 2017. 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 8.00%. 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 4.13% at December 31, 2018 and 3.16% at December 31, 2017, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 4.66%.

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 4.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66%), or one percentage point higher (5.66%) than the current rate.

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 24,177,931	\$ 19,846,070	\$ 16,209,846

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Due to the change from a self-funded plan to the stipend plan, disclosure of the healthcare cost trend rate for OP&F is no longer available.

Changes Between Measurement Date and Report Date - 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 will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). 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. As a result of changing from the current healthcare model to the stipend based healthcare model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Although the exact amount of these changes is not known, the overall decrease to the City's net OPEB liability is expected to be significant.

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 balance - 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, 2019, on the GAAP basis to the budget basis are as follows:

	<u>General</u>
Budget basis	\$ 3,112,109
Net adjustment for revenues	1,093,544
Net adjustment for expenditures	(6,050,196)
Adjustment for encumbrances	<u>11,415,174</u>
GAAP basis	<u>\$ 9,570,631</u>

CITY OF DAYTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 20 - FUND BALANCE

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

Fund balance	General	Debt Service Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays	\$ 1,051,699	\$ -	\$ 24,170	\$ 973	\$ 1,076,842
Materials and supplies inventory	31,412	-	90,157	1,245,372	1,366,941
Advances to other funds	720,000	-	-	-	720,000
Perpetual care	-	-	-	102,228	102,228
Loans receivable	13,381,713	-	-	-	13,381,713
Unclaimed monies	915,015	-	-	-	915,015
Total nonspendable	<u>16,099,839</u>	<u>-</u>	<u>114,327</u>	<u>1,348,573</u>	<u>17,562,739</u>
Restricted:					
Street and highway programs	-	-	-	2,719,198	2,719,198
Special projects	-	-	-	13,538,980	13,538,980
Housing and urban development	-	-	-	1,960,265	1,960,265
Debt service	-	24,407,460	-	-	24,407,460
Capital projects	-	-	924,888	-	924,888
Fire escrow	1,513,207	-	-	-	1,513,207
Other purposes	-	-	-	129,349	129,349
Permanent fund	-	-	-	83,413	83,413
Total restricted	<u>1,513,207</u>	<u>24,407,460</u>	<u>924,888</u>	<u>18,431,205</u>	<u>45,276,760</u>
Committed:					
Capital projects	-	-	10,158,119	-	10,158,119
Community development	297,574	-	-	-	297,574
Economic development	80,012	-	-	-	80,012
Leadership and quality of life	533,110	-	-	-	533,110
Corporate responsibility	749,252	-	-	-	749,252
Other purposes	71,250	-	-	-	71,250
Public safety	394,149	-	-	-	394,149
Special assessments	-	452,758	-	-	452,758
Total committed	<u>2,125,347</u>	<u>452,758</u>	<u>10,158,119</u>	<u>-</u>	<u>12,736,224</u>
Assigned:					
Downtown	-	-	-	-	-
Community development	5,344	-	-	-	5,344
Economic development	21,580	-	-	-	21,580
Leadership and quality of life	119,040	-	-	-	119,040
Corporate responsibility	92,104	-	-	-	92,104
Public safety	106,766	-	-	-	106,766
Special payroll	2,241,933	-	-	-	2,241,933
Termination pay	2,790,283	-	-	-	2,790,283
Unemployment	926,537	-	-	-	926,537
Other purposes	454,008	-	-	-	454,008
Police professional development	91,094	-	-	-	91,094
Sunrise Bomberger Center	219,627	-	-	-	219,627
Community policing council (CIRGV)	22,297	-	-	-	22,297
Mediation center	219,878	-	-	-	219,878
Professional development	306,485	-	-	-	306,485
Nationwide settlement	141,789	-	-	-	141,789
Executive savings	773,053	-	-	-	773,053
Judgments	1,170,031	-	-	-	1,170,031
Development	5,787,711	-	-	-	5,787,711
Real estate development	418,265	-	-	-	418,265
Subsequent year appropriations	6,554,290	-	-	-	6,554,290
Preschool promise	709,459	-	-	-	709,459
Public safety photo enforcement	828,253	-	-	-	828,253
Water Street Parking	131,857	-	-	-	131,857
Capital projects	-	-	8,983,360	-	8,983,360
Total assigned	<u>24,131,684</u>	<u>-</u>	<u>8,983,360</u>	<u>-</u>	<u>33,115,044</u>
Unassigned	<u>33,406,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,406,326</u>
Total fund balances	<u>\$ 77,276,403</u>	<u>\$ 24,860,218</u>	<u>\$ 20,180,694</u>	<u>\$ 19,779,778</u>	<u>\$ 142,097,093</u>

CITY OF DAYTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 21 - 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</u> <u>Encumbrances</u>
General fund	\$ 8,554,527
Debt service	10,000
Capital improvement	8,089,507
Nonmajor governmental	<u>16,846,500</u>
Total	<u>\$ 33,500,534</u>

NOTE 22 - CONTINGENCIES

A. Litigation

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

B. Grants

For the period January 1, 2019 to December 31, 2019, 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 still in negotiations with HUD and the final outcome of the review is not yet known.

NOTE 23- SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City's investment portfolio and the investments of the pension and other employee benefit plan in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

On May 7, 2020, the City announced the permanent closure of two City owned golf courses, Kittyhawk and Madden, to cut costs.

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 SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.563207%	0.571533%	0.555800%	0.567394%
City's proportionate share of the net pension liability	\$ 154,250,979	\$ 89,662,448	\$ 126,212,728	\$ 98,279,795
City's covered payroll	\$ 74,225,779	\$ 73,469,231	\$ 71,961,283	\$ 72,324,850
City's proportionate share of the net pension liability as a percentage of its covered payroll	207.81%	122.04%	175.39%	135.89%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.551450%	0.569155%	0.533340%	0.506860%
City's proportionate share of the net pension asset	\$ 616,644	\$ 774,804	\$ 296,841	\$ 246,649
City's covered payroll	\$ 2,358,507	\$ 2,330,962	\$ 2,073,725	\$ 1,645,667
City's proportionate share of the net pension asset as a percentage of its covered payroll	26.15%	33.24%	14.31%	14.99%
Plan fiduciary net position as a percentage of the total pension asset	126.64%	137.28%	116.55%	116.90%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.507999%	0.507183%	0.481132%	0.424314%
City's proportionate share of the net pension asset	\$ 11,575	\$ 17,701	\$ 2,004	\$ 1,622
City's covered payroll	\$ 2,899,690	\$ 2,767,440	\$ 2,484,105	\$ 2,984,958
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.40%	0.64%	0.08%	0.05%
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.46%	103.40%	103.91%

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

<u>2015</u>	<u>2014</u>
0.560246%	0.560246%
\$ 67,571,930	\$ 66,045,704
\$ 67,411,033	\$ 66,466,608
100.24%	99.37%
86.45%	86.36%
0.475603%	0.475603%
\$ 183,119	\$ 49,906
\$ 1,738,508	\$ 1,438,292
10.53%	3.47%
114.83%	104.56%
n/a	n/a

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 SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	2.17932200%	2.17672700%	2.16452900%	2.20264200%
City's proportionate share of the net pension liability	\$ 177,890,261	\$ 133,595,564	\$ 137,099,085	\$ 141,697,531
City's covered payroll	\$ 49,732,902	\$ 47,884,272	\$ 46,850,076	\$ 46,805,467
City's proportionate share of the net pension liability as a percentage of its covered payroll	357.69%	279.00%	292.63%	302.74%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	70.91%	68.36%	66.77%

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

<u>2015</u>	<u>2014</u>
2.41510400%	2.24151040%
\$ 116,119,585	\$ 109,168,588
\$ 42,914,752	\$ 43,695,379
270.58%	249.84%
72.20%	73.00%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 10,869,619	\$ 10,391,609	\$ 9,551,000	\$ 8,635,354
Contributions in relation to the contractually required contribution	<u>(10,869,619)</u>	<u>(10,391,609)</u>	<u>(9,551,000)</u>	<u>(8,635,354)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 77,640,136	\$ 74,225,779	\$ 73,469,231	\$ 71,961,283
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 316,910	\$ 330,191	\$ 303,025	\$ 248,847
Contributions in relation to the contractually required contribution	<u>(316,910)</u>	<u>(330,191)</u>	<u>(303,025)</u>	<u>(248,847)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,263,643	\$ 2,358,507	\$ 2,330,962	\$ 2,073,725
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 288,576	\$ 289,969	\$ 276,744	\$ 235,990
Contributions in relation to the contractually required contribution	<u>(288,576)</u>	<u>(289,969)</u>	<u>(276,744)</u>	<u>(235,990)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,885,760	\$ 2,899,690	\$ 2,767,440	\$ 2,484,105
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	9.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 8,678,982	\$ 8,089,324	\$ 8,640,659	\$ 6,878,420	\$ 6,823,221	\$ 6,488,756
<u>(8,678,982)</u>	<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>\$ -</u>					
\$ 72,324,850	\$ 67,411,033	\$ 66,466,608	\$ 68,784,200	\$ 68,232,210	\$ 72,771,095
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%
\$ 197,480	\$ 208,621	\$ 186,978	\$ 98,164	\$ 105,120	\$ 118,154
<u>(197,480)</u>	<u>(208,621)</u>	<u>(186,978)</u>	<u>(98,164)</u>	<u>(105,120)</u>	<u>(118,154)</u>
<u>\$ -</u>					
\$ 1,645,667	\$ 1,738,508	\$ 1,438,292	\$ 1,234,767	\$ 1,322,264	\$ 1,219,759
12.00%	12.00%	13.00%	7.95%	7.95%	9.69%
\$ 283,571					
<u>(283,571)</u>					
<u>\$ -</u>					
\$ 2,984,958					
9.50%					

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 5,627,059	\$ 5,295,638	\$ 5,068,477	\$ 4,938,796
Contributions in relation to the contractually required contribution	<u>(5,627,059)</u>	<u>(5,295,638)</u>	<u>(5,068,477)</u>	<u>(4,938,796)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 29,616,100	\$ 27,871,779	\$ 26,676,195	\$ 25,993,663
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 5,433,974	\$ 5,137,364	\$ 4,983,898	\$ 4,901,257
Contributions in relation to the contractually required contribution	<u>(5,433,974)</u>	<u>(5,137,364)</u>	<u>(4,983,898)</u>	<u>(4,901,257)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 23,123,294	\$ 21,861,123	\$ 21,208,077	\$ 20,856,413
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 4,997,877	\$ 4,599,130	\$ 3,876,616	\$ 3,123,636	\$ 3,108,863	\$ 3,524,787
<u>(4,997,877)</u>	<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>\$ -</u>					
\$ 26,304,616	\$ 24,205,947	\$ 24,406,816	\$ 24,499,106	\$ 24,383,239	\$ 27,645,388
19.00%	19.00%	15.88%	12.75%	12.75%	12.75%
\$ 4,817,700	\$ 4,396,569	\$ 3,931,652	\$ 3,466,063	\$ 3,403,911	\$ 3,930,474
<u>(4,817,700)</u>	<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>\$ -</u>					
\$ 20,500,851	\$ 18,708,804	\$ 19,288,563	\$ 20,093,119	\$ 19,732,817	\$ 22,785,357
23.50%	23.50%	20.38%	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 THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.560745%	0.569300%	0.551043%
City's proportionate share of the net OPEB liability	\$ 73,107,912	\$ 61,821,787	\$ 55,657,232
City's covered payroll	\$ 79,483,976	\$ 78,567,633	\$ 76,519,113
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	91.98%	78.69%	72.74%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	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 THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	2.17932200%	2.17672700%	2.16452900%
City's proportionate share of the net OPEB liability	\$ 19,846,070	\$ 123,330,304	\$ 102,745,324
City's covered payroll	\$ 49,732,902	\$ 47,884,272	\$ 46,850,076
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	39.91%	257.56%	219.31%
Plan fiduciary net position as a percentage of the total OPEB liability	46.57%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 115,431	\$ 115,989	\$ 868,701	\$ 1,592,485
Contributions in relation to the contractually required contribution	<u>(115,431)</u>	<u>(115,989)</u>	<u>(868,701)</u>	<u>(1,592,485)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 82,789,539	\$ 79,483,976	\$ 78,567,633	\$ 76,519,113
Contributions as a percentage of covered payroll	0.14%	0.15%	1.11%	2.08%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,479,410	\$ 1,407,023	\$ 630,293	\$ 2,826,071	\$ 2,809,285	\$ 3,751,814
<u>(1,479,410)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 76,955,475	\$ 69,149,541	\$ 67,904,900	\$ 70,018,967	\$ 69,554,474	\$ 73,990,854
1.92%	2.03%	0.93%	4.04%	4.04%	5.07%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 148,081	\$ 139,359	\$ 133,381	\$ 129,968
Contributions in relation to the contractually required contribution	<u>(148,081)</u>	<u>(139,359)</u>	<u>(133,381)</u>	<u>(129,968)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 29,616,100	\$ 27,871,779	\$ 26,676,195	\$ 25,993,663
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
 <i>Fire:</i>				
Contractually required contribution	\$ 115,616	\$ 109,306	\$ 106,040	\$ 104,282
Contributions in relation to the contractually required contribution	<u>(115,616)</u>	<u>(109,306)</u>	<u>(106,040)</u>	<u>(104,282)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 23,123,294	\$ 21,861,123	\$ 21,208,077	\$ 20,856,413
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 131,523	\$ 121,030	\$ 883,527	\$ 1,653,689	\$ 1,645,869	\$ 1,866,064
<u>(131,523)</u>	<u>(121,030)</u>	<u>(883,527)</u>	<u>(1,653,689)</u>	<u>(1,645,869)</u>	<u>(1,866,064)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 26,304,616	\$ 24,205,947	\$ 24,406,816	\$ 24,499,106	\$ 24,383,239	\$ 27,645,388
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%
\$ 102,504	\$ 93,544	\$ 698,246	\$ 1,356,286	\$ 1,331,965	\$ 1,538,011
<u>(102,504)</u>	<u>(93,544)</u>	<u>(698,246)</u>	<u>(1,356,286)</u>	<u>(1,331,965)</u>	<u>(1,538,011)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 20,500,851	\$ 18,708,804	\$ 19,288,563	\$ 20,093,119	\$ 19,732,817	\$ 22,785,357
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%

CITY OF DAYTON, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

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. For 2019 the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.

