



Mary Taylor, CPA  
Auditor of State



CITY OF CLAYTON  
MONTGOMERY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	1
Schedule of Findings.....	3

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Clayton  
Montgomery County  
P.O. Box 280  
Clayton, Ohio 45315-0280

To the City Council:

We have 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 Clayton, Montgomery County, (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the City's management in a separate letter dated June 15, 2009.

### **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, providing an opinion 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2008-001 and 2008-002.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and City Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 15, 2009

CITY OF CLAYTON  
MONTGOMERY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2008

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

FINDING NUMBER 2008-001

**Ohio Rev. Code § 5705.36(A)(2)**, allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

**Ohio Rev. Code § 5705.36(A)(4)** requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The actual resources of the City were exceeded by appropriations in the Police Fund in the amount of \$61,454, the Street Department Fund in the amount of \$15,682, the Fire Fund in the amount of \$76,839, the EMS Fund in the amount of \$119,160, and the Bond Retirement Fund in the amount of \$79,102.

The City should amend the estimated resources when actual resources are not comparable to the estimate. This should also be accompanied by a review of the amounts appropriated as available for expenditure to prevent the appropriations from exceeding the actual resources and possibly creating a negative fund balance.

**Officials Response:**

The City will monitor budgetary activity on a stricter basis to prevent violations in the future.

FINDING NUMBER 2008-002

**Ohio Rev. Code Section 5705.39**, states that the total appropriation from each fund should not exceed the total estimated resources. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Bond Retirement fund had appropriations which exceeded total estimated resources as of December 31, 2008 in the amount of \$89,357. This situation could result in expenditures exceeding the revenue available.

A periodic compliance review should be made to prevent appropriations from exceeding estimated resources.

**Officials Response:**

The City will monitor budgetary activity on a stricter basis to prevent violations in the future.





# CITY OF CLAYTON, OHIO

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MONTGOMERY COUNTY

## *Comprehensive Annual Financial Report*

For the Year Ended December 31, 2008

Prepared by:  
**Department of Finance**

Kevin A. Schweitzer, CPA  
**Finance Director**

Teri Birchfield  
**Assistant to the Finance Director**

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**City of Clayton, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2008*  
*Table of Contents*

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INTRODUCTORY SECTION

Table of Contents .....	i
Letter of Transmittal .....	iv
GFOA Certificate of Achievement .....	ix
Principal Officials .....	x
Organizational Chart .....	xi

FINANCIAL SECTION

Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Assets .....	11
Statement of Activities.....	12

Fund Financial Statements:

Balance Sheet – Governmental Funds .....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – General Fund.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – Police Fund.....	22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – Street Department Fund.....	23
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – Fire Fund.....	24

**City of Clayton, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2008*  
*Table of Contents*  
*(continued)*

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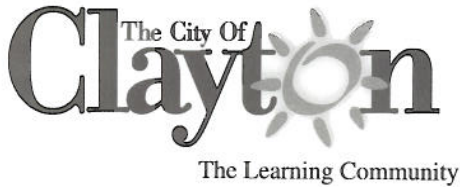
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – Tax Increment Fund .....	25
Statement of Fund Net Assets – Enterprise Funds.....	26
Statement of Revenues, Expenses and Changes in Fund Net Assets – Enterprise Funds .....	27
Statement of Cash Flows – Enterprise Funds .....	28
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds.....	29
Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Fund .....	30
Notes to the Basic Financial Statements .....	31
 Combining Financial Statements:	
Combining Financial Statements – Nonmajor Governmental Funds:	
Nonmajor Fund Descriptions .....	64
Combining Balance Sheet – Nonmajor Governmental Funds .....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	67
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	70
Fiduciary Funds:	
Agency Fund Descriptions.....	72
Statement of Changes in Assets and Liabilities – Agency Funds .....	73
 Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund Balance/Fund Equity – Budget and Actual (Non-GAAP Basis):	
General Fund.....	74
Police Fund .....	75
Street Department Fund .....	76
Fire Fund.....	77
Tax Increment Fund.....	78
Capital Improvement Fund .....	79

**City of Clayton, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2008*  
*Table of Contents*  
*(continued)*

Water Department Fund.....	80
Sewer Operating Fund .....	81
Cops Fund.....	82
Drug Law Enforcement Fund .....	83
Law Enforcement Trust Fund .....	84
EMS Fund .....	85
State Highway Fund.....	86
Permissive Motor Vehicle License Tax Fund.....	87
Street Lights Fund.....	88
Cemetery Fund.....	89
Joint Economic Development District Fund.....	90
Bond Retirement Fund.....	91
Asset Replacement Fund.....	92

STATISTICAL SECTION

Statistical Tables Description.....	93
Net Assets by Component – Last Six Years .....	94
Changes in Net Assets – Last Five Years .....	95
Program Revenues by Function/Program – Last Five Years .....	97
Fund Balances – Governmental Funds – Last Nine Years .....	98
Changes in Fund Balances – Governmental Funds – Last Nine Years.....	100
Tax Revenues by Source – Governmental Funds – Last Nine Years .....	102
Assessed Value and Estimated Actual Value of Taxable Property – Last Nine Years.....	104
Property Tax Rates – Direct and Overlapping Governments – Last Nine Years.....	106
Principal Property Tax Payers – 2008 and 2006.....	110
Property Tax Levies and Collections – Last Nine Years .....	111
Ratios of Outstanding Debt by Type – Primary Government – Last Nine Years .....	112
Ratio of General Obligation Bonded Debt to Estimated Actual Value and General Obligation Bonded Debt Per Capita – Last Four Years.....	114
Legal Debt Margin Information – Last Nine Years.....	116
Direct and Overlapping Governmental Activities Debt – December 31, 2008 .....	118
Demographic and Economic Statistics – Last Nine Years.....	119
Principal Employers – 2008 and 2006 .....	120
City Government Employees by Function/Program – Last Nine Years .....	122
Operating Indicators by Function/Program – Last Seven Years.....	124
Capital Assets Statistics by Function/Program – Last Five Years .....	126



June 15, 2008

Citizens of Clayton  
Members of Council  
City of Clayton, Ohio

We are pleased to present the fifth Comprehensive Annual Financial Report (CAFR) for the City of Clayton. This report, for the year ended December 31, 2008, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Clayton (the "City").

State law requires that every general-purpose local government file with the Auditor of State of Ohio and publish the availability of the financial statements within 150 days of the close of each year. The general purpose external financial statements from this report were filed to fulfill that requirement for the year ended December 31, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Auditor of State of Ohio has issued an unqualified ("clean") opinion on the City of Clayton's financial statements for the year ended December 31, 2008. The Independent Accountants' Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Accountants' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### CITY OVERVIEW

Randolph Township was formed in 1802 out of the Northwest Territory. Hipple's Mill, later known as Salem, was platted in 1814 as the unincorporated Village of Salem. In 1940, Salem was briefly changed to West Salem and about one year later it was incorporated as the Village of Clayton (there was already an incorporated Village of Salem). On January 1, 1998, Randolph Township and the Village of Clayton merged to form the current boundary lines of the City of Clayton. In November of that year, as a result of the Village of Clayton having more than 5,000 electors registered in the Village at the 1998 General Election, the Secretary of State proclaimed the Village of Clayton to be a city effective December 31, 1998.

The City of Clayton is the newest city in the Northmont community. It is just minutes from Interstates 70 and 75, major shopping areas, and the Dayton International Airport. The City of Clayton is located in central western Ohio just north of Dayton. It is located within Montgomery County, Ohio approximately midway between Indianapolis and Columbus.

### CITY ORGANIZATION AND REPORTING ENTITY

The current charter provides for a Council-Manager form of government. The City Council consists of seven members elected from the community to serve staggered four year terms. Three are elected at-large, three are from wards, and the Mayor is elected at large. As a Council member, the Mayor has the right to vote on all issues before the Council. Council appoints the City Manager. The City Manager appoints all department managers of the City.

The 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 and departments which provide various services including police and fire/EMS protection, water services, sewer services, street maintenance and repair, zoning, and maintenance of a staff to provide support services (i.e., payroll processing and accounts payable). The City Manager has direct responsibility for these activities.

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; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves their budget, the issuance of their debt or the levying of their taxes. Currently, the City does not have any component units.

The Miami Valley Regional Planning Commission is a jointly governed organization. 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. The City is also a member of the Economic Development/Government Equity Program (ED/GE), a jointly governed organization which promotes developing plans and programs designed to assure that City resources are efficiently used, that economic growth is properly balanced, and that City economic development is coordinated with that of the State of Ohio and other local governments. The City participates in a joint venture, the Clay Township-City of Clayton Joint Economic Development District (the "District") with Clay Township. The District was established for the purpose of facilitating economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the District. The District will permit the City and the Township to share income tax revenues from the development of business operations within the District. These organizations are presented in Notes 17 and 18.

Council adopts an annual budget prior to the beginning of the year. Upon the presentation by the City Manager of a proposed budget document to Council, Council calls and publicizes a public hearing. Council will subsequently adopt such budget, as it may have been amended, as the City's annual budget effective for the year beginning January 1.

This annual budget serves as the foundation for the City of Clayton's financial planning and control. The budget is prepared by fund and department and is approved at the fund total. Department heads may transfer resources within a department as they see fit.

## ITEMS OF LOCAL INTEREST

### Parks and Recreation

The City contains three parks covering 45.27 acres and provides year-round recreational and educational programs for its citizens. Hardscrabble Park is a 21.1 acre park that provides outdoor playing fields and is the home of the Clayton Hardscrabble Baseball League. Northview Playground is a 6.37 acre park with playground equipment, a picnic shelter and basketball courts. Westbrook Park is a 17.8 acre park with walking trails and tennis courts.

### Culture and Education

The City has many nearby educational facilities, churches, cultural resources, parks and playgrounds. Numerous colleges and universities in the surrounding metropolitan area provide excellent opportunities and facilities for higher educational study to the citizens of Clayton.

The Miami Valley Career-Technology Center offers various areas of study, primarily to provide education in the industrial and commercial field. In addition, an adult education program offers courses in a wide variety of subjects.

### Transportation

The Dayton International Airport is located five miles north and east of the City and offers full commercial air passenger and freight service by many major airlines.

Several motor transport companies are based in the area and, together with those of the adjacent metropolitan areas, provide reliable freight transportation to and from the City.

An extensive network of interstate and State highways, including I-75, I-675, I-70 and State Routes 49, 40 and 48 serve the City and surrounding communities.

## ECONOMIC CONDITIONS AND OUTLOOK

In November of 2003, the Clayton voters approved a 1.5 percent income tax which, in its fifth full year of collection, generated \$2,003,061 in governmental fund revenue. In January 2005, in an attempt to increase the number of jobs within the City limits, the City of Clayton exercised its eight year-old option to purchase 143 acres of prime industrial land adjacent to I-70 for a commerce park. During 2006, the installation of the infrastructure for the commerce park was completed.

During the next several years, the I-70/I-75 interchange will be undergoing major reconstruction. This project has a direct impact on the City due to the location of the City to the new interchange and the added benefits of a safer, more modern and efficient crossroad. The new interchange will be able to accommodate increased traffic flow and eliminate weaving of traffic at the interchange. The new interchange will easily accommodate the increased traffic and keep goods, services and people moving. All of these factors will enhance the quality of life within the City and promote economic development and growth for the City as a whole.

To further enhance potential economic development opportunities, City Council continues to belong to the Montgomery County ED/GE program. The ED/GE program is a combined economic development/tax-sharing program whose participants include Montgomery County and Montgomery County townships, villages and cities.

The Dayton region is in an era of uncertainty; the following items are facing the City Council in operating the City:



- The economic environment in the area has shown no trends of improving;
- The housing market has seen an increase in foreclosures and a decrease in new construction; and
- The financial and credit markets' instability have added to the unpredictability of the economy.

Despite these challenges, City Council is addressing the identified areas by attempting to attract new businesses to the City into the Commerce Park, and working with construction contractors on zoning related issues to ease the housing development process.

## FINANCIAL PLANNING AND POLICIES

The Finance Department has developed a five year plan for the City of Clayton. It consists of an analysis of revenues and expenditures using the last five years as an indicator of future trends. Those numbers are combined to make estimates of funds available and carryover balances moving into the subsequent years.

The Finance Department updated the investment policy in 2007. Its primary objectives are safety, liquidity and yield. Policies on Capital Assets, Budgeting, Accounting, Debt, Fund Reserves, and Capital Improvements were also completed.

The City of Clayton contracts with the Regional Income Tax Agency (R.I.T.A.) to administer the tax ordinances and collect the City income taxes by the authority of those ordinances.

The City of Clayton also continues to maintain a Moody's "A1" bond rating.

## MAJOR INITIATIVES

The Commerce Park, which was approved in 2005, is an area of the City that is trying to attract new businesses. The commerce park is a 143 acre parcel of land on Hoke Road that is adjacent to I-70. The installation of the infrastructure for the commerce park was completed during 2006. Construction on road improvements for Hoke Road began in the summer of 2007 and was completed during 2008.

Phase II of improvements on State Route 48 were undertaken in 2008. The improvements will aid in accessibility to businesses while improving the landscaping and security of properties along State Route 48. These improvements will also create an attractiveness that new businesses will be interested in.

## OTHER INFORMATION

### Independent Audit

An audit team from the Auditor of State of Ohio has performed this year's audit. The results of the audit are presented in the Independent Accountants' Report.

### Awards

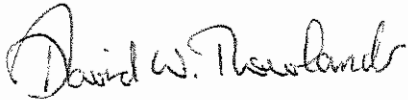
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clayton for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2007. This was the fourth year that the City of Clayton achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of 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 the GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGEMENTS

Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. Teri Birchfield, Assistant to the Finance Director, is to be commended for her continued contribution, effort and commitment. We would also like to express appreciation to the Montgomery County Auditor's office for their continued effort in helping gather the information presented in the report. Finally, we would like to express appreciation to Ms. Mary Taylor, Auditor of State, and her Local Government Services staff for their guidance and assistance in preparing this report.

Respectively Submitted,



David W. Rowlands  
City Manager



Kevin A. Schweitzer, CPA  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clayton  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2007

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



President

Executive Director

**City of Clayton, Ohio**

*Principal Officials*

*December 31, 2008*

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Elected Officials

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Name	Title	Term Expires
Joyce Deitering	Mayor	12/31/2009
Tim Gorman	Vice-Mayor	12/31/2011
Robert Peters	Council	12/31/2009
Ray Dixon	Council	12/31/2011
Ron Pretekin	Council	12/31/2011
G. Malcom Treon	Council	12/31/2011
Dawn Tindall	Council	12/31/2009

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Appointed Officials

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Name	Title	Term Expires
David W. Rowlands	City Manager	Pleasure of Council
Debbie L. Manns	Assistant City Manager	Pleasure of City Manager
Kevin A. Schweitzer, CPA	Finance Director	Pleasure of City Manager
Barbara Seim	Clerk of Council	Pleasure of Council
Robert E. Portune	Law Director	Pleasure of Council
Brian Elkin	Community Services Director	Pleasure of City Manager
Gwen Eberly	Economic Development Director	Pleasure of City Manager

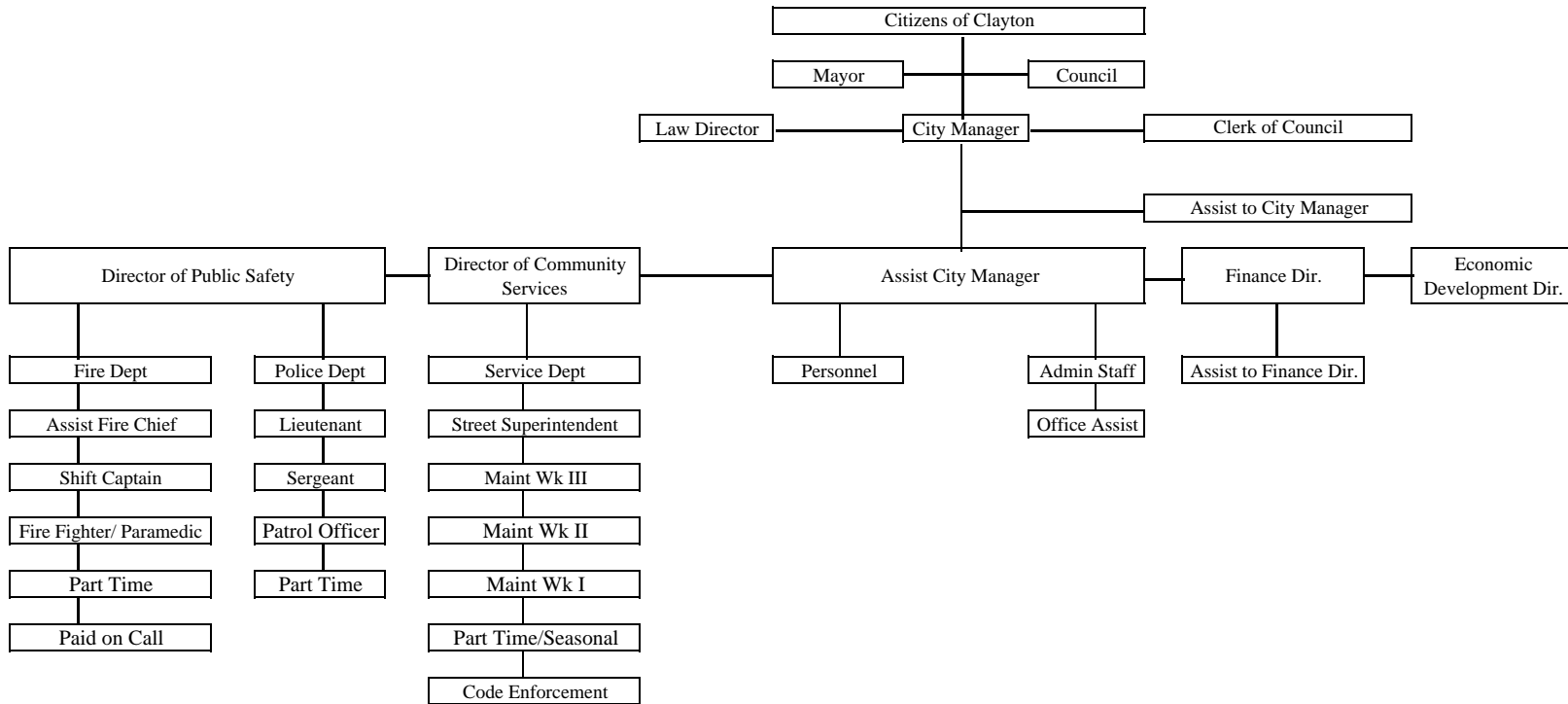
# CITY OF CLAYTON ORGANIZATIONAL CHART

## ADMINISTRATIVE OFFICES MISSION

The administration offices of the City of Clayton will have high standards of excellence in delivering City services. Tending to public health, safety, morals, comfort, general welfare, and supporting and guiding future City developments. Undertaking this mission to promote economic prosperity and enhanced quality of life to make a difference in our community for future generations.

## SERVICE DEPARTMENT MISSION

The Service Department will strive to provide the highest quality service possible to the City of Clayton. We will strive to provide the highest quality service for all seasonal activities and general maintenance of both facilities and equipment.



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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Kevin Schweitzer, Finance Director  
City of Clayton  
Montgomery County  
P.O. Box 280  
Clayton, Ohio 45315-0280

To the City Council:

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 Clayton, Montgomery County, Ohio (the City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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 Clayton, Montgomery County, Ohio, as of December 31, 2008, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparisons for the General, Police, Street Department, Fire, and Tax Increment Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules, and the statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. 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 or the statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 15, 2009



**City of Clayton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Clayton's discussion and analysis of the annual financial report provides an overview of the City's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

**FINANCIAL HIGHLIGHTS**

The City's total governmental activities net assets increased \$460,959, which represents a 5.2 percent increase from 2007. Business-type activities net assets increased \$130,398, which represents a 124.5 percent increase from 2007.

For governmental activities, general revenues accounted for \$5,135,890 or 72.4 percent of total revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$1,961,893 or 27.6 percent of total revenues of \$7,097,783.

The City had \$6,374,591 in expenses related to governmental activities; only \$1,961,893 of these expenses were offset by program specific charges for services, operating and capital grants, contributions, and interest. General revenues (primarily property and municipal income taxes) of \$5,135,890 were adequate to provide for the remaining cost of these programs.

The General Fund had \$2,636,334 in revenues and \$1,439,874 in expenditures. The General Fund balance decreased by \$229,269 over 2007 leaving an ending fund balance of \$1,564,699.

**USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Clayton's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The 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 the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

**REPORTING THE CITY AS A WHOLE**

**Statement of Net Assets and the Statement of Activities**

The analysis of the City as a whole begins with the Statement of Net Assets and the Statement of Activities. These statements provide information that will help the reader to determine if the City of Clayton is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

**City of Clayton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

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These two statements report the City's net assets and changes to those assets. These changes inform the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

Governmental Activities – Most of the City's services are reported here including police, fire, EMS, public health, transportation, and general government.

Business-Type Activities – This service consists of fees for water and sewer customers and payments for water to the City of Dayton. The intent is that the fees charged recoup operating costs.

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statements**

The analysis of the City's major funds begins on page 7. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law. Other funds may be established by the Finance Director, with the approval of the City Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City of Clayton's major funds are the General, Police, Street Department, Fire, Tax Increment, Capital Improvement, Water Department, and Sewer Operating Funds.

### **Governmental Funds**

Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### **Proprietary Funds**

The proprietary funds use the same measurement focus and basis of accounting as the government-wide financial statements.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the City's programs.

**City of Clayton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

**THE CITY AS A WHOLE**

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2008 compared to 2007.

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Current and Other Assets	\$8,651,580	\$9,275,939	\$293,432	\$187,928	\$8,945,012	\$9,463,867
Capital Assets	9,272,480	8,356,782	7,462,399	7,536,546	16,734,879	15,893,328
<i>Total Assets</i>	<u>17,924,060</u>	<u>17,632,721</u>	<u>7,755,831</u>	<u>7,724,474</u>	<u>25,679,891</u>	<u>25,357,195</u>
<b>Liabilities:</b>						
Current and Other Liabilities	2,839,663	2,589,127	830	3,169	2,840,493	2,592,296
Long-Term Liabilities	5,768,452	6,188,608	7,519,865	7,616,567	13,288,317	13,805,175
<i>Total Liabilities</i>	<u>8,608,115</u>	<u>8,777,735</u>	<u>7,520,695</u>	<u>7,619,736</u>	<u>16,128,810</u>	<u>16,397,471</u>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	4,534,717	3,399,360	(57,466)	(80,021)	4,477,251	3,319,339
Restricted for:						
Capital Outlay	624,066	780,262	0	0	624,066	780,262
Other Purposes	1,989,229	2,196,722	0	0	1,989,229	2,196,722
Unrestricted	<u>2,167,933</u>	<u>2,478,642</u>	<u>292,602</u>	<u>184,759</u>	<u>2,460,535</u>	<u>2,663,401</u>
<i>Total Net Assets</i>	<u>\$9,315,945</u>	<u>\$8,854,986</u>	<u>\$235,136</u>	<u>\$104,738</u>	<u>\$9,551,081</u>	<u>\$8,959,724</u>

For governmental activities, capital assets increased \$915,698 mainly due to various street resurfacing projects throughout the City, as current and other assets decreased by \$624,359 mainly the result of the decrease in cash and cash equivalents as the City had to use cash reserves to pay 2008 cash expenses because 2008 cash revenues were not enough to cover the 2008 cash expenses. Total liabilities decreased by \$169,620 mainly due to existing debt and lease payments.

Net assets of the City's governmental activities increased \$460,959, with invested in capital assets net of related debt increasing \$1,135,357 which resulted from additions to capital assets along with a decrease, due to debt payments. Restricted net assets decreased \$363,689 and unrestricted net assets decreased by \$310,709 mainly due to an increase in salary and benefits expenses coupled by stagnant municipal income and property tax revenues.

Net assets of business-type activities increased by \$130,398 which is similar to the 2007 increase of \$143,956. These increases are a result of setting water rates high enough to cover expenses.

**City of Clayton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

Table 2 shows the changes in net assets for the year ended December 31, 2008 compared to 2007.

Table 2  
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$551,575	\$488,585	\$121,271	\$199,424	\$672,846	\$688,009
Operating Grants, Contributions and Interest	1,093,240	1,003,649	0	0	1,093,240	1,003,649
Capital Grants, Contributions and Interest	317,078	389,589	0	0	317,078	389,589
<i>Total Program Revenues</i>	<u>1,961,893</u>	<u>1,881,823</u>	<u>121,271</u>	<u>199,424</u>	<u>2,083,164</u>	<u>2,081,247</u>
<b>General Revenues:</b>						
Property Taxes	2,055,221	2,068,415	0	0	2,055,221	2,068,415
Other Local Taxes	206,438	335,198	0	0	206,438	335,198
Municipal Income Taxes	2,007,929	1,919,646	0	0	2,007,929	1,919,646
Grants and Entitlements not Restricted to Specific Programs	550,153	534,113	0	0	550,153	534,113
Investment Income	85,905	178,584	0	0	85,905	178,584
Investment in Joint Venture	12,955	0	0	0	12,955	0
Other	217,289	168,012	13	0	217,302	168,012
<i>Total General Revenues</i>	<u>5,135,890</u>	<u>5,203,968</u>	<u>13</u>	<u>0</u>	<u>5,135,903</u>	<u>5,203,968</u>
<i>Total Revenues</i>	<u>7,097,783</u>	<u>7,085,791</u>	<u>121,284</u>	<u>199,424</u>	<u>7,219,067</u>	<u>7,285,215</u>
<b>Program Expenses:</b>						
General Government	1,665,425	1,699,954	0	0	1,665,425	1,699,954
Security of Persons and Property	3,181,958	3,081,544	0	0	3,181,958	3,081,544
Public Health	4,591	5,101	0	0	4,591	5,101
Transportation	1,292,387	1,174,423	0	0	1,292,387	1,174,423
Interest and Fiscal Charges	230,230	229,427	0	0	230,230	229,427
Water Department	0	0	113,795	120,237	113,795	120,237
Sewer Operating	0	0	139,324	137,465	139,324	137,465
<i>Total Expenses</i>	<u>6,374,591</u>	<u>6,190,449</u>	<u>253,119</u>	<u>257,702</u>	<u>6,627,710</u>	<u>6,448,151</u>
<i>Increase (Decrease) in Net Assets before Transfers</i>	723,192	895,342	(131,835)	(58,278)	591,357	837,064
Transfers	(262,233)	(202,234)	262,233	202,234	0	0
<i>Increase in Net Assets</i>	460,959	693,108	130,398	143,956	591,357	837,064
<i>Net Assets (Deficit) at Beginning of Year</i>	<u>8,854,986</u>	<u>8,161,878</u>	<u>104,738</u>	<u>(39,218)</u>	<u>8,959,724</u>	<u>8,122,660</u>
<i>Net Assets at End of Year</i>	<u>\$9,315,945</u>	<u>\$8,854,986</u>	<u>\$235,136</u>	<u>\$104,738</u>	<u>\$9,551,081</u>	<u>\$8,959,724</u>

**City of Clayton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

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**Governmental Activities**

Total revenues increased by a miniscule amount of \$11,992. Municipal income tax, the second largest source of revenue behind property taxes showed a slight increase of \$88,283. Municipal income tax was down for the second year in a row from the 2006 level, reflective of the economic downturn.

Expenses increased by 3.0 percent or \$184,142 from 2007, a relatively small increase. The increase was mainly the result of salary and benefits increasing along with inflation. Citizen safety and well-being is emphasized mainly in the form of police protection and fire and EMS services as shown in the table below.

Governmental program expenses for 2008 were as follows:

General Government	26.1%
Security of Persons and Property	49.9%
Public Health	0.1%
Transportation	20.3%
Interest and Fiscal Charges	3.6%
	<u>100.0%</u>

**Business – Type Activities**

The City's water and sewer operating system operations constitute the only business-type activities. Business-type activities are projects or funds in which revenues offset or nearly offset the costs of providing the services. Net assets of the business-type activities increased \$130,398 in 2008 as charges for services decreased \$78,153. This decrease was, for the most part, due to a large decrease in tap-in-fees as the result of the decrease in new homes being built.

Expenses remained constant from 2007, decreasing by less than two percent.

**THE CITY'S FUNDS**

Information about the City's major governmental funds begins on page 14. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,089,961 and total expenditures of \$7,706,897. At year-end, the City's governmental funds reported combined ending fund balances of \$2,662,697, a decrease of \$879,169. Approximately 80 percent or \$2,118,847 of this total amount constitutes unreserved fund balance, which is available for spending at the City's discretion within the limitations of the use of resources within each fund. The remainder of fund balance, \$543,850, is reserved to indicate that it is not available for new spending because it has already been committed to liquidate purchase orders of the prior period.

The General Fund balance decreased by \$229,269 primarily due to a decrease in revenues coupled with an increase in expenditures. Municipal income tax revenue decreased from 2007 as a result of the current economic times. The increase in expenditures was mainly in salaries and benefits.

The Police Fund balance decreased by \$133,122. Revenues, primarily property taxes, remained constant with 2007, decreasing by \$5,668, with expenditures increasing \$26,936 compared to 2007, generally due to increases in salaries and benefits. Expenditures exceeded revenues by \$333,122 and the City transferred \$200,000 from the General Fund to help offset expenditures. A new property tax levy was passed and the City will begin receiving the proceeds in 2009. This amount should limit the need for operating transfers from the General Fund.

**City of Clayton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

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The Street Department Fund had total revenues of \$582,721, mainly intergovernmental revenues in the form of State imposed gasoline taxes and motor vehicle license registration fees. Expenditures, mainly personal services, amounted to \$919,845 during 2008. Transfers in from the General Fund are also necessary to subsidize the activity in this fund. During 2008, the transfer amount was \$415,000, an increase of \$115,000 from 2007. The increase in transfers-in was necessary to cover the increase in expenditures due to increases in salaries and benefits.

The Fire Fund had a decrease in fund balance of \$163,614 during 2008. As with the other funds, a slight increase in revenues and an average increase in expenditures caused the fund balance to decrease. A new property tax levy was passed and began collections in 2009, and these new revenues should eliminate this decrease each year.

The Tax Increment Fund had a decrease of \$109,510. The Tax Increment Fund represents payments in lieu of taxes made by business owners that are in the main street tax increment financing zone. Expenditures made in this fund generally are for payments on the debt that was originally issued to finance infrastructure improvements in the zone, as well as current improvements. During 2008, the debt payments, as well as current year improvements, outpaced 2008 revenues, but beginning cash balances were enough to cover the excess expenditures.

The Capital Improvement Fund decreased by \$228,190. Revenues in this fund mainly consist of a portion of income tax collections and grant monies. Expenditures consist of capital outlay for various capital asset purchases and construction/improvement projects. 2008 expenditures exceeded 2008 revenues but the accumulation of resources from prior years was adequate to cover the difference.

### **General Fund Budgeting Highlights**

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund level.

During 2008, there were revisions related to revenues of the General Fund budget. Actual revenues of \$2,601,277 were higher than the final estimated budget basis revenues of \$2,435,519, resulting in a difference of \$165,758. Revenues were slightly higher than final budget, but were still lower than original budget by \$285,984, due mostly to a decrease in municipal income tax due to a sluggish economy.

Original appropriations of \$1,698,349 were adjusted slightly to \$1,798,349, a change of \$100,000 during 2008. Actual expenditures were \$1,601,026, \$197,323 below the final appropriations amount, meaning the City spent less than was budgeted. This is the result of the City constantly analyzing expenditures during the year and exercising fiscal restraint.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2008, the City's book value of capital assets for governmental and business-type activities (net of accumulated depreciation) amounted to \$16,734,879, an increase of \$841,551 from 2007.

**City of Clayton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

Table 3  
 Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$3,973,450	\$3,973,450	\$0	\$0	\$3,973,450	\$3,973,450
Construction in Progress	532,137	0	0	3,429,398	532,137	3,429,398
Buildings	316,252	342,040	0	0	316,252	342,040
Improvements Other Than Buildings	71,034	75,779	0	0	71,034	75,779
Vehicles	1,618,873	1,540,192	0	0	1,618,873	1,540,192
Furniture, Fixtures, and Equipment	460,004	531,412	0	0	460,004	531,412
Infrastructure	2,300,730	1,893,909	7,462,399	4,107,148	9,763,129	6,001,057
<i>Totals</i>	<u>\$9,272,480</u>	<u>\$8,356,782</u>	<u>\$7,462,399</u>	<u>\$7,536,546</u>	<u>\$16,734,879</u>	<u>\$15,893,328</u>

Overall, governmental activities capital assets increased \$915,698. The main increase was in construction in progress and infrastructure for various street repaving projects done during 2008. The decrease in business-type activities capital assets was due to depreciation on existing assets outpacing new assets purchases for 2008. See Note 9 of the Notes to the Basic Financial Statements for more detailed information.

**Debt Administration**

At December 31, 2008, the City's governmental activities had \$5,585,235 in outstanding debt. The City's business-type activities had \$7,519,865 in outstanding loans at December 31, 2008.

Table 4  
 Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities	
	2008	2007	2008	2007
General Obligation Bonds	\$4,264,567	\$4,381,389	\$0	\$0
Communication Equipment Loan	0	66,130	0	0
Capital Leases	681,735	880,285	0	0
School District Tax Increment Financing Portion	638,933	683,275	0	0
Water Line Loan	0	0	4,232,359	4,261,676
OWDA Loan	0	0	3,287,506	3,354,891
<i>Totals</i>	<u>\$5,585,235</u>	<u>\$6,011,079</u>	<u>\$7,519,865</u>	<u>\$7,616,567</u>

**City of Clayton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

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There were no new debt issues during 2008. The only debt activity was for payments made on outstanding debt. The City's overall legal debt margin was \$24,162,448 as of December 31, 2008. The more restrictive unvoted legal debt margin was \$10,689,976 as of the same date. See Notes 13 and 14 of the Basic Financial Statements for more detailed information.

**CURRENT FINANCIAL ISSUES**

The City of Clayton has maintained the fiscal position from 2007. The 2008 income tax collections and real estate taxes started showing signs of the economic times by having a decrease in collections. A renewal of the Police Levy and increase in the Fire Levy millage will aid in revenues meeting expected expenditures. The department heads have continued the fiscal restraint which ultimately led to 11 percent of under spent appropriations.

On September 14, 2008 winds from Hurricane Ike caused significant damage to the City. Increases in expenses were incurred to remove the debris and restore infrastructure systems of the City.

Also, the cash management and budgetary policies of the Department of Finance encourage the growth in fund carryovers. These actions have aided the City in enduring the financial environment that existed during 2008.

The City experienced growth of new business construction in 2008. Main Street saw two new business buildings started and State Route 49 had one business construction project started. Together, these properties will provide the City with an increase to property tax, income tax and tax increment financing receipts.

The City of Clayton also entered into a Joint Economic Development District (JEDD) with Clay Township in 2007, with 2008 being the first full year of activity. The JEDD is a collaborative effort designed to encourage business growth and development through regional cooperation.

The City will be concentrating heavily on maintaining revenue sources while limiting expenses as 2009 begins in an effort to preserve services to the residents while operating in uncertain economic times.

**CONTACTING THE CITY'S FINANCE DEPARTMENT**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kevin A. Schweitzer, CPA, Finance Director, City of Clayton, P.O. Box 280, Clayton, Ohio 45315.



**City of Clayton, Ohio**  
*Statement of Net Assets*  
*December 31, 2008*

	Governmental Activities	Business- Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,537,352	\$279,104	\$2,816,456
Cash and Cash Equivalents with Escrow Agents	4,344	0	4,344
Accounts Receivable	221,415	14,328	235,743
Due from Other Governments	893,086	0	893,086
Prepaid Items	65,190	0	65,190
Increment Tax Receivable	1,388,984	0	1,388,984
Municipal Income Taxes Receivable	698,446	0	698,446
Property Taxes Receivable	2,602,540	0	2,602,540
Other Local Taxes Receivable	113,476	0	113,476
Special Assessments Receivable - Current	27,241	0	27,241
Special Assessments Receivable - Delinquent	2,579	0	2,579
Investment in Joint Venture	12,955	0	12,955
Deferred Charges	83,972	0	83,972
Nondepreciable Capital Assets	4,505,587	0	4,505,587
Depreciable Capital Assets, net	4,766,893	7,462,399	12,229,292
<i>Total Assets</i>	<u>17,924,060</u>	<u>7,755,831</u>	<u>25,679,891</u>
<b>Liabilities:</b>			
Accounts Payable	49,457	0	49,457
Accrued Wages Payable	31,983	0	31,983
Due to Other Governments	183,390	830	184,220
Deferred Revenue	2,559,728	0	2,559,728
Accrued Interest Payable	15,105	0	15,105
Long-Term Liabilities:			
Due Within One Year	474,008	69,450	543,458
Due in More Than One Year	5,294,444	7,450,415	12,744,859
<i>Total Liabilities</i>	<u>8,608,115</u>	<u>7,520,695</u>	<u>16,128,810</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	4,534,717	(57,466)	4,477,251
Restricted for Capital Outlay	624,066	0	624,066
Restricted for Security of Persons and Property	159,261	0	159,261
Restricted for Transportation	729,816	0	729,816
Restricted for Public Health	17,356	0	17,356
Restricted for Legislative and Executive	1,082,796	0	1,082,796
Unrestricted	2,167,933	292,602	2,460,535
<i>Total Net Assets</i>	<u>\$9,315,945</u>	<u>\$235,136</u>	<u>\$9,551,081</u>

See accompanying notes to the basic financial statements

**City of Clayton, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2008

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
<b>Governmental Activities:</b>				
General Government	\$1,665,425	\$102,638	\$176,202	\$317,078
Security of Persons and Property	3,181,958	445,672	323,611	0
Public Health	4,591	1,340	0	0
Transportation	1,292,387	1,925	593,427	0
Interest and Fiscal Charges	230,230	0	0	0
<i>Total Governmental Activities</i>	<u>6,374,591</u>	<u>551,575</u>	<u>1,093,240</u>	<u>317,078</u>
<b>Business-Type Activities:</b>				
Water Department	113,795	112,285	0	0
Sewer Operating	139,324	8,986	0	0
<i>Total Business-Type Activities</i>	<u>253,119</u>	<u>121,271</u>	<u>0</u>	<u>0</u>
<i>Totals</i>	<u>\$6,627,710</u>	<u>\$672,846</u>	<u>\$1,093,240</u>	<u>\$317,078</u>

General Revenues:  
Property Taxes Levied For:  
    General Purposes  
    Police  
    Fire  
    EMS  
Other Local Taxes  
Municipal Income Taxes Levied For:  
    General Purposes  
    Capital Outlay  
Grants and Entitlements not  
    Restricted to Specific Programs  
Investment Income  
Investment in Joint Venture  
Other  
Transfers

*Total General Revenues and Transfers*

*Change in Net Assets*

*Net Assets at Beginning of Year - Restated (See Note 3)*

*Net Assets at End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$1,069,507)	\$0	(\$1,069,507)
(2,412,675)	0	(2,412,675)
(3,251)	0	(3,251)
(697,035)	0	(697,035)
(230,230)	0	(230,230)
<u>(4,412,698)</u>	<u>0</u>	<u>(4,412,698)</u>
0	(1,510)	(1,510)
<u>0</u>	<u>(130,338)</u>	<u>(130,338)</u>
0	(131,848)	(131,848)
<u>(4,412,698)</u>	<u>(131,848)</u>	<u>(4,544,546)</u>
374,000	0	374,000
1,076,541	0	1,076,541
421,228	0	421,228
183,452	0	183,452
206,438	0	206,438
1,280,281	0	1,280,281
727,648	0	727,648
550,153	0	550,153
85,905	0	85,905
12,955	0	12,955
217,289	13	217,302
<u>(262,233)</u>	<u>262,233</u>	<u>0</u>
<u>4,873,657</u>	<u>262,246</u>	<u>5,135,903</u>
460,959	130,398	591,357
<u>8,854,986</u>	<u>104,738</u>	<u>8,959,724</u>
<u>\$9,315,945</u>	<u>\$235,136</u>	<u>\$9,551,081</u>

**City of Clayton, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2008*

	General	Police	Street Department
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$631,432	\$127,695	\$110,508
Cash and Cash Equivalents with Escrow Agents	0	0	0
Receivables:			
Property Taxes	374,762	1,235,517	0
Other Local Taxes	105,195	0	0
Municipal Income Taxes	460,975	0	0
Increment Tax	0	0	0
Interfund	854,710	689	17,288
Accounts	99,653	1,207	604
Special Assessments - Current	0	0	0
Special Assessments - Delinquent	0	0	0
Due from Other Governments	237,552	76,766	272,342
Prepaid Items	19,893	14,863	12,922
<i>Total Assets</i>	<u>\$2,784,172</u>	<u>\$1,456,737</u>	<u>\$413,664</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$42,533	\$4,454	\$358
Interfund Payable	0	198,000	0
Accrued Wages Payable	5,867	12,254	5,170
Due to Other Governments	26,555	71,837	22,896
Deferred Revenue	1,144,518	1,310,968	228,597
<i>Total Liabilities</i>	<u>1,219,473</u>	<u>1,597,513</u>	<u>257,021</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	121,485	14,659	12,098
Unreserved, Undesignated (Deficit), Reported in:			
General Fund	1,443,214	0	0
Special Revenue Funds	0	(155,435)	144,545
Debt Service Fund	0	0	0
Capital Projects Funds	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>1,564,699</u>	<u>(140,776)</u>	<u>156,643</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,784,172</u>	<u>\$1,456,737</u>	<u>\$413,664</u>

See accompanying notes to the basic financial statements

Fire	Tax Increment	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$64,373	\$313,301	\$694,084	\$595,959	\$2,537,352
0	0	4,344	0	4,344
810,748	0	0	181,513	2,602,540
0	0	0	8,281	113,476
0	0	237,471	0	698,446
0	1,388,984	0	0	1,388,984
3,621	0	0	0	876,308
0	0	0	119,951	221,415
0	0	0	27,241	27,241
0	0	0	2,579	2,579
29,751	0	133,816	142,859	893,086
6,165	0	0	11,347	65,190
<u>\$914,658</u>	<u>\$1,702,285</u>	<u>\$1,069,715</u>	<u>\$1,089,730</u>	<u>\$9,430,961</u>
\$143	\$361	\$0	\$1,608	\$49,457
100,000	0	445,649	132,659	876,308
2,946	0	0	5,746	31,983
20,018	0	0	42,084	183,390
840,499	1,388,984	266,583	446,977	5,627,126
<u>963,606</u>	<u>1,389,345</u>	<u>712,232</u>	<u>629,074</u>	<u>6,768,264</u>
3,280	87,196	287,470	17,662	543,850
0	0	0	0	1,443,214
(52,228)	225,744	0	332,737	495,363
0	0	0	10,257	10,257
0	0	70,013	100,000	170,013
<u>(48,948)</u>	<u>312,940</u>	<u>357,483</u>	<u>460,656</u>	<u>2,662,697</u>
<u>\$914,658</u>	<u>\$1,702,285</u>	<u>\$1,069,715</u>	<u>\$1,089,730</u>	<u>\$9,430,961</u>

**City of Clayton, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2008*

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**Total Governmental Fund Balances** \$2,662,697

*Amounts reported for governmental activities in the Statement of Net Assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital Assets:	
Land	3,973,450
Construction in Progress	532,137
Buildings	1,475,170
Improvements Other Than Buildings	100,332
Vehicles	2,504,878
Furniture, Fixtures and Equipment	1,022,281
Infrastructure	2,594,054
Accumulated Depreciation	<u>(2,929,822)</u>
Total	9,272,480

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.

