



CITY OF CLAYTON, OHIO

Comprehensive Annual Financial Report
For the Year Ended December 31, 2013

Prepared by: **Department of Finance**

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

Teri Birchfield **Assistant to the Director of Finance**



Dave Yost • Auditor of State

City Council
City of Clayton
PO Box 280
Englewood, Ohio 45315

We have reviewed the *Independent Auditors' Report* of the City of Clayton, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Clayton is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 3, 2014

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Comprehensive Annual Financial Report
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June 20, 2014

Citizens of Clayton
Members of Council
City of Clayton, Ohio

We are pleased to present the tenth Comprehensive Annual Financial Report (CAFR) for the City of Clayton. This report, for the year ended December 31, 2013, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Clayton (the "City").

State law requires that every general-purpose local government file with the Auditor of State of Ohio and publish the availability of the financial statements within 150 days of the close of each year. The general purpose external financial statements from this report were filed to fulfill that requirement for the year ended December 31, 2013.

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

Clark Schaefer Hackett has issued an unmodified ("clean") opinion on the City of Clayton's financial statements for the year ended December 31, 2013. The Independent Auditors' Report is located at the front of the financial section of this report.

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

CITY OVERVIEW

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

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

CITY ORGANIZATION AND REPORTING ENTITY

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

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading.

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves their budget, the issuance of their debt or the levying of their taxes. Currently, the City does not have any component units.

The City participates in a joint venture, the Clay Township-City of Clayton Joint Economic Development District (the "District") with Clay Township. The District was established for the purpose of facilitating economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the District. The District will permit the City and the Township to share income tax revenues from the development of business operations within the District. The Miami Valley Regional Planning Commission is a jointly governed organization. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. The City is also a member of the Economic Development/Government Equity Program (ED/GE), a jointly governed organization which promotes developing plans and programs designed to assure that City resources are efficiently used, that economic growth is properly balanced, and that City economic development is coordinated with that of the State of Ohio and other local governments. The City belongs to the Public Entitles Pool of Ohio, a risk-sharing pool available to Ohio local governments. These organizations are presented in Notes 17, 18 and 19.

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

This annual budget serves as the foundation for the City of Clayton's financial planning and control. The budget is prepared by fund, personal services and all other objects level for all funds. Department heads may transfer resources within a department as they see fit.

ITEMS OF LOCAL INTEREST

Parks and Recreation

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

Culture and Education

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

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

Transportation

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

In November of 2003, the Clayton voters approved a 1.5 percent income tax which, in its tenth full year of collection, generated \$2,617,576 in governmental fund revenue. In January 2005, in an attempt to increase the number of jobs within the City limits, the City of Clayton exercised its eight year-old option to purchase 143 acres of prime industrial land adjacent to I-70 for a commerce park. During 2006, the installation of the infrastructure for the commerce park was completed. During 2011, the City reached an agreement with Caterpillar Logistics Inc. to build a parts distribution center on the site of the current commerce park. The distribution center created an additional 644 jobs and additional income to the area.

Major reconstruction of the I-70/I-75 interchange has been completed. This project has a direct impact on the City due to the location of the City to the new interchange and the added benefits of a safer, more modern and efficient crossroad. The new interchange accommodates increased traffic flow and eliminates weaving of traffic at the interchange. The new interchange easily accommodates the increased traffic and

keeps goods, services and people moving. All of these factors enhance the quality of life within the City and promote economic development and growth for the City as a whole.

To further enhance potential economic development opportunities, City Council continues to belong to the Montgomery County ED/GE program. The ED/GE program is a combined economic development/tax-sharing program whose participants include Montgomery County and its townships, villages and cities. The City was approved for an ED/GE program grant during 2010 and used the monies to purchase the additional land to expand the commerce park for the Caterpillar Logistics Inc. parts distribution center.

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

- The economic environment in the area has shown some trends of improving;
- The housing market has seen a stabilization in foreclosures and a decrease in new construction; and
- The financial and credit markets' instability have added to the unpredictability of the economy.

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

FINANCIAL PLANNING AND POLICIES

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

The City of Clayton contracts with the City of Vandalia to administer the tax ordinances and collect the City income taxes by the authority of those ordinances.

The City of Clayton also continues to maintain a Moody's "Aa2" bond rating.

MAJOR INITIATIVES

The Commerce Park, which is a 143 acre parcel of land on Hoke Road that is adjacent to I-70, was purchased at the end of 2010 by Caterpillar Logistics Inc.. The construction of a 1.5 million square foot parts distribution center was completed in early 2011 and is currently operating with employment of 644 employees.

OTHER INFORMATION

Independent Audit

An audit team from Clark Schaefer Hackett has performed this year's audit. The results of the audit are presented in the Independent Auditors' Report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clayton for its

Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2012. This was the tenth year that the City of Clayton achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectively Submitted,



Richard C. Rose
City Manager



Kevin A. Schweitzer, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Clayton
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

City of Clayton, Ohio

Principal Officials

December 31, 2013

Elected Officials

Name	Title	Term Expires
Joyce Deitering	Mayor	12/31/2017
Tim Gorman	Vice-Mayor	12/31/2015
Kenneth C. Henning	Council	12/31/2015
Ray A. Slone, Jr.	Council	12/31/2015
Greg Merkle	Council	12/31/2017
Dennis Liberman	Council	12/31/2017
Tina Kelly	Council	12/31/2017

Appointed Officials

Name	Title	Appointing Authority
Richard Rose	Acting City Manager *	Pleasure of Council
Debbie L. Manns	Assistant City Manager	Pleasure of City Manager
Kevin A. Schweitzer, CPA	Finance Director	Pleasure of City Manager
Barbara Seim	Clerk of Council	Pleasure of Council
Robert E. Portune	Law Director	Pleasure of Council
Gwen Eberly	Director of Community Services and Economic Development Director	Pleasure of City Manager
Richard Rose	Director of Public Safety	Pleasure of City Manager

* Richard Rose was appointed City Manager on March 1, 2014.

CITY OF CLAYTON ORGANIZATIONAL CHART

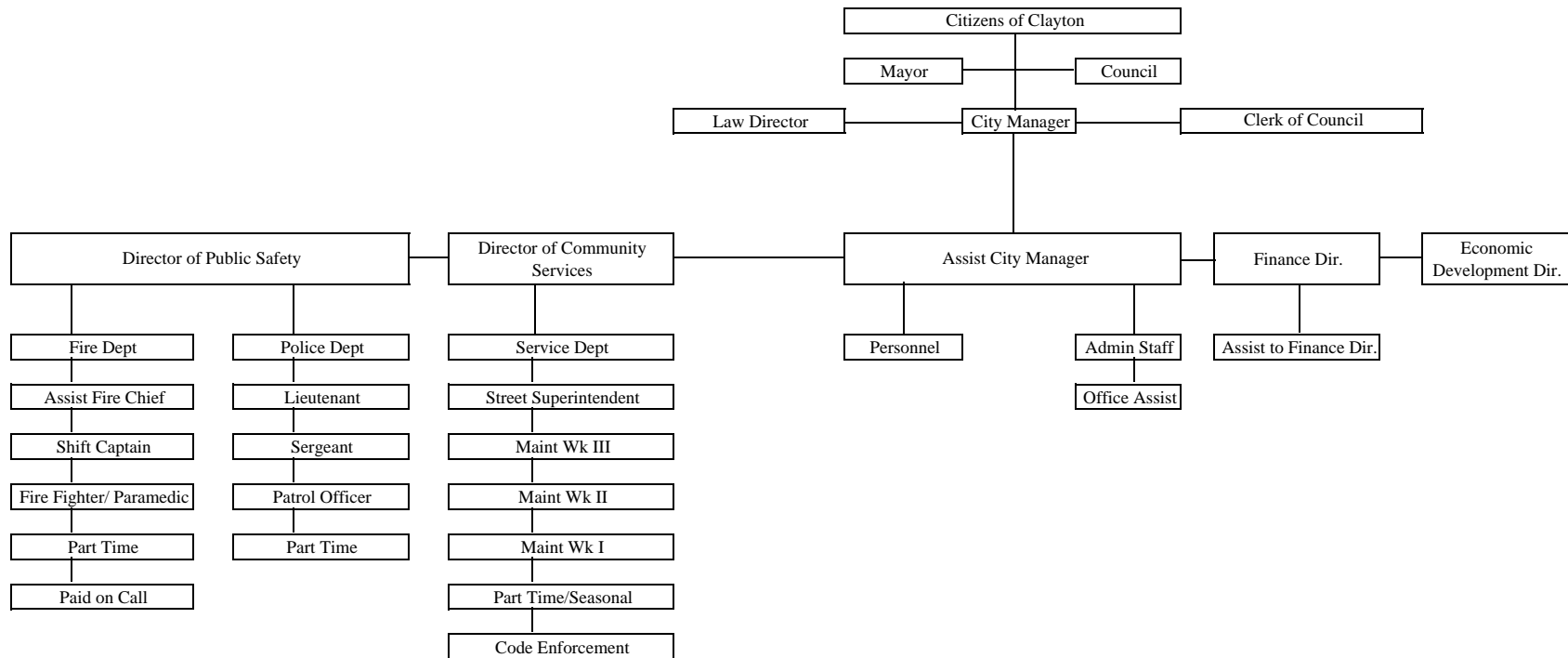
ADMINISTRATIVE OFFICES' MISSION

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

SERVICE DEPARTMENT MISSION

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

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INDEPENDENT AUDITORS' REPORT

City Council
City of Clayton, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, Ohio (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General, Police, Street Department and Fire Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

14 east main street, ste. 500
springfield, oh 45502

www.cshco.com
p. 937.399.2000
f. 937.399.5433

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

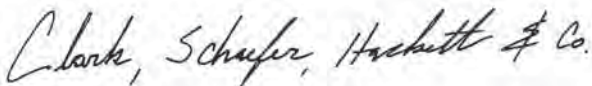
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining statements, individual fund schedules, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and individual fund schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Springfield, Ohio
June 20, 2014

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Clayton's discussion and analysis of the annual financial report provides an overview of the City's financial activities for the year ended December 31, 2013. 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

- During 2013, Northmont City School District started construction on a new 270,000 square foot high school costing \$44 million. A completion date of late 2015 is expected.
- The City issued \$3,665,000 of various purpose refunding bonds for the purpose of advance refunding a portion of the 2005 various purpose bonds, which were to improve State Route 48 and acquire land.

USING THIS ANNUAL FINANCIAL REPORT

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

The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Position and the Statement of Activities

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

These two statements report the City's net position and changes in that position. These changes inform the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

The proprietary funds use the same measurement focus and basis of accounting as the business-type activities when the City charges citizens for the services it provides, with the intent of recapturing operating costs, those services are generally reported in enterprise funds.

Fiduciary Funds

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

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

THE CITY AS A WHOLE

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2013 compared to 2012.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and Other Assets	\$12,573,176	\$11,764,379	\$175,627	\$173,387	\$12,748,803	\$11,937,766
Capital Assets, Net	12,409,232	12,235,896	6,751,885	6,914,236	19,161,117	19,150,132
<i>Total Assets</i>	<u>24,982,408</u>	<u>24,000,275</u>	<u>6,927,512</u>	<u>7,087,623</u>	<u>31,909,920</u>	<u>31,087,898</u>
Deferred Outflow of Resources:						
Deferred Charge on Refunding	417,711	0	0	0	417,711	0
Liabilities:						
Current and Other Liabilities	542,313	427,876	68,892	183	611,205	428,059
Long-Term Liabilities	6,210,000	6,167,219	7,179,702	7,239,424	13,389,702	13,406,643
<i>Total Liabilities</i>	<u>6,752,313</u>	<u>6,595,095</u>	<u>7,248,594</u>	<u>7,239,607</u>	<u>14,000,907</u>	<u>13,834,702</u>
Deferred Inflow of Resources:						
Property Taxes	2,267,059	2,266,358	0	0	2,267,059	2,266,358
Payments in Lieu of Taxes	298,178	337,242	0	0	298,178	337,242
<i>Total Deferred Inflows of Resources</i>	<u>2,565,237</u>	<u>2,603,600</u>	<u>0</u>	<u>0</u>	<u>2,565,237</u>	<u>2,603,600</u>
Net Position:						
Net Investment in Capital Assets	7,073,297	7,027,755	(427,817)	(325,188)	6,645,480	6,702,567
Restricted for:						
Capital Outlay	775,624	709,166	0	0	775,624	709,166
Other Purposes	2,553,780	2,114,124	0	0	2,553,780	2,114,124
Unrestricted	5,679,868	4,950,535	106,735	173,204	5,786,603	5,123,739
<i>Total Net Position (Deficit)</i>	<u>\$16,082,569</u>	<u>\$14,801,580</u>	<u>(\$321,082)</u>	<u>(\$151,984)</u>	<u>\$15,761,487</u>	<u>\$14,649,596</u>

Current and other assets of governmental activities increased because of an increase in equity in pooled cash and cash equivalent and accounts receivable. The amount of this increase was \$808,797 mainly due to the City reducing expenses while revenues remained consistent with the prior year. Accounts receivable increased due to EMS billings outstanding at year-end.

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

Overall, liabilities of governmental activities increased \$157,218 due to an increase in long-term liabilities relating to an advance refunding, as well as an increase in accounts payable reported at year-end.

Net position of governmental activities increased 8.7 percent from the prior year. Net investment in capital assets increased \$45,542 due to additions exceeding current year deletions. Unrestricted net position increased \$729,333, due to an increase in cash and cash equivalents relating to the City reducing expenditures while revenues decreased slightly from the prior year.

Net position of business-type activities decreased \$169,098, resulting mainly from an increase in accrued interest payable and a decrease in transfers from the General Fund.

Table 2 shows the changes in net position for the year ended December 31, 2013 compared to 2012.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$1,489,153	\$1,220,908	\$68,452	\$70,286	\$1,557,605	\$1,291,194
Operating Grants, Contributions and Interest	1,016,512	1,012,553	0	0	1,016,512	1,012,553
Capital Grants, Contributions and Interest	0	136,168	0	0	0	136,168
<i>Total Program Revenues</i>	<u>2,505,665</u>	<u>2,369,629</u>	<u>68,452</u>	<u>70,286</u>	<u>2,574,117</u>	<u>2,439,915</u>
General Revenues:						
Property Taxes	2,386,903	2,368,350	0	0	2,386,903	2,368,350
Other Local Taxes	281,529	284,333	0	0	281,529	284,333
Payment in Lieu of Taxes	413,584	359,430	0	0	413,584	359,430
Municipal Income Taxes	2,366,935	2,871,776	0	0	2,366,935	2,871,776
Grants and Entitlements not Restricted to Specific Programs	401,933	307,054	0	0	401,933	307,054
Investment Income	109,373	34,456	0	0	109,373	34,456
Investment in Joint Venture	(5,678)	(568)	0	0	(5,678)	(568)
Other	254,207	165,745	11,897	0	266,104	165,745
<i>Total General Revenues</i>	<u>6,208,786</u>	<u>6,390,576</u>	<u>11,897</u>	<u>0</u>	<u>6,220,683</u>	<u>6,390,576</u>
<i>Total Revenues</i>	<u>8,714,451</u>	<u>8,760,205</u>	<u>80,349</u>	<u>70,286</u>	<u>8,794,800</u>	<u>8,830,491</u>

(continued)

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

Table 2
Change in Net Position
Continued

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program Expenses:						
General Government	2,026,231	2,671,295	0	0	2,026,231	2,671,295
Security of Persons and Property	3,513,534	3,490,585	0	0	3,513,534	3,490,585
Public Health	1,662	1,792	0	0	1,662	1,792
Economic Development	20,952	10,138	0	0	20,952	10,138
Transportation	1,521,183	1,466,901	0	0	1,521,183	1,466,901
Interest and Fiscal Charges	249,304	388,039	0	0	249,304	388,039
Water Department	0	0	140,683	174,608	140,683	174,608
Sewer Operating	0	0	209,360	222,426	209,360	222,426
<i>Total Expenses</i>	<u>7,332,866</u>	<u>8,028,750</u>	<u>350,043</u>	<u>397,034</u>	<u>7,682,909</u>	<u>8,425,784</u>
<i>Increase (Decrease) in Net Position before Transfers</i>	1,381,585	731,455	(269,694)	(326,748)	1,111,891	404,707
Transfers	<u>(100,596)</u>	<u>(201,193)</u>	<u>100,596</u>	<u>201,193</u>	<u>0</u>	<u>0</u>
<i>Change in Net Position</i>	1,280,989	530,262	(169,098)	(125,555)	1,111,891	404,707
<i>Net Position at Beginning of Year</i>	<u>14,801,580</u>	<u>14,271,318</u>	<u>(151,984)</u>	<u>(26,429)</u>	<u>14,649,596</u>	<u>14,244,889</u>
<i>Net Position at End of Year</i>	<u>\$16,082,569</u>	<u>\$14,801,580</u>	<u>(\$321,082)</u>	<u>(\$151,984)</u>	<u>\$15,761,487</u>	<u>\$14,649,596</u>

Governmental Activities

Total revenues decreased an immaterial \$45,754. The largest revenue sources for the City are property taxes and municipal income taxes, accounting for 54.6 percent of total revenues. Property tax revenue increased \$18,553. Municipal income tax decreased \$504,841 due to timing differences in income tax collections. Grants and entitlements not restricted for specific programs increased \$94,879 mainly due to unexpected distributions in inheritance tax monies.