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. There were no changes in assumptions for 2019.

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 2017-2019.

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%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25%, ultimate in 2029.

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. For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.

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%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.



Combining Statements and Schedules

COMBINING STATEMENTS
AND SCHEDULES

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

CITY OF DAYTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Municipal income taxes	\$ 130,959,300	\$ 132,081,500	\$ 133,578,155	\$ 1,496,655
Property and other taxes	6,319,300	6,365,600	6,475,180	109,580
State shared taxes	6,799,100	8,555,800	7,195,258	(1,360,542)
Charges for services	29,904,200	29,169,300	26,342,485	(2,826,815)
Licenses and permits	2,690,000	3,015,200	3,024,345	9,145
Fines and forfeitures	4,307,800	4,047,800	2,724,285	(1,323,515)
Intergovernmental	3,919,700	3,919,700	4,002,294	82,594
Special assessments	641,500	641,500	535,786	(105,714)
Investment income	1,700,000	1,700,000	3,065,085	1,365,085
Other	5,157,200	5,608,440	5,549,820	(58,620)
Total revenues	192,398,100	195,104,840	192,492,693	(2,612,147)
Expenditures:				
General operating:				
General government:				
Clerk of commission	1,301,000	1,301,000	1,233,093	67,907
Civil service board	1,538,400	1,525,800	1,354,702	171,098
Human relations council	932,600	892,600	734,286	158,314
City manager's office	1,368,400	1,424,500	1,313,779	110,721
Office of public affairs	1,268,100	1,290,100	1,175,441	114,659
Department of planning & community development	3,395,200	3,452,100	3,211,025	241,075
Clerk of courts	3,828,200	3,828,200	3,700,304	127,896
Municipal court	4,662,500	4,662,500	4,541,196	121,304
Department of economic development	3,543,100	3,726,800	3,547,567	179,233
Department of procurement, management and budget	1,799,100	1,800,400	1,501,324	299,076
Department of water	114,700	114,700	111,719	2,981
Department of law	2,897,600	3,024,600	2,833,961	190,639
Department of finance	3,636,900	3,621,900	3,498,951	122,949
Department of human resources	1,156,700	1,166,700	1,058,804	107,896
Department of information technology	6,788,300	6,449,500	6,219,999	229,501
Department of police	51,207,100	52,370,900	52,358,066	12,834
Department of fire	42,043,800	42,872,800	42,582,517	290,283
Department of public works	27,148,800	28,717,100	27,710,016	1,007,084
Department of recreation and youth services	6,024,000	5,899,000	5,348,433	550,567
Non-departmental	1,023,600	948,700	879,408	69,292
Special projects	31,798,800	32,127,500	15,542,543	16,584,957
Total expenditures	197,476,900	201,217,400	180,457,134	20,760,266
Excess (deficiency) of revenues over (under) expenditures	(5,078,800)	(6,112,560)	12,035,559	18,148,119
Other financing uses:				
Transfers in	10,000,000	10,000,000		(10,000,000)
Transfers (out)	(7,345,400)	(9,073,500)	(8,923,450)	150,050
Total other financing (uses)	2,654,600	926,500	(8,923,450)	(9,849,950)
Net change in fund balances	(2,424,200)	(5,186,060)	3,112,109	8,298,169
Fund balance at beginning of year	64,238,904	64,238,904	64,238,904	-
Prior year encumbrances appropriated	4,137,202	4,137,202	4,137,202	-
Balance Sheet Adjustments	(2,890,321)	(2,890,321)	(2,890,321)	-
Fund balance at end of year	\$ 63,061,585	\$ 60,299,725	\$ 68,597,894	\$ 8,298,169

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 (ESG) 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, 2019

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 18,332,188	\$ 185,540	\$ 18,517,728
Receivables:			
Accounts	439,461	-	439,461
Special assessments	3,010,800	-	3,010,800
Accrued interest	23,717	235	23,952
Due from other governments	4,542,943	-	4,542,943
Loans receivable	2,272,699	-	2,272,699
Materials and supplies inventory	1,245,372	-	1,245,372
Prepayments	973	-	973
Total assets	\$ 29,868,153	\$ 185,775	\$ 30,053,928
Liabilities:			
Accounts payable	\$ 382,566	\$ -	\$ 382,566
Contracts payable	1,908,041	-	1,908,041
Accrued wages and benefits payable	325,950	-	325,950
Retainage payable	88,730	-	88,730
Interfund loans payable	260,000	-	260,000
Advances from other funds	720,000	-	720,000
Due to other funds	526	-	526
Due to other governments	251,149	-	251,149
Total liabilities	3,936,962	-	3,936,962
Deferred inflows of resources:			
Accrued interest not available	13,484	134	13,618
Special assessments revenue not available	3,010,800	-	3,010,800
Miscellaneous revenue not available	412,200	-	412,200
Intergovernmental revenue not available	2,900,570	-	2,900,570
Total deferred inflows of resources	6,337,054	134	6,337,188
Fund Balances:			
Nonspendable	1,246,345	102,228	1,348,573
Restricted	18,347,792	83,413	18,431,205
Total fund balances	19,594,137	185,641	19,779,778
Total liabilities, deferred inflows of resources and fund balances	\$ 29,868,153	\$ 185,775	\$ 30,053,928

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
State shared taxes.	\$ 6,481,692	\$ -	\$ 6,481,692
Charges for services.	1,596,308	-	1,596,308
Licenses and permits	24,046	-	24,046
Fines and forfeitures	491,415	-	491,415
Intergovernmental.	8,754,790	-	8,754,790
Special assessments	2,932,504	-	2,932,504
Investment income	104,522	962	105,484
Increase in fair value of investments.	20,376	538	20,914
Other	6,870,336	1,701	6,872,037
Total revenues	<u>27,275,989</u>	<u>3,201</u>	<u>27,279,190</u>
Expenditures:			
Current:			
General government:			
Community development and neighborhoods.	6,197,097	-	6,197,097
Economic development	741,863	-	741,863
Leadership and quality of life	13,009,671	-	13,009,671
Corporate responsibility.	173,377	-	173,377
Public safety and justice.	3,717,816	-	3,717,816
Total expenditures.	<u>23,839,824</u>	<u>-</u>	<u>23,839,824</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>3,436,165</u>	<u>3,201</u>	<u>3,439,366</u>
Other financing sources:			
Transfers in	1,399,650	-	1,399,650
Total other financing sources	<u>1,399,650</u>	<u>-</u>	<u>1,399,650</u>
Net change in fund balances	4,835,815	3,201	4,839,016
Fund balances at beginning of year (restated) . .	<u>14,758,322</u>	<u>182,440</u>	<u>14,940,762</u>
Fund balances at end of year	<u>\$ 19,594,137</u>	<u>\$ 185,641</u>	<u>\$ 19,779,778</u>

CITY OF DAYTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Assets:			
Equity in pooled cash and investments	\$ 1,242,700	\$ 616,884	\$ 13,720,038
Receivables:			
Accounts	82,215	-	354,918
Special assessments	-	-	2,773,429
Accrued interest	-	-	21,838
Due from other governments	2,224,838	177,086	100,907
Loans receivable	-	-	-
Materials and supplies inventory	1,103,148	-	142,224
Prepayments	-	-	973
Total assets	<u>\$ 4,652,901</u>	<u>\$ 793,970</u>	<u>\$ 17,114,327</u>
Liabilities:			
Accounts payable	\$ 206,367	\$ 762	\$ 27,112
Contracts payable	23,016	13,266	92,980
Accrued wages and benefits payable	97,348	7,466	59,220
Retainage payable	-	-	10,005
Interfund loans payable	-	-	-
Advances from other funds	-	-	-
Due to other funds	145	-	-
Due to other governments	29,269	2,133	62,790
Total liabilities	<u>356,145</u>	<u>23,627</u>	<u>252,107</u>
Deferred inflows of resources:			
Accrued interest not available	-	-	12,416
Special assessments revenue not available	-	-	2,773,429
Miscellaneous revenue not available	68,521	-	341,504
Intergovernmental revenue not available	1,088,015	88,217	52,694
Total deferred inflows of resources	<u>1,156,536</u>	<u>88,217</u>	<u>3,180,043</u>
Fund Balances:			
Nonspendable	1,103,148	-	143,197
Restricted	2,037,072	682,126	13,538,980
Total fund balances	<u>3,140,220</u>	<u>682,126</u>	<u>13,682,177</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,652,901</u>	<u>\$ 793,970</u>	<u>\$ 17,114,327</u>

HUD Programs	Miscellaneous Grants	Total
\$ 1,286,167	\$ 1,466,399	\$ 18,332,188
2,328	-	439,461
237,371	-	3,010,800
-	1,879	23,717
1,618,101	422,011	4,542,943
2,272,699	-	2,272,699
-	-	1,245,372
-	-	973
<u>\$ 5,416,666</u>	<u>\$ 1,890,289</u>	<u>\$ 29,868,153</u>
\$ 76,593	\$ 71,732	\$ 382,566
247,598	1,531,181	1,908,041
91,964	69,952	325,950
78,725	-	88,730
260,000	-	260,000
720,000	-	720,000
141	240	526
123,733	33,224	251,149
<u>1,598,754</u>	<u>1,706,329</u>	<u>3,936,962</u>
-	1,068	13,484
237,371	-	3,010,800
2,175	-	412,200
1,618,101	53,543	2,900,570
<u>1,857,647</u>	<u>54,611</u>	<u>6,337,054</u>
-	-	1,246,345
1,960,265	129,349	18,347,792
<u>1,960,265</u>	<u>129,349</u>	<u>19,594,137</u>
<u>\$ 5,416,666</u>	<u>\$ 1,890,289</u>	<u>\$ 29,868,153</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, 2019

	<u>Street</u>	<u>Highway Maintenance</u>	<u>Other Special Revenue</u>
Revenues:			
State shared taxes	\$ 6,031,155	\$ 450,537	\$ -
Charges for services	221,183	-	1,102,144
Licenses and permits	-	-	24,046
Fines and forfeitures	-	-	22,757
Intergovernmental	-	-	50,000
Special assessments	-	-	2,908,930
Investment income	-	-	96,575
Increase (decrease) in fair value of investments	-	-	17,222
Other	173,838	2,651	6,397,761
Total revenues	6,426,176	453,188	10,619,435
Expenditures:			
Current:			
General government:			
Community development and neighborhoods	-	-	192,948
Economic development	-	-	258,865
Leadership and quality of life	6,232,430	476,181	2,821,724
Corporate responsibility	-	-	-
Public safety and justice	-	-	974,337
Total expenditures	6,232,430	476,181	4,247,874
Excess (deficiency) of revenues over (under) expenditures	193,746	(22,993)	6,371,561
Other financing sources:			
Transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	193,746	(22,993)	6,371,561
Fund balances			
at beginning of year (restated)	2,946,474	705,119	7,310,616
Fund balances at end of year	\$ 3,140,220	\$ 682,126	\$ 13,682,177