Deferred Charges	83,972
------------------	--------

The investment in joint venture represents the City's equity interest in the Joint Economic Development District. The equity interest is not a financial resource and therefore not presented in the funds

12,955

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	42,812
Increment Taxes	1,504,157
Other Local Taxes	(9,978)
Municipal Income Taxes	614,769
Intergovernmental	690,126
Special Assessments	29,820
Charges for Services	195,319
Fines and Forfeitures	<u>373</u>
Total	3,067,398

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued Interest Payable	(15,105)
Premium on Debt Issued	(83,972)
General Obligation Bonds	(4,180,595)
School District Tax Increment Financing Portion	(638,933)
Capital Leases Payable	(681,735)
Compensated Absences Payable	<u>(183,217)</u>
Total	<u>(5,783,557)</u>

*Net Assets of Governmental Activities* \$9,315,945

See accompanying notes to the basic financial statements

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**City of Clayton, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	General	Police	Street Department
<b>Revenues:</b>			
Property Taxes	\$375,344	\$1,081,051	\$0
Increment Taxes	0	0	0
Other Local Taxes	98,690	0	0
Municipal Income Taxes	1,277,068	0	0
Intergovernmental	585,452	207,788	545,411
Charges for Services	62,713	0	0
Licenses and Permits	9,881	0	1,925
Fines and Forfeitures	0	17,463	0
Investment Income	85,905	0	2,696
Special Assessments	0	0	0
Impact Fees	0	0	0
Other	141,281	8,415	32,689
<i>Total Revenues</i>	<u>2,636,334</u>	<u>1,314,717</u>	<u>582,721</u>
<b>Expenditures:</b>			
Current:			
General Government	1,439,874	0	0
Security of Persons and Property	0	1,647,839	0
Public Health	0	0	0
Transportation	0	0	919,845
Intergovernmental	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>1,439,874</u>	<u>1,647,839</u>	<u>919,845</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,196,460</u>	<u>(333,122)</u>	<u>(337,124)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers-In	0	200,000	415,000
Transfers-Out	(1,425,729)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,425,729)</u>	<u>200,000</u>	<u>415,000</u>
<i>Net Change in Fund Balances</i>	(229,269)	(133,122)	77,876
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>1,793,968</u>	<u>(7,654)</u>	<u>78,767</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$1,564,699</u></u>	<u><u>(\$140,776)</u></u>	<u><u>\$156,643</u></u>

See accompanying notes to the basic financial statements



Fire	Tax Increment	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$422,799	\$0	\$0	\$184,135	\$2,063,329
0	115,173	0	0	115,173
0	0	0	101,238	199,928
0	0	725,993	0	2,003,061
73,446	0	412,839	98,370	1,923,306
0	0	0	331,164	393,877
0	0	0	0	11,806
0	0	0	388	17,851
0	677	0	7,808	97,086
0	0	0	28,991	28,991
0	0	18,264	0	18,264
6,989	0	14,176	13,739	217,289
<u>503,234</u>	<u>115,850</u>	<u>1,171,272</u>	<u>765,833</u>	<u>7,089,961</u>
0	71,330	1,399,462	107,659	3,018,325
666,848	0	0	681,645	2,996,332
0	0	0	4,591	4,591
0	0	0	115,278	1,035,123
0	44,342	0	0	44,342
0	45,000	0	344,680	389,680
0	64,688	0	153,816	218,504
<u>666,848</u>	<u>225,360</u>	<u>1,399,462</u>	<u>1,407,669</u>	<u>7,706,897</u>
<u>(163,614)</u>	<u>(109,510)</u>	<u>(228,190)</u>	<u>(641,836)</u>	<u>(616,936)</u>
0	0	0	548,496	1,163,496
0	0	0	0	(1,425,729)
<u>0</u>	<u>0</u>	<u>0</u>	<u>548,496</u>	<u>(262,233)</u>
<u>(163,614)</u>	<u>(109,510)</u>	<u>(228,190)</u>	<u>(93,340)</u>	<u>(879,169)</u>
<u>114,666</u>	<u>422,450</u>	<u>585,673</u>	<u>553,996</u>	<u>3,541,866</u>
<u>(\$48,948)</u>	<u>\$312,940</u>	<u>\$357,483</u>	<u>\$460,656</u>	<u>\$2,662,697</u>

**City of Clayton, 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, 2008*

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**Net Change in Fund Balances - Total Governmental Funds** (\$879,169)

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	1,428,907	
Depreciation	(419,634)	
Excess of Capital Outlay over Depreciation Expense	1,009,273	1,009,273

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.

Loss on Disposal of Capital Assets		(93,575)
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The City's share of the income or loss of the Joint Economic Development District is presented as an addition to or a reduction of the equity interest in the Statement of Activities.

12,955

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

General Obligation Bonds	125,000	
Communication Equipment Loan	66,130	
School District Tax Increment Financing Portion	44,342	
Capital Leases Payable	198,550	
	434,022	434,022

Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts:

Property Taxes	(8,108)	
Increment Taxes	(115,173)	
Other Local Taxes	6,510	
Municipal Income Taxes	4,868	
Intergovernmental	25,984	
Charges for Services	80,723	
Special Assessments	(310)	
Fines and Forfeitures	373	
	(5,133)	(5,133)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, the additional amount of interest on the Statement of Activities is the result of the following:

Accretion of Capital Appreciation Bonds	(12,099)	
Amortization of Premium on General Obligation Bonds	3,921	
Net Amortization of Bond Issuance Costs (Deferred Charges)	(3,921)	
Net Decrease in Accrued Interest	373	
	(11,726)	(11,726)

Some items 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. These activities consist of:

Increase in Compensated Absences		(5,688)
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*Change in Net Assets of Governmental Activities* \$460,959

**City of Clayton, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*General Fund*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$426,497	\$426,497	\$375,344	(\$51,153)
Other Local Taxes	110,000	89,806	98,690	8,884
Municipal Income Taxes	1,527,950	1,247,452	1,290,793	43,341
Intergovernmental	558,285	455,796	618,023	162,227
Charges for Services	75,568	61,695	62,733	1,038
Licenses and Permits	10,061	8,214	9,881	1,667
Investment Income	175,000	142,874	85,905	(56,969)
Other	3,900	3,185	59,908	56,723
<i>Total Revenues</i>	2,887,261	2,435,519	2,601,277	165,758
<b>Expenditures:</b>				
Current:				
General Government	1,698,349	1,798,349	1,601,026	197,323
<i>Excess of Revenues Over (Under) Expenditures</i>	1,188,912	637,170	1,000,251	363,081
<b>Other Financing Uses:</b>				
Transfers-Out	(1,677,000)	(1,500,000)	(1,365,729)	134,271
Advances-Out	0	(768,649)	(768,649)	0
<i>Total Other Financing Uses</i>	(1,677,000)	(2,268,649)	(2,134,378)	134,271
<i>Net Change in Fund Balance</i>	(488,088)	(1,631,479)	(1,134,127)	497,352
<i>Fund Balance at Beginning of Year</i>	1,500,533	1,500,533	1,500,533	0
<i>Prior Year Encumbrances Appropriated</i>	83,004	83,004	83,004	0
<i>Fund Balance at End of Year</i>	\$1,095,449	(\$47,942)	\$449,410	\$497,352

See accompanying notes to the basic financial statements

**City of Clayton, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Police Fund*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$1,220,811	\$1,220,811	\$1,081,051	(\$139,760)
Intergovernmental	161,400	161,400	207,643	46,243
Fines and Forfeitures	10,000	10,000	17,203	7,203
Other	0	0	21,828	21,828
<i>Total Revenues</i>	<u>1,392,211</u>	<u>1,392,211</u>	<u>1,327,725</u>	<u>(64,486)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	<u>1,949,076</u>	<u>1,910,076</u>	<u>1,742,422</u>	<u>167,654</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(556,865)</u>	<u>(517,865)</u>	<u>(414,697)</u>	<u>103,168</u>
<b>Other Financing Sources:</b>				
Transfers-In	398,000	398,000	200,000	(198,000)
Advances-In	0	0	198,000	198,000
<i>Total Other Financing Sources</i>	<u>398,000</u>	<u>398,000</u>	<u>398,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(158,865)	(119,865)	(16,697)	103,168
<i>Fund Balance at Beginning of Year</i>	77,399	77,399	77,399	0
<i>Prior Year Encumbrances Appropriated</i>	<u>45,497</u>	<u>45,497</u>	<u>45,497</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>(\$35,969)</u></u>	<u><u>\$3,031</u></u>	<u><u>\$106,199</u></u>	<u><u>\$103,168</u></u>

See accompanying notes to the basic financial statements

**City of Clayton, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Street Department Fund*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$550,000	\$550,000	\$547,670	(\$2,330)
Licenses and Permits	0	0	1,925	1,925
Investment Income	6,500	6,500	2,696	(3,804)
Other	50,000	50,000	20,030	(29,970)
<i>Total Revenues</i>	606,500	606,500	572,321	(34,179)
<b>Expenditures:</b>				
Current:				
Transportation	1,089,126	1,089,126	975,035	114,091
<i>Excess of Revenues Over (Under) Expenditures</i>	(482,626)	(482,626)	(402,714)	79,912
<b>Other Financing Sources:</b>				
Transfers-In	415,000	415,000	415,000	0
<i>Net Change in Fund Balance</i>	(67,626)	(67,626)	12,286	79,912
<i>Fund Balance at Beginning of Year</i>	69,809	69,809	69,809	0
<i>Prior Year Encumbrances Appropriated</i>	16,314	16,314	16,314	0
<i>Fund Balance at End of Year</i>	<u>\$18,497</u>	<u>\$18,497</u>	<u>\$98,409</u>	<u>\$79,912</u>

See accompanying notes to the basic financial statements

**City of Clayton, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Fire Fund*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$478,056	\$478,056	\$422,799	(\$55,257)
Intergovernmental	57,850	57,850	73,446	15,596
Other	0	0	3,368	3,368
<i>Total Revenues</i>	535,906	535,906	499,613	(36,293)
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	831,525	832,525	695,181	137,344
<i>Excess of Revenues Over (Under) Expenditures</i>	(295,619)	(296,619)	(195,568)	101,051
<b>Other Financing Sources:</b>				
Transfers-In	72,500	140,550	0	(140,550)
Advances-In	0	0	100,000	100,000
<i>Total Other Financing Sources</i>	72,500	140,550	100,000	(40,550)
<i>Net Change in Fund Balance</i>	(223,119)	(156,069)	(95,568)	60,501
<i>Fund Balance at Beginning of Year</i>	100,655	100,655	100,655	0
<i>Prior Year Encumbrances Appropriated</i>	55,417	55,417	55,417	0
<i>Fund Balance at End of Year</i>	(\$67,047)	\$3	\$60,504	\$60,501

See accompanying notes to the basic financial statements

**City of Clayton, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Tax Increment Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Increment Taxes	\$200,000	\$200,000	\$115,173	(\$84,827)
Investment Income	40,000	40,000	677	(39,323)
<i>Total Revenues</i>	<u>240,000</u>	<u>240,000</u>	<u>115,850</u>	<u>(124,150)</u>
<b>Expenditures:</b>				
Current:				
General Government	83,600	247,323	246,212	1,111
Debt Service:				
Principal Retirement	45,000	45,000	45,000	0
Interest and Fiscal Charges	64,688	64,688	64,688	0
<i>Total Expenditures</i>	<u>193,288</u>	<u>357,011</u>	<u>355,900</u>	<u>1,111</u>
<i>Net Change in Fund Balance</i>	46,712	(117,011)	(240,050)	(123,039)
<i>Fund Balance at Beginning of Year</i>	420,194	420,194	420,194	0
<i>Prior Year Encumbrances Appropriated</i>	<u>45,600</u>	<u>45,600</u>	<u>45,600</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$512,506</u>	<u>\$348,783</u>	<u>\$225,744</u>	<u>(\$123,039)</u>

See accompanying notes to the basic financial statements

**City of Clayton, Ohio**  
*Statement of Fund Net Assets*  
*Enterprise Funds*  
*December 31, 2008*

	Water Department	Sewer Operating	Total
<b>Assets:</b>			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$181,065	\$98,039	\$279,104
Receivables:			
Accounts	14,328	0	14,328
<i>Total Current Assets</i>	195,393	98,039	293,432
Non-current Assets:			
Depreciable Capital Assets, Net	3,813,682	3,648,717	7,462,399
<i>Total Assets</i>	4,009,075	3,746,756	7,755,831
<b>Liabilities:</b>			
Current:			
Due to Other Governments	830	0	830
Loan Payable	0	69,450	69,450
<i>Total Current Liabilities</i>	830	69,450	70,280
Long-Term Liabilities:			
Loan Payable	4,232,359	0	4,232,359
OWDA Loan Payable	0	3,218,056	3,218,056
<i>Total Long-Term Liabilities</i>	4,232,359	3,218,056	7,450,415
<i>Total Liabilities</i>	4,233,189	3,287,506	7,520,695
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	(418,677)	361,211	(57,466)
Unrestricted	194,563	98,039	292,602
<i>Total Net Assets (Deficit)</i>	(\$224,114)	\$459,250	\$235,136

See accompanying notes to the basic financial statements



**City of Clayton, Ohio**  
*Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Enterprise Funds  
For the Year Ended December 31, 2008*

	Water Department	Sewer Operating	Total
<b>Operating Revenues:</b>			
Charges for Services	\$95,245	\$0	\$95,245
Tap-In Fees	9,112	0	9,112
Impact Fees	7,928	8,986	16,914
Other	0	13	13
<i>Total Operating Revenues</i>	<u>112,285</u>	<u>8,999</u>	<u>121,284</u>
<b>Operating Expenses:</b>			
Personal Services	15,548	0	15,548
Contractual Services	2,678	0	2,678
Materials and Supplies	25,898	0	25,898
Depreciation	69,671	4,476	74,147
<i>Total Operating Expenses</i>	<u>113,795</u>	<u>4,476</u>	<u>118,271</u>
<i>Operating Income (Loss)</i>	(1,510)	4,523	3,013
<b>Non-Operating Expenses:</b>			
Interest and Fiscal Charges	0	(134,848)	(134,848)
Net Loss Before Transfers	(1,510)	(130,325)	(131,835)
Transfers-In	0	262,233	262,233
<i>Change in Net Assets</i>	(1,510)	131,908	130,398
<i>Net Assets (Deficit) at Beginning of Year - Restated (See Note 3)</i>	<u>(222,604)</u>	<u>327,342</u>	<u>104,738</u>
<i>Net Assets (Deficit) at End of Year</i>	<u><u>(\$224,114)</u></u>	<u><u>\$459,250</u></u>	<u><u>\$235,136</u></u>

See accompanying notes to the basic financial statements

**City of Clayton, Ohio**  
*Statement of Cash Flows*  
*Enterprise Funds*  
For the Year Ended December 31, 2008

	<u>Water Department</u>	<u>Sewer Operating</u>	<u>Total</u>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received From Customers	\$136,730	\$8,999	\$145,729
Cash Payments to Suppliers	(46,463)	0	(46,463)
<i>Net Cash Provided by Operating Activities</i>	<u>90,267</u>	<u>8,999</u>	<u>99,266</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers - In	<u>0</u>	<u>202,233</u>	<u>202,233</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Loan Principal Payments	(29,317)	(67,385)	(96,702)
Loan Interest Payments	<u>0</u>	<u>(134,848)</u>	<u>(134,848)</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(29,317)</u>	<u>(202,233)</u>	<u>(231,550)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	60,950	8,999	69,949
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>120,115</u>	<u>89,040</u>	<u>209,155</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$181,065</u></u>	<u><u>\$98,039</u></u>	<u><u>\$279,104</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	(\$1,510)	\$4,523	\$3,013
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>			
Depreciation	69,671	4,476	74,147
Decrease in Accounts Receivable	6,635	0	6,635
Decrease in Special Assessments Receivable	17,810	0	17,810
Decrease in Due to Other Governments	<u>(2,339)</u>	<u>0</u>	<u>(2,339)</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$90,267</u></u>	<u><u>\$8,999</u></u>	<u><u>\$99,266</u></u>

Noncash Capital Financing Activities

During 2008, the City make a temporary interfund loan from prior year of \$60,000 into a permanent transfer.

See accompanying notes to the basic financial statements

**City of Clayton, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Funds*  
*December 31, 2008*

	Janice Paulus Fire Victim	Agency
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$10,346	\$30,423
<b>Liabilities:</b>		
Due to Other Governments	0	\$30,423
<b>Net Assets:</b>		
Held in Trust for Private Purposes	\$10,346	

See accompanying notes to the basic financial statements

**City of Clayton, Ohio**  
*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Year Ended December 31,2008*

	<b>Janice Paulus Fire Victim</b>
<b>Revenues:</b>	
Investment Earnings	\$346
Contributions	10,000
<i>Total Revenues</i>	10,346
<b>Expenses:</b>	0
<i>Change in Net Assets</i>	10,346
<i>Net Assets at Beginning of Year</i>	0
<i>Net Assets at End of Year</i>	\$10,346

See accompanying notes to the basic financial statements

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY**

The City of Clayton (The “City”) was formed January 1, 1998, as a result of a merger approved by the voters of Randolph Township and the Village of Clayton in an election held November 1997. Randolph Township was founded in 1802 from the original Elizabeth Township. The Village of Clayton was incorporated in 1942. The newly merged City continued as a statutory village until the 1998 General Election when Clayton became a city. The voters of the City approved a charter in May 1999 under which the City continues to operate.

The City charter calls for a Council-Manager form of government. The Council consists of seven members: a Mayor, three at-large Council members and three ward representatives. The City elects the three ward representatives in one election cycle, with the Mayor and the at-large members elected two years later. They serve as the legislative body and are governed by the provisions of the charter. All council members, including the Mayor, are elected to four year terms.

