



*CITY OF DAYTON, OHIO*  
**Comprehensive Annual Financial Report  
For the Year Ended December 31, 2003**

PREPARED BY:

*Department of Finance*  
Cheryl J. Garrett, Director  
Candy H. Carr, Acting Accounting and Treasury Manager

***MISSION STATEMENT***

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

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**CITY OF DAYTON, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2003**

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June 3, 2004

Mr. James T. Dinneen  
City Manager  
Dayton, Ohio

Dear Mr. Dinneen:

With this letter, I transmit the City of Dayton's (the "City") Comprehensive Annual Financial Report (CAFR) for 2003 to you, the Mayor and Commissioners, the citizens of this City, the investment community, and to all other interested parties. The CAFR was prepared using accounting principals generally accepted in the United States of America (GAAP) as applied to governmental units and contains all disclosures necessary to enable the reader to understand the City's financial affairs. Responsibility for both the accuracy of the data and completeness and fairness of the presentation rests with management of the City.

#### **HIGHLIGHTS, MAJOR INITIATIVES, AND FUTURE ENDEAVORS**

Excerpts from the Mayor's (McLin) 2004 State of the City address these topics:

"Under the leadership of Commissioner Williams, the Dayton Technology Taskforce issued its recommendations on how to maintain and enhance Dayton's position as an information technology center. The Task force's report will provide valuable guidance as we continue to recruit high-paying jobs and businesses to the community. These efforts further support Wright Patterson Air Force Base and its critical role in our economy, especially from a technology perspective. One of our most important community initiatives- the development of Tech Town campus- is gaining strong momentum. The Clean Ohio Revitalization fund awarded the project \$3 million to assist with site redevelopment, and the Federal government has appropriated \$2.5 million of additional funds. Montgomery County also awarded \$400,000 to the project. These resources are essential to achieve our goal of turning the former manufacturing site into a modern technology campus.

Downtown also remains a popular location for people seeking condominiums and loft apartments. The City of Dayton continues to work closely with various partners to include the Arcade and the Biltmore Hotel in our housing redevelopment mix. I am pleased to report that plans to begin a \$20 million renovation of the Biltmore Hotel are on track. This partnership effort between the City of Dayton, HUD, the State of Ohio's Housing finance Agency, and the Apartment Investment and Management Company (AIMCO) will maintain the Biltmore as an attractive and affordable residential community for our elderly residents. The project includes exterior improvements and upgrades to each of the Hotel's 230 living units."

#### **CITY ORGANIZATION**

In 1913, Dayton was the first large city to adopt the Council-Manager form of government. The Dayton City commission is comprised of the Mayor and four City Commissioners. They are elected at-large on a non-partisan basis for four-year, overlapping terms. All policy items are decided by the City Commission, which is empowered by the City Charter to pass ordinances and resolutions, adopt regulations and appoint the City Manager. The City Manager manages 16 City Departments employing 2,589 people.

## **DEPARTMENTAL ACCOMPLISHMENT**

The Office of Economic Development promotes sustainable economic growth within the City of Dayton by cultivating a development friendly environment that attracts investment to our community. Their success will increase business development, living-wage jobs and quality housing opportunities. Some of the many accomplishments for the Department are:

- Visited with 238 businesses in 2003 as part of the business retention program. These visits provide an opportunity to develop working relationships with businesses, learn more about their needs and identify opportunities to assist with their growth.
- Facilitated \$138,725,300 in private investment that resulted in the retention of 1,962 jobs and created 837 jobs.
- Downtown developments included eight new housing units being built in the McCormick building which is also being redeveloped as the new home of Lorenz & Williams architectural and engineering firm.
- Completed an economic study of the area surrounding Grandview Hospital in support of the renaissance Redevelopment Plan. The Plan will begin to define the neighborhood's future for potential hospital expansion, business uses, and additional housing opportunities.
- While maintaining an occupancy rate of over 90%, more than 415,000 pounds of regulated substances were removed from the Wellfield Protection Area, further reducing the risk of contamination to our aquifer. DIGIT, a company that manufactures precision measurement devices, moved into the Wellfield Protection Area.

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This transmittal letter is designed to provide historical information about the City, as well as compliment the required Management's Discussion and Analysis (discussed below). Unless noted otherwise, the financial data in this transmittal letter is presented on the modified accrual basis of accounting. Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City's MD&A, which focuses on the government-wide statements, can be found on page 17 of this report.

The Comprehensive Annual Financial Report (CAFR) is presented in three sections:

- The introductory section includes this letter of transmittal, the City's organization chart, and the GFOA Certificate of Achievement.
- The financial section includes under the New Government Accounting Standards Board Statement No. 34, the independent auditors' report, the management's discussion and analysis, the basic financial statements and notes, the combining statements for nonmajor funds and other relevant supplemental financial statements and schedules for 2003.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.



## **REPORTING ENTITY**

The City has included in the CAFR all of the funds and activities for which it is financially accountable. The City has two component units: CityWide Development Corporation that is shown as a separate discrete component unit; and the Sister City Committee that is shown as a blended component unit within the nonmajor special revenue funds. Both are included as part of the reporting entity because the primary government appoints all members of their board of trustees and is able to impose its will on the organizations. The City is associated with six jointly governed organizations. They include the Miami Valley Regional Planning Commission, the Miami Valley Fire/EMS Alliance, the Economic Development/Government Equity Program, the Montgomery County Family and Children First Council, the Hazardous Material Response Team and the Miami Valley Emergency Management Agency.

The City provides a full range of services that include water supply and treatment, sewer and storm water maintenance, wastewater treatment, airport services, fire and emergency medical services, police protection, convention center, building inspection, correctional facilities, neighborhood support, recreation and parks, golf, street and bridge maintenance, waste collection, and a municipal court system.

## **FUND ACCOUNTING**

The City's accounts are organized as funds. Each fund is a separate accounting entity with its own self-balancing set of accounts, assets, liabilities, and fund equity. Following are the titles of these funds with a brief description.

### Governmental funds:

*General Fund* – The general fund is the general operating fund of the City. It is used to account for all financial resources traditionally associated with government which are not required to be accounted for in another fund.

*Special Revenue Funds* – The special revenue funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. City ordinances or Federal or State statutes specify the uses and limitations of each special revenue fund. During 2003, the City had 8 (eight) special revenue funds including Sister City which is a blended component unit of the City.

*Debt Service Funds* – The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. During 2003, the City had 1 (one) debt service fund.

*Capital Projects Funds* – The capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. During 2003, the City had 3 (three) capital projects funds.

*Permanent Funds* – Permanent funds are for the purpose of accounting for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the reporting governments. During 2003, the City had 1 (one) permanent fund.

### Proprietary funds:

*Enterprise Funds* – The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises; where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has 5 (five) separate enterprise funds for its Airport, Water, Sewer, Storm Water and Golf services. A sixth enterprise, CityWide Development Corporation is discretely presented in this report as a component unit of the City.

*Internal Service Funds* – The internal service funds are used to account for the financing of goods or services provided by one division or agency to other divisions or agencies of the government, generally on a cost reimbursement basis. The City has 5 (five) internal service funds.

Fiduciary funds:

*Agency Funds* – Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds. The City had 11 (eleven) agency funds during 2003. The City does not have any trust funds.

### **BASIS OF ACCOUNTING**

Except for budgetary purposes, the basis of accounting used by the City conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units and are consistent with GASB Cod. Sec. 1600, *Basis of Accounting*. All governmental funds are accounted for using a current financial resources-current assets and current liabilities-measurement focus. The modified accrual basis of accounting is utilized for governmental and agency funds. Revenues are recognized when they are susceptible to accrual (both measurable and available). Expenditures are recognized when the related liability is incurred, except for interest on long-term debt which is recorded when due.

The measurement focus on the City's proprietary funds is on the flow of total economic resources (all assets and liabilities). The accrual basis of accounting (revenues are recognized when earned and expenses when incurred) is utilized by the City in its proprietary funds.

The City's basis of accounting for budgetary purposes differs from GAAP in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available), and encumbrances are included as expenditures rather than as reservations of fund balances.

The City has changed its financial reporting to comply with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The government-wide financial statements, including governmental activities, in order to comply with GASB Statement No. 34, are presented on the full accrual basis of accounting.

Accounting policies are further explained in Note 2 to the basic financial statements.

### **INTERNAL AND BUDGETARY CONTROL**

The City's accounting system provides reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

## **ECONOMIC CONDITION AND OUTLOOK**

The City's economy is diversified as evidenced by the major employers shown below that are located in Dayton.

<u>Company</u>	<u>Nature of Activity or Business</u>	<u>Approximate Employment</u>
Miami Valley Hospital	Hospital	5,800
Dayton City Schools	Education	3,750
Delphi Automotive	Automotive	3,700
Montgomery County	Government	3,600
Good Samaritan Hospital	Hospital	3,100
University of Dayton	Education	2,800
City Of Dayton	Government	2,600
Sinclair Community College	Education	2,500
AT&T/NCR	Computer Technology	2,400
Behr Dayton Thermal Products	Automotive	2,000
Children Medical Hospital	Hospital	1,600
State of Ohio	Government	1,500
Menlo Worldwide	Distribution	1,400
Reynolds & Reynolds	Information Technology	1,000
Standard Register	Computer/Office Equipment	600

Wright Patterson Air Force Base, adjacent to Dayton employs approximately 22,000 people.

Unemployment for the City decreased from 5.6 percent in 2002 to 5.5 percent in 2003. The number of building permits increased from 1,314 to 1,407 over the same period.

## **CASH MANAGEMENT**

Equity in pooled cash and cash equivalents totaled approximately \$199.4 million at December 31, 2003 a decrease of approximately \$6.9 million from December 31, 2002. This decrease was due primarily to a deficiency in cash received versus cash expended in 2003 for the operations of the City. The decrease was partially offset by an increase in the fair market value of investments of approximately \$2.3 million. The City's cash and cash equivalents and investments with fiscal agents, including the restricted portion, increased this year by \$5.1 million, from \$1.4 million at December 31, 2002 to \$6.5 million at December 31, 2003.

Investments of cash are guided by City ordinance and Ohio Revised Code (ORC), which restricts the type and duration of investments. Interest earned is distributed to governmental, proprietary, and fiduciary funds based upon their weighted average cash balance. Cash investment practices by trustees are determined by bond indentures and various trust agreements. During 2003, the City continued its policy of investing primarily in U.S. Treasury obligations with maturities of about five years, commercial paper, federal agency securities, City of Dayton debt, U.S. government money market mutual funds, Dayton Power & Light stock, certificates of deposit, and STAR Ohio.

## **DEBT ADMINISTRATION**

The City maintains a low net direct debt per capita amount, and a low debt to estimated true valuation of property percentage.

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Net general bonded debt per capita, City of Dayton	\$299	\$305	\$326	\$201	\$164
Net general bonded debt to estimated true total value of property, City of Dayton	0.79%	0.87%	0.92%	0.58%	0.53%

Net general bonded debt per capita (bonded debt supported by taxes less the debt service fund balance) is a measure of the magnitude of debt on a basis comparable to other cities. The ratio of net general bonded debt to total estimated true value of property measures the burden of debt to the wealth and property value of a given jurisdiction. Net general bonded debt totaled \$50 million, \$51 million, \$54 million, \$33 million, and \$28 million for the years ended December 31, 2003, 2002 2001, 2000, and 1999, respectively.

The following are the latest bond ratings for general obligation tax supported debt:

Moody's Investor Service, Inc.	A2
Standard and Poor's Corporation	A+

## **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. The City contracts with various insurance companies and maintains comprehensive and catastrophic coverage as a focus of its risk management program. In addition, the City participates in the Ohio Bureau of Workers' Compensation retrospective rating program.

## **INDEPENDENT AUDIT**

The City's Charter, Sections 44 and 78, prescribe the required accounting, audit and examination procedures for the City of Dayton. Foxx & Company, Certified Public Accountants, studies the City's system of internal control, conducts such tests as are necessary under the circumstances, and renders an opinion based upon the statements when taken as a whole.

The City has again received an unqualified opinion from the independent auditor that the financial statements are presented fairly. This opinion letter is included in the Financial Section of this 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 Dayton for its comprehensive annual financial report for the year ended December 31, 2002. This was the 21st consecutive year that the City has received this prestigious award.

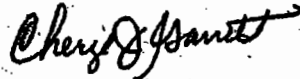
In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report whose contents conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

**ACKNOWLEDGMENTS**

My appreciation is extended to the various elected officials, the City Manager, department heads, and employees responsible for contributing to the sound financial position of the City. I would like to acknowledge the efforts of the Accounting and Treasury staff, other members of the Finance Department, and our consultant, Trimble, Julian & Grube, Inc., all of whom contributed to the development of this CAFR.

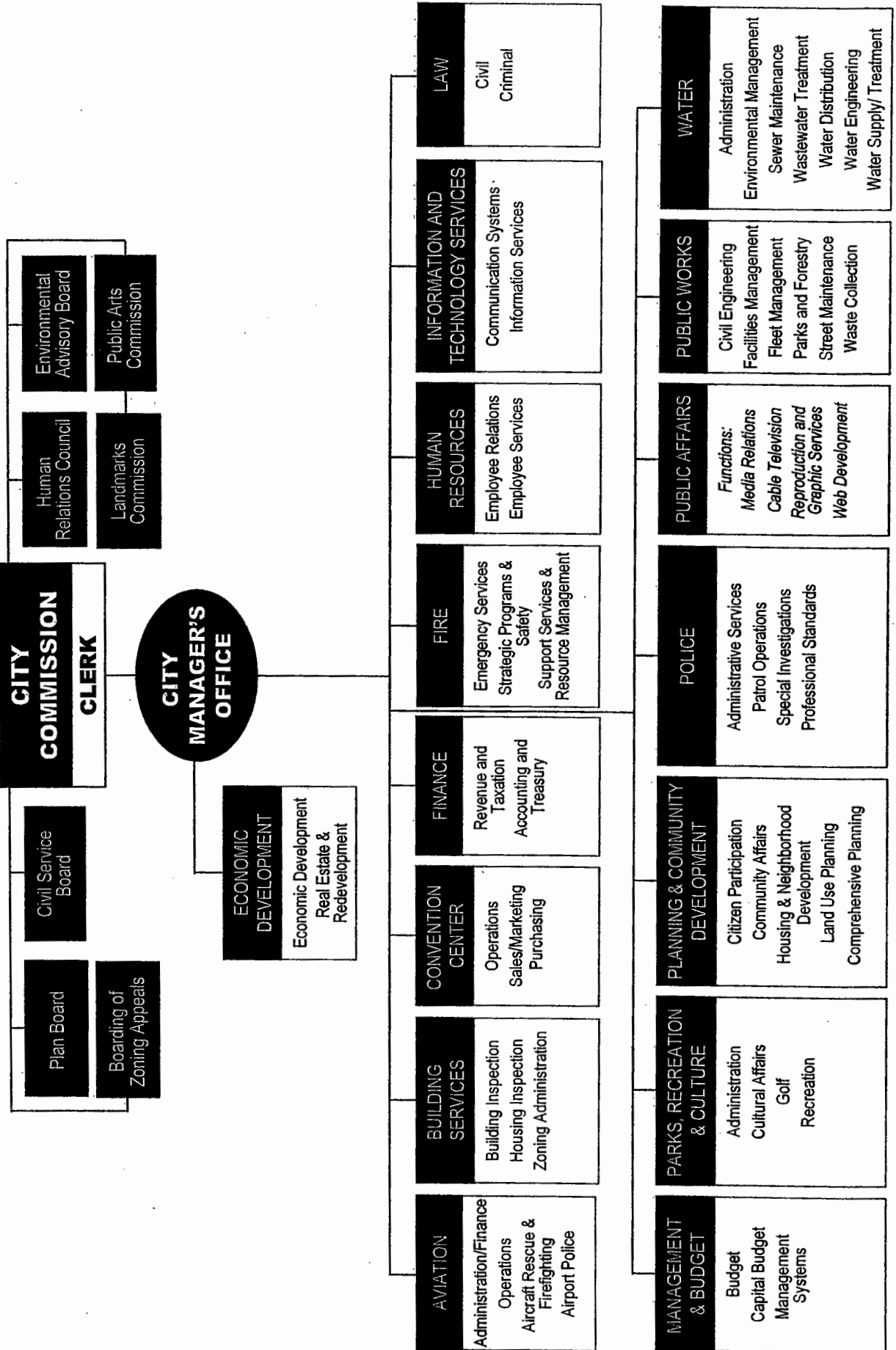
Respectively submitted,



Cheryl J. Garrett  
Finance Director  
Secretary of the Board of Sinking Fund Trustees

# Organization of the City of Dayton

## Citizens of Dayton



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dayton,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2002

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

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**Foxx & Company**  
Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Members of the City Commission  
City of Dayton, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio as of and for the year ended December 31, 2003, 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 of Dayton, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the CityWide Development Corporation, which represent all the assets and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit and the report of other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund 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 3, 2004 on our consideration of the City of Dayton, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of audit.

Management's Discussion and Analysis on pages 17-33 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dayton, Ohio's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected 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 "Fox & Company". The signature is written in black ink and is positioned to the right of the date and location text.

Cincinnati, Ohio  
June 3, 2004

## CITY OF DAYTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2003 UNAUDITED

The discussion and analysis of the City of Dayton's (the "City") financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2003. 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

Key financial highlights for 2003 are as follows:

- The total net assets of the City increased \$37,469,310. Net assets of governmental activities increased \$15,320,136 or 5.30% over 2002 and net assets of business-type activities increased \$22,149,174 or 5.21% over 2002.
- General revenues accounted for \$152,776,470 of total governmental activities revenue. Program specific revenues accounted for \$60,201,118 or 28.27% of total governmental activities revenue.
- The City had \$196,743,786 in expenses related to governmental activities; \$60,201,118 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$136,542,668 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$152,776,470.
- The general fund had revenues of \$164,859,048 in 2003. This represents a decrease of \$4,602,331 from 2002 revenues. The expenditures of the general fund, which totaled \$147,963,935 in 2003, decreased \$17,846,879 from 2002. The net increase in fund balance for the general fund was \$5,694,812 or 16.56%.
- Net assets for the business-type activities, which are made up of the Dayton International Airport, Water, Sewer, Storm Water and Golf enterprise funds, increased in 2003 by \$22,149,174. This increase in net assets was due primarily to capital contributions received from passenger facility charges and intergovernmental grants and subsidies coupled with adequate charges for services revenue to cover operating expenses.
- In the general fund, the actual revenues came in \$11,028 higher than they were in the final budget and actual expenditures were \$4,909,267 less than the amount in the final budget. These positive variances are the result of the City's conservative budgeting. Budgeted revenues increased \$1,264,892 from the original to the final budget due primarily to a increase in projected income tax revenue and charges for services. Budgeted expenditures increased \$3,644,300 from the original to the final budget as a result of projected increases in benefits and health care costs by the City.

#### Using this Annual Financial Report

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

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

**CITY OF DAYTON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**  
**UNAUDITED**

**Reporting the City as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net *assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

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

**Governmental Activities** - Most of the City's programs and services are reported here including police, fire, street and highway maintenance, HUD program operations, community and economic development and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

**Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's airport, water, sewer, storm water and golf operations are reported here.

**Reporting the City's Most Significant Funds**

*Fund Financial Statements*

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 24.

*Governmental Funds*

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

## CITY OF DAYTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2003 UNAUDITED

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major and nonmajor funds. The City's major governmental funds are the General fund, Debt service fund and Capital Improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 40-43 of this report and further detail on the City's major and nonmajor governmental funds can be found on pages 63-64 of this report.

#### *Proprietary Funds*

The City maintains five different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, water, sewer, storm water and golf operations. The City reports the Airport fund, Water fund and Sewer fund as major enterprise funds. These major funds are presented separately in the proprietary fund financial statements. The Storm Water fund and the Golf fund are considered nonmajor funds and are combined into a single, aggregated presentation in the proprietary fund financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages 46-55 of this report.

#### *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statements can be found on page 56 of this report.

#### *Notes to the Basic Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 59-106 of this report.

#### **Government-Wide Financial Analysis**

The Statement of Net Assets provides the perspective of the City as a whole. The table below provides a summary of the City's net assets for 2003 compared to 2002:

**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
UNAUDITED**

**Net Assets**

	Governmental Activities <u>2003</u>	Governmental Activities <u>2002</u>	Business-Type Activities <u>2003</u>	Business-Type Activities <u>2002</u>	Total <u>2003</u>	Total <u>2002</u>
<b><u>Assets</u></b>						
Current and other assets	\$ 163,352,210	\$ 172,353,996	\$ 166,147,753	\$ 152,719,726	\$ 329,499,963	\$ 325,073,722
Capital assets	<u>270,373,520</u>	<u>261,528,686</u>	<u>416,477,726</u>	<u>399,771,579</u>	<u>686,851,246</u>	<u>661,300,265</u>
Total assets	<u>433,725,730</u>	<u>433,882,682</u>	<u>582,625,479</u>	<u>552,491,305</u>	<u>1,016,351,209</u>	<u>986,373,987</u>
<b><u>Liabilities</u></b>						
Long-term liabilities						
outstanding	82,097,984	78,406,410	112,702,829	74,082,123	194,800,813	152,488,533
Other liabilities	<u>47,345,876</u>	<u>66,073,508</u>	<u>23,015,264</u>	<u>45,850,970</u>	<u>70,361,140</u>	<u>111,924,478</u>
Total liabilities	<u>129,443,860</u>	<u>144,479,918</u>	<u>135,718,093</u>	<u>119,933,093</u>	<u>265,161,953</u>	<u>264,413,011</u>
<b><u>Net Assets</u></b>						
Invested in capital						
assets, net of related debt	188,610,596	184,561,144	293,481,592	294,822,094	482,092,188	479,383,238
Restricted	53,916,504	60,703,404	-	9,685	53,916,504	60,713,089
Unrestricted	<u>61,754,770</u>	<u>44,138,216</u>	<u>153,425,794</u>	<u>137,726,433</u>	<u>215,180,564</u>	<u>181,864,649</u>
Total net assets	<u>\$ 304,281,870</u>	<u>\$ 289,402,764</u>	<u>\$ 446,907,386</u>	<u>\$ 432,558,212</u>	<u>\$ 751,189,256</u>	<u>\$ 721,960,976</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2003, the City's assets exceeded liabilities by \$751,189,256. At year-end, net assets were \$304,281,870 and \$446,907,386 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 67.58% of total assets. Capital assets include land, construction in progress (CIP), land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2003, was \$188,610,596 and \$293,481,592 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2003, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$53,916,504, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$61,754,770 may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF DAYTON, OHIO**

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The table below shows the changes in net assets for fiscal years 2003 and 2002.

	<b>Change in Net Assets</b>					
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 30,102,580	\$ 31,623,780	\$ 116,882,670	\$ 119,110,597	\$ 146,985,250	\$ 150,734,377
Operating grants and contributions	19,791,048	17,265,398	-	250,717	19,791,048	17,516,115
Capital grants and contributions	10,307,490	7,726,360	14,845,098	19,157,629	25,152,588	26,883,989
Total program revenues	<u>60,201,118</u>	<u>56,615,538</u>	<u>131,727,768</u>	<u>138,518,943</u>	<u>191,928,886</u>	<u>195,134,481</u>
General revenues:						
Property taxes	18,641,542	17,888,114	-	-	18,641,542	17,888,114
Income taxes	108,520,891	106,710,540	-	-	108,520,891	106,710,540
Unrestricted grants	19,081,383	27,039,019	-	-	19,081,383	27,039,019
Gain from sale of assets	-	25,646	-	21,489	-	47,135
Interest	3,579,657	3,376,292	3,604,829	3,679,757	7,184,486	7,056,049
Miscellaneous	2,952,997	-	-	10,300	2,952,997	10,300
Total general revenues	<u>152,776,470</u>	<u>155,039,611</u>	<u>3,604,829</u>	<u>3,711,546</u>	<u>156,381,299</u>	<u>158,751,157</u>
Total revenues	<u>212,977,588</u>	<u>211,655,149</u>	<u>135,332,597</u>	<u>142,230,489</u>	<u>348,310,185</u>	<u>353,885,638</u>
Expenses:						
Downtown	5,418,423	5,673,050	-	-	5,418,423	5,673,050
Youth, education and human services	2,535,385	1,493,693	-	-	2,535,385	1,493,693
Community development	21,769,149	2,634,232	-	-	21,769,149	2,634,232
Economic development	10,494,459	24,275,989	-	-	10,494,459	24,275,989
Leadership and quality of life	45,111,428	44,353,088	-	-	45,111,428	44,353,088
Corporate responsibility	17,020,585	17,075,875	-	-	17,020,585	17,075,875
Public safety and justice	89,976,989	102,284,144	-	-	89,976,989	102,284,144
Other	986,660	1,765,310	-	-	986,660	1,765,310
Interest and fiscal charges	3,430,708	4,449,764	-	-	3,430,708	4,449,764
Dayton International Airport	-	-	35,502,289	35,815,035	35,502,289	35,815,035
Water	-	-	45,628,781	44,439,722	45,628,781	44,439,722
Sewer	-	-	27,210,776	28,256,027	27,210,776	28,256,027
Other enterprise funds:						
Golf	-	-	3,118,857	3,527,006	3,118,857	3,527,006
Storm water	-	-	2,636,386	3,440,565	2,636,386	3,440,565
Total expenses	<u>196,743,786</u>	<u>204,005,145</u>	<u>114,097,089</u>	<u>115,478,355</u>	<u>310,840,875</u>	<u>319,483,500</u>
Increase in net assets before transfers	16,233,802	7,650,004	21,235,508	26,752,134	37,469,310	34,402,138
Transfers	<u>(913,666)</u>	<u>(801,514)</u>	<u>913,666</u>	<u>801,514</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>\$ 15,320,136</u>	<u>\$ 6,848,490</u>	<u>\$ 22,149,174</u>	<u>\$ 27,553,648</u>	<u>\$ 37,469,310</u>	<u>\$ 34,402,138</u>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Governmental Activities**

Governmental activities net assets increased \$15,320,136 in 2003. This increase is a result of slightly decreasing expenses and an increase in income tax revenue versus amounts reported in the prior year.

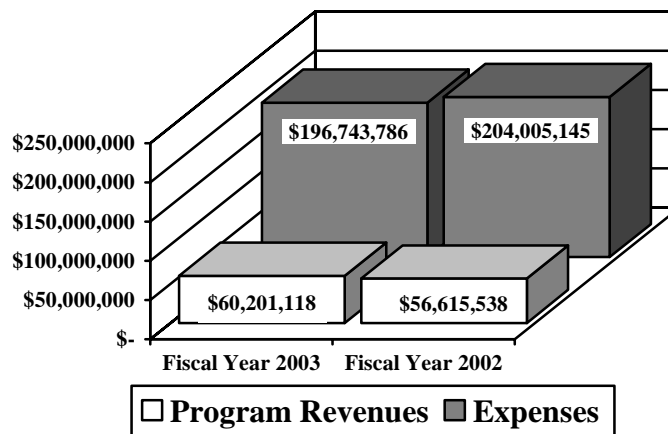
Public safety and justice, which primarily supports the operations of the police and fire departments accounted for \$89,976,989 of the total expenses of the City. These expenses were partially funded by \$15,655,803 in direct charges to users of the services. Leadership and quality of life expenses totaled \$45,111,428. Leadership and quality of life expenses were partially funded by \$5,791,514 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$19,791,048 in operating grants and contributions and \$10,307,490 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total capital grants and contributions, \$6,933,022, subsidized leadership and quality of life programs and \$3,374,468 subsidized economic development programs.

General revenues totaled \$152,776,470, and amounted to 71.73% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$127,162,433. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$19,081,383.

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

**Governmental Activities – Program Revenues vs. Total Expenses**





**CITY OF DAYTON, OHIO**

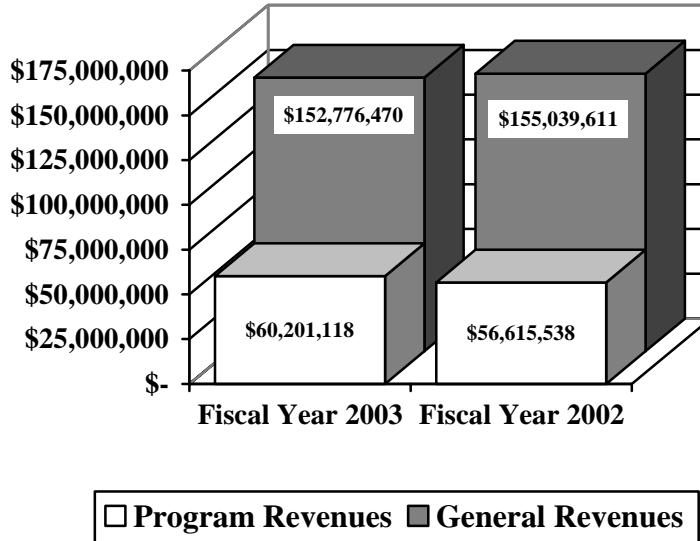
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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UNAUDITED**

**Governmental Activities**

	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>	Total Cost of Services <u>2002</u>	Net Cost of Services <u>2002</u>
Program Expenses:				
Downtown	\$ 5,418,423	\$ 4,959,409	\$ 5,673,050	\$ 5,028,390
Youth, education and human services	2,535,385	205,662	1,493,693	780,871
Community development and neighborhoods	21,769,149	10,771,182	2,634,232	768,030
Economic development	10,494,459	1,724,151	24,275,989	13,161,774
Leadership and quality of life	45,111,428	27,230,352	44,353,088	24,617,928
Corporate responsibility	17,020,585	14,572,819	17,075,875	14,181,081
Public safety and justice	89,976,989	73,259,082	102,284,144	83,766,375
Other	986,660	893,483	1,765,310	1,449,588
Interest and fiscal charges	<u>3,430,708</u>	<u>2,926,528</u>	<u>4,449,764</u>	<u>3,635,570</u>
<b>Total Expenses</b>	<b><u>\$ 196,743,786</u></b>	<b><u>\$ 136,542,668</u></b>	<b><u>\$ 204,005,145</u></b>	<b><u>\$ 147,389,607</u></b>

The dependence upon general revenues for governmental activities is apparent, with 69.40% of expenses supported through taxes and other general revenues.