Expenses reported for Governmental Activities for 2013 decreased \$695,884 compared with those reported for 2012 as there was a lower rate of expenses incurred during 2013 due to the City constantly analyzing expenditures during the year and exercising fiscal restraint.

Business – Type Activities

The City's water and sewer operating system operations constitute the only business-type activities. Business-type activities are projects or funds in which revenues offset or nearly offset the costs of providing the services. Net position of the business-type activities decreased to \$169,098, due to depreciation expenses of \$162,351.

Expenses decreased \$46,991 due mainly to a decrease in contractual services and water consumption billed by the City of Dayton in the Water Department.

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

THE CITY'S FUNDS

Major governmental funds for the City for 2013 are the General, Police, Street Department, Fire, and Capital Improvement Funds. These funds are reported using the modified accrual basis of accounting. The major funds account for 86 percent of total revenues, and 83 percent of total expenditures.

The General Fund balance increased \$835,244 which is a 20 percent increase. The increase in fund balance was mainly due to decrease in expenditures primarily relating to transfers out.

The Police Fund balance decreased \$68,927. Expenditures exceeded revenues by \$406,169 and the City transferred \$337,242 from the General Fund to help offset the increase in expenditures.

The Street Department Fund had total revenues of \$591,005, mainly intergovernmental revenues in the form of State imposed gasoline taxes and motor vehicle license registration fees. Expenditures increased 2 percent from 2012 due to an increase in personal services and supplies and materials. Transfers-in from the General Fund are also necessary to subsidize the activity in this fund.

The Fire Fund had an increase in fund balance of \$111,109 during 2013. Revenues, primarily other revenue, increased \$34,774 and expenditures decreased \$50,315. The City reallocates expenditures between the Fire Fund and the EMS Fund.

The Capital Improvement Fund decreased \$336,769. The decrease in fund balance for 2013 is due to a decrease in intergovernmental revenues and note and lease proceeds from 2012.

General Fund Budgeting Highlights

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

Original and final budgeted revenues were \$3,125,089. Final appropriations were \$22,995 lower than original appropriations.

Actual revenues of \$3,495,876 were higher than the final estimated budget basis revenues of \$3,125,089, resulting in a difference of \$370,787. The City received distributions of inheritance tax that was unbudgeted. Actual expenditures of \$2,210,558 were \$115,289 lower than final appropriations due to the City constantly analyzing expenditures during the year and exercising fiscal restraint.

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2013, the City's book value of capital assets for governmental activities (net of accumulated depreciation) amounted to \$12,409,232. Significant additions to capital assets included vehicles and infrastructure. The City added a new fire truck and completed street resurfacing during 2013. Deletions consisted of vehicles and furniture, fixtures and equipment. Overall capital assets of governmental activities (net of accumulated depreciation) increased \$173,336.

At December 31, 2013, the City's book value of capital assets for business-type activities (net of accumulated depreciation) amounted to \$6,751,885. Overall assets of business-type activities (net of accumulated depreciation) decreased \$162,351 due to annual depreciation.

See Note 9 for more information about the City's capital assets at December 31, 2013.

Debt Administration

At December 31, 2013, the City's governmental activities had \$5,344,159 in general obligation bonds outstanding, \$290,000 of which is due within one year. The City's governmental activities had \$220,445 in two promissory notes outstanding, \$371,953 in capital leases outstanding, \$49,282 and \$88,875 of which is due within one year, respectively.

At December 31, 2013, the City's business-type activities had \$7,179,702 in outstanding loans, \$126,285 of which is due within one year.

See Notes 13 and 14 for more detailed information.

CURRENT FINANCIAL ISSUES

The City of Clayton has continued to preserve the fiscal position from 2012. The department heads have continued the fiscal restraint which ultimately led to the under spending of appropriations.

Also, the cash management and budgetary policies of the Department of Finance encourage the growth in fund carryovers. It has been the intent of Council to only utilize current revenues to fund budgeted expenditures, but this is proving to be a hard goal to reach. These actions have aided the City in enduring the financial environment that existed during 2013.

To increase income tax collections, the City is employing a new third party administrator that is more aggressive in collection of income taxes. The City also has made more of a concentrated effort in maximizing investment income with the aid of an investment advisor.

City of Clayton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

City of Clayton, Ohio
Statement of Net Position
December 31, 2013

	Governmental Activities	Business- Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$7,266,112	\$166,186	\$7,432,298
Accounts Receivable	741,336	9,441	750,777
Accrued Interest Receivable	7,066	0	7,066
Due from Other Governments	589,351	0	589,351
Prepaid Items	23,818	0	23,818
Payment in Lieu of Taxes Receivable	457,112	0	457,112
Municipal Income Taxes Receivable	1,055,611	0	1,055,611
Property Taxes Receivable	2,337,929	0	2,337,929
Other Local Taxes Receivable	51,845	0	51,845
Special Assessments Receivable - Current	29,551	0	29,551
Special Assessments Receivable - Delinquent	11,187	0	11,187
Investment in Joint Venture	2,258	0	2,258
Nondepreciable Capital Assets	4,069,825	0	4,069,825
Depreciable Capital Assets, net	8,339,407	6,751,885	15,091,292
<i>Total Assets</i>	<u>24,982,408</u>	<u>6,927,512</u>	<u>31,909,920</u>
Deferred Outflows of Resources:			
Deferred Charge on Refunding	417,711	0	417,711
Liabilities:			
Accounts Payable	172,249	25	172,274
Accrued Wages Payable	70,391	0	70,391
Due to Other Governments	287,702	9,859	297,561
Accrued Interest Payable	11,971	59,008	70,979
Long-Term Liabilities:			
Due Within One Year	630,471	126,285	756,756
Due in More Than One Year	5,579,529	7,053,417	12,632,946
<i>Total Liabilities</i>	<u>6,752,313</u>	<u>7,248,594</u>	<u>14,000,907</u>
Deferred Inflows of Resources:			
Property Taxes	2,267,059	0	2,267,059
Payments in Lieu of Taxes	298,178	0	298,178
Total Deferred Inflows of Resources	<u>2,565,237</u>	<u>0</u>	<u>2,565,237</u>
Net Position:			
Net Investment in Capital Assets	7,073,297	(427,817)	6,645,480
Restricted for Capital Outlay	775,624	0	775,624
Restricted for Security of Persons and Property	952,853	0	952,853
Restricted for Transportation	641,486	0	641,486
Restricted for Public Health	35,753	0	35,753
Restricted for Legislative and Executive	796,882	0	796,882
Restricted for Economic Development	126,806	0	126,806
Unrestricted	5,679,868	106,735	5,786,603
<i>Total Net Position (Deficit)</i>	<u>\$16,082,569</u>	<u>(\$321,082)</u>	<u>\$15,761,487</u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Activities
For the Year Ended December 31, 2013

	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions and Interest
Governmental Activities:			
General Government	\$2,026,231	\$778,361	\$22,208
Security of Persons and Property	3,513,534	693,824	390,505
Public Health	1,662	8,650	0
Economic Development	20,952	0	0
Transportation	1,521,183	8,318	603,799
Interest and Fiscal Charges	249,304	0	0
<i>Total Governmental Activities</i>	<u>7,332,866</u>	<u>1,489,153</u>	<u>1,016,512</u>
Business-Type Activities:			
Water Department	140,683	68,432	0
Sewer Operating	209,360	20	0
<i>Total Business-Type Activities</i>	<u>350,043</u>	<u>68,452</u>	<u>0</u>
<i>Totals</i>	<u>\$7,682,909</u>	<u>\$1,557,605</u>	<u>\$1,016,512</u>

General Revenues:

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

Total General Revenues and Transfers

Change in Net Position

Net Position (Deficit) at Beginning of Year

Net Position (Deficit) at End of Year

See accompanying notes to the basic financial statements

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$1,225,662)	\$0	(\$1,225,662)
(2,429,205)	0	(2,429,205)
6,988	0	6,988
(20,952)	0	(20,952)
(909,066)	0	(909,066)
(249,304)	0	(249,304)
<u>(4,827,201)</u>	<u>0</u>	<u>(4,827,201)</u>
0	(72,251)	(72,251)
<u>0</u>	<u>(209,340)</u>	<u>(209,340)</u>
<u>0</u>	<u>(281,591)</u>	<u>(281,591)</u>
<u>(4,827,201)</u>	<u>(281,591)</u>	<u>(5,108,792)</u>
333,899	0	333,899
1,146,874	0	1,146,874
726,977	0	726,977
179,153	0	179,153
281,529	0	281,529
413,584		413,584
1,578,366	0	1,578,366
788,569	0	788,569
401,933	0	401,933
109,373	0	109,373
(5,678)	0	(5,678)
254,207	11,897	266,104
(100,596)	100,596	0
<u>6,108,190</u>	<u>112,493</u>	<u>6,220,683</u>
1,280,989	(169,098)	1,111,891
<u>14,801,580</u>	<u>(151,984)</u>	<u>14,649,596</u>
<u>\$16,082,569</u>	<u>(\$321,082)</u>	<u>\$15,761,487</u>

City of Clayton, Ohio
Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	Police Fund	Street Department Fund
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$4,617,978	\$36,355	\$62,928
Receivables:			
Property Taxes	326,879	1,124,381	0
Other Local Taxes	44,135	0	0
Municipal Income Taxes	696,703	0	0
Payment in Lieu of Taxes	0	0	0
Interfund	323,000	0	0
Accounts	275,089	336	460
Special Assessments - Current	0	0	0
Special Assessments - Delinquent	0	0	0
Accrued Interest	6,649	0	57
Due from Other Governments	98,422	109,069	277,774
Prepaid Items	13,342	8,627	0
<i>Total Assets</i>	<u>\$6,402,197</u>	<u>\$1,278,768</u>	<u>\$341,219</u>
Liabilities:			
Accounts Payable	\$79,721	\$7,566	\$29,754
Interfund Payable	0	198,000	0
Accrued Wages Payable	11,220	28,904	9,816
Due to Other Governments	19,683	50,821	14,927
<i>Total Liabilities</i>	<u>110,624</u>	<u>285,291</u>	<u>54,497</u>
Deferred Inflows of Resources:			
Property Taxes	316,798	1,090,030	0
Payment in Lieu of Taxes	0	0	0
Unavailable Revenue	959,762	135,665	232,292
<i>Total Deferred Inflows of Resources</i>	<u>1,276,560</u>	<u>1,225,695</u>	<u>232,292</u>
Fund Balances:			
Nonspendable	13,342	8,627	0
Restricted	0	0	54,430
Assigned	786,246	0	0
Unassigned (Deficit)	4,215,425	(240,845)	0
<i>Total Fund Balances (Deficit)</i>	<u>5,015,013</u>	<u>(232,218)</u>	<u>54,430</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,402,197</u>	<u>\$1,278,768</u>	<u>\$341,219</u>

See accompanying notes to the basic financial statements

Fire Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$487,563	\$443,656	\$1,617,632	\$7,266,112
711,069	0	175,600	2,337,929
0	0	7,710	51,845
0	358,908	0	1,055,611
0	0	457,112	457,112
0	0	0	323,000
140	0	465,311	741,336
0	0	29,551	29,551
0	0	11,187	11,187
0	0	360	7,066
65,131	0	38,955	589,351
1,849	0	0	23,818
<u>\$1,265,752</u>	<u>\$802,564</u>	<u>\$2,803,418</u>	<u>\$12,893,918</u>
\$5,810	\$25,334	\$24,064	\$172,249
100,000	0	25,000	323,000
20,451	0	0	70,391
23,244	1,606	177,421	287,702
<u>149,505</u>	<u>26,940</u>	<u>226,485</u>	<u>853,342</u>
689,818	0	170,413	2,267,059
0	0	298,178	298,178
86,382	276,418	699,888	2,390,407
<u>776,200</u>	<u>276,418</u>	<u>1,168,479</u>	<u>4,955,644</u>
1,849	0	0	23,818
338,198	499,206	1,240,349	2,132,183
0	0	168,105	954,351
0	0	0	3,974,580
<u>340,047</u>	<u>499,206</u>	<u>1,408,454</u>	<u>7,084,932</u>
<u>\$1,265,752</u>	<u>\$802,564</u>	<u>\$2,803,418</u>	<u>\$12,893,918</u>

City of Clayton, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2013*

Total Governmental Fund Balances \$7,084,932

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

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

Capital Assets:

Land	4,069,825
Depreciable Capital Assets	14,020,371
Accumulated Depreciation	(5,680,964)

Total 12,409,232

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

2,258

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

Property Taxes	70,870
Payment in Lieu of Taxes	158,934
Other Local Taxes	44,135
Municipal Income Taxes	812,992
Intergovernmental	521,291
Special Assessments	40,738
Accounts	734,381
Accrued Interest	7,066

Total 2,390,407

In the Statement of Activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due

Accrued Interest Payable (11,971)

Deferred outflows of resources include deferred charges on refunding which do not provide current financial resources and, therefore are not reported in the funds.

417,711

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

Premium on Debt Issued	(178,020)
General Obligation Bonds	(5,166,139)
Promisory Note	(220,445)
Capital Leases Payable	(371,953)
Compensated Absences Payable	(273,443)

Total (6,210,000)

Net Position of Governmental Activities \$16,082,569

See accompanying notes to the basic financial statements

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City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General Fund	Police Fund	Street Department Fund
Revenues:			
Property Taxes	\$332,387	\$1,141,711	\$0
Other Local Taxes	178,368	0	0
Municipal Income Taxes	1,743,790	0	0
Payment in Lieu of Taxes	0	0	0
Intergovernmental	401,747	217,974	549,279
Charges for Services	756,426	60,035	8,318
Licenses and Permits	3,754	0	0
Fines and Forfeitures	0	22,912	0
Contributions and Donations	0	0	0
Investment Income	105,482	0	1,417
Special Assessments	0	0	0
Impact Fees	7	0	0
Other	25,786	32,151	31,991
<i>Total Revenues</i>	<u>3,547,747</u>	<u>1,474,783</u>	<u>591,005</u>
Expenditures:			
Current:			
General Government	1,932,510	0	0
Security of Persons and Property	0	1,880,952	0
Public Health	0	0	0
Economic Development	0	0	0
Transportation	0	0	754,434
Capital Outlay	8,541	0	1,469
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>1,941,051</u>	<u>1,880,952</u>	<u>755,903</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,606,696</u>	<u>(406,169)</u>	<u>(164,898)</u>
Other Financing Sources (Uses):			
Refunding Bonds Issued	0	0	0
Premium on Debt Issued	0	0	0
Proceeds from Capital Assets	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0
Transfers-In	0	337,242	85,800
Transfers-Out	(771,452)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(771,452)</u>	<u>337,242</u>	<u>85,800</u>
<i>Net Change in Fund Balances</i>	835,244	(68,927)	(79,098)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>4,179,769</u>	<u>(163,291)</u>	<u>133,528</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$5,015,013</u>	<u>(\$232,218)</u>	<u>\$54,430</u>

See accompanying notes to the basic financial statements

Fire Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$723,759	\$0	\$178,353	\$2,376,210
0	0	103,866	282,234
0	873,786	0	2,617,576
0	0	343,127	343,127
131,479	0	101,589	1,402,068
0	0	309,531	1,134,310
0	0	0	3,754
0	0	4,251	27,163
4,108	0	302	4,410
8	0	5,496	112,403
0	0	40,385	40,385
0	49	0	56
34,424	24,547	105,308	254,207
893,778	898,382	1,192,208	8,597,903
0	673,406	83,681	2,689,597
814,894	0	663,004	3,358,850
0	0	1,662	1,662
0	0	20,952	20,952
0	0	141,237	895,671
2,271	280,452	500	293,233
0	209,187	250,000	459,187
0	72,106	218,112	290,218
817,165	1,235,151	1,379,148	8,009,370
76,613	(336,769)	(186,940)	588,533
0	0	3,665,000	3,665,000
0	0	125,836	125,836
34,496	0	0	34,496
0	0	(3,703,516)	(3,703,516)
0	0	280,005	703,047
0	0	(32,191)	(803,643)
34,496	0	335,134	21,220
111,109	(336,769)	148,194	609,753
228,938	835,975	1,260,260	6,475,179
\$340,047	\$499,206	\$1,408,454	\$7,084,932