The City Council, by majority vote, appoints the City Manager who serves as chief executive officer. The City Manager is responsible for appointing and removing all other full and part-time City employees.

**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 are not misleading. The primary government of the City consists of all funds, departments, and activities that are not legally separate from the City. They comprise the City’s legal entity which provides various services including police, fire, emergency medical, planning and zoning, street construction, maintenance and repair, administrative services, water services and the introduction of sewer services. Council and the City Manager have direct responsibility for these activities.

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; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or 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 the organization’s budget, the issuance of its debt or the levying of its taxes. The City has no component units.

The City participates in the Clay Township-City of Clayton Joint Economic Development District (the “District”) with Clay Township, which is defined as a joint venture. A joint venture is a legal entity or other organization that results from a contractual arrangement, and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility. This organization is presented in Note 17 to the Basic Financial Statements.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY** (continued)

The City participates in two jointly governed organizations, the Miami Valley Regional Planning Commission and the Economic Development/Government Equity Program. A jointly governed organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. These organizations are presented in Note 18 to the Basic Financial Statements.

The City participates in one risk sharing pool, the Ohio Plan. This organization is presented in Note 19 to the Basic Financial Statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Clayton have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City does not apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities or enterprise funds. The most significant of the City's accounting policies are described below.

**Basis of Presentation**

The City's Basic Financial Statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government except for the fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

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

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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. Fiduciary Funds are reported by type.

**Fund Accounting**

The City uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the City: governmental, proprietary, and fiduciary.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the City 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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

**General Fund** – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

**Police Fund** – The Police Fund is used to account for revenues received from a City-wide property tax levy, fines and forfeitures, and interest that are expended for the cost of operating the police department.

**Street Department Fund** – The Street Department Fund is used to account for that portion of the State gasoline tax and motor vehicle license registration fees designated for maintenance and repair of streets within the City.

**Fire Fund** – The Fire Fund is used to account for revenues received from a City-wide property tax levy that is expended for the cost of operating the fire department.

**Tax Increment Fund** – The Tax Increment Fund is used to account for increment taxes received from various business owners to be used for City-owned infrastructure improvements that will benefit the business owners' property.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Capital Improvement Fund – The Capital Improvement Fund is used to account for the portion of the municipal income tax designated by Council for the purpose of improving, constructing, maintaining, and purchasing those items necessary to enhance the operation of the City.

The other governmental funds of the City account for grants and other resources whose use is restricted for a particular purpose.

Proprietary Funds

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. The City's proprietary funds are two enterprise funds.

Enterprise Funds – 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:

Water Department Fund – This fund is used to account for revenue received from user charges for water services provided to certain residents and businesses within the City.

Sewer Operating Fund – This fund is used to account for revenues received from grants and loans to provide for the start-up of sewer services to residents of the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds are used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. 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. The City's only trust fund is a private purpose trust fund which accounts for a bequest to aid needy families who experience a fire or other calamity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has two agency funds. One accounts for fees collected for Montgomery County, the City of Dayton, and the City of Clayton from individuals who develop land within the Clayton Improvement District for the purpose of expanding and upgrading water, sanitary sewer, road, and municipal park systems and related infrastructure improvements due to the land development. The second agency fund accounts for collecting and distributing the Clay Township-City of Clayton Joint Economic Development District income taxes for which the City is fiscal agent.



**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Measurement Focus**

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

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

Like the government-wide statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its enterprise activities.

The Private Purpose Trust Fund is reported using the economic resources measurement focus.

**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; the enterprise and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year-end.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, municipal income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from municipal income taxes is recognized in the year in which the income is earned. 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 the modified accrual basis, revenue from non-exchange 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: municipal income taxes, increment tax, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance) fines and forfeitures, and grants.

**Deferred Revenue**

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but were levied to finance 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

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

**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.

**Cash and Cash Equivalents**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Cash received from a lease purchase agreement that is held in a separate bank account for the purchase of a dump truck is recorded as "Cash and Cash Equivalents with Escrow Agents" on the financial statements.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

During 2008, investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio), a repurchase agreement, and Fifth Third Institutional Money Market Mutual Fund. STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for on December 31, 2008. Non-participating investment contracts, such as repurchase agreements, are reported at cost.

The City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2008 amounted to \$85,905, which includes \$57,639 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

**Interfund Receivables/Payables**

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Interfund Receivable” and “Interfund Payable”. Interfund balances are eliminated on the government-wide Statement of Net Assets.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Capital Assets**

General capital assets are capital assets that are associated with and generally rise from governmental activities. They usually result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide Statement of Net Assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values on the date received. The City maintains a capitalization threshold of five thousand dollars. 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 expensed.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

All capital assets except land and construction in progress are depreciated. 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 replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	30-40 years
Improvements Other Than Buildings	10 years
Vehicles	5-25 years
Furniture, Fixtures and Equipment	2-20 years
Infrastructure	10-60 years

The City's infrastructure system consists of streets, curbs, gutters, sidewalks, street lights, and water and sewer lines. General infrastructure assets acquired prior to January 1, 2004 are not reported in the Basic Financial Statements. General infrastructure assets include all streets and other infrastructure assets acquired subsequent to January 1, 2004.

**Accrued Liabilities and Long-Term Obligations**

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

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

**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 and compensatory time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after 10 years of service with the City.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Bond Premiums/Issuance Costs/Compounded Interest on Capital Appreciation Bonds**

On the government-wide financial statements bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Capital appreciation bonds are accreted each year for the compounded interest accrued during the year. Bond premiums and the interest on the capital appreciation bonds are presented as an addition/reduction to the face amount of the bonds payable. Issuance costs are amortized on a straight-line basis over the term of the bonds and are reported as deferred charges.

On the governmental fund financial statements, bond premiums and issuance costs are recognized in the period in which the debt is issued.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**Fund Balance Reserves**

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances are recorded as a reservation of fund balance.

**Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating 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 financial statements.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, these revenues are charges for services for water and sewer services. Operating expenses are the necessary costs incurred to provide the services that are the primary activities of these funds. Revenues and expenses that do not meet these definitions are reported as non-operating.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Budgetary Process**

All funds, other than the agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control has been established by Council at the fund level. The Finance Director has been authorized to allocate appropriations to the object and department level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year, including all supplemental appropriations.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR NET ASSETS**

**Changes in Accounting Principles**

For 2008, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”. GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The implementation of this statement did not result in any change to the financial statements.

**Restatement of Prior Year Net Assets**

During 2008, it was determined that the City should have recognized a Increment Tax Receivable and a related long-term obligation. Accordingly, the City changed the accounting treatment applied to payment in lieu of taxes transactions related to tax increment financing agreements, wherein the City has agreed to construct infrastructure in exchange for payments in lieu of taxes from developers. The City views these transactions as exchange transactions and has recognized revenue and the related receivable in the year the exchange takes place. The City has also recognized the long-term School District Tax Increment Financing Portion (amounts due to the School District to reimburse them for the loss of tax revenues) associated with these agreements. Also, errors were discovered in the calculation of the water line loan with the City of Dayton from the prior year. The restatement had the following effect on net assets at December 31, 2007 as previously reported.

	Governmental Activities	Business-Type Activities	Water Department Fund
Net Assets (Deficit) December 31, 2007	\$8,100,994	\$83,341	(\$244,001)
Increment Tax Receivable	1,437,267	0	0
School District Tax Increment Financing Portion	(683,275)	0	0
Loan Payable	0	21,397	21,397
Restated Net Assets (Deficit) December 31, 2007	<u>\$8,854,986</u>	<u>\$104,738</u>	<u>(\$222,604)</u>

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position and results of operations 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 basis of cash receipts, disbursements and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis) for the General, Police, Street Department, Fire and Tax Increment Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING** (continued)

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Cash is held by the agency fund on behalf of the City on a budget basis and allocated and reported on the balance sheet (GAAP basis) in the appropriate City funds.
5. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

	Net Change in Fund Balance				
	General	Police	Street Department	Fire	Tax Increment
GAAP Basis	(\$229,269)	(\$133,122)	\$77,876	(\$163,614)	(\$109,510)
Revenue Accruals	(35,057)	13,008	(10,400)	(3,621)	0
Expenditure Accruals	(18,588)	(73,087)	(43,091)	(24,464)	(42,983)
Encumbrances	(142,564)	(21,496)	(12,099)	(3,869)	(87,557)
Agency Fund Allocation 2007	(39,458)	0	0	0	0
Agency Fund Allocation 2008	39,458	0	0	0	0
Transfers	60,000	0	0	0	0
Advances	(768,649)	198,000	0	100,000	0
Budget Basis	<u>(\$1,134,127)</u>	<u>(\$16,697)</u>	<u>\$12,286</u>	<u>(\$95,568)</u>	<u>(\$240,050)</u>

**NOTE 5 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the City's Treasury. Active 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.



**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 5 – DEPOSITS AND INVESTMENTS** (continued)

Inactive deposits are public deposits that the Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of 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 held by the City 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 and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Commercial paper and bankers acceptances 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 division (1) or (2);
7. The State Treasurer's investment pool (STAROhio).

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

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons; and
3. Obligations of the City.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 5 – DEPOSITS AND INVESTMENTS** (continued)

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. Investments may only be made through specified dealers and institutions.

**Investments**

As of December 31, 2008, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity less than one year</u>
STAROhio	\$478,685	\$478,685
Repurchase Agreement	1,167,710	1,167,710
Fifth Third Institutional Money Market Mutual Fund	976,247	976,247
Totals	<u>\$2,622,642</u>	<u>\$2,622,642</u>

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that the investment portfolio remain sufficiently liquid to enable the City to meet all operating requirements by investing in an adequate amount of short-term investments in the portfolio to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily.

**Credit Risk**

The underlying securities of the repurchase agreement are Federal Home Loan Mortgage Corporation notes, which carry a credit rating of Aaa by Moody's. Fifth Third Institutional Money Market Mutual Fund carries a rating of Aaa by Moody's. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy limits investments to those authorized by State statute. State statute only addresses credit risk by limiting the investments that may be purchased to those offered by specifically identified issuers.

**Concentration of Credit Risk**

The City places no limit on the amount it may invest in any one issuer. Of the City's total investments, 44.5 percent is invested in a repurchase agreement and 37.2 percent is invested in a Fifth Third Institutional Money Market Mutual Fund.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 6 – PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the City. Property tax revenue received during 2008 for real and public utilities property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property assessments were 25 percent of true value for capital assets and 23 percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009.

Real property taxes are payable annually or semi-annually. If paid annually, the 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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Clayton. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2008, and for which there is an enforceable legal claim. In the funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2008 operations, and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

The full tax rate for all City operations for the year ended December 31, 2008, was \$12.58 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 6 – PROPERTY TAXES** (continued)

<u>Category</u>	<u>Assessed Value</u>	<u>Percent</u>
Real Estate	\$263,269,480	97.71%
Public Utility Personal	4,879,900	1.81%
General Business Personal	1,300,056	0.48%
Totals	<u>\$269,449,436</u>	<u>100.00%</u>

**NOTE 7 – MUNICIPAL INCOME TAX**

The City levies a municipal income tax of 1.5 percent on all salaries, wages, commissions, other compensation and net profits earned within the City as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent 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 either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are distributed to the General Fund and the Capital Improvement Fund as required by a City resolution.

**NOTE 8 – RECEIVABLES**

Receivables at December 31, 2008, consisted of property taxes, other local taxes, municipal income taxes, increment tax, interfund, accounts, special assessments, and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, income taxes, increment tax, and special assessments. Property and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Increment tax will be received over the designated period established by the agreements. In the business-type activities, the water line tap-in fees are assessed. Special assessments expected to be collected within one year in the Street Lights Fund amount to \$27,241. The City has \$2,579 of delinquent special assessments at December 31, 2008.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 8 – RECEIVABLES** (continued)

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amount</u>
Local Government	\$137,903
Estate Tax	72,953
Homestead and Rollback Exemption	144,076
Gasoline Tax	244,054
Motor Vehicle Tax	50,495
City of Dayton	587
Ohio Public Works Commission	17,562
City of Trotwood	116,254
Northmont City Schools	338
Court Fines	1,205
Federal Emergency Management Agency	107,659
Total Intergovernmental Receivable	<u><u>\$893,086</u></u>

**Increment Tax Receivable**

The City granted real property tax exemptions to landowners for improvements made to their properties. The City requires the owners to make an annual payment to the City in lieu of taxes in the amount that would be payable on the increase in the value of the property if not for the exemption. The City then uses these monies to pay for public infrastructure improvements benefiting the owners. Additional payments are made to the School District since it is impacted by the tax exemption for a period of up to thirty years, commencing with the 1999 tax year and ending no later than December 16, 2029. The City accrues a receivable for the amount owed to the City and the School District, and records a long-term payable for the amount due to the School District.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**NOTE 9 – CAPITAL ASSETS**

Changes in general capital assets during the year ended December 31, 2008, were as follows:

	Balance At 12/31/2007	Additions	Deletions	Balance At 12/31/2008
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$3,973,450	\$0	\$0	\$3,973,450
Construction in Progress	0	532,137	0	532,137
Total Capital Assets, Not Being Depreciated	<u>3,973,450</u>	<u>532,137</u>	<u>0</u>	<u>4,505,587</u>
Depreciable Capital Assets:				
Buildings	1,475,170	0	0	1,475,170
Improvements Other Than Buildings	100,332	0	0	100,332
Vehicles	2,424,561	259,060	(178,743)	2,504,878
Furniture, Fixtures and Equipment	1,015,606	66,913	(60,238)	1,022,281
Infrastructure	2,023,257	570,797	0	2,594,054
Total Depreciable Capital Assets	<u>7,038,926</u>	<u>896,770</u>	<u>(238,981)</u>	<u>7,696,715</u>
Less Accumulated Depreciation:				
Buildings	(1,133,130)	(25,788)	0	(1,158,918)
Improvements Other Than Buildings	(24,553)	(4,745)	0	(29,298)
Vehicles	(884,369)	(125,142)	123,506	(886,005)
Furniture, Fixtures and Equipment	(484,194)	(99,983)	21,900	(562,277)
Infrastructure	(129,348)	(163,976)	0	(293,324)
Total Accumulated Depreciation	<u>(2,655,594)</u>	<u>(419,634)</u>	<u>145,406</u>	<u>(2,929,822)</u>
Depreciable Capital Assets, Net	<u>4,383,332</u>	<u>477,136</u>	<u>(93,575)</u>	<u>4,766,893</u>
Governmental Activities Capital Assets, Net	<u>\$8,356,782</u>	<u>\$1,009,273</u>	<u>(\$93,575)</u>	<u>\$9,272,480</u>

Capital assets activity of the business-type activities for the year ended December 31, 2008, was as follows:

	Balance at 12/31/07	Additions	Deletions	Balance at 12/31/08
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$3,429,398	\$0	(\$3,429,398)	\$0
Depreciable Capital Assets:				
Infrastructure	4,733,726	3,429,398	0	8,163,124
Less Accumulated Depreciation:				
Infrastructure	(626,578)	(74,147)	0	(700,725)
Depreciable Capital Assets, Net	<u>4,107,148</u>	<u>3,355,251</u>	<u>0</u>	<u>7,462,399</u>
Business-Type Activities Capital Assets, Net	<u>\$7,536,546</u>	<u>\$3,355,251</u>	<u>(\$3,429,398)</u>	<u>\$7,462,399</u>

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 9 – CAPITAL ASSETS** (continued)

Depreciation expense was charged to governmental programs as follows:

General Government	\$51,638
Security of Persons and Property	140,730
Transportation	<u>227,266</u>
Total Depreciation Expense	<u><u>\$419,634</u></u>

**NOTE 10 – DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy 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 statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.4 percent of covered payroll.

The City's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$103,868, \$142,694, and \$178,607, respectively; 88.5 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$630 made by the City and \$450 made by the plan members.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 10 – DEFINED BENEFIT PENSION PLAN** (continued)

**Ohio Police and Fire Pension Fund**

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

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The City’s contribution was 19.5 percent for police officers and 24.0 percent for firefighters. Contribution rates are established by State statute. For 2008, a portion of the City’s contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City’s pension contributions to OP&F for police and firefighters were \$56,663 and \$74,221 for the year ended December 31, 2008, \$41,001 and \$70,917 for the year ended December 31, 2007, and \$35,123 and \$44,232 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 72.49 percent has been contributed for police and 70.98 percent has been contributed for firefighters for 2008.

**NOTE 11 – POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age-and-service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in OPERS’ financial report which may be obtained 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 post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through their contributions to OPERS. A portion of each employer’s contribution to the traditional pension and combined plans is set aside for the funding of post-retirement health care.



**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 11 – POST-EMPLOYMENT BENEFITS** (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$92,655, \$96,560, and \$97,032 respectively; 88.5 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**Ohio Police and Fire Pension Fund**

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

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

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

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

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 11 – POST-EMPLOYMENT BENEFITS** (continued)

Funding Policy – OP&F's post-employment health care plan was established and is administered as an Internal Revenue Code 410(h) account within the defined benefit plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$29,998 and \$29,043 for the year ended December 31, 2008, \$21,707 and \$27,750 for the year ended December 31, 2007, and \$23,166 and \$21,095 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 72.49 percent has been contributed for police and 70.98 percent has been contributed for firefighters for 2008.

**NOTE 12 – OTHER EMPLOYEE BENEFITS**

**Deferred Compensation**

City employees may participate in the Ohio Public Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**Compensated Absences**

City employees earn vacation leave at varying rates based upon length of service up to a maximum of 320 hours. Upon departure from City employment, an employee (or their estate) will be paid for unused vacation leave.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 12 – OTHER EMPLOYEE BENEFITS** (continued)

City employees earn sick leave at the rate of one and one-fourth days per month. In the case of retirement, employees with ten years of service with the City will be paid one hour of pay for each four hours of their accumulated sick leave up to a payment of 240 hours, based on the union agreements and the City's personnel policy.

City employees can also earn compensatory time. Compensatory time is paid at one and one-half times an employee's regular rate. Employees with time remaining upon termination of their employment will be paid for any unused compensatory time.

**Insurance**

Medical/surgical and vision benefits are provided to full-time City employees through United Health Care. The City pays 100 percent of the single plan monthly premiums and 90 percent of the additional cost of the family plan premiums. Police employees pay seven percent of the cost of all plans offered by the City. The premium varies with each employee depending on the plan and coverage selected. Life insurance is provided through Anthem Life. All employees of the City receive \$50,000 in life insurance. Group dental insurance is provided through Dental Care Plus.

**NOTE 13 – CAPITAL LEASES - LESSEE DISCLOSURE**

In prior years, the City entered into lease agreements for the purchase of equipment and vehicles. As part of the 2007 agreement for a dump truck, Fifth Third Bank, as lessor, deposited \$166,100 into a separate bank account in the City's name. As of December 31, 2008, all of this deposit, as well as interest earned, was expended, except for \$4,344 that still remains in the bank account and is recorded as "Cash and Cash Equivalents with Escrow Agents" on the financial statements.

Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases"*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by leases have been capitalized in the Statement of Net Assets for governmental activities in the amount of \$1,139,578. A corresponding liability was recorded on the Statement of Net Assets for governmental activities. Principal payments in 2008 totaled \$198,550.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**NOTE 13 – CAPITAL LEASES - LESSEE DISCLOSURE** (continued)

The assets acquired through capital leases are as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value December 31, 2008</u>
Asset:			
Truck and accessories	\$138,300	(\$27,660)	\$110,640
Radio Equipment	260,000	(77,491)	182,509
Fire Truck	509,278	(50,928)	458,350
Vac-Rodder Sweeper	232,000	(34,800)	197,200
Total	<u>\$1,139,578</u>	<u>(\$190,879)</u>	<u>\$948,699</u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2008.