**Governmental Activities – General and Program Revenues**

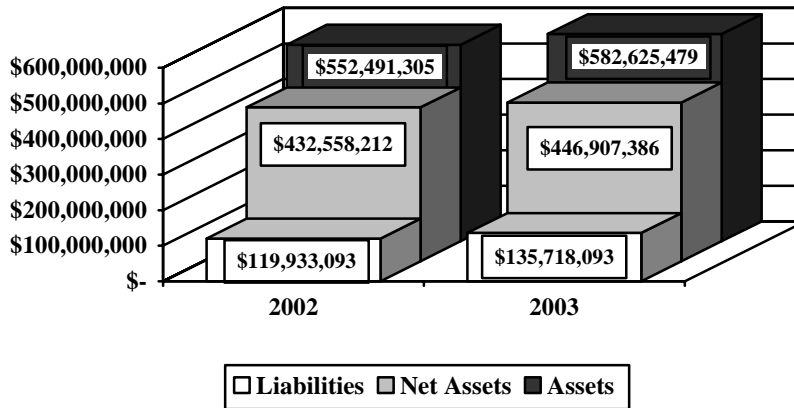


**CITY OF DAYTON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Business-Type Activities**

Business-type activities include the airport, water, sewer, storm water and golf enterprise funds. These programs had program revenues of \$131,727,768, general revenues of \$3,604,829 and expenses of \$114,097,089 for 2003. The graph below shows the business-type activities assets, liabilities and net assets at year-end.

**Net Assets in Business – Type Activities**



**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

The City's governmental funds (as presented on the balance sheet on page 40) reported a combined fund balance of \$89,299,837 which is \$5,369,810 below last year's total of \$94,669,647. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2003 for all major and nonmajor governmental funds.

**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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	<u>Fund Balances</u> <u>12/31/03</u>	<u>Fund Balances</u> <u>12/31/02</u>	Increase (Decrease)
Major Funds:			
General	\$ 40,088,113	\$ 34,393,301	\$ 5,694,812
Debt service	17,839,709	24,087,261	(6,247,552)
Capital improvement	11,578,225	20,438,374	(8,860,149)
Other Nonmajor Governmental Funds	<u>19,793,790</u>	<u>15,750,711</u>	<u>4,043,079</u>
Total	<u>\$ 89,299,837</u>	<u>\$ 94,669,647</u>	<u>\$ (5,369,810)</u>

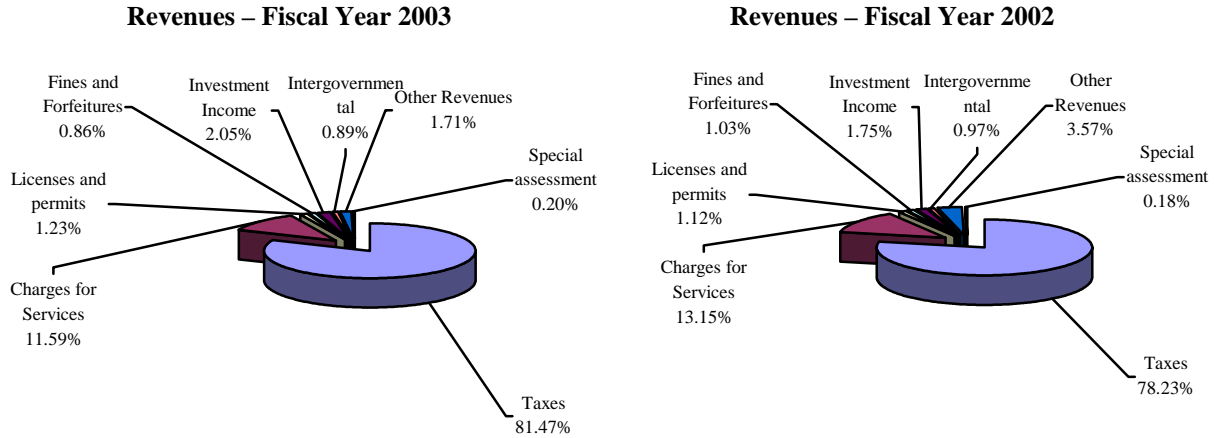
***General Fund***

The City's general fund balance increased \$5,694,812, primarily due to a decrease in expenditures from 2002 in the amount of \$17,846,879. The table that follows assists in illustrating the revenues of the general fund.

	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues			
Taxes	133,795,158	132,572,948	0.92 %
Charges for services	19,682,367	22,285,355	(11.68) %
Licenses and permits	2,014,392	1,894,653	6.32 %
Fines and forfeitures	1,420,200	1,743,839	(18.56) %
Investment income	3,365,179	2,970,941	13.27 %
Special assessments	327,656	304,651	7.55 %
Intergovernmental	1,453,282	1,635,917	(11.16) %
Other	<u>2,800,814</u>	<u>6,053,075</u>	(53.73) %
Total	<u>\$ 164,859,048</u>	<u>\$ 169,461,379</u>	(2.72) %

Fines and forfeitures revenue decreased \$323,639 or 18.56% from the prior year. This decrease is attributed to a decrease in the number of citations and cases processed by the Dayton municipal court in 2003. The increase in investment income is due to the reallocation of investment income among the City's funds. The increase in special assessment revenue is due to an increase in the collections of previous assessments as well as new special assessments. The increase in license and permits revenue is attributed to new industrial construction associated with commercial builds, housing starts, and road construction. All other revenue remained comparable to 2002.

**CITY OF DAYTON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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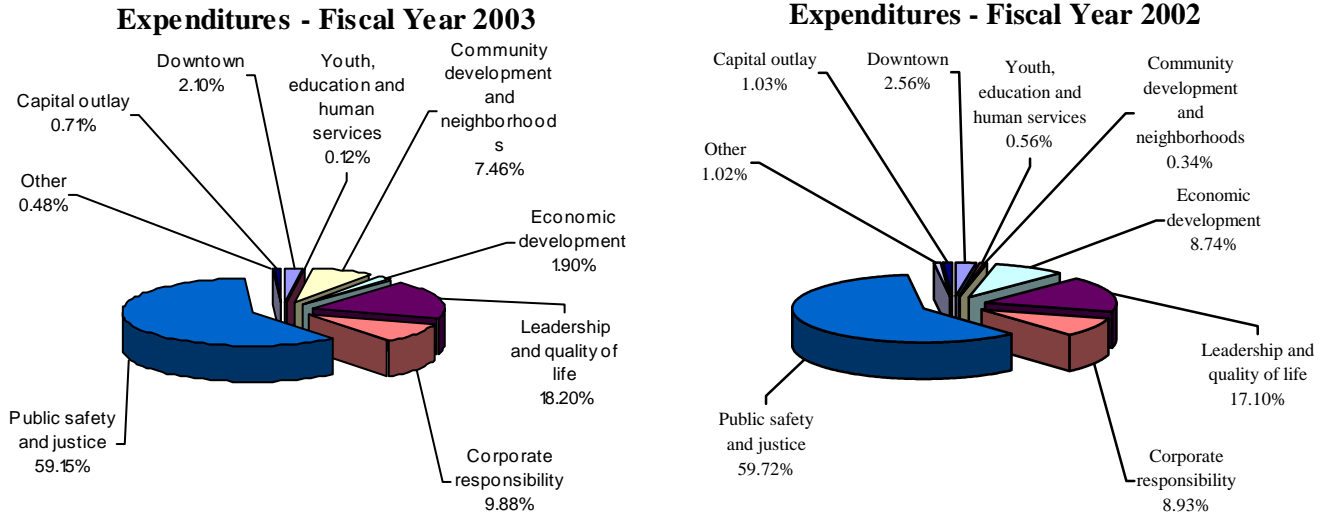
The table that follows assists in illustrating the expenditures of the general fund.

	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>			
Downtown	\$ 3,112,343	\$ 4,247,733	(26.73) %
Youth, education and human services	181,204	933,855	(80.60) %
Community development and neighborhoods	11,032,510	561,250	1,865.70 %
Economic development	2,817,334	14,486,386	(80.55) %
Leadership and quality of life	26,935,463	28,347,659	(4.98) %
Corporate responsibility	14,619,628	14,810,368	(1.29) %
Public safety and justice	87,506,358	99,024,747	(11.63) %
Other expenses	711,570	1,698,467	(58.11) %
Capital outlay	1,047,525	1,700,349	(38.39) %
<b>Total</b>	<b><u>\$ 147,963,935</u></b>	<b><u>\$ 165,810,814</u></b>	<b>(10.76) %</b>

The most significant increase was in the area of community development and neighborhoods. This increase is primarily due to expenditures in 2003 by function that were previously reported as economic development expenditures in 2002. Other expenditures decreased due to an adjustment posted in 2002 to correct interfund balances that increased expenditures in 2002. The amount reported for 2003 is representative of what is expected in the future. Public safety and justice expenditures decreased as a result of reduced manpower in the police department and the closure of two fire stations and shifting personnel to other stations to reduce overtime costs.

**CITY OF DAYTON, OHIO**

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***Debt Service***

The City's debt service fund balance decreased by \$6,247,552 primarily due to a 49% reduction in the amount of property tax revenue allocated to the fund. The following table illustrates the revenues of the debt service fund.

	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 3,665,441	\$ 6,320,490	(42.01) %
Intergovernmental	404,071	704,800	(42.67) %
Special assessments	222,686	191,033	16.57 %
Other	150,000	1,217,510	(87.68) %
Charges for services	-	14,933	(100.00) %
<b>Total</b>	<u>\$ 4,442,198</u>	<u>\$ 8,448,766</u>	(47.42) %

**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>			
Downtown	\$ 560,000	\$ 560,000	- %
Corporate responsibility	325,728	364,811	(10.71) %
Other	247,269	-	100.00 %
Principal retirement	7,310,173	6,615,507	10.50 %
Interest and fiscal charges	<u>3,253,644</u>	<u>3,900,501</u>	(16.58) %
Total	<u>\$ 11,696,814</u>	<u>\$ 11,440,819</u>	2.24 %

***Capital Improvements***

The City's capital improvements fund balance decreased \$8,860,149 due to an increase in capital outlay expenditures associated with the minor league ballpark, Riverscape, and the Schuster Performing Arts Center.

	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 3,057,484	\$ -	100.00 %
Charges for services	412,051	454,099	(9.26) %
Licenses and permits	105,751	86,191	22.69 %
Intergovernmental	6,445,829	4,537,616	42.05 %
Special assessments	405,334	153,335	164.35 %
Investment income	193,487	294,751	(34.36) %
Other	<u>226,343</u>	<u>47,502</u>	376.49 %
Total	<u>\$ 10,846,279</u>	<u>\$ 5,573,494</u>	94.60 %

	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>			
Capital outlay	\$ 21,646,434	\$ 14,393,709	100.00 %
Interest and fiscal charges	<u>176,480</u>	<u>-</u>	100.00 %
Total	<u>\$ 21,822,914</u>	<u>\$ 14,393,709</u>	51.61 %

***Budgeting Highlights - General Fund***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

**CITY OF DAYTON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Budgetary information is presented for the general fund. In the general fund one of the significant changes was between the original and final budgeted amount in the area of revenues, which increased \$1,264,892 from \$162,531,300 to \$163,796,192. Actual revenues of \$163,807,220 exceeded final budgeted revenues by \$11,028. The most significant change was between the final budgeted expenditures and actual expenditures. Actual expenditures came in \$4,909,267 lower than the final budgeted amounts.

***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2003, the City had \$686,851,246 (net of accumulated depreciation) invested in land, buildings and improvements, improvements other than buildings, equipment, vehicles, infrastructure and construction in progress (CIP). Of this total, \$270,373,520 was reported in governmental activities and \$416,477,726 was reported in business-type activities. See Note 10 in the basic financial statements for additional capital asset disclosure. The following table shows fiscal 2003 balances compared to 2002:

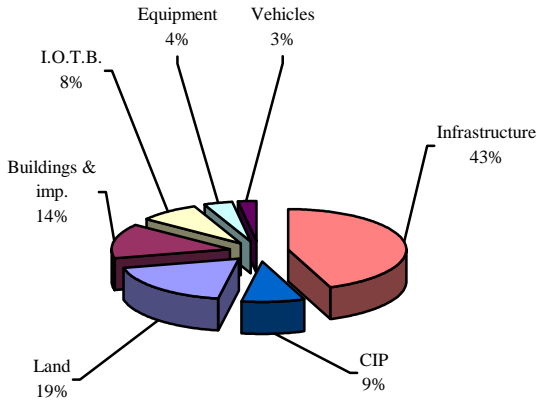
**Capital Assets at December 31  
(Net of Depreciation)**

	Governmental Activities <u>2003</u>	Governmental Activities <u>2002</u>	Business-Type Activities <u>2003</u>	Business-Type Activities <u>2002</u>	Total <u>2003</u>	Total <u>2002</u>
Land	\$ 50,694,937	\$ 51,093,230	\$ 37,076,438	\$ 33,744,572	\$ 87,771,375	\$ 84,837,802
Buildings and improvements	36,933,640	38,400,484	89,974,886	78,139,875	126,908,526	116,540,359
Improvements other than buildings	22,923,262	23,148,772	247,680,217	248,732,481	270,603,479	271,881,253
Equipment	10,458,724	11,334,023	4,114,991	3,454,950	14,573,715	14,788,973
Vehicles	6,857,016	6,521,133	12,308,753	9,223,902	19,165,769	15,745,035
Infrastructure	119,034,857	112,489,961	-	-	119,034,857	112,489,961
Construction in progress	<u>23,471,084</u>	<u>15,736,606</u>	<u>25,322,441</u>	<u>27,670,379</u>	<u>48,793,525</u>	<u>43,406,985</u>
<b>Total</b>	<u>\$ 270,373,520</u>	<u>\$ 258,724,209</u>	<u>\$ 416,477,726</u>	<u>\$ 400,966,159</u>	<u>\$ 686,851,246</u>	<u>\$ 659,690,368</u>

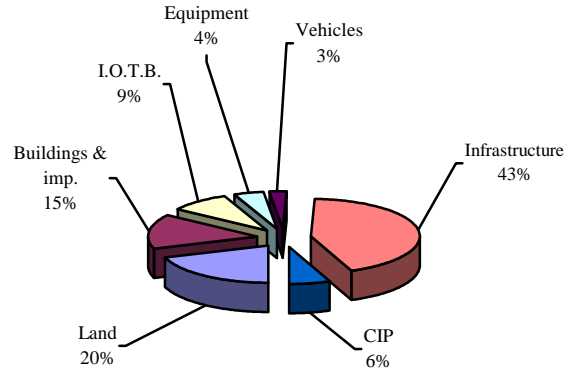
The following graphs show the breakdown of governmental capital assets by category for 2003 and 2002.

**CITY OF DAYTON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**UNAUDITED**

**Capital Assets - Governmental Activities 2003**



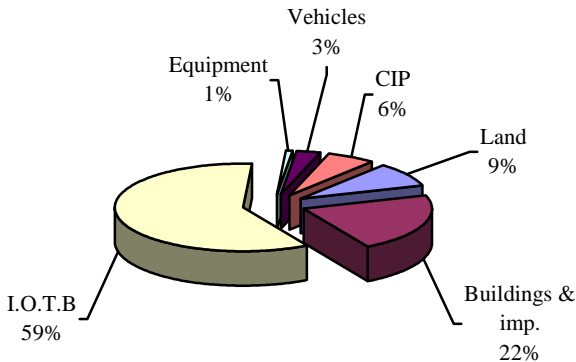
**Capital Assets - Governmental Activities 2002**



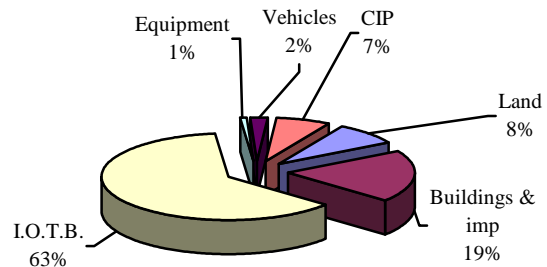
The City's largest capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks, curbs, annexed roadways, right-of-way, street lighting, and traffic signals. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 43% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2003 and 2002.

**Capital Assets - Business-Type Activities 2003**



**Capital Assets - Business-Type Activities 2002**



The City's largest business-type capital asset category is improvements other than buildings (I.O.T.B) which primarily includes runways for the airport, water lines, sewer lines and storm water catch basins. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's I.O.T.B (cost less accumulated depreciation) represents approximately 59% of the City's total business-type capital assets.



**CITY OF DAYTON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**UNAUDITED**

*Debt Administration*

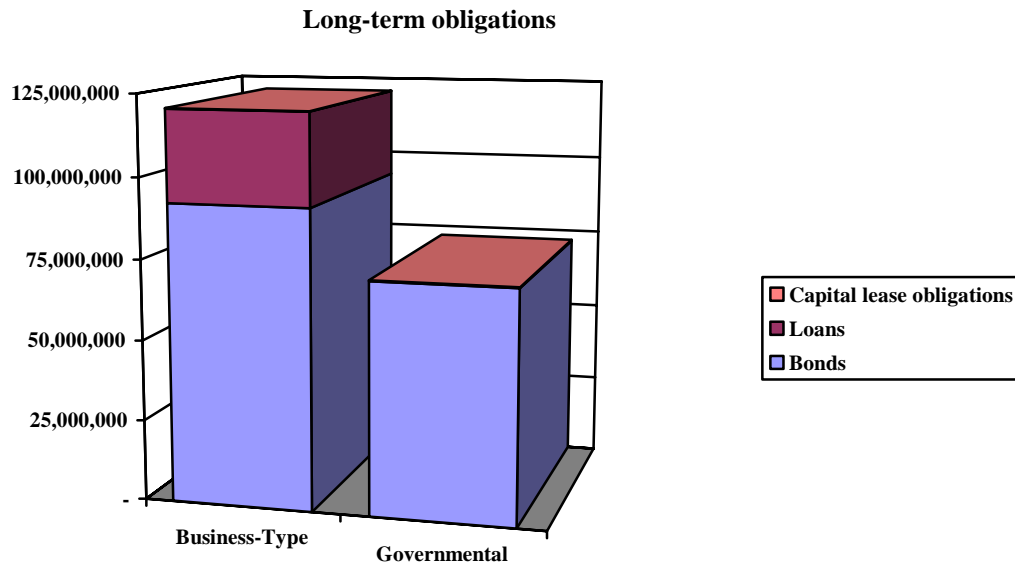
The City had the following long-term obligations outstanding at December 31, 2003 and 2002:

	Governmental Activities <u>2003</u>	Governmental Activities <u>2002</u>
General obligation bonds	\$ 58,635,798	\$ 65,167,452
Revenue bonds	11,790,000	12,170,000
Special assessment bonds	<u>1,095,285</u>	<u>885,487</u>
Total bonds	<u>71,521,083</u>	<u>78,222,939</u>
Capital lease obligations	<u>332,660</u>	<u>312,990</u>
Total long-term obligations	<u>\$ 71,853,743</u>	<u>\$ 78,535,929</u>
	Business-type Activities <u>2003</u>	Business-type Activities <u>2002</u>
General obligation bonds	\$ 3,104,190	\$ 3,422,536
Revenue bonds	<u>89,345,000</u>	<u>59,245,000</u>
Total bonds	<u>92,449,190</u>	<u>62,667,536</u>
OWDA loans	27,401,011	16,994,159
OPWC loans	<u>850,000</u>	<u>900,000</u>
Total loans	<u>28,251,011</u>	<u>17,894,159</u>
Capital lease obligations	<u>110,127</u>	<u>14,284,427</u>
Total long-term obligations	<u>\$ 120,810,328</u>	<u>\$ 94,846,122</u>

See Notes 11, 12 and 13 in the basic financial statements for additional disclosures and detail regarding the City's debt activity.

**CITY OF DAYTON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**  
**UNAUDITED**

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



**Economic Factors and the 2004 Budget**

*"If we do not learn from history, we shall be compelled to relive it. True.  
 But if we do not change the future, we shall be compelled to endure it.  
 And that could be worse."*

*-Alvin Toffler*

Located at the "crossroads of America", the intersection of I-70 and I-75, the Dayton region has a diversified economy of nearly one million people strong. As the heart of the region, the City of Dayton is the central employment and entertainment hub assimilating some 85,000 daily commuters and entertainment goers. Although primarily a manufacturing town in the past, the City of Dayton has seen its share of change. Change can be difficult; especially when it involves the out-migration of residents and businesses, leaving in their wake abandoned factories, warehouses and residential dwellings. Land use patterns underscore this point. From 1970 until 2000 the Dayton region's urbanized land area grew by 44% while the urbanized population fell by 1%. As the above quote from futurist, Alvin Toffler, states, if the past is any indication of the future, the City must do its part to shape a bright and successful tomorrow.

The last economic expansion further illustrates Dayton's situation. During the economic boom of the 1990s, when the national economy experienced job growth of 22% or over 23 million jobs, the Dayton region and, especially, the City of Dayton, lagged far behind. In fact, by 2001 the region's growth was about one-third of the growth at the national level and Dayton's employment growth was almost flat. Since 2001, the nation, and Dayton as well, has been mired in an economic slowdown. Technically, the recession ended in November of 2001, but the lifeblood of the economy, job growth, has yet to pick up.

Dayton is not alone in its current economic malaise. State and local governments across the U.S. have been hit hard by weak job growth, rising unemployment and falling revenues. And although Dayton can be proud of progress in many areas, especially housing development, improved neighborhoods and downtown revitalization, we still are threatened by a structural imbalance between our revenues and expenditures, most notably in the City's General Fund.

## **CITY OF DAYTON, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003 UNAUDITED**

The City Commission and appointed officials have answered these trying economic times with bold and decisive action. One important example of how the City is addressing the situation is the development of a Strategic Financial Plan. Under the direction of the City Commission and the Dayton Business Committee (a group of CEOs from the area's largest companies), the plan will link the strategic goals of the City with the financial resources to meet those goals. Given the unprecedented financial challenges that have beset the City over the last two years, coupled with the uncertainties on the horizon, prudent fiscal management dictates the necessity for such a plan. The Strategic Financial Plan will incorporate an intensive financial planning process involving numerous stakeholders--citizens, union leadership, civic leaders, the business community and City staff--to develop a structured way to identify needs, recognize financial constraints and define a realistic plan of action.

The plan is being developed within the context of the City's Comprehensive Plan, known as CitiPlan 20/20. CitiPlan 20/20 articulates Dayton's vision for its future. Further, the interim 2010 action plan will identify strategies for accomplishing the vision of CitiPlan 20/20 and will serve as the action component of the Strategic Financial Plan.

Despite its significant challenges, Dayton continues to successfully leverage a significant amount of external resources to advance its strategic priorities. Partnerships are being developed and expanded in the areas of economic development, housing, public safety, transportation and neighborhood development. A special focus on the spiral integration of community and economic development will capitalize on key growth areas (e.g. health care) and address urgent community needs like market rate housing. The key to the future is to hold fast to our vision while benefiting from the lessons we have learned from our past.

#### **Contacting the City's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Cheryl Garrett, Finance Director, City of Dayton, 101 West Third Street, P.O. box 22, Dayton, OH 45401-0022, or visit our website at [www.ci.dayton.oh.us](http://www.ci.dayton.oh.us).

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**BASIC  
FINANCIAL STATEMENTS**

**CITY OF DAYTON, OHIO**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2003

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 83,619,304	\$ 110,480,513	\$ 194,099,817	\$ -
Cash and cash equivalents in segregated accounts. . . . .	41,991	-	41,991	2,502,998
Investments . . . . .	70,470	-	70,470	-
Receivables (net of allowances for uncollectibles):				
Property and other local taxes. . . . .	20,898,646	-	20,898,646	-
Municipal income taxes . . . . .	13,859,378	-	13,859,378	-
Accounts . . . . .	4,498,129	38,996,414	43,494,543	329,368
Contracts . . . . .	-	-	-	232,116
Special assessments. . . . .	1,732,332	-	1,732,332	-
Accrued interest . . . . .	1,293,319	1,254,793	2,548,112	2,071,246
Loans. . . . .	8,960,000	-	8,960,000	23,072,194
Other . . . . .	-	-	-	357,500
Internal balances. . . . .	(522,635)	522,635	-	-
Due from other governments . . . . .	15,564,745	3,395,839	18,960,584	-
Prepayments. . . . .	-	-	-	181,977
Materials and supplies inventory. . . . .	-	1,053,415	1,053,415	-
Inventory held for resale . . . . .	807,398	-	807,398	-
Other assets . . . . .	-	-	-	10,372
Unamortized bond issue costs. . . . .	-	2,931,396	2,931,396	-
Advances to component unit. . . . .	12,107,709	3,229,513	15,337,222	-
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	-	34,737	34,737	-
Cash with fiscal and escrow agents . . . . .	421,424	4,098,498	4,519,922	-
Cash and cash equivalents in segregated accounts . . . . .	-	-	-	2,479,611
Equity investments. . . . .	-	-	-	2,289,554
Deferred bond costs . . . . .	-	-	-	380,506
Judgements receivable . . . . .	-	150,000	150,000	-
Capital assets:				
Land and construction in progress. . . . .	74,166,021	62,398,879	136,564,900	3,697,962
Depreciable capital assets, net . . . . .	196,207,499	354,078,847	550,286,346	26,572,103
Total capital assets. . . . .	270,373,520	416,477,726	686,851,246	30,270,065
Total assets. . . . .	433,725,730	582,625,479	1,016,351,209	64,177,507

-- Continued

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

STATEMENT OF NET ASSETS (CONTINUED)  
DECEMBER 31, 2003

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities:</b>				
Accounts payable . . . . .	2,147,700	3,574,604	5,722,304	1,066,529
Contracts payable . . . . .	1,057,473	3,483,718	4,541,191	-
Accrued wages and benefits . . . . .	2,691,956	957,706	3,649,662	-
Retainage payable . . . . .	679,989	507,502	1,187,491	-
Grants payable . . . . .	-	-	-	266,323
Due to other governments . . . . .	5,272,771	685,074	5,957,845	-
Deferred revenue . . . . .	17,796,458	-	17,796,458	-
Accrued interest payable . . . . .	341,235	866,962	1,208,197	95,522
Accrued liabilities and other payables . . . . .	-	-	-	556,518
Claims payable . . . . .	9,050,951	-	9,050,951	-
Judgements payable . . . . .	9,213	-	9,213	-
Advances from primary government . . . . .	-	-	-	15,337,222
Notes payable . . . . .	8,298,130	4,850,000	13,148,130	-
Payable from restricted assets:				
Utility deposits . . . . .	-	34,737	34,737	-
Accrued interest payable . . . . .	-	74,961	74,961	-
Current portion of revenue bonds . . . . .	-	7,980,000	7,980,000	-
Long-term liabilities:				
Due within one year . . . . .	12,405,951	4,462,350	16,868,301	2,866,439
Due in more than one year . . . . .	69,692,033	108,240,479	177,932,512	24,305,972
<b>Total liabilities . . . . .</b>	<b>129,443,860</b>	<b>135,718,093</b>	<b>265,161,953</b>	<b>44,494,525</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt . . . . .	188,610,596	293,481,592	482,092,188	9,213,962
Restricted for:				
Capital projects . . . . .	14,857,162	-	14,857,162	-
Debt service . . . . .	20,169,576	-	20,169,576	-
Housing and urban development . . . . .	5,851,383	-	5,851,383	-
Special projects . . . . .	6,357,604	-	6,357,604	-
Bond renewal and replacement . . . . .	-	-	-	2,479,611
Other purposes . . . . .	6,680,779	-	6,680,779	-
Unrestricted . . . . .	61,754,770	153,425,794	215,180,564	7,989,409
<b>Total net assets . . . . .</b>	<b>\$ 304,281,870</b>	<b>\$ 446,907,386</b>	<b>\$ 751,189,256</b>	<b>\$ 19,682,982</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Program Revenues</b>			
<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Downtown. . . . .	\$ 5,418,423	\$ 459,014	\$ -	\$ -
Youth, education and human services. . . . .	2,535,385	26,724	2,302,999	-
Community development and neighborhoods. . . . .	21,769,149	2,284,484	8,713,483	-
Economic development. . . . .	10,494,459	3,074,605	2,321,235	3,374,468
Leadership and quality of life. . . . .	45,111,428	5,791,514	5,156,540	6,933,022
Corporate responsibility. . . . .	17,020,585	2,213,081	234,685	-
Public safety and justice. . . . .	89,976,989	15,655,803	1,062,104	-
Other. . . . .	986,660	93,175	2	-
Interest and fiscal charges. . . . .	3,430,708	504,180	-	-
Total governmental activities. . . . .	196,743,786	30,102,580	19,791,048	10,307,490
<b>Business-type Activities:</b>				
Dayton International Airport. . . . .	35,502,289	42,239,421	-	14,487,159
Water. . . . .	45,628,781	42,441,461	-	-
Sewer. . . . .	27,210,776	26,666,859	-	-
Other enterprise funds:				
Golf. . . . .	3,118,857	2,951,887	-	-
Storm Water. . . . .	2,636,386	2,583,042	-	357,939
Total business-type activities. . . . .	114,097,089	116,882,670	-	14,845,098
Total primary government. . . . .	\$ 310,840,875	\$ 146,985,250	\$ 19,791,048	\$ 25,152,588
<b>Component Unit:</b>				
CityWide Development Corporation. . . . .	\$ 5,639,948	\$ 3,313,853	\$ -	\$ 543,958