HUD Programs	Miscellaneous Grants	Total
\$ -	\$ -	\$ 6,481,692
14,078	258,903	1,596,308
-	-	24,046
-	468,658	491,415
6,750,755	1,954,035	8,754,790
23,574	-	2,932,504
-	7,947	104,522
-	3,154	20,376
75,716	220,370	6,870,336
<u>6,864,123</u>	<u>2,913,067</u>	<u>27,275,989</u>
5,738,041	266,108	6,197,097
116,407	366,591	741,863
1,739,627	1,739,709	13,009,671
173,377	-	173,377
-	2,743,479	3,717,816
<u>7,767,452</u>	<u>5,115,887</u>	<u>23,839,824</u>
<u>(903,329)</u>	<u>(2,202,820)</u>	<u>3,436,165</u>
-	1,399,650	1,399,650
-	1,399,650	1,399,650
(903,329)	(803,170)	4,835,815
<u>2,863,594</u>	<u>932,519</u>	<u>14,758,322</u>
<u>\$ 1,960,265</u>	<u>\$ 129,349</u>	<u>\$ 19,594,137</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, 2019

	<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	\$ 5,200,000	\$ 6,102,000	\$ 5,713,639	\$ (388,361)
Charges for services	85,000	85,000	331,910	246,910
Other	251,000	251,000	252,608	1,608
Total revenues.	<u>5,536,000</u>	<u>6,438,000</u>	<u>6,298,157</u>	<u>(139,843)</u>
Expenditures:				
Department of public works	5,726,101	6,724,101	6,571,060	153,041
Total expenditures.	<u>5,726,101</u>	<u>6,724,101</u>	<u>6,571,060</u>	<u>153,041</u>
Net change in fund balance	(190,101)	(286,101)	(272,903)	13,198
Fund balance at beginning of year.	1,286,720	1,286,720	1,286,720	-
Prior year encumbrances appropriated.	399,836	399,836	399,836	-
Balance Sheet Adjustments	-	-	-	-
Fund balance at end of year.	<u>\$ 1,496,455</u>	<u>\$ 1,400,455</u>	<u>\$ 1,413,653</u>	<u>\$ 13,198</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State shared taxes	\$ 385,000	\$ 458,000	\$ 421,606	\$ (36,394)
Other	3,000	3,000	2,651	(349)
Total revenues.	<u>388,000</u>	<u>461,000</u>	<u>424,257</u>	<u>(36,743)</u>
Expenditures:				
Department of public works	<u>400,000</u>	<u>523,000</u>	<u>505,406</u>	<u>17,594</u>
Total expenditures.	<u>400,000</u>	<u>523,000</u>	<u>505,406</u>	<u>17,594</u>
Net change in fund balance	(12,000)	(62,000)	(81,149)	(19,149)
Fund balance at beginning of year.	674,415	674,415	674,415	-
Prior year encumbrances appropriated.	23,618	23,618	23,618	-
Balance Sheet Adjustments	<u>(24)</u>	<u>(24)</u>	<u>(24)</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 686,009</u>	<u>\$ 636,009</u>	<u>\$ 616,860</u>	<u>\$ (19,149)</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 303,900	\$ 306,200	\$ 1,134,144	\$ 827,944
Fines and forfeitures	20,000	20,000	22,757	2,757
Special assessments	2,750,000	2,750,000	2,908,930	158,930
Other	683,500	1,173,500	6,917,672	5,744,172
Total revenues.	<u>3,757,400</u>	<u>4,249,700</u>	<u>10,983,503</u>	<u>6,733,803</u>
Expenditures:				
Various departments	6,625,400	7,027,700	5,751,139	1,276,561
Total expenditures.	<u>6,625,400</u>	<u>7,027,700</u>	<u>5,751,139</u>	<u>1,276,561</u>
Net change in fund balance.	(2,868,000)	(2,778,000)	5,232,364	8,010,364
Fund balance at beginning of year.	5,467,084	5,467,084	5,467,084	-
Prior year encumbrances appropriated.	1,695,191	1,695,191	1,695,191	-
Balance Sheet Adjustments.	(363,096)	(363,096)	(363,096)	-
Fund balance at end of year.	<u>\$ 3,931,179</u>	<u>\$ 4,021,179</u>	<u>\$ 12,031,543</u>	<u>\$ 8,010,364</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Fines and forfeitures	\$ 177,500	\$ 177,500	\$ 468,658	\$ 291,158
Intergovernmental.	8,504,600	10,742,200	1,672,952	(9,069,248)
Charges for Services	717,900	914,700	258,903	(655,797)
Other	<u>1,752,700</u>	<u>2,234,000</u>	<u>227,920</u>	<u>(2,006,080)</u>
Total revenues.	<u>11,152,700</u>	<u>14,068,400</u>	<u>2,628,433</u>	<u>(11,439,967)</u>
Expenditures:				
Other grants				
Other.	<u>16,861,701</u>	<u>16,451,001</u>	<u>12,842,088</u>	<u>3,608,913</u>
Total other	<u>16,861,701</u>	<u>16,451,001</u>	<u>12,842,088</u>	<u>3,608,913</u>
Total expenditures.	<u>16,861,701</u>	<u>16,451,001</u>	<u>12,842,088</u>	<u>3,608,913</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,709,001)</u>	<u>(2,382,601)</u>	<u>(10,213,655)</u>	<u>(7,831,054)</u>
Other financing sources:				
Transfers in	<u>84,000</u>	<u>1,399,700</u>	<u>1,399,650</u>	<u>(50)</u>
Total other financing sources	<u>84,000</u>	<u>1,399,700</u>	<u>1,399,650</u>	<u>(50)</u>
Net change in fund balances	<u>(5,625,001)</u>	<u>(982,901)</u>	<u>(8,814,005)</u>	<u>(7,831,104)</u>
Fund balance at beginning of year.	<u>1,161,824</u>	<u>1,161,824</u>	<u>1,161,824</u>	<u>-</u>
Prior year encumbrances appropriated.	<u>9,101,802</u>	<u>9,101,802</u>	<u>9,101,802</u>	<u>-</u>
Balance Sheet Adjustments	<u>363,096</u>	<u>363,096</u>	<u>363,096</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,001,721</u>	<u>\$ 9,643,821</u>	<u>\$ 1,812,717</u>	<u>\$ (7,831,104)</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, 2019

	<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	\$ -	\$ -	\$ 944	\$ 944
Total revenues.	<u>-</u>	<u>-</u>	<u>944</u>	<u>944</u>
Expenditures:				
Other	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures.	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balances	(50,000)	(50,000)	944	50,944
Fund balance at beginning of year.	<u>250,018</u>	<u>250,018</u>	<u>250,018</u>	<u>-</u>
Fund balance at end of year	<u>\$ 200,018</u>	<u>\$ 200,018</u>	<u>\$ 250,962</u>	<u>\$ 50,944</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, 2019

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues:				
Property and other taxes.	\$ 7,522,400	\$ 7,741,900	\$ 6,872,537	\$ (869,363)
Intergovernmental.	37,500	37,500	950,603	913,103
Other	1,178,600	1,178,600	232,267	(946,333)
Total revenues.	<u>8,738,500</u>	<u>8,958,000</u>	<u>8,055,407</u>	<u>(902,593)</u>
Expenditures:				
Department of finance	<u>11,313,600</u>	<u>11,313,600</u>	<u>11,234,778</u>	<u>78,822</u>
Total expenditures.	<u>11,313,600</u>	<u>11,313,600</u>	<u>11,234,778</u>	<u>78,822</u>
Excess of expenditures over revenues	<u>(2,575,100)</u>	<u>(2,355,600)</u>	<u>(3,179,371)</u>	<u>(823,771)</u>
Other financing sources:				
Transfers in	<u>936,800</u>	<u>936,800</u>	<u>935,653</u>	<u>(1,147)</u>
Total other financing sources	<u>936,800</u>	<u>936,800</u>	<u>935,653</u>	<u>(1,147)</u>
Net change in fund balance	(1,638,300)	(1,418,800)	(2,243,718)	(824,918)
Fund balance at beginning of year.	33,109,292	33,109,292	33,109,292	-
Prior year encumbrances appropriated.	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ 31,480,992</u>	<u>\$ 31,700,492</u>	<u>\$ 30,875,574</u>	<u>\$ (824,918)</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 three golf courses provide needed green space inside the City.

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2019

	Storm Water	Golf	Total
Assets:			
Current assets:			
Equity in pooled cash and investments	\$ 18,497,401	\$ 414,028	\$ 18,911,429
Cash with fiscal and escrow agents.	-	6,191	6,191
Receivables:			
Accounts	1,479,949	-	1,479,949
Special assessments	565,540	-	565,540
Accrued interest	68,451	-	68,451
Prepayments	-	7,595	7,595
Total current assets.	<u>20,611,341</u>	<u>427,814</u>	<u>21,039,155</u>
Noncurrent assets:			
Net pension asset	19,123	6,251	25,374
Capital assets:			
Land and construction in progress.	1,572,995	565,614	2,138,609
Depreciable capital assets, net	11,402,863	3,602,397	15,005,260
Total capital assets, net.	<u>12,975,858</u>	<u>4,168,011</u>	<u>17,143,869</u>
Total noncurrent assets.	<u>12,994,981</u>	<u>4,174,262</u>	<u>17,169,243</u>
Total assets.	<u>33,606,322</u>	<u>4,602,076</u>	<u>38,208,398</u>
Deferred outflows of resources:			
Pension.	1,483,504	460,837	1,944,341
OPEB.	249,692	60,965	310,657
Total deferred outflows of resources	<u>1,733,196</u>	<u>521,802</u>	<u>2,254,998</u>
Total assets and deferred outflows of resources	<u>35,339,518</u>	<u>5,123,878</u>	<u>40,463,396</u>
Liabilities:			
Current liabilities:			
Accounts payable.	64,681	25,650	90,331
Contracts payable.	266,502	21,412	287,914
Retainage payable.	84,822	-	84,822
Accrued wages and benefits payable	180,514	39,584	220,098
Due to other funds	710,900	337	711,237
Due to other governments	35,114	49,315	84,429
Compensated absences payable - current	130,077	65,657	195,734
Total current liabilities	<u>1,472,610</u>	<u>201,955</u>	<u>1,674,565</u>
Long-term liabilities:			
Compensated absences payable	94,763	47,832	142,595
Net OPEB liability	2,379,979	714,573	3,094,552
Net pension liability	4,695,476	1,534,930	6,230,406
Total long-term liabilities	<u>7,170,218</u>	<u>2,297,335</u>	<u>9,467,553</u>
Total liabilities.	<u>8,642,828</u>	<u>2,499,290</u>	<u>11,142,118</u>
Deferred inflows of resources:			
OPEB.	27,079	8,131	35,210
Pension.	243,670	23,451	267,121
Total deferred inflows of resources	<u>270,749</u>	<u>31,582</u>	<u>302,331</u>
Total liabilities and deferred inflows of resources	<u>8,913,577</u>	<u>2,530,872</u>	<u>11,444,449</u>
Net position:			
Net investment in capital assets	12,624,534	4,146,599	16,771,133
Unrestricted (deficit).	13,801,407	(1,553,593)	12,247,814
Total net position	<u>\$ 26,425,941</u>	<u>\$ 2,593,006</u>	<u>\$ 29,018,947</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 7,700,065	\$ 3,043,272	\$ 10,743,337
Other operating revenues	78,772	13,789	92,561
Total operating revenues	<u>7,778,837</u>	<u>3,057,061</u>	<u>10,835,898</u>
Operating expenses:			
Personal services	2,535,984	840,012	3,375,996
Fringe benefits	2,068,761	631,304	2,700,065
Contract services	1,212,098	1,175,598	2,387,696
Materials and supplies	162,001	459,385	621,386
Utilities	69,557	107,128	176,685
Depreciation	1,581,263	206,628	1,787,891
Other	505,460	90,090	595,550
Total operating expenses	<u>8,135,124</u>	<u>3,510,145</u>	<u>11,645,269</u>
Operating income (loss)	<u>(356,287)</u>	<u>(453,084)</u>	<u>(809,371)</u>
Nonoperating revenues (expenses):			
Interest and fiscal charges	-	(8,256)	(8,256)
Loss on sale of capital assets	(471,215)	-	(471,215)
Interest income	301,391	-	301,391
Increase in fair value of investments	135,177	-	135,177
Total nonoperating revenues (expenses)	<u>(34,647)</u>	<u>(8,256)</u>	<u>(42,903)</u>
Income (loss) before transfers and contributions	(390,934)	(461,340)	(852,274)
transfers			
Transfer in	-	296,400	296,400
Change in net position	(390,934)	(164,940)	(555,874)
Net position at beginning of year	<u>26,816,875</u>	<u>2,757,946</u>	<u>29,574,821</u>
Net position at end of year	<u>\$ 26,425,941</u>	<u>\$ 2,593,006</u>	<u>\$ 29,018,947</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers.	\$ 7,837,310	\$ 3,043,272	\$ 10,880,582
Cash received from other operations.	78,772	13,789	92,561
Cash payments for personal services.	(2,496,665)	(821,984)	(3,318,649)
Cash payments for fringe benefits	(1,097,736)	(340,157)	(1,437,893)
Cash payments for contractual services	(1,300,051)	(1,348,874)	(2,648,925)
Cash payments for materials and supplies	(161,330)	(282,550)	(443,880)
Cash payments for utilities.	(66,244)	(106,459)	(172,703)
Cash payments for other expenses	(505,529)	(94,569)	(600,098)
Net cash provided by operating activities.	<u>2,288,527</u>	<u>62,468</u>	<u>2,350,995</u>
Cash flows from noncapital financing activities:			
Transfers in.	-	296,400	296,400
Interest paid on interfund loans.	-	(8,256)	(8,256)
Cash used in repayment of interfund loans	-	(91,742)	(91,742)
Net cash provided by noncapital financing activities	<u>-</u>	<u>196,402</u>	<u>196,402</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(1,087,096)	(12,547)	(1,099,643)
Net cash used in capital and related financing activities	<u>(1,087,096)</u>	<u>(12,547)</u>	<u>(1,099,643)</u>
Cash flows from investing activities:			
Interest received.	410,298	-	410,298
Net cash provided by investing activities	<u>410,298</u>	<u>-</u>	<u>410,298</u>
Net increase in cash and cash equivalents.	1,611,729	246,323	1,858,052
Cash and cash equivalents at beginning of year.	<u>16,885,672</u>	<u>173,896</u>	<u>17,059,568</u>
Cash and cash equivalents at end of year	<u>\$ 18,497,401</u>	<u>\$ 420,219</u>	<u>\$ 18,917,620</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss.	\$ (356,287)	\$ (453,084)	\$ (809,371)
Adjustments:			
Depreciation	1,581,263	206,628	1,787,891
Changes in assets and liabilities:			
Decrease in accounts receivable.	112,687	-	112,687
Decrease in net pension asset	6,676	1,495	8,171
(Increase) in deferred outflows for pension	(608,981)	(243,355)	(852,336)
(Increase) decrease in deferred outflows for OPEB	15,786	(8,087)	7,699
(Increase) in prepayments.	-	(5,972)	(5,972)
Decrease in special assessments receivable.	24,558	-	24,558
Increase (decrease) in accounts payable.	(52,884)	10,475	(42,409)
Decrease in contracts payable.	(28,732)	(9,292)	(38,024)
Increase (decrease) in retainage payable	84,738	(7,834)	76,904
Increase in accrued wages and benefits.	56,381	2,760	59,141
Increase (decrease) in due to other funds.	(82,700)	337	(82,363)
Increase in net pension liability.	1,776,575	658,549	2,435,124
Increase in net OPEB liability.	367,412	110,313	477,725
Decrease in deferred inflows - pension.	(466,521)	(191,779)	(658,300)
Decrease in deferred inflows - OPEB.	(122,844)	(36,882)	(159,726)
Increase (decrease) in due to other governments	(5,093)	31,320	26,227
Increase (decrease) in compensated absences payable	(13,507)	(3,124)	(16,631)
Net cash provided by operating activities.	<u>\$ 2,288,527</u>	<u>\$ 62,468</u>	<u>\$ 2,350,995</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, 2019