City of Clayton, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2013*

Net Change in Fund Balances - Total Governmental Funds		\$609,753
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	1,019,949	
Depreciation	<u>(790,516)</u>	
Excess of Capital Outlay over Depreciation Expense		229,433
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.		
Proceeds from Sale of Capital Assets	(34,496)	
Loss on Disposal of Capital Assets	<u>(21,601)</u>	
		(56,097)
The City's share of the income or loss of the Joint Economic Development District is presented as an addition to or a reduction of the equity interest in the Statement of Activities.		
		(5,678)
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Payment to Refunded Bond Escrow Agent	3,703,516	
General Obligation Bonds Payable	325,000	
Promissory Notes Payable	48,082	
Capital Leases Payable	<u>86,105</u>	
		4,162,703
Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts:		
Property Taxes	10,693	
Other Local Taxes	(705)	
Municipal Income Taxes	(250,641)	
Payment in Lieu of Taxes	70,457	
Intergovernmental	11,967	
Special Assessments	(14,023)	
Charges for Services	297,508	
Accrued Interest	<u>(3,030)</u>	
		122,226
The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Position, the debt is reported as a liability.		
General Obligation Refunding Bonds	(3,665,000)	
Premium on Debt Issued	<u>(125,836)</u>	
		(3,790,836)
In the Statement of Activities, interest accrued on outstanding bonds and bond accretion, and bond premium, are amortized over the terms of the bonds, whereas in the governmental funds the expenditure is reported when the bonds are issued: interest expense is recognized as the interest accrues, regardless of when it is due.		
Amortization of Loss on Refunding	(15,805)	
Net Decrease in Accrued Interest	6,422	
Accretion of Capital Appreciation Bonds	(20,906)	
Amortization of Premium on General Obligation Bonds	<u>71,203</u>	
		40,914
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Increase in Compensated Absences		<u>(31,429)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$1,280,989</u></u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$349,894	\$350,000	\$332,387	(\$17,613)
Other Local Taxes	149,955	150,000	178,368	28,368
Municipal Income Taxes	1,656,998	1,657,500	1,725,666	68,166
Intergovernmental	200,802	200,863	401,809	200,946
Charges for Services	741,550	741,775	756,426	14,651
Licenses and Permits	5,498	5,500	4,074	(1,426)
Investment Income	15,495	15,500	71,527	56,027
Other	4,897	3,951	25,619	21,668
<i>Total Revenues</i>	3,125,089	3,125,089	3,495,876	370,787
Expenditures:				
Current:				
General Government	2,165,685	2,150,911	2,035,811	115,100
Capital Outlay	176,138	174,936	174,747	189
<i>Total Expenditures</i>	2,341,823	2,325,847	2,210,558	115,289
<i>Excess of Revenues Over Expenditures</i>	783,266	799,242	1,285,318	486,076
Other Financing Uses:				
Transfers-Out	(1,028,910)	(1,021,891)	(771,452)	250,439
<i>Net Change in Fund Balance</i>	(245,644)	(222,649)	513,866	736,515
<i>Fund Balance at Beginning of Year</i>	3,673,630	3,673,630	3,673,630	0
<i>Prior Year Encumbrances Appropriated</i>	168,673	168,673	168,673	0
<i>Fund Balance at End of Year</i>	\$3,596,659	\$3,619,654	\$4,356,169	\$736,515

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$1,080,102	\$1,100,000	\$1,141,711	\$41,711
Intergovernmental	178,708	182,000	214,617	32,617
Charges for Services	68,217	69,474	57,395	(12,079)
Fines and Forfeitures	14,729	15,000	22,953	7,953
Other	1,592	9,049	31,814	22,765
<i>Total Revenues</i>	<u>1,343,348</u>	<u>1,375,523</u>	<u>1,468,490</u>	<u>92,967</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>2,046,874</u>	<u>2,083,568</u>	<u>1,886,813</u>	<u>196,755</u>
<i>Excess of Revenues Under Expenditures</i>	(703,526)	(708,045)	(418,323)	289,722
Other Financing Sources:				
Transfers-In	<u>603,875</u>	<u>615,000</u>	<u>337,242</u>	<u>(277,758)</u>
<i>Net Change in Fund Balance</i>	(99,651)	(93,045)	(81,081)	11,964
<i>Fund Balance at Beginning of Year</i>	54,008	54,008	54,008	0
<i>Prior Year Encumbrances Appropriated</i>	<u>46,712</u>	<u>46,712</u>	<u>46,712</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,069</u></u>	<u><u>\$7,675</u></u>	<u><u>\$19,639</u></u>	<u><u>\$11,964</u></u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Department Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$493,541	\$505,000	\$547,474	\$42,474
Charges for Services	2,443	2,500	7,998	5,498
Investment Income	244	250	561	311
Other	20,122	20,588	31,851	11,263
<i>Total Revenues</i>	<u>516,350</u>	<u>528,338</u>	<u>587,884</u>	<u>59,546</u>
Expenditures:				
Current:				
Transportation	877,647	886,405	753,205	133,200
Capital Outlay	1,530	1,545	1,469	76
<i>Total Expenditures</i>	<u>879,177</u>	<u>887,950</u>	<u>754,674</u>	<u>133,276</u>
<i>Excess of Revenues Under Expenditures</i>	(362,827)	(359,612)	(166,790)	192,822
Other Financing Sources:				
Transfers-In	254,100	260,000	85,800	(174,200)
<i>Net Change in Fund Balance</i>	(108,727)	(99,612)	(80,990)	18,622
<i>Fund Balance at Beginning of Year</i>	78,455	78,455	78,455	0
<i>Prior Year Encumbrances Appropriated</i>	<u>34,116</u>	<u>34,116</u>	<u>34,116</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$3,844</u>	<u>\$12,959</u>	<u>\$31,581</u>	<u>\$18,622</u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$700,434	\$750,000	\$723,759	(\$26,241)
Intergovernmental	123,238	131,958	131,481	(477)
Contributions and Donations	0	0	4,108	4,108
Other	58,386	0	34,284	34,284
<i>Total Revenues</i>	<u>882,058</u>	<u>881,958</u>	<u>893,632</u>	<u>11,674</u>
Expenditures:				
Current:				
Security of Persons and Property	864,679	919,568	854,205	65,363
Capital Outlay	60,941	64,809	64,804	5
<i>Total Expenditures</i>	<u>925,620</u>	<u>984,377</u>	<u>919,009</u>	<u>65,368</u>
<i>Excess of Revenues Under Expenditures</i>	(43,562)	(102,419)	(25,377)	77,042
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	61,570	34,496	(27,074)
<i>Net Change in Fund Balance</i>	(43,562)	(40,849)	9,119	49,968
<i>Fund Balance at Beginning of Year</i>	347,444	347,444	347,444	0
<i>Prior Year Encumbrances Appropriated</i>	<u>42,068</u>	<u>42,068</u>	<u>42,068</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$345,950</u>	<u>\$348,663</u>	<u>\$398,631</u>	<u>\$49,968</u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Fund Net Position
Enterprise Funds
December 31, 2013

	Water Department Fund	Sewer Operating Fund	Total
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$84,571	\$81,615	\$166,186
Receivables:			
Accounts	9,441	0	9,441
<i>Total Current Assets</i>	94,012	81,615	175,627
Non-current Assets:			
Depreciable Capital Assets, Net	3,554,223	3,197,662	6,751,885
<i>Total Assets</i>	3,648,235	3,279,277	6,927,512
Liabilities:			
Current:			
Accounts Payable	25	0	25
Due to Other Governments	9,859	0	9,859
Accrued Interest Payable	0	59,008	59,008
OWDA Loan Payable	0	126,285	126,285
<i>Total Current Liabilities</i>	9,884	185,293	195,177
Long-Term Liabilities:			
Loan Payable	4,213,092	0	4,213,092
OWDA Loan Payable	0	2,840,325	2,840,325
<i>Total Long-Term Liabilities</i>	4,213,092	2,840,325	7,053,417
<i>Total Liabilities</i>	4,222,976	3,025,618	7,248,594
Net Position:			
Net Investment in Capital Assets (Deficit)	(658,869)	231,052	(427,817)
Unrestricted	84,128	22,607	106,735
<i>Total Net Position (Deficit)</i>	(\$574,741)	\$253,659	(\$321,082)

See accompanying notes to the basic financial statements

City of Clayton, Ohio
*Statement of Revenues, Expenses and
Changes in Fund Net Position
Enterprise Funds
For the Year Ended December 31, 2013*

	Water Department Fund	Sewer Operating Fund	Total
Operating Revenues:			
Charges for Services	\$68,386	\$0	\$68,386
Tap-In Fees	25	0	25
Impact Fees	21	20	41
Other	11,897	0	11,897
<i>Total Operating Revenues</i>	<u>80,329</u>	<u>20</u>	<u>80,349</u>
Operating Expenses:			
Personal Services	32,471	0	32,471
Contractual Services	11,331	0	11,331
Materials and Supplies	24,741	0	24,741
Depreciation	72,140	90,211	162,351
<i>Total Operating Expenses</i>	<u>140,683</u>	<u>90,211</u>	<u>230,894</u>
<i>Operating Loss</i>	(60,354)	(90,191)	(150,545)
Non-Operating Expenses:			
Interest and Fiscal Charges	0	(119,149)	(119,149)
Net Loss Before Transfers	(60,354)	(209,340)	(269,694)
Transfers-In	0	100,596	100,596
<i>Change in Net Position</i>	(60,354)	(108,744)	(169,098)
<i>Net Position at Beginning of Year (Deficit)</i>	<u>(514,387)</u>	<u>362,403</u>	<u>(151,984)</u>
<i>Net Position at End of Year (Deficit)</i>	<u><u>(\$574,741)</u></u>	<u><u>\$253,659</u></u>	<u><u>(\$321,082)</u></u>

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2013

	Water Department Fund	Sewer Operating Fund	Total
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received From Customers	\$83,042	\$20	\$83,062
Cash Payments for Employee Services and Benefits	(32,549)	0	(32,549)
Cash Payments to Suppliers	(26,117)	0	(26,117)
<i>Net Cash Provided by Operating Activities</i>	24,376	20	24,396
Cash Flows from Noncapital Financing Activities:			
Transfers-In	0	100,596	100,596
Cash Flows from Capital and Related Financing Activities:			
Loan Principal Payments	(19,267)	(40,455)	(59,722)
Loan Interest Payments	0	(60,141)	(60,141)
<i>Net Cash Used for Capital and Related Financing Activities</i>	(19,267)	(100,596)	(119,863)
<i>Net Increase in Cash and Cash Equivalents</i>	5,109	20	5,129
<i>Cash and Cash Equivalents at Beginning of Year</i>	79,462	81,595	161,057
<i>Cash and Cash Equivalents at End of Year</i>	\$84,571	\$81,615	\$166,186
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:			
Operating Loss	(\$60,354)	(\$90,191)	(\$150,545)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:			
Depreciation	72,140	90,211	162,351
Decrease in Accounts Receivable	2,713	0	2,713
Decrease in Prepaid Items	176	0	176
Increase in Accounts Payable	25	0	25
Increase in Due to Other Governments	9,676	0	9,676
<i>Net Cash Provided by Operating Activities</i>	\$24,376	\$20	\$24,396

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

	Janice Paulus Fire Victim Fund	Agency Funds
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$11,163	\$156,101
Liabilities:		
Due to Other Governments	0	123,435
Undistributed Monies	0	32,666
<i>Total Liabilities</i>	0	\$156,101
Net Position:		
Held in Trust for Private Purposes	\$11,163	

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Year Ended December 31, 2013

	Janice Paulus Fire Victim Fund
Additions:	
Investment Earnings	(\$11)
Deductions:	0
<i>Change in Net Position</i>	(11)
<i>Net Position at Beginning of Year</i>	11,174
<i>Net Position at End of Year</i>	\$11,163

See accompanying notes to the basic financial statements

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

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

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

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, and activities that are not legally separate from the City. They comprise the City’s legal entity which provides various services including police, fire, emergency medical, planning and zoning, street construction, maintenance and repair, administrative services, water services and the introduction of sewer services. Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization’s budget, the issuance of its debt or the levying of its taxes. The City has no component units.

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

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

The City participates in one risk sharing pool, the Public Entities Pool of Ohio. This organization is presented in Notes 16 and 19 to the Basic Financial Statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Clayton have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Basis of Presentation

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

Government-Wide Financial Statements

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

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

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary Funds are reported by type.

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflow of resources and liabilities and deferred inflow of resources is reported as fund balance. The following are the City's major governmental funds:

General Fund – The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Police Fund – The Police Fund is used to account for and report revenues received from a City-wide voted property tax levy and fines and forfeitures that are restricted to expenditures of the police department.

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

Fire Fund – The Fire Fund is used to account for and report revenues received from a City-wide voted property tax levy restricted to expenditures of the fire department.

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

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

Proprietary Funds

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

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds are to be used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City’s own programs. The City’s only trust fund is a private purpose trust fund which accounts for a bequest to aid needy families who experience a fire or other calamity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has four agency funds. One accounts for fees collected for Montgomery County, the City of Dayton, and the City of Clayton from individuals who develop land within the Clayton Improvement District for the purpose of expanding and upgrading water, sanitary sewer, road, and municipal park systems and related infrastructure improvements due to the land development. The second accounts for collecting and distributing the Clay Township-City of Clayton Joint Economic Development District income taxes for which the City is fiscal agent. The third accounts for insurance proceeds arising from destruction by fire of an insured building or structure within the municipality for the purpose of providing the municipality with security for the expenses in removing, repairing or securing the building or other structure. The fourth agency fund accounts for association fees received from various homeowners within the North Clayton development which are then distributed to the North Clayton Development Association.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and current deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

(i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; the enterprise and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 31 days of year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: municipal income taxes, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance) fines and forfeitures, accrued interest, and grants.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes municipal income taxes, delinquent property taxes, other local taxes, intergovernmental grants, special assessments, interest, and accounts receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

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

During 2013, investments were limited to Federal Farm Credit Bank Bonds, Federal Home Loan Bank Note, Federal Home Loan Mortgage Corporation Bonds, Federal Home Loan Mortgage Corporation REMIC Series Bonds, Federal National Mortgage Association REMIC Trust Bonds, Federal National Mortgage Association Bonds, Government National Mortgage Association Bonds, Government National Mortgage Association REMIC Trust Bonds, Petrodrill Four Limited Notes, Private Export Funding Corporation, Tennessee Valley Authority Debenture, U.S. Treasury Notes and Negotiable Certificate of Deposit.

Interest income and gains or losses on investments are distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue and gains or losses on investments credited to the General Fund during 2013 amounted to \$105,482, which includes \$45,444 assigned from other funds.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

Interfund Receivables/Payables

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values on the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are expensed.

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

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

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

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Accrued Liabilities and Long-Term Obligations

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

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

Compensated Absences

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation and compensatory time when earned for all employees with more than one year of service.

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

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Net Position

Net Position represents the difference between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use 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 position are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. The nonspendable fund balances for the City includes prepaid items.

Restricted – The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The City had no committed fund balance.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City charter or ordinance. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The City has not adopted a formal fund balance policy.

Internal Activity

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

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

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

Operating Revenues and Expenses

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

Estimates

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

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Budgetary Process

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

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

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For 2013, the City implemented Governmental Accounting Standard Board (GASB) *Statement No. 61, "The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34."* This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change in the City's financial statements.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

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

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Cash is held by the agency fund on behalf of the City on a budget basis and allocated and reported on the balance sheet (GAAP basis) in the appropriate City funds.
5. Investments are reported at fair value (GAAP basis) rather than at cost (budget basis).