**General Revenues:**

Property taxes levied for:	
General purposes. . . . .	. . . . .
Debt service. . . . .	. . . . .
Special purposes. . . . .	. . . . .
Capital projects. . . . .	. . . . .
Income taxes levied for:	
General purposes. . . . .	. . . . .
Grants and entitlements not restricted to specific programs. . . . .	
Investment earnings. . . . .	
Miscellaneous. . . . .	
Total general revenues. . . . .	
Transfers. . . . .	
Total general revenues and transfers. . . . .	
Change in net assets. . . . .	
Net assets, January 1. . . . .	
Net assets, December 31. . . . .	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**Net (Expense) Revenue and Changes in Net Assets**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (4,959,409)	\$ -	\$ (4,959,409)	\$ -
(205,662)	-	(205,662)	-
(10,771,182)	-	(10,771,182)	-
(1,724,151)	-	(1,724,151)	-
(27,230,352)	-	(27,230,352)	-
(14,572,819)	-	(14,572,819)	-
(73,259,082)	-	(73,259,082)	-
(893,483)	-	(893,483)	-
(2,926,528)	-	(2,926,528)	-
<u>(136,542,668)</u>	<u>-</u>	<u>(136,542,668)</u>	<u>-</u>
-	21,224,291	21,224,291	-
-	(3,187,320)	(3,187,320)	-
-	(543,917)	(543,917)	-
-	(166,970)	(166,970)	-
-	304,595	304,595	-
-	17,630,679	17,630,679	-
<u>(136,542,668)</u>	<u>17,630,679</u>	<u>(118,911,989)</u>	<u>-</u>
-	-	-	<u>(1,782,137)</u>
9,321,157	-	9,321,157	-
3,714,563	-	3,714,563	-
2,505,514	-	2,505,514	-
3,100,308	-	3,100,308	-
108,520,891	-	108,520,891	-
19,081,383	-	19,081,383	-
3,579,657	3,604,829	7,184,486	50,633
2,952,997	-	2,952,997	-
152,776,470	3,604,829	156,381,299	50,633
(913,666)	913,666	-	-
<u>151,862,804</u>	<u>4,518,495</u>	<u>156,381,299</u>	<u>50,633</u>
15,320,136	22,149,174	37,469,310	(1,731,504)
288,961,734	424,758,212	713,719,946	21,414,486
<u>\$ 304,281,870</u>	<u>\$ 446,907,386</u>	<u>\$ 751,189,256</u>	<u>\$ 19,682,982</u>

**CITY OF DAYTON, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2003

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 26,537,362	\$ 8,486,628	\$ 12,214,750	\$ 12,431,673	\$ 59,670,413
Cash and cash equivalents in segregated accounts. . .	-	-	-	41,991	41,991
Investments . . . . .	-	-	-	70,470	70,470
Receivables (net of allowance for uncollectibles):					
Property and other local taxes. . . . .	10,465,165	8,909,694	521,986	1,001,801	20,898,646
Municipal income taxes. . . . .	13,859,378	-	-	-	13,859,378
Accounts . . . . .	4,445,785	-	14,371	29,730	4,489,886
Special assessments. . . . .	-	1,530,122	-	202,210	1,732,332
Accrued interest . . . . .	1,187,165	-	78,125	28,029	1,293,319
Loans . . . . .	-	8,960,000	-	-	8,960,000
Interfund loans . . . . .	605,930	-	-	-	605,930
Due from other funds . . . . .	88,331	-	14,532	-	102,863
Due from other governments . . . . .	7,997,446	200,997	2,280,605	4,821,743	15,300,791
Due from agency fund . . . . .	263,954	-	-	-	263,954
Advances to component unit . . . . .	-	-	6,645,459	5,462,250	12,107,709
Restricted assets:					
Cash and cash equivalents with fiscal agents . . .	-	421,424	-	-	421,424
<b>Total assets . . . . .</b>	<b><u>\$ 65,450,516</u></b>	<b><u>\$ 28,508,865</u></b>	<b><u>\$ 21,769,828</u></b>	<b><u>\$ 24,089,897</u></b>	<b><u>\$ 139,819,106</u></b>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 1,180,502	\$ 23,320	\$ 143,448	\$ 571,706	\$ 1,918,976
Contracts payable . . . . .	354,956	-	446,015	256,502	1,057,473
Accrued wages and benefits. . . . .	2,270,232	5,023	10,167	308,200	2,593,622
Compensated absences payable. . . . .	212,832	-	-	-	212,832
Retainage payable. . . . .	-	-	485,864	194,125	679,989
Due to other funds . . . . .	352,958	-	-	130,670	483,628
Due to other governments. . . . .	3,174,823	-	24,699	28,055	3,227,577
Interfund payable . . . . .	-	-	-	286,701	286,701
Accrued interest payable . . . . .	-	-	8,826	-	8,826
Notes payable . . . . .	-	-	8,298,130	-	8,298,130
Claims payable . . . . .	53,936	-	-	-	53,936
Judgements payable. . . . .	9,213	-	-	-	9,213
Deferred revenue . . . . .	17,752,951	10,640,813	774,454	2,520,148	31,688,366
<b>Total liabilities . . . . .</b>	<b><u>25,362,403</u></b>	<b><u>10,669,156</u></b>	<b><u>10,191,603</u></b>	<b><u>4,296,107</u></b>	<b><u>50,519,269</u></b>
<b>Fund Balances:</b>					
Reserved for encumbrances. . . . .	3,496,715	6,800	8,790,410	10,147,916	22,441,841
Reserved for claimants . . . . .	580,501	-	-	-	580,501
Reserved for advances to component unit. . . . .	-	-	6,645,459	5,462,250	12,107,709
Reserved for debt service. . . . .	-	8,872,909	-	-	8,872,909
Reserved for contributions to permanent fund . . . .	-	-	-	102,228	102,228
Reserved for loans . . . . .	-	8,960,000	-	-	8,960,000
Unreserved:					
Designated. . . . .	1,226,505	-	-	486,000	1,712,505
Undesignated (deficit), reported in:					
General fund . . . . .	34,784,392	-	-	-	34,784,392
Special revenue funds . . . . .	-	-	-	1,060,593	1,060,593
Permanent fund . . . . .	-	-	-	36,805	36,805
Capital projects funds . . . . .	-	-	(3,857,644)	2,497,998	(1,359,646)
<b>Total fund balances . . . . .</b>	<b><u>40,088,113</u></b>	<b><u>17,839,709</u></b>	<b><u>11,578,225</u></b>	<b><u>19,793,790</u></b>	<b><u>89,299,837</u></b>
<b>Total liabilities and fund balances . . . . .</b>	<b><u>\$ 65,450,516</u></b>	<b><u>\$ 28,508,865</u></b>	<b><u>\$ 21,769,828</u></b>	<b><u>\$ 24,089,897</u></b>	<b><u>\$ 139,819,106</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2003

**Total governmental fund balances** \$ 89,299,837

*Amounts reported for governmental activities in the statement of net assets are different because:*

Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds. 269,760,817

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

Property taxes	\$	3,070,504	
Income tax		825,711	
Special assessments		1,732,332	
State shared taxes		4,881,427	
Charges for services		1,038,238	
Accrued interest		1,246,264	
Intergovernmental revenues		1,097,432	
 Total			 13,891,908

Internal service funds are used by management to charge the costs of fleet management, fire fleet management, stores and reproduction, workers' compensation, and plumbing to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net assets of the internal service funds, including internal balances of \$(747,790), are: 13,007,354

Long-term liabilities, including bonds, accrued interest, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable		(332,409)	
Special assessment bonds		(1,095,285)	
General obligation bonds		(58,635,798)	
Revenue bonds		(11,790,000)	
Compensated absences		(9,752,843)	
Capital lease payable		(71,711)	
 Total			 <u>(81,678,046)</u>

**Net assets of governmental activities** \$ 304,281,870

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>General</b>	<b>Debt Service</b>	<b>Capital Improvement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Municipal income taxes . . . . .	\$ 108,554,027	\$ -	\$ -	\$ -	\$ 108,554,027
Property and other taxes . . . . .	9,195,204	3,665,441	3,057,484	2,471,507	18,389,636
State shared taxes . . . . .	16,045,927	-	-	4,296,930	20,342,857
Charges for services . . . . .	19,682,367	-	412,051	2,168,341	22,262,759
Licenses and permits . . . . .	2,014,392	-	105,751	-	2,120,143
Fines and forfeitures . . . . .	1,420,200	-	-	663,462	2,083,662
Intergovernmental . . . . .	1,453,282	404,071	6,445,829	20,306,817	28,609,999
Special assessments . . . . .	327,656	222,686	405,334	77,369	1,033,045
Investment income . . . . .	3,365,179	-	193,487	46,592	3,605,258
Increase in FMV of investments . . . . .	-	-	-	18,242	18,242
Other . . . . .	2,800,814	150,000	226,343	2,579,443	5,756,600
Total revenues . . . . .	<u>164,859,048</u>	<u>4,442,198</u>	<u>10,846,279</u>	<u>32,628,703</u>	<u>212,776,228</u>
<b>Expenditures:</b>					
Current:					
Downtown . . . . .	3,112,343	560,000	-	75,000	3,747,343
Youth, education and human services . . . . .	181,204	-	-	2,350,559	2,531,763
Community development and neighborhoods . . . . .	11,032,510	-	-	9,321,233	20,353,743
Economic development . . . . .	2,817,334	-	-	4,178,934	6,996,268
Leadership and quality of life . . . . .	26,935,463	-	-	10,769,778	37,705,241
Corporate responsibility . . . . .	14,619,628	325,728	-	1,090,195	16,035,551
Public safety and justice . . . . .	87,506,358	-	-	2,848,097	90,354,455
Other . . . . .	670,941	247,269	-	6	918,216
Capital outlay . . . . .	1,047,525	-	21,646,434	7,048,475	29,742,434
Debt service:					
Principal retirement . . . . .	40,379	7,310,173	-	-	7,350,552
Interest and fiscal charges . . . . .	250	3,253,644	176,480	-	3,430,374
Total expenditures . . . . .	<u>147,963,935</u>	<u>11,696,814</u>	<u>21,822,914</u>	<u>37,682,277</u>	<u>219,165,940</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>16,895,113</u>	<u>(7,254,616)</u>	<u>(10,976,635)</u>	<u>(5,053,574)</u>	<u>(6,389,712)</u>
<b>Other financing sources (uses):</b>					
Proceeds from sale of capital assets . . . . .	-	100,000	-	50,000	150,000
Proceeds from sale of bonds . . . . .	-	-	395,485	-	395,485
Proceeds from capital lease transactions . . . . .	112,090	-	-	-	112,090
Transfers in . . . . .	1,209,665	1,141,064	4,222,695	10,519,566	17,092,990
Transfers out . . . . .	(12,522,056)	(234,000)	(2,501,694)	(1,472,913)	(16,730,663)
Total other financing sources (uses) . . . . .	<u>(11,200,301)</u>	<u>1,007,064</u>	<u>2,116,486</u>	<u>9,096,653</u>	<u>1,019,902</u>
Net change in fund balances . . . . .	5,694,812	(6,247,552)	(8,860,149)	4,043,079	(5,369,810)
<b>Fund balances at beginning of year . . . . .</b>	<u>34,393,301</u>	<u>24,087,261</u>	<u>20,438,374</u>	<u>15,750,711</u>	<u>94,669,647</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 40,088,113</u>	<u>\$ 17,839,709</u>	<u>\$ 11,578,225</u>	<u>\$ 19,793,790</u>	<u>\$ 89,299,837</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, 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, 2003

**Net change in fund balances - total governmental funds** \$ (5,369,810)

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

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$21,536,097) exceeded depreciation expense (\$9,106,855) in the current period.	12,429,242
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.	(625,969)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	201,360
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(507,575)
Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	7,350,552
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	31,625
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	885,390
Internal service funds used by management to charge the costs of fleet management, fire fleet management, stores and reproduction, worker's compensation, and plumbing to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service funds revenues are eliminated. The net revenue (expense) of the internal service funds including internal balances of \$(757,790), is allocated among the governmental activities.	925,321
<b>Change in net assets of governmental activities</b>	<b>\$ 15,320,136</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Municipal income taxes . . . . .	\$ 107,405,200	\$ 107,616,439	\$ 107,616,439	\$ -
Property and other taxes . . . . .	11,271,400	10,769,415	10,818,977	49,562
State shared taxes . . . . .	15,224,200	16,040,307	16,040,307	-
Charges for services . . . . .	19,254,000	19,443,405	19,404,871	(38,534)
Licenses and permits. . . . .	1,615,700	2,014,991	2,014,991	-
Fines and forfeitures. . . . .	1,614,400	1,412,058	1,412,058	-
Special assessments . . . . .	610,000	327,654	327,654	-
Investment income . . . . .	3,598,100	3,318,890	3,318,890	-
Other . . . . .	1,938,300	2,853,033	2,853,033	-
Total revenues. . . . .	<u>162,531,300</u>	<u>163,796,192</u>	<u>163,807,220</u>	<u>11,028</u>
<b>Expenditures:</b>				
Current:				
Downtown . . . . .	3,271,134	3,347,790	3,244,526	103,264
Youth, education and human services. . . . .	190,449	194,912	188,900	6,012
Community development and neighborhoods. . . . .	11,595,385	11,867,111	11,501,066	366,045
Economic development . . . . .	2,961,073	3,030,463	2,936,988	93,475
Leadership and quality of life . . . . .	28,309,700	28,973,111	28,079,425	893,686
Corporate responsibility. . . . .	15,365,516	15,725,592	15,240,530	485,062
Public safety and justice . . . . .	91,970,900	94,126,151	91,222,793	2,903,358
Other . . . . .	747,874	765,400	741,791	23,609
Capital outlay . . . . .	<u>1,100,969</u>	<u>1,126,770</u>	<u>1,092,014</u>	<u>34,756</u>
Total expenditures . . . . .	<u>155,513,000</u>	<u>159,157,300</u>	<u>154,248,033</u>	<u>4,909,267</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>7,018,300</u>	<u>4,638,892</u>	<u>9,559,187</u>	<u>4,920,295</u>
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	2,211,600	1,230,154	1,210,164	(19,990)
Transfers out . . . . .	(6,406,600)	(13,846,500)	(12,579,154)	1,267,346
Total other financing sources (uses) . . . . .	<u>(4,195,000)</u>	<u>(12,616,346)</u>	<u>(11,368,990)</u>	<u>1,247,356</u>
Net change in fund balance . . . . .	2,823,300	(7,977,454)	(1,809,803)	6,167,651
<b>Fund balance at beginning of year (restated) . . . . .</b>	20,911,593	20,911,593	20,911,593	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>3,836,462</u>	<u>3,836,462</u>	<u>3,836,462</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 27,571,355</u>	<u>\$ 16,770,601</u>	<u>\$ 22,938,252</u>	<u>\$ 6,167,651</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF DAYTON, OHIO**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2003

	<b>Business-type Activities -</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and cash equivalents . . . . .	\$ 28,477,509	\$ 48,257,904	\$ 33,426,823
Receivables (net of allowance for uncollectibles):			
Accounts . . . . .	6,838,270	15,441,849	10,530,580
Accrued interest . . . . .	107,021	839,450	302,461
Due from other funds . . . . .	-	3,709,285	-
Due from other governments . . . . .	3,395,839	-	-
Materials and supplies inventory . . . . .	14,733	1,038,682	-
Inventory held for resale . . . . .	-	-	-
Judgment receivable - current. . . . .	-	60,000	-
Advances to component unit. . . . .	-	3,229,513	-
Total current assets	<u>38,833,372</u>	<u>72,576,683</u>	<u>44,259,864</u>
Noncurrent assets:			
Restricted assets:			
Equity in pooled cash and cash equivalents . . . . .	-	34,737	-
Cash with fiscal and escrow agents. . . . .	4,090,031	8,467	-
Judgment receivable. . . . .	-	90,000	-
Unamortized bond issuance costs. . . . .	2,672,343	216,047	-
Capital assets:			
Land and construction in progress . . . . .	39,041,705	18,788,544	3,850,209
Depreciable capital assets, net . . . . .	136,272,788	101,115,038	100,501,958
Total capital assets . . . . .	<u>175,314,493</u>	<u>119,903,582</u>	<u>104,352,167</u>
Total noncurrent assets	<u>182,076,867</u>	<u>120,252,833</u>	<u>104,352,167</u>
Total assets. . . . .	<u>220,910,239</u>	<u>192,829,516</u>	<u>148,612,031</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Other Enterprise</b>	<b>Total</b>	
\$ 318,277	\$ 110,480,513	\$ 23,948,891
6,185,715	38,996,414	8,243
5,861	1,254,793	-
-	3,709,285	618,571
-	3,395,839	-
-	1,053,415	-
-	-	807,398
-	60,000	-
-	3,229,513	-
<u>6,509,853</u>	<u>162,179,772</u>	<u>25,383,103</u>
-	34,737	-
-	4,098,498	-
-	90,000	-
43,006	2,931,396	-
718,422	62,398,880	-
<u>16,189,062</u>	<u>354,078,846</u>	<u>612,703</u>
<u>16,907,484</u>	<u>416,477,726</u>	<u>612,703</u>
<u>16,950,490</u>	<u>423,632,357</u>	<u>612,703</u>
<u>23,460,343</u>	<u>585,812,129</u>	<u>25,995,806</u>

- - Continued

**CITY OF DAYTON, OHIO**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS (CONTINUED)  
 DECEMBER 31, 2003

	<b>Business-type Activities</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable . . . . .	1,857,898	1,130,159	483,043
Contracts payable . . . . .	1,215,325	943,999	1,310,415
Accrued wages and benefits . . . . .	314,695	433,988	146,092
Compensated absences - current . . . . .	299,159	414,962	193,006
Retainage payable . . . . .	256,951	113,562	136,989
Accrued interest payable . . . . .	55,808	-	562,838
Due to other funds . . . . .	36,522	477,226	2,872,056
Due to other governments . . . . .	541,502	139,260	3,833
Claims payable - current . . . . .	-	-	-
General obligation notes payable . . . . .	4,850,000	-	-
General obligation bonds payable - current . . . . .	-	-	-
OWPC loan payable - current . . . . .	-	-	50,000
OWDA loan payable - current . . . . .	-	-	2,962,995
Capital lease payable - current . . . . .	-	-	-
Interfund payable . . . . .	-	-	-
Payable from restricted assets:			
Utility deposits . . . . .	-	34,737	-
Accrued interest payable . . . . .	238,693	74,961	-
Revenue bonds - current . . . . .	2,485,000	5,405,000	-
Total current liabilities . . . . .	<u>12,151,553</u>	<u>9,167,854</u>	<u>8,721,267</u>
Noncurrent liabilities:			
Compensated absences . . . . .	441,974	608,630	294,077
Claims payable . . . . .	-	-	-
General obligation bonds payable . . . . .	-	-	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding) . . . . .	62,466,733	16,434,200	-
OPWC loan payable . . . . .	-	-	800,000
OWDA loan payable . . . . .	-	-	24,438,016
Capital lease obligation . . . . .	-	-	-
Total noncurrent liabilities . . . . .	<u>62,908,707</u>	<u>17,042,830</u>	<u>25,532,093</u>
Total liabilities . . . . .	<u>75,060,260</u>	<u>26,210,684</u>	<u>34,253,360</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt . . . . .	105,512,760	98,064,382	76,101,156
Unrestricted . . . . .	40,337,219	68,554,450	38,257,515
Total net assets . . . . .	<u>\$ 145,849,979</u>	<u>\$ 166,618,832</u>	<u>\$ 114,358,671</u>

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

Net assets of business-type activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Enterprise Funds</b>		<b>Governmental</b>
<b>Other</b>		<b>Activities -</b>
<b>Enterprise</b>	<b>Total</b>	<b>Internal</b>
		<b>Service Funds</b>
103,504	3,574,604	228,724
13,979	3,483,718	-
62,931	957,706	98,334
57,902	965,029	123,409
-	507,502	-
9,623	628,269	-
558,636	3,944,440	2,651
479	685,074	2,045,194
-	-	791,553
-	4,850,000	-
464,199	464,199	-
-	50,000	-
-	2,962,995	-
110,127	110,127	65,491
-	-	319,229
-	34,737	-
-	313,654	-
-	7,890,000	-
<u>1,381,380</u>	<u>31,422,054</u>	<u>3,674,585</u>
116,858	1,461,539	155,157
-	-	8,205,462
2,639,991	2,639,991	-
-	78,900,933	-
-	800,000	-
-	24,438,016	-
-	-	195,458
<u>2,756,849</u>	<u>108,240,479</u>	<u>8,556,077</u>
<u>4,138,229</u>	<u>139,662,533</u>	<u>12,230,662</u>
13,803,294	293,481,592	351,754
5,518,820	152,668,004	13,413,390
<u>\$ 19,322,114</u>	<u>446,149,596</u>	<u>\$ 13,765,144</u>
	<u>757,790</u>	
	<u>\$ 446,907,386</u>	

**CITY OF DAYTON, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>Business-type Activities -</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 38,112,286	\$ 38,317,935	\$ 26,437,530
Other . . . . .	4,127,135	4,123,526	229,329
<b>Total operating revenues . . . . .</b>	<b>42,239,421</b>	<b>42,441,461</b>	<b>26,666,859</b>
<b>Operating expenses:</b>			
Personal services . . . . .	10,688,618	15,168,137	6,024,495
Benefit payments . . . . .	3,397,050	5,023,254	1,926,644
Contractual services. . . . .	5,685,328	5,031,321	6,434,409
Materials and supplies . . . . .	1,575,281	4,258,115	1,421,821
Utilities . . . . .	2,120,441	5,946,390	3,325,858
Cost of sales . . . . .	-	-	-
Depreciation . . . . .	7,136,273	5,525,279	6,506,678
Claims expense. . . . .	-	-	-
Other . . . . .	1,864,299	3,787,983	69,816
<b>Total operating expenses. . . . .</b>	<b>32,467,290</b>	<b>44,740,479</b>	<b>25,709,721</b>
<b>Operating income (loss) . . . . .</b>	<b>9,772,131</b>	<b>(2,299,018)</b>	<b>957,138</b>
<b>Nonoperating revenues (expenses):</b>			
Interest revenue . . . . .	580,996	2,189,694	834,139
Loss from disposal of capital assets. . . . .	-	-	(7,320)
Interest expense and fiscal charges . . . . .	(3,233,935)	(1,250,373)	(1,624,473)
<b>Total nonoperating revenues (expenses) . . . . .</b>	<b>(2,652,939)</b>	<b>939,321</b>	<b>(797,654)</b>
<b>Income (loss) before capital contributions and transfers . . . . .</b>	<b>7,119,192</b>	<b>(1,359,697)</b>	<b>159,484</b>
Capital contributions . . . . .	14,487,159	-	-
Transfers in. . . . .	220,451	141,101	55,087
Transfers out . . . . .	-	(59,556)	-
<b>Changes in net assets . . . . .</b>	<b>21,826,802</b>	<b>(1,278,152)</b>	<b>214,571</b>
<b>Net assets, January 1 (restated) . . . . .</b>	<b>124,023,177</b>	<b>167,896,984</b>	<b>114,144,100</b>
<b>Net assets, December 31 . . . . .</b>	<b>\$ 145,849,979</b>	<b>\$ 166,618,832</b>	<b>\$ 114,358,671</b>

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

Changes in net assets of business-type activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Other Enterprise</b>	<b>Total</b>	
\$ 5,517,583	\$ 108,385,334	\$ 15,074,434
17,346	8,497,336	477,329
<u>5,534,929</u>	<u>116,882,670</u>	<u>15,551,763</u>
1,818,916	33,700,166	3,882,282
896,971	11,243,919	1,272,958
1,507,098	18,658,156	732,466
447,279	7,702,496	318,161
201,682	11,594,371	5,508
-	-	2,931,091
592,541	19,760,771	202,421
-	-	3,186,494
<u>205,911</u>	<u>5,928,009</u>	<u>29,317</u>
<u>5,670,398</u>	<u>108,587,888</u>	<u>12,560,698</u>
<u>(135,469)</u>	<u>8,294,782</u>	<u>2,991,065</u>
-	3,604,829	-
-	(7,320)	-
<u>(150,890)</u>	<u>(6,259,671)</u>	<u>(31,959)</u>
<u>(150,890)</u>	<u>(2,662,162)</u>	<u>(31,959)</u>
(286,359)	5,632,620	2,959,106
357,939	14,845,098	-
576,583	993,222	100,000
<u>(20,000)</u>	<u>(79,556)</u>	<u>(1,375,993)</u>
628,163	21,391,384	1,683,113
<u>18,693,951</u>		<u>12,082,031</u>
<u>\$ 19,322,114</u>		<u>\$ 13,765,144</u>
	<u>757,790</u>	
	<u>\$ 22,149,174</u>	

**CITY OF DAYTON, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>Business-type Activities -</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers . . . . .	\$ 35,939,083	\$ 36,777,006	\$ 29,352,022
Cash received from other operating revenues . . . . .	4,068,163	3,418,113	229,329
Cash payments for personal services . . . . .	(10,877,804)	(15,370,472)	(6,093,447)
Cash payments for fringe benefits . . . . .	(3,444,271)	(5,069,197)	(1,953,253)
Cash payments for contract services. . . . .	(5,414,960)	(5,771,075)	(7,980,973)
Cash payments for materials and supplies. . . . .	(1,601,573)	(4,215,039)	(845,679)
Cash payments for cost of goods sold. . . . .	-	-	-
Cash payments for utilities . . . . .	(1,979,041)	(5,378,698)	(3,013,504)
Cash payments for claims . . . . .	-	-	-
Cash payments for other operating expenses . . . . .	(2,254,752)	(3,845,437)	(856,546)
Net cash provided by (used in) operating activities.	<u>14,434,845</u>	<u>545,201</u>	<u>8,837,949</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash used in repayment of interfund loans . . . . .	-	-	-
Cash payments from advance to component unit . . . . .	-	(565,705)	-
Transfers in. . . . .	220,451	141,101	55,087
Transfers out. . . . .	-	(59,556)	-
Net cash provided by (used in) noncapital financing activities . . . . .	<u>220,451</u>	<u>(484,160)</u>	<u>55,087</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets . . . . .	(17,150,525)	(9,726,218)	(6,621,371)
Proceeds from sale of capital assets . . . . .	-	-	(7,320)
Capital contributions . . . . .	13,854,595	-	-
Bond issuance costs . . . . .	(2,279,664)	-	-
Proceeds from bonds . . . . .	45,225,621	-	4,944,002
Payment to refunded bond escrow agent . . . . .	(8,311,720)	-	-
Proceeds from notes . . . . .	4,850,000	-	-
Principal paid on notes . . . . .	(12,850,000)	-	-
Interest paid on notes. . . . .	(230,111)	-	-
Principal paid on bonds. . . . .	(2,075,000)	(5,195,000)	-
Interest paid on bonds . . . . .	(1,603,071)	(1,101,110)	-
Principal paid on loans . . . . .	-	-	(3,581,730)
Interest paid on loans. . . . .	-	-	(1,624,473)
Principal paid on capital leases . . . . .	(14,065,217)	-	-
Interest paid on capital leases. . . . .	(676,516)	-	-
Net cash provided by (used in) capital and related financing activities . . . . .	<u>4,688,392</u>	<u>(16,022,328)</u>	<u>(6,890,892)</u>
<b>Cash flows from investing activities:</b>			
Interest received . . . . .	563,835	2,104,910	690,644
Net cash provide by investing activities . . . . .	<u>563,835</u>	<u>2,104,910</u>	<u>690,644</u>
Net increase (decrease) in cash and cash equivalents . . .	19,907,523	(13,856,377)	2,692,788
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>12,660,017</u>	<u>62,157,485</u>	<u>30,734,035</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u>\$ 32,567,540</u>	<u>\$ 48,301,108</u>	<u>\$ 33,426,823</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Other Enterprise</b>	<b>Total</b>	
\$ 5,254,823	\$ 107,322,934	\$ 15,048,847
16,235	7,731,840	281,569
(1,930,832)	(34,272,555)	(3,951,408)
(930,763)	(11,397,484)	(1,288,662)
(1,563,019)	(20,730,027)	(844,210)
(417,771)	(7,080,062)	(521,824)
-	-	(3,051,905)
(189,394)	(10,560,637)	(3,439)
-	-	(2,788,149)
(252,283)	(7,209,018)	(22,428)
(13,004)	23,804,991	2,858,391
-	-	(135,771)
-	(565,705)	-
576,583	993,222	100,000
(20,000)	(79,556)	(1,375,993)
556,583	347,961	(1,411,764)
(529,375)	(34,027,489)	(48,461)
-	(7,320)	-
357,939	14,212,534	-
-	(2,279,664)	-
-	50,169,623	-
-	(8,311,720)	-
-	4,850,000	-
(318,346)	(13,168,346)	-
(139,585)	(369,696)	-
-	(7,270,000)	-
-	(2,704,181)	-
-	(3,581,730)	-
-	(1,624,473)	-
(109,083)	(14,174,300)	(52,041)
(8,382)	(684,898)	(31,959)
(746,832)	(18,971,660)	(132,461)
-	3,359,389	-
-	3,359,389	-
(203,253)	8,540,681	1,314,166
521,530	106,073,067	22,634,725
\$ 318,277	\$ 114,613,748	\$ 23,948,891

- - continued

**CITY OF DAYTON, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>Business-type Activities -</b>		
	<b>Dayton International Airport</b>	<b>Water</b>	<b>Sewer</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss) . . . . .	\$ 9,772,131	\$ (2,299,018)	\$ 957,138
Adjustments:			
Depreciation . . . . .	7,136,273	5,525,279	6,506,678
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable . . . . .	(2,232,135)	(1,598,199)	2,916,690
Increase in due from other funds . . . . .	-	(705,413)	-
Decrease in judgments receivable . . . . .	-	60,000	-
(Increase) decrease in materials and supplies inventory . . . . .	2,310	(90,712)	-
Increase in inventory held for resale . . . . .	-	-	-
Increase (decrease) in accounts payable . . . . .	460,981	(700,423)	(777,431)
Increase (decrease) in contracts payable . . . . .	(720,683)	143,402	(1,166,502)
Increase in retainage payable . . . . .	252,427	113,562	136,989
Decrease in accrued wages and benefits . . . . .	(231,957)	(234,389)	(143,295)
Increase in due to other funds . . . . .	35,107	336,751	359,829
Increase (decrease) in due to other governments . . . . .	(35,069)	10,250	119
Decrease in utility deposits . . . . .	-	(2,000)	-
Increase (decrease) in compensated absences payable . . . . .	(4,540)	(13,889)	47,734
Decrease in claims payable . . . . .	-	-	-
Net cash provided by (used in) operating activities. . . . .	<u>\$ 14,434,845</u>	<u>\$ 545,201</u>	<u>\$ 8,837,949</u>

**Non-cash transactions:**

During 2003, the Dayton International Airport received \$3,090,446 in capital grants, which was recognized as a receivable in 2003. A receivable in the amount of \$2,763,275 has been recorded for capital grants in 2002.