	<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	\$ 1,632,198	\$ 50,424	\$ 406,052	\$ 10,408,639
Receivables:				
Accounts	-	2,317	-	-
Accrued interest	-	-	-	-
Due from other funds	-	-	12,803	-
Due from other governments	1,049	32,395	-	-
Inventory held for resale	161,583	340,763	-	-
Prepayments	2,089	19,474	-	-
Advances to other funds	-	-	-	-
Total current assets	<u>1,796,919</u>	<u>445,373</u>	<u>418,855</u>	<u>10,408,639</u>
Noncurrent assets:				
Net pension asset	15,924	3,938	920	1,252
Capital assets:				
Land	-	75,000	-	-
Depreciable capital assets, net	<u>216,639</u>	<u>557,678</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>232,563</u>	<u>636,616</u>	<u>920</u>	<u>1,252</u>
Total assets	<u>2,029,482</u>	<u>1,081,989</u>	<u>419,775</u>	<u>10,409,891</u>
Deferred outflows of resources:				
Pension	1,215,140	489,606	73,244	98,466
OPEB	<u>187,528</u>	<u>220,974</u>	<u>11,095</u>	<u>12,168</u>
Total deferred outflows of resources	<u>1,402,668</u>	<u>710,580</u>	<u>84,339</u>	<u>110,634</u>
Total assets and deferred outflows of resources	<u>3,432,150</u>	<u>1,792,569</u>	<u>504,114</u>	<u>10,520,525</u>
Liabilities:				
Current liabilities:				
Accounts payable	75,259	9,607	3,051	-
Contracts payable	-	2,228	-	-
Accrued wages and benefits payable	81,439	20,135	8,289	10,031
Due to other funds	412	19	-	-
Due to other governments	24,246	5,926	1,955	2,665
Compensated absences payable - current	43,332	32,042	19,458	11,279
Claims and judgments payable	-	-	-	3,475,300
Total current liabilities	<u>224,688</u>	<u>69,957</u>	<u>32,753</u>	<u>3,499,275</u>
Long-term liabilities:				
Compensated absences payable	31,568	23,343	14,175	8,217
Net OPEB liability	1,903,869	482,684	102,471	138,447
Net pension liability	3,909,914	967,012	225,891	307,381
Claims and judgements payable	-	-	-	-
Total long-term liabilities	<u>5,845,351</u>	<u>1,473,039</u>	<u>342,537</u>	<u>454,045</u>
Total liabilities	<u>6,070,039</u>	<u>1,542,996</u>	<u>375,290</u>	<u>3,953,320</u>
Deferred inflows of resources:				
OPEB	21,659	229,908	1,166	1,575
Pension	<u>132,287</u>	<u>288,137</u>	<u>3,335</u>	<u>4,538</u>
Total deferred inflows of resources	<u>153,946</u>	<u>518,045</u>	<u>4,501</u>	<u>6,113</u>
Total liabilities and deferred inflows of resources	<u>6,223,985</u>	<u>2,061,041</u>	<u>379,791</u>	<u>3,959,433</u>
Net position:				
Net investment in capital assets	216,639	632,678	-	-
Unrestricted	<u>(3,008,474)</u>	<u>(901,150)</u>	<u>124,323</u>	<u>6,561,092</u>
Total net position	<u>\$ (2,791,835)</u>	<u>\$ (268,472)</u>	<u>\$ 124,323</u>	<u>\$ 6,561,092</u>

<u>Workers'</u> <u>Compensation</u>	<u>Plumbing</u> <u>Shop</u>	<u>Total</u>
\$ 15,430,959	\$ 331,923	\$ 28,260,195
-	-	2,317
57,414	-	57,414
-	34,804	47,607
-	-	33,444
-	-	502,346
-	-	21,563
9,160,000	-	9,160,000
<u>24,648,373</u>	<u>366,727</u>	<u>38,084,886</u>
2,626	2,395	27,055
-	-	75,000
-	81,157	855,474
<u>2,626</u>	<u>83,552</u>	<u>957,529</u>
<u>24,650,999</u>	<u>450,279</u>	<u>39,042,415</u>
193,053	187,779	2,257,288
24,001	27,449	483,215
<u>217,054</u>	<u>215,228</u>	<u>2,740,503</u>
<u>24,868,053</u>	<u>665,507</u>	<u>41,782,918</u>
10,873	2,747	101,537
1,732	1,120	5,080
19,528	11,862	151,284
369	-	800
5,446	4,423	44,661
65,594	16,517	188,222
1,380,792	-	4,856,092
<u>1,484,334</u>	<u>36,669</u>	<u>5,347,676</u>
47,786	12,033	137,122
299,991	269,115	3,196,577
644,657	588,137	6,642,992
1,849,887	-	1,849,887
<u>2,842,321</u>	<u>869,285</u>	<u>11,826,578</u>
<u>4,326,655</u>	<u>905,954</u>	<u>17,174,254</u>
16,436	3,063	273,807
32,076	8,917	469,290
48,512	11,980	743,097
<u>4,375,167</u>	<u>917,934</u>	<u>17,917,351</u>
-	81,157	930,474
<u>20,492,886</u>	<u>(333,584)</u>	<u>22,935,093</u>
<u>\$ 20,492,886</u>	<u>\$ (252,427)</u>	<u>\$ 23,865,567</u>

CITY OF DAYTON, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Health Insurance</u>
Operating revenues:				
Charges for services	\$ 8,027,429	\$ 1,404,501	\$ 189,654	\$ 27,762,227
Other operating revenues	122,989	1,741	324,805	3,941
Total operating revenues	<u>8,150,418</u>	<u>1,406,242</u>	<u>514,459</u>	<u>27,766,168</u>
Operating expenses:				
Personal services	2,109,316	529,181	124,190	292,950
Fringe benefits	1,722,661	384,178	119,647	78,449
Contract services	762,366	129,488	228,547	-
Materials and supplies	111,576	-	25	15,358
Cost of sales	4,116,021	413,825	31,444	-
Utilities	2,059	22,438	-	66,766
Claims expense	-	-	-	23,525,024
Depreciation	28,091	22,346	-	-
Other	24,565	8,730	26,593	18,752
Total operating expenses	<u>8,876,655</u>	<u>1,510,186</u>	<u>530,446</u>	<u>23,997,299</u>
Operating income (loss)	<u>(726,237)</u>	<u>(103,944)</u>	<u>(15,987)</u>	<u>3,768,869</u>
Nonoperating revenues:				
Interest income	-	-	-	-
Loss on sale of capital assets	-	-	-	-
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	(726,237)	(103,944)	(15,987)	3,768,869
Transfers out	<u>-</u>	<u>(120,108)</u>	<u>-</u>	<u>-</u>
Change in net position	(726,237)	(224,052)	(15,987)	3,768,869
Net position at beginning of year	<u>(2,065,598)</u>	<u>(44,420)</u>	<u>140,310</u>	<u>2,792,223</u>
Net position at end of year	<u>\$ (2,791,835)</u>	<u>\$ (268,472)</u>	<u>\$ 124,323</u>	<u>\$ 6,561,092</u>

Workers' Compensation	Plumbing Shop	Total
\$ 4,617,131	\$ 491,430	\$ 42,492,372
8,487	4,243	466,206
<u>4,625,618</u>	<u>495,673</u>	<u>42,958,578</u>
338,327	324,100	3,718,064
171,286	258,002	2,734,223
276,033	13,035	1,409,469
136,055	135,018	398,032
-	-	4,561,290
-	-	91,263
2,851,307	-	26,376,331
-	7,582	58,019
<u>33,401</u>	<u>-</u>	<u>112,041</u>
<u>3,806,409</u>	<u>737,737</u>	<u>39,458,732</u>
<u>819,209</u>	<u>(242,064)</u>	<u>3,499,846</u>
403,746	-	403,746
<u>158,834</u>	<u>-</u>	<u>158,834</u>
<u>562,580</u>	<u>-</u>	<u>562,580</u>
1,381,789	(242,064)	4,062,426
<u>-</u>	<u>-</u>	<u>(120,108)</u>
1,381,789	(242,064)	3,942,318
<u>19,111,097</u>	<u>(10,363)</u>	<u>19,923,249</u>
<u>\$ 20,492,886</u>	<u>\$ (252,427)</u>	<u>\$ 23,865,567</u>