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

Net Change in Fund Balance				
	General	Police	Street	Fire
	Fund	Fund	Department	Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
GAAP Basis	\$835,244	(\$68,927)	(\$79,098)	\$111,109
Revenue Accruals	(148,415)	(6,293)	(4,509)	(147)
Expenditure Accruals	16,224	10,853	32,842	(12,917)
Encumbrances	(285,731)	(16,714)	(31,613)	(88,927)
Agency Fund Allocation 2013	(7,376)	0	0	0
Agency Fund Allocation 2012	7,369	0	0	0
Change in Value of Investments 2013	31,298	0	266	1
Change in Value of Investments 2012	65,253	0	1,122	0
Budget Basis	<u>\$513,866</u>	<u>(\$81,081)</u>	<u>(\$80,990)</u>	<u>\$9,119</u>

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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 treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

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

Investments

As of December 31, 2013, the City had the following investments:

	Fair Value	Investment Maturities (in Years)		Percentage of Total Investments	Standard and Poors Ratings
		Less than 2	More than 3		
Federal Farm Credit Bank Bonds	\$129,994	\$0	\$129,994	5.04%	AA+
Federal Home Loan Bank Notes	154,986	110,139	44,847	6.01%	AA+
Federal Home Loan Mortgage Corporation Bonds	180,090	0	180,090	6.98%	AA+
Federal Home Loan Mortgage Corporation REMIC Series Bonds	252,265	0	252,265	9.77%	AA+
Federal National Mortgage Association REMIC Trust Bonds	122,555	0	122,555	-	AA+
Federal National Mortgage Association Bonds	964,722	0	964,722	37.38%	AA+
Government National Mortgage Association Bonds	177,694	0	177,694	6.89%	AA+
Government National Mortgage Association REMIC Trust Bonds	33,987	0	33,987	-	AA+
Petrodrill Four Limited Notes	110,318	0	110,318	-	AA+
Private Export Funding Corporation	99,128	0	99,128	-	AA+

(continued)

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

	Fair Value	Investment Maturities (in Years)		Percentage of Total Investments	Standard and Poors Ratings
		Less than 2	More than 3		
Tennessee Valley					
Authority Debenture	\$102,519	\$0	\$102,519	-	AA+
US Treasury Notes	242,509	0	242,509	9.40%	N/A
Negotiable Certificates of Deposits	9,976	0	9,976	-	N/A
Totals	<u>\$2,580,743</u>	<u>\$110,139</u>	<u>\$2,470,604</u>		

Interest Rate Risk

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

Concentration of Credit Risk

The City has no policy placing a limit on the amount it may invest in any one financial institution.

NOTE 6 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes were levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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.

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. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2013, was \$13.78 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Category	Assessed Value	Percent
Real Property	\$239,930,010	97.50%
Public Utility Personal	6,156,620	2.50%
Totals	\$246,086,630	100.00%

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2013, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable is offset to deferred inflows of resources – property taxes, since current taxes were not levied to finance 2013 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable.

NOTE 7 – MUNICIPAL INCOME TAX

The City levies a municipal income tax of 1.5 percent on all salaries, wages, commissions, other compensation and net profits earned within the City as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City’s current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

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

NOTE 8 – RECEIVABLES

Receivables at December 31, 2013, consisted of property taxes, other local taxes, municipal income taxes, increment taxes, interfund, accounts, special assessments, interest and amounts due from other governments arising from grants, entitlements and shared revenues. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, income taxes, increment taxes, and special assessments. Property, income, and increment taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Special assessments expected to be collected within one year in the Street Lights Fund amount to \$29,551. The City has \$11,187 of delinquent special assessments at December 31, 2013.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

A summary of the principal items of amounts due from other governments follows:

Governmental Activities:	Amount
Local Government	\$68,557
Homestead Exemption and Rollbacks	212,390
Gasoline Tax	249,395
Motor Vehicle Tax	51,200
Northmont Local School District	2,640
Vandalia Court	1,591
Montgomery County	3,578
Total Due from Other Governments	\$589,351

Payment in Lieu of Taxes Receivable

The City granted real property tax exemptions to landowners for improvements made to their properties. The City requires the owners to make an annual payment to the City in lieu of taxes in the amount that would be payable on the increase in the value of the property if not for the exemption. The City then uses these monies to pay for public infrastructure improvements benefiting the owners. Additional payments are made to the School District since it is impacted by the tax exemption for a period of up to 30 years. The City accrues a receivable for the amounts measurable at December 31, 2013. The City is not able to measure the receivable for all future payments because the payments are based upon projected tax collections.

NOTE 9 – CAPITAL ASSETS

Capital assets activity of the business-type activities for the year ended December 31, 2013, was as follows:

	Balance at 12/31/12	Additions	Deletions	Balance at 12/31/13
Business-Type Activities:				
Depreciable Capital Assets:				
Infrastructure	\$8,261,897	\$0	\$0	\$8,261,897
Less Accumulated Depreciation:				
Infrastructure	(1,347,661)	(162,351)	0	(1,510,012)
Business-Type Activities Capital Assets, Net	\$6,914,236	(\$162,351)	\$0	\$6,751,885

City of Clayton, Ohio
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Changes in general capital assets during the year ended December 31, 2013, were as follows:

	Balance at 12/31/2012	Additions	Deletions	Balance at 12/31/2013
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$4,069,825	\$0	\$0	\$4,069,825
Depreciable Capital Assets:				
Buildings	1,475,170	0	0	1,475,170
Improvements Other Than Buildings	100,332	16,660	0	116,992
Vehicles	2,732,703	461,201	(340,805)	2,853,099
Furniture, Fixtures and Equipment	1,261,989	54,760	(78,569)	1,238,180
Infrastructure	7,849,602	487,328	0	8,336,930
Total Depreciable Capital Assets	<u>13,419,796</u>	<u>1,019,949</u>	<u>(419,374)</u>	<u>14,020,371</u>
Less Accumulated Depreciation:				
Buildings	(1,262,070)	(19,682)	0	(1,281,752)
Improvements Other Than Buildings	(48,275)	(4,744)	0	(53,019)
Vehicles	(1,397,430)	(147,324)	307,557	(1,237,197)
Furniture, Fixtures and Equipment	(863,988)	(78,309)	55,720	(886,577)
Infrastructure	(1,681,962)	(540,457)	0	(2,222,419)
Total Accumulated Depreciation	<u>(5,253,725)</u>	<u>(790,516)</u>	<u>363,277</u>	<u>(5,680,964)</u>
Depreciable Capital Assets, Net	<u>8,166,071</u>	<u>229,433</u>	<u>(56,097)</u>	<u>8,339,407</u>
Governmental Activities Capital Assets, Net	<u>\$12,235,896</u>	<u>\$229,433</u>	<u>(\$56,097)</u>	<u>\$12,409,232</u>

Depreciation expense was charged to governmental programs as follows:

General Government	\$38,222
Security of Persons and Property	141,796
Transportation	<u>610,498</u>
Total Depreciation Expense	<u>\$790,516</u>

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

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similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2013, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12.0 percent and 12.6 percent, respectively. Effective January 1, 2014, the member contribution rates for law enforcement increased to 13 percent. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2013, member and employer contribution rates were consistent across all three plans.

The City's 2013 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.10 percent of covered payroll. For 2013, the portion of employer contribution allocated to health care was 1.00 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$173,979, \$182,738, and \$166,415, respectively. For 2013, 89.67 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$1,229 made by the City and \$858 made by plan members.

Ohio Police and Fire Pension Fund

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

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Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2013 thru July 1, 2013, plan members were required to contribute 10 percent of their annual covered salary. From July 2, 2013 thru December 31, 2013, plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, employers were required to contribute 19.5 percent and 24 percent respectively for police officers and firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. For January 1, 2013 thru May 31, 2013, the portion of employer contributions used to fund pension benefits was 14.81 percent of covered payroll for police officers and 19.31 percent of covered payroll for firefighters. For June 1, 2013 thru December 31, 2013, the portion of employer contributions used to fund pension benefits was 16.65 percent of covered payroll for police officers and 21.15 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$82,472 and \$103,120 for the year ended December 31, 2013, \$59,047 and \$83,255 for the year ended December 31, 2012, and \$57,565 and \$71,286 for the year ended December 31, 2011, respectively. For 2013, 79.91 percent for police and 78.52 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

NOTE 11 – POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$65,365, \$68,634, and \$69,000, respectively. For 2013, 89.67 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012 with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

City of Clayton, Ohio
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For the Year Ended December 31, 2013

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That reports is also available on OP&F website at ww.op-f.org.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For January 1, 2013 thru May 31, 2013, the employer contribution allocated to the health care plan was 4.69 percent of covered payroll. For June 1, 2013, thru December 31, 2013, the employer contribution allocated to the health care plan was 2.85 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$14,117 and \$13,896 for the year ended December 31, 2013, \$31,260 and \$32,578 for the year ended December 31, 2012, and \$30,476 and \$27,895 for the year ended December 31, 2011. For 2013, 79.91 percent has been contributed for police and 78.52 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

NOTE 12 – OTHER EMPLOYEE BENEFITS

Deferred Compensation

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

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Compensated Absences

City employees earn universal leave at varying rates based upon length of service up to a maximum of 320 hours. Upon departure from City employment, an employee (or their estate) will be paid one hour of pay for each four hours of their accumulated universal leave up to a payment of 320 hours, based on the union agreements and the City’s personnel policy.

City employees are allowed to place any hours over 320 hours into an extended universal leave balance. In the case of retirement, employees with 10 years of service with the City will be paid one hour of pay for each four hours of their accumulated extended universal leave up to a payment of 240 hours, based on the union agreements and the City’s personnel policy.

Insurance

Medical/surgical and vision benefits are provided to full-time City employees through United Health Care. The City pays 100 percent of the single plan monthly premiums and 90 percent of the additional cost of the family plan premiums. Police and fire employees pay seven percent of the cost of all plans offered by the City. The premium varies with each employee depending on the plan and coverage selected. New hires pay 20 percent for single or family plans. Life insurance is provided through Anthem Life. All employees of the City receive \$50,000 in life insurance. Group dental insurance is provided through Superior Dental.

NOTE 13 – CAPITAL LEASES – LESSEE DISCLOSURE

In prior years, the City entered into lease agreements for the purchase of equipment and a vehicle. The lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, “Accounting for Leases”*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by leases have been capitalized in the Statement of Net Position for governmental activities in the amount of \$695,389. A corresponding liability was recorded on the Statement of Net Position for governmental activities. Principal payments in 2013 totaled \$86,105.

The assets acquired through capital leases are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value December 31, 2013
Asset:			
Furniture, Fixtures and Equipment	\$260,000	(\$206,644)	\$53,356
Vehicles	435,389	(21,769)	413,620
Total	\$695,389	(\$228,413)	\$466,976

City of Clayton, Ohio
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The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2013.

December 31,	Total Payments
2014	\$99,448
2015	99,448
2016	67,203
2017	67,203
2018	67,199
Total	400,501
Less: Amount Representing Interest	(28,548)
Present Value of Minimum Lease Payments	\$371,953

NOTE 14 – LONG-TERM OBLIGATIONS

Changes in long-term obligations during 2013 were as follows:

	Amount Outstanding 12/31/12	Additions	Deductions	Amount Outstanding 12/31/13	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
2005 Various Purpose					
Serial Bonds - 3.25 to 3.75%	\$145,000	\$0	\$145,000	\$0	\$0
Term Bonds - 4.25 to 5.00%	3,270,000	0	3,270,000	0	0
Capital Appreciation Bonds - 4.977%	190,000	0	0	190,000	97,332
Accretion on Capital Appreciation Bonds	96,071	15,841	0	111,912	57,668
Premium on Debt Issue	68,288	0	63,540	4,748	0
2010 Roadway Improvement					
Serial Bonds - 2.0 to 3.25%	450,000	0	75,000	375,000	75,000
Term Bonds - 4.0 to 4.5%	880,000	0	0	880,000	0
Capital Appreciation Bonds - 4.1 to 4.35%	35,000	0	0	35,000	0
Accretion on Capital Appreciation Bonds	9,162	5,065	0	14,227	0
Premium on Debt Issue	55,099	0	3,075	52,024	0
2013 Various Purpose Refunding Bonds					
Serial Bonds - 1.25 to 3%	0	3,130,000	105,000	3,025,000	60,000
Term Bonds - 3.25%	0	535,000	0	535,000	0
Premium on Debt Issue	0	125,836	4,588	121,248	0
Total General Obligation Bonds	\$5,198,620	\$3,811,742	\$3,666,203	\$5,344,159	\$290,000

(continued)

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	Amount Outstanding 12/31/12	Additions	Deductions	Amount Outstanding 12/31/13	Amounts Due Within One Year
Governmental Activities:					
2011 Backhoe Promissory Note	\$83,094	\$0	\$12,656	\$70,438	\$13,045
2012 Plow/Freighliner Promissory Note	185,433	0	35,426	150,007	36,237
Capital Leases Payable	458,058	0	86,105	371,953	88,875
Compensated Absences	242,014	271,988	240,559	273,443	202,314
Total Governmental Activities					
Long-Term Obligations	<u>\$6,167,219</u>	<u>\$4,083,730</u>	<u>\$4,040,949</u>	<u>\$6,210,000</u>	<u>\$630,471</u>
Business-Type Activities:					
2004 Water Line Loan - 0%	\$4,232,359	\$0	\$19,267	\$4,213,092	\$0
2005 OWDA Loan - 4%	3,007,065	0	40,455	2,966,610	126,285
Total Business-Type Activities					
Long-Term Obligations	<u>\$7,239,424</u>	<u>\$0</u>	<u>\$59,722</u>	<u>\$7,179,702</u>	<u>\$126,285</u>

The 2005 Various Purpose Bonds were issued June 1, 2005, in the amount of \$4,500,000 in unvoted general obligation bonds that were issued for improving State Route 48 and acquiring land. Current interest bonds were issued in an aggregate principal amount of \$4,310,000. Of these bonds, \$1,040,000 were serial bonds and \$3,270,000 were term bonds. \$190,000 were issued as capital appreciation bonds. The bonds were issued for a 25 year period with final maturity in December of 2030. The term bonds were refunded with the issuance of the 2013 Various Purpose Refunding Bonds. The bonds will be retired from the Bond Retirement Fund and the Tax Increment Fund.

The serial bonds, issued at \$1,040,000 with maturity dates of December 1, 2006 to December 1, 2013, were paid off on December 1, 2013.

The capital appreciation bonds, issued at \$190,000, are not subject to prior redemption. The capital appreciation bonds will mature in years 2014 and 2015, with a maturity amount of \$155,000 each year, including interest. For 2013, the capital appreciation bonds were accreted \$15,841.

The 2010 Road Improvement Bonds were issued December 2, 2010, in the amount of \$1,515,000 in unvoted general obligation bonds that were issued for the purpose of constructing, rebuilding, widening and making drainage improvements to roadways in the City of Clayton. Current interest bonds were issued in an aggregate principal amount of \$1,480,000. Of these bonds, \$600,000 were serial bonds and \$880,000 were term bonds. \$35,000 were issued as capital appreciation bonds. The bonds were issued for a 20 year period with final maturity in December of 2030. The bonds will be retired from the Capital Improvement Fund.

The term bonds issued at \$880,000 and maturing on December 1, 2030, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

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<u>Year</u>	<u>Amount</u>
2021	\$75,000
2022	75,000
2023	75,000
2024	80,000
2025	85,000
2026-2030	<u>490,000</u>
Total	<u><u>\$880,000</u></u>

The capital appreciation bonds, issued at \$35,000, are not subject to prior redemption. The capital appreciation bonds will mature in years 2019 and 2020, with a maturity amount of \$75,000 each year, including interest. For 2013, the capital appreciation bonds were accreted \$5,065.

In May 2013, the City issued various purpose refunding bonds, in the amount of \$3,665,000, to refund bonds previously issued in 2005 for various purposes. Of these bonds, \$3,130,000, are serial bonds and \$535,000 are term bonds. The bonds were issued with interest rates varying from 1.25 to 3.25 percent. The bonds were issued for a seventeen year period with final maturity during 2029. The bonds will be retired through the Bond Retirement Fund.

The term bonds portion of the 2013 various purpose refunding bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows (with the balance of \$250,000 to be paid at maturity on December 1, 2029):

<u>Year</u>	<u>Principal Amount</u>
2028	\$285,000

The bonds maturing after December 1, 2022 are subject to redemption at the option of the City, either in whole, or in part in such order of maturity as the City shall determine, on any date on or after December 1, 2022, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

2005 Various Purpose Bonds

Outstanding at December 31, 2012	\$3,605,000
Amount Refunded	(3,270,000)
Principal Payment on Non-Refunded Portion	<u>(145,000)</u>
Outstanding at December 31, 2013	<u><u>\$190,000</u></u>

Net proceeds of \$3,703,516 (including a \$125,836 premium and after payment of \$87,320 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2005 various purpose bonds. As a result, \$3,270,000 of the bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At December 31, 2013, \$3,270,000 of the refunded bonds were outstanding.