At December 31, 2002, the Water, Sewer, Dayton International Airport and Storm Water (reported as an other enterprise fund) enterprise funds purchased \$210,730, \$1,301,902, \$534,394 and \$12,257, respectively, in capital assets on account. At December 31, 2003, the Water, Sewer, Dayton International Airport and Storm Water (reported as an other enterprise fund) enterprise funds purchased \$476,588, \$457,836, \$1,139,193 and \$6,715, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
<b>Other Enterprise</b>	<b>Total</b>	
\$ (135,469)	\$ 8,294,782	\$ 2,991,065
592,541	19,760,771	202,421
(302,657)	(1,216,301)	(8,243)
-	(705,413)	(18,372)
-	60,000	-
-	(88,402)	-
-	-	(329,085)
(24,052)	(1,040,925)	(5,731)
(53,331)	(1,797,114)	-
-	502,978	-
(69,677)	(679,318)	(77,809)
38,891	770,578	968
(1)	(24,701)	669,362
-	(2,000)	-
(59,249)	(29,944)	(7,021)
-	-	(559,164)
<u>\$ (13,004)</u>	<u>\$ 23,804,991</u>	<u>\$ 2,858,391</u>

**CITY OF DAYTON, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2003

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 5,122,844
Cash and cash equivalents with fiscal agent . . . . .	801,448
Investments with fiscal agent . . . . .	1,205,730
Due from other governments. . . . .	555,623
Total assets . . . . .	\$ 7,685,645
<b>Liabilities:</b>	
Due to other governments . . . . .	\$ 1,692,650
Due to others. . . . .	478,620
Withholdings and deposits . . . . .	5,514,375
Total liabilities . . . . .	\$ 7,685,645

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF DAYTON, OHIO**

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For the Year Ended December 31, 2003**

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## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

#### **NOTE 1 - DESCRIPTION OF THE CITY**

The City of Dayton (the "City") is located in Montgomery County in southwestern Ohio approximately seventy-six miles west of Columbus and fifty-four miles north of Cincinnati. The City charter was approved in 1913 and the City became the first large community in the United States to adopt the Commission-Manager Plan form of government. Subsequent amendments to the charter have been made. Legislative power is vested in a five-member commission, one of the members being the Mayor. The City Manager is the chief executive officer and the head of the administrative agencies of the City. The City Manager appoints all department heads, except the Secretary of the Civil Service Board and the Director of the Human Relations Council, who are appointed by the City Commission.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial 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 proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

##### **A. Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds, departments and agencies that are not legally separate from the City. For the City, this includes providing water supply and treatment, sewer and storm water maintenance, wastewater treatment, airport services, fire and emergency medical services, police protection, a convention center, building inspection, neighborhood support, recreation and parks, golf, street and bridge maintenance, waste collection, and a municipal court.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; 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 their budget, the issuance of their debt or the levying of their taxes for the organization.

Based on the foregoing criteria, the financial activities of the following potential component units have been reflected in the accompanying BFS as follows:

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

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

##### *DISCRETELY PRESENTED COMPONENT UNIT*

The City has included one discretely presented component unit, the CityWide Development Corporation (CWDC), as part of this report. CWDC was established in 1972 as a private, non-profit development organization which supports the City in a number of ways - primarily as its development financing arm. CWDC's relationship with the City is established via its stated mission: fostering economic development through creating and retaining jobs for City residents, providing administrative support to assist in neighborhood development, increasing tax revenues, and improving the Dayton area economy. Because the City appoints all members of CWDC's board of trustees and is empowered to remove them at will, CWDC is a component unit of the City. CWDC issues separately audited financial statements with a December 31 year-end. Its most recently audited financial statements may be obtained from CityWide Development Corporation, 8 North Main Street, Dayton, Ohio 45402-1916. Further disclosures for the discretely presented component unit can be found in Note 22.

##### *BLENDED COMPONENT UNIT*

The City of Dayton Sister City Committee (DSCC) is a blended component unit shown as a special revenue fund of the City of Dayton. The DSCC was created as a not for profit organization under Ohio Revised Code Section 1702.01 in 1966. The DSCC is governed by twenty six committee members, four of which are City of Dayton employees. The Dayton City Commission appoints all board members and provides all financial support or has solicited contributions on behalf of the DSCC. The DSCC provides services solely for the City. The DSCC's services include the promotion of youth and adult exchanges, development of business ties and exchanges of professional and cultural programs between the City of Dayton and five other cities around the world. Financial information can be obtained for the DSCC by contacting Marion Sweeney at P.O. Box 97, Dayton, Ohio, 45402-0097.

##### *JOINTLY GOVERNED ORGANIZATIONS*

*Miami Valley Regional Planning Commission* - The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami, and Montgomery Counties, the City of Dayton, City of Riverside, City of New Carlisle, and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the general fund. The City did not contribute to the operation of the Commission during 2003. Financial information can be obtained from Nora Lake, Executive Director, at 40 West Fourth Street, Dayton, Ohio 45402.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

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

*Miami Valley Fire/EMS Alliance* - The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS Services by volunteers, two representatives appointed by the members who are provided Fire/EMS Services by a combination of full time employees and volunteers, and a representative appointed by the members who are provided Fire/EMS Services by full time employees. Payments to the Alliance are made from the general fund. The City contributed \$39,883 for the operation of the Alliance during 2003. Financial information can be obtained from Mike Hoverland, Director, at 444 W. Third Street, Suite 13-204, 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, township, and cities within Montgomery County, and Montgomery County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the County. The ED/GE Advisory Committee, made up of alternating member entities representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued, and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the general fund.

The City did not contribute to the operation of ED/GE during 2003. Financial information can be obtained from Linda Gum, Administrative Assistant, at 451 West Third Street, Dayton, Ohio 45402.

*Montgomery County Family and Children First Council* - The City participates in the Montgomery County Family and Children First Council. The Council coordinates and integrates those services within Montgomery County which are available for families and children and establishes a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children. The Council is governed by a board of nineteen trustees, one of which is the Mayor of the City of Dayton. During 2003, the City contributed \$26,500 to the Council. Financial information can be obtained from Sue Daily, Executive Director, at 451 West Third Street, P.O. Box 972, Dayton, Ohio 4522-3100.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

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

*Hazardous Material Response Team* - The City is a member of a Hazardous Material Response Team ("HAZ MAT") which is a jointly governed organization with other local governments. The organization was created to provide hazardous material response protection and mutual assistance in the event of a hazardous material incident.

The HAZ MAT Advisory Board oversees the operation of HAZ MAT and consists of representatives from sixteen organizations. The City's ability to affect operations is limited to its representation on the board.

The Board established hazardous materials incident response guidelines to provide for response procedures in the event of an incident. In the event of a hazardous material incident within any local government that is a member of this organization, the other members will respond to render assistance. The funding for the operation of the response team is through contributions from each entity. In addition, the persons or company responsible for any hazardous materials emergency is required by state law to reimburse the team any costs associated with clean up. There is no explicit and measurable equity interest in HAZ MAT. During 2003, the City contributed \$13,294 to HAZ MAT. Financial information can be obtained from Edwin Kovar, Executive Director at 4200 Lake Center Drive, Trotwood, Ohio 45426.

*Miami Valley Emergency Management Agency* - The Miami Valley Emergency Management Agency (the Agency) is a jointly governed organization between various political subdivisions in Montgomery and Greene Counties. The purpose of the Agency is to help provide emergency management preparedness which includes training and incident mitigation. The fourteen member Board of the Agency is made up of a representative appointed by the City of Dayton.

The funding for the operation of the Agency is through contributions from each participating entity. Payments to the Agency are made from the general fund. The City contributed \$19,941 for the operation of the Agency during 2003. Financial information can be obtained from Edwin Kovar, Executive Director at 4200 Lake Center Drive, Trotwood, Ohio 45426.

**B. Basis of Presentation-Fund Accounting**

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 fiduciary funds. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.



## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

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

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 business segment or governmental function is self-financing or draws from the general revenues of the City.

***Fund Financial Statements*** - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

#### C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

***Governmental Funds*** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and 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.

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

***Capital Improvements Fund*** - To account for resources used to purchase equipment and construct capital assets.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

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

Other governmental funds of the City are used to account for grants and other resources whose use is restricted to a particular purpose. These funds are nonmajor funds whose activity has been aggregated and presented in a single column in the BFS.

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

***Enterprise Funds*** - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

***Dayton International Airport*** - To account for the provision of air traffic, primarily commercial, including air freight. Revenues are derived from landing fees, concessionaire fees, and space rentals. The Dayton-Wright Brothers Airport is included in this fund.

***Water*** - To account for the provision of water service and water pollution control activities of the City. The Department also provides water services to several areas outside the City. Revenue is generated by charges for services including those to other departments of the City. The water supply is maintained through the development of well fields, storage facilities, and pumping stations.

***Sewer*** - To account for the provision of sanitary sewer service to the residential, commercial, and industrial consumers of the City and various communities within the Dayton Metropolitan area. The charges for services are based on the City's needs for the cost of service and expenses of improvements to expand the capacity to meet the Environmental Protection Agency (EPA) standards.

Other enterprise funds of the City are used to account for the provision of storm sewers to the residents of the City and to account for the operations of the City's six golf courses. These funds are nonmajor funds whose activity has been aggregated and presented in a single column in the BFS.

***Internal Service Funds*** - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds include programs for fleet maintenance, fire fleet maintenance, plumbing services, workers' compensation, and stores and reproduction services.

***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. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds which are used to account for items such as building permit surcharge, prisoner's personal accounts, performance bonds, and as well as other situations where the City's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, and other governments.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

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

**D. Measurement Focus**

*Government-wide Financial Statements* - The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of 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, all proprietary funds are accounted for on 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 net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., 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 proprietary activities.

**E. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide and proprietary fund financial statements are prepared using the accrual basis of accounting. The 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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, interest, grants, fees and rentals.

***Deferred Revenue*** - Deferred revenue arises 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, 2003, but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also 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.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

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

**F. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, except agency funds, are legally required to be budgeted. Capital Projects funds and the HUD Programs special revenue fund, pursuant to the City's charter, are not required to be budgeted annually. These funds' appropriations, after their initial appropriations by Council at the time capital monies/grants are received (bond proceeds, etc.), remain intact until they are expended or modified by Council. Such monies are appropriated on a project level with specific identification of each project being budgeted.

In addition, the Dayton Sister Cities special revenue fund is not budgeted because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain separate budgetary information. Budget basis financial statements for these funds are not, therefore, presented in this report because such statements would not be meaningful, nor are they required.

The City prepares its budget on a non-GAAP budgetary basis which is the cash basis with the following exceptions: encumbrances at year-end are added to expenditures and certain expenditure accruals at year-end are included as expenditures to the extent they can be determined and they have been expended within thirty-one days after the year-end. The legal level of budgetary control is at the department level. Budgetary modifications at this level may only be made by resolution of the City Commission.

*Tax Budget* - A tax budget of estimated revenues and expenditures for all budgeted funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

*Estimated Resources* - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenues of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2003.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

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

Appropriations - A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund and department level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations between line items within a department may be modified with approval of the City Manager. All other modifications may only be made by ordinance of City Commission. During the year, several supplemental appropriation measures were passed, however none of them were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding calendar year.

#### G. Cash and Cash Equivalents

Cash balances of the City's funds, except cash and cash equivalents and investments held by fiscal agents and cash and cash equivalents and investments in segregated accounts, are pooled and invested in order to provide improved cash management. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" and "Investments" on the Statement of Net Assets. Some funds had expended amounts greater than their share of pooled cash and cash equivalents. These funds had negative cash balances at year-end that were eliminated by a short-term loan from the general fund. These loans are classified as "interfund receivable" and "interfund payable" on the fund financial statements.

During 2003, investments were limited to commercial paper, federal agency securities, U.S. Treasury Notes, City owned debt, U.S. Government money market mutual funds, Dayton Power and Light stock, non-negotiable certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for non-participating investment contracts, investments are stated at fair value which is based on quoted market prices. For U.S. Government money market mutual funds, fair value is determined by the fund's share price at December 31, 2003. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2003.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

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

For purposes of the statement of cash flows and for presentation on the combined balance sheet, the City's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents. Investments not part of the cash management pool, with an initial maturity of more than three months, are reported as investments.

The City utilizes a financial institution to service bonded debt as principal and interest payments become due. The balance in these accounts along with reserves held for replacement and improvement for enterprise funds, money held by the municipal court and money in the executive savings plan are shown as "Cash and Cash Equivalents with Fiscal Agents" and "Investments with Fiscal Agents".

Cash and cash equivalents that are held separately by CityWide Development Corporation, the discretely presented component unit, and the City of Dayton Sister Cities Committee, the blended component unit, are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts".

Interest income is distributed to the funds according to City Ordinance and statutory requirements. Interest revenue earned during 2003 was \$3,365,179 in the general fund, which includes \$2,434,021 assigned from other City funds. The capital improvement fund, nonmajor governmental funds, and enterprise funds also received interest in the amount of \$193,487, \$46,592 and \$3,604,829, respectively.

**H. Inventory of Supplies**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used. The City had no material inventory balances to report on the governmental fund financial statements.

**I. Restricted Assets**

Restricted assets are those which are legally restricted in their use by bond indentures, or other legal instruments. Restricted assets in the enterprise funds include "Equity in Pooled Cash and Cash Equivalents" and "Cash with Fiscal and Escrow Agents". "Equity in Pooled Cash and Cash Equivalents" represent utility deposits held by the City. "Cash with Fiscal and Escrow Agents" are the proceeds from revenue bond issues that are required by the bond indenture to be held by a financial services corporation. Restricted assets in the debt service fund include "Cash and Cash Equivalents with Fiscal Agents". This represents the residual proceeds from baseball bonds issued during 2000 after the loan was made to Riverfront Area Redevelopment Enterprises, Inc., that are being held in U.S. Government money market mutual funds. This money is restricted for the interest payments on the new baseball revenue bonds.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

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

**J. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of bridges, curbs, lighting, sidewalks, and roads. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Improvements other than buildings	10 - 25 years	10 - 25 years
Buildings and improvements	30 - 50 years	30 - 50 years
Furniture, fixtures and equipment	3 - 15 years	3 - 15 years
Vehicles	3 - 10 years	3 - 10 years
Infrastructure	20 - 50 years	20 - 50 years

**K. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." On fund financial statements, long-term interfund loans are classified as "advances to/from other funds" on the balance sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. Advances made from the City to its discretely presented component unit are reported on both the government-wide and fund financial statements.

**L. Compensated Absences**

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



## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

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

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

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

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

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

#### **M. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.

#### **N. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Issuance costs are recorded as deferred charges.

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds. Capital appreciation bond discounts are accreted over the term of the bonds.

For advance refundings resulting in the defeasance of debt reported in the proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

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

**O. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**P. Fund Balance Reserves**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The City reports amounts representing encumbrances outstanding, amounts due to claimants, advances to component unit, debt service, contributions to permanent fund, and loans receivable as reservations of fund balance in the governmental fund financial statements.

**Q. Fund Designations**

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designations reflect the City's intentions and are subject to change. Designations are reported as part of unreserved fund balance. The City Commission has designated the following amounts within the general fund:

<u>Project</u>	<u>Amount Designated</u>
Unemployment	\$ 648,746
Anthem Demutualization	<u>577,759</u>
Subtotal General Fund	<u>1,226,505</u>
Roadway Maintenance Equipment	486,000
Subtotal Special Revenue Funds	<u>486,000</u>
Total	<u>\$ 1,712,505</u>

**R. Estimates**

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

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

**S. Contributed Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements.

**T. 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 borrowing 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 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.

**U. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for the airport, water, sewer, storm water and golf enterprise funds and charges for services to other departments for goods and services provided by the internal service funds for fleet management, fire fleet management, stores and reproduction services, a Workers' Compensation program and plumbing shop services. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**V. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2003.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Prior Period Adjustments**

**Budgetary Statement - General Fund** – The beginning fund balance as reported on Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund has been restated from \$19,807,205 to \$20,911,593 to properly reflect the unencumbered balance of the fund at December 31, 2002.

**Governmental Activities - Internal Service Fund** - The net assets of workers' compensation internal service fund has been restated at December 31, 2003, to properly report claims payable for fiscal year 2002. Governmental activities will also be restated due to errors and omissions of capital assets. See Note 10 for detail. A prior period adjustment will be made to properly state governmental activities net assets at December 31, 2002.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

The adjustments had the following effect on net assets of the governmental activities as previously reported:

	Governmental Activities
Net assets as previously reported	\$ 289,402,764
Adjustment to properly state claims payable	2,363,447
Adjustment to report previously omitted capital assets	(2,804,477)
Restated net assets of January 1, 2003	\$ 288,961,734

**Business-Type Activities - Restatement of Net Assets** - The net assets of the sewer fund have been restated at December 31, 2003 to properly report Ohio Water Development Authority (OWDA) loans issued during fiscal year 2002. Due to errors and omissions in the previous year, a prior period adjustment is necessary to properly state capital assets. A prior period adjustment will be made to properly state the net assets of the business-type at December 31, 2002

The adjustments had the following effect on net assets of the business-type activities as previously reported:

	Dayton International Airport	Water	Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds
Net assets					
as previously reported	\$ 124,023,177	\$ 166,782,671	\$ 123,081,953	\$ 18,670,411	\$ 432,558,212
Adjustment to report previously omitted OWDA loans	-	-	(8,994,580)	-	(8,994,580)
Adjustment to report previously omitted capital assets	-	1,114,313	56,727	23,540	1,194,580
Restated net assets as of January 1, 2003	\$ 124,023,177	\$ 167,896,984	\$ 114,144,100	\$ 18,693,951	\$ 424,758,212

**B. Accountability**

The stores and reproduction internal service fund had a deficit fund balance of \$162,437 at December 31, 2003. This fund did not comply with Ohio state law, which does not permit a cash basis deficit at year-end. This deficit fund balance will be eliminated by future intergovernmental grants and subsidies not recognized or recorded at December 31.

**C. Compliance**

1. Contrary to Ohio Revised Code Section 5705.10, the City had negative cash balances in the HUD special revenue fund and the stores and reproduction internal service fund of \$286,701 and \$64,229, respectively. For GAAP purposes, these amounts have been reported as fund liabilities in the respective funds.

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

2. The general fund - Department of Police had excess of expenditures plus encumbrances over appropriations of \$306,400 for the year ended December 31, 2003.

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

The investment and deposit of City monies are governed by City Ordinance and the Ohio Revised Code. State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the City Commission has identified as not required for use within the current two 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.

Protection of City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

According to City Ordinance, interim monies can be invested in the following obligations which mature within five years from the date the investments were completed:

1. U. S. Treasury bills, notes, and bonds;
2. U.S. Government agency and instrumentality coupon and discount securities;
3. Certificates of Deposit;
4. Repurchase agreements with institutions having a signed master repurchase agreement on file with the Director of Finance;
5. Securities lending agreements with institutions having a signed securities lending agreement on file with the Director of Finance;
6. Bankers' Acceptances;
7. NOW accounts;
8. Money Market Mutual Funds (open ended investment companies) registered with the Securities and Exchange Commission;
9. State of Ohio Treasurer's investment pool (STAR Ohio);

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

10. Securities of any of the states of the United States or any of their political sub-divisions rated "A" or better by Moody's or Standard and Poor's;
11. Prime commercial paper; and
12. Corporate notes rated at least AA (not to exceed 15% of the portfolio).

The City may also invest in the following instruments within the indicated maturities:

1. Repurchase agreements that do not exceed ninety days;
2. Money Market Mutual Funds with an average portfolio maturity which does not exceed 120 days;
3. Investments matched to a specific cash flow requirement; and
4. City of Dayton notes or bonds up to twenty years maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the finance director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

*Deposits:* At year-end, the carrying amount of the City's deposits was \$(6,136,793) and the related bank balance was \$2,451,423. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft due to the "zero-balance" nature of the District's bank account. Of the bank balance:

1. \$441,991 was covered by federal depository insurance; and
2. \$2,009,432 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by third party trustees pursuant to Section 135.81, Ohio Revised Code. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

*Investments:* Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. STAR Ohio, an investment fund operated by the Ohio State Treasurer, and U.S. Government money market mutual fund investments are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 1</u>	<u>Category 3</u>	<u>Fair Value</u>
FHLMC notes	\$ 13,992,560	\$ 101,641	\$ 14,094,201
FNMA notes	9,846,900	129,602	9,976,502
U.S. Treasury notes	136,874,380	454,848	137,329,228
City owned debt	5,268,415	-	5,268,415
Dayton Power and Light stock	70,470	-	70,470
STAR Ohio	-	-	40,255,374
U.S. government money market mutual fund	4,657,570	-	4,657,570
Commercial paper	-	381,992	381,992
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 170,710,295</u>	<u>\$ 1,068,083</u>	<u>\$ 212,033,752</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The reconciliation between classifications of cash and investments on the basic financial statements and the classifications per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 204,620,759	\$ 1,276,200
Investments of the cash management pool:		
FHLMC notes	(13,992,560)	13,992,560
FNMA notes	(9,846,900)	9,846,900
U.S. treasury notes	(136,874,380)	136,874,380
City owned debt	(5,268,415)	5,268,415
STAR Ohio	(40,255,374)	40,255,374
U.S. Government money market mutual fund	<u>(4,519,923)</u>	<u>4,519,923</u>
GASB Statement No. 3	<u>\$ (6,136,793)</u>	<u>\$ 212,033,752</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Due from/to other funds consisted of the following at December 31, 2003, as reported on the fund statements:

<u>Due to</u>	<u>Due From</u>							<u>Total</u>
	<u>General</u>	<u>Nonmajor Special Revenue</u>	<u>Dayton International Airport</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor Enterprise</u>	<u>Internal Service Funds</u>	
General	\$ 24,403	\$ 17,819	\$ 9,301	\$ 17,656	\$ 3,162	\$ 14,820	\$1,170	\$ 88,331
Capital Improvement	4,511	-	10,021	-	-	-	-	14,532
Water	-	-	16,498	364,397	2,827,359	500,969	62	3,709,285
Internal Service Funds	<u>324,044</u>	<u>112,851</u>	<u>702</u>	<u>95,173</u>	<u>41,535</u>	<u>42,847</u>	<u>1,419</u>	<u>618,571</u>
Total	<u>\$352,958</u>	<u>\$130,670</u>	<u>\$ 36,522</u>	<u>\$477,226</u>	<u>\$2,872,056</u>	<u>\$558,636</u>	<u>\$2,651</u>	<u>\$4,430,719</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

- B. Interfund balances, related to items other than charges for goods and services rendered, at December 31, 2002, consist of the following individual fund loans receivable and payable as reported on the fund statements:

<u>Interfund Payable to</u>	<u>Interfund Receivable From</u>			<u>Total</u>
	<u>Nonmajor Special Revenue</u>	<u>Internal Service- Stores and Reproduction</u>	<u>Internal Service- Fleet Management</u>	
General	<u>\$ 286,701</u>	<u>\$ 64,229</u>	<u>\$ 255,000</u>	<u>\$ 605,930</u>

The interfund loan payable in the nonmajor special revenue and stores and reproduction internal service funds to the general fund is to cover negative cash balances at year-end. During fiscal 2003, the Fleet Management fund paid \$200,000 down on its loan from the general fund resulting in a balance of \$255,000 at year-end. These amounts are expected to be collected in the subsequent year.

- C. Advances to component unit and advances from primary government consisted of the following at December 31, 2003, as reported on the fund statements:

<u>Interfund Payable to</u>	<u>Advance From</u>			<u>Total</u>
	<u>Capital Improvement</u>	<u>Nonmajor Special Revenue</u>	<u>Water</u>	
Component Unit	<u>\$ 6,645,459</u>	<u>\$ 5,462,250</u>	<u>\$ 3,229,513</u>	<u>\$ 15,337,222</u>



**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

**D.** Interfund transfers for the year ended December 31, 2003, consisted of the following, as reported on the fund statements:

Transfer From	Transfer To										Total
	General	Debt Service	Capital Improvement	Nonmajor Special Revenue	Nonmajor Capital Projects	Sewer	Dayton International Airport	Water	Nonmajor Enterprise	Internal Service Funds	
General	\$ -	\$ -	\$ 3,834,500	\$ 7,915,729	\$ -	\$ -	\$ 121,827	\$ -	\$ 550,000	\$ 100,000	\$12,522,056
Debt Service	234,000	-	-	-	-	-	-	-	-	-	234,000
Capital Improvement	-	1,141,064	-	72,493	1,288,137	-	-	-	-	-	2,501,694
Nonmajor Special Revenue	13,189	-	166,177	1,071,529	-	-	-	-	-	-	1,250,895
Nonmajor Capital Projects	-	-	222,018	-	-	-	-	-	-	-	222,018
Water	-	-	-	59,556	-	-	-	-	-	-	59,556
Nonmajor Enterprise	-	-	-	20,000	-	-	-	-	-	-	20,000
Internal Service Funds	962,476	-	-	92,122	-	55,087	98,624	141,101	26,583	-	1,375,993
<b>Total</b>	<u>\$ 1,209,665</u>	<u>\$ 1,141,064</u>	<u>\$ 4,222,695</u>	<u>\$ 9,231,429</u>	<u>\$1,288,137</u>	<u>\$ 55,087</u>	<u>\$ 220,451</u>	<u>\$141,101</u>	<u>\$ 576,583</u>	<u>\$ 100,000</u>	<u>\$18,186,212</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2003 for real and public utility property taxes represents collections of 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) is for 2003 taxes.

2003 real property taxes are levied after October 1, 2003, on the assessed value as of January 1, 2003, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2003.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

#### NOTE 6 - PROPERTY TAXES - (Continued)

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. 2003 public utility property taxes became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2003, was \$10.00 per \$ 1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

	<u>Amount</u>	<u>Percent</u>
Real property	\$ 1,605,463,590	75.93
Public utility real property	106,740,710	5.05
Tangible personal property	<u>402,063,173</u>	<u>19.02</u>
Total assessed value	<u>\$ 2,114,267,473</u>	<u>100.00</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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 at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Dayton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2003. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2003 operations. The receivable is therefore offset by a credit to deferred revenue.

#### NOTE 7 - INCOME TAX

On March 27, 1984, the City Commission levied a municipal income tax of 1.75 percent on substantially all income earned within the City. In addition, during 2000, the City renewed their additional .50 percent levy through December 31, 2006. The City income tax also applies to the net income of businesses located or doing business within the City. The residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100 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 of Dayton at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City of Dayton administers the collection of income taxes and the assessment of interest and penalties. Income tax proceeds are to be used to pay the cost of administering the tax and are recorded in the general fund. Income tax revenue for 2003, as reported in the governmental fund financial statements on the modified accrual basis of accounting, was \$108,554,027.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

#### NOTE 8 - RECEIVABLES

Receivables at December 31, 2003, consisted of taxes, accounts (billings for user charged services), special assessments, accrued interest, loans, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the basic financial statements. Receivables have been recorded to the extent that they are both measurable and available at December 31, 2003, as well as intended to finance fiscal 2003 operations.

A summary of the principal items of receivables reported on the Statement of Net Assets follows:

#### **Governmental Activities:**

Income taxes	\$	13,859,378
Real and other taxes		20,898,646
Accounts		4,498,129
Special assessments		1,732,332
Accrued interest		1,293,319
Loans		8,960,000
Due from other governments		15,564,745

#### **Business-Type Activities:**

Accounts	\$	38,996,414
Accrued interest		1,254,793
Due from other governments		3,395,839
Internal balance		522,635

Receivables have been disaggregated on the face of the basic financial statements. Amounts reported as "Due from Other Governments" in the governmental activities include local government and local government revenue assistance from the State of Ohio, motor vehicle license and gasoline taxes, homestead and rollback, and estate taxes. The amounts reported as "Due from Other Governments" in the business-type activities include various state and federal grants whose eligibility requirements have been met by year-end. The only receivables not expected to be collected within the subsequent year are the special assessments and the loans. The special assessments are collected over the term of the assessment and the loans receivable which will be collected annually through 2020 (see Note 9).

#### NOTE 9 - LOANS RECEIVABLE

During 1999, the City issued taxable economic development revenue bonds payable from nontax revenues of the City, in the amount of \$12,190,000 (see Note 13.A.) and loaned \$11,200,000 of the proceeds to Riverfront Area Redevelopment Enterprises, Inc. (the "Stadium Owner") to assist in financing the costs of constructing a baseball stadium. In consideration of the repayment of the loan, the Stadium Owner shall make loan payments in the amount of \$560,000 on April 1 of each year for twenty years, commencing April 1, 2000. All loan payments received will be credited against the outstanding principal amount of the loan, there being no interest payable on the loan.