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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 . . .	\$ 8,173,846	\$ 1,409,789	\$ 178,871	\$ 27,762,227
Cash received from other operations	122,989	1,741	324,805	3,941
Cash payments for personal services	(2,116,930)	(526,008)	(122,515)	(290,983)
Cash payments for fringe benefits.	(923,480)	(204,583)	(66,521)	(66,766)
Cash payments for contractual services	(774,234)	(130,077)	(228,034)	-
Cash payments for materials and supplies	(49,923)	-	(25)	(15,358)
Cash payments for cost of goods sold	(4,183,168)	(403,017)	(35,866)	-
Cash payments for utilities.	(1,783)	(23,410)	-	-
Cash payments for claims.	-	-	-	(23,024,571)
Cash payments for other expenses	(25,157)	(8,675)	(34,809)	(18,752)
Net cash provided by (used in) operating activities. . .	<u>222,160</u>	<u>115,760</u>	<u>15,906</u>	<u>4,349,738</u>
Cash flows from noncapital financing activities:				
Cash payments for interfund loans.	-	-	-	-
Cash used in transfers out	-	(120,108)	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(120,108)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(56,711)	-	-	-
Net cash used in capital and related financing activities	<u>(56,711)</u>	<u>-</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.	165,449	(4,348)	15,906	4,349,738
Cash and cash equivalents at beginning of year.	<u>1,466,749</u>	<u>54,772</u>	<u>390,146</u>	<u>6,058,901</u>
Cash and cash equivalents at end of year	<u>\$ 1,632,198</u>	<u>\$ 50,424</u>	<u>\$ 406,052</u>	<u>\$ 10,408,639</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (726,237)	\$ (103,944)	\$ (15,987)	\$ 3,768,869
Adjustments:				
Depreciation	28,091	22,346	-	-
Changes in assets and liabilities:				
Decrease in net pension asset.	4,714	1,294	191	249
(Increase) decrease in deferred outflows for OPEB.	1,440	55,070	995	(1,242)
(Increase) decrease in deferred outflows for pension.	(551,626)	(51,867)	(32,610)	(36,854)
Decrease in accounts receivable.	-	4,728	-	-
(Increase) decrease in due from other funds.	147,466	23,927	(10,783)	-
(Increase) in due from other governments	(1,049)	(23,367)	-	-
(Increase) decrease in prepayments.	186	(3,029)	-	-
Increase (decrease) in inventory held for resale.	(5,445)	14,317	-	-
Increase (decrease) in accounts payable	(6,699)	(1,030)	(12,113)	(90)
Increase (decrease) in contracts payable	(6,408)	(972)	-	(38,825)
Increase (decrease) in accrued wages and benefits.	747	2,055	833	966
Increase (decrease) in due to other funds	412	16	(12)	-
Increase (decrease) in due to other governments.	(424)	(992)	89	103
Increase (decrease) in net pension liability	1,574,934	65,410	100,216	137,585
Increase (decrease) in net OPEB liability	293,912	(211,314)	15,819	21,373
Increase (decrease) in deferred inflows - pension.	(426,610)	125,287	(26,624)	(35,939)
Increase in deferred inflows - OPEB.	(98,272)	196,179	(5,289)	(7,146)
Increase (decrease) in compensated absences payable.	(6,972)	1,646	1,181	1,321
Increase (decrease) in claims payable.	-	-	-	539,368
Net cash provided by (used in) operating activities	<u>\$ 222,160</u>	<u>\$ 115,760</u>	<u>\$ 15,906</u>	<u>\$ 4,349,738</u>

Workers' Compensation	Plumbing Shop	Total
\$ 4,617,131	\$ 456,626	\$ 42,598,490
8,487	4,243	466,206
(350,998)	(320,291)	(3,727,725)
(127,019)	(133,436)	(1,521,805)
(281,824)	(16,703)	(1,430,872)
(148,197)	(141,697)	(355,200)
-	-	(4,622,051)
-	-	(25,193)
(2,331,378)	-	(25,355,949)
(33,401)	-	(120,794)
<u>1,352,801</u>	<u>(151,258)</u>	<u>5,905,107</u>
(9,160,000)	-	(9,160,000)
-	-	(120,108)
<u>(9,160,000)</u>	<u>-</u>	<u>(9,280,108)</u>
-	(37,025)	(93,736)
-	(37,025)	(93,736)
561,796	-	561,796
561,796	-	561,796
(7,245,403)	(188,283)	(2,906,941)
22,676,362	520,206	31,167,136
<u>\$ 15,430,959</u>	<u>\$ 331,923</u>	<u>\$ 28,260,195</u>
\$ 819,209	\$ (242,064)	\$ 3,499,846
-	7,582	58,019
626	522	7,596
(4,856)	1,067	52,474
(102,840)	(91,110)	(866,907)
-	-	4,728
-	(34,804)	125,806
-	-	(24,416)
-	-	(2,843)
-	-	8,872
(7,747)	(11,999)	(39,678)
1,732	1,120	(43,353)
(10,295)	2,400	(3,294)
331	(333)	414
122	1,196	94
276,737	258,084	2,412,966
46,312	41,545	207,647
(144,036)	(72,732)	(580,654)
(27,413)	(13,889)	44,170
(15,010)	2,157	(15,677)
519,929	-	1,059,297
<u>\$ 1,352,801</u>	<u>\$ (151,258)</u>	<u>\$ 5,905,107</u>

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CITY OF DAYTON, OHIO

COMBINING STATEMENTS - FIDUCIARY FUNDS

Custodial Funds are used to account for assets held by the City as an agent for individuals, private organizations, or other governmental units.

Municipal Courts
Executive Severance
Miami Township-Dayton JEDD
Building Permit Surcharge

Butler Township-Dayton JEDD
Special Improvement District
Energy Special Improvement District

CITY OF DAYTON, OHIO

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2019

	Municipal Court	Executive Severance	Miami Township Dayton JEDD
Assets:			
Equity in pooled cash and investments.	\$ -	\$ -	\$ 816,850
Cash with fiscal agent	873,796	-	-
Investments	-	1,046,411	-
Receivables:			
Special assessments	-	-	-
Income taxes	-	-	36,656
Total assets	\$ 873,796	\$ 1,046,411	\$ 853,506
Liabilities:			
Due to other governments	\$ 42,917	\$ -	\$ -
Due to other funds	282,122	-	-
Total liabilities	325,039	-	-
Net Position			
Restricted for individuals, organizations and other governments	548,757	1,046,411	853,506
Total net position	\$ 548,757	\$ 1,046,411	\$ 853,506

Building Permit Surcharge	Butler Township Dayton JEDD	Special Improvement District	Engergy Special Improvement District	Total Custodial Funds
\$ 34,739	\$ 65,891	\$ -	\$ 9,456	\$ 926,936
-	-	-	-	873,796
-	-	-	-	1,046,411
-	-	1,484,310	4,616,343	6,100,653
-	4,938	-	-	41,594
<u>\$ 34,739</u>	<u>\$ 70,829</u>	<u>\$ 1,484,310</u>	<u>\$ 4,625,799</u>	<u>\$ 8,989,390</u>
\$ 3,591	\$ -	\$ -	\$ -	\$ 46,508
-	-	-	-	282,122
<u>3,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,630</u>
<u>31,148</u>	<u>70,829</u>	<u>1,484,310</u>	<u>4,625,799</u>	<u>8,660,760</u>
<u>\$ 31,148</u>	<u>\$ 70,829</u>	<u>\$ 1,484,310</u>	<u>\$ 4,625,799</u>	<u>\$ 8,660,760</u>

CITY OF DAYTON, OHIO
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Municipal Court</u>	<u>Executive Severance</u>	<u>Miami Township Dayton JEDD</u>
Additions:			
Amounts held for employees	\$ -	\$ 213,802	\$ -
Licenses, permits and fees for other governments	-	-	-
Fines and forfeitures for other governments	4,278,485	-	-
Property tax collection for other governments	-	-	577,542
Special assessments collections for other governments	-	-	-
Earnings on investments	-	54,223	-
Total additions	<u>4,278,485</u>	<u>268,025</u>	<u>577,542</u>
Deductions:			
<i>Current:</i>			
Distributions to the State of Ohio	537,913	-	-
Distributions to individuals	-	111,903	-
Fines and forfeitures distributions to other governments	3,191,815	-	-
Income tax distributions to other governments	-	-	390,155
Special assessment distributions to other governments	-	-	-
Other custodial fund disbursements	-	5,744	-
Total deductions	<u>3,729,728</u>	<u>117,647</u>	<u>390,155</u>
Net change in fiduciary net position	548,757	150,378	187,387
Net position at beginning of year (restated)	<u>-</u>	<u>896,033</u>	<u>666,119</u>
Net position at end of year	<u>\$ 548,757</u>	<u>\$ 1,046,411</u>	<u>\$ 853,506</u>

<u>Building Permit Surcharge</u>	<u>Butler Township Dayton JEDD</u>	<u>Special Improvement District</u>	<u>Engergy Special Improvement District</u>	<u>Total Custodial Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 213,802
65,546	-	-	-	65,546
-	-	-	-	4,278,485
-	39,486	-	-	617,028
-	-	-	313,247	313,247
-	-	-	-	54,223
<u>65,546</u>	<u>39,486</u>	<u>-</u>	<u>313,247</u>	<u>5,542,331</u>
46,637	-	-	-	584,550
-	-	-	-	111,903
-	-	-	-	3,191,815
-	23,332	-	-	413,487
-	-	1,689,386	896,080	2,585,466
<u>1,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,105</u>
<u>47,998</u>	<u>23,332</u>	<u>1,689,386</u>	<u>896,080</u>	<u>6,894,326</u>
17,548	16,154	(1,689,386)	(582,833)	(1,351,995)
<u>13,600</u>	<u>54,675</u>	<u>3,173,696</u>	<u>5,208,632</u>	<u>10,012,755</u>
<u>\$ 31,148</u>	<u>\$ 70,829</u>	<u>\$ 1,484,310</u>	<u>\$ 4,625,799</u>	<u>\$ 8,660,760</u>

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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)

	2010	2011 (1) (2)	2012 (1)	2013
Governmental activities				
Net investment in capital assets	\$ 321,452,359	\$ 332,540,773	\$ 370,313,674	\$ 375,002,891
Restricted	99,691,871	77,231,301	71,969,027	63,085,637
Unrestricted	7,086,581	42,181,978	58,329,858	71,855,215
Total governmental activities net assets/position	\$ 428,230,811	\$ 451,954,052	\$ 500,612,559	\$ 509,943,743
 Business-type activities				
Net investment in capital assets	\$ 419,111,268	\$ 429,634,383	\$ 401,528,337	\$ 407,888,085
Restricted	-	-	-	-
Unrestricted	146,350,941	145,543,923	190,338,004	191,931,048
Total business-type activities net assets/position	\$ 565,462,209	\$ 575,178,306	\$ 591,866,341	\$ 599,819,133
 Primary government				
Net investment in capital assets	\$ 740,563,627	\$ 762,175,156	\$ 771,842,011	\$ 782,890,976
Restricted	99,691,871	77,231,301	71,969,027	63,085,637
Unrestricted	153,437,522	187,725,901	248,667,862	263,786,263
Total primary government net assets/position	\$ 993,693,020	\$ 1,027,132,358	\$ 1,092,478,900	\$ 1,109,762,876

(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

2014 (3)	2015	2016 (1)	2017	2018	2019
\$ 380,538,467	\$ 378,194,645	\$ 372,458,561	\$ 398,432,088	\$ 395,757,572	\$ 401,873,312
60,235,431	63,381,287	57,403,783	46,244,345	38,778,126	45,569,063
(29,254,490)	(28,570,356)	(29,568,811)	(55,083,379)	(189,850,322)	(114,059,783)
<u>\$ 411,519,408</u>	<u>\$ 413,005,576</u>	<u>\$ 400,293,533</u>	<u>\$ 389,593,054</u>	<u>\$ 244,685,376</u>	<u>\$ 333,382,592</u>
\$ 420,343,386	\$ 451,108,014	\$ 461,538,909	\$ 481,494,371	\$ 462,984,698	\$ 457,088,828
-	-	9,514,757	9,737,907	11,039,351	12,324,022
161,812,038	149,357,573	145,505,912	122,254,672	94,581,275	91,104,171
<u>\$ 582,155,424</u>	<u>\$ 600,465,587</u>	<u>\$ 616,559,578</u>	<u>\$ 613,486,950</u>	<u>\$ 568,605,324</u>	<u>\$ 560,517,021</u>
\$ 800,881,853	\$ 829,302,659	\$ 833,997,470	\$ 879,926,459	\$ 858,742,270	\$ 858,962,140
60,235,431	63,381,287	66,918,540	55,982,252	49,817,477	57,893,085
132,557,548	120,787,217	115,937,101	67,171,293	(95,269,047)	(22,955,612)
<u>\$ 993,674,832</u>	<u>\$ 1,013,471,163</u>	<u>\$ 1,016,853,111</u>	<u>\$ 1,003,080,004</u>	<u>\$ 813,290,700</u>	<u>\$ 893,899,613</u>