City of Clayton, Ohio
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2005 Various Purpose Bonds

Total 2005 Various Purpose Bonds	\$3,460,000
Non-refunded Portion of Bonds	(190,000)
Payment to Refunded Bond Escrow Agent	<u>(3,703,516)</u>
2013 Various Purpose Refunding Accounting Loss	<u><u>(\$433,516)</u></u>

Although the refunding will result in the recognition of an accounting loss of \$433,516, the City in effect decreased its aggregated debt service payments by \$402,602 of the next seventeen years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$273,231.

The 2011 Backhoe Promissory Note was issued on December 7, 2011, at a rate of 2.99 percent. The total amount of the note is \$95,397. The note was issued for a five year period with the final payment due on December 7, 2016. The note was used for the purchase of a backhoe and will be paid from the Capital Improvement Capital Projects Fund.

The 2012 Plow/Freightliner Promissory Note was issued in November 2012, at a rate of 2.25 percent. The total amount of the note is \$185,433. The note was issued for a five year period with final payment due in November 2017. The note was used to purchase a new truck and plow equipment and will be paid from the Capital Improvement Capital Projects Fund.

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

The 2004 Water Line Loan was a project through the City of Dayton that was completed in May 2004. The loan was issued for \$4,464,247, with a zero percent interest rate and payable from user charges from the Water Department Fund. A per acre fee is charged to new users who tap into the water lines. This fee is collected by the City of Clayton and paid to the City of Dayton as principal payments. Therefore, a final payment schedule is not available and the amount due within one year is unable to be determined. \$11,897 per acre fee was collected during 2013. The initial term of the agreement is 20 years. At the end of 20 years, any amount outstanding is payable immediately, or the agreement may be renewed for an additional 20 years.

The City has an OWDA Loan outstanding at December 31, 2013, which was issued during 2005 at a rate of four percent. The total amount of the loan is \$3,481,913. The loan was for a 30 year period with the final payment due in January 2036. The loan was issued for the construction of the sewer system expansion phase I and sewer lines.

The City's overall legal debt margin was \$20,799,096 at December 31, 2013, and the unvoted debt margin was \$8,494,765.

City of Clayton, Ohio
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Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2013, are as follows:

Governmental Activities						
December 31,	Serial Bonds Principal	Serial Bonds Interest	Term Bonds Principal	Term Bonds Interest	Capital Appreciation Bonds Principal	Capital Appreciation Bonds Interest
2014	\$135,000	\$81,463	\$0	\$47,112	\$97,332	\$57,668
2015	140,000	78,763	0	47,112	92,668	62,332
2016	295,000	75,963	0	47,112	0	0
2017	290,000	71,338	0	47,112	0	0
2018	300,000	64,788	0	47,112	0	0
2019-2023	1,180,000	242,852	225,000	226,560	35,000	115,000
2024-2028	1,060,000	98,976	735,000	154,398	0	0
2029-2030	0	0	455,000	22,075	0	0
Total	\$3,400,000	\$714,143	\$1,415,000	\$638,593	\$225,000	\$235,000

	Governmental Activities		Business-Type Activities	
	Promissory Note Principal	Promissory Note Interest	OWDA Loan Principal	OWDA Loan Interest
2014	\$49,282	\$5,170	\$126,285	\$175,504
2015	50,514	3,939	88,456	112,737
2016	81,864	2,680	92,030	109,164
2017	38,785	667	95,748	105,446
2018	0	0	99,616	101,577
2019-2023	0	0	562,098	444,168
2024-2028	0	0	684,830	321,136
2029-2033	0	0	834,803	171,163
2034-2035	0	0	383,044	19,342
Total	\$220,445	\$12,456	\$2,966,910	\$1,560,237

NOTE 15 – INTERFUND ASSETS/LIABILITIES

Interfund balances at December 31, 2013, consisted of the following amounts and result from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be paid within one year.

City of Clayton, Ohio
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		Interfund Receivable
		General Fund
Interfund Payable	Police Fund	\$198,000
	Fire Fund	100,000
	Nonmajor Governmental Funds	25,000
	Total	\$323,000

Transfers made during the year ended December 31, 2013, were as follows:

		Transfers From		
		Nonmajor Governmental		Total
Transfers To		General Fund	Funds	
	Police Fund	\$337,242	\$0	337,242
	Street Department Fund	85,800	0	85,800
	Nonmajor Governmental Funds	280,005	0	280,005
	Sewer Operating Fund	68,405	32,191	100,596
	Total	\$771,452	\$32,191	\$803,643

Transfers are used to move General Fund revenues that are used to subsidize various programs into other governmental fund and for repayment of debt. Transfers from nonmajor governmental funds to the sewer operating fund were for repayment of debt.

NOTE 16 – RISK MANAGEMENT

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool (see Note 19) available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Services Group, Inc. (York), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2013 the Pool retained \$350,000 for casualty claims and \$150,000 for property claims). The Board of Directors and York periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

Financial Position

PEP’s financial statements (for which an independent audit is still ongoing) conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2012:

<u>Casualty and Property Coverage</u>	<u>2013</u>	<u>2012</u>
Assets	\$34,411,883	\$34,389,569
Liabilities	12,760,194	14,208,353
Net Assets - Unrestricted	<u>\$21,651,689</u>	<u>\$20,181,216</u>

The casualty coverage assets and net position above include approximately \$11.1 million and \$12.6 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The City’s share of these unpaid claims collectible in future years is approximately \$56,224. This payable includes the subsequent year’s contribution due if the City terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership. The contribution for this year is:

<u>Contributions to PEP</u>	<u>Amount</u>
2013	\$58,548

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE 17 – JOINT VENTURE

Clay Township – City of Clayton Joint Economic Development District

On July 1, 2007, the City entered into a contract for the creation of the Clay Township–City of Clayton Joint Economic Development District (the “District”) with Clay Township in Montgomery County. The contract was entered into under the authority of the Ohio Revised Code Sections 715.72 – 715.83. The District was established for the purpose of facilitating economic development to create or preserve jobs

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

and employment opportunities and to improve the economic welfare of the people in the District. The District will permit the City and the Township to share income tax revenues from the development of business operations within the District. After the payment of the District's obligations, the District shall distribute 85 percent of any remaining income tax receipts, at 60 percent to the Township and 40 percent to the City. The contract will terminate on December 31, 2037, and can be renewed for two additional ten year periods. Upon contract termination, all assets and liabilities of the District will be distributed 60 percent to the Township and 40 percent to the City. The Board of Directors is made up of five individuals: a representative of the City, a representative of the Township, a representative of the business owners located within the District, a representative of the people working within the District, and a representative appointed by the other four representatives who will serve as the Chairperson of the Board.

The percentage of equity interest for the City is based on the amount that will be distributed to the City if the contract is terminated. The City's equity interest of \$2,258 represents 40 percent of the total equity of the District. The District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City of Clayton paid a one-time contribution of \$25,000 to pay mutual start-up costs. Additional information can be obtained from Joe Tuss, President, at 451 West Third Street, Dayton, Ohio 45422.

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission

The Miami Valley Regional Planning Commission (the "Commission") is a jointly governed organization between Preble, Warren, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Clayton, the City of Huber Heights, the City of Riverside, the City of New Carlisle, and the City of Dayton. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses which affect the development of the region.

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. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to representation on the Board. Payments to the Commission are made from the General Fund. The City contributed \$6,076 for the operation of the Commission during 2013. Financial information may be obtained by writing to Donald Spang, Executive Director, One South Main Street, Suite 260, Dayton, Ohio 45402.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Economic Development/Government Equity Program

The Economic Development/Government Equity Program (“ED/GE”) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced, and that county economic development is coordinated with that of the State of Ohio and other local governments.

Members include villages, townships, and cities within Montgomery County, and Montgomery County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the County.

The ED/GE Advisory Committee, made up of alternating member entities’ representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. The City has agreed to be a member for 10 years, ending December 31, 2019. 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. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designating management. Each member’s degree of control is limited to representation on the Board. Payments to ED/GE are made from and received in the General Fund. Financial information may be obtained by writing to Pamela Frannin, Secretary, 451 West Third Street, Dayton, Ohio, 45422.

NOTE 19 – RISK-SHARING POOL

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081, of the Ohio Revised Code, by the execution of an intergovernmental contract (“Participation Agreements”). PEP enables the subscribing subdivisions to pool risk for property, liability and public official liability. PEP has no employees, rather it is administered through contracts with various professionals.

Pursuant to a contract, the firm of Wells Fargo Insurance Services administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative and claims functions to a “Pool Operator,” currently Pottering Insurance. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP and others as required.

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The City makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio, 45402.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 20 – FUND BALANCES

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

Fund Balances	General Fund	Police Fund	Street Department Fund	Fire Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total
<i><u>Nonspendable:</u></i>							
Prepays	\$13,342	\$8,627	\$0	\$1,849	\$0	\$0	\$23,818
<i><u>Restricted for:</u></i>							
Road Improvements	0	0	54,430	0	0	387,301	441,731
Capital Improvements	0	0	0	0	499,206	0	499,206
Fire Operations	0	0	0	338,198	0	0	338,198
Cemetery Operations	0	0	0	0	0	35,753	35,753
Drug and Alcohol Enforcement	0	0	0	0	0	18,367	18,367
Street Lighting	0	0	0	0	0	31,585	31,585
Economic Development	0	0	0	0	0	764,754	764,754
Emergency Medical Services	0	0	0	0	0	2,589	2,589
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>54,430</u>	<u>338,198</u>	<u>499,206</u>	<u>1,240,349</u>	<u>2,132,183</u>
<i><u>Assigned to:</u></i>							
Capital Asset Replacement	0	0	0	0	0	100,000	100,000
Debt Service	0	0	0	0	0	68,105	68,105
Future Appropriations	570,710	0	0	0	0	0	570,710
Purchases on Order	215,536	0	0	0	0	0	215,536
<i>Total Assigned</i>	<u>786,246</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>168,105</u>	<u>954,351</u>
<i><u>Unassigned (Deficit):</u></i>	<u>4,215,425</u>	<u>(240,845)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,974,580</u>
<i>Total Fund Balances (Deficit)</i>	<u><u>\$5,015,013</u></u>	<u><u>(\$232,218)</u></u>	<u><u>\$54,430</u></u>	<u><u>\$340,047</u></u>	<u><u>\$499,206</u></u>	<u><u>\$1,408,454</u></u>	<u><u>\$7,084,932</u></u>

NOTE 21 – ACCOUNTABILITY AND COMPLIANCE

Accountability

The Police Special Revenue Fund had a deficit fund balance at December 31, 2013 of \$232,218. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Water Department Fund had deficit net position of \$574,741 at December 31, 2013. The City anticipates increased revenues in charges for services and a corresponding decrease in the net position deficit in future years.

City of Clayton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 22 - SIGNIFICANT COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$285,731
Police Fund	16,714
Street Department Fund	31,613
Fire Fund	88,927
Capital Improvement Fund	187,272
Other Governmental Funds	393,247
Total	<u>\$1,003,504</u>

NOTE 23 – CONTINGENT LIABILITIES

Federal and State Grants

For the period January 1, 2013, to December 31, 2013, the City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Litigation

The City is not party to legal proceedings.

City of Clayton, Ohio
Nonmajor Fund Descriptions

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Nonmajor Special Revenue Funds

Enforcement and Education Fund

To account for and report fines imposed by the courts which are restricted for programs aimed at further education and enforcement of OVI laws.

Drug Law Enforcement Fund

To account for and report fines and costs collected for felonious drug trafficking convictions. This money is restricted to drug law enforcement activities.

Law Enforcement Trust Fund

To account for fines and forfeitures revenue and proceeds from the sale of confiscated property restricted to law enforcement training and equipment.

EMS Fund

To account for and report revenues received from a voted property tax levy and fees for services restricted to pay for the cost of the EMS department.

State Highway Fund

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

Permissive Motor Vehicle License Tax Fund

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

Street Lights Fund

To account for and report special assessments restricted to expenditures for street lighting within the City.

Cemetery Fund

To account for and report revenues received from the sale of lots, charges for burial services, and foundations, restricted to operating and maintaining the City cemetery.

Joint Economic Development District Fund

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

Tax Increment Fund

To account for and report service fees received from various business owners restricted for City-owned infrastructure improvements that will benefit the business owners' property.

(continued)

City of Clayton, Ohio
Nonmajor Fund Descriptions
(continued)

Tax Increment Financing Towne Center Fund

To account for and report service fees received from property owners to be used to reimburse the developers at the Towne Center for City capital assets constructed by the developer.

Debt Service Fund

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Nonmajor Debt Service Fund

Bond Retirement Fund

To account for and report the accumulation of resources assigned to the payment of principal and interest.

Capital Projects Fund

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds or assets that will be held in trust funds.

Nonmajor Capital Projects Fund

Asset Replacement Fund

To account for and report transfers from the General Fund assigned to the purchase or replacement of capital assets.

City of Clayton, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,449,527	\$68,105	\$100,000	\$1,617,632
Receivables:				
Property Taxes	175,600	0	0	175,600
Other Local Taxes	7,710	0	0	7,710
Payment in Lieu of Taxes	457,112	0	0	457,112
Accounts	465,311	0	0	465,311
Special Assessments - Current	29,551	0	0	29,551
Special Assessments - Delinquent	11,187	0	0	11,187
Accrued Interest	360	0	0	360
Due from Other Governments	38,955	0	0	38,955
<i>Total Assets</i>	<u>\$2,635,313</u>	<u>\$68,105</u>	<u>\$100,000</u>	<u>\$2,803,418</u>
Liabilities:				
Accounts Payable	\$24,064	\$0	\$0	\$24,064
Interfund Payable	25,000	0	0	25,000
Due to Other Governments	177,421	0	0	177,421
<i>Total Liabilities</i>	<u>226,485</u>	<u>0</u>	<u>0</u>	<u>226,485</u>
Deferred Inflows of Resources				
Property Taxes	170,413	0	0	170,413
Payment in Lieu of Taxes	298,178	0	0	298,178
Unavailable Revenue	699,888	0	0	699,888
<i>Total Deferred Inflows of Resources</i>	<u>1,168,479</u>	<u>0</u>	<u>0</u>	<u>1,168,479</u>
Fund Balances:				
Restricted	1,240,349	0	0	1,240,349
Assigned	0	68,105	100,000	168,105
<i>Total Fund Balances</i>	<u>1,240,349</u>	<u>68,105</u>	<u>100,000</u>	<u>1,408,454</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,635,313</u>	<u>\$68,105</u>	<u>\$100,000</u>	<u>\$2,803,418</u>

City of Clayton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$178,353	\$0	\$0	\$178,353
Other Local Taxes	103,866	0	0	103,866
Payment in Lieu of Taxes	343,127	0	0	343,127
Intergovernmental	101,589	0	0	101,589
Charges for Services	309,531	0	0	309,531
Fines and Forfeitures	4,251	0	0	4,251
Contributions and Donations	302	0	0	302
Investment Income	5,496	0	0	5,496
Special Assesments	40,385	0	0	40,385
Other	51,514	53,794	0	105,308
<i>Total Revenues</i>	<u>1,138,414</u>	<u>53,794</u>	<u>0</u>	<u>1,192,208</u>
Expenditures:				
Current:				
General Government	83,681	0	0	83,681
Security of Persons and Property	663,004	0	0	663,004
Public Health	1,662	0	0	1,662
Economic Development	20,952	0	0	20,952
Transportation	141,237	0	0	141,237
Capital Outlay	500	0	0	500
Debt Service:				
Principal Retirement	69,077	180,923	0	250,000
Interest and Fiscal Charges	77,020	141,092	0	218,112
<i>Total Expenditures</i>	<u>1,057,133</u>	<u>322,015</u>	<u>0</u>	<u>1,379,148</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>81,281</u>	<u>(268,221)</u>	<u>0</u>	<u>(186,940)</u>
Other Financing Sources (Uses):				
Refunding Bonds Issued	1,301,075	2,363,925	0	3,665,000
Premium on Debt Issued	44,672	81,164	0	125,836
Payment to Refunded Bond Escrow Agent	(1,314,748)	(2,388,768)	0	(3,703,516)
Transfers-In	0	280,005	0	280,005
Transfers-Out	(32,191)	0	0	(32,191)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,192)</u>	<u>336,326</u>	<u>0</u>	<u>335,134</u>
<i>Net Change in Fund Balances</i>	80,089	68,105	0	148,194
<i>Fund Balances at Beginning of Year</i>	<u>1,160,260</u>	<u>0</u>	<u>100,000</u>	<u>1,260,260</u>
<i>Fund Balances at End of Year</i>	<u>\$1,240,349</u>	<u>\$68,105</u>	<u>\$100,000</u>	<u>\$1,408,454</u>