The obligations of the stadium owner to make a loan payment on any loan payment date shall be forgiven if neither the stadium owner nor the team owner has materially breached, violated, or failed to fully perform any provision contained in the ground lease, the stadium lease, or the plaza lease (see Note 12) and the team owner has committed to play all club home games at the stadium during the then current calendar year. At December 31, 2003, the amount owed to the City was \$8,960,000.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 10 - CAPITAL ASSETS**

- A. The capital asset balances of the governmental activities and business-type activities have been restated due to errors and omissions in the amounts reported in the prior year (See Note 3.A.). These adjustments had the following effect on the balances previously reported:

	Balance		Restated
	<u>12/31/02</u>	<u>Adjustments</u>	<u>Balance</u>
<b><u>Governmental Activities:</u></b>			<u>12/31/02</u>
Land	\$ 51,093,230	\$ -	\$ 51,093,230
Buildings and improvements	89,132,263	-	89,132,263
Improvements other than buildings	50,248,736	(781,807)	49,466,929
Equipment	20,760,428	(1,079,411)	19,681,017
Vehicles	39,822,362	-	39,822,362
Construction in progress	15,736,606	-	15,736,606
Infrastructure	147,237,133	(1,594,140)	145,642,993
Less: accumulated depreciation	<u>(152,502,072)</u>	<u>650,881</u>	<u>(151,851,191)</u>
Total	<u>\$ 261,528,686</u>	<u>\$ (2,804,477)</u>	<u>\$ 258,724,209</u>
	Balance		Restated
	<u>12/31/02</u>	<u>Adjustments</u>	<u>Balance</u>
<b><u>Business-Type Activities:</u></b>			<u>12/31/02</u>
Land	\$ 33,744,572	\$ -	\$ 33,744,572
Buildings and improvements	131,903,261	-	131,903,261
Improvements other than buildings	468,430,010	766,048	469,196,058
Equipment	7,387,197	1,079,412	8,466,609
Vehicles	29,138,663	-	29,138,663
Construction in progress	27,670,379	-	27,670,379
Less: accumulated depreciation	<u>(298,502,503)</u>	<u>(650,880)</u>	<u>(299,153,383)</u>
Total	<u>\$ 399,771,579</u>	<u>\$ 1,194,580</u>	<u>\$ 400,966,159</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 10 - CAPITAL ASSETS - (Continued)**

**B.** Capital asset activity for the fiscal year ended December 31, 2003, was as follows:

	Restated Balance			Balance
<b><u>Governmental Activities:</u></b>	<u>12/31/02</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/03</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 51,093,230	\$ 500,746	\$ (899,039)	\$ 50,694,937
Construction in progress	15,736,606	12,722,589	(4,988,111)	23,471,084
Total capital assets, not being depreciated	<u>66,829,836</u>	<u>13,223,335</u>	<u>(5,887,150)</u>	<u>74,166,021</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	89,132,263	637,403	-	89,769,666
Improvements other than buildings	49,466,929	1,410,897	(145,001)	50,732,825
Equipment	19,681,017	438,446	(98,824)	20,020,639
Vehicles	39,822,362	1,389,014	(962,892)	40,248,484
Infrastructure	145,642,993	10,170,190	(434,737)	155,378,446
Total capital assets, being depreciated	<u>343,745,564</u>	<u>14,045,950</u>	<u>(1,641,454)</u>	<u>356,150,060</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(50,731,779)	(2,104,247)	-	(52,836,026)
Improvements other than buildings	(26,318,157)	(1,501,604)	10,198	(27,809,563)
Equipment	(8,346,994)	(1,237,540)	22,619	(9,561,915)
Vehicles	(33,301,229)	(1,050,093)	959,854	(33,391,468)
Infrastructure	(33,153,032)	(3,213,371)	22,814	(36,343,589)
Total accumulated depreciation	<u>(151,851,191)</u>	<u>(9,106,855)</u>	<u>1,015,485</u>	<u>(159,942,561)</u>
Total capital assets, being depreciated net	<u>191,894,373</u>	<u>4,939,095</u>	<u>(625,969)</u>	<u>196,207,499</u>
Governmental activities capital assets, net	<u>\$ 258,724,209</u>	<u>\$ 18,162,430</u>	<u>\$ (6,513,119)</u>	<u>\$ 270,373,520</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 10 - CAPITAL ASSETS - (Continued)**

	Restated Balance		Balance
<b><u>Business-Type Activities:</u></b>	<u>12/31/02</u>	<u>Additions</u>	<u>12/31/03</u>
<i>Capital assets, not being depreciated:</i>			
Land	\$ 33,744,572	\$ 3,331,866	\$ 37,076,438
Construction in progress	<u>27,670,379</u>	<u>18,233,486</u>	<u>(20,581,424)</u>
Total capital assets, not being depreciated	<u>61,414,951</u>	<u>21,565,352</u>	<u>(20,581,424)</u>
<i>Capital assets, being depreciated:</i>			
Buildings and improvements	131,903,261	14,594,848	-
Improvements other than buildings	469,196,058	14,071,783	-
Equipment	8,466,609	1,267,974	-
Vehicles	<u>29,138,663</u>	<u>4,361,125</u>	<u>(238,827)</u>
Total capital assets, being depreciated:	<u>638,704,591</u>	<u>34,295,730</u>	<u>(238,827)</u>
<i>Less: accumulated depreciation:</i>			
Buildings and improvements	(53,763,386)	(2,759,837)	-
Improvements other than buildings	(220,463,577)	(15,124,047)	-
Equipment	(5,011,659)	(607,933)	-
Vehicles	<u>(19,914,761)</u>	<u>(1,268,954)</u>	<u>231,507</u>
Total accumulated depreciation	<u>(299,153,383)</u>	<u>(19,760,771)</u>	<u>231,507</u>
Total capital assets, being depreciated net	<u>339,551,208</u>	<u>14,534,959</u>	<u>(7,320)</u>
Business-type activities capital assets, net	<u>\$ 400,966,159</u>	<u>\$ 36,100,311</u>	<u>\$ (20,588,744)</u>

Depreciation expense was charged to functions of the primary government as follows:

<b><u>Governmental Activities:</u></b>	
Downtown	\$ 891,065
Youth, education and human services	2,075
Community development and neighborhoods	156,139
Economic development	70,343
Leadership and quality of life	5,124,973
Corporate responsibility	1,252,005
Public safety and justice	<u>1,610,255</u>
Total depreciation expense - governmental activities	<u>\$ 9,106,855</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 10 - CAPITAL ASSETS - (Continued)**

Construction-in-progress reported in the governmental funds is composed of the following:

	<u>Project Authorization</u>	<u>Expended at 12/31/03</u>	<u>Committed</u>
Facility Improvement	\$ 2,173,675	\$ 518,696	\$ 1,654,979
Convention Center Restorations	1,022,690	872,375	150,315
CBD Signal Restorations	1,062,500	105,549	956,951
Valley Street, Phase III	705,000	457,141	247,859
Germantown Street Resurfacing	3,728,603	21,794	3,706,809
Baseball Stadium	6,180,630	2,710,308	3,470,322
Zion Church Stabilization	1,163,768	281,525	882,243
Public Facility Improvement	885,200	386,252	498,948
One Stop Shop	1,767,200	1,224,003	543,197
Recreation and Parks	660,600	234,124	426,476
Linden Ave. (Railroad) TIP	2,539,823	1,558,099	981,724
City-Wide Bus Pad Replacement	939,000	5,180	933,820
Zion Gateway Park	1,330,783	900,004	430,779
2002 Parks and Recreation	730,000	504,215	225,785
Reibold Block Transportation Facilities	2,585,071	1,057,189	1,527,882
	821,000	564,195	256,805
Convention Center Improvements	3,572,430	3,069,392	503,038
Signal Upgrade, Phase V	1,393,000	22,234	1,370,766
Riverside Dr. Reconstruction	400,000	331	399,669
Recreation and Parks Improvements	1,628,453	902,133	726,320
Residential Asphalt Resurfacing	1,168,347	460,857	707,490
Stuart Patterson Rec.	90,000	69,564	20,436
Brown Warren Shared Parking Lot	60,000	-	60,000
GHR Foundry	150,000	72,128	77,872
Site Acquisition GHR	859,470	697,393	162,077
Development - Demolition	1,500,950	185,000	1,315,950
Northwest Rail Line	261,500	171,117	90,383
Washington Street Bridge	7,700,000	79,874	7,620,126
Findlay Street Bridge	4,400,000	147,655	4,252,345
GHR Foundry	3,702,363	2,148,152	1,554,211
Stanley Ave. Rehab	1,815,325	31,756	1,783,569
Dayton Express Rehab	2,241,800	2,241,800	-
2001 Express Rehab	905,892	622,475	283,417
Major Thorough Resurface	1,284,193	731,654	552,539
City-Wide Curb Ramps	1,500,000	250,813	1,249,187
Wright Dunbar Village Plan	411,965	107,007	304,958
Fireburn Building and Tower	312,708	59,100	253,608
	<u>63,653,939</u>	<u>\$23,471,084</u>	<u>\$ 40,182,855</u>
Total	<u>\$ 63,653,939</u>	<u>\$23,471,084</u>	<u>\$ 40,182,855</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 10 - CAPITAL ASSETS - (Continued)**

Construction-in-progress reported in the enterprise funds is composed of the following:

<u>Dayton International Airport</u>	<u>Project Authorization</u>	<u>Expended at 12/31/03</u>	<u>Committed</u>
ED Dev - GACZ Development	\$ 206,000	\$ 201,687	\$ 4,313
Parking Garage Concept Design	7,450,718	4,425,762	3,024,956
Parking Lot Rehabilitation	30,000	15,024	14,976
Taxiway W Phase II	360,774	305,023	55,751
DWBA Pavement and Signage	237,000	206,450	30,550
Terminal Apron Expansion	200,000	77,237	122,763
Aviation 9/11 Security Enhancement	3,636,000	286,151	3,349,849
Security Grant	1,774,400	708,647	1,065,753
EIS Phase I	504,379	305,766	198,613
Terminal Road/Parking Lot Improvement	4,119,366	2,467,724	1,651,642
Snow Removal Building	1,438,842	171,327	1,267,515
Parking lot expansion	4,269,000	1,903,615	2,365,385
Perimeter Rd. Phase I	<u>1,569,038</u>	<u>1,187,178</u>	<u>381,860</u>
Total	<u>\$ 25,795,517</u>	<u>\$ 12,261,591</u>	<u>\$ 13,533,926</u>



**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 10 - CAPITAL ASSETS - (Continued)**

<u>Water</u>	<u>Project Authorization</u>	<u>Expended at 12/31/03</u>	<u>Committed</u>
Ottawa Yard Complex I	\$ 2,500,000	\$ 1,283,778	\$ 1,216,222
Water Distribution Facility	69,978	-	69,978
WIMS Upgrade - Water	625,930	556,306	69,624
Trotwood Water Main	5,791,500	12,406	5,779,094
Warehouse Roof Replacement	88,986	17,838	71,148
Well Rehabilitation	1,000,000	699,366	300,634
Water Treatment Plant Improvement	2,570,439	73,972	2,496,467
Replacement of Equipment	657,500	333,616	323,884
Water Administration Building			
Roof Replacement	65,000	15,029	49,971
SCADA Equipment	4,101,294	3,113,238	988,056
Westbrook/Clayton Booster Pump	2,618,992	-	2,618,992
Wellsfield Interconnect Construction	2,570,439	-	2,570,439
Wellsfield Interconnect	700,000	468,120	231,880
Mulberry Water Main Installation	1,354,400	488,379	866,021
Water Dist Mains/Clayton	1,369,170	1,199,837	169,333
Water Meter	217,280	53,761	163,519
Wellsfield Development	971,279	694,614	276,665
Ottawa SCADA Treatment System Imp.	500,000	100,931	399,069
Clayton Water Distribution	2,100,000	355,890	1,744,110
Roof Replacement	210,000	133,677	76,323
Ottawa Treatment Plant	674,499	331,198	343,301
Miami WTP Painting	1,004,567	673,839	330,728
Lime Kiln Shell Upgrade	800,000	587,288	212,712
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 32,561,253</u>	<u>\$ 11,193,083</u>	<u>\$ 21,368,170</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 10 - CAPITAL ASSETS - (Continued)**

<u>Sewer</u>	<u>Project Authorization</u>	<u>Expended at 12/31/03</u>	<u>Committed</u>
AWT Improvement Phase III	\$ 979,200	\$ 94,967	\$ 884,233
Philadelphia Sewer Replacement	950,000	-	950,000
MacGregor Pike Sewer Replacement	110,000	42,750	67,250
Cone Court Sewer Replacement	60,000	255	59,745
Sewer Maintenance Vehicle SCADA	1,130,000	643,923	486,077
Sanitary Sewer Repair	3,251,375	541,174	2,710,201
Roof Replacement - WWTP	156,199	33,450	122,749
Sanitary Force Main Rehabilitation	2,000,000	33,248	1,966,752
Security System at WWTP	267,878	176,177	91,701
Admin. Bldg. Conversion	500,000	45,680	454,320
Roof Replacement	<u>324,200</u>	<u>132,648</u>	<u>191,552</u>
 Total	 <u>\$ 9,728,852</u>	 <u>\$ 1,744,272</u>	 <u>\$ 7,984,580</u>
 <u>Storm Water</u>	 <u>Project Authorization</u>	 <u>Expended at 12/31/03</u>	 <u>Committed</u>
Storm Pump Station Improvement	\$ 150,000	\$ 123,495	\$ 26,505
 Total	 <u>\$ 150,000</u>	 <u>\$ 123,495</u>	 <u>\$ 26,505</u>

**NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE**

During the current year, the City entered into capitalized leases for lawn mowers. In a prior year, the City entered into capitalized leases for copiers, a golf course mower, and the Dayton International Airport enterprise fund entered into a lease purchase agreement with Dayton Power and Light to finance a terminal environment restoration project. The terminal restorations will be reported in the capital assets of the Airport enterprise fund. Also in a prior year, the City entered into a lease purchase agreement for the acquisition of 100 golf carts. The City used a portion of the bond proceeds issued during the current year to retire the remaining obligation for the terminal environment restoration project.

The leases meet the criteria of capital leases as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Fund fixed assets acquired by capital lease and the related liability and interest expense have been reported in the Dayton International Airport enterprise fund, the Golf enterprise fund (nonmajor enterprise fund) and Stores and Reproduction internal service fund. Principal payments in 2003 totaled \$14,065,217 for the Dayton International Airport, \$40,379 for the general fund, \$109,083 for the Golf enterprise fund and \$52,041 for the Stores and Reproduction internal service fund.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

The following is an analysis of assets leased under capital leases as of December 31, 2003:

	<u>Governmental Activities</u>	<u>Enterprise</u>	<u>Internal Service</u>
	General	Dayton	Stores and
	<u>Fund</u>	<u>International Airport</u>	<u>Reproduction Fund</u>
Building improvements	\$ -	\$ 19,072,000	\$ -
Equipment	112,090	-	343,990
Motorized vehicles	-	-	-
	<u>-\$ 112,090</u>	<u>\$ 19,072,000</u>	<u>\$ 343,990</u>
Total	<u>\$ 112,090</u>	<u>\$ 19,072,000</u>	<u>\$ 343,990</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2003:

	<u>Governmental Activities</u>	<u>Enterprise</u>	<u>Internal Service</u>
	General	Golf Fund	Stores and
	<u>Fund</u>	<u>Golf Fund</u>	<u>Reproduction Fund</u>
Year Ending December 31			
2004	\$ 40,379	\$ 117,464	\$ 84,000
2005	40,379	-	84,000
2006	-	-	84,000
2007	-	-	49,000
	<u>80,758</u>	<u>117,464</u>	<u>301,000</u>
Total	80,758	117,464	301,000
Less: amount representing interest	<u>(9,047)</u>	<u>(7,337)</u>	<u>(40,051)</u>
Present value of minimum lease payments	<u>\$ 71,711</u>	<u>\$ 110,127</u>	<u>\$ 260,949</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 12 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE**

The City leases office space under noncancellable leases. Total costs for such leases were \$148,707 for the year ended December 31, 2003. The future minimum lease payments as of December 31, 2003, are as follows:

<u>Year Ending December 31</u>	<u>Minimum Lease Payments</u>
2004	\$ <u>74,354</u>
Totals	\$ <u><u>74,354</u></u>

The City is the lessor of land and space (through Dayton International Airport enterprise fund) under noncancellable leases. Leases have varying terms from three to sixty five years. The future minimum rentals as of December 31, 2003, are as follows:

<u>Year Ending December 31</u>	<u>Minimum Lease Payments</u>
2004	\$ 2,072,633
2005	2,016,484
2006	1,960,990
2007	1,878,014
2008	1,795,038
2009 - 2042	<u>21,715,417</u>
Totals	\$ <u><u>31,438,576</u></u>

The City is also the lessor of land and space to the Riverfront Area Redevelopment Enterprises, Inc. The ground lease is \$9,000 per year and the plaza lease is \$ 1,000 per year, both payable in annual installments before or on April 1 each year for the next 20 years. Both of these payments must be made each year for the \$560,000 loan payment to be forgiven each year (see Note 9). The future minimum rentals as of December 31, 2003, are as follows:

<u>Year Ending December 31</u>	<u>Minimum Lease Payments</u>
2004	\$ 10,000
2005	10,000
2006	10,000
2007	10,000
2008	10,000
2009 - 2013	50,000
2014 - 2018	50,000
2019	<u>10,000</u>
Totals	\$ <u><u>160,000</u></u>

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE 13 - LONG-TERM OBLIGATIONS**

**A.** The City's governmental activities long-term obligations at year-end and a schedule of current year activity are as follows:

	Issue Date	Maturity Date	Interest Rate (%)	Original	Balance 12/31/02	Increase	Decrease	Balance 12/31/03	Amounts
				Issue Amount					Due in One Year
<i>Governmental Activities:</i>									
<b>General Obligation Bonds:</b>									
Western Avenue Improvement	06/01/86	12/01/06	7.625	\$ 9,000,000	\$ 1,800,000	\$ -	\$ (450,000)	\$ 1,350,000	\$ 450,000
Wegerzyn Center Improvement	06/01/86	12/01/06	7.625	1,000,000	200,000	-	(50,000)	150,000	50,000
Exhibition Center Improvement	06/01/86	12/01/06	7.625	6,200,000	1,240,000	-	(310,000)	930,000	310,000
Road Improvements	06/01/89	12/01/09	7.000	5,200,000	1,820,000	-	(260,000)	1,560,000	260,000
Human Rehabilitation Center	06/01/89	12/01/09	7.000	2,425,000	865,000	-	(120,000)	745,000	120,000
Police District Facilities	06/01/89	12/01/09	7.000	1,815,000	645,000	-	(90,000)	555,000	90,000
Capital Facilities	10/01/93	11/01/13	4.5 to 4.75	7,465,000	3,945,000	-	(355,000)	3,590,000	355,000
Taxable Housing Improvements	10/01/93	11/01/13	5.35 to 6.5	3,035,000	1,685,000	-	(150,000)	1,535,000	150,000
Capital Facilities	10/01/94	11/01/14	4.5 to 8.0	3,280,000	1,830,000	-	(150,000)	1,680,000	150,000
Capital Facilities	05/01/98	12/01/08	4.6 to 5.0	15,630,000	12,500,000	-	(805,000)	11,695,000	815,000
Capital Facilities	12/01/98	12/01/20	3.1 to 5.125	22,200,000	16,365,000	-	(1,720,000)	14,645,000	1,795,000
Capital Facilities	02/01/01	12/01/14	3.75 to 4.65	24,911,861	<u>22,272,452</u>	<u>-</u>	<u>(2,071,654)</u>	<u>20,200,798</u>	<u>3,020,801</u>
Total general obligation bonds					<u>65,167,452</u>	<u>-</u>	<u>(6,531,654)</u>	<u>58,635,798</u>	<u>7,565,801</u>
<b>Revenue Bonds:</b>									
Baseball Revenue bonds	03/01/99	12/01/19	5.69 to 6.85	12,190,000	11,170,000	-	(380,000)	10,790,000	405,000
Economic Development Revenue Bonds	12/11/02	11/01/12	5.5	1,000,000	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Total revenue bonds					<u>12,170,000</u>	<u>-</u>	<u>(380,000)</u>	<u>11,790,000</u>	<u>405,000</u>

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 12/31/02	Increase	Decrease	Balance 12/31/03	Amounts Due in One Year
<b>Special Assessment Bonds:</b>									
Sidewalk Construction	12/01/93	12/01/03	6.000	\$ 28,479	\$ 2,900	\$ -	\$ (2,900)	\$ -	\$ -
Sidewalk Construction	11/01/94	11/01/04	6.000	15,219	3,000	-	(1,500)	1,500	1,500
Sidewalk Construction	11/01/95	11/01/05	6.000	30,459	9,000	-	(3,000)	6,000	3,000
Sidewalk Construction	11/01/96	11/01/06	6.000	29,566	12,000	-	(3,000)	9,000	3,000
Ornamental Lighting	11/01/97	11/01/07	6.000	71,270	35,500	-	(7,100)	28,400	7,100
Sidewalk Construction	11/01/97	11/01/07	6.000	10,141	5,000	-	(1,000)	4,000	1,000
Sidewalk Construction	11/01/98	11/01/03	6.000	41,384	8,000	-	(8,000)	-	-
Sidewalk Construction	11/01/98	11/01/08	6.000	9,098	5,400	-	(900)	4,500	900
Sidewalk Construction	11/01/00	11/01/03	6.000	65,838	22,000	-	(22,000)	-	-
Sidewalk Construction	11/01/00	11/01/05	6.000	112,082	67,200	-	(22,400)	44,800	22,400
Sidewalk Construction	11/01/00	11/01/10	6.000	127,575	102,400	-	(12,800)	89,600	12,800
Sidewalk Construction	12/01/01	12/01/04	6.000	24,299	16,000	-	(8,000)	8,000	8,000
Sidewalk Construction	12/01/01	12/01/06	6.000	23,528	18,800	-	(4,700)	14,100	4,700
Sidewalk Construction	12/01/01	12/01/11	6.000	11,089	9,900	-	(1,100)	8,800	1,100
Sidewalk Construction	11/01/02	11/01/05	6.000	54,198	54,198	-	(18,198)	36,000	18,000
Sidewalk Construction	11/01/02	11/01/07	6.000	174,863	174,863	-	(34,863)	140,000	35,000
Sidewalk Construction	11/01/02	11/01/12	6.000	251,050	251,050	-	(25,150)	225,900	25,100
Ornamental Lighting	11/01/02	11/01/12	6.000	88,276	88,276	-	(9,076)	79,200	8,800
Sidewalk Construction	12/01/03	12/01/06	6.000	54,813	-	54,813	-	54,813	18,813
Sidewalk Construction	12/01/03	12/01/08	6.000	172,725	-	172,725	-	172,725	32,725
Sidewalk Construction	12/01/03	12/01/13	6.000	167,947	-	167,947	-	167,947	17,647
Total special assessment bonds					885,487	395,485	(185,687)	1,095,285	221,585
<b>Other long-term obligations</b>									
Compensated absences					11,209,667	2,444,870	(3,410,296)	10,244,241	4,113,647
Capital lease obligations					312,990	112,090	(92,420)	332,660	99,918
Total other long-term obligations					11,522,657	2,556,960	(3,502,716)	10,576,901	4,213,565
Total governmental activities					\$ 89,745,596	\$ 2,952,445	\$ (10,600,057)	\$ 82,097,984	\$ 12,405,951

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

Special assessment bond issues represent assessments for sidewalk, curb and gutter reconstruction, and lighting. They are payable from tax assessments against the property owner whose benefits from the improvements exceed that of the general public. The special assessment bond issues are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt. These bonds will be paid from the debt service fund.

Compensated absences will be paid from the fund from which the employees' salaries are paid.

As of December 31, 2003, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$216,021,734 and unvoted legal debt margin was \$110,308,360.

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2003 for the governmental activities:

Year	General Obligation Bonds			Revenue Bonds			Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 7,565,801	\$ 2,800,370	\$ 10,366,171	\$ 405,000	\$ 777,290	\$ 1,182,290	\$ 221,585	\$ 65,718	\$ 287,303
2005	6,887,351	2,449,258	9,336,609	430,000	752,666	1,182,666	212,600	52,422	265,022
2006	4,634,874	2,123,906	6,758,780	455,000	726,092	1,181,092	169,200	39,666	208,866
2007	3,917,548	1,882,352	5,799,900	528,183	697,746	1,225,929	143,500	29,514	173,014
2008	4,008,890	1,696,793	5,705,683	601,367	663,725	1,265,092	100,400	20,904	121,304
2009-2013	20,321,133	5,593,552	25,914,685	3,980,450	2,668,268	6,648,718	248,000	38,070	286,070
2014-2018	9,395,201	1,696,868	11,092,069	4,335,000	1,291,227	5,626,227	-	-	-
2019-2021	1,905,000	135,360	2,040,360	1,055,000	72,267	1,127,267	-	-	-
Totals	<u>\$ 58,635,798</u>	<u>\$ 18,378,459</u>	<u>\$ 77,014,257</u>	<u>\$ 11,790,000</u>	<u>\$ 7,649,281</u>	<u>\$ 19,439,281</u>	<u>\$ 1,095,285</u>	<u>\$ 246,294</u>	<u>\$ 1,341,579</u>

**B. Changes during 2003 in the City's long-term business-type obligations were as follows:**

Business Type Activities:	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 12/31/02	Increase	Decrease	Balance 12/31/03	Amounts
									Due in One Year
<b>General Obligation Bonds:</b>									
Golf renovations	02/01/01	12/14/14	3.30 to 4.65	\$ 3,828,139	\$ 3,422,536	\$ -	\$ (318,346)	\$ 3,104,190	\$ 464,199
Total general obligation bonds					<u>3,422,536</u>	<u>-</u>	<u>(318,346)</u>	<u>3,104,190</u>	<u>464,199</u>
<b>Revenue Bonds:</b>									
Dayton International Airport	10/01/92	12/01/11	3.25 to 5.8	15,175,000	9,035,000	-	(9,035,000)	-	-
Dayton International Airport	10/01/95	12/15/15	3.85 to 5.5	35,510,000	22,950,000	-	(1,275,000)	21,675,000	1,335,000
Refunding Waterworks	03/01/99	12/01/07	variable	46,690,000	27,260,000	-	(5,195,000)	22,065,000	5,405,000
Dayton International Airport	10/31/03	12/01/32	variable	6,085,000	-	6,085,000	-	6,085,000	95,000
Dayton International Airport	10/31/03	12/01/11	variable	9,330,000	-	9,330,000	-	9,330,000	710,000
Dayton International Airport	10/31/03	12/01/32	variable	30,190,000	-	30,190,000	-	30,190,000	345,000
Total revenue bonds					<u>59,245,000</u>	<u>45,605,000</u>	<u>(15,505,000)</u>		<u>7,890,000</u>
Less: unamortized deferred charge on refunding								(1,896,575)	
Less: unamortized bond discount								(657,492)	
Total on statement of net assets								<u>\$ 86,790,933</u>	

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Restated Balance 12/31/02	Increase	Decrease	Balance 12/31/03	Amounts Due in One Year
<b>Other long-term obligations</b>									
Ohio Water Development Authority Loan	12/20/88	07/01/23	3.80 to 8.3	\$ 73,198,476	\$ 25,988,739	\$ 4,944,002	\$ (3,531,730)	\$ 27,401,011	\$ 2,962,995
Ohio Public Works Commission Loan	07/01/97	01/01/20	0.00	1,000,000	900,000	-	(50,000)	850,000	50,000
Compensated absences payable					2,456,512	667,040	(696,984)	2,426,568	965,029
Capital lease obligations					<u>14,284,427</u>	<u>-</u>	<u>(14,174,300)</u>	<u>110,127</u>	<u>110,127</u>
Total other long-term obligations					<u>43,629,678</u>	<u>5,611,042</u>	<u>(18,453,014)</u>	<u>30,787,706</u>	<u>4,088,151</u>
Total business-type activities					<u>\$ 106,297,214</u>	<u>\$ 51,216,042</u>	<u>\$ (34,276,360)</u>	<u>\$ 123,236,896</u>	<u>\$ 12,442,350</u>

Enterprise fund general obligation bonds were used for the Dayton International Airport improvements and golf renovations. The bonds will be paid from the respective enterprise fund.

Revenue bonds were issued for various projects at the Dayton International Airport and for water system improvements. The revenue bonds are pledged against the revenue generated by the specific enterprise fund, and will be paid from the respective enterprise fund.

On October 31, 2003, the City issued general obligation bonds (Series 2003 Bonds). A portion of the proceeds of the 2003 bonds will be issued to retire \$8,000,000 in general obligation bond anticipation notes that the City issued to pay costs of Airport improvements and to prepay the city's obligations for the lease-purchase agreement entered into to finance the terminal environment restoration project. Portions of the bonds will also be used to improve the Airport by the acquisition, construction, furnishing and equipping of parking, roadway, airfield and terminal improvements and providing all necessary and related improvements. A portion of the proceeds was used to advance refund the Series 1992 bonds (principal \$8,235,000) and variable interest rates. The issuance proceeds were deposited into a special escrow trust fund, which consists of cash and direct or guaranteed non-callable government obligations. The principal of this escrow trust, when due, will be sufficient to pay on the redemption date the principal of, redemption premium and interest on the Series 1992 bonds. This refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$76,720. This amount is being netted against new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The advance refunding was undertaken to reduce total debt service payments over the next thirty years by \$295,676 and resulted in an economic gain of \$284,481. The unamortized bond discount for the Series 2003 bonds was \$378,379.

The 1995 revenue bonds in the Dayton International Airport enterprise fund are reported at carrying value. Face value of the bond was \$33,960,000. The unamortized bond discount was \$303,550 and the unamortized deferred charge on the 1995 refunding was \$1,727,758. The deferred charge is being amortized as part of interest expense over the life of the new debt.

The revenue bonds in the Water enterprise fund are reported at carrying value. Face value of the bond was \$32,260,000. The unamortized deferred charge on the 1999 refunding was \$338,700. The deferred charge is being amortized as part of interest expense over the life of the new debt.



**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

The City of Dayton's Wastewater Treatment Plant capital improvement project is funded through the joint efforts of the United States Environmental Protection Agency (EPA) and the Ohio Water Development Authority (OWDA). Repayment amounts include capital expenses, administration fees, and accrued interest. The Ohio Water Development Authority Loan will be paid from the Sewer enterprise fund. The balance of the OWDA loans at December 31, 2002 was restated to reflect additional loans not recorded in the previous year, see Note 3.A. for detail. At December 31, 2003, the City had outstanding borrowings of \$27,401,011 through OWDA. The total permissible borrowing under the financing agreements at December 31, 2003, for the Wastewater Treatment Plant capital improvement project is \$29,622,547. The future annual debt service principal and interest requirements for OWDA loans include only those loans that are finalized and all monies related to the projects are disbursed. As of December 31, 2003, the future annual debt service principal and interest payments for two OWDA loans were unavailable because monies related to the projects are still being disbursed and the loans are not finalized.

During 1997, the City of Dayton was granted a \$1,000,000 loan from the Ohio Public Works Commission. The purpose of the loan is to finance and reimburse the costs of replacing a wastewater treatment laboratory facility to meet Ohio Environmental Protection Agency and the Occupational Safety and Health Association requirements. The loan is being paid out of the Sewer fund over 20 years, with semi-annual payments of \$25,000. There is no interest on this loan.

Compensated absences will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the Dayton International Airport and Golf enterprise funds. The claims payable liability will be paid from the Workers' Compensation internal service fund.