CITY OF DAYTON, OHIO

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

	2010	2011 (1)	2012	2013
Expenses				
Governmental activities:				
Downtown	\$ 5,159,078	\$ 2,922,503	\$ 3,894,895	\$ 3,596,856
Youth, education and human services	2,514,310	2,395,344	1,058,361	2,904,850
Community development and neighbors	26,843,290	32,086,879	31,880,468	27,516,705
Economic development	8,432,763	10,105,180	9,492,689	15,682,768
Leadership and quality of life	41,299,206	40,275,561	35,672,811	42,108,488
Corporate responsibility	16,832,625	15,884,692	15,225,815	16,027,649
Public safety and justice	96,284,218	94,294,723	93,120,303	93,221,162
Bond issuance costs	-	-	693,878	-
Interest and fiscal charges	3,978,196	4,556,429	2,767,292	2,958,434
Total governmental activities expenses	201,343,686	202,521,311	193,806,512	204,016,912
Business type activities:				
Dayton International Airport	30,688,222	32,572,362	36,571,471	40,954,651
Water	46,619,869	47,618,625	44,084,645	46,445,617
Sewer	30,931,209	32,420,315	29,765,334	31,515,981
Golf	3,026,601	2,922,959	3,123,360	2,956,261
Storm Water	6,389,207	6,177,790	4,997,022	5,312,757
Total business-type activities expenses	117,655,108	121,712,051	118,541,832	127,185,267
Total primary government expenses	\$ 318,998,794	\$ 324,233,362	\$ 312,348,344	\$ 331,202,179
Program Revenues				
Governmental activities:				
Charges for services:				
Downtown	\$ 629,749	\$ 672,824	\$ 531,072	\$ 571,365
Youth, education and human services	7,092	8,674	11,032	17,205
Community development and neighbors	2,240,217	3,106,283	2,547,442	3,456,330
Economic development	4,317,785	1,997,277	2,445,796	3,446,864
Leadership and quality of life	6,136,336	5,673,292	5,001,134	6,942,907
Corporate responsibility	2,452,413	3,118,657	2,518,064	2,667,492
Public safety and justice	18,243,867	22,027,599	23,624,400	21,385,906
Interest and fiscal charges	-	-	-	-
Operating grants and contributions	33,479,834	35,387,609	34,438,364	24,584,286
Capital grants and contributions	17,935,099	12,849,894	12,626,114	11,761,088
Total governmental activities program revenue	85,442,392	84,842,109	83,743,418	74,833,443
Business type activities:				
Charges for services:				
Dayton International Airport	25,673,711	23,644,457	24,508,791	24,723,701
Water	49,318,157	43,529,551	45,700,719	44,291,334
Sewer	32,558,557	30,119,740	33,115,458	30,245,346
Golf	3,180,466	2,946,618	3,123,224	2,997,480
Storm Water	7,213,504	5,264,927	7,383,856	7,345,250
Capital grants and contributions	18,967,012	14,064,510	10,436,869	13,857,011
Total business-type activities program revenue	136,911,407	119,569,803	124,268,917	123,460,122
Total primary government program revenue	\$ 222,353,799	\$ 204,411,912	\$ 208,012,335	\$ 198,293,565

	2014	2015	2016	2017	2018	2019
\$	3,973,957	\$ 3,796,899	\$ 3,653,125	\$ 3,204,951	\$ 3,248,268	\$ 2,726,408
	3,499,722	550,914	120,375	219,529	3,619	54,866
	22,225,850	23,517,538	20,766,486	20,646,893	25,798,079	25,254,863
	13,940,292	15,401,684	10,273,961	26,135,222	10,043,435	8,674,622
	42,943,946	46,597,492	43,181,443	43,843,557	50,250,202	49,329,265
	14,189,753	15,284,297	16,482,483	18,800,773	19,535,052	20,580,700
	90,511,356	97,757,003	107,505,250	110,670,677	124,347,547	38,043,371
	195,142	-	-	-	-	-
	2,608,301	2,942,225	3,074,675	2,845,159	2,860,206	2,981,938
	<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>	<u>147,646,033</u>
	41,476,361	42,627,742	39,640,671	45,920,196	68,544,041	43,623,230
	46,245,372	45,493,204	49,944,784	56,194,400	55,222,198	65,547,601
	29,448,754	28,009,025	30,326,605	32,211,627	33,486,248	38,112,769
	2,957,656	3,026,642	2,991,868	3,114,227	3,192,165	3,508,726
	5,480,442	5,662,740	5,700,888	7,110,595	7,633,423	8,595,536
	<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>159,387,862</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>	<u>\$ 307,033,895</u>
\$	572,477	\$ 659,723	\$ 625,740	\$ 472,445	\$ 425,925	\$ 397,109
	7,965	27,903	18,846	15,681	7,987	8,736
	3,017,823	2,675,576	2,394,632	2,210,260	2,299,222	2,905,272
	6,401,968	2,769,150	2,237,230	2,821,264	1,706,782	1,696,878
	13,688,808	5,811,184	7,049,529	5,968,710	7,571,863	12,126,655
	2,850,358	2,834,131	2,738,963	2,558,164	2,739,745	2,746,217
	25,704,452	20,823,804	18,653,411	17,943,019	20,355,926	21,739,918
	158,829	168,771	-	-	-	-
	25,909,216	21,715,944	15,921,133	14,355,175	17,511,214	13,610,856
	7,184,234	8,771,868	13,275,111	12,766,815	6,064,308	4,755,050
	<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>	<u>59,986,691</u>
	26,454,375	24,974,019	26,086,061	27,065,242	23,842,686	24,446,146
	47,702,941	47,377,507	49,912,404	48,891,167	51,561,435	50,886,932
	32,034,019	33,960,790	32,309,554	33,845,779	32,627,154	32,593,511
	2,874,737	2,923,295	2,780,282	2,746,574	2,733,253	3,043,272
	7,330,340	7,432,885	7,359,366	7,534,843	7,781,552	7,700,065
	7,939,351	14,318,883	13,605,971	6,176,726	13,758,080	10,379,327
	<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>129,049,253</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>	<u>\$ 189,035,944</u>

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CITY OF DAYTON, OHIO

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

	2010	2011 (1)	2012	2013
Net (Expense)/Revenue				
Governmental activities	\$ (115,901,294)	\$ (117,679,202)	\$ (110,063,094)	\$ (129,183,469)
Business-type activities	19,256,299	(2,142,248)	5,727,085	(3,725,145)
Total primary government net expense	<u>\$ (96,644,995)</u>	<u>\$ (119,821,450)</u>	<u>\$ (104,336,009)</u>	<u>\$ (132,908,614)</u>
General Revenues and Other Changes in Net Assets/Position				
Governmental activities:				
Property taxes	\$ 18,798,224	\$ 19,373,301	\$ 10,055,324	\$ 14,355,108
Income taxes	98,399,957	100,129,761	100,336,653	101,967,172
Payments in lieu of taxes	1,426,155	669,323	1,076,054	1,406,710
Grants and entitlements	16,327,237	19,159,472	14,833,540	15,376,160
Investment earnings	1,960,831	1,945,150	1,931,883	1,241,997
Miscellaneous	5,123,860	1,199,153	3,848,415	4,167,506
Transfers	5,298	368,339	354,169	-
Total governmental activities general revenues	<u>142,041,562</u>	<u>142,844,499</u>	<u>132,436,038</u>	<u>138,514,653</u>
Business type activities:				
Investment earnings	101,215	236,896	557,911	113,372
Miscellaneous	-	13,509,995	10,757,208	11,564,565
Transfers	(5,298)	(368,339)	(354,169)	-
Total business-type activities	<u>95,917</u>	<u>13,378,552</u>	<u>10,960,950</u>	<u>11,677,937</u>
Total primary government	<u>\$ 142,137,479</u>	<u>\$ 156,223,051</u>	<u>\$ 143,396,988</u>	<u>\$ 150,192,590</u>
Changes in Net Assets/Position				
Governmental activities	\$ 26,140,268	\$ 25,165,297	\$ 22,372,944	\$ 9,331,184
Business-type activities	19,352,216	11,236,304	16,688,035	7,952,792
Total primary government	<u>\$ 45,492,484</u>	<u>\$ 36,401,601</u>	<u>\$ 39,060,979</u>	<u>\$ 17,283,976</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

	2014	2015	2016	2017	2018	2019
\$	(108,592,189)	\$ (139,589,998)	\$ (142,143,203)	\$ (167,255,228)	\$ (177,403,436)	\$ (87,659,342)
	(1,272,822)	6,168,026	3,448,822	(18,290,714)	(35,773,915)	(30,338,609)
\$	(109,865,011)	\$ (133,421,972)	\$ (138,694,381)	\$ (185,545,942)	\$ (213,177,351)	\$ (117,997,951)
\$	12,918,102	\$ 12,155,647	\$ 12,530,977	\$ 9,749,960	\$ 12,108,678	\$ 12,690,158
	103,721,834	107,633,425	109,275,331	125,253,442	128,707,187	134,065,969
	1,771,683	1,599,086	1,639,517	1,997,895	1,816,290	1,473,194
	15,529,135	14,236,917	14,475,022	13,618,351	12,253,756	14,796,558
	1,722,766	1,852,285	2,258,330	2,118,284	3,247,089	5,007,325
	3,453,599	3,598,806	3,399,230	4,334,317	4,916,381	5,093,872
	(360,000)	-	(501,000)	(517,500)	(641,200)	(296,400)
	138,757,119	141,076,166	143,077,407	156,554,749	162,408,181	172,830,676
	485,592	535,994	863,088	1,552,267	2,979,857	5,084,705
	12,044,998	11,606,143	12,535,999	13,148,319	14,653,243	16,869,201
	360,000	-	501,000	517,500	641,200	296,400
	12,890,590	12,142,137	13,900,087	15,218,086	18,274,300	22,250,306
\$	151,647,709	\$ 153,218,303	\$ 156,977,494	\$ 171,772,835	\$ 180,682,481	\$ 195,080,982
\$	30,164,930	\$ 1,486,168	\$ 934,204	\$ (10,700,479)	\$ (14,995,255)	\$ 85,171,334
	11,617,768	18,310,163	17,348,909	(3,072,628)	(17,499,615)	(8,088,303)
\$	41,782,698	\$ 19,796,331	\$ 18,283,113	\$ (13,773,107)	\$ (32,494,870)	\$ 77,083,031

CITY OF DAYTON, OHIO

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

	2010	2011 (1) (2)	2012 (2)	2013
General Fund				
Nonspendable	\$ -	\$ 9,695,165	\$ 10,166,112	\$ 10,556,945
Restricted	-	-	-	-
Committed	-	4,543,378	2,952,023	1,877,155
Assigned	-	11,900,572	17,106,981	22,147,568
Unassigned	-	29,291,035	31,114,283	26,287,308
Reserved	3,131,124	-	-	-
Unreserved, reported in:				
Designated for future years' expenditures	5,322,656	-	-	-
Undesignated	26,153,904	-	-	-
Total general fund	\$ 34,607,684	\$ 55,430,150	\$ 61,339,399	\$ 60,868,976
Other Special Revenue				
Nonspendable	\$ -	\$ 476		\$ -
Restricted	-	5,821,124	5,971,337	5,678,456
Reserved	8,141,647	-	-	-
Unreserved (deficit), reported in:				
Special revenue funds	6,104,504	-	-	-
Total other special revenue	\$ 14,246,151	\$ 5,821,600	\$ 5,971,337	\$ 5,678,456
Debt Service Fund				
Nonspendable	\$ -	\$ 553	\$ -	\$ -
Restricted	-	39,378,381	28,369,891	26,962,021
Committed	-	192,652	331,130	407,021
Reserved	42,541,211	-	-	-
Total debt service fund	\$ 42,541,211	\$ 39,571,586	\$ 28,701,021	\$ 27,369,042
Capital Improvement Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ 6,563
Restricted	-	4,758,591	10,424,439	8,427,005
Committed	-	5,026,521	8,436,236	9,591,625
Assigned	-	11,243,145	6,790,703	8,885,969
Unassigned	-	-	-	-
Reserved	28,184,390	-	-	-
Unreserved (deficit)	(18,628,322)	-	-	-
Total capital improvement fund	\$ 9,556,068	\$ 21,028,257	\$ 25,651,378	\$ 26,911,162
Other governmental Funds				
Nonspendable	\$ -	\$ 102,228	\$ 103,727	\$ 102,228
Restricted	-	11,128,174	10,856,667	8,104,755
Reserved	76,695,945	-	-	-
Unreserved (deficit), reported in:				
Designated, special revenue funds	-	-	-	-
Special revenue funds	(57,406,792)	-	-	-
Permanent fund	70,250	-	-	-
Total governmental funds	\$ 19,359,403	\$ 11,230,402	\$ 10,960,394	\$ 8,206,983
Total Fund Balances, Governmental Funds	\$ 120,310,517	\$ 133,081,995	\$ 132,623,529	\$ 129,034,619

(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

	2014	2015	2016	2017	2018	2019
\$	11,113,881	\$ 10,582,684	\$ 11,130,189	\$ 4,204,941	\$ 4,117,426	\$ 16,099,839
	-	-	-	-	-	1,513,207
	1,985,533	2,551,240	1,765,917	2,796,237	1,586,680	2,125,347
	21,268,158	20,365,988	26,532,688	22,539,046	13,181,363	24,131,684
	27,221,281	28,939,568	23,499,869	32,724,803	47,225,412	33,406,326
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<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>	<u>\$ 77,276,403</u>
\$	500	\$ 3,163	\$ -	\$ -	\$ -	\$ -
	5,420,505	5,782,016	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>5,421,005</u>	<u>\$ 5,785,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	26,915,684	27,686,642	28,459,284	28,241,475	26,744,173	24,407,460
	419,906	408,494	416,466	422,416	443,573	452,758
	-	-	-	-	-	-
\$	<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>	<u>\$ 24,860,218</u>
\$	-	\$ -	\$ -	\$ -	\$ 97,664	\$ 114,327
	15,704,146	9,434,711	17,575,596	5,126,467	7,714,094	924,888
	8,310,682	7,302,188	7,875,468	7,284,916	9,701,058	10,158,119
	8,203,654	10,779,323	6,301,554	7,070,596	8,469,143	8,983,360
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<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>	<u>\$ 20,180,694</u>
\$	102,228	\$ 102,228	\$ 914,376	\$ 756,993	\$ 1,343,739	\$ 1,348,573
	11,755,537	8,216,413	13,151,325	13,468,783	11,666,032	18,431,205
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	(209,996)	-	-	-	-
	-	-	-	-	-	-
\$	<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>\$ 19,779,778</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>	<u>\$ 142,097,093</u>