City of Clayton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013

	Enforcement and Education Fund	Drug Law Enforcement Fund	Law Enforcement Trust Fund	EMS Fund	State Highway Fund
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,482	\$11,196	\$5,635	\$45,199	\$288,808
Receivables:					
Property Taxes	0	0	0	175,600	0
Other Local Taxes	0	0	0	0	0
Payment in Lieu of Taxes	0	0	0	0	0
Accounts	0	0	0	464,311	0
Special Assessments - Current	0	0	0	0	0
Special Assessments - Delinquent	0	0	0	0	0
Accrued Interest	0	0	0	0	268
Due from Other Governments	54	0	0	16,080	22,821
<i>Total Assets</i>	<u>\$1,536</u>	<u>\$11,196</u>	<u>\$5,635</u>	<u>\$701,190</u>	<u>\$311,897</u>
Liabilities:					
Accounts Payable	\$0	\$0	\$0	\$4,353	\$11,748
Interfund Payable	0	0	0	25,000	0
Due to Other Governments	0	0	0	18,108	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>47,461</u>	<u>11,748</u>
Deferred Inflows of Resources					
Property Taxes	0	0	0	170,413	0
Payment in Lieu of Taxes	0	0	0	0	0
Unavailable Revenue	0	0	0	480,727	19,397
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>651,140</u>	<u>19,397</u>
Fund Balances:					
Restricted	1,536	11,196	5,635	2,589	280,752
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,536</u>	<u>\$11,196</u>	<u>\$5,635</u>	<u>\$701,190</u>	<u>\$311,897</u>

Permissive Motor Vehicle License Tax Fund	Street Lights Fund	Cemetery Fund	Joint Economic Development District Fund	Tax Increment Fund	Tax Increment Financing Towne Center Fund	Total Nonmajor Special Revenue Funds
\$101,474	\$32,240	\$34,753	\$127,008	\$445,379	\$356,353	\$1,449,527
0	0	0	0	0	0	175,600
7,710	0	0	0	0	0	7,710
0	0	0	0	291,095	166,017	457,112
0	0	1,000	0	0	0	465,311
0	29,551	0	0	0	0	29,551
0	11,187	0	0	0	0	11,187
92	0	0	0	0	0	360
0	0	0	0	0	0	38,955
<u>\$109,276</u>	<u>\$72,978</u>	<u>\$35,753</u>	<u>\$127,008</u>	<u>\$736,474</u>	<u>\$522,370</u>	<u>\$2,635,313</u>
\$2,458	\$655	\$0	\$0	\$0	\$4,850	\$24,064
0	0	0	0	0	0	25,000
177	0	0	202	101,211	57,723	177,421
<u>2,635</u>	<u>655</u>	<u>0</u>	<u>202</u>	<u>101,211</u>	<u>62,573</u>	<u>226,485</u>
0	0	0	0	0	0	170,413
0	0	0	0	189,884	108,294	298,178
92	40,738	0	0	101,211	57,723	699,888
<u>92</u>	<u>40,738</u>	<u>0</u>	<u>0</u>	<u>291,095</u>	<u>166,017</u>	<u>1,168,479</u>
<u>106,549</u>	<u>31,585</u>	<u>35,753</u>	<u>126,806</u>	<u>344,168</u>	<u>293,780</u>	<u>1,240,349</u>
<u>\$109,276</u>	<u>\$72,978</u>	<u>\$35,753</u>	<u>\$127,008</u>	<u>\$736,474</u>	<u>\$522,370</u>	<u>\$2,635,313</u>

City of Clayton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013

	Enforcement and Education Fund	Drug Law Enforcement Fund	Law Enforcement Trust Fund	EMS Fund	State Highway Fund
Revenues:					
Property Taxes	\$0	\$0	\$0	\$178,353	\$0
Other Local Taxes	0	0	0	0	0
Payment in Lieu of Taxes	0	0	0	0	0
Intergovernmental	0	0	0	34,845	44,536
Charges for Services	0	0	0	300,881	0
Fines and Forfeitures	1,536	59	2,656	0	0
Contributions Donations	0	0	0	302	0
Investment Income	0	0	0	0	3,955
Special Assessments	0	0	0	0	0
Other	0	0	0	21,824	0
<i>Total Revenues</i>	<u>1,536</u>	<u>59</u>	<u>2,656</u>	<u>536,205</u>	<u>48,491</u>
Expenditures:					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	18,640	614,051	0
Public Health	0	0	0	0	0
Economic Development	0	0	0	0	0
Transportation	0	0	0	0	30,406
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>18,640</u>	<u>614,051</u>	<u>30,406</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,536</u>	<u>59</u>	<u>(15,984)</u>	<u>(77,846)</u>	<u>18,085</u>
Other Financing Sources (Uses):					
Refunding Bonds Issued	0	0	0	0	0
Premium on Debt Issued	0	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0
Transfers-Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,536	59	(15,984)	(77,846)	18,085
<i>Fund Balances at Beginning of Year</i>	<u>0</u>	<u>11,137</u>	<u>21,619</u>	<u>80,435</u>	<u>262,667</u>
<i>Fund Balances at End of Year</i>	<u>\$1,536</u>	<u>\$11,196</u>	<u>\$5,635</u>	<u>\$2,589</u>	<u>\$280,752</u>

Permissive Motor Vehicle License Tax Fund	Street Lights Fund	Cemetery Fund	Joint Economic Development District Fund	Tax Increment Fund	Tax Increment Financing Towne Center Fund	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$178,353
103,866	0	0	0	0	0	103,866
0	0	0	0	185,683	157,444	343,127
0	0	0	22,208	0	0	101,589
0	0	8,650	0	0	0	309,531
0	0	0	0	0	0	4,251
0	0	0	0	0	0	302
1,541	0	0	0	0	0	5,496
0	40,385	0	0	0	0	40,385
0	0	0	0	29,690	0	51,514
<u>105,407</u>	<u>40,385</u>	<u>8,650</u>	<u>22,208</u>	<u>215,373</u>	<u>157,444</u>	<u>1,138,414</u>
0	0	0	202	51,043	32,436	83,681
0	30,313	0	0	0	0	663,004
0	0	1,662	0	0	0	1,662
0	0	0	20,952	0	0	20,952
110,176	655	0	0	0	0	141,237
500	0	0	0	0	0	500
0	0	0	0	69,077	0	69,077
0	0	0	0	77,020	0	77,020
<u>110,676</u>	<u>30,968</u>	<u>1,662</u>	<u>21,154</u>	<u>197,140</u>	<u>32,436</u>	<u>1,057,133</u>
<u>(5,269)</u>	<u>9,417</u>	<u>6,988</u>	<u>1,054</u>	<u>18,233</u>	<u>125,008</u>	<u>81,281</u>
0	0	0	0	1,301,075	0	1,301,075
0	0	0	0	44,672	0	44,672
0	0	0	0	(1,314,748)	0	(1,314,748)
0	0	0	0	0	(32,191)	(32,191)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,999</u>	<u>(32,191)</u>	<u>(1,192)</u>
(5,269)	9,417	6,988	1,054	49,232	92,817	80,089
<u>111,818</u>	<u>22,168</u>	<u>28,765</u>	<u>125,752</u>	<u>294,936</u>	<u>200,963</u>	<u>1,160,260</u>
<u>\$106,549</u>	<u>\$31,585</u>	<u>\$35,753</u>	<u>\$126,806</u>	<u>\$344,168</u>	<u>\$293,780</u>	<u>\$1,240,349</u>

City of Clayton, Ohio
Agency Fund Descriptions

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

Impact Fee Fund

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

Joint Economic Development District Fund

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

Fire Insurance Fund

To account for insurance proceeds arising from destruction by fire of an insured building or structure within the municipality for the purpose of providing the municipality with security for the expenses in removing, repairing or securing the building or other structure.

North Clayton Development Fund

To account for association fees received from various homeowners within the North Clayton development which are then distributed to the North Clayton Development Association.

City of Clayton, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2013

	Balance at 12/31/2012	Additions	Reductions	Balance at 12/31/2013
<u>IMPACT FEE</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$18,151	\$10,857	\$6,325	\$22,683
Liabilities:				
Due to Other Governments	\$18,151	\$10,857	\$6,325	\$22,683
<u>JOINT ECONOMIC DEVELOPMENT DISTRICT</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$162,961	\$62,209	\$100,752
Liabilities:				
Due to Other Governments	\$0	\$162,961	\$62,209	\$100,752
<u>FIRE INSURANCE</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$48,651	\$0	\$15,985	\$32,666
Liabilities:				
Undistributed Monies	\$48,651	\$0	\$15,985	\$32,666
<u>NORTH CLAYTON DEVELOPMENT</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$22,457	\$22,457	\$0
Liabilities:				
Undistributed Monies	\$0	\$22,457	\$22,457	\$0
<u>TOTAL AGENCY FUNDS</u>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$66,802	\$196,275	\$106,976	\$156,101
Liabilities:				
Due to Other Governments	18,151	173,818	68,534	123,435
Undistributed Monies	48,651	22,457	38,442	32,666
Total Liabilities	\$66,802	\$196,275	\$106,976	\$156,101

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$350,000	\$332,387	(\$17,613)
Other Local Taxes	150,000	178,368	28,368
Municipal Income Taxes	1,657,500	1,725,666	68,166
Intergovernmental	200,863	401,809	200,946
Charges for Services	741,775	756,426	14,651
Licenses and Permits	5,500	4,074	(1,426)
Investment Income	15,500	71,527	56,027
Other	3,951	25,619	21,668
<i>Total Revenues</i>	<u>3,125,089</u>	<u>3,495,876</u>	<u>370,787</u>
Expenditures:			
Current:			
General Government			
Personal Services	841,774	744,186	97,588
Contractual Services	1,291,695	1,276,247	15,448
Materials and Supplies	17,442	15,378	2,064
Total General Government	<u>2,150,911</u>	<u>2,035,811</u>	<u>115,100</u>
Capital Outlay	<u>174,936</u>	<u>174,747</u>	<u>189</u>
<i>Total Expenditures</i>	<u>2,325,847</u>	<u>2,210,558</u>	<u>115,289</u>
<i>Excess of Revenues Over Expenditures</i>	799,242	1,285,318	486,076
Other Financing Uses:			
Transfers-Out	<u>(1,021,891)</u>	<u>(771,452)</u>	<u>250,439</u>
<i>Net Change in Fund Balance</i>	(222,649)	513,866	736,515
<i>Fund Balance at Beginning of Year</i>	3,673,630	3,673,630	0
<i>Prior Year Encumbrances Appropriated</i>	<u>168,673</u>	<u>168,673</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$3,619,654</u></u>	<u><u>\$4,356,169</u></u>	<u><u>\$736,515</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$1,100,000	\$1,141,711	\$41,711
Intergovernmental	182,000	214,617	32,617
Charges for Services	69,474	57,395	(12,079)
Fines and Forfeitures	15,000	22,953	7,953
Other	9,049	31,814	22,765
<i>Total Revenues</i>	<u>1,375,523</u>	<u>1,468,490</u>	<u>92,967</u>
Expenditures:			
Current:			
Security of Persons and Property			
Personal Services	1,755,182	1,576,245	178,937
Contractual Services	241,600	228,584	13,016
Materials and Supplies	86,786	81,984	4,802
<i>Total Expenditures</i>	<u>2,083,568</u>	<u>1,886,813</u>	<u>196,755</u>
<i>Excess of Revenues Under Expenditures</i>	(708,045)	(418,323)	289,722
Other Financing Sources:			
Transfers-In	615,000	337,242	(277,758)
<i>Net Change in Fund Balance</i>	(93,045)	(81,081)	11,964
<i>Fund Balance at Beginning of Year</i>	54,008	54,008	0
<i>Prior Year Encumbrances Appropriated</i>	46,712	46,712	0
<i>Fund Balance at End of Year</i>	<u>\$7,675</u>	<u>\$19,639</u>	<u>\$11,964</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Department Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$505,000	\$547,474	\$42,474
Charges for Services	2,500	7,998	5,498
Investment Income	250	561	311
Other	20,588	31,851	11,263
<i>Total Revenues</i>	<u>528,338</u>	<u>587,884</u>	<u>59,546</u>
Expenditures:			
Current:			
Transportation			
Personal Services	706,842	587,994	118,848
Contractual Services	104,136	94,516	9,620
Materials and Supplies	75,427	70,695	4,732
Total Transportation	<u>886,405</u>	<u>753,205</u>	<u>133,200</u>
Capital Outlay	<u>1,545</u>	<u>1,469</u>	<u>76</u>
<i>Total Expenditures</i>	<u>887,950</u>	<u>754,674</u>	<u>133,276</u>
<i>Excess of Revenues Under Expenditures</i>	(359,612)	(166,790)	192,822
Other Financing Sources:			
Transfers-In	<u>260,000</u>	<u>85,800</u>	<u>(174,200)</u>
<i>Net Change in Fund Balance</i>	(99,612)	(80,990)	18,622
<i>Fund Balance at Beginning of Year</i>	78,455	78,455	0
<i>Prior Year Encumbrances Appropriated</i>	<u>34,116</u>	<u>34,116</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$12,959</u></u>	<u><u>\$31,581</u></u>	<u><u>\$18,622</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$750,000	\$723,759	(\$26,241)
Intergovernmental	131,958	131,481	(477)
Contributions and Donations	0	4,108	4,108
Other	0	34,284	34,284
<i>Total Revenues</i>	<u>881,958</u>	<u>893,632</u>	<u>11,674</u>
Expenditures:			
Current:			
Security of Persons and Property			
Personal Services	755,828	707,761	48,067
Contractual Services	141,845	125,639	16,206
Materials and Supplies	21,895	20,805	1,090
Total Security of Persons and Property	<u>919,568</u>	<u>854,205</u>	<u>65,363</u>
Capital Outlay	<u>64,809</u>	<u>64,804</u>	<u>5</u>
<i>Total Expenditures</i>	<u>984,377</u>	<u>919,009</u>	<u>65,368</u>
<i>Excess of Revenues Under Expenditures</i>	(102,419)	(25,377)	77,042
Other Financing Sources:			
Proceeds from Sale of Capital Assets	<u>61,570</u>	<u>34,496</u>	<u>(27,074)</u>
<i>Net Change in Fund Balance</i>	(40,849)	9,119	49,968
<i>Fund Balance at Beginning of Year</i>	347,444	347,444	0
<i>Prior Year Encumbrances Appropriated</i>	<u>42,068</u>	<u>42,068</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$348,663</u>	<u>\$398,631</u>	<u>\$49,968</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Capital Improvement Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Municipal Income Taxes	\$863,250	\$862,192	(\$1,058)
Other	1,750	24,547	22,797
<i>Total Revenues</i>	<u>865,000</u>	<u>886,739</u>	<u>21,739</u>
Expenditures:			
Current:			
General Government			
Contractual Services	694,045	678,037	16,008
Capital Outlay	581,121	435,901	145,220
Debt Service:			
Principal Retirement	209,187	209,187	0
Interest and Fiscal Charges	74,347	72,106	2,241
<i>Total Expenditures</i>	<u>1,558,700</u>	<u>1,395,231</u>	<u>163,469</u>
<i>Net Change in Fund Balance</i>	(693,700)	(508,492)	185,208
<i>Fund Balance at Beginning of Year</i>	412,321	412,321	0
<i>Prior Year Encumbrances Appropriated</i>	<u>286,048</u>	<u>286,048</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$4,669</u></u>	<u><u>\$189,877</u></u>	<u><u>\$185,208</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Water Department Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$65,000	\$71,099	\$6,099
Tap-In Fees	0	25	25
<i>Total Revenues</i>	<u>65,000</u>	<u>71,124</u>	<u>6,124</u>
Expenses:			
Personal Services	34,773	32,549	2,224
Contractual Services	3,450	1,376	2,074
Materials and Supplies	65,350	41,948	23,402
<i>Total Expenses</i>	<u>103,573</u>	<u>75,873</u>	<u>27,700</u>
<i>Net Change in Fund Equity</i>	(38,573)	(4,749)	33,824
<i>Fund Equity at Beginning of Year</i>	63,249	63,249	0
<i>Prior Year Encumbrances Appropriated</i>	<u>488</u>	<u>488</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$25,164</u></u>	<u><u>\$58,988</u></u>	<u><u>\$33,824</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Sewer Operating Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenses:	0	0	0
<i>Net Change in Fund Equity</i>	0	0	0
<i>Fund Equity at Beginning of Year</i>	59,298	59,298	0
<i>Fund Equity at End of Year</i>	\$59,298	\$59,298	\$0