<u>December 31,</u>	<u>Total Payments</u>
2009	\$220,522
2010	154,449
2011	154,451
2012	134,990
2013	32,245
2014-2015	64,490
Total	761,147
Less: Amount Representing Interest	(79,412)
Present Value of Minimum Lease Payments	<u>\$681,735</u>

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**NOTE 14 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations during 2008 were as follows:

	Restated Amount Outstanding 12/31/07	Additions	Deductions	Amount Outstanding 12/31/08	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
2005 Various Purpose					
Serial Bonds - 3.25 to 3.75%	\$805,000	\$0	\$125,000	\$680,000	\$125,000
Term Bonds - 4.25 to 5.00%	3,270,000	0	0	3,270,000	0
Capital Appreciation Bonds - 4.977%	190,000	0	0	190,000	0
Accretion on Capital Appreciation Bonds	28,496	12,099	0	40,595	0
Premium on Debt Issue	87,893	0	3,921	83,972	0
School District Tax Increment Financing Portion					
	683,275	0	44,342	638,933	41,513
2005 Communication Equipment Loan - 0%	66,130	0	66,130	0	0
Capital Leases Payable	880,285	0	198,550	681,735	192,089
Compensated Absences	177,529	135,469	129,781	183,217	115,406
Total Governmental Activities Long-Term Obligations	<u>\$6,188,608</u>	<u>\$147,568</u>	<u>\$567,724</u>	<u>\$5,768,452</u>	<u>\$474,008</u>
Business-Type Activities:					
2004 Water Line Loan - 0%	\$4,261,676	\$0	\$29,317	\$4,232,359	\$0
2005 OWDA Loan - 4%	3,354,891	0	67,385	3,287,506	69,450
Total Business-Type Activities Long-Term Obligations	<u>\$7,616,567</u>	<u>\$0</u>	<u>\$96,702</u>	<u>\$7,519,865</u>	<u>\$69,450</u>

The 2005 Various Purpose Bonds were issued June 1, 2005, in the amount of \$4,500,000 in unvoted general obligation bonds that were issued for improving State Route 48 and acquiring land. Current interest bonds were issued in an aggregate principal amount of \$4,310,000. Of these bonds, \$1,040,000 were serial bonds and \$3,270,000 were term bonds. \$190,000 were issued as capital appreciation bonds. The bonds were issued for a twenty-five year period with final maturity in December of 2030. The bonds will be retired from the Bond Retirement Fund and the Tax Increment Fund.

The serial bonds, issued at \$1,040,000 with maturity dates of December 1, 2006 to December 1, 2013, are subject to optional redemption, in whole or in part on any date at the option of the issuer on or after December 1, 2015, at a redemption price equal to the par amount of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**NOTE 14 – LONG-TERM OBLIGATIONS** (continued)

The term bonds issued at \$3,270,000 and maturing on December 1, 2030, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2016	\$155,000
2017	155,000
2018	170,000
2019	180,000
2020	185,000
2021-2025	1,075,000
2026-2030	<u>1,350,000</u>
Total	<u><u>\$3,270,000</u></u>

The capital appreciation bonds, issued at \$190,000, are not subject to prior redemption. The capital appreciation bonds will mature in years 2014 and 2015, with a maturity amount of \$155,000 each year, including interest. For 2008, the capital appreciation bonds were accreted \$12,099.

The City has entered into agreements with Northmont City School District for reimbursement for a portion of taxes lost by the School District as a result of Tax Increment Financing agreements with developers. The City is allowed to grant an exemption from taxation for real or tangible personal property improvements. Pursuant to Section 5709.40 of the Ohio Revised Code, the City may negotiate and enter into agreements with the School District to compensate the School District for tax revenue the School District would have received had the property comprising the projects not been exempted from taxation by the City. The liability to the School District under these agreements was \$638,933 at December 31, 2008.

The City granted real property tax exemptions to landowners for improvements made to their properties. The City requires the owners to make an annual payment to the City in lieu of taxes in the amount that would be payable on the increase in the value of the property if not for the exemption. Payments are made to the School District since it is impacted by the tax exemption for a period of up to thirty years, commencing with the 1999 tax year and ending no later than December 16, 2029.

The 2005 Communication Equipment Loan was entered into with the Montgomery County Board of County Commissioners on November 15, 2005 in the amount of \$198,390 at zero percent interest for the purpose of purchasing two-way radios and car computer equipment. The loan was paid off during 2008.

Compensated absences will be paid from the General, Police, Fire, EMS, and Street Department Funds. Capital lease obligations will be paid from the Debt Service Fund.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**NOTE 14 – LONG-TERM OBLIGATIONS** (continued)

The 2004 Water Line Loan was a project through the City of Dayton that was completed in May, 2004. The loan was issued with a zero percent interest rate and payable from user charges from the Water Department Fund. The City of Dayton calculates a per acre fee based on water availability and bills the City of Clayton on an annual basis, therefore a final payment schedule is not available and the amount due within one year is unable to be determined. The initial term of the agreement is 20 years. At the end of 20 years, any amount outstanding is payable immediately, or the agreement may be renewed for an additional 20 years.

The City has an OWDA Loan outstanding at December 31, 2008, which was issued during 2005 at a rate of 4 percent. The total amount of the loan is \$3,500,000, of which \$3,481,913 has been received as of December 31, 2008 with the remaining amount to be received during 2009, therefore, the loan amount has not been issued in full and a final payment schedule is not available. The loan was issued for the construction of the sewer system expansion phase I and sewer lines.

The City's overall legal debt margin was \$24,162,448 at December 31, 2008, and the unvoted debt margin was \$10,689,976.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2008, are as follows:

December 31,	Governmental Activities					
	Serial Bonds	Serial Bonds	Term Bonds	Term Bonds	Capital Appreciation Bonds	Capital Appreciation Bonds
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$125,000	\$23,988	\$0	\$153,375	\$0	\$0
2010	130,000	19,613	0	153,375	0	0
2011	140,000	15,063	0	153,375	0	0
2012	140,000	10,513	0	153,375	0	0
2013	145,000	5,438	0	153,375	0	0
2014-2018	0	0	480,000	743,625	190,000	120,000
2019-2023	0	0	980,000	553,375	0	0
2024-2028	0	0	1,235,000	289,538	0	0
2029-2030	0	0	575,000	36,975	0	0
Total	\$680,000	\$74,615	\$3,270,000	\$2,390,388	\$190,000	\$120,000

**NOTE 15 – INTERFUND ASSETS/LIABILITIES**

Interfund balances at December 31, 2008, consisted of the following amounts and result from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be paid within one year.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**NOTE 15 – INTERFUND ASSETS/LIABILITIES** (continued)

Interfund Payable	Interfund Receivable				Total
	General Fund	Police Fund	Street Department Fund	Fire Fund	
Police Fund	\$198,000	\$0	\$0	\$0	\$198,000
Fire Fund	100,000	0	0	0	100,000
Capital Improvement Fund	445,649	0	0	0	445,649
Other Governmental Funds	111,061	689	17,288	3,621	132,659
<b>Total</b>	<b>\$854,710</b>	<b>\$689</b>	<b>\$17,288</b>	<b>\$3,621</b>	<b>\$876,308</b>

Transfers made during the year ended December 31, 2008, were as follows:

		Transfers From
		General Fund
Transfers To	Police Fund	\$200,000
	Street Department Fund	415,000
	Sewer Fund	262,233
	Nonmajor Governmental Funds	548,496
	<b>Total</b>	<b>\$1,425,729</b>

Transfers are used to move General Fund revenues that are used to subsidize various programs into other funds and for repayment of debt.

**NOTE 16 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

For 2008, the City participated in the Ohio Plan (the “Plan”), a risk sharing pool. (See Note 19) The City pays its annual premium to its agent, Swartzel/Affiliated Insurance Services. Coverage is as follows:

Type of Coverage	Coverage	Deductible
Municipal General Liability (per Occurrence/aggregate)	\$5,000,000/\$7,000,000	\$0
Public Official (per Occurrence/aggregate)	5,000,000/7,000,000	2,500
Police Professional (per Occurrence/aggregate)	5,000,000/7,000,000	5,000
Municipal Automobile Liability (per Occurrence)	5,000,000	0
Building and Contents	3,665,310	1,000
Inland Marine	2,352,679	500
Electronic Data Processing	108,571	500



**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 16 – RISK MANAGEMENT** (continued)

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

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated on accident history and administrative costs.

**NOTE 17 – JOINT VENTURE**

On July 1, 2007, the City entered into a contract for the creation of the Clay Township-City of Clayton Joint Economic Development District (the "District") with Clay Township in Montgomery County. The contract was entered into under the authority of the Ohio Revised Code Sections 715.72 – 715.83. The District was established for the purpose of facilitating economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the District. The District will permit the City and the Township to share income tax revenues from the development of business operations within the District. After the payment of the District's obligations, the District shall distribute 85 percent of any remaining income tax receipts, at 60 percent to the Township and 40 percent to the City. The contract will terminate on December 31, 2037, and can be renewed for two additional ten year periods. Upon contract termination, all assets and liabilities of the District will be distributed 60 percent to the Township and 40 percent to the City. The Board of Directors is made up of five individuals: a representative of the City, a representative of the Township, a representative of the business owners located within the District, a representative of the people working within the District, and a representative appointed by the other four representatives who will serve as the Chairperson of the Board.

The percentage of equity interest for the City is based on the amount that will be distributed to the City if the contract is terminated. The City's equity interest of \$12,955 represents forty percent of the total equity of the District. The District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City of Clayton paid a one-time contribution of \$25,000 to pay mutual start-up costs. Additional information can be obtained from Joe Tuss, President, at 451 West Third Street, Dayton, Ohio 45422.

**NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS**

**Miami Valley Regional Planning Commission**

The Miami Valley Regional Planning Commission (the "Commission") is a jointly governed organization between Preble, Warren, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Clayton, the City of Huber Heights, the City of Riverside, the City of New Carlisle, and the City of Dayton. 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.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS** (continued)

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 \$6,140 for the operation of the Commission during 2008. Financial information may be obtained by writing to Timothy Kambitsch, Executive Director, One South Main Street, Suite 260, Dayton, Ohio 45402.

**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. The City has agreed to be a member for ten years, ending December 31, 2010. 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 and received in the General Fund. The City received \$34,271 from ED/GE during 2008. Financial information may be obtained by writing to Pamela Frannin, Secretary, 451 West Third Street, Dayton, Ohio, 45422.

**NOTE 19 – RISK SHARING POOL**

**Ohio Plan**

The City belongs to the Ohio Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (“Members”).

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 19 – RISK SHARING POOL** (continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures with A- VII or better rated carriers, except for a five percent portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of five percent or \$25,000 for casualty losses up to the coverage limit and the lesser of five percent or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**NOTE 20 – CONTINGENT LIABILITIES**

**Federal and State Grants**

For the period January 1, 2008, to December 31, 2008, the City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**NOTE 21 - CONSTRUCTION COMMITMENTS**

As of December 31, 2008, the City had the following commitments with respect to capital projects:

<u>Contractor</u>	<u>Amount Remaining</u>
Barrett Paving	\$43,784
Dayton Power and Light	82,125
Capital Electric Line Builders	10,019

**NOTE 22 – ACCOUNTABILITY AND COMPLIANCE**

**Accountability**

The Police, Fire, EMS, and Federal Emergency Management Agency Funds had deficit fund balances at December 31, 2008 of \$140,776, \$48,948, \$25,268, and \$107,659, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**City of Clayton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**NOTE 22 – ACCOUNTABILITY AND COMPLIANCE** (continued)

The Water Department Fund had deficit net assets of \$224,114 at December 31, 2008. The City anticipates increased revenues and a corresponding decrease in the net assets deficit in future years.

**Compliance**

The Bond Retirement Fund had an excess of final appropriations over final estimated receipts plus available balances by \$89,357. Actual resources of the City were exceeded by appropriations in the General Fund (\$132,190), the Police Fund (\$61,454), the Street Fund (\$15,822), the Fire Fund (\$76,839), the EMS Fund (\$119,160) and the Bond Retirement Fund (\$79,102). The City will monitor budgetary controls more closely to ensure appropriations do not exceed estimated resources and available balances in the future.

COMBINING FINANCIAL STATEMENTS  
AND  
INDIVIDUAL FUND SCHEDULES

**City of Clayton, Ohio**  
*Nonmajor Fund Descriptions*

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**Special Revenue Funds**

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 specified purposes.

**Nonmajor Special Revenue Funds**

**Cops Fund**

To account for federal grant money used to employ additional police officers. The grant program no longer generates revenue for the City.

**Drug Law Enforcement Fund**

To account for fines and costs collected for felonious drug trafficking convictions. This money may be used in any drug law enforcement activity.

**Law Enforcement Trust Fund**

To account for fine and forfeiture revenue from law enforcement used for law enforcement training and equipment.

**EMS Fund**

To account for money received from a property tax levy and fees that are expended to pay for the cost of operating EMS services.

**State Highway Fund**

To account for gasoline tax and motor vehicle license fees used for routine maintenance of State highways within the City.

**Permissive Motor Vehicle License Tax Fund**

To account for additional motor vehicle license tax levied by the City for routine street maintenance and repairs.

**Street Lights Fund**

To account for special assessments to provide street lighting within the City.

**Cemetery Fund**

To account for revenues received from the sale of lots, charges for burial services and foundations, and transfers used to operate and maintain the City cemetery.

**Joint Economic Development District Fund**

To account for the City's share of the income tax levied by the Clay Township-City of Clayton Joint Economic Development District to be used for economic development and for the benefit and welfare of the properties located within the District and the City of Clayton.

**Federal Emergency Management Agency Fund**

To account for federal grant money used to aid in cost reimbursements for wind storm damage. Budgetary information has not been presented for this fund because the City did not anticipate any revenues or expenditures in 2008 and none occurred. The budgetary fund balance was zero at December 31, 2008.

*(continued)*

**City of Clayton, Ohio**  
*Nonmajor Fund Descriptions*  
(continued)

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**Debt Service Fund**

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Nonmajor Debt Service Fund**

**Bond Retirement Fund**

To account for the accumulation of resources for, and the payment of principal and interest.

**Capital Projects Fund**

Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

**Nonmajor Capital Projects Fund**

**Asset Replacement Fund**

To account for transfers from the General Fund for the purchase or replacement of capital assets.

**City of Clayton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2008*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$485,702	\$10,257	\$100,000	\$595,959
Receivables:				
Property Taxes	181,513	0	0	181,513
Other Local Taxes	8,281	0	0	8,281
Accounts	119,951	0	0	119,951
Special Assessments - Current	27,241	0	0	27,241
Special Assessments - Delinquent	2,579	0	0	2,579
Due from Other Governments	142,859	0	0	142,859
Prepaid Items	11,347	0	0	11,347
<i>Total Assets</i>	<u>\$979,473</u>	<u>\$10,257</u>	<u>\$100,000</u>	<u>\$1,089,730</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$1,608	\$0	\$0	\$1,608
Interfund Payable	132,659	0	0	132,659
Accrued Wages Payable	5,746	0	0	5,746
Due to Other Governments	42,084	0	0	42,084
Deferred Revenue	446,977	0	0	446,977
<i>Total Liabilities</i>	<u>629,074</u>	<u>0</u>	<u>0</u>	<u>629,074</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	17,662	0	0	17,662
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	332,737	0	0	332,737
Debt Service Fund	0	10,257	0	10,257
Capital Projects Fund	0	0	100,000	100,000
<i>Total Fund Balances</i>	<u>350,399</u>	<u>10,257</u>	<u>100,000</u>	<u>460,656</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$979,473</u>	<u>\$10,257</u>	<u>\$100,000</u>	<u>\$1,089,730</u>



**City of Clayton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2008*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$184,135	\$0	\$0	\$184,135
Other Local Taxes	101,238	0	0	101,238
Intergovernmental	98,370	0	0	98,370
Charges for Services	331,164	0	0	331,164
Fines and Forfeitures	388	0	0	388
Investment Income	7,808	0	0	7,808
Special Assesments	28,991	0	0	28,991
Other	13,739	0	0	13,739
<i>Total Revenues</i>	<u>765,833</u>	<u>0</u>	<u>0</u>	<u>765,833</u>
<b>Expenditures:</b>				
Current:				
General Government	107,659	0	0	107,659
Security of Persons and Property	681,645	0	0	681,645
Public Health	4,591	0	0	4,591
Transportation	115,278	0	0	115,278
Debt Service:				
Principal Retirement	0	344,680	0	344,680
Interest and Fiscal Charges	0	153,816	0	153,816
<i>Total Expenditures</i>	<u>909,173</u>	<u>498,496</u>	<u>0</u>	<u>1,407,669</u>
<i>Excess of Revenues Under Expenditures</i>	(143,340)	(498,496)	0	(641,836)
<b>Other Financing Sources:</b>				
Transfers-In	50,000	498,496	0	548,496
<i>Net Change in Fund Balances</i>	(93,340)	0	0	(93,340)
<i>Fund Balances at Beginning of Year</i>	<u>443,739</u>	<u>10,257</u>	<u>100,000</u>	<u>553,996</u>
<i>Fund Balances at End of Year</i>	<u><u>\$350,399</u></u>	<u><u>\$10,257</u></u>	<u><u>\$100,000</u></u>	<u><u>\$460,656</u></u>

**City of Clayton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2008*

	Cops	Drug Law Enforcement	Law Enforcement Trust	EMS
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$31,390	\$9,970	\$16,798	\$16,820
Receivables:				
Property Taxes	0	0	0	181,513
Other Local Taxes	0	0	0	0
Accounts	0	0	0	119,951
Special Assessments - Current	0	0	0	0
Special Assessments - Delinquent	0	0	0	0
Due from Other Governments	0	0	0	12,993
Prepaid Items	0	0	0	8,731
<i>Total Assets</i>	<u>\$31,390</u>	<u>\$9,970</u>	<u>\$16,798</u>	<u>\$340,008</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$0	\$0	\$0	\$1,608
Interfund Payable	0	0	0	25,000
Accrued Wages Payable	0	0	0	5,746
Due to Other Governments	0	0	0	42,084
Deferred Revenue	0	0	0	290,838
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>365,276</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	0	10,572
Unreserved, Undesignated (Deficit)	<u>31,390</u>	<u>9,970</u>	<u>16,798</u>	<u>(35,840)</u>
<i>Total Fund Balances (Deficit)</i>	<u>31,390</u>	<u>9,970</u>	<u>16,798</u>	<u>(25,268)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$31,390</u>	<u>\$9,970</u>	<u>\$16,798</u>	<u>\$340,008</u>

State Highway	Permissive Motor Vehicle License Tax	Street Lights	Cemetery	Joint Economic Development District	Federal Emergency Management Agency	Total Nonmajor Special Revenue Funds
\$180,931	\$188,782	\$6,466	\$14,740	\$19,805	\$0	\$485,702
0	0	0	0	0	0	181,513
0	8,281	0	0	0	0	8,281
0	0	0	0	0	0	119,951
0	0	27,241	0	0	0	27,241
0	0	2,579	0	0	0	2,579
22,207	0	0	0	0	107,659	142,859
0	0	0	2,616	0	0	11,347
<u>\$203,138</u>	<u>\$197,063</u>	<u>\$36,286</u>	<u>\$17,356</u>	<u>\$19,805</u>	<u>\$107,659</u>	<u>\$979,473</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$1,608
0	0	0	0	0	107,659	132,659
0	0	0	0	0	0	5,746
0	0	0	0	0	0	42,084
18,660	0	29,820	0	0	107,659	446,977
<u>18,660</u>	<u>0</u>	<u>29,820</u>	<u>0</u>	<u>0</u>	<u>215,318</u>	<u>629,074</u>
835	6,255	0	0	0	0	17,662
<u>183,643</u>	<u>190,808</u>	<u>6,466</u>	<u>17,356</u>	<u>19,805</u>	<u>(107,659)</u>	<u>332,737</u>
<u>184,478</u>	<u>197,063</u>	<u>6,466</u>	<u>17,356</u>	<u>19,805</u>	<u>(107,659)</u>	<u>350,399</u>
<u>\$203,138</u>	<u>\$197,063</u>	<u>\$36,286</u>	<u>\$17,356</u>	<u>\$19,805</u>	<u>\$107,659</u>	<u>\$979,473</u>

**City of Clayton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2008*

	Cops	Drug Law Enforcement	Law Enforcement Trust	EMS
<b>Revenues:</b>				
Property Taxes	\$0	\$0	\$0	\$184,135
Other Local Taxes	0	0	0	0
Intergovernmental	0	0	0	34,342
Charges for Services	0	0	0	329,824
Fines and Forfeitures	0	25	363	0
Investment Income	0	0	0	0
Special Assessments	0	0	0	0
Other	0	0	0	1,266
<i>Total Revenues</i>	<u>0</u>	<u>25</u>	<u>363</u>	<u>549,567</u>
<b>Expenditures:</b>				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	14,570	625,102
Public Health	0	0	0	0
Transportation	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>14,570</u>	<u>625,102</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	25	(14,207)	(75,535)
<b>Other Financing Sources:</b>				
Transfers-In	0	0	0	50,000
<i>Net Change in Fund Balances</i>	0	25	(14,207)	(25,535)
<i>Fund Balances at Beginning of Year</i>	<u>31,390</u>	<u>9,945</u>	<u>31,005</u>	<u>267</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$31,390</u></u>	<u><u>\$9,970</u></u>	<u><u>\$16,798</u></u>	<u><u>(\$25,268)</u></u>

State Highway	Permissive Motor Vehicle License Tax	Street Lights	Cemetery	Joint Economic Development District	Federal Emergency Management Agency	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$184,135
0	101,238	0	0	0	0	101,238
44,223	0	0	0	19,805	0	98,370
0	0	0	1,340	0	0	331,164
0	0	0	0	0	0	388
3,875	3,933	0	0	0	0	7,808
0	0	28,991	0	0	0	28,991
0	0	12,473	0	0	0	13,739
<u>48,098</u>	<u>105,171</u>	<u>41,464</u>	<u>1,340</u>	<u>19,805</u>	<u>0</u>	<u>765,833</u>
0	0	0	0	0	107,659	107,659
0	0	41,973	0	0	0	681,645
0	0	0	4,591	0	0	4,591
<u>24,477</u>	<u>90,801</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>115,278</u>
<u>24,477</u>	<u>90,801</u>	<u>41,973</u>	<u>4,591</u>	<u>0</u>	<u>107,659</u>	<u>909,173</u>
23,621	14,370	(509)	(3,251)	19,805	(107,659)	(143,340)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
23,621	14,370	(509)	(3,251)	19,805	(107,659)	(93,340)
<u>160,857</u>	<u>182,693</u>	<u>6,975</u>	<u>20,607</u>	<u>0</u>	<u>0</u>	<u>443,739</u>
<u>\$184,478</u>	<u>\$197,063</u>	<u>\$6,466</u>	<u>\$17,356</u>	<u>\$19,805</u>	<u>(\$107,659)</u>	<u>\$350,399</u>

**City of Clayton, Ohio**  
*Agency Fund Descriptions*

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

**Impact Fee Fund**

To account for fees collected for Montgomery County, the City of Dayton, and the City of Clayton from individuals who develop land within the Clayton Improvement District for the purpose of expanding and upgrading water, sanitary sewer, road, and municipal park systems and related infrastructure improvements due to the land development.