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

	2010	2011	2012	2013
Revenues				
Taxes	\$ 136,753,834	\$ 134,006,534	\$ 128,586,427	\$ 131,413,081
Charges for services	26,265,870	26,910,213	27,256,576	26,855,263
Licenses and permits	1,314,956	1,561,850	1,616,712	1,458,434
Fines and forfeits	2,276,856	2,402,917	5,926,766	4,217,985
Intergovernmental	50,996,557	55,538,646	45,662,634	38,037,763
Special assessments	380,767	333,328	297,589	344,211
Payments in lieu of taxes	1,039,654	604,596	873,495	1,195,609
Investment income	1,926,077	1,730,915	1,858,064	1,497,795
Increase (decrease) in fair value of investments	50,814	186,772	80,325	(240,888)
Other	9,506,045	4,148,279	6,282,291	9,830,450
Total revenues	<u>230,511,430</u>	<u>227,424,050</u>	<u>218,440,879</u>	<u>214,609,703</u>
Expenditures				
Current:				
Downtown	4,117,582	3,804,513	3,346,771	3,139,384
Youth, education and human services	2,512,611	2,409,496	2,518,658	2,902,251
Community development and neighborhoods	26,873,157	32,366,889	31,889,756	28,406,652
Economic development	13,900,769	10,063,494	9,529,602	15,142,478
Leadership and quality life	41,347,850	30,741,740	28,678,675	32,029,419
Corporate responsibility	15,536,916	14,967,599	13,901,301	15,163,461
Public safety and justice	95,698,192	93,849,670	94,598,883	95,650,844
Capital outlay	18,226,238	15,253,781	16,942,861	14,798,332
Debt service:				
Principal retirement	8,030,000	9,516,702	9,918,875	8,446,175
Interest and fiscal charges	3,828,281	4,401,891	2,785,143	3,164,241
Bond issuance costs	137,068	-	693,878	-
Total expenditures	<u>230,208,664</u>	<u>217,375,775</u>	<u>214,804,403</u>	<u>218,843,237</u>
Excess(deficiency) of revenues over expenditures	302,766	10,048,275	3,636,476	(4,233,534)
Other Financing Sources (Uses)				
Transfers in	12,481,039	6,767,335	8,590,551	6,838,592
Transfers out	(12,488,042)	(6,455,775)	(8,168,518)	(6,750,939)
Bonds issued	5,180,000	1,615,000	35,555,000	-
Issuance of loans	2,860,000	-	-	556,971
Payment of refunded bond escrow agent	-	-	(35,364,951)	-
Premium (discount) on bond issuance	13,884	-	5,435,222	-
(Discount) on note issuance	-	-	-	-
Capital lease transactions	-	-	-	-
Total other financing sources (uses)	<u>8,046,881</u>	<u>1,926,560</u>	<u>6,047,304</u>	<u>644,624</u>
Net change in fund balance	<u>\$ 8,349,647</u>	<u>\$ 11,974,835</u>	<u>\$ 9,683,780</u>	<u>\$ (3,588,910)</u>
Capital expenditures	\$ 29,626,529	\$ 18,744,758	\$ 21,668,262	\$ 16,716,779
Debt service as a percentage of noncapital expenditures	5.91%	7.01%	6.58%	5.74%

Source: City of Dayton financial records

	2014	2015	2016	2017	2018	2019
\$	132,423,102	\$ 134,876,542	\$ 134,469,794	\$ 149,848,719	\$ 153,774,390	\$ 161,579,677
	27,395,234	28,978,808	28,108,799	26,429,834	26,759,391	27,771,388
	1,381,915	1,549,259	1,580,745	1,781,833	2,960,263	3,048,391
	3,815,470	2,737,317	1,383,357	900,272	3,669,384	2,795,582
	31,756,758	27,257,994	34,659,554	30,456,805	20,504,272	19,293,774
	754,970	2,778,402	3,016,394	2,971,185	3,433,417	3,502,218
	1,590,825	1,757,149	1,687,149	2,919,537	1,816,290	1,473,194
	1,639,315	1,675,558	2,636,156	2,451,887	2,943,134	3,223,585
	32,885	(16,440)	(470,837)	(486,307)	59,611	1,301,183
	5,528,609	5,878,638	5,807,497	6,885,769	7,711,233	12,311,516
	<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>	<u>236,300,508</u>
	3,183,464	3,500,198	3,468,162	2,842,200	2,733,701	2,493,895
	708,900	493,757	104,913	94,338	51,264	54,865
	22,550,030	23,458,563	21,967,449	21,003,433	24,152,389	22,009,086
	13,346,277	14,864,797	9,646,066	17,984,798	9,063,098	7,411,662
	32,784,866	36,273,704	36,858,771	36,259,335	39,832,359	43,342,457
	15,486,893	14,800,055	15,410,341	15,838,901	17,924,225	17,174,472
	95,477,660	94,684,266	98,253,686	101,559,290	105,696,870	111,002,549
	16,329,574	15,878,315	20,836,262	30,667,930	19,169,413	15,242,068
	7,708,143	7,062,185	8,583,778	7,422,744	7,601,277	7,842,451
	2,843,361	3,052,165	2,844,231	3,072,686	2,840,393	3,269,857
	195,142	-	323,854	-	191,897	-
	<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>	<u>229,843,362</u>
	(4,295,227)	(6,594,778)	(5,418,905)	(12,586,121)	(5,625,501)	6,457,146
	6,076,041	9,500,959	5,504,550	9,699,537	12,491,885	9,083,011
	(6,318,132)	(9,383,214)	(5,892,656)	(10,099,475)	(13,012,845)	(9,259,303)
	9,240,000	-	12,210,000	-	14,405,000	-
	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>13,682,303</u>	<u>117,745</u>	<u>11,096,975</u>	<u>(399,938)</u>	<u>13,279,185</u>	<u>(176,292)</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>	<u>6,280,854</u>
\$	19,494,767	\$ 15,725,633	\$ 29,324,228	\$ 31,630,721	\$ 21,227,738	\$ 21,789,083
	5.52%	5.10%	6.05%	5.12%	5.02%	5.34%

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
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
2019	116,866,344	86.23%	18,660,633	13.77%	135,526,977	5,047,544	3.72%	13,613,089	10.04%	135,526,977

**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)
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%
2019	131,369,199	131,369,199	1.06%	132,638,251	132,638,251	3.28%

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>								
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%
2019	14,397,065	13,025,974	90.48%	1,111,043	14,137,017	98.19%	9,051,249	62.87%

(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		Public Utilities	
		Assessed value	Estimated actual value	Assessed value	Estimated actual value
<u>Montgomery County</u>					
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
2019	2020	1,342,473,290	3,835,637,971	127,157,180	327,105,392

Source: County Auditor; Montgomery County, Ohio

N/A - Information not available

Assessed value	Total		Percent of total assessed estimated actual value
	Total direct tax rate	Estimated actual value	
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%
1,469,630,470	10.00	4,162,743,363	35.30%

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>					
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
2019	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	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
10.00	80.05	23.14	3.15

CITY OF DAYTON, OHIO

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

Taxpayer	Fiscal Year 2019			Fiscal Year 2010		
	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	\$ 96,206,870	1	6.55%	\$ 58,609,580	1	3.22%
Vectren Energy Delivery	28,973,540	2	1.97%	8,776,010	3	0.48%
Premier Health Partners (1)	8,454,980	3	0.58%	7,918,060	4	0.43%
Caresource	7,389,330	4	0.50%			
KND Real Estate 29 LLC	6,551,310	5	0.45%	5,531,980	5	0.30%
GLP Capital LP	5,980,650	6	0.41%			
Dayton Hotel II LLC	5,171,320	7	0.35%			
FW Grafton LLC	4,872,170	8	0.33%			
Elizabeth Place Holdings LLC	4,046,990	9	0.28%			
One South Main St. Holdings	3,953,770	10	0.27%			
NCR				11,368,020	2	0.62%
Marriott International				5,455,160	6	0.30%
Behr Dayton Thermal				4,810,680	7	0.26%
Delamore Elizabeth				4,735,650	8	0.26%
DUCRU SPE LLC				4,405,570	9	0.24%
The Salvation Army				3,904,590	10	0.21%
Total	\$ 171,600,930		11.69%	\$ 115,515,300		6.32%

(1) Formally Good Samaritan Hospital

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)</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>
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%
2019	5,892,357	5,432,776	92.20%	1,509,425	6,942,201	117.82%

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

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

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

Source: County Auditor; Montgomery County, Ohio

CITY OF DAYTON, OHIO

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

Governmental Activities								
Fiscal Year	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Ohio Department of Development Loan	Capital Lease Obligations	OPWC Loans	SIB Loans	SIB Bonds
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
2019	39,229,345	21,820,539	-	1,631,421	-	869,114	2,273,323	3,015,000

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 2017-2019 is not available.

Business-Type Activities

General Obligation Bonds	Revenue Bonds	OWDA Loans	OPWC Loans	Capital Lease Obligations	JOBS Ohio Loan	Total Primary Government	Personal Income (1)	Percentage of Personal Income	Per Capita
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
31,822,837	116,299,255	3,401,472	50,000	-	4,455,856	224,868,162	n/a	n/a	1,599

CITY OF DAYTON, OHIO

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assesed Value (2)	\$ 1,766,330,350	\$ 1,572,433,810	\$ 1,527,043,290	\$ 1,545,990,210
Legal debt margin:				
Debt limitation - 10.5% of Assesed Value	185,464,687	165,105,550	160,339,545	162,328,972
Total Voted and Unvoted Debt Outstanding	155,069,138	144,638,131	169,996,937	157,522,164
Less: Exempt Debt				
Airport General Obligation Bonds and Notes	(10,470,000)	(10,115,000)	(9,750,000)	(9,375,000)
Airport Revenue Bonds (1)	(35,659,399)	(34,462,592)	(33,265,591)	(32,090,000)
Water Revenue Bonds (1)	-	-	-	-
Sewer Revenue Bonds (1)	-	-	-	-
Water General Obligation Bonds (3)	-	-	(15,300,000)	(14,520,000)
Sewer General Obligation Bonds (3)	-	-	(15,600,000)	(14,805,000)
Special Assessment Bonds and Notes	(211,800)	(136,900)	(63,100)	(23,200)
Economic Development Bonds	(40,650,000)	(38,780,000)	(32,235,000)	(30,305,000)
Total Exempt Debt	<u>(86,991,199)</u>	<u>(83,494,492)</u>	<u>(106,213,691)</u>	<u>(101,118,200)</u>
Total Debt Applicable to Limitation - Within 10.5% Limitations	68,077,939	61,143,639	63,783,246	56,403,964
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>(17,092,706)</u>	<u>(14,927,743)</u>	<u>(10,776,956)</u>	<u>(10,184,042)</u>
Net Debt Within 10.5% Limitation	<u>50,985,233</u>	<u>46,215,896</u>	<u>53,006,290</u>	<u>46,219,922</u>
Overall Debt Margin Within 10.5% Limitations	<u>\$ 134,479,454</u>	<u>\$ 118,889,654</u>	<u>\$ 107,333,255</u>	<u>\$ 116,109,050</u>
Unvoted Debt Limitation - 5.5% of Assesed Valuation	\$ 97,148,169	\$ 86,483,860	\$ 83,987,381	\$ 85,029,462
Debt Within 5.5% Limitations	68,077,939	61,143,639	63,783,246	56,403,964
Less Amount Available in Debt Service Fund	(17,092,706)	(14,927,743)	(10,776,956)	(10,184,042)
Net Debt Within 5.5% Limitation	<u>50,985,233</u>	<u>46,215,896</u>	<u>53,006,290</u>	<u>46,219,922</u>
Unvoted Debt Margin Within 5.5% Limitation	<u>\$ 46,162,936</u>	<u>\$ 40,267,964</u>	<u>\$ 30,981,091</u>	<u>\$ 38,809,540</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 1,420,769,660	\$ 1,419,103,270	\$ 1,422,658,280	\$ 1,432,805,280	\$ 1,439,720,000	\$ 1,469,630,470
149,180,814	149,005,843	149,379,119	150,444,554	151,170,600	154,311,199
159,621,062	201,500,505	241,115,601	226,096,070	240,847,212	224,868,162
(8,990,000)	(10,016,545)	(9,404,368)	(8,782,191)	(8,135,014)	(7,497,837)
(30,232,678)	(52,051,403)	(80,822,459)	(79,361,332)	(77,650,932)	(72,484,469)
-	(15,720,663)	(15,133,998)	(14,542,333)	(31,139,407)	(29,928,391)
-	(16,428,679)	(15,815,607)	(15,197,536)	(14,554,464)	(13,886,392)
(13,630,000)	(12,705,000)	(17,640,000)	(16,655,000)	(15,640,000)	(14,590,000)
(13,905,000)	(12,970,000)	(11,980,000)	(11,260,000)	(10,515,000)	(9,735,000)
-	-	-	-	-	-
<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>(20,735,000)</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>	<u>(168,857,089)</u>
64,578,384	55,408,215	66,264,169	58,452,678	59,967,395	56,011,073
<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>(24,860,218)</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>31,150,855</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>	<u>\$ 123,160,344</u>
\$ 78,142,331	\$ 78,050,680	\$ 78,246,205	\$ 78,804,290	\$ 79,184,600	\$ 80,829,676
64,578,384	55,408,215	66,264,169	58,452,678	59,967,395	56,011,073
(10,965,590)	(12,580,136)	(14,255,750)	(14,978,891)	(14,482,746)	(24,860,218)
<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>31,150,855</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>	<u>\$ 49,678,820</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
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
2019	140,640	1,469,630,470	71,052,182	24,860,218	46,191,964	3.14%	328

(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>
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%
2019	7,842,451	3,269,857	-	11,112,308	229,843,362	4.83%

Source: City of Dayton financial records

CITY OF DAYTON, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2019

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, 2019.