The following is a schedule of future principal and interest payments to retire the long-term obligations outstanding at December 31, 2003 for the business-type activities:

Year	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 464,199	\$ 127,965	\$ 592,164	\$ 7,890,000	\$ 4,250,680	\$ 12,140,680
2005	347,649	110,790	458,439	8,625,000	3,762,825	12,387,825
2006	205,126	97,753	302,879	9,125,000	3,418,276	12,543,276
2007	212,452	89,855	302,307	8,580,000	3,052,514	11,632,514
2008	221,110	81,463	302,573	3,535,000	2,698,913	6,233,913
2009-2013	1,453,867	237,530	1,691,397	18,130,000	11,111,843	29,241,843
2014-2018	199,799	9,291	209,090	9,770,000	7,376,528	17,146,528
2019-2023	-	-	-	6,600,000	5,578,115	12,178,115
2019-2021	-	-	-	8,510,000	3,667,942	12,177,942
2019-2021	-	-	-	8,580,000	1,169,132	9,749,132
Totals	<u>\$ 3,104,202</u>	<u>\$ 754,647</u>	<u>\$ 3,858,849</u>	<u>\$ 89,345,000</u>	<u>\$ 46,086,768</u>	<u>\$ 135,431,768</u>

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

<u>Year</u>	<u>OWDA Loans</u>			<u>OPWC Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 2,962,995	\$ 1,110,028	\$ 4,073,023	\$ 50,000	\$ -	\$ 50,000
2005	2,962,995	872,378	3,835,373	50,000	-	50,000
2006	2,806,233	634,727	3,440,960	50,000	-	50,000
2007	2,649,471	412,721	3,062,192	50,000	-	50,000
2008	<u>2,649,471</u>	<u>206,361</u>	<u>2,855,832</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 14,031,165</u>	<u>\$ 3,236,215</u>	<u>\$ 17,267,380</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>

**NOTE 14 - NOTES PAYABLE**

- A.** A summary of the governmental-activities notes payable transactions for the year ended December 31, 2003, follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance 12/31/02</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 12/31/03</u>
<b>Governmental Activities:</b>							
<b>General Obligation Notes:</b>							
Series 2002	12/19/02	12/19/03	2.00	\$ 8,250,000	\$ -	\$ (8,250,000)	\$ -
Series 2003	12/17/03	06/17/04	2.00	<u>-</u>	<u>8,250,000</u>	<u>-</u>	<u>8,250,000</u>
Total G.O. Notes				<u>8,250,000</u>	<u>8,250,000</u>	<u>(8,250,000)</u>	<u>8,250,000</u>
<b>Special Assessment Notes:</b>							
Sidewalk Construction	11/01/02	11/01/03	6.00	1,446	-	(1,446)	-
Grafton Hill Lighting	11/01/02	11/01/03	6.00	1,610	-	(1,610)	-
Central Business Lighting	11/01/02	11/01/03	6.00	41,178	-	(41,178)	-
Sidewalk Construction	12/01/03	12/01/04	6.00	-	1,416	-	1,416
Grafton Hill Lighting	12/01/03	12/01/04	6.00	-	2,126	-	2,126
Central Business Lighting	12/01/03	12/01/04	6.00	<u>-</u>	<u>44,588</u>	<u>-</u>	<u>44,588</u>
Total special assessment notes				<u>44,234</u>	<u>48,130</u>	<u>(44,234)</u>	<u>48,130</u>
Total governmental activities				<u>\$ 8,294,234</u>	<u>\$ 8,298,130</u>	<u>\$ (8,294,234)</u>	<u>\$ 8,298,130</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 14 - NOTES PAYABLE - (Continued)**

- B.** A summary of the business-type activities notes payable transactions for the year ended December 31, 2003, follows:

<i>Business-type Activities:</i>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Balance</u> <u>12/31/02</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/03</u>
<b>General Obligation Notes:</b>							
Airport Notes Series B	11/29/02	05/29/03	2.00	\$ 4,850,000	-	\$ (4,850,000)	-
Airport Notes Series C	12/19/02	12/18/03	2.00	8,000,000	-	(8,000,000)	-
Airport Notes Series B	05/29/03	10/31/03	3.25	-	8,000,000	(8,000,000)	-
Airport Notes Series A	05/28/03	02/26/04	2.00	-	4,850,000	-	4,850,000
Total G.O. notes				<u>\$ 12,850,000</u>	<u>\$ 12,850,000</u>	<u>\$ (20,850,000)</u>	<u>\$ 4,850,000</u>

The special assessment note represents an assessment for sidewalk improvements. It is payable from tax assessments against the property owner whose benefits from the improvements exceed that of the general public. The special assessment note is backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt. This note will be repaid from the Capital Improvement capital projects fund.

**NOTE 15 - SEGMENT INFORMATION - NONMAJOR ENTERPRISE FUNDS**

The City's maintains two nonmajor enterprise funds to account for Storm Water and Golf activities. Neither of these activities is supported by revenue bonds or other revenue-backed debt instruments, therefore, segment information is not required. See the combining statements included as part of this CAFR for detailed fund activity of the nonmajor enterprise funds.

**NOTE 16 - RISK MANAGEMENT**

**A. Property and Liability**

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. In 2003, the City contracted with various insurance companies to provide the following coverages:

<u>Type of Coverage</u>	<u>Coverage</u>
Primary and Excess Airport Liability	\$100,000,000
Per Occurrence	25,000,000
Property	563,358,065
General Liability (North West Railway)	5,000,000
Commercial Liability (Convention Center)	1,000,000
Errors and Omissions (Ambulance Attendants)	500,000
Garagekeepers/Operators Liability	3,000,000
Comprehensive/Catastrophic Fleet	20,000,000
Air Show Liability	95,000,000

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

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 16 - RISK MANAGEMENT - (Continued)**

**B. Workers' Compensation**

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

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

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

The claims liability of \$8,997,015 reported at December 31, 2003, as estimated by the third party administrator, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Of the \$8,997,015 claims liability, \$791,553 of the liability is due within one year and is reported as a current liability in the statement of net assets for the proprietary funds. The remaining portion is a noncurrent liability of \$8,205,462. The estimate was not affected by non-incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the funds' claims liability amount in 2002 and 2003 were:

<u>Year</u>	<u>Restated Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2003	\$ 9,556,179	\$ 2,228,985	\$ (2,788,149)	\$ 8,997,015
2002	10,904,858	675,288	(2,023,967)	9,556,179

**CITY OF DAYTON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE 17 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation, compensatory time and sick leave components are derived from negotiated agreements and State laws. Vacation time is accrued at the rate of one day per month, plus one to nine additional days per year for all employees except police, who receive up to 12 additional days per year, depending upon the length of service. The maximum accrual which can be carried forward into January is thirty days. Accumulated unused vacation time is paid to employees upon termination or retirement.

Compensatory time off in lieu of overtime pay is an option given to uniformed Police under union contract. It is given on the basis of time and one-half for actual hours worked. Police officers, sergeants, and lieutenants may accumulate up to 136 hours. Currently, overtime pay is paid as overtime hours worked by those uniformed employees who have already accumulated the maximum hours allowed.

All uniformed employees of the Fire Department also have the option to choose compensatory time in lieu of overtime pay, and they may accumulate up to one hundred twenty hours of compensatory time. Employees who have accumulated the maximum hours are paid overtime as overtime hours are worked.

Sick leave is accrued at the rate of one and one-fourth days per month. The maximum sick leave accrual which can be carried forward into January is 125 days. Accrued sick leave in excess of 125 days must be converted to vacation days in January at the rate of two sick leave days for one vacation day. Upon retirement, payment is made for one-half of the total sick leave accumulation, up to a maximum of 140 days.

**B. Insurance Benefits**

Medical insurance is provided to employees through Anthem Blue Cross/Blue Shield Health Maintenance insurance plans. Dental insurance is provided to employees through MetLife and Ohio AFSCME Care. Group Life and Accidental Death and Dismemberment insurance is provided to employees through Aetna Life Insurance. Life insurance coverage amounts range from \$12,000 to \$300,000 according to employee position.

**C. Deferred Compensation Plans**

City employees and elected officials participate in either the International City Managers Association (ICMA) Deferred Compensation Plan, or the Ohio Public Employees Deferred Compensation Plan. These plans are created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

#### NOTE 18 - DEFINED BENEFIT PENSION PLANS

##### A. Ohio Public Employees Retirement System

All City full-time employees, other than uniformed employees, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2003 was 8.5% for employees other than law enforcement and public safety. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. Public safety division members contribute at 9%. The employer contribution rate for employees other than law enforcement and public safety division was 13.55% of covered payroll and 8.55% was the portion used to fund pension obligations for 2003. The employer contribution rate for law enforcement and public safety divisions was 16.70% of covered payroll and 11.70% was the portion used to fund pension obligations for 2003. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The City's contributions to OPERS to fund pensions for the years ended December 31, 2003, 2002, and 2001 were \$7,201,948, \$8,056,838, and \$7,959,610, respectively; 92.29% has been contributed for 2003 and 100% for 2002 and 2001. \$554,933, representing the unpaid contribution for 2003, is recorded as a liability within the respective funds.

##### B. Ohio Police and Fire Pension Fund

Full-time uniformed employees of the City participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. The 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 Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.0% for police officers and firefighters, respectively. The City's contributions to OP&F for the years ended December 31, 2003, 2002, and 2001 were \$6,729,504, \$7,155,301, and \$7,330,677, respectively; 71.95% has been contributed for 2003 and 100% for the years 2002 and 2001. \$1,887,563, representing the unpaid contributions for 2003, is recorded as a liability within the respective funds.

## CITY OF DAYTON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

#### NOTE 19 - POSTRETIREMENT BENEFIT PLANS

##### A. Ohio Public Employees Retirement System

OPERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2003 employer contribution rate for local government employers was 13.55% of covered payroll and 5.00% was the portion that was used to fund health care. For both the public safety and law enforcement divisions the 2003 employer rate was 16.70% of covered payroll and 5.00% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The City's contribution actually made to fund postemployment benefits was \$4,211,666.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. OPEB's are advance funded on an actuarially determined basis.

As of December 31, 2002 (the latest information available), the actuarial value of the Retirement System's net assets available for future OPEB payments were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$18.7 billion, respectively, at December 31, 2002 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 2002 (the latest information available) was 364,881.

In December 2002, the OPERS Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

Additional information on the OPERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the OPERS December 31, 2003, Comprehensive Annual Financial Report.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 19 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

**B. Ohio Police and Fire Pension Fund**

The OP&F provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24.0% of covered payroll. The Ohio Revised Code provides the authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.75% of covered payroll in 2002 and 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2002 (the latest information available), is 13,527 for police officers and 10,396 for firefighters. The amount of employer contributions used to pay postemployment benefits for police officers and firefighters were \$2,125,581 and \$1,672,497, respectively. OP&F's total health care expense for the year ending December 31, 2002 (the latest information available), was \$141.028 million, which was net of member contributions of \$12.623 million.

**NOTE 20 - BUDGETARY BASIS OF ACCOUNTING**

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances as described in Note 2.F. The Statement of Revenues, Expenditures and Changes in Fund Balances \_ Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).



**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 20 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year ended December 31, 2003, on the GAAP basis to the budget basis are as follows:

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ (1,809,803)
Net adjustment for revenue accruals	1,051,828
Net adjustment for expenditure accruals	1,680,175
Net adjustment for other sources/uses	168,689
Adjustment for encumbrances	<u>4,603,923</u>
GAAP basis	<u>\$ 5,694,812</u>

**NOTE 21 - CONDUIT DEBT OBLIGATIONS**

The City has the following conduit debt obligations at December 31, 2003:

	<u>Original Issue Amount</u>	<u>Amount Outstanding</u>
Emery Revenue Refunding - 1988	\$ 46,000,000	\$ 46,000,000
Emery Revenue Refunding - 1988	17,000,000	17,000,000
Emery Revenue Refunding - 1988	13,000,000	13,000,000
Emery Revenue Refunding - 1993	16,000,000	16,000,000
Emery Revenue Refunding - 1993	16,000,000	16,000,000
Ohio Special Facilities Revenue - 1999	7,015,000	6,625,000
Economic Development Revenue Bond - 2002	1,000,000	1,000,000

These bonds do not constitute a general obligation, debt or bonded indebtedness of the City. Neither is the full faith and credit or taxing power of the City pledged to make repayment, and therefore they have been excluded entirely from the City's debt presentation. There has not been and is not any condition of default under the bond or the related financing documents.

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT**

**A. Basis of Accounting**

CityWide prepares its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement Number 29, "The Use of Not-for-Profit Accounting and Financial Accounting Principles by Governmental Entities". CityWide elected to use the not-for-profit model, which includes the accounting and financial reporting principles contained in Statement of Position 78-10 as modified by all applicable Financial Accounting Standards Board pronouncements issued through November 30, 1989, and as modified by all GASB pronouncements issued after GASB Statement Number 1, "Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide".

**B. Deposits and Investments**

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits:

The carrying amount of CityWide Development Corporation deposits was \$3,083,084 and the related bank balance was \$3,218,475. Of the bank balance \$539,808 was covered by federal depository insurance, and \$2,678,667 was uncollateralized and uninsured.

Investments:

Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Mutual funds and money markets are unclassified since they are not evidenced by securities that exist in physical or book entry form. The following is a schedule of CityWide's investments according to GASB 3 Categorization:

	<u>Category 1</u>	<u>Fair Value</u>
Money markets	\$ -	\$ 138,927
Commercial paper	<u>1,760,599</u>	<u>1,760,599</u>
Total Investments	<u>\$ 1,760,599</u>	<u>\$ 1,899,526</u>

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)**

A reconciliation to the Statement of Net Assets follows:

Deposits	\$ 3,083,083
Investments	<u>1,899,526</u>
Total Investments	<u>\$ 4,982,609</u>
Cash and cash equivalents in segregated accounts	2,502,998
Restricted cash and cash equivalents in segregated accounts	<u>2,479,611</u>
Total	<u>\$ 4,982,609</u>

**C. Notes Payable Advance from Primary Government**

Notes payable/advance from primary government at December 31, 2003, consisted of the following:

<u>Note</u>	<u>Payable to</u>	<u>Amount</u>
Noninterest-bearing Note for Landing Project	City of Dayton	\$ 5,433,600
Noninterest-bearing Note for Wellfield Project	City of Dayton	3,229,514
Note for Renovation of Western Manor	City of Dayton and the Dayton Montgomery County Housing Authority	87,010
Note for redevelopment of Hawthorn School Building	City of Dayton	712,098
Note for Webster Street Project	City of Dayton	200,000
Note for renovation of Ice Avenue Units	City of Dayton	100,000
Note for renovation of 119 North Main Street	City of Dayton	150,000
Note for development of West 3rd Street	City of Dayton	4,425,000
Other advance R&R TAC Building	City of Dayton	<u>1,000,000</u>
Total advance from primary government		<u>15,337,222</u>
Note for redevelopment of Hawthorne School Building Development Corporation, Inc.	McPherson Town Neighborhood Affordable Housing Fund	250,000 130,000
Note for renovation of Genesis Project Area	Third-Party Insurance Company	519,646
Note for Housing Loans	Not disclosed	<u>241,982</u>
Other Notes Payable		
Total Notes Payable		<u>1,141,628</u>
Total Advance from primary government/notes payable		<u>\$ 16,478,850</u>

The amounts payable to the City are shown on the Statement of Net Assets as "Advance from Primary Government".

**CITY OF DAYTON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**NOTE 22 - DISCRETELY PRESENTED COMPONENT UNIT - (Continued)**

**D. Bonds Payable**

During 2003, CityWide issued \$13,600,000 in Floating Rate Option notes. The proceeds of these bonds were used for the redevelopment of the Reynolds and Reynolds Technical Assistance Center. During the year, the City also issued \$1,000,000 in Economic Development Revenue bonds with an interest rate of 5 percent.

During 1996, CityWide issued \$2,560,000 County of Montgomery Ohio, Adjustable Rate Industrial Development Revenue Bonds, Series 1996. Also during 1996, CityWide issued \$2,420,000 in Montgomery County Series, 1996A Industrial Development Revenue Bonds. The Series 1996A Indenture refunded a Trust Indenture dated as of December 1, 1988. Proceeds of the bonds were used to construct a building and an addition to an existing building to be rented to Advanced Assembly Automation, Inc.

Principal maturities due under these agreements are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2004	\$ 420,000
2005	630,000
2006	685,000
2007	763,183
2008	851,367
Thereafter	<u>14,730,450</u>
Total	<u>\$ 18,080,000</u>

**NOTE 23 - CONTINGENCIES**

**A. Litigation**

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

**B. Grants**

For the period January 1, 2003, to December 31, 2003, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

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## CITY OF DAYTON, OHIO

### COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

#### Nonmajor Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. The following are the nonmajor special revenue funds which the City of Dayton operates:

##### ***Street***

To account for monies for all street and road repairs and general upkeep to ensure safe, smooth transportation for all users of Dayton roadways. Funds are provided by shared tax revenues and registration fees from the State of Ohio and Montgomery County, respectively.

##### ***Highway Maintenance***

To account for lighting the freeways through Dayton. Funds are provided by shared tax revenues and registration fees from the State of Ohio and Montgomery County, respectively.

##### ***HUD Programs***

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

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

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

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

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

##### ***Law Enforcement***

To account for the fines generated from the prosecution of those in possession of contraband and the proceeds gained from the sale of confiscated contraband. This money may be spent for any law enforcement activity.

##### ***Miscellaneous Grants***

To account for miscellaneous grant projects. These projects include food service for children at child care and recreation centers, additional police patrol in high density traffic areas, juvenile court mediation services, and drug rehabilitation programs. Funding sources include the United States Departments of Justice, Housing and Urban Development, Agriculture, Education, Interior and Transportation and the Ohio Departments of Education, Development, Highway Safety, and Natural Resources.

**CITY OF DAYTON, OHIO**

**COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS**

**Nonmajor Special Revenue Funds (Continued)**

***Other Special Revenue***

To account for probation fees and municipal court fees that are used for victim witness assistance and operation of the probation department, also to account for monies restricted by City Ordinance to finance various special projects undertaken by the City.

***Dayton Sister Cities***

To account for financial activity of the City of Dayton's blended component unit.

**Nonmajor Capital Projects Funds**

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 the proprietary or nonexpendable trust funds. The following is a description of all the City's nonmajor capital projects funds:

***Economic Development/Government Equity Improvement***

To account for grant revenues received from the County and used to develop and promote economic development.

***Issue II***

To account for Issue II funds received from the State of Ohio for each project awarded through this program and local matching funds.

The above capital projects funds appropriate monies on a project level with specific identification of each project being budgeted. Budget basis financial statements for these funds are not, therefore, presented in this report because such statements would not be meaningful.

**Nonmajor Permanent Fund**

Permanent funds are used to account for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support City programs. Included in the permanent fund is the Schantz Waldruhe Park Trust which accounts for interest earned on Dayton Power & Light stock that is used for the improvement, care and maintenance of Waldruhe Park and the Forrest B. Lucas Foundation which accounts for interest earned on a contribution made by Forrest B. Lucas that is to be used for fire department training purposes.

The City reports only one permanent fund to account for the above activity. No combining schedules are required.



**CITY OF DAYTON, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2003

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 11,145,385	\$ 1,217,725	\$ 68,563	\$ 12,431,673
Cash and cash equivalents in segregated accounts . . . . .	41,991	-	-	41,991
Investments . . . . .	-	-	70,470	70,470
Receivables (net of allowances of uncollectibles):				
Property and other local taxes . . . . .	1,001,801	-	-	1,001,801
Accounts . . . . .	29,730	-	-	29,730
Special assessments . . . . .	202,210	-	-	202,210
Accrued interest . . . . .	28,029	-	-	28,029
Due from other governments . . . . .	2,995,226	1,826,517	-	4,821,743
Advances to component unit . . . . .	5,462,250	-	-	5,462,250
Total assets . . . . .	<u>\$ 20,906,622</u>	<u>\$ 3,044,242</u>	<u>\$ 139,033</u>	<u>\$ 24,089,897</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 571,706	\$ -	\$ -	\$ 571,706
Contracts payable . . . . .	194,277	62,225	-	256,502
Accrued wages and benefits . . . . .	307,975	225	-	308,200
Retainage payable . . . . .	49,225	144,900	-	194,125
Due to other funds . . . . .	130,670	-	-	130,670
Due to other governments . . . . .	28,055	-	-	28,055
Interfund payable . . . . .	286,701	-	-	286,701
Deferred revenue . . . . .	2,520,148	-	-	2,520,148
Total liabilities . . . . .	<u>4,088,757</u>	<u>207,350</u>	<u>-</u>	<u>4,296,107</u>
<b>Fund equity:</b>				
Reserved for encumbrances . . . . .	9,809,022	338,894	-	10,147,916
Reserved for advances to component unit . . . . .	5,462,250	-	-	5,462,250
Reserved for contributions to permanent fund . . . . .	-	-	102,228	102,228
Unreserved:				
Designated . . . . .	486,000	-	-	486,000
Undesignated, reported in:				
Special revenue funds . . . . .	1,060,593	-	-	1,060,593
Permanent funds . . . . .	-	-	36,805	36,805
Capital projects funds . . . . .	-	2,497,998	-	2,497,998
Total fund equity . . . . .	<u>16,817,865</u>	<u>2,836,892</u>	<u>139,033</u>	<u>19,793,790</u>
Total liabilities and fund equity . . . . .	<u>\$ 20,906,622</u>	<u>\$ 3,044,242</u>	<u>\$ 139,033</u>	<u>\$ 24,089,897</u>

**CITY OF DAYTON, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2003

	<u>Street</u>	<u>Highway Maintenance</u>	<u>HUD Programs</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 1,266,089	\$ 355,465	\$ -
Cash and cash equivalents in segregated accounts . .	-	-	-
Receivables (net of allowances of uncollectibles):			
Property and other local taxes . . . . .	1,001,801	-	-
Accounts. . . . .	1,312	-	5,000
Special assessments, net. . . . .	-	-	202,210
Accrued interest . . . . .	-	-	-
Due from other governments . . . . .	1,825,979	136,770	516,946
Advances to component unit . . . . .	-	-	5,462,250
Total assets. . . . .	<u>\$ 4,095,181</u>	<u>\$ 492,235</u>	<u>\$ 6,186,406</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 21,555	\$ -	\$ 82,675
Contracts payable. . . . .	-	-	96,981
Accrued wages and benefits . . . . .	120,509	-	163,425
Retainage payable . . . . .	-	-	49,225
Due to other funds . . . . .	103,912	-	20,135
Due to other governments . . . . .	-	-	3,528
Interfund loan payable . . . . .	-	-	286,701
Deferred revenue. . . . .	<u>2,204,680</u>	<u>86,249</u>	<u>202,210</u>
Total liabilities. . . . .	<u>2,450,656</u>	<u>86,249</u>	<u>904,880</u>
<b>Fund equity:</b>			
Reserved for encumbrances . . . . .	464,447	-	5,662,240
Reserved for advances to component unit . . . . .	-	-	5,462,250
Unreserved:			
Designated . . . . .	486,000	-	-
Undesignated (deficit) . . . . .	<u>694,078</u>	<u>405,986</u>	<u>(5,842,964)</u>
Total fund equity . . . . .	<u>1,644,525</u>	<u>405,986</u>	<u>5,281,526</u>
Total liabilities and fund equity. . . . .	<u>\$ 4,095,181</u>	<u>\$ 492,235</u>	<u>\$ 6,186,406</u>

<b>Law Enforcement</b>	<b>Miscellaneous Grants</b>	<b>Other Special Revenue</b>	<b>Dayton Sister Cities</b>	<b>Total</b>
\$ 2,089,420	\$ 881,476	\$ 6,552,935	\$ -	\$ 11,145,385
-	-	-	41,991	41,991
-	-	-	-	1,001,801
-	-	23,418	-	29,730
-	-	-	-	202,210
28,029	-	-	-	28,029
15,085	500,446	-	-	2,995,226
-	-	-	-	5,462,250
<u>\$ 2,132,534</u>	<u>\$ 1,381,922</u>	<u>\$ 6,576,353</u>	<u>\$ 41,991</u>	<u>\$ 20,906,622</u>
\$ 428,099	\$ 4,651	\$ 34,726	\$ -	\$ 571,706
3,750	24,781	68,765	-	194,277
52	21,452	2,537	-	307,975
-	-	-	-	49,225
3,653	1,123	1,847	-	130,670
-	-	24,527	-	28,055
-	-	-	-	286,701
27,009	-	-	-	2,520,148
<u>462,563</u>	<u>52,007</u>	<u>132,402</u>	<u>-</u>	<u>4,088,757</u>
588,813	2,074,623	1,018,899	-	9,809,022
-	-	-	-	5,462,250
-	-	-	-	486,000
1,081,158	(744,708)	5,425,052	41,991	1,060,593
<u>1,669,971</u>	<u>1,329,915</u>	<u>6,443,951</u>	<u>41,991</u>	<u>16,817,865</u>
<u>\$ 2,132,534</u>	<u>\$ 1,381,922</u>	<u>\$ 6,576,353</u>	<u>\$ 41,991</u>	<u>\$ 20,906,622</u>

**CITY OF DAYTON, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**DECEMBER 31, 2003**

	<b>Economic Development/ Government Equity Improvement</b>	<b>Issue II</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 511,388	\$ 706,337	\$ 1,217,725
Due from other governments . . . . .	1,826,517	-	1,826,517
Total assets. . . . .	<u>\$ 2,337,905</u>	<u>\$ 706,337</u>	<u>\$ 3,044,242</u>
<b>Liabilities:</b>			
Contracts payable. . . . .	\$ 12,199	\$ 50,026	\$ 62,225
Accrued wages and benefits . . . . .	-	225	225
Retainage payable . . . . .	-	144,900	144,900
Total liabilities. . . . .	<u>12,199</u>	<u>195,151</u>	<u>207,350</u>
<b>Fund equity:</b>			
Reserved for encumbrances. . . . .	181,027	157,867	338,894
Unreserved, undesignated . . . . .	2,144,679	353,319	2,497,998
Total fund equity . . . . .	<u>2,325,706</u>	<u>511,186</u>	<u>2,836,892</u>
Total liabilities and fund equity. . . . .	<u>\$ 2,337,905</u>	<u>\$ 706,337</u>	<u>\$ 3,044,242</u>

**CITY OF DAYTON, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Nonmajor Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 2,471,507	\$ -	\$ -	\$ 2,471,507
State shared taxes. . . . .	4,296,930	-	-	4,296,930
Charges for services . . . . .	1,664,461	503,880	-	2,168,341
Fines and forfeitures . . . . .	663,462	-	-	663,462
Intergovernmental . . . . .	16,850,490	3,456,327	-	20,306,817
Special assessments . . . . .	77,369	-	-	77,369
Investment income . . . . .	46,592	-	-	46,592
Increase in FMV of investments . . . . .	-	-	18,242	18,242
Other . . . . .	2,577,260	-	2,183	2,579,443
<b>Total revenues . . . . .</b>	<b>28,648,071</b>	<b>3,960,207</b>	<b>20,425</b>	<b>32,628,703</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Downtown. . . . .	75,000	-	-	75,000
Youth, education and human services. . . . .	2,350,559	-	-	2,350,559
Community development and neighborhoods. . . . .	9,321,233	-	-	9,321,233
Economic development . . . . .	4,178,934	-	-	4,178,934
Leadership and quality of life . . . . .	10,769,778	-	-	10,769,778
Corporate responsibility. . . . .	1,090,195	-	-	1,090,195
Public safety and justice. . . . .	2,848,097	-	-	2,848,097
Other. . . . .	6	-	-	6
Capital outlay . . . . .	3,914,652	3,133,823	-	7,048,475
<b>Total expenditures. . . . .</b>	<b>34,548,454</b>	<b>3,133,823</b>	<b>-</b>	<b>37,682,277</b>
Excess (deficiency) of revenues over (under) expenditures. . . . .	(5,900,383)	826,384	20,425	(5,053,574)
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets . . . . .	-	50,000	-	50,000
Transfers in . . . . .	9,231,429	1,288,137	-	10,519,566
Transfers out . . . . .	(1,250,895)	(222,018)	-	(1,472,913)
<b>Total other financing sources (uses) . . . . .</b>	<b>7,980,534</b>	<b>1,116,119</b>	<b>-</b>	<b>9,096,653</b>
Net change in fund balances . . . . .	2,080,151	1,942,503	20,425	4,043,079
<b>Fund balances at beginning of year . . . . .</b>	<b>14,737,714</b>	<b>894,389</b>	<b>118,608</b>	<b>15,750,711</b>
<b>Fund balances at end of year. . . . .</b>	<b>\$ 16,817,865</b>	<b>\$ 2,836,892</b>	<b>\$ 139,033</b>	<b>\$ 19,793,790</b>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Street</u>	<u>Highway Maintenance</u>	<u>HUD Programs</u>
<b>Revenues:</b>			
Property and other local taxes . . . . .	\$ 2,471,507	\$ -	\$ -
State shared taxes . . . . .	3,974,875	322,055	-
Charges for services . . . . .	305,409	-	638,871
Fines and forfeitures . . . . .	-	-	-
Intergovernmental . . . . .	276,877	-	12,457,288
Special assessments . . . . .	-	-	77,369
Investment income . . . . .	-	-	-
Other . . . . .	29,295	-	192,415
<b>Total revenues . . . . .</b>	<u>7,057,963</u>	<u>322,055</u>	<u>13,365,943</u>
<b>Expenditures:</b>			
Current:			
Downtown . . . . .	-	-	-
Youth, education and human services . . . . .	-	-	2,350,559
Community development and neighborhoods . . . . .	3,034	-	9,257,453
Economic development . . . . .	1,674	-	864,312
Leadership and quality of life . . . . .	9,186,637	400,000	555,903
Corporate responsibility . . . . .	-	-	148,925
Public safety and justice . . . . .	4,928	-	-
Other . . . . .	-	-	-
Capital outlay . . . . .	7,621	114,211	1,252,929
<b>Total expenditures . . . . .</b>	<u>9,203,894</u>	<u>514,211</u>	<u>14,430,081</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(2,145,931)</u>	<u>(192,156)</u>	<u>(1,064,138)</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	3,097,012	-	561,578
Transfers out . . . . .	-	-	(107,960)
<b>Total other financing sources (uses) . . . . .</b>	<u>3,097,012</u>	<u>-</u>	<u>453,618</u>
Net change in fund balances . . . . .	951,081	(192,156)	(610,520)
<b>Fund balances, January 1 . . . . .</b>	<u>693,444</u>	<u>598,142</u>	<u>5,892,046</u>
<b>Fund balances, December 31 . . . . .</b>	<u>\$ 1,644,525</u>	<u>\$ 405,986</u>	<u>\$ 5,281,526</u>

<b>Law Enforcement</b>	<b>Miscellaneous Grants</b>	<b>Other Special Revenue</b>	<b>Dayton Sister City</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ 2,471,507
-	-	-	-	4,296,930
7,400	316,194	396,587	-	1,664,461
663,462	-	-	-	663,462
46,739	3,019,041	1,050,545	-	16,850,490
-	-	-	-	77,369
32,215	-	14,263	114	46,592
1,924	1,493,571	838,283	21,772	2,577,260
<u>751,740</u>	<u>4,828,806</u>	<u>2,299,678</u>	<u>21,886</u>	<u>28,648,071</u>
-	-	75,000	-	75,000
-	-	-	-	2,350,559
-	36,297	24,449	-	9,321,233
-	1,774,808	1,505,488	32,652	4,178,934
-	431,399	195,839	-	10,769,778
-	111,625	829,645	-	1,090,195
1,611,558	1,192,958	38,653	-	2,848,097
-	6	-	-	6
20,596	1,328,948	1,190,347	-	3,914,652
<u>1,632,154</u>	<u>4,876,041</u>	<u>3,859,421</u>	<u>32,652</u>	<u>34,548,454</u>
<u>(880,414)</u>	<u>(47,235)</u>	<u>(1,559,743)</u>	<u>(10,766)</u>	<u>(5,900,383)</u>
113,938	582,530	4,861,371	15,000	9,231,429
<u>(45,993)</u>	<u>(338,639)</u>	<u>(758,303)</u>	<u>-</u>	<u>(1,250,895)</u>
67,945	243,891	4,103,068	15,000	7,980,534
<u>(812,469)</u>	<u>196,656</u>	<u>2,543,325</u>	<u>4,234</u>	<u>2,080,151</u>
2,482,440	1,133,259	3,900,626	37,757	14,737,714
<u>\$ 1,669,971</u>	<u>\$ 1,329,915</u>	<u>\$ 6,443,951</u>	<u>\$ 41,991</u>	<u>\$ 16,817,865</u>

**CITY OF DAYTON, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Economic Development/ Government Equity Improvement</b>	<b>Issue II</b>	<b>Total</b>
<b>Revenues:</b>			
Charges for services . . . . .	\$ 503,880	\$ -	\$ 503,880
Intergovernmental . . . . .	3,374,468	81,859	3,456,327
Total revenues . . . . .	3,878,348	81,859	3,960,207
<b>Expenditures:</b>			
Current:			
Capital outlay . . . . .	2,727,054	406,769	3,133,823
Total expenditures . . . . .	2,727,054	406,769	3,133,823
Excess (deficiency) of revenues over (under) expenditures. . . . .	1,151,294	(324,910)	826,384
<b>Other financing sources (uses):</b>			
Proceeds from sale of capital assets . . . . .	50,000	-	50,000
Transfers in . . . . .	200,000	1,088,137	1,288,137
Transfers out . . . . .	(146,852)	(75,166)	(222,018)
Total other financing sources (uses) . . . . .	103,148	1,012,971	1,116,119
Net changes in fund balances. . . . .	1,254,442	688,061	1,942,503
<b>Fund balances(deficit), January 1 . . . . .</b>	<b>1,071,264</b>	<b>(176,875)</b>	<b>894,389</b>
<b>Fund balances, December 31. . . . .</b>	<b>\$ 2,325,706</b>	<b>\$ 511,186</b>	<b>\$ 2,836,892</b>



**CITY OF DAYTON, OHIO**

**COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS**

**Nonmajor Enterprise Funds**

The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered primarily through user charges, or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income in appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following are the nonmajor enterprise funds which the City of Dayton operates:

***Storm Water***

To account for the provision of storm sewers to the residents of the City of Dayton. Charges for services are used to maintain the storm sewers throughout the City.