**Joint Economic Development District**

To account for income tax monies received from various business owners within the Clay Township-City of Clayton Joint Economic Development District and which are then distributed to Clay Township, the City of Clayton and the District.

**City of Clayton, Ohio**  
*Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2008*

	Balance at 12/31/2007	Additions	Reductions	Balance at 12/31/2008
<b><u>IMPACT FEE</u></b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$95,022	\$210,416	\$275,015	\$30,423
<b>Liabilities:</b>				
Due to Other Governments	\$95,022	\$30,423	\$95,022	\$30,423
Undistributed Money	0	250,931	250,931	0
Total Liabilities	\$95,022	\$281,354	\$345,953	\$30,423
<b><u>JOINT ECONOMIC DEVELOPMENT DISTRICT</u></b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$58,970	\$58,970	\$0
<b>Liabilities:</b>				
Due to Other Governments	\$0	\$58,970	\$58,970	\$0

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*General Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$426,497	\$375,344	(\$51,153)
Other Local Taxes	89,806	98,690	8,884
Municipal Income Taxes	1,247,452	1,290,793	43,341
Intergovernmental	455,796	618,023	162,227
Charges for Services	61,695	62,733	1,038
Licenses and Permits	8,214	9,881	1,667
Investment Income	142,874	85,905	(56,969)
Other	3,185	59,908	56,723
<i>Total Revenues</i>	<u>2,435,519</u>	<u>2,601,277</u>	<u>165,758</u>
<b>Expenditures:</b>			
Current:			
General Government			
Personal Services	824,093	776,526	47,567
Contractual Services	733,223	623,605	109,618
Materials and Supplies	103,523	96,225	7,298
Capital Outlay	135,955	104,670	31,285
Other	1,555	0	1,555
<i>Total Expenditures</i>	<u>1,798,349</u>	<u>1,601,026</u>	<u>197,323</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>637,170</u>	<u>1,000,251</u>	<u>363,081</u>
<b>Other Financing Uses:</b>			
Transfers-Out	(1,500,000)	(1,365,729)	134,271
Advances-Out	(768,649)	(768,649)	0
<i>Total Other Financing Uses</i>	<u>(2,268,649)</u>	<u>(2,134,378)</u>	<u>134,271</u>
<i>Net Change in Fund Balance</i>	(1,631,479)	(1,134,127)	497,352
<i>Fund Balance at Beginning of Year</i>	1,500,533	1,500,533	0
<i>Prior Year Encumbrances Appropriated</i>	<u>83,006</u>	<u>83,006</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>(\$47,940)</u></u>	<u><u>\$449,412</u></u>	<u><u>\$497,352</u></u>



**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Police Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$1,220,811	\$1,081,051	(\$139,760)
Intergovernmental	161,400	207,643	46,243
Fines and Forfeitures	10,000	17,203	7,203
Other	0	21,828	21,828
<i>Total Revenues</i>	<u>1,392,211</u>	<u>1,327,725</u>	<u>(64,486)</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Personal Services	1,581,895	1,495,629	86,266
Contractual Services	191,112	142,544	48,568
Materials and Supplies	85,218	77,424	7,794
Capital Outlay	8,450	415	8,035
Other	43,401	26,410	16,991
<i>Total Expenditures</i>	<u>1,910,076</u>	<u>1,742,422</u>	<u>167,654</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(517,865)</u>	<u>(414,697)</u>	<u>103,168</u>
<b>Other Financing Sources:</b>			
Transfers-In	398,000	200,000	(198,000)
Advances-In	0	198,000	198,000
<i>Total Other Financing Uses</i>	<u>398,000</u>	<u>398,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(119,865)	(16,697)	103,168
<i>Fund Balance at Beginning of Year</i>	77,399	77,399	0
<i>Prior Year Encumbrances Appropriated</i>	<u>45,497</u>	<u>45,497</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$3,031</u></u>	<u><u>\$106,199</u></u>	<u><u>\$103,168</u></u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Street Department Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$550,000	\$547,670	(\$2,330)
Licenses and Permits	0	1,925	1,925
Investment Income	6,500	2,696	(3,804)
Other	50,000	20,030	(29,970)
<i>Total Revenues</i>	<u>606,500</u>	<u>572,321</u>	<u>(34,179)</u>
<b>Expenditures:</b>			
Current:			
Transportation			
Personal Services	801,070	770,980	30,090
Contractual Services	107,996	65,363	42,633
Materials and Supplies	121,693	97,104	24,589
Capital Outlay	12,000	12,524	(524)
Other	46,367	29,064	17,303
<i>Total Expenditures</i>	<u>1,089,126</u>	<u>975,035</u>	<u>114,091</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(482,626)	(402,714)	79,912
<b>Other Financing Sources:</b>			
Transfers-In	415,000	415,000	0
<i>Net Change in Fund Balance</i>	(67,626)	12,286	79,912
<i>Fund Balance at Beginning of Year</i>	69,809	69,809	0
<i>Prior Year Encumbrances Appropriated</i>	16,314	16,314	0
<i>Fund Balance at End of Year</i>	<u>\$18,497</u>	<u>\$98,409</u>	<u>\$79,912</u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
**Fire Fund**  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$478,056	\$422,799	(\$55,257)
Intergovernmental	57,850	73,446	15,596
Other	0	3,368	3,368
<i>Total Revenues</i>	<u>535,906</u>	<u>499,613</u>	<u>(36,293)</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Personal Services	643,925	561,393	82,532
Contractual Services	87,200	56,979	30,221
Materials and Supplies	26,572	31,351	(4,779)
Capital Outlay	21,350	4,644	16,706
Other	53,478	40,814	12,664
<i>Total Expenditures</i>	<u>832,525</u>	<u>695,181</u>	<u>137,344</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(296,619)</u>	<u>(195,568)</u>	<u>101,051</u>
<b>Other Financing Sources:</b>			
Transfers-In	140,550	0	(140,550)
Advances-In	0	100,000	100,000
<i>Total Other Financing Sources</i>	<u>140,550</u>	<u>100,000</u>	<u>(40,550)</u>
<i>Net Change in Fund Balance</i>	(156,069)	(95,568)	60,501
<i>Fund Balance at Beginning of Year</i>	100,655	100,655	0
<i>Prior Year Encumbrances Appropriated</i>	<u>55,417</u>	<u>55,417</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$3</u>	<u>\$60,504</u>	<u>\$60,501</u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Tax Increment Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Other Local Taxes	\$200,000	\$115,173	(\$84,827)
Investment Income	40,000	677	(39,323)
<i>Total Revenues</i>	<u>240,000</u>	<u>115,850</u>	<u>(124,150)</u>
<b>Expenditures:</b>			
Current:			
General Government			
Contractual Services	202,981	201,870	1,111
Intergovernmental			
Contractual Services	44,342	44,342	0
Debt Service:			
Principal Retirement	45,000	45,000	0
Interest and Fiscal Charges	64,688	64,688	0
<i>Total Expenditures</i>	<u>357,011</u>	<u>355,900</u>	<u>1,111</u>
<i>Net Change in Fund Balance</i>	(117,011)	(240,050)	(123,039)
<i>Fund Balance at Beginning of Year</i>	420,194	420,194	0
<i>Prior Year Encumbrances Appropriated</i>	<u>45,600</u>	<u>45,600</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$348,783</u></u>	<u><u>\$225,744</u></u>	<u><u>(\$123,039)</u></u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Capital Improvement Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Municipal Income Taxes	\$775,000	\$733,064	(\$41,936)
Intergovernmental	773,373	336,585	(436,788)
Other	0	14,176	14,176
<i>Total Revenues</i>	<u>1,548,373</u>	<u>1,083,825</u>	<u>(464,548)</u>
<b>Expenditures:</b>			
Current:			
General Government			
Contractual Services	1,440,596	1,251,949	188,647
Capital Outlay	446,600	421,233	25,367
Other	50,000	13,750	36,250
<i>Total Expenditures</i>	<u>1,937,196</u>	<u>1,686,932</u>	<u>250,264</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(388,823)</u>	<u>(603,107)</u>	<u>(214,284)</u>
<b>Other Financing Sources:</b>			
Proceeds from Capital Lease	166,100	0	(166,100)
Advances-In	445,649	445,649	0
<i>Total Other Financing Sources</i>	<u>611,749</u>	<u>445,649</u>	<u>(166,100)</u>
<i>Net Change in Fund Balance</i>	222,926	(157,458)	(380,384)
<i>Fund Balance at Beginning of Year</i>	482,004	482,004	0
<i>Prior Year Encumbrances Appropriated</i>	<u>4,223</u>	<u>4,223</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$709,153</u>	<u>\$328,769</u>	<u>(\$380,384)</u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget and Actual (Non-GAAP Basis)*  
*Water Department Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$69,317	\$101,880	\$32,563
Tap-In Fees	25,598	26,922	1,324
<i>Total Revenues</i>	<u>94,915</u>	<u>128,802</u>	<u>33,887</u>
<b>Expenses:</b>			
Personal Services	21,986	15,548	6,438
Contractual Services	2,200	2,678	(478)
Materials and Supplies	137,978	39,169	98,809
Debt Service:			
Principal Retirement	29,317	29,317	0
<i>Total Expenses</i>	<u>191,481</u>	<u>86,712</u>	<u>104,769</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(96,566)	42,090	138,656
Transfers-In	52,000	0	(52,000)
<i>Net Change in Fund Equity</i>	(44,566)	42,090	86,656
<i>Fund Equity at Beginning of Year</i>	80,189	80,189	0
<i>Prior Year Encumbrances Appropriated</i>	<u>12,178</u>	<u>12,178</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$47,801</u></u>	<u><u>\$134,457</u></u>	<u><u>\$86,656</u></u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget and Actual (Non-GAAP Basis)*  
*Sewer Operating Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Other	\$0	\$13	\$13
<b>Expenses:</b>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	0	13	13
<i>Fund Equity at Beginning of Year</i>	<u>64,260</u>	<u>64,260</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$64,260</u></u>	<u><u>\$64,273</u></u>	<u><u>\$13</u></u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Cops Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>	\$0	\$0	\$0
<b>Expenditures:</b>	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance at Beginning of Year</i>	31,390	31,390	0
<i>Fund Balance at End of Year</i>	<u>\$31,390</u>	<u>\$31,390</u>	<u>\$0</u>



**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Drug Law Enforcement Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$0	\$25	\$25
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Capital Outlay	5,000	0	5,000
<i>Net Change in Fund Balance</i>	(5,000)	25	5,025
<i>Fund Balance at Beginning of Year</i>	9,945	9,945	0
<i>Fund Balance at End of Year</i>	<u>\$4,945</u>	<u>\$9,970</u>	<u>\$5,025</u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Law Enforcement Trust Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$1,500	\$363	(\$1,137)
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Capital Outlay	15,000	14,570	430
<i>Net Change in Fund Balance</i>	(13,500)	(14,207)	(707)
<i>Fund Balance at Beginning of Year</i>	31,005	31,005	0
<i>Fund Balance at End of Year</i>	<u>\$17,505</u>	<u>\$16,798</u>	<u>(\$707)</u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*EMS Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$212,198	\$184,135	(\$28,063)
Intergovernmental	25,900	34,342	8,442
Charges for Services	290,000	352,169	62,169
Other	0	9,528	9,528
<i>Total Revenues</i>	<u>528,098</u>	<u>580,174</u>	<u>52,076</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Personal Services	630,164	563,507	66,657
Contractual Services	84,169	72,380	11,789
Materials and Supplies	28,451	22,604	5,847
Capital Outlay	3,000	2,537	463
Other	48,210	8,606	39,604
<i>Total Expenditures</i>	<u>793,994</u>	<u>669,634</u>	<u>124,360</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(265,896)</u>	<u>(89,460)</u>	<u>176,436</u>
<b>Other Financing Sources</b>			
Transfers-In	246,250	50,000	(196,250)
Advances-In	0	25,000	25,000
<i>Total Other Financing Sources</i>	<u>246,250</u>	<u>75,000</u>	<u>(171,250)</u>
<i>Net Change in Fund Balance</i>	(19,646)	(14,460)	5,186
<i>Fund Balance at Beginning of Year</i>	9,803	9,803	0
<i>Prior Year Encumbrances Appropriated</i>	<u>9,858</u>	<u>9,858</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$15</u>	<u>\$5,201</u>	<u>\$5,186</u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*State Highway Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Other Local Taxes	\$40,500	\$44,406	\$3,906
Investment Income	0	3,875	3,875
<i>Total Revenues</i>	<u>40,500</u>	<u>48,281</u>	<u>7,781</u>
<b>Expenditures:</b>			
Current:			
Transportation			
Contractual Services	8,024	6,965	1,059
Materials and Supplies	15,000	15,550	(550)
Other	8,500	4,646	3,854
<i>Total Expenditures</i>	<u>31,524</u>	<u>27,161</u>	<u>4,363</u>
<i>Net Change in Fund Balance</i>	8,976	21,120	12,144
<i>Fund Balance at Beginning of Year</i>	156,452	156,452	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,524</u>	<u>2,524</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$167,952</u></u>	<u><u>\$180,096</u></u>	<u><u>\$12,144</u></u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Permissive Motor Vehicle License Tax Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Other Local Taxes	\$100,000	\$100,483	\$483
Investment Income	5,000	3,933	(1,067)
<i>Total Revenues</i>	<u>105,000</u>	<u>104,416</u>	<u>(584)</u>
<b>Expenditures:</b>			
Current:			
Transportation			
Contractual Services	15,000	0	15,000
Materials and Supplies	41,000	55,858	(14,858)
Other	46,951	43,018	3,933
<i>Total Expenditures</i>	<u>102,951</u>	<u>98,876</u>	<u>4,075</u>
<i>Net Change in Fund Balance</i>	2,049	5,540	3,491
<i>Fund Balance at Beginning of Year</i>	170,036	170,036	0
<i>Prior Year Encumbrances Appropriated</i>	<u>6,951</u>	<u>6,951</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$179,036</u></u>	<u><u>\$182,527</u></u>	<u><u>\$3,491</u></u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Street Lights Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Special Assessments	\$28,900	\$28,991	\$91
Other	12,473	12,473	0
<i>Total Revenues</i>	<u>41,373</u>	<u>41,464</u>	<u>91</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Contractual Services	53,473	29,627	23,846
Other	0	12,346	(12,346)
<i>Total Expenditures</i>	<u>53,473</u>	<u>41,973</u>	<u>11,500</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(12,100)	(509)	11,591
<b>Other Financing Sources:</b>			
Transfers-In	6,500	0	(6,500)
<i>Net Change in Fund Balance</i>	(5,600)	(509)	5,091
<i>Fund Balance at Beginning of Year</i>	<u>6,975</u>	<u>6,975</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,375</u></u>	<u><u>\$6,466</u></u>	<u><u>\$5,091</u></u>

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Cemetery Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$1,500	\$1,340	(\$160)
<b>Expenditures:</b>			
Current:			
Public Health			
Contractual Services	4,800	5,083	(283)
Materials and Supplies	2,000	641	1,359
Other	5,000	150	4,850
<i>Total Expenditures</i>	11,800	5,874	5,926
<i>Net Change in Fund Balance</i>	(10,300)	(4,534)	5,766
<i>Fund Balance at Beginning of Year</i>	18,474	18,474	0
<i>Prior Year Encumbrances Appropriated</i>	800	800	0
<i>Fund Balance at End of Year</i>	\$8,974	\$14,740	\$5,766

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Joint Economic Development District Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$0	\$19,805	\$19,805
<b>Expenditures:</b>	0	0	0
<i>Net Change in Fund Balance</i>	0	19,805	19,805
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$19,805	\$19,805



**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
**Bond Retirement Fund**  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>	\$0	\$0	\$0
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	535,640	412,065	123,575
Interest and Fiscal Charges	254,446	288,664	(34,218)
<i>Total Expenditures</i>	790,086	700,729	89,357
<i>Excess of Revenues Over (Under) Expenditures</i>	(790,086)	(700,729)	89,357
<b>Other Financing Sources:</b>			
Transfers-In	690,474	700,729	10,255
<i>Net Change in Fund Balance</i>	(99,612)	0	99,612
<i>Fund Balance at Beginning of Year</i>	10,257	10,257	0
<i>Fund Balance (Deficit) at End of Year</i>	(\$89,355)	\$10,257	\$99,612

**City of Clayton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*Asset Replacement Fund*  
*For the Year Ended December 31, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>	\$0	\$0	\$0
<b>Expenditures:</b>	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
<b>Other Financing Sources:</b>			
Transfers-In	100,000	0	100,000
<i>Net Change in Fund Balance</i>	100,000	0	100,000
<i>Fund Balance at Beginning of Year</i>	100,000	100,000	0
<i>Fund Balance at End of Year</i>	<u>\$200,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

*STATISTICAL TABLES*

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This part of the City of Clayton’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.

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	94-101
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	102-111
These schedules contain information to help the reader assess the City’s most significant local revenue sources, property taxes and income taxes.	
Debt Capacity	112-118
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.	
Demographic and Economic Information	119-121
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating information	122-126
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial reports relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented *GASB Statement No. 34* in 2004. Schedules presenting government-wide information include information beginning in that year.