<u>Political subdivision of State of Ohio</u>	<u>2019 Debt Outstanding</u>	<u>Percentage applicable to Dayton</u>	<u>Amount applicable to Dayton</u>
Direct			
City of Dayton	\$ 209,171,976	100.00%	\$ 209,171,976
Total Direct Debt	<u>209,171,976</u>		<u>209,171,976</u>
Overlapping			
Dayton Metro Library District	148,000,000	19.28%	\$ 28,534,400
Dayton City School District	123,095,000	84.44%	\$ 103,941,418
Miami Valley Career Center	128,422,994	2.20%	\$ 2,825,306
Vandalia Butler City School District	44,219,417	2.62%	\$ 1,158,549
Mad River Local School District	5,070,000	23.28%	\$ 1,180,296
Huber Heights City School District	64,255,000	11.30%	\$ 7,260,815
Trotwood-Madison City School District	22,045,000	3.87%	\$ 853,142
Fairborn City School District	40,076,331	3.40%	\$ 1,362,595
Northridge Local School District	16,395,000	30.94%	\$ 5,072,613
Total Overlapping Debt	<u>591,578,742</u>		<u>152,189,133</u>
Total Direct and Overlapping Debt	<u>\$ 800,750,718</u>		<u>\$ 361,361,109</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	
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
2019	4,491,133	931,950	121,195	1,053,145	4.26

(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	
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
2019	4,065,094	1,140,000	1,170,813	2,310,813	1.76

(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.

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	
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
2019	4,491,133	635,000	492,813	1,127,813	3.98

(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	
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	7,323,034	2,550,000	3,191,186	5,741,186	1.28
2019	13,599,555	2,885,000	3,090,736	5,975,736	2.28

(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. 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>
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
2019	56 (+/-)	1,790,770	8,199

<u>Year</u>	<u>Active Gas Meters (3)</u>	<u>Vehicle Registrations (4)</u>
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
2019	64,996	126,715

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
2019	56.5

Source: Division of Planning City of Dayton

CITY OF DAYTON, OHIO

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

Employer	Fiscal Year 2019			Fiscal Year 2010		
	Employees	Rank	Percentage of Total Dayton Labor Force	Employees	Rank	Percentage of Total Dayton Labor Force
Premier Health Partners	12,425	1	21.39%	14,070	1	20.34%
Kettering Health Network	9,319	2	16.04%	-		
Montgomery County	4,284	3	7.37%	4,595	2	6.64%
Childrens Medical Hospital	3,341	4	5.75%	1,318	8	1.90%
Sinclair Community College	3,163	5	5.44%	2,720	3	3.93%
CareSource	3,021	6	5.20%	-		
University of Dayton	3,000	7	5.16%	2,161	5	3.12%
Veterans Administration	2,425	8	4.17%	1,846	7	2.67%
Dayton Public Schools	2,062	9	3.55%	2,574	4	3.72%
City of Dayton	1,963	10	3.38%	1,998	6	2.89%
AT&T				1,000	9	1.45%
DP&L				1,000	10	1.45%
Total	45,003		77.46%	33,282		48.10%

Source: Dayton Business Journal

(1) Source: City of Dayton ITS and Manangement & Budget (FY2019),
prior years Source: Dayton Business Journal

CITY OF DAYTON, OHIO

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

Year	Montgomery County		Dayton		Ohio		U.S.
	Labor Force	Unemployment rate	Labor force	Unemployment rate	Labor force	Unemployment rate	Unemployment rate
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%	59,100	4.30%	5,755,000	4.60%	3.90%
2019	254,000	4.50%	59,000	5.20%	5,836,400	4.70%	4.50%

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
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%	6,182,358,934	43,311	87.37%	44,876	90.53%	49,571
2017	45,708	90.70%	6,416,077,668	45,039	89.38%	45,615	90.52%	50,392
2018	45,708	85.10%	6,428,373,120	46,891	87.30%	48,242	89.82%	53,712
2019	45,708	80.67%	6,428,373,120	46,891	82.75%	50,546	89.20%	56,663

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	2010	2011	2012	2013	2014
Total	369.4	376.1	378.1	376.4	372.0
Goods-Producing Industries	49.4	51.2	52.6	52.7	50.7
Natural Resources, Mining and Construction	10.9	11.1	11.4	11.4	11.7
Manufacturing	38.5	40.1	41.2	41.3	39.0
Service-Providing Industries	320.0	324.9	325.5	323.7	321.3
Trade, Transportation, and Utilities	61.4	62.4	64.6	64.9	64.4
Information	10.5	9.8	8.9	8.7	8.5
Financial Activities	16.5	17.0	17.3	17.3	17.3
Professional and Business Services	45.6	48.3	48.7	47.5	48.6
Educational and Health Services	69.0	69.9	70.2	69.8	70.2
Leisure and Hospitality	36.2	37.0	37.1	36.9	37.2
Other Services	15.2	15.1	14.7	15.1	14.0
Government	65.6	65.4	64.0	63.5	61.1

(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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Percentage of Total 2019 employment</u>
379.1	384.5	389.0	390.0	395.4	100.00%
52.0	53.6	54.7	56.1	57.8	14.6%
12.0	12.4	12.6	13.1	13.5	3.4%
40.0	41.2	42.1	43.0	44.3	11.2%
327.1	330.9	334.3	333.9	337.6	85.4%
65.8	65.3	65.5	66.3	66.6	16.8%
8.4	8.5	8.3	8.2	7.5	1.9%
17.6	17.9	18.1	18.1	18.2	4.6%
50.1	51.0	50.8	52.4	51.5	13.0%
71.0	72.5	74.4	74.1	77.9	19.7%
37.8	38.8	40.3	39.1	39.2	9.9%
13.8	14.0	14.4	13.8	13.9	3.5%
62.6	62.9	62.5	61.9	62.8	15.9%

CITY OF DAYTON, OHIO

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

Function/Program	2010 (2)	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Downtown	16	15	14	15	15	15	17	18	18	11
Youth, education and human services	-	1	1	1	1	-	1	1	1	1
Community development and neighbors	132	136	134	130	128	141	126	132	128	122
Economic development	35	33	26	30	32	7	33	40	31	28
Leadership and quality of life	143	184	178	171	303	214	147	141	144	138
Corporate responsibility	137	133	134	137	133	169	136	135	137	143
Public safety and justice	943	863	866	868	864	838	826	849	856	865
Business-type activities:										
Dayton International Airport	128	133	138	140	144	143	141	138	136	125
Water	245	237	218	232	164	246	373	375	375	355
Sewer	113	110	109	113	70	119	97	100	100	133
Golf	15	16	15	14	14	14	12	12	13	11
Storm Sewer	89	89	89	83	66	41	36	39	33	31
Total Full-Time Equivalent (FTE)	1,996	1,950	1,922	1,934	1,934	1,947	1,945	1,980	1,972	1,963

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>
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
2019	11,474	13,742	29,560	54,776	12,537

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, 2019

<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)
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
2019	588	150,641,371

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 2010</u>
2010	27	3,823,530	141,612	56.71%	0.00%
2011	90	9,516,794	105,742	-25.33%	-25.33%
2012	153	13,518,608	88,357	-16.44%	-37.61%
2013	44	3,459,005	78,614	-11.03%	-44.49%
2014	7	629,989	89,998	14.48%	-36.45%
2015	63	8,518,038	135,674	50.75%	-4.19%
2016	37	4,280,000	115,676	-14.74%	-18.32%
2017	4	445,000	12,027	-89.60%	-91.51%
2018	7	1,560,000	42,162	250.56%	-70.23%
2019	1	230,000	6,216	-85.26%	-95.61%

Source: Census Bureau

CITY OF DAYTON, OHIO

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Service										
Highways and Streets										
Streets (miles)	1,718	1,718	1,718	1,718	1,718	1,719	1,719	1,719	1,719	1,719
Streetlights	20,252	20,235	20,391	20,427	19,720	19,720	19,976	19,976	19,976	19,976
Traffic Signals	325	313	313	314	320	316	316	319	319	319
Computerized Signals	275	275	275	314	320	316	316	319	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	7	7	3	3
Number of Employees	455	385	413	409	405	410	397	419	417	419
Fire										
Headquarters	1	1	1	1	1	1	1	1	1	1
Training Academy	1	1	1	1	1	1	1	1	1	1
Fire Stations	12	12	12	12	12	12	12	12	12	12
Number of Employees	341	332	308	314	318	327	318	322	320	325
City Fleet (public safety)										
Fire	94	99	108	84	88	91	88	97	90	92
Police	320	324	314	304	289	291	290	271	246	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	39	25	19	37	35
Total Facilities *	181	181	180	181	170	162	187	129	129	113
Parks	60	60	60	60	60	60	63	63	37	35
Swimming Pools	5	4	4	4	4	4	4	4	4	4
Tennis Courts	63	63	63	63	50	41	41	9	9	9
Community Centers	3	3	3	3	3	3	-	-	-	-
Senior Centers	1	-	-	-	-	-	-	-	-	-
Athletic Complexes	2	2	2	2	2	2	2	3	3	3
Specialized Facilities	-	-	-	1	1	1	1	1	1	1
Shelter Houses	37	37	37	37	36	37	62	35	34	35
Golf Courses	3	3	3	3	3	3	3	3	3	3
Spray Park Facilities	6	7	7	7	7	7	7	7	7	6
Recreation Centers	-	-	-	-	3	3	3	3	3	3
Cultural Centers	-	1	1	1	1	1	1	1	1	1
Teen Centers	1	1	-	-	-	-	-	-	-	-
Water										
Water Mains (miles)	806.12	807.03	806.61	807.03	807.03	807.26	847.65	852.51	852.51	857.47
Maximum Daily Capacity (millions of gallons)	43.82	43.21	44.30	41.00	42.00	43.20	43.20	43.20	43.20	38.80
Sewer										
Sanitary Sewers (miles)	603.05	603.18	603.27	603.40	603.40	730.00	730.00	740.46	740.60	739.98
Storm Sewers (miles)	403.62	403.67	403.67	403.67	403.67	576.60	576.60	576.89	576.89	576.94
Maximum Daily Capacity (millions of gallons)	33.72	33.03	29.80	28.69	28.33	28.33	28.33	28.33	28.33	28.00

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, 2019

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
LaDonna Norvell	Support Staff
Shelley Dickstein	City Manager
Tammi L. Clements	Deputy City Manager
Joseph Parlette	Deputy City Manager

Appreciation is extended to our consultant, Julian and Grube, Inc. for their assistance on this project.

Cover Design: Tiffany Boone/Stu Halfacre

Cover photos—

Dayton International Airport Interior (LWC Incorporated)

Arcade Giant (Stu Halfacre)

Sewer Interceptor (Randy Bellinger)

Crossroads (Unknown)

Delco Lofts (Stu Halfacre)

Water Workers (Unknown Water Supervisor)

National Night Out Westwood (Cara Zinski-Neace)

DFD Ladder 13 (Kenneth Ross)

Street Art (Amy Walbridge)

Dayton Cityscape (Stu Halfacre)

Recreation Center (Tiffany will provide credit)

Printing: City of Dayton, IT-Document Management Services



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.

www.DaytonOhio.gov

OHIO AUDITOR OF STATE KEITH FABER



CITY OF DAYTON

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 9, 2020**