***Golf***

To account for the operations of the City's six golf courses. Revenue is generated by golf fees charged for the use of the facilities. The six golf courses provide needed green space inside the City with three providing scenic cover to the City's north well field.

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2003

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 154,376	\$ 163,901	\$ 318,277
Receivables (net of allowances of uncollectibles):			
Accounts . . . . .	6,184,060	1,655	6,185,715
Accrued interest . . . . .	5,861	-	5,861
Unamortized bond issuance costs . . . . .	-	43,006	43,006
Capital assets:			
Land and construction in progress . . . . .	123,494	594,927	718,421
Depreciable capital assets, net . . . . .	10,627,353	5,561,710	16,189,063
Total capital assets . . . . .	<u>10,750,847</u>	<u>6,156,637</u>	<u>16,907,484</u>
Total assets . . . . .	<u>17,095,144</u>	<u>6,365,199</u>	<u>23,460,343</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 53,410	\$ 50,094	\$ 103,504
Contracts payable . . . . .	4,312	9,667	13,979
Accrued wages and benefits . . . . .	36,906	26,025	62,931
Compensated absences payable . . . . .	89,573	85,187	174,760
Accrued interest payable . . . . .	-	9,623	9,623
Due to other funds . . . . .	525,459	33,177	558,636
Due to other governments . . . . .	-	479	479
General obligation bonds payable . . . . .	-	3,104,190	3,104,190
Capital lease obligation . . . . .	-	110,127	110,127
Total liabilities . . . . .	<u>709,660</u>	<u>3,428,569</u>	<u>4,138,229</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt . . . . .	10,750,847	3,052,447	13,803,294
Unrestricted . . . . .	<u>5,634,637</u>	<u>(115,817)</u>	<u>5,518,820</u>
Total net assets . . . . .	<u>\$ 16,385,484</u>	<u>\$ 2,936,630</u>	<u>\$ 19,322,114</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>Storm Water</b>	<b>Golf</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 2,578,177	\$ 2,939,406	\$ 5,517,583
Other . . . . .	4,865	12,481	17,346
Total operating revenues . . . . .	<u>2,583,042</u>	<u>2,951,887</u>	<u>5,534,929</u>
<b>Operating expenses:</b>			
Personal services . . . . .	641,448	1,177,468	1,818,916
Benefit payments . . . . .	494,594	402,377	896,971
Contract services . . . . .	816,877	690,221	1,507,098
Materials and supplies. . . . .	151,677	295,602	447,279
Utilities . . . . .	62,054	139,628	201,682
Depreciation. . . . .	338,676	253,865	592,541
Other. . . . .	160,372	45,539	205,911
Total operating expenses . . . . .	<u>2,665,698</u>	<u>3,004,700</u>	<u>5,670,398</u>
Operating income (loss) . . . . .	<u>(82,656)</u>	<u>(52,813)</u>	<u>(135,469)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest and fiscal charges . . . . .	-	(150,890)	(150,890)
Total nonoperating revenues (expenses). . . . .	<u>-</u>	<u>(150,890)</u>	<u>(150,890)</u>
Income (loss) before transfers. . . . .	(82,656)	(203,703)	(286,359)
Capital contributions. . . . .	357,939	-	357,939
Transfers in . . . . .	15,550	561,033	576,583
Transfers out . . . . .	-	(20,000)	(20,000)
Change in net assets. . . . .	290,833	337,330	628,163
<b>Net assets, January 1 (restated) . . . . .</b>	<u>16,094,651</u>	<u>2,599,300</u>	<u>18,693,951</u>
<b>Net assets, December 31 . . . . .</b>	<u>\$ 16,385,484</u>	<u>\$ 2,936,630</u>	<u>\$ 19,322,114</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers . . . . .	\$ 2,315,417	\$ 2,939,406	\$ 5,254,823
Cash received from other operating revenues . . . . .	4,865	11,370	16,235
Cash payments for personal services . . . . .	(716,082)	(1,214,750)	(1,930,832)
Cash payments for fringe benefits . . . . .	(522,050)	(408,713)	(930,763)
Cash payments for contract services. . . . .	(832,082)	(730,937)	(1,563,019)
Cash payments for materials and supplies. . . . .	(116,648)	(301,123)	(417,771)
Cash payments for utilities. . . . .	(52,742)	(136,652)	(189,394)
Cash payments for other operating expenses . . . . .	<u>(203,923)</u>	<u>(48,360)</u>	<u>(252,283)</u>
Net cash provided by (used in) operating activities.	<u>(123,245)</u>	<u>110,241</u>	<u>(13,004)</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers in from other funds. . . . .	15,550	561,033	576,583
Transfers out to other funds. . . . .	-	(20,000)	(20,000)
Net cash provided by (used in) noncapital financing activities . . . . .	<u>15,550</u>	<u>541,033</u>	<u>556,583</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets . . . . .	(529,375)	-	(529,375)
Capital contributions . . . . .	357,939	-	357,939
Principal paid on bonds . . . . .	-	(318,346)	(318,346)
Interest paid on bonds . . . . .	-	(139,585)	(139,585)
Principal paid on capital leases . . . . .	-	(109,083)	(109,083)
Interest paid on capital leases. . . . .	-	(8,382)	(8,382)
Net cash provided by (used in) capital and related financing activities . . . . .	<u>(171,436)</u>	<u>(575,396)</u>	<u>(746,832)</u>
Net increase (decrease) in cash and cash equivalents . .	(279,131)	75,878	(203,253)
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>433,507</u>	<u>88,023</u>	<u>521,530</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u>\$ 154,376</u>	<u>\$ 163,901</u>	<u>\$ 318,277</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss) . . . . .	\$ (82,656)	\$ (52,813)	\$ (135,469)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation . . . . .	338,676	253,865	592,541
Changes in assets and liabilities:			
Increase in accounts receivable. . . . .	(301,546)	(1,111)	(302,657)
Decrease in accounts payable . . . . .	(20,975)	(3,077)	(24,052)
Decrease in contracts payable . . . . .	(9,367)	(43,964)	(53,331)
Decrease in accrued wages and benefits. . . . .	(42,756)	(26,921)	(69,677)
Increase in due to other funds . . . . .	37,931	960	38,891
Decrease in due to other governments. . . . .	-	(1)	(1)
Decrease in compensated absences payable . . . . .	<u>(42,552)</u>	<u>(16,697)</u>	<u>(59,249)</u>
Net cash provided by (used in) operating activities . .	<u>\$ (123,245)</u>	<u>\$ 110,241</u>	<u>\$ (13,004)</u>

## CITY OF DAYTON, OHIO

### COMBINING STATEMENTS - INTERNAL SERVICE FUNDS

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

#### ***Fleet Management***

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

#### ***Fire Fleet Management***

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

#### ***Stores and Reproduction***

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

#### ***Workers' Compensation***

To account for claims and administrative payments to cover risks due to job-related injuries to City employees. Revenues are derived from pro-rated charges against personnel costs of each department to cover claim payments and costs of administering the fund.

#### ***Plumbing Shop***

To account for plumbing services to departments within the City.

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2003

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>	<u>Plumbing Shop</u>	<u>Total</u>
<b>Assets:</b>						
Equity in pooled cash and cash equivalents. . . . .	\$ 546,835	\$ 114,986	\$ -	\$ 23,139,395	\$ 147,675	\$ 23,948,891
Accounts. . . . .	1,028	7,215	-	-	-	8,243
Due from other funds. . . . .	604,514	-	14,057	-	-	618,571
Inventory held for resale . . . . .	524,464	266,756	16,178	-	-	807,398
Capital assets:						
Depreciable capital assets, net	253,725	-	319,374	-	39,604	612,703
Total capital assets. . . . .	253,725	-	319,374	-	39,604	612,703
Total assets. . . . .	1,930,566	388,957	349,609	23,139,395	187,279	25,995,806
<b>Liabilities:</b>						
Accounts payable. . . . .	\$ 159,690	\$ 33,412	\$ 20,407	\$ 15,215	\$ -	\$ 228,724
Accrued wages and benefits . . . . .	58,192	7,190	5,690	18,712	8,550	98,334
Compensated absences payable . . . . .	192,464	-	11,023	35,391	39,688	278,566
Due to other funds . . . . .	1,185	160	-	193	1,113	2,651
Due to other governments . . . . .	-	-	-	2,045,194	-	2,045,194
Interfund loans payable. . . . .	255,000	-	64,229	-	-	319,229
Claims payable . . . . .	-	-	-	8,997,015	-	8,997,015
Capital lease obligation . . . . .	-	-	260,949	-	-	260,949
Total liabilities. . . . .	666,531	40,762	362,298	11,111,720	49,351	12,230,662
<b>Net assets:</b>						
Invested in capital assets, net of related debt . . . . .	253,725	-	58,425	-	39,604	351,754
Unrestricted . . . . .	1,010,310	348,195	(71,114)	12,027,675	98,324	13,413,390
Total net assets. . . . .	\$ 1,264,035	\$ 348,195	\$ (12,689)	\$ 12,027,675	\$ 137,928	\$ 13,765,144

**CITY OF DAYTON, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Fleet Management</u>	<u>Fire Fleet Management</u>	<u>Stores and Reproduction</u>	<u>Workers' Compensation</u>	<u>Plumbing Shop</u>	<u>Total</u>
<b>Operating revenues:</b>						
Charges for services . . . . .	\$ 7,518,539	\$ 722,651	\$ 289,462	\$ 5,772,006	\$ 771,776	\$ 15,074,434
Other . . . . .	34,092	3,572	-	439,665	-	477,329
Total operating revenues . . . . .	<u>7,552,631</u>	<u>726,223</u>	<u>289,462</u>	<u>6,211,671</u>	<u>771,776</u>	<u>15,551,763</u>
<b>Operating expenses:</b>						
Personal services . . . . .	2,553,992	356,138	146,346	421,221	404,585	3,882,282
Benefit payments . . . . .	839,792	119,718	51,811	143,947	117,690	1,272,958
Contract services . . . . .	659,710	-	1,203	63,527	8,026	732,466
Materials and supplies. . . . .	110,117	-	8,635	87,430	116,250	322,432
Utilities . . . . .	1,083	4,425	-	-	-	5,508
Depreciation. . . . .	52,843	-	143,364	-	6,214	202,421
Cost of sales. . . . .	2,834,871	-	91,949	-	-	2,926,820
Claims expense. . . . .	-	-	-	3,186,494	-	3,186,494
Other. . . . .	1,242	56	-	27,625	394	29,317
Total operating expenses . . . . .	<u>7,053,650</u>	<u>480,337</u>	<u>443,308</u>	<u>3,930,244</u>	<u>653,159</u>	<u>12,560,698</u>
Operating income (loss) . . . . .	<u>498,981</u>	<u>245,886</u>	<u>(153,846)</u>	<u>2,281,427</u>	<u>118,617</u>	<u>2,991,065</u>
<b>Nonoperating revenues (expenses):</b>						
Interest and fiscal charges . . . . .	-	-	(31,959)	-	-	(31,959)
Total nonoperating revenues (expenses) . . . . .	<u>-</u>	<u>-</u>	<u>(31,959)</u>	<u>-</u>	<u>-</u>	<u>(31,959)</u>
Income (loss) before transfers . . . . .	498,981	245,886	(185,805)	2,281,427	118,617	2,959,106
Transfers in . . . . .	-	100,000	-	-	-	100,000
Transfers out . . . . .	-	-	-	(1,375,993)	-	(1,375,993)
Change in net assets . . . . .	498,981	345,886	(185,805)	905,434	118,617	1,683,113
<b>Net assets, January 1 . . . . .</b>	<u>765,054</u>	<u>2,309</u>	<u>173,116</u>	<u>11,122,241</u>	<u>19,311</u>	<u>12,082,031</u>
<b>Net assets, December 31 . . . . .</b>	<u>\$ 1,264,035</u>	<u>\$ 348,195</u>	<u>\$ (12,689)</u>	<u>\$ 12,027,675</u>	<u>\$ 137,928</u>	<u>\$ 13,765,144</u>

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>Fleet Management</b>	<b>Fire Fleet Management</b>	<b>Stores and Reproduction</b>	<b>Workers' Compensatio</b>	<b>Plumbing Shop</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>						
Cash received from customers . . . . .	\$ 7,499,424	\$ 715,436	\$ 290,205	\$ 5,772,006	\$ 771,776	\$ 15,048,847
Cash received from other operating revenues . . . . .	10,514	3,572	-	267,483	-	281,569
Cash payments for personal services . . . . .	(2,623,890)	(352,209)	(147,263)	(417,339)	(410,707)	(3,951,408)
Cash payments for fringe benefits . . . . .	(856,915)	(118,168)	(51,562)	(141,887)	(120,130)	(1,288,662)
Cash payments for contract services. . . . .	(542,864)	(78,115)	(20,179)	(194,543)	(8,509)	(844,210)
Cash payments for materials and supplies. . . . .	(307,004)	-	(1,661)	(80,010)	(133,149)	(521,824)
Cash payments for cost of goods sold . . . . .	(2,834,871)	(157,044)	(59,990)	-	-	(3,051,905)
Cash payments for utilities. . . . .	(1,083)	(2,356)	-	-	-	(3,439)
Cash payments for claims . . . . .	-	-	-	(2,788,149)	-	(2,788,149)
Cash payments for other operating expenses . . . . .	-	(150)	-	(21,884)	(394)	(22,428)
Net cash provided by operating activities. . . . .	<u>343,311</u>	<u>10,966</u>	<u>9,550</u>	<u>2,395,677</u>	<u>98,887</u>	<u>2,858,391</u>
<b>Cash flows from noncapital financing activities:</b>						
Cash used in repayment of interfund loans . . . . .	(200,000)	-	64,229	-	-	(135,771)
Transfers in from other funds. . . . .	-	100,000	-	-	-	100,000
Transfers out to other funds. . . . .	-	-	-	(1,375,993)	-	(1,375,993)
Net cash provided by (used in) noncapital financing activities . . . . .	<u>(200,000)</u>	<u>100,000</u>	<u>64,229</u>	<u>(1,375,993)</u>	<u>-</u>	<u>(1,411,764)</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition of capital assets . . . . .	(48,461)	-	-	-	-	(48,461)
Principal paid on capital leases . . . . .	-	-	(52,041)	-	-	(52,041)
Interest paid on capital leases. . . . .	-	-	(31,959)	-	-	(31,959)
Net cash used in capital and related financing activities . . . . .	<u>(48,461)</u>	<u>-</u>	<u>(84,000)</u>	<u>-</u>	<u>-</u>	<u>(132,461)</u>
Net increase (decrease) in cash and cash equivalents . . . . .	94,850	110,966	(10,221)	1,019,684	98,887	1,314,166
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>451,985</b>	<b>4,020</b>	<b>10,221</b>	<b>22,119,711</b>	<b>48,788</b>	<b>22,634,725</b>
<b>Cash and cash equivalents at end of year. . . . .</b>	<b><u>\$ 546,835</u></b>	<b><u>\$ 114,986</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 23,139,395</u></b>	<b><u>\$ 147,675</u></b>	<b><u>\$ 23,948,891</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss) . . . . .	\$ 498,981	\$ 245,886	\$ (153,846)	\$ 2,281,427	\$ 118,617	\$ 2,991,065
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation . . . . .	52,843	-	143,364	-	6,214	202,421
Changes in assets and liabilities:						
Increase in accounts receivable. . . . .	(1,028)	(7,215)	-	-	-	(8,243)
(Increase) decrease in due from other funds . . . . .	(19,115)	-	743	-	-	(18,372)
(Increase) decrease in inventory held for resale. . . . .	(64,939)	(266,756)	2,610	-	-	(329,085)
Increase (decrease) in accounts payable . . . . .	(37,299)	33,412	17,347	(1,821)	(17,370)	(5,731)
Increase (decrease) in accrued wages and benefits . . . . .	(78,235)	5,479	323	5,457	(10,833)	(77,809)
Increase (decrease) in due to other funds . . . . .	889	-	-	91	(12)	968
Increase in due to other governments . . . . .	-	160	-	669,202	-	669,362
Increase (decrease) in compensated absences payable . . . . .	(8,786)	-	(991)	485	2,271	(7,021)
Decrease in claims payable. . . . .	-	-	-	(559,164)	-	(559,164)
Net cash provided by operating activities. . . . .	<u>\$ 343,311</u>	<u>\$ 10,966</u>	<u>\$ 9,550</u>	<u>\$ 2,395,677</u>	<u>\$ 98,887</u>	<u>\$ 2,858,391</u>



## **CITY OF DAYTON, OHIO**

### **COMBINING STATEMENTS - FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, other governmental units, and/or funds. The following are the City's fiduciary fund types:

#### **Agency Funds**

Agency funds are custodial in nature, and thus, do not recognize revenues or expenditures, only changes in assets and liabilities. These funds are used to record the collection and payment of employee payroll, withholdings, medical and life insurance premiums, refundable deposits, PERS, Police and Fire Pension funds, taxes collected for other governments, and municipal court.

**CITY OF DAYTON, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 DECEMBER 31, 2003

	<u>Balance</u> <u>12/31/02</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/03</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 5,960,436	\$ 1,054,203	\$ 1,891,795	\$ 5,122,844
Cash and cash equivalents with fiscal agents . . . . .	950,653	222,808	372,013	801,448
Investments with fiscal agents . . . . .	961,943	243,787	-	1,205,730
Taxes levied for other governments. . . . .	1,018,178	555,623	1,018,178	555,623
Total assets. . . . .	<u>\$ 8,891,210</u>	<u>\$ 2,076,421</u>	<u>\$ 3,281,986</u>	<u>\$ 7,685,645</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 1,781,314	\$ 1,609,809	\$ 1,962,427	\$ 1,428,696
Due to primary government. . . . .	255,812	222,808	-	478,620
Due to others. . . . .	603,912	-	339,958	263,954
Withholdings and deposits. . . . .	6,250,172	243,804	979,601	5,514,375
Total liabilities. . . . .	<u>\$ 8,891,210</u>	<u>\$ 2,076,421</u>	<u>\$ 3,281,986</u>	<u>\$ 7,685,645</u>

**INDIVIDUAL FUND SCHEDULES OF  
REVENUES, EXPENDITURES/EXPENSES AND  
CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (NON-GAAP  
BUDGETARY BASIS)**

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Municipal income taxes . . . . .	\$ 107,405,200	\$ 107,616,439	\$ 107,616,439	\$ -
Property and other local taxes . . . . .	11,271,400	10,769,415	10,818,977	49,562
State shared taxes . . . . .	15,224,200	16,040,307	16,040,307	-
Charges for services . . . . .	19,254,000	19,443,405	19,404,871	(38,534)
Licenses and permits. . . . .	1,615,700	2,014,991	2,014,991	-
Fines and forfeitures. . . . .	1,614,400	1,412,058	1,412,058	-
Special assessments . . . . .	610,000	327,654	327,654	-
Investment income . . . . .	3,598,100	3,318,890	3,318,890	-
Other . . . . .	1,938,300	2,853,033	2,853,033	-
Total revenues. . . . .	<u>162,531,300</u>	<u>163,796,192</u>	<u>163,807,220</u>	<u>11,028</u>
<b>Expenditures:</b>				
General operating:				
Clerk of Commission . . . . .	1,051,200	1,044,800	1,001,373	43,427
Civil Service Board . . . . .	1,308,700	1,369,400	1,338,826	30,574
Human Relations Council . . . . .	833,800	717,700	685,507	32,193
City Manager's Office . . . . .	873,100	780,600	754,901	25,699
Department of Public Affairs. . . . .	993,700	633,000	559,511	73,489
Cable television operations . . . . .	438,400	458,100	442,504	15,596
Department of Planning . . . . .	2,412,200	2,739,500	2,616,248	123,252
Department of Building Services . . . . .	2,175,500	2,192,300	2,180,021	12,279
Clerk of Courts . . . . .	3,103,900	3,123,900	3,106,742	17,158
Municipal Court. . . . .	3,801,500	3,543,700	3,520,758	22,942
Office of Economic Development. . . . .	723,400	789,000	771,938	17,062
Department of Management and Budget . . . . .	870,900	972,000	905,653	66,347
Department of Water . . . . .	71,900	71,900	69,860	2,040
Department of Law . . . . .	1,757,700	1,956,400	1,817,760	138,640
Department of Finance . . . . .	4,001,700	4,008,200	3,812,485	195,715
Department of Human Resources . . . . .	1,053,400	909,900	866,573	43,327
Department of Information and Technology Services	8,115,800	7,893,700	7,566,833	326,867
Department of Police. . . . .	46,709,300	48,087,300	48,393,700	(306,400)
Department of Fire . . . . .	35,734,300	36,429,500	36,227,597	201,903
Department of Public Works . . . . .	26,764,900	27,272,300	27,175,751	96,549
Department of Parks, Recreation and Culture. . . . .	5,601,600	5,743,000	5,591,100	151,900
Non-Departmental . . . . .	2,511,600	1,207,600	370,973	836,627
Convention Center Operating . . . . .	3,322,000	3,322,100	3,156,179	165,921
Special Assessments . . . . .	315,200	321,400	273,215	48,185
Special Projects . . . . .	967,300	3,570,000	1,042,025	2,527,975
Total expenditures. . . . .	<u>155,513,000</u>	<u>159,157,300</u>	<u>154,248,033</u>	<u>4,909,267</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>7,018,300</u>	<u>4,638,892</u>	<u>9,559,187</u>	<u>4,920,295</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	2,211,600	1,230,154	1,210,164	(19,990)
Transfers out . . . . .	(6,406,600)	(13,846,500)	(12,579,154)	1,267,346
Total other financing sources (uses) . . . . .	<u>(4,195,000)</u>	<u>(12,616,346)</u>	<u>(11,368,990)</u>	<u>1,247,356</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses. . . . .	<u>2,823,300</u>	<u>(7,977,454)</u>	<u>(1,809,803)</u>	<u>6,167,651</u>
<b>Fund balance at beginning of year (restated). . . . .</b>	<u>20,911,593</u>	<u>20,911,593</u>	<u>20,911,593</u>	<u>-</u>
<b>Prior year encumbrances appropriated. . . . .</b>	<u>3,836,462</u>	<u>3,836,462</u>	<u>3,836,462</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 27,571,355</u>	<u>\$ 16,770,601</u>	<u>\$ 22,938,252</u>	<u>\$ 6,167,651</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 DEBT SERVICE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 3,999,137	\$ 4,058,248	\$ 4,053,579	\$ (4,669)
Intergovernmental . . . . .	3,453	4,137	4,139	2
Special assessments . . . . .	185,751	222,581	222,686	105
Other . . . . .	125,119	149,929	150,000	71
Total revenues . . . . .	<u>4,313,460</u>	<u>4,434,895</u>	<u>4,430,404</u>	<u>(4,491)</u>
<b>Expenditures:</b>				
Department of Finance . . . . .	<u>20,098,100</u>	<u>20,369,900</u>	<u>20,341,075</u>	<u>28,825</u>
Total expenditures . . . . .	<u>20,098,100</u>	<u>20,369,900</u>	<u>20,341,075</u>	<u>28,825</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(15,784,640)</u>	<u>(15,935,005)</u>	<u>(15,910,671)</u>	<u>24,334</u>
<b>Other financing sources (uses):</b>				
Proceeds from the sale of fixed assets. . . . .	83,414	99,953	100,000	47
Proceeds from the sale of bonds. . . . .	6,891,338	8,257,735	8,261,640	3,905
Transfers in . . . . .	951,804	1,140,525	1,141,064	539
Transfers out . . . . .	-	(234,000)	(234,000)	-
Total other financing sources (uses) . . . . .	<u>7,926,556</u>	<u>9,264,213</u>	<u>9,268,704</u>	<u>4,491</u>
Net change in fund balance . . . . .	(7,858,084)	(6,670,792)	(6,641,967)	28,825
<b>Fund balance at beginning of year (restated) . . .</b>	14,138,625	14,138,625	14,138,625	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>8,210</u>	<u>8,210</u>	<u>8,210</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 6,288,751</u>	<u>\$ 7,476,043</u>	<u>\$ 7,504,868</u>	<u>\$ 28,825</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 STREET FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 2,768,633	\$ 2,751,616	\$ 2,748,384	\$ (3,232)
State shared taxes . . . . .	5,905,437	3,910,729	4,022,331	111,602
Charges for services . . . . .	530,077	351,030	361,047	10,017
Other . . . . .	42,272	27,994	28,792	798
Total revenues . . . . .	<u>9,246,419</u>	<u>7,041,369</u>	<u>7,160,554</u>	<u>119,185</u>
<b>Expenditures:</b>				
Department of Public Works . . . . .	9,356,600	10,364,600	9,835,444	529,156
Total expenditures . . . . .	<u>9,356,600</u>	<u>10,364,600</u>	<u>9,835,444</u>	<u>529,156</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(110,181)</u>	<u>(3,323,231)</u>	<u>(2,674,890)</u>	<u>648,341</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	3,097,100	3,097,011	(89)
Total other financing sources (uses) . . . . .	<u>-</u>	<u>3,097,100</u>	<u>3,097,011</u>	<u>(89)</u>
Net change in fund balance . . . . .	(110,181)	(226,131)	422,121	648,252
<b>Fund balance at beginning of year (restated) . . .</b>	290,394	290,394	290,394	-
<b>Prior year encumbrances appropriated . . . . .</b>	74,266	74,266	74,266	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 254,479</u>	<u>\$ 138,529</u>	<u>\$ 786,781</u>	<u>\$ 648,252</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 HIGHWAY MAINTENANCE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State shared taxes . . . . .	\$ 445,000	\$ 445,000	\$ 325,903	\$ (119,097)
Total revenues . . . . .	<u>445,000</u>	<u>445,000</u>	<u>325,903</u>	<u>(119,097)</u>
<b>Expenditures:</b>				
Department of Public Works . . . . .	400,000	400,000	400,000	-
Total expenditures . . . . .	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balance . . . . .	45,000	45,000	(74,097)	(119,097)
<b>Fund balance at beginning of year . . . . .</b>	429,562	429,562	429,562	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>114,211</u>	<u>114,211</u>	<u>114,211</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 588,773</u>	<u>\$ 588,773</u>	<u>\$ 469,676</u>	<u>\$ (119,097)</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 LAW ENFORCEMENT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for services . . . . .	\$ 8,860	\$ 11,994	\$ 7,400	\$ (4,594)
Fines and forfeitures. . . . .	391,487	529,974	326,994	(202,980)
Intergovernmental . . . . .	440,730	596,636	368,124	(228,512)
Investment income . . . . .	70,811	95,861	59,146	(36,715)
Other . . . . .	2,302	3,117	1,924	(1,193)
Total revenues . . . . .	<u>914,190</u>	<u>1,237,582</u>	<u>763,588</u>	<u>(473,994)</u>
<b>Expenditures:</b>				
Department of Police. . . . .	<u>865,800</u>	<u>2,521,300</u>	<u>1,887,588</u>	<u>633,712</u>
Total expenditures . . . . .	<u>865,800</u>	<u>2,521,300</u>	<u>1,887,588</u>	<u>633,712</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>48,390</u>	<u>(1,283,718)</u>	<u>(1,124,000)</u>	<u>159,718</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	136,410	184,664	113,938	(70,726)
Transfers out . . . . .	-	(46,000)	(45,993)	7
Total other financing sources (uses) . . . . .	<u>136,410</u>	<u>138,664</u>	<u>67,945</u>	<u>(70,719)</u>
Net change in fund balance . . . . .	184,800	(1,145,054)	(1,056,055)	88,999
<b>Fund balance at beginning of year (restated) . . .</b>	2,088,821	2,088,821	2,088,821	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>353,959</u>	<u>353,959</u>	<u>353,959</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,627,580</u>	<u>\$ 1,297,726</u>	<u>\$ 1,386,725</u>	<u>\$ 88,999</u>