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Enforcement and Education Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$0	\$1,482	\$1,482
Expenditures:	0	0	0
<i>Net Change in Fund Balance</i>	0	1,482	1,482
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$1,482	\$1,482

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Drug Law Enforcement Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$0	\$59	\$59
Expenditures:	0	0	0
<i>Net Change in Fund Balance</i>	0	59	59
<i>Fund Balance at Beginning of Year</i>	11,137	11,137	0
<i>Fund Balance at End of Year</i>	\$11,137	\$11,196	\$59

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Law Enforcement Trust Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$1,000	\$2,656	\$1,656
Expenditures:			
Current:			
Security of Persons and Property			
Materials and Supplies	18,800	18,640	160
<i>Net Change in Fund Balance</i>	(17,800)	(15,984)	1,816
<i>Fund Balance at Beginning of Year</i>	21,619	21,619	0
<i>Fund Balance at End of Year</i>	\$3,819	\$5,635	\$1,816

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
EMS Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$175,000	\$178,353	\$3,353
Intergovernmental	30,000	34,845	4,845
Charges for Services	350,000	302,796	(47,204)
Contributions and Donations	2,500	302	(2,198)
Other	0	21,675	21,675
<i>Total Revenues</i>	<u>557,500</u>	<u>537,971</u>	<u>(19,529)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Personal Services	584,104	541,344	42,760
Contractual Services	58,664	53,620	5,044
Materials and Supplies	17,532	17,084	448
<i>Total Expenditures</i>	<u>660,300</u>	<u>612,048</u>	<u>48,252</u>
<i>Net Change in Fund Balance</i>	(102,800)	(74,077)	28,723
<i>Fund Balance at Beginning of Year</i>	94,464	94,464	0
<i>Prior Year Encumbrances Appropriated</i>	<u>14,212</u>	<u>14,212</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$5,876</u></u>	<u><u>\$34,599</u></u>	<u><u>\$28,723</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
State Highway Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$40,000	\$44,390	\$4,390
Investment Income	550	2,553	2,003
<i>Total Revenues</i>	<u>40,550</u>	<u>46,943</u>	<u>6,393</u>
Expenditures:			
Current:			
Transportation			
Contractual Services	23,975	11,250	12,725
Materials and Supplies	57,580	34,405	23,175
<i>Total Expenditures</i>	<u>81,555</u>	<u>45,655</u>	<u>35,900</u>
<i>Net Change in Fund Balance</i>	(41,005)	1,288	42,293
<i>Fund Balance at Beginning of Year</i>	253,466	253,466	0
<i>Prior Year Encumbrances Appropriated</i>	<u>8,788</u>	<u>8,788</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$221,249</u></u>	<u><u>\$263,542</u></u>	<u><u>\$42,293</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Permissive Motor Vehicle License Tax Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other Local Taxes	\$100,000	\$103,289	\$3,289
Investment Income	500	851	351
<i>Total Revenues</i>	<u>100,500</u>	<u>104,140</u>	<u>3,640</u>
Expenditures:			
Current:			
Transportation			
Personal Services	61,144	39,973	21,171
Contractual Services	29,814	28,973	841
Materials and Supplies	39,879	39,785	94
Total Transportation	130,837	108,731	22,106
Capital Outlay	500	500	0
<i>Total Expenditures</i>	<u>131,337</u>	<u>109,231</u>	<u>22,106</u>
<i>Net Change in Fund Balance</i>	(30,837)	(5,091)	25,746
<i>Fund Balance at Beginning of Year</i>	96,777	96,777	0
<i>Prior Year Encumbrances Appropriated</i>	9,030	9,030	0
<i>Fund Balance at End of Year</i>	<u>\$74,970</u>	<u>\$100,716</u>	<u>\$25,746</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Lights Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$37,500	\$40,385	\$2,885
Expenditures:			
Current:			
Security of Persons and Property			
Contractual Services	45,500	35,657	9,843
<i>Net Change in Fund Balance</i>	(8,000)	4,728	12,728
<i>Fund Balance at Beginning of Year</i>	22,168	22,168	0
<i>Fund Balance at End of Year</i>	\$14,168	\$26,896	\$12,728

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Cemetery Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$2,000	\$7,650	\$5,650
Expenditures:			
Current:			
Public Health			
Contractual Services	2,850	500	2,350
Materials and Supplies	300	196	104
<i>Total Expenditures</i>	3,150	696	2,454
<i>Net Change in Fund Balance</i>	(1,150)	6,954	8,104
<i>Fund Balance at Beginning of Year</i>	27,799	27,799	0
<i>Fund Balance at End of Year</i>	\$26,649	\$34,753	\$8,104

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Joint Economic Development District Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$30,000	\$22,208	(\$7,792)
Expenditures:			
Current:			
Community and Economic Development			
Contractual Services	43,687	36,538	7,149
<i>Net Change in Fund Balance</i>	(13,687)	(14,330)	(643)
<i>Fund Balance at Beginning of Year</i>	100,566	100,566	0
<i>Prior Year Encumbrances Appropriated</i>	25,186	25,186	0
<i>Fund Balance at End of Year</i>	<u>\$112,065</u>	<u>\$111,422</u>	<u>(\$643)</u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Tax Increment Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Payments in Lieu of Taxes	\$115,000	\$185,683	\$70,683
Other	0	29,690	29,690
<i>Total Revenues</i>	<u>115,000</u>	<u>215,373</u>	<u>100,373</u>
Expenditures:			
Current:			
General Government			
Contractual Services	176,500	174,977	1,523
Debt Service:			
Principal Retirement	69,077	69,077	0
Interest and Fiscal Charges	77,020	77,020	0
<i>Total Expenditures</i>	<u>322,597</u>	<u>321,074</u>	<u>1,523</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(207,597)</u>	<u>(105,701)</u>	<u>101,896</u>
Other Financing Sources (Uses):			
Refunding Bonds Issued	1,301,075	1,301,075	0
Premium on Debt Issued	44,672	44,672	0
Payment to Refunded Bond Escrow Agent	(1,314,748)	(1,314,748)	0
<i>Total Other Financing Sources (Uses)</i>	<u>30,999</u>	<u>30,999</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(176,598)	(74,702)	101,896
<i>Fund Balance at Beginning of Year</i>	265,956	265,956	0
<i>Prior Year Encumbrances Appropriated</i>	<u>82,125</u>	<u>82,125</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$171,483</u></u>	<u><u>\$273,379</u></u>	<u><u>\$101,896</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Tax Increment Financing Towne Center Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Payment in Lieu of Taxes	\$125,000	\$157,444	\$32,444
Expenditures:			
Current:			
General Government			
Contractual Services	135,000	134,999	1
Debt Service:			
Principal Retirement	25,638	25,638	0
Interest and Fiscal Charges	38,744	38,744	0
<i>Total Expenditures</i>	<u>199,382</u>	<u>199,381</u>	<u>1</u>
<i>Net Change in Fund Balance</i>	(74,382)	(41,937)	32,445
<i>Fund Balance at Beginning of Year</i>	<u>236,295</u>	<u>236,295</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$161,913</u></u>	<u><u>\$194,358</u></u>	<u><u>\$32,445</u></u>

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Bond Retirement Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other	\$0	\$53,794	\$53,794
Expenditures:			
Debt Service:			
Principal Retirement	208,559	208,559	0
Interest and Fiscal Charges	181,861	181,861	0
<i>Total Expenditures</i>	390,420	390,420	0
<i>Excess of Revenues Under Expenditures</i>	(390,420)	(336,626)	53,794
Other Financing Sources (Uses):			
Refunding Bonds Issued	2,363,925	2,363,925	0
Premium on Debt Issued	81,164	81,164	0
Payment to Refunded Bond Escrow Agent	(2,388,768)	(2,388,768)	0
Transfers-In	335,000	348,410	13,410
<i>Total Other Financing Sources (Uses)</i>	391,321	404,731	13,410
<i>Net Change in Fund Balance</i>	901	68,105	67,204
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$901	\$68,105	\$67,204

City of Clayton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Asset Replacement Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance at Beginning of Year</i>	100,000	100,000	0
<i>Fund Balance at End of Year</i>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$0</u>

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STATISTICAL TABLES

This part of the City of Clayton’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	96-107
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	108-117
These schedules contain information to help the reader assess the City’s most significant local revenue sources, property taxes and income taxes.	
Debt Capacity	118-124
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	125-127
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating information	128-133
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial reports relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Clayton, Ohio
Net Position by Component
Last Ten Years
(accrual basis of accounting)

	2004	2005	2006	2007
Governmental Activities:				
Net Investment in Capital Assets	\$3,952	\$1,096,146	\$2,385,015	\$3,399,360
Restricted	1,937,007	2,283,572	2,418,788	2,976,984
Unrestricted	1,835,685	2,535,512	2,604,083	2,478,642
<i>Total Governmental Activities Net Position</i>	<u>3,776,644</u>	<u>5,915,230</u>	<u>7,407,886</u>	<u>8,854,986</u>
Business-Type Activities:				
Net Investment in Capital Assets	(102,187)	(46,429)	(78,683)	(80,021)
Unrestricted (Deficit)	164,623	(145,701)	18,068	184,759
<i>Total Business-Type Activities</i>	<u>62,436</u>	<u>(192,130)</u>	<u>(60,615)</u>	<u>104,738</u>
Primary Government:				
Net Investment in Capital Assets	(98,235)	1,049,717	2,306,332	3,319,339
Restricted	1,937,007	2,283,572	2,418,788	2,976,984
Unrestricted	2,000,308	2,389,811	2,622,151	2,663,401
<i>Total Primary Government Net Position</i>	<u>\$3,839,080</u>	<u>\$5,723,100</u>	<u>\$7,347,271</u>	<u>\$8,959,724</u>

2008	2009	2010	2011	2012	2013
\$4,534,717	\$4,985,791	\$6,188,910	\$6,887,562	\$7,027,755	\$7,073,297
1,863,244	3,028,063	2,655,232	2,942,250	2,823,290	3,329,404
2,167,933	2,152,885	3,262,866	4,441,506	4,950,535	5,679,868
8,565,894	10,166,739	12,107,008	14,271,318	14,801,580	16,082,569
(57,466)	(64,741)	(154,527)	(53,739)	(325,188)	(427,817)
292,602	238,435	229,958	27,310	173,204	106,735
235,136	173,694	75,431	(26,429)	(151,984)	(321,082)
4,477,251	4,921,050	6,034,383	6,833,823	6,702,567	6,645,480
1,863,244	3,028,063	2,655,232	2,942,250	2,823,290	3,329,404
2,460,535	2,391,320	3,492,824	4,468,816	5,123,739	5,786,603
\$8,801,030	\$10,340,433	\$12,182,439	\$14,244,889	\$14,649,596	\$15,761,487

City of Clayton, Ohio
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

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

2008	2009	2010	2011	2012	2013
\$102,638	\$318,580	\$760,819	\$717,170	\$787,659	\$778,361
445,672	438,413	380,730	483,120	424,854	693,824
1,340	8,650	5,650	1,400	6,225	8,650
1,925	1,225	2,038	3,150	2,170	8,318
1,093,240	1,207,084	1,567,345	1,063,694	1,012,553	1,016,512
317,078	884,827	1,231,631	0	136,168	0
1,961,893	2,858,779	3,948,213	2,268,534	2,369,629	2,505,665
112,285	48,037	66,178	63,449	69,363	68,432
8,986	828	2,577	575	923	20
0	98,773	0	0	0	0
121,271	147,638	68,755	64,024	70,286	68,452
2,083,164	3,006,417	4,016,968	2,332,558	2,439,915	2,574,117
1,665,425	2,102,857	3,078,190	1,995,391	2,671,295	2,026,231
3,181,958	3,103,331	3,314,654	3,309,160	3,490,585	3,513,534
0	0	0	0	0	0
4,591	3,557	4,576	591	1,792	1,662
0	16,883	7,935	400	10,138	20,952
1,292,387	1,201,965	1,413,580	1,033,701	1,466,901	1,521,183
230,230	226,296	234,683	248,233	388,039	249,304
6,374,591	6,654,889	8,053,618	6,587,476	8,028,750	7,332,866
113,795	161,076	149,372	151,169	174,608	140,683
139,324	233,626	218,839	215,908	222,426	209,360
253,119	394,702	368,211	367,077	397,034	350,043
\$6,627,710	\$7,049,591	\$8,421,829	\$6,954,553	\$8,425,784	\$7,682,909

(continued)

City of Clayton, Ohio
Changes in Net Position
Last Ten Years
(accrual basis of accounting)
(continued)

	2004	2005	2006	2007
Net (Expense) / Revenue:				
Governmental Activities	(\$3,458,605)	(\$3,136,208)	(\$4,028,894)	(\$4,308,626)
Business-Type Activities	(87,028)	(255,716)	(70,837)	(58,278)
<i>Total Primary Government Net Position</i>	<u>(3,545,633)</u>	<u>(3,391,924)</u>	<u>(4,099,731)</u>	<u>(4,366,904)</u>
General Revenues and Transfers:				
Governmental Activities:				
Property Taxes Levied for General Purposes	342,712	364,204	383,670	374,624
Property Taxes Levied for Police	1,022,788	1,098,323	1,105,558	1,085,879
Property Taxes Levied for Fire	405,506	421,057	443,579	423,706
Property Taxes Levied for EMS	176,307	184,599	193,639	184,206
Other Local Taxes	336,326	262,708	507,230	335,198
Increment Taxes	0	0	0	0
Municipal Income Taxes Levied for General Purposes	852,187	1,459,448	1,578,201	1,311,919
Municipal Income Taxes Levied for Capital Outlay	429,971	698,190	811,251	607,727
Grants and Entitlements not Restricted to Specific Programs	820,270	579,344	514,987	534,113
Contributions	12,331	0	0	0
Investment Income	2,622	98,999	173,067	178,584
Investment in Joint Venture	0	0	0	0
Other	90,905	107,922	107,846	168,012
Transfers	0	0	(202,352)	(202,234)
<i>Total Governmental Activities General Revenues and Transfer</i>	<u>4,491,925</u>	<u>5,274,794</u>	<u>5,616,676</u>	<u>5,001,734</u>
Business-Type Activities:				
Other	0	1,150	0	0
Transfers	0	0	202,352	202,234
<i>Total Business-Type Activities General Revenues and Transfer</i>	<u>0</u>	<u>1,150</u>	<u>202,352</u>	<u>202,234</u>
Prior Year Restatement of Governmental Type Net Position	0	0	(95,126)	753,992
Prior Year Restatement of Business-Type Net Position	0	0	0	21,397
Change in Net Position:				
Governmental Activities	1,033,320	2,138,586	1,492,656	1,447,100
Business-Type Activities	(87,028)	(254,566)	131,515	165,353
<i>Total Primary Government</i>	<u>\$946,292</u>	<u>\$1,884,020</u>	<u>\$1,624,171</u>	<u>\$1,612,453</u>

- (1) Charges for services in the Water Department increased in 2007 as operations expanded.
(2) Charges for services for Sewer Operations decreased in 2007 due to a decrease in impact fee revenue.