**City of Clayton, Ohio**  
*Net Assets by Component*  
*Last Six Years*  
*(accrual basis of accounting)*

	2003	2004	2005	2006	2007	2008
<b>Governmental Activities:</b>						
Invested in Capital Assets, Net of Related Debt	\$86,351	\$3,952	\$1,096,146	\$2,385,015	\$3,399,360	\$4,534,717
Restricted	1,465,798	1,937,007	2,283,572	2,418,788	2,976,984	2,613,295
Unrestricted	1,191,175	1,835,685	2,535,512	2,604,083	2,478,642	2,167,933
<i>Total Governmental Activities Net Assets</i>	<u>2,743,324</u>	<u>3,776,644</u>	<u>5,915,230</u>	<u>7,407,886</u>	<u>8,854,986</u>	<u>9,315,945</u>
<b>Business-Type Activities:</b>						
Invested in Capital Assets, Net of Related Debt	0	(102,187)	(46,429)	(78,683)	(80,021)	(57,466)
Unrestricted (Deficit)	149,464	164,623	(145,701)	18,068	184,759	292,602
<i>Total Business-Type Activities:</i>	<u>149,464</u>	<u>62,436</u>	<u>(192,130)</u>	<u>(60,615)</u>	<u>104,738</u>	<u>235,136</u>
<b>Primary Government:</b>						
Invested in Capital Assets, Net of Related Debt	86,351	(98,235)	1,049,717	2,306,332	3,319,339	4,477,251
Restricted	1,465,798	1,937,007	2,283,572	2,418,788	2,976,984	2,613,295
Unrestricted	1,340,639	2,000,308	2,389,811	2,622,151	2,663,401	2,460,535
<i>Total Primary Government Net Assets</i>	<u>\$2,892,788</u>	<u>\$3,839,080</u>	<u>\$5,723,100</u>	<u>\$7,347,271</u>	<u>\$8,959,724</u>	<u>\$9,551,081</u>

**City of Clayton, Ohio**  
*Changes in Net Assets*  
*Last Five Years*  
*(accrual basis of accounting)*

	2004	2005	2006	2007	2008
<b>Program Revenues:</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$26,772	\$38,031	\$169,787	\$132,499	\$102,638
Security of Persons and Property	314,897	345,607	296,703	352,411	445,672
Public Health	800	4,625	4,125	2,350	1,340
Transportation	0	0	0	1,325	1,925
Operating Grants, Contributions and Interest	552,811	817,692	908,004	1,003,649	1,093,240
Capital Grants, Contributions and Interest	0	276,069	572,922	389,589	317,078
<i>Total Governmental Activities Program Revenues</i>	<u>895,280</u>	<u>1,482,024</u>	<u>1,951,541</u>	<u>1,881,823</u>	<u>1,961,893</u>
Business-Type Activities:					
Charges for Services:					
Water Department	31,303	27,111	66,812	193,040 (1)	112,285
Sewer Operating	0	0	21,505	6,384 (2)	8,986
Capital Grants, Contributions and Interest	0	107,149	269,452	0	0
<i>Total Business-Type Activities Program Revenues</i>	<u>31,303</u>	<u>134,260</u>	<u>357,769</u>	<u>199,424</u>	<u>121,271</u>
<i>Total Primary Government Program Revenues</i>	<u>926,583</u>	<u>1,616,284</u>	<u>2,309,310</u>	<u>2,081,247</u>	<u>2,083,164</u>
<b>Expenses:</b>					
Governmental Activities:					
Current:					
General Government	1,368,528	2,370,105	2,549,858	1,699,954	1,665,425
Security of Persons and Property	2,407,965	1,801,658	2,252,398	3,081,544	3,181,958
Leisure Time Activities	667	0	0	0	0
Public Health	5,376	4,549	4,136	5,101	4,591
Transportation	537,134	261,669	947,510	1,174,423	1,292,387
Interest and Fiscal Charges	34,215	180,251	226,533	229,427	230,230
<i>Total Governmental Activities Expenses</i>	<u>4,353,885</u>	<u>4,618,232</u>	<u>5,980,435</u>	<u>6,190,449</u>	<u>6,374,591</u>
Business-Type Activities:					
Water Department	118,331	333,428	288,508	120,237	113,795
Sewer Operating	0	56,548	140,098	137,465	139,324
<i>Total Business-Type Activities Expenses</i>	<u>118,331</u>	<u>389,976</u>	<u>428,606</u>	<u>257,702</u>	<u>253,119</u>
<i>Total Primary Government Expenses</i>	<u>\$4,472,216</u>	<u>\$5,008,208</u>	<u>\$6,409,041</u>	<u>\$6,448,151</u>	<u>\$6,627,710</u>

(continued)

(1) Charges for services in the Water Department increased in 2007 as operations expanded.

(2) Charges for services for Sewer Operations decreased in 2007 due to a decrease in impact fee revenue

**City of Clayton, Ohio**  
*Changes in Net Assets (continued)*  
*Last Five Years*  
*(accrual basis of accounting)*

	2004	2005	2006	2007	2008
<b>Net (Expense) / Revenue:</b>					
Governmental Activities	(\$3,458,605)	(\$3,136,208)	(\$4,028,894)	(\$4,308,626)	(\$4,412,698)
Business-Type Activities	(87,028)	(255,716)	(70,837)	(58,278)	(131,848)
<i>Total Primary Government Net Assets</i>	<u>(3,545,633)</u>	<u>(3,391,924)</u>	<u>(4,099,731)</u>	<u>(4,366,904)</u>	<u>(4,544,546)</u>
<b>General Revenues and Transfers:</b>					
Governmental Activities:					
Property Taxes Levied for General Purposes	342,712	364,204	383,670	374,624	374,000
Property Taxes Levied for Police	1,022,788	1,098,323	1,105,558	1,085,879	1,076,541
Property Taxes Levied for Fire	405,506	421,057	443,579	423,706	421,228
Property Taxes Levied for EMS	176,307	184,599	193,639	184,206	183,452
Other Local Taxes	336,326	262,708	507,230	335,198	206,438
Municipal Income Taxes Levied for General Purposes	852,187	1,459,448	1,578,201	1,311,919	1,280,281
Municipal Income Taxes Levied for Capital Outlay	429,971	698,190	811,251	607,727	727,648
Grants and Entitlements not Restricted to Specific Programs	820,270	579,344	514,987	534,113	550,153
Contributions	12,331	0	0	0	0
Investment Income	2,622	98,999	173,067	178,584	85,905
Investment in Joint Venture	0	0	0	0	12,955
Other	90,905	107,922	107,846	168,012	217,289
Transfers	0	0	(202,352)	(202,234)	(262,233)
<i>Total Governmental Activities General Revenues and Transfers</i>	<u>4,491,925</u>	<u>5,274,794</u>	<u>5,616,676</u>	<u>5,001,734</u>	<u>4,873,657</u>
Business-Type Activities:					
Other	0	1,150	0	0	13
Transfers	0	0	202,352	202,234	262,233
<i>Total Business-Type Activities General Revenues and Transfers</i>	<u>0</u>	<u>1,150</u>	<u>202,352</u>	<u>202,234</u>	<u>262,246</u>
Prior Year Restatement of Governmental Type Net Assets	0	0	0	753,992	0
Prior Year Restatement of Business-Type Net Assets	0	0	0	21,397	0
<b>Change in Net Assets:</b>					
Governmental Activities	1,033,320	2,138,586	1,587,782	1,447,100	460,959
Business-Type Activities	(87,028)	(254,566)	131,515	165,353	130,398
<i>Total Primary Government</i>	<u>\$946,292</u>	<u>\$1,884,020</u>	<u>\$1,719,297</u>	<u>\$1,612,453</u>	<u>\$591,357</u>

**City of Clayton, Ohio**  
*Program Revenues by Function/Program*  
*Last Five Years*  
*(accrual basis of accounting)*

<b>Function / Program:</b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental Activities</b>					
General Government	\$54,892	\$357,923	\$783,323	\$606,334	\$595,918
Security of Persons and Property	353,681	623,878	624,108	613,690	769,283
Public Health	800	4,625	4,125	2,350	1,340
Transportation	485,907	495,598	539,985	659,449	595,352
<i>Total Governmental Activities Program Revenues</i>	<u>895,280</u>	<u>1,482,024</u>	<u>1,951,541</u>	<u>1,881,823</u>	<u>1,961,893</u>
<b>Business-Type Activities:</b>					
Water Department	31,303	130,227	112,469	193,040	112,285
Sewer Operating	0	4,033	245,300	6,384	8,986
<i>Total Business-Type Activities Program Revenues</i>	<u>31,303</u>	<u>134,260</u>	<u>357,769</u>	<u>199,424</u>	<u>121,271</u>
<i>Total Primary Government Program Revenues</i>	<u>\$926,583</u>	<u>\$1,616,284</u>	<u>\$2,309,310</u>	<u>\$2,081,247</u>	<u>\$2,083,164</u>

**City of Clayton, Ohio**  
*Fund Balances - Governmental Funds*  
*Last Nine Years (1)*  
*(modified accrual basis of accounting)*

	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund			
Reserved	\$18,222	\$23,351	\$68,376
Unreserved	<u>651,466</u>	<u>966,509</u>	<u>1,056,776</u>
<i>Total General Fund</i>	<u>669,688</u>	<u>989,860</u>	<u>1,125,152</u>
All Other Governmental Funds			
Reserved	9,269	174,066	243,079
Unreserved, Undesignated (Deficit) Reported in:			
Special Revenue Funds	796,231	856,525	650,808
Debt Service Fund	0	0	0
Capital Projects Funds	<u>1,352</u>	<u>(237,791)</u>	<u>(497,824)</u>
<i>Total All Other Governmental Funds</i>	<u>806,852</u>	<u>792,800</u>	<u>396,063</u>
<i>Total Governmental Funds</i>	<u>\$1,476,540</u>	<u>\$1,782,660</u>	<u>\$1,521,215</u>

(1) 2000 was the first year this financial information was available for the City of Clayton.



2003	2004	2005	2006	2007	2008
\$128,863	\$77,786	\$141,169	\$142,351	\$59,053	\$121,485
687,905	1,322,683	1,917,869	1,789,609	1,734,915	1,443,214
816,768	1,400,469	2,059,038	1,931,960	1,793,968	1,564,699
408,995	243,191	136,530	210,896	110,316	422,365
733,282	1,077,057	1,328,413	1,090,855	945,875	495,363
0	0	4,431	5,617	10,257	10,257
96,248	3,093,024	454,323	506,205	681,450	170,013
1,238,525	4,413,272	1,923,697	1,813,573	1,747,898	1,097,998
\$2,055,293	\$5,813,741	\$3,982,735	\$3,745,533	\$3,541,866	\$2,662,697

**City of Clayton, Ohio**  
*Changes in Fund Balances - Governmental Funds*  
*Last Nine Years (1)*  
*(modified accrual basis of accounting)*

	2000	2001	2002	2003	2004
<b>Revenues:</b>					
Property Taxes	\$2,032,740	\$2,146,736	\$2,239,105	\$2,222,997	\$2,341,468
Increment Taxes (2)	0	0	0	0	0
Other Local Taxes (3)	0	0	0	0	0
Municipal Income Taxes	0	0	0	0	1,184,355
Intergovernmental	1,225,596	2,034,908	1,696,953	1,648,301	1,294,237
Charges for Services	44,975	127,143	240,292	264,812	301,520
Licenses and Permits	58,613	22,229	31,918	27,589	7,960
Fines and Forfeitures	0	0	0	0	22,263
Contributions and Donations	0	66,370	77,712	400	12,331
Investment Income	107,223	97,840	81,178	28,500	32,442
Special Assessments	27,456	26,747	31,056	22,765	22,128
Impact Fees	0	0	0	0	0
Other	57,338	65,766	38,011	43,869	95,932
<b>Total Revenues</b>	<b>3,553,941</b>	<b>4,587,739</b>	<b>4,436,225</b>	<b>4,259,233</b>	<b>5,314,636</b>
<b>Expenditures:</b>					
Current:					
General Government	818,027	861,745	788,044	762,008	1,572,028
Security of Persons and Property	1,892,324	2,033,113	2,127,539	2,362,097	2,388,868
Leisure Time Activities	51,599	0	0	0	667
Public Health	4,604	7,393	3,410	6,910	5,376
Community Environment	90,688	87,233	86,588	106,591	0
Transportation	648,650	538,912	785,432	663,815	586,560
Intergovernmental	0	0	0	0	0
Capital Outlay	157,611	661,085	805,690	1,370,997	0
Debt Service:					
Principal Retirement	48,579	77,606	83,493	33,255	1,616,253
Interest and Fiscal Charges	9,104	26,025	21,548	19,482	21,449
Issuance Costs	0	0	0	0	0
<b>Total Expenditures</b>	<b>3,721,186</b>	<b>4,293,112</b>	<b>4,701,744</b>	<b>5,325,155</b>	<b>6,191,201</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(167,245)</i>	<i>294,627</i>	<i>(265,519)</i>	<i>(1,065,922)</i>	<i>(876,565)</i>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Capital Assets	3,689	5,981	4,074	0	0
General Obligation Bonds Issued	0	0	0	0	0
Proceeds from Refunding Notes	0	0	0	0	0
Premium on Debt Issued	0	0	0	0	0
Notes Issued	0	0	0	1,600,000	4,500,000
Proceeds of Loan	0	0	0	0	0
Proceeds from Capital Lease	157,611	5,512	0	0	135,013
Transfers-In	188,000	200,000	337,500	524,052	278,442
Current Refunding	0	0	0	0	0
Transfers-Out	(188,000)	(200,000)	(337,500)	(524,052)	(278,442)
<b>Total Other Financing Sources (Uses)</b>	<b>161,300</b>	<b>11,493</b>	<b>4,074</b>	<b>1,600,000</b>	<b>4,635,013</b>
<b>Net Change in Fund Balances</b>	<b>(\$5,945)</b>	<b>\$306,120</b>	<b>(\$261,445)</b>	<b>\$534,078</b>	<b>\$3,758,448</b>
<i>Debt Service as a Percentage of Noncapital Expenditures (4)</i>	<i>1.6%</i>	<i>2.9%</i>	<i>2.8%</i>	<i>1.4%</i>	<i>28.3%</i>

(1) 2000 was the first year this financial information was available for the City of Clayton.

(2) Prior to 2008 the City did not separate Increment and Other Local Taxes.

(3) Prior to 2006 the City did not separate Property and Other Local Taxes.

(4) Beginning in 2004, the City began tracking capital outlay in the functions for which the items were acquired. The capital expenditures within the various functions can be obtained from the Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

2005	2006	2007	2008
\$2,434,127	\$2,132,002	\$2,071,635	\$2,063,329
0	0	0	115,173
0	406,845	371,060	199,928
1,882,105	2,072,428	2,000,105	2,003,061
1,639,988	1,917,568	1,736,282	1,923,306
341,039	360,292	379,355	393,877
8,315	10,626	10,144	11,806
13,624	13,526	20,519	17,851
0	0	0	0
142,245	235,838	246,821	97,086
22,124	22,228	22,718	28,991
0	63,032	40,350	18,264
107,554	108,214	104,369	217,289
6,591,121	7,342,599	7,003,358	7,089,961
5,647,391	3,627,015	2,673,903	3,018,325
2,454,231	2,806,686	2,906,093	2,996,332
0	0	0	0
4,549	4,136	5,101	4,591
0	0	0	0
753,543	879,686	1,015,617	1,035,123
0	0	0	44,342
0	0	0	0
69,973	357,611	347,434	389,680
182,830	211,590	222,743	218,504
98,022	0	0	0
9,210,539	7,886,724	7,170,891	7,706,897
(2,619,418)	(544,125)	(167,533)	(616,936)
0	0	0	0
4,500,000	0	0	0
1,600,000	0	0	0
98,022	0	0	0
0	0	0	0
198,390	0	0	0
492,000	509,275	166,100	0
793,605	1,648,523	1,470,804	1,163,496
(6,100,000)	0	0	0
(793,605)	(1,850,875)	(1,673,038)	(1,425,729)
788,412	306,923	(36,134)	(262,233)
(\$1,831,006)	(\$237,202)	(\$203,667)	(\$879,169)
6.6%	9.5%	9.3%	9.7%

**City of Clayton, Ohio**  
*Tax Revenues by Source - Governmental Funds*  
*Last Nine Years (1)*  
*(modified accrual basis of accounting)*

Year	Property and Other Local Taxes	Municipal Income Tax	Total
2000	\$2,032,740	\$0	\$2,032,740
2001	2,107,593	0	2,107,593
2002	2,239,105	0	2,239,105
2003	2,222,997	0	2,222,997
2004*	2,341,468	1,184,355	3,525,823
2005	2,434,127	1,882,105	4,316,232
2006	2,538,847	2,072,428	4,611,275
2007	2,442,695	2,000,105	4,442,800
2008	2,378,430	2,003,061	4,381,491

(1) 2000 was the first year financial information was available for the City of Clayton.

\* Beginning in 2004, the City started collecting a voter approved 1.5 percent municipal income tax.

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**City of Clayton, Ohio**  
*Assessed Value and Estimated Actual Value of Taxable Property*  
*Last Nine Years (1)*

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2000	\$193,707,740	\$11,727,330	\$586,957,343	\$10,162,410	\$11,548,193
2001	195,821,450	12,701,070	595,778,629	9,256,180	10,518,386
2002	198,251,620	12,087,280	600,968,286	6,811,490	7,740,330
2003	220,594,270	14,047,960	670,406,371	6,969,700	7,920,114
2004	223,733,540	13,378,050	677,461,686	6,750,130	7,670,602
2005	227,078,110	13,559,680	687,536,543	5,979,780	6,795,205
2006	245,417,110	14,684,510	743,147,486	5,940,090	6,750,102
2007	246,309,620	14,803,000	746,036,057	5,689,890	6,465,784
2008	248,450,750	14,818,730	752,198,514	4,879,900	5,545,341

Source: Montgomery County Auditor

- (1) 2000 was the first year this financial information was available for the City of Clayton.

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out. The assessment percentage for all property including inventory is 6.25 percent for 2008, and will be reduced to zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent rollback, 2 1/2 percent rollback, and homestead exemption before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property was eliminated.

Tangible Personal Property					Weighted Average Tax Rate (per \$1,000 of assessed value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$1,664,171	\$6,656,684	\$217,261,651	\$605,162,220	35.90%	\$10.16
1,865,725	7,462,900	219,644,425	613,759,915	35.79	10.13
2,144,783	8,579,132	219,295,173	617,287,747	35.53	9.30
2,287,021	9,148,084	243,898,951	687,474,569	35.48	9.29
2,422,986	9,691,944	246,284,706	694,824,232	35.45	9.28
2,368,147	9,472,588	248,985,717	703,804,335	35.38	9.27
1,812,688	9,667,669	267,854,398	759,565,257	35.26	8.79
1,629,718	13,037,744	268,432,228	765,539,585	35.06	8.79
1,300,056	10,400,448	269,449,436	768,144,303	35.08	8.76

**City of Clayton, Ohio**  
*Property Tax Rates - Direct and Overlapping Governments*  
*(Per \$1,000 of Assessed Valuation)*  
*Last Nine Years (1)*

	2000	2001	2002	2003
<b>Unvoted Millage</b>				
Operating	\$1.60000	\$1.60000	\$1.60000	\$1.60000
<b>Voted Millage - by levy</b>				
1976 Police				
Residential/Agricultural Real	0.6762	0.6741	0.6100	0.6100
Commercial/Industrial and Public Utility Real	1.2693	1.2690	1.0753	1.0753
General Business and Public Utility Personal	2.6800	2.6800	2.6800	2.6800
1998 Police				
Residential/Agricultural Real	1.3864	1.3821	1.2507	1.2507
Commercial/Industrial and Public Utility Real	1.5000	1.4997	1.2708	1.2708
General Business and Public Utility Personal	1.5000	1.5000	1.5000	1.5000
1998 Police				
Residential/Agricultural Real	3.2349	3.2249	2.9183	2.9183
Commercial/Industrial and Public Utility Real	3.5000	3.4993	2.9652	2.9652
General Business and Public Utility Personal	3.5000	3.5000	3.5000	3.5000
1998 Fire District - Fire and EMS				
Residential/Agricultural Real	2.1259	2.1193	1.9179	1.9179
Commercial/Industrial and Public Utility Real	2.3000	2.2996	1.9490	1.9490
General Business and Public Utility Personal	2.3000	2.3000	2.3000	2.3000
1998 Fire District				
Residential/Agricultural Real	0.9243	0.9214	0.8339	0.8339
Commercial/Industrial and Public Utility Real	1.0000	0.9998	0.8474	0.8474
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
<i>Total Voted Millage by Type of Property</i>				
Residential/Agricultural Real	8.34770	8.32180	7.53080	7.53080
Commercial/Industrial and Public Utility Real	9.56930	9.56740	8.10770	8.10770
General Business and Public Utility Personal	10.98000	10.98000	10.98000	10.98000
<i>Total Millage by Type of Property</i>				
Residential/Agricultural Real	9.94770	9.92180	9.13080	9.13080
Commercial/Industrial and Public Utility Real	11.16930	11.16740	9.70770	9.70770
General Business and Public Utility Personal	12.58000	12.58000	12.58000	12.58000



2004	2005	2006	2007	2008
\$1.60000	\$1.60000	\$1.60000	\$1.60000	\$1.60000
0.6084	0.6074	0.5715	0.5716	0.5700
1.0767	1.0766	0.9983	1.0043	1.0038
2.6800	2.6800	2.6800	2.6800	2.6800
1.2475	1.2454	1.1717	1.1719	1.1687
1.2725	1.2724	1.1798	1.1869	1.1862
1.5000	1.5000	1.5000	1.5000	1.5000
2.9107	2.9059	2.7340	2.7344	2.7269
2.9691	2.9688	2.7528	2.7693	2.7678
3.5000	3.5000	3.5000	3.5000	3.5000
1.9129	1.9097	1.7969	1.7971	1.7922
1.9515	1.9514	1.8086	1.8194	1.8184
2.3000	2.3000	2.3000	2.3000	2.3000
0.8317	0.8303	0.7813	0.7814	0.7792
0.8485	0.8484	0.7863	0.7911	0.7906
1.0000	1.0000	1.0000	1.0000	1.0000
7.51120	7.49870	7.05540	7.05640	7.03700
8.11830	8.11760	7.52580	7.57100	7.56680
10.98000	10.98000	10.98000	10.98000	10.98000
9.11120	9.09870	8.65540	8.65640	8.63700
9.71830	9.71760	9.12580	9.17100	9.16680
12.58000	12.58000	12.58000	12.58000	12.58000

(continued)

**City of Clayton, Ohio**  
*Property Tax Rates - Direct and Overlapping Governments (continued)*  
*(Per \$1,000 of Assessed Valuation)*  
*Last Nine Years (1)*

<b>Overlapping Rates by Taxing District</b>	2000	2001	2002	2003
<b>Northmont School District</b>				
Residential/Agricultural Real	\$30.9798	\$30.8410	\$30.7310	\$28.0041
Commercial/Industrial and Public Utility Real	35.8377	35.8719	35.6492	31.4708
General Business and Public Utility Personal	58.8500	58.8300	58.8000	58.3500
<b>Trotwood-Madison School District</b>				
Residential/Agricultural Real	38.4135	39.3770	39.6467	47.4226
Commercial/Industrial and Public Utility Real	42.4120	43.5789	45.2203	51.6159
General Business and Public Utility Personal	52.6400	52.6400	52.9100	61.0500
<b>Brookville School District</b>				
Residential/Agricultural Real	30.2103	30.0433	29.9119	35.8699
Commercial/Industrial and Public Utility Real	36.2159	36.4068	36.0303	40.7727
General Business and Public Utility Personal	57.0900	57.0900	57.0800	65.0600
<b>Sinclair Community College</b>				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
<b>Montgomery County</b>				
Residential/Agricultural Real	13.3359	14.1326	14.1053	12.7219
Commercial/Industrial and Public Utility Real	15.1759	15.8608	15.8389	14.5574
General Business and Public Utility Personal	16.6400	17.2400	17.2400	17.2400
<b>Special Taxing Districts (2)</b>				
Residential/Agricultural Real	2.2371	2.2365	2.2361	2.5161
Commercial/Industrial and Public Utility Real	2.5322	2.5278	2.5084	2.5632
General Business and Public Utility Personal	2.8400	2.8400	2.8400	2.8400

Source: Montgomery County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Real property is reappraised every six years and property values are updated in the third year of each reappraisal.