**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 MISCELLANEOUS GRANTS FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
<b>Revenues:</b>				
Charges for services . . . . .	\$ 376,086	\$ 667,926	\$ 328,807	\$ (339,119)
Intergovernmental . . . . .	3,441,663	6,112,366	3,009,001	(3,103,365)
Other . . . . .	1,898,960	3,372,538	1,660,236	(1,712,302)
Total revenues . . . . .	<u>5,716,709</u>	<u>10,152,830</u>	<u>4,998,044</u>	<u>(5,154,786)</u>
<b>Expenditures:</b>				
Other Grants . . . . .	<u>5,080,000</u>	<u>9,658,000</u>	<u>7,026,462</u>	<u>2,631,538</u>
Total expenditures . . . . .	<u>5,080,000</u>	<u>9,658,000</u>	<u>7,026,462</u>	<u>2,631,538</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>636,709</u>	<u>494,830</u>	<u>(2,028,418)</u>	<u>(2,523,248)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	666,291	1,183,328	582,530	(600,798)
Transfers out . . . . .	-	(338,700)	(338,639)	61
Total other financing sources (uses) . . . . .	<u>666,291</u>	<u>844,628</u>	<u>243,891</u>	<u>(600,737)</u>
Net change in fund balance . . . . .	1,303,000	1,339,458	(1,784,527)	(3,123,985)
<b>Fund balance at beginning of year (restated) . . .</b>	(1,500,032)	(1,500,032)	(1,500,032)	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>2,185,486</u>	<u>2,185,486</u>	<u>2,185,486</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,988,454</u>	<u>\$ 2,024,912</u>	<u>\$ (1,099,073)</u>	<u>\$ (3,123,985)</u>

**CITY OF DAYTON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 OTHER SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services . . . . .	\$ 231,271	\$ 394,960	\$ 396,587	\$ 1,627
Intergovernmental . . . . .	690,524	1,179,263	1,184,120	4,857
Investment income . . . . .	8,318	14,205	14,263	58
Other . . . . .	514,608	878,837	882,457	3,620
Total revenues . . . . .	<u>1,444,721</u>	<u>2,467,265</u>	<u>2,477,427</u>	<u>10,162</u>
<b>Expenditures:</b>				
Various Departments. . . . .	6,470,300	8,510,100	5,405,992	3,104,108
Total expenditures . . . . .	<u>6,470,300</u>	<u>8,510,100</u>	<u>5,405,992</u>	<u>3,104,108</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(5,025,579)</u>	<u>(6,042,835)</u>	<u>(2,928,565)</u>	<u>3,114,270</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	2,876,679	4,912,734	4,932,970	20,236
Transfers out . . . . .	-	(758,400)	(758,303)	97
Total other financing sources (uses) . . . . .	<u>2,876,679</u>	<u>4,154,334</u>	<u>4,174,667</u>	<u>20,333</u>
Net change in fund balance . . . . .	(2,148,900)	(1,888,501)	1,246,102	3,134,603
<b>Fund balance at beginning of year (restated) . . .</b>	3,844,246	3,844,246	3,844,246	-
<b>Prior year encumbrances appropriated . . . . .</b>	1,164,257	1,164,257	1,164,257	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,859,603</u>	<u>\$ 3,120,002</u>	<u>\$ 6,254,605</u>	<u>\$ 3,134,603</u>

## STATISTICAL SECTION

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

**CITY OF DAYTON, OHIO**

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION  
LAST TEN YEARS (1 - 3)

Year (2)	Downtown	Youth, Education and Human Services	Community Development and Neighborhoods	Economic Development	Leadership and Quality of Life
2003	\$ 3,747,343	\$ 2,531,763	\$ 20,353,743	\$ 6,996,268	\$ 37,705,241
2002	4,807,733	1,506,653	2,468,203	24,328,537	39,442,705
2001	5,021,369	1,436,191	2,331,172	23,658,978	37,964,500
2000	4,869,311	1,301,481	3,281,232	21,838,458	43,581,245

Year	Policy Development	Economic Development	Neighborhood Development	Land Use	Community Security
1999	\$ 4,209,530	\$ 8,666,422	\$ 21,562,100	\$ 27,568,631	\$ 47,025,960
1998	3,906,544	8,129,048	20,916,252	27,023,884	43,658,203
1997	3,517,339	6,234,581	22,007,949	24,691,637	41,438,538
1996	3,333,165	5,176,240	19,680,327	24,204,931	36,719,057
1995	3,035,584	5,016,975	17,697,932	23,086,873	33,746,207
1994	2,741,913	2,329,099	18,166,050	23,413,484	34,946,963

(1) Includes general, special revenue and debt service.

(2) For 2000, the City of Dayton Changed program classifications.

(3) For 2002, the City of Dayton changed accounting procedures to GASB 34 and includes all governmental activities.

Source: Finance Department; City of Dayton, Ohio

Corporate Responsibility	Public Safety and Justice	Other	Capital Outlay	Debt Service	Total
\$ 16,035,551	\$ 90,354,455	\$ 918,216	\$ 29,742,434	\$ 10,780,926	\$ 219,165,940
15,813,881	100,912,458	1,747,482	22,165,044	10,516,008	223,708,704
22,350,461	101,900,533	373,382	2,700,494	10,857,264	208,594,344
20,761,269	96,185,438	-	802,361	8,673,494	201,294,289

Human Development	Transportation	Administrative Services	Capital Outlay	Debt Service	Total
\$ 17,112,029	\$ 11,833,639	\$ 47,817,478	\$ 137,543	\$ 9,545,571	\$ 195,478,903
15,513,271	11,015,768	42,719,087	1,600,399	4,545,625	179,028,081
16,557,005	12,598,951	41,180,581	1,456,176	5,520,712	175,203,469
15,469,711	12,851,449	35,982,191	1,259,976	6,229,068	160,906,115
13,812,617	13,461,208	36,941,100	3,116,588	6,462,872	156,377,956
13,142,781	12,415,315	32,918,053	4,166,146	8,074,252	152,314,056

**CITY OF DAYTON, OHIO**

GENERAL GOVERNMENTAL REVENUES BY SOURCE  
LAST TEN YEARS (1 - 2)

<u>Year</u>	<u>Taxes</u>	<u>Intergovernmental</u>	<u>Special Assessments</u>	<u>Charges for Services</u>
2003	\$ 147,286,520	\$ 28,609,999	\$ 1,033,045	\$ 22,262,759
2002	145,251,212	24,096,216	693,360	23,813,556
2001	146,833,625	15,969,587	217,330	23,256,851
2000	153,002,507	19,702,445	258,235	22,092,957
1999	147,004,491	20,024,791	380,316	24,247,038
1998	143,115,776	15,426,707	499,771	21,049,556
1997	142,195,336	13,332,977	388,842	18,391,334
1996	136,955,246	11,160,341	532,893	14,169,018
1995	131,722,164	10,136,704	425,856	15,086,577
1994	129,387,223	11,555,482	524,771	11,848,319

(1) Includes General, Special Revenue and Debt Service Funds.

(2) For 2002, the City of Dayton changed accounting procedures to GASB 34 and includes all governmental activities.

Source: Finance Department; City of Dayton, Ohio

<u>Licenses and Permits</u>	<u>Fines and Forfeitures</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total</u>
\$ 2,120,143	\$ 2,083,662	\$ 3,623,500	\$ 5,756,600	\$ 212,776,228
1,980,844	2,249,333	3,332,301	8,319,580	209,736,402
1,928,291	2,454,517	6,568,991	8,085,266	205,314,458
1,995,969	1,754,313	9,463,035	3,973,520	212,242,981
1,620,192	1,211,084	5,831,860	3,572,839	203,892,611
1,651,854	1,486,577	7,403,205	2,203,395	192,836,841
1,537,560	1,081,276	6,663,012	2,195,147	185,785,484
1,341,104	3,141,376	6,035,638	2,000,914	175,336,530
1,101,256	906,991	4,541,703	1,689,196	165,610,447
1,095,730	2,382,328	3,020,007	689,687	160,503,547

**CITY OF DAYTON, OHIO**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS (1)**

<u>Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Collections to Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Levy</u>
2003	\$ 21,142,675	\$ 19,212,789	90.9%	\$ 1,265,481	\$ 20,478,270	96.9%	\$ 4,956,875	23.4%
2002	19,075,592	17,815,051	93.4%	1,327,331	19,142,382	100.4%	4,765,605	25.0%
2001	18,861,580	18,027,699	95.6%	1,121,799	19,149,498	101.5%	3,458,115	18.3%
2000	18,747,632	17,953,577	95.8%	1,028,171	18,981,748	100.1%	4,089,228	21.8%
1999	17,228,696	16,688,916	96.8%	889,833	17,578,749	100.2%	2,854,545	16.6%
1998	17,236,685	16,369,525	95.0%	887,443	17,256,968	100.1%	2,091,752	12.1%
1997	17,139,435	16,499,010	96.3%	820,972	17,319,982	101.1%	2,721,684	15.9%
1996	15,955,014	15,303,711	95.9%	882,680	16,186,391	101.5%	2,754,440	17.3%
1995	15,865,444	15,284,346	96.3%	700,632	15,984,978	100.8%	2,560,886	16.1%
1994	15,828,987	14,720,696	93.0%	658,321	15,379,017	97.2%	2,654,699	16.8%

(1) Includes the General, Special Revenue, Debt Service, Trust and Agency Funds. Presented on the cash basis for all years.

Source: County Auditor; Montgomery County, Ohio



**CITY OF DAYTON, OHIO**

**ASSESSED VALUE AND ESTIMATED TRUE VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS (1)**

<u>Year</u>	<u>Real Property</u>	<u>Public Utility Real Property</u>	<u>Tangible Personal Property</u>	<u>Total Assessed Value</u>	<u>(1) Estimated Value</u>	<u>Percentage of Assessed Value To Estimated True Value</u>
2003	\$ 1,605,463,590	\$ 106,740,710	\$ 402,063,173	\$ 2,114,267,473	\$ 6,269,282,241	33.72%
2002	1,349,792,850	101,461,400	456,304,945	1,907,559,195	5,797,067,825	32.91%
2001	1,321,740,600	139,196,290	440,728,086	1,901,664,976	5,897,206,567	32.25%
2000	1,308,366,160	142,951,440	403,346,103	1,854,663,703	5,799,921,138	31.98%
1999	1,199,695,480	150,755,290	387,618,846	1,738,069,616	5,161,385,240	33.67%
1998	1,196,725,090	146,457,920	356,354,152	1,699,537,162	5,080,306,397	33.45%
1997	1,197,994,870	146,932,600	364,241,202	1,709,168,672	5,048,624,860	33.85%
1996	1,098,801,200	144,608,520	352,091,721	1,595,501,441	4,774,338,272	33.42%
1995	1,092,389,270	153,879,570	340,355,176	1,586,624,016	4,922,188,818	32.23%
1994	1,101,588,140	148,330,870	331,905,260	1,581,824,270	4,898,818,212	32.29%

(1) This is calculated by dividing the assessed value by the assessment percentage. The percentages for 2003 were thirty-five percent (35%) for all real property, eighty-eight (88%) for public utility tangible personal property and twenty five percent (25%) for tangible personal and interexchange telecom public utility.

Source: County Auditor; Montgomery County, Ohio

**CITY OF DAYTON, OHIO**

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

Collection Year	Direct 10 Mill Limitation (By Ohio Constitution)					By November 6, 1945 Charter Amendment		
	Debt Service Fund	Judgment Trust Fund	Street Maintenance Fund	Capital Improvement Fund	Total	Debt Service Fund	General	Total
2003	\$ 0.15	\$ -	\$ 1.35	\$ 1.70	\$ 3.20	\$ 1.80	\$ 5.00	\$ 6.80
2002	0.15	-	1.35	-	1.50	3.50	5.00	8.50
2001	0.15	-	1.35	-	1.50	3.50	5.00	8.50
2000	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50
1999	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50
1998	0.15	-	1.35	-	1.50	3.50	5.00	8.50
1997	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50
1996	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50
1995	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50
1994	0.15	0.50	0.85	-	1.50	3.50	5.00	8.50

(1) The Ohio Constitution places a ten-mill limitation upon the combined property tax levied by the County, the School District, and the City. The City of Dayton has been permitted to levy only 1.5 mills of that ten-mill limitation. The Constitution permits the City to Levy additional millage beyond 1.5 mills upon approval of the electorate. Our City Charter also has a ten-mill limitation which prohibits the City from levying a total tax rate for all purposes in excess of ten mills. As a result of the passage of a Charter amendment, the City has been levying an additional 8.5 mills above the 1.5 mills. This additional millage has resulted in a total property tax rate of ten mills for the City of Dayton, the maximum permitted by the City Charter.

Source: County Auditor; Montgomery County, Ohio

<u>City of Dayton</u>		<u>Dayton City School District</u>	<u>Montgomery County</u>	<u>Montgomery County Public Library</u>
Grand Total				
\$ 10.00	\$	70.85	\$ 18.24	\$ 0.26
10.00		70.85	17.24	0.26
10.00		62.65	16.64	0.26
10.00		62.65	16.64	0.26
10.00		62.65	16.64	0.26
10.00		62.65	16.64	0.26
10.00		62.65	16.64	0.72
10.00		62.65	16.64	0.72
10.00		62.65	16.64	0.72
10.00		62.65	16.14	-

**CITY OF DAYTON, OHIO**

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

<u>Year (3)</u>	<u>Current Assessments Due (1)</u>	<u>Current Assessments Collected (1)</u>	<u>Percent of Current Collections to Current Assessments</u>	<u>Delinquent Assessments Collected (1)</u>	<u>Total Assessments Collected</u>	<u>Percent of Total Assessments Collected to Current Due (2)</u>
2003	\$ 1,720,310	\$ 1,198,753	69.7%	\$ 238,209	\$ 1,436,962	83.5%
2002	1,734,308	1,179,253	68.0%	185,355	1,364,608	78.7%
2001	1,481,584	1,159,041	78.2%	192,008	1,351,049	91.2%
2000	1,392,991	769,441	55.2%	158,810	928,251	66.6%
1999	1,346,031	736,056	54.7%	189,940	925,996	68.8%
1998	1,726,054	1,171,223	67.9%	137,995	1,309,218	75.9%
1997	1,777,543	450,731	25.4%	106,135	556,866	31.3%
1996	1,001,476	358,649	35.8%	190,900	549,549	54.9%
1995	1,005,686	369,126	36.7%	118,995	488,121	48.5%
1994	809,459	390,427	48.2%	175,405	565,832	69.9%

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

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

(3) Beginning in 1994, this table includes nuisance abatement and weed mowing assessments.

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

Source: County Auditor; Montgomery County, Ohio

**CITY OF DAYTON, OHIO**

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA  
LAST TEN YEARS**

Year	Net General Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
2003	\$ 49,762,889	\$ 2,114,267,473	166,179	2.35%	\$ 299
2002	50,608,401	1,907,559,195	166,179	2.65%	305
2001	54,101,466	1,901,664,976	166,179	2.84%	326
2000	33,448,972	1,854,663,703	166,179	1.80%	201
1999	27,526,130	1,738,069,616	167,475	1.58%	164
1998	43,224,643	1,699,537,162	172,947	2.54%	250
1997	9,463,362	1,709,168,672	172,947	0.55%	55
1996	14,767,060	1,595,501,441	178,540	0.93%	83
1995	19,402,055	1,586,624,016	182,005	1.22%	107
1994	24,078,345	1,581,824,270	182,005	1.52%	132

(1) Net general bonded debt is defined as bonded debt supported by taxes less Debt Service Fund fund balance (which does not include reserve for encumbrances or loans receivable).

(2) Source: County Auditor; Montgomery County, Ohio

(3) Source: U.S. Census Bureau and Miami Valley Regional Planning Commission.

(4) In years 1996 - 1999 the City had no general obligation debt. All debt was repaid through enterprise operations.

**CITY OF DAYTON, OHIO**

COMPUTATION OF LEGAL DEBT MARGINS  
DECEMBER 31, 2003

**COMPUTATION OF OVERALL LEGAL DEBT MARGIN**

Assessed Value		\$ 2,114,267,473
Overall Debt Limitation		
10 1/2 Percent of Assessed Valuation		\$ 221,998,085
Total Voted and Unvoted Debt Outstanding at December 31, 2003	202,589,607	
Less: Exempt Debt		
Primary Government:		
Golf Renovation General Obligation Bonds	3,104,190	
Airport General Obligation Bonds and Note	4,850,000	
Waterworks Revenue Bonds (1)	21,839,200	
Ohio Water Development Authority Loan	27,401,011	
Ohio Public Works Commission Loan	850,000	
Airport Revenue Bonds (1)	64,951,733	
Special Assessment Bonds and Note	1,143,415	
Capital Facilities and Various Purpose Income Tax Bonds	51,810,798	
Economic Development Bonds	11,790,000	
Debt Within 10 1/2 Percent Limitation	14,849,260	
Less: Bond Retirement Fund Balance	8,872,909	
Net Debt Subject to 10 1/2 Percent Limitation		5,976,351
Legal Debt Margin Within 10 1/2 Percent Limitation		\$ 216,021,734

**COMPUTATION OF UNVOTED LEGAL DEBT MARGIN**

Assessed Value		\$ 2,114,267,473
Unvoted Debt Limitation		
5 1/2 Percent of Assessed Valuation		\$ 116,284,711
Total Unvoted Debt Outstanding at December 31, 2003	202,589,607	
Less: Exempt Debt		
Primary Government:		
Golf Renovation General Obligation Bonds	3,104,190	
Airport General Obligation Bonds and Note	4,850,000	
Waterworks Revenue Bonds (1)	21,839,200	
Ohio Water Development Authority Loan	27,401,011	
Ohio Public Works Commission Loan	850,000	
Airport Revenue Bonds (1)	64,951,733	
Special Assessment Bonds and Note	1,143,415	
Capital Facilities and Various Purpose Income Tax Bonds	51,810,798	
Economic Development Bonds	11,790,000	
Debt Within 5 1/2 Percent Limitation	14,849,260	
Less: Bond Retirement Fund Balance	8,872,909	
Net Debt Subject to 5 1/2 Percent Limitation		5,976,351
Legal Debt Margin Within 5 1/2 Percent Limitation		\$ 110,308,360

(1) Airport and Waterworks revenue bonds are shown on the balance Sheet net of a discount and unamortized deferred charges of \$2,328,267 and \$225,800, respectively.

**CITY OF DAYTON, OHIO**

COMPUTATION OF DIRECT AND OVERLAPPING  
GENERAL OBLIGATION BONDED DEBT  
DECEMBER 31, 2003

Jurisdiction	Assessed Value	Net General Bonded Debt	Percentage Overlapping	Net Tax Supported Overall Debt
Direct:				
City of Dayton	\$ 2,114,267,473	\$ 49,762,889	100.00%	\$ 49,762,889
Overlapping Debt:				
Dayton City School District	2,161,303,456	-	98.64%	-
Montgomery County	10,076,911,930	35,982,639	20.80%	7,484,389
Total Overlapping Debt				7,484,389
Total Direct and Overlapping Debt				\$ 57,247,278

Source: County Auditor; Montgomery County, Ohio

Note: The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

**CITY OF DAYTON, OHIO**

RATIO OF ANNUAL DEBT PRINCIPAL AND INTEREST EXPENDITURES  
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL  
GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN YEARS (1)

<u>Year</u>	<u>Principal (2)</u>	<u>Interest and Fiscal Charges (2)</u>	<u>Total</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to General Expenditures</u>
2003	\$ 7,350,552	\$ 3,430,374	\$ 10,780,926	\$ 219,165,940	4.92%
2002	6,198,173	4,317,835	10,516,008	223,708,704	4.70%
2001	6,524,068	4,333,196	10,857,264	208,594,344	5.20%
2000	4,465,000	2,917,114	7,382,114	201,192,360	3.70%
1999	5,295,000	3,139,008	8,434,008	195,478,903	4.30%
1998	2,200,000	2,057,228	4,257,228	179,028,081	2.40%
1997	2,657,475	1,840,797	4,498,272	175,203,469	2.60%
1996	4,147,664	2,081,404	6,229,068	160,906,115	3.90%
1995	4,120,582	2,342,289	6,462,871	156,377,956	4.10%
1994	5,636,163	2,438,089	8,074,252	152,314,056	5.30%

(1) Total General Expenditures include General, Special Revenue, and Debt Service Funds.

(2) Excludes general obligation debt reported in the enterprise funds.

Source: Finance Department; City of Dayton, Ohio



**CITY OF DAYTON, OHIO**  
**REVENUE BOND COVERAGE**  
**DAYTON INTERNATIONAL AIRPORT**  
**LAST TEN YEARS**

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2003	\$ 17,489,400	\$ 1,275,000	\$ 1,206,507	\$ 2,481,507	7.05
2002	4,936,408	1,975,000	1,820,023	3,795,023	1.30
2001	5,879,030	1,890,000	1,910,247	3,800,247	1.55
2000	6,922,358	1,800,000	1,994,329	3,794,329	1.82
1999	9,114,117	1,725,000	2,073,164	3,798,164	2.40
1998	10,690,242	1,645,000	2,146,660	3,791,660	2.82
1997	9,775,151	1,580,000	2,215,570	3,795,570	2.58
1996	8,861,002	1,520,000	2,473,688	3,993,688	2.22
1995	4,915,697	1,075,000	3,199,898	4,274,898	1.15
1994	8,357,703	1,015,000	3,254,828	4,269,828	1.96

(1) Net Revenue Available for Debt Service is computed by adding net income (loss) for the reporting period to depreciation, amortization, and interest expense.

**CITY OF DAYTON, OHIO**

REVENUE BOND COVERAGE  
WATER FUND  
LAST TEN YEARS

Year	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2003 (a)	\$ 5,415,955	\$ 5,195,000	\$ 1,101,110	\$ 6,296,110	0.86
2002 (a)	7,099,652	5,000,000	1,301,110	6,301,110	1.13
2001	19,668,398	4,805,000	1,493,310	6,298,310	3.12
2000	18,333,123	4,625,000	1,678,310	6,303,310	2.91
1999	15,414,054	5,000,000	1,389,983	6,389,983	2.41
1998	13,764,616	750,000	3,436,222	4,186,222	3.29
1997	11,138,819	710,000	3,478,112	4,188,112	2.66
1996	11,221,602	670,000	3,516,302	4,186,302	2.68
1995	14,246,626	2,095,000	4,204,486	6,299,486	2.26
1994	22,095,917	1,940,000	4,360,706	6,300,706	3.51

(1) Net Revenue Available for Debt Service is computed by adding net income (loss) for the reporting period to depreciation, amortization, and interest expense.

(a) In accordance with the Trust Agreement, amounts on deposit in the Utility Reserve Fund may be transferred into the Revenue Fund or the Bond Service Fund (as defined in the Trust Agreement) to be included as Net Revenue Available for Debt Service. Had sufficient transfers been made by the fiscal year-end, the revenue bond coverage ratio would have met the required minimum of 1.25. The city has sufficient unrestricted net assets to meet the Rate Covenant as described in Section 4.02 of the Trust Agreement.

**CITY OF DAYTON, OHIO**

DEMOGRAPHIC STATISTICS  
LAST TEN YEARS

Fiscal Year	Population (1)	Public School Enrollment (2)				Unemployment Statistics (3)	Age Distribution of Population for the Last Three Censuses:			
		Elementary	Intermediate	High	Total		Age	2000	1990	1980
2003	166,179	9,296	2,874	5,000	17,170	5.5%	Under 5	7.1%	8.5%	8.2%
2002	166,179	11,969	3,345	5,474	20,788	5.6%	5-14	14.1%	13.8%	14.3%
2001	166,179	12,023	3,345	5,474	20,842	7.4%	15-24	18.2%	16.8%	20.7%
2000	166,179	11,995	3,568	5,516	21,079	6.0%	25-34	14.1%	18.0%	16.1%
1999	167,475	13,228	3,515	5,735	22,478	4.0%	35-44	14.9%	13.0%	8.9%
1998	172,947	16,305	3,386	6,595	26,286	6.6%	45-54	12.1%	8.3%	9.5%
1997	172,947	15,671	4,394	6,102	26,167	6.9%	55-64	7.5%	8.5%	10.2%
1996	178,540	16,052	4,328	6,599	26,979	7.6%	65+	12.0%	13.1%	12.1%
1995	182,005	15,913	4,246	6,832	26,991	7.2%				
1994	182,005	16,210	4,442	6,690	27,342	8.5%				

(1) Source: U.S. Bureau of Census and Miami Valley Regional Planning Commission.

(2) Source: Records of the Dayton Board of Education, Office of Public Information.

(3) Unemployment rate are an average of that year. Source: Ohio Bureau of Employment Services.

**CITY OF DAYTON, OHIO**

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN YEARS

Year	Real Property (1)		Building Permits Issued (2)	Estimated Value of Buildings (2)	County Bank Deposits (3)
	Assessed Value	Estimated Market Value			
2003	\$ 1,605,463,590	\$ 4,587,038,829	1,407	\$ 133,241,900	\$ 249,614,000
2002	1,349,792,850	3,856,551,000	1,314	148,084,800	241,447,000
2001	1,321,740,600	3,776,401,714	1,206	129,052,146	208,298,000
2000	1,308,366,160	3,738,189,028	1,652	124,091,672	191,473,000
1999	1,199,695,480	3,427,701,371	1,564	80,143,557	2,994,378,000
1998	1,196,725,090	3,419,214,543	1,390	101,936,784	3,264,705,000
1997	1,197,994,870	3,422,842,486	1,634	82,811,189	3,530,314,000
1996	1,098,801,200	3,139,432,000	1,512	67,723,613	3,899,145,000
1995	1,092,389,270	3,121,112,200	1,571	91,960,478	3,995,114,000
1994	1,101,588,140	3,147,394,686	1,597	90,875,248	4,034,766,000

Source: (1) County Auditor; Montgomery County, Ohio

(2) City of Dayton Division of Business Services, Permit Section.

(3) Decrease for 2000 due to bank restructuring. Deposits at end of year are no longer held in Montgomery County, but in Cuyahoga County.

**CITY OF DAYTON, OHIO**

**PRINCIPAL TAXPAYERS  
DECEMBER 31, 2003**

The following is a list of the ten largest ad valorem taxpayers (based on the taxable valuation of their property) subject to the City's taxing jurisdiction.

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Tangible Property Taxable Valuation</u>	<u>Real Property Taxable Valuation (1)</u>	<u>Total Taxable Valuation (1)</u>	<u>Percentage of Total Assessed Valuation</u>
Dayton Power and Light Company	Utilities	\$ -	\$ 45,621,640	\$ 45,621,640	2.23%
NCR	Computer Technology	11,216,950	16,897,860	28,114,810	1.38%
Ohio Bell Telephone Company	Public Utility	-	26,669,450	26,669,450	1.30%
Delphi Automotive Systems Corporation	Automotive	20,400,540	3,380,110	23,780,650	1.16%
Arts Center Foundation	Non-Profit	-	16,082,190	16,082,190	0.79%
General Motors	Automotive	12,663,920	-	12,663,920	0.62%
Behr Dayton Thermal	Automotive	5,750,850	5,091,510	10,842,360	0.53%
Dayton Heart Hospital	Hospital	2,941,560	7,142,490	10,084,050	0.49%
Marriott International	Hotel	-	8,461,750	8,461,750	0.41%
Standard Register	Computer/office equipment	5,525,170	1,921,100	7,446,270	0.36%
Total		58,498,990	131,268,100	189,767,090	9.29%
All Other Taxpayers		259,568,620	1,594,350,030	1,853,918,650	90.71%
Total Assessed Valuation		<u>\$ 318,067,610</u>	<u>\$1,725,618,130</u>	<u>\$2,043,685,740</u>	<u>100.00%</u>

(1) Includes Public Utility Real

Source: County Auditor; Montgomery County, Ohio

(Continued)

**CITY OF DAYTON, OHIO**

**PRINCIPAL TAXPAYERS**

**DECEMBER 31, 2003**

(Continued)

The listing of employers as shown is based on income tax withholding recorded by the City of Dayton Division of Taxation.

<u>Name of Taxpayer</u>	<u>Nature of Business</u>
Miami Valley Hospital	Hospital
NCR	Technology
Delphi Automotive Systems Corp.	Automotive
Montgomery County	Government
City of Dayton	Government
Dayton City School District	Education
Good Samaritan Hosp	Hospital
University of Dayton	Education
Veterans Administration	Hospital
Defense Finance *Accounting	Government

**CITY OF DAYTON, OHIO**

**MISCELLANEOUS STATISTICS  
DECEMBER 31, 2003**

Date of Incorporation	February 12, 1805
Date Present Charter Adopted	August 12, 1913
Form of Government	Commission-Manager Plan
Area - Square Miles	56.3
Miles of Streets and Alleys Paved	855
Miles of Sewers:	
Storm	600
Sanitary	650
Number of Street Lights	19,356
Employees as of December 31, 2003 (all positions)	2,589
Elections:	
Number of Registered Voters	88,803
Number of Votes Cast in Last General Election	26,925
Percentage of Registered Voters Voting in Last General Election	30.32%
Municipal Water Department:	
Number of Accounts	62,070
Average Daily Consumption (million gallons)	72.35
Miles of Water Mains	800.0
Fire Protection:	
Number of Stations	13
Number of Employees	379
Police Protection:	
Number of Districts	5
Number of Employees	464
Recreation and Park Facilities:	
Number of Acres	1,400
Total Facilities	10
Tennis Courts	22
Golf Courses	3
Swimming Pools (including wading)	16

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