Overlapping rates are those of local and county governments that apply to property owners within the City.

(1) 2000 was the first year financial information was available for the City of Clayton.

(2) Library, Joint Vocational School

2004	2005	2006	2007	2008
\$33.6824	\$33.5861	\$31.8522	\$31.7846	\$37.6076
37.2891	37.6443	36.5464	36.5338	42.4345
64.1500	64.1500	64.1500	64.1500	70.0500
47.2126	47.1064	43.9139	43.9060	43.9211
51.5069	51.7235	49.8603	50.1742	50.7206
60.8500	60.7000	60.0600	60.0600	60.0600
35.8140	35.6903	33.5760	33.6254	33.4836
40.4013	40.4597	40.2386	40.4653	40.5158
65.0600	65.0600	65.0400	65.0400	65.0400
2.0190	2.0144	1.8234	1.8224	1.8199
2.1749	2.1806	2.0774	2.0840	2.0737
2.5000	2.5000	2.5000	2.5000	2.5000
13.1094	13.0835	12.0043	11.9987	16.0261
14.1786	14.1955	13.6040	13.6420	16.6010
15.7400	15.7400	15.7400	15.7400	17.7400
2.5049	3.5228	3.2372	3.2262	3.1931
2.5676	3.5987	3.4506	3.4641	3.4395
2.8400	3.8300	3.8300	3.8300	3.8300

**City of Clayton, Ohio**  
*Principal Property Tax Payers*  
 2008 and 2006 (1)

Taxpayer	2008	
	Total Assessed Valuation	Percentage of Total Assessed Valuation
Dayton Power and Light	\$4,404,170	1.63%
Tilak Nagar/Stoneridge	2,469,030	0.92%
Garden Woods Apartments	1,586,840	0.59%
Pleasant Real Estate LLC	1,509,390	0.56%
LGH Properties	1,343,600	0.50%
Randolph Investments LLC	712,380	0.26%
Greenglen Apartments of Dayton	652,630	0.24%
Louis Fanty A. Jr.	313,100	0.12%
Vectren Energy	447,020	0.17%
H/S Development	287,760	0.11%
<b>Total Real and Personal Property</b>	<b>13,725,920</b>	<b>5.10%</b>
All Others	255,723,516	94.90%
<b>Total Assessed Valuation</b>	<b>\$269,449,436</b>	<b>100.00%</b>

Taxpayer	2006	
	Total Assessed Valuation	Percentage of Total Assessed Valuation
Dayton Power and Light	\$3,989,200	1.49%
Tilak Nagar/Stoneridge	1,945,370	0.73%
Garden Woods Apartments	1,661,670	0.62%
LGH Properties	1,265,480	0.47%
Pleasant Real Estate LLC	944,870	0.35%
Verizon North	940,820	0.35%
Randolph Investments LLC	911,850	0.34%
Louis Fanty A. Jr.	781,110	0.29%
Greenglen Apartments of Dayton	622,350	0.23%
MB Hussain LLC	496,020	0.19%
<b>Total Real and Personal Property</b>	<b>13,558,740</b>	<b>5.06%</b>
All Others	254,295,658	94.94%
<b>Total Assessed Valuation</b>	<b>\$267,854,398</b>	<b>100.00%</b>

Source: Montgomery County Auditor

(1) Information prior to 2006 is unavailable.

**City of Clayton, Ohio**  
*Property Tax Levies and Collections*  
*Last Nine Years (1)*

<u>Collection Year</u>	<u>Total Tax Levied (2)</u>	<u>Current Tax Collection (2)</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Tax Collection (3)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections To Total Levy</u>
2000	\$2,217,305	\$2,159,653	97.40%	\$53,136	\$2,212,789	99.80%
2001	2,234,420	2,210,156	98.91%	59,142	2,269,298	101.56%
2002	2,356,324	2,279,078	96.72%	62,215	2,341,293	99.36%
2003	2,362,074	2,333,517	98.79%	77,248	2,410,765	102.06%
2004	2,305,743	2,218,299	96.21%	54,778	2,273,077	98.58%
2005	2,191,528	2,100,921	95.87%	80,491	2,181,412	99.54%
2006	2,353,436	2,287,521	97.20%	90,414	2,377,935	101.04%
2007	2,294,131	2,193,496	95.61%	72,473	2,265,969	98.77%
2008	2,362,233	2,340,682	99.09%	73,306	2,413,988	102.19%

Source: Montgomery County Auditor

- (1) Information prior to 2000 is unavailable.
- (2) Current taxes levied and current tax collections do not include rollback and homestead amounts.
- (3) Delinquent tax collections include amounts collected from penalties, interest, and other delinquent collections. The County does not identify delinquent collections by the year for which the tax was levied.

**City of Clayton, Ohio**  
*Ratios of Outstanding Debt by Type*  
*Primary Government*  
*Last Nine Years (1)*

Fiscal Year	Governmental Activities				Business Type Activities		Total Outstanding Debt
	Improvement Notes	Various Purpose Bonds	Communication Equipment Loan	Capital Leases	Water Line Loan	OWDA Loan	
2000	\$110,000	\$0	\$0	\$190,750	\$0	\$0	\$300,750
2001	650,000	0	0	118,656	0	0	768,656
2002	650,000	0	0	35,163	0	0	685,163
2003	1,600,000	0	0	1,908	0	0	1,601,908
2004	4,500,000	0	0	120,668	4,464,274	0	9,084,942
2005	0	4,601,904	198,390	542,695	4,444,874	1,242,895	11,030,758
2006	0	4,498,269	132,260	875,489	4,397,685	3,283,377	13,187,080
2007	0	4,381,389	66,130	880,285	4,261,676	3,354,891	12,944,371
2008	0	4,264,567	0	681,735	4,232,359	3,287,506	12,466,167

- (1) 2000 was the first year financial information was available for the City of Clayton.
- (2) Computation of per capita personal income multiplied by population - See Demographic and Economic Statistical Table, Page 119
- (3) Source: 2000 Census

Total Personal Income (2)	Population (3)	Ratio of Debt to Total Personal Income	Debt Per Capita
\$390,546,567	13,347	0.08%	\$22.53
390,546,567	13,347	0.20%	57.59
390,546,567	13,347	0.18%	51.33
390,546,567	13,347	0.41%	120.02
390,546,567	13,347	2.33%	680.67
390,546,567	13,347	2.82%	826.46
390,546,567	13,347	3.38%	988.02
390,546,567	13,347	3.31%	969.83
390,546,567	13,347	3.19%	934.01

**City of Clayton, Ohio**  
*Ratio of General Obligation Bonded Debt to  
 Estimated Actual Value and General Obligation Bonded Debt Per Capita  
 Last Four Years (1)*

Fiscal Year	General Bonded Debt	Estimated Actual Value (2)	Population (3)	Ratio of Debt to Estimated Actual Value	General Obligation Bonded Debt Per Capita
2005	\$4,601,904	\$703,804,335	13,347	0.65%	\$344.79
2006	4,498,269	759,565,257	13,347	0.59%	337.02
2007	4,381,389	765,539,585	13,347	0.57%	328.27
2008	4,264,567	768,144,303	13,347	0.56%	319.52

(1) The City of Clayton did not have General Bonded Debt prior to January 1, 2005.

Source: (2) Montgomery County Auditor  
 (3) 2000 Census



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**City of Clayton, Ohio**  
*Legal Debt Margin Information*  
*Last Nine Years (1)*

	2000	2001	2002	2003
Total Assessed Valuation	\$217,261,651	\$219,644,425	\$219,295,173	\$243,898,951
Overall debt limitation - 10.5% of assessed valuation	<u>22,812,473</u>	<u>23,062,665</u>	<u>23,025,993</u>	<u>25,609,390</u>
Gross indebtedness authorized by the City	0	650,000	650,000	1,600,000
Less Exempt Debt				
State Route 48 Improvement Note	0	650,000	650,000	1,600,000
Water Line Loan	0	0	0	0
Various Purpose Bond - State Route 48 Improvement Portion	0	0	0	0
OWDA Loan	0	0	0	0
Total Exempt Debt	<u>0</u>	<u>650,000</u>	<u>650,000</u>	<u>1,600,000</u>
Net Debt Subject to Limitation	0	0	0	0
Less amount available in the Debt Service Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Debt Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin within 10.5% limitation	<u>\$22,812,473</u>	<u>\$23,062,665</u>	<u>\$23,025,993</u>	<u>\$25,609,390</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.0%	100.0%	100.0%	100.0%

Unvoted debt limitation 5.5% of assessed valuation	\$11,949,391	\$12,080,443	\$12,061,235	\$13,414,442
Gross indebtedness authorized by the City	<u>0</u>	<u>650,000</u>	<u>650,000</u>	<u>1,600,000</u>
Less Exempt Debt				
State Route 48 Improvement Note	0	650,000	650,000	1,600,000
Water Line Loan	0	0	0	0
Various Purpose Bond - State Route 48 Improvement Portion	0	0	0	0
OWDA Loan	0	0	0	0
Total Exempt Debt	<u>0</u>	<u>650,000</u>	<u>650,000</u>	<u>1,600,000</u>
Net Debt Subject to Limitation	0	0	0	0
Less amount available in the Debt Service Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Debt Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin within 5.5% limitation	<u>\$11,949,391</u>	<u>\$12,080,443</u>	<u>\$12,061,235</u>	<u>\$13,414,442</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.0%	100.0%	100.0%	100.0%

Ohio Bond Law sets a limit of 10.5 percent for voted debt and 5.5 percent for unvoted debt.

(1) 2000 was the first year financial information was available for the City of Clayton.

2004	2005	2006	2007	2008
\$246,284,706	\$248,985,717	\$267,854,398	\$268,432,228	\$269,449,436
25,859,894	26,143,500	28,124,712	28,185,384	28,292,191
8,964,274	10,386,159	12,198,322	11,947,694	11,659,865
1,600,000	0	0	0	0
4,464,274	4,444,874	4,397,685	4,261,676	4,232,359
0	1,600,000	0	0	0
0	1,242,895	3,283,377	3,354,891	3,287,506
6,064,274	7,287,769	7,681,062	7,616,567	7,519,865
2,900,000	3,098,390	4,517,260	4,331,127	4,140,000
0	4,431	5,617	10,257	10,257
2,900,000	3,093,959	4,511,643	4,320,870	4,129,743
\$22,959,894	\$23,049,541	\$23,613,069	\$23,864,514	\$24,162,448
88.8%	88.2%	84.0%	84.7%	85.4%

\$13,545,659	\$13,694,214	\$14,731,992	\$14,763,773	\$14,819,719
8,964,274	10,386,159	12,198,322	11,947,694	11,659,865
1,600,000	0	0	0	0
4,464,274	4,444,874	4,397,685	4,261,676	4,232,359
0	1,600,000	0	0	0
0	1,242,895	3,283,377	3,354,891	3,287,506
6,064,274	7,287,769	7,681,062	7,616,567	7,519,865
2,900,000	3,098,390	4,517,260	4,331,127	4,140,000
0	4,431	5,617	10,257	10,257
2,900,000	3,093,959	4,511,643	4,320,870	4,129,743
\$10,645,659	\$10,600,255	\$10,220,349	\$10,442,903	\$10,689,976
78.6%	77.4%	69.4%	70.7%	72.1%

**City of Clayton, Ohio**  
*Direct and Overlapping Governmental Activities Debt*  
 December 31, 2008

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Clayton (1)	Amount Applicable to the City of Clayton
<b>Direct Debt:</b>			
City of Clayton			
General Obligation Bonds	\$4,264,567	100.00%	\$4,264,567
Capital Lease Obligations	<u>681,735</u>	100.00%	<u>681,735</u>
Total Direct Debt	<u>4,946,302</u>		<u>4,946,302</u>
<b>Overlapping Debt:</b>			
Montgomery County			
General Obligation Bonds	44,960,304	2.50%	1,124,008
Special Assessment Bonds	2,175,620	2.50%	54,391
Capital Lease Obligations	916,265	2.50%	22,907
Trotwood-Madison School District (2)			
School Improvement Bonds	33,754,042	2.76%	931,612
Energy Conservation Note Payable	75,000	2.76%	2,070
Capital Lease Obligation	9,919,279	2.76%	273,772
Brookville School District (2)			
School Construction Bonds	22,124,339	8.00%	1,769,947
Greater Dayton Regional Transit Authority			
Capital Facility Bonds	<u>21,904,961</u>	2.50%	<u>547,624</u>
Total Overlapping Debt	<u>135,829,810</u>		<u>4,726,331</u>
Grand Total	<u><u>\$140,776,112</u></u>		<u><u>\$9,672,633</u></u>

Source: Montgomery County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

(2) The debt outstanding is as of June 30, 2008.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account.

**City of Clayton, Ohio**  
*Demographic and Economic Statistics*  
*Last Nine Years (1)*

Year	Population (2)	Total Personal Income (3)	Per Capita Personal Income (2)	Median Household Income (2)	Median Age (2)	Percent of High School or Higher Graduates (2)	Unemployment Rate (4)	Total Assessed Property Value (5)
2000	13,347	\$390,546,567	\$29,261	\$60,625	39.2	91.5%	2.9%	\$217,261,651
2001	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	219,644,425
2002	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	219,295,173
2003	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	243,898,951
2004	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	246,284,706
2005	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	248,985,717
2006	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	267,854,398
2007	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.8%	268,432,228
2008	13,347	390,546,567	29,261	60,625	39.2	91.5%	5.8%	269,449,436

(1) 2000 was the first year financial information was available for the City of Clayton.

- Source: (2) 2000 Census  
(3) Computation of per capita personal income multiplied by population  
(4) Ohio Department of Jobs and Family Services  
(5) Montgomery County Auditor

**City of Clayton, Ohio**

*Principal Employers*

*2008 and 2006 (1)*

Employer	2008	
	Total Employees	Percentage of Total Employees
Stillwater Center	200	5.82%
Northmont Board of Education	175	5.10%
Dayton Meadowbrook	100	2.91%
City of Clayton	90	2.62%
Studebaker Electric	87	2.54%
Landes Meats, Inc.	64	1.87%
Anchor Fabricating	40	1.17%
Salem Christian Academy	25	0.73%
Cottages of Clayton	25	0.73%
Fidelity Orthopedic	17	0.50%
Total Employees	823	23.99%
All Other Employers	2,607	76.01%
Total Employees	3,430	100.00%

(1) Information prior to 2006 is unavailable

Employer	2006	
	Total Employees	Percentage of Total Employees
Northmont Board of Education	720	19.32%
Stillwater Center	182	4.88%
City of Clayton	90	2.41%
Studebaker Electric	53	1.42%
Dayton Meadowbrook	50	1.35%
Anchor Fabricating	42	1.13%
Crapsey & Gilles	31	0.83%
Caffe Anticoli	20	0.54%
United Dairy Farmers	19	0.51%
Dennis E. McClure MD Inc.	18	0.48%
Total Employees	1,225	32.87%
All Other Employers	2,502	67.13%
Total Employees	3,727	100.00%

**City of Clayton, Ohio**  
*City Government Employees by Function/Program*  
*Last Nine Years (1)*

<b>Governmental Activities:</b>	2000		2001		2002		2003		2004	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government:										
Administration	7	12	8	8	9	13	7	17	7	19
Police	13	14	14	14	15	26	15	23	15	22
Fire/EMS	5	45	5	45	6	50	6	49	5	52
Street	9	26	10	6	7	8	8	13	8	14
<i>Total Number of Employees</i>	<u>34</u>	<u>97</u>	<u>37</u>	<u>73</u>	<u>37</u>	<u>97</u>	<u>36</u>	<u>102</u>	<u>35</u>	<u>107</u>

(1) 2000 was the first year employment information was available for the City of Clayton.



2005		2006		2007		2008	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
9	11	10	11	8	17	8	17
13	18	13	24	16	25	17	22
4	44	7	44	7	40	7	41
10	11	8	11	7	10	8	11
36	84	38	90	38	92	40	91

**City of Clayton, Ohio**  
*Operating Indicators by Function/Program*  
*Last Seven Years (1)*

	2002	2003	2004
<b>Police</b>			
Police Calls	13,533	12,892	11,203
<b>Fire/EMS</b>			
Fire and EMS Calls	1,287	1,376	1,494
<b>Street</b>			
Dollars for Road Improvement	\$153,262	\$119,823	\$150,285
Miles of Roads	197	197	197
Tons of Salt Spread	353	791	700
Tons of Grit Spread	328	1,037	1,500

(1) Information prior to 2002 is not available.

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<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
10,263	10,233	10,178	7,146
1,788	1,739	1,710	1,959
\$130,240	\$520,368	\$861,720	\$1,034,836
197	197	197	197
400	350	350	930
200	118	118	220

**City of Clayton, Ohio**  
*Capital Assets Statistics by Function/Program*  
*Last Five Years (1)*

	2004	2005	2006	2007	2008
<b>General Government</b>					
Government Center	1	1	1	1	1
Community Center	1	1	1	1	1
Gazebo	1	1	1	1	1
Parks	3	3	3	3	4
Cemeteries	2	2	2	2	2
Vehicles	2	2	2	2	1
<b>Police</b>					
Stations	1	1	1	1	1
Patrol Vehicles					
Active	7	7	9	8	8
Auxilliary	8	5	6	5	4
Support Vehicles/Trailers	2	1	1	1	1
<b>Fire</b>					
Stations	3	3	3	3	3
Response Vehicles	12	6	6	6	6
Support	2	3	3	3	3
<b>EMS</b>					
Medics	5	4	4	4	3
<b>Street</b>					
Buildings	2	2	2	2	2
Trucks	14	10	10	11	8
Pickups	3	3	3	3	5
Mowers	7	5	5	5	5

(1) Information prior to 2004 is not available.



Mary Taylor, CPA  
Auditor of State

**CITY OF CLAYTON  
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 14, 2009**