2008	2009	2010	2011	2012	2013
(\$4,412,698)	(\$3,796,110)	(\$4,105,405)	(\$4,318,942)	(\$5,659,121)	(\$4,827,201)
(131,848)	(247,064)	(299,456)	(303,053)	(326,748)	(281,591)
(4,544,546)	(4,043,174)	(4,404,861)	(4,621,995)	(5,985,869)	(5,108,792)
374,000	391,904	368,775	369,143	331,825	333,899
1,076,541	1,228,963	1,217,195	1,224,218	1,137,084	1,146,874
421,228	814,478	798,572	799,508	721,683	726,977
183,452	180,448	179,062	179,947	177,758	179,153
206,438	216,829	224,968	266,767	284,333	281,529
0	199,876	187,734	327,951	359,430	413,584
1,280,281	1,364,296	1,422,784	1,651,397	1,914,037	1,578,366
727,648	686,419	704,294	826,382	957,739	788,569
550,153	297,537	1,043,924	923,046	307,054	401,933
0	0	0	0	0	0
85,905	23,668	10,657	37,286	34,456	109,373
12,955	(8,656)	4,121	84	(568)	(5,678)
217,289	186,815	84,781	78,716	165,745	254,207
(262,233)	(185,622)	(201,193)	(201,193)	(201,193)	(100,596)
4,873,657	5,396,955	6,045,674	6,483,252	6,189,383	6,108,190
13	0	0	0	0	11,897
262,233	185,622	201,193	201,193	201,193	100,596
262,246	185,622	201,193	201,193	201,193	112,493
(750,051)	0	0	0	0	0
0	0	0	0	0	0
(289,092)	1,600,845	1,940,269	2,164,310	530,262	1,280,989
130,398	(61,442)	(98,263)	(101,860)	(125,555)	(169,098)
(\$158,694)	\$1,539,403	\$1,842,006	\$2,062,450	\$404,707	\$1,111,891

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

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

2008	2009	2010	2011	2012	2013
\$595,918	\$1,295,181	\$2,488,113	\$764,385	\$961,102	\$800,569
769,283	966,548	840,695	937,380	794,401	1,084,329
1,340	8,650	5,650	1,400	6,225	8,650
595,352	588,400	613,755	565,369	607,901	612,117
1,961,893	2,858,779	3,948,213	2,268,534	2,369,629	2,505,665
112,285	146,810	66,178	63,449	69,363	68,432
8,986	828	2,577	575	923	20
121,271	147,638	68,755	64,024	70,286	68,452
\$2,083,164	\$3,006,417	\$4,016,968	\$2,332,558	\$2,439,915	\$2,574,117

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

	2004	2005	2006	2007
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	77,786	141,169	142,351	59,053
Unreserved	1,322,683	1,917,869	1,789,609	1,734,915
<i>Total General Fund</i>	1,400,469	2,059,038	1,931,960	1,793,968
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	243,191	136,530	210,896	110,316
Unreserved, Undesignated Reported in:				
Special Revenue Funds	1,077,057	1,328,413	1,090,855	945,875
Debt Service Fund	0	4,431	5,617	10,257
Capital Projects Funds	3,093,024	454,323	506,205	681,450
<i>Total All Other Governmental Funds</i>	4,413,272	1,923,697	1,813,573	1,747,898
<i>Total Governmental Funds</i>	\$5,813,741	\$3,982,735	\$3,745,533	\$3,541,866

(1) Beginning in 2009, fund balances were classified in accordance with *GASB Statement No. 54*.

2008	2009(1)	2010	2011	2012	2013
\$19,893	\$20,339	\$3,770	\$25,236	\$27,652	\$13,342
0	48,086	69,572	57,008	132,142	786,246
1,519,538	1,451,057	2,452,922	3,744,558	4,019,975	4,215,425
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,539,431</u>	<u>1,519,482</u>	<u>2,526,264</u>	<u>3,826,802</u>	<u>4,179,769</u>	<u>5,015,013</u>
45,297	45,122	2,131	63,743	53,154	10,476
1,320,123	1,559,714	1,912,706	2,054,698	2,327,503	2,132,183
110,257	115,464	105,984	100,000	100,000	168,105
(352,411)	(233,760)	(183,771)	(221,227)	(185,247)	(240,845)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,123,266</u>	<u>1,486,540</u>	<u>1,837,050</u>	<u>1,997,214</u>	<u>2,295,410</u>	<u>2,069,919</u>
<u>\$2,662,697</u>	<u>\$3,006,022</u>	<u>\$4,363,314</u>	<u>\$5,824,016</u>	<u>\$6,475,179</u>	<u>\$7,084,932</u>

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

	2004	2005	2006	2007
Revenues:				
Property Taxes	\$2,341,468	\$2,434,127	\$2,132,002	\$2,071,635
Other Local Taxes (2)	0	0	406,845	371,060
Municipal Income Taxes	1,184,355	1,882,105	2,072,428	2,000,105
Payment in Lieu of Taxes (1)	0	0	0	0
Intergovernmental	1,294,237	1,639,988	1,917,568	1,736,282
Charges for Services	301,520	341,039	360,292	379,355
Licenses and Permits	7,960	8,315	10,626	10,144
Fines and Forfeitures	22,263	13,624	13,526	20,519
Contributions and Donations	12,331	0	0	0
Investment Income	32,442	142,245	235,838	246,821
Special Assessments	22,128	22,124	22,228	22,718
Impact Fees	0	0	63,032	40,350
Other	95,932	107,554	108,214	104,369
<i>Total Revenues</i>	<u>5,314,636</u>	<u>6,591,121</u>	<u>7,342,599</u>	<u>7,003,358</u>
Expenditures:				
Current:				
General Government	1,572,028	5,647,391	3,627,015	2,673,903
Security of Persons and Property	2,388,868	2,454,231	2,806,686	2,906,093
Public Health	5,376	4,549	4,136	5,101
Economic Development	0	0	0	0
Transportation	586,560	753,543	879,686	1,015,617
Intergovernmental	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	1,616,253	69,973	357,611	347,434
Interest and Fiscal Charges	21,449	182,830	211,590	222,743
Issuance Costs	0	98,022	0	0
<i>Total Expenditures</i>	<u>6,191,201</u>	<u>9,210,539</u>	<u>7,886,724</u>	<u>7,170,891</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(876,565)</u>	<u>(2,619,418)</u>	<u>(544,125)</u>	<u>(167,533)</u>
Other Financing Sources (Uses):				
Refunding Bonds Issued	0	0	0	0
Proceeds from Sale of Capital Assets	0	0	0	0
General Obligation Bonds Issued	0	4,500,000	0	0
Proceeds from Refunding Notes	0	1,600,000	0	0
Premium on Debt Issued	0	98,022	0	0
Notes Issued	4,500,000	0	0	0
Proceeds of Loan	0	198,390	0	0
Inception of Capital Lease	135,013	492,000	509,275	166,100
Transfers-In	278,442	793,605	1,648,523	1,470,804
Payment to Refunded Escrow Agent	0	0	0	0
Current Refunding	0	(6,100,000)	0	0
Transfers-Out	(278,442)	(793,605)	(1,850,875)	(1,673,038)
<i>Total Other Financing Sources (Uses)</i>	<u>4,635,013</u>	<u>788,412</u>	<u>306,923</u>	<u>(36,134)</u>
<i>Net Change in Fund Balances</i>	<u>\$3,758,448</u>	<u>(\$1,831,006)</u>	<u>(\$237,202)</u>	<u>(\$203,667)</u>
<i>Debt Service as a Percentage of Noncapital Expenditures (3)</i>	28.3%	6.6%	9.5%	9.3%

(1) Prior to 2008 the City did not separate Payment in Lieu of Taxes and Other Local Taxes.

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

(3) Between 2004 and 2009, the City was tracking capital outlay in the functions for which the items were acquired. The capital expenditures within the various functions can be obtained from the Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

2008	2009	2010	2011	2012	2013
\$2,063,329	\$2,558,467	\$2,547,791	\$2,622,064	\$2,374,876	\$2,376,210
199,928	213,638	220,051	335,235	284,328	282,234
2,003,061	1,998,627	2,105,083	2,292,298	2,682,476	2,617,576
115,173	138,449	187,734	327,951	332,380	343,127
1,923,306	1,801,731	4,023,219	2,066,458	1,487,288	1,402,068
393,877	648,425	1,001,862	1,035,016	1,078,970	1,134,310
11,806	4,658	6,816	30,925	5,572	3,754
17,851	17,231	20,512	16,857	25,488	27,163
0	0	0	425	675	4,410
97,086	27,644	11,676	34,207	31,129	112,403
28,991	28,576	38,026	68,284	34,419	40,385
18,264	2,427	6,721	2,382	2,564	56
217,289	186,515	85,081	78,716	165,745	254,207
<u>7,089,961</u>	<u>7,626,388</u>	<u>10,254,572</u>	<u>8,910,818</u>	<u>8,505,910</u>	<u>8,597,903</u>
3,018,325	2,594,614	1,983,546	2,494,914	2,753,703	2,689,597
2,996,332	3,025,428	3,139,635	3,126,644	3,287,908	3,358,850
4,591	3,557	4,576	591	1,792	1,662
0	16,883	7,935	400	10,138	20,952
1,035,123	925,970	1,020,519	851,863	853,572	895,671
44,342	0	0	0	0	0
0	0	3,549,111	285,962	715,456	293,233
389,680	317,089	273,999	354,660	420,821	459,187
218,504	213,900	216,766	229,286	230,986	290,218
0	0	76,506	0	0	0
<u>7,706,897</u>	<u>7,097,441</u>	<u>10,272,593</u>	<u>7,344,320</u>	<u>8,274,376</u>	<u>8,009,370</u>
<u>(616,936)</u>	<u>528,947</u>	<u>(18,021)</u>	<u>1,566,498</u>	<u>231,534</u>	<u>588,533</u>
0	0	0	0	0	3,665,000
0	0	0	0	0	34,496
0	0	1,515,000	0	0	0
0	0	0	0	0	0
0	0	61,506	0	0	125,836
0	0	0	95,397	185,433	0
0	0	0	0	0	0
0	0	0	0	435,389	0
1,163,496	785,583	496,215	534,455	871,050	703,047
0	0	0	0	0	(3,703,516)
0	0	0	0	0	0
<u>(1,425,729)</u>	<u>(971,205)</u>	<u>(697,408)</u>	<u>(735,648)</u>	<u>(1,072,243)</u>	<u>(803,643)</u>
<u>(262,233)</u>	<u>(185,622)</u>	<u>1,375,313</u>	<u>(105,796)</u>	<u>419,629</u>	<u>21,220</u>
<u>(\$879,169)</u>	<u>\$343,325</u>	<u>\$1,357,292</u>	<u>\$1,460,702</u>	<u>\$651,163</u>	<u>\$609,753</u>
9.7%	9.2%	6.3%	9.4%	8.8%	10.7%

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

Year	Property and Other Local Taxes	Municipal Income Taxes	Total
2004	\$2,341,468	\$1,184,355	\$3,525,823
2005	2,434,127	1,882,105	4,316,232
2006	2,538,847	2,072,428	4,611,275
2007	2,442,695	2,000,105	4,442,800
2008	2,378,430	2,003,061	4,381,491
2009	2,772,105	1,998,627	4,770,732
2010	2,767,842	2,105,083	4,872,925
2011	2,957,299	2,292,298	5,249,597
2012	2,991,584	2,682,476	5,674,060
2013	2,658,444	2,617,576	5,276,020

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City of Clayton, Ohio
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2004	\$223,733,540	\$13,378,050	\$677,461,686	\$6,750,130	\$7,670,602
2005	227,078,110	13,559,680	687,536,543	5,979,780	6,795,205
2006	245,417,110	14,684,510	743,147,486	5,940,090	6,750,102
2007	246,309,620	14,803,000	746,036,057	5,689,890	6,465,784
2008	248,450,750	14,818,730	752,198,514	4,879,900	5,545,341
2009	250,616,410	16,233,890	762,429,429	4,970,690	5,648,511
2010	250,090,550	16,288,460	761,082,886	4,912,150	5,581,989
2011	249,250,080	16,838,570	760,253,286	5,121,640	5,820,045
2012	225,433,280	25,206,480	716,113,600	5,238,780	5,953,159
2013	224,482,070	15,447,940	685,514,314	6,156,620	6,996,159

Source: Montgomery County Auditor

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010.)

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

<u>Tangible Personal Property</u>					Weighted Average Tax Rate (per \$1,000 of assessed value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$2,422,986	\$9,691,944	\$246,284,706	\$694,824,232	35.45%	9.28%
2,368,147	9,472,588	248,985,717	703,804,335	35.38	9.27
1,812,688	9,667,669	267,854,398	759,565,257	35.26	8.79
1,629,718	13,037,744	268,432,228	765,539,585	35.06	8.79
1,300,056	10,400,448	269,449,436	768,144,303	35.08	8.76
760,410	6,083,280	272,581,400	774,161,220	35.21	11.10
111,170	889,360	271,402,330	767,554,234	35.36	10.34
0	0	271,210,290	766,073,331	35.40	11.75
0	0	255,878,540	722,066,759	35.44	11.43
0	0	246,086,630	692,510,473	35.54	12.57

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

	2004	2005	2006	2007
Unvoted Millage				
Operating	\$1.6000	\$1.6000	\$1.6000	\$1.6000
Voted Millage - by levy				
1976 Police				
Residential/Agricultural Real	0.6084	0.6074	0.5715	0.5716
Commercial/Industrial and Public Utility Real	1.0767	1.0766	0.9983	1.0043
General Business and Public Utility Personal	2.6800	2.6800	2.6800	2.6800
1998 Police				
Residential/Agricultural Real	1.2475	1.2454	1.1717	1.1719
Commercial/Industrial and Public Utility Real	1.2725	1.2724	1.1798	1.1869
General Business and Public Utility Personal	1.5000	1.5000	1.5000	1.5000
1998 Police - Replaced in 2008				
Residential/Agricultural Real	2.9107	2.9059	2.7340	2.7344
Commercial/Industrial and Public Utility Real	2.9691	2.9688	2.7528	2.7693
General Business and Public Utility Personal	3.5000	3.5000	3.5000	3.5000
1998 Fire District - Fire and EMS - Replaced in 2008				
Residential/Agricultural Real	1.9129	1.9097	1.7969	1.7971
Commercial/Industrial and Public Utility Real	1.9515	1.9514	1.8086	1.8194
General Business and Public Utility Personal	2.3000	2.3000	2.3000	2.3000
1998 Fire District				
Residential/Agricultural Real	0.8317	0.8303	0.7813	0.7814
Commercial/Industrial and Public Utility Real	0.8485	0.8484	0.7863	0.7911
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
<i>Total Voted Millage by Type of Property</i>				
Residential/Agricultural Real	7.5112	7.4987	7.0554	7.0564
Commercial/Industrial and Public Utility Real	8.1183	8.1176	7.5258	7.5710
General Business and Public Utility Personal	10.9800	10.9800	10.9800	10.9800
<i>Total Millage by Type of Property</i>				
Residential/Agricultural Real	9.1112	9.0987	8.6554	8.6564
Commercial/Industrial and Public Utility Real	9.7183	9.7176	9.1258	9.1710
General Business and Public Utility Personal	12.5800	12.5800	12.5800	12.5800

2008	2009	2010	2011	2012	2013
\$1.6000	\$1.6000	\$1.6000	\$1.6000	\$1.6000	\$1.6000
0.5700	0.5651	0.5682	0.6301	0.6320	0.6335
1.0038	0.9484	0.9357	0.9533	0.9753	0.9758
2.6800	2.6800	2.6800	2.6800	2.6800	2.6800
1.1687	1.1585	1.1650	1.2918	1.2958	1.2989
1.1862	1.1208	1.1570	1.1265	1.1525	1.1531
1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
2.7269	3.4695	3.4888	3.5000	3.5000	3.5000
2.7678	3.3069	3.2625	3.3239	3.4007	3.4024
3.5000	3.5000	3.5000	3.5000	3.5000	3.5000
1.7922	3.4697	3.4697	3.5000	3.5000	3.5000
1.8184	3.3064	3.3064	3.3233	3.4002	3.4002
2.3000	3.5000	3.5000	3.5000	3.5000	3.5000
0.7792	0.7768	0.7791	0.8615	0.8641	0.8661
0.7906	0.7369	0.7293	0.7507	0.7681	0.7685
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
7.0370	9.4396	9.4708	9.7834	9.7919	9.7985
7.5668	9.4194	9.3909	9.4777	9.6968	9.7000
10.9800	12.1800	12.1800	12.1800	12.1800	12.1800
8.6370	11.0396	10.2917	11.3834	11.3919	11.3985
9.1668	11.0194	10.2616	11.0777	11.2968	11.3000
12.5800	13.7800	12.7800	13.7800	13.7800	13.7800

(continued)

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

Overlapping Rates by Taxing District	2004	2005	2006	2007
Northmont School District				
Residential/Agricultural Real	\$33.6824	\$33.5861	\$31.8522	\$31.7846
Commercial/Industrial and Public Utility Real	37.2891	37.6443	36.5464	36.5338
General Business and Public Utility Personal	64.1500	64.1500	64.1500	64.1500
Trotwood-Madison School District				
Residential/Agricultural Real	47.2126	47.1064	43.9139	43.9060
Commercial/Industrial and Public Utility Real	51.5069	51.7235	49.8603	50.1742
General Business and Public Utility Personal	60.8500	60.7000	60.0600	60.0600
Brookville School District				
Residential/Agricultural Real	35.8140	35.6903	33.5760	33.6254
Commercial/Industrial and Public Utility Real	40.4013	40.4597	40.2386	40.4653
General Business and Public Utility Personal	65.0600	65.0600	65.0400	65.0400
Sinclair Community College				
Residential/Agricultural Real	2.0190	2.0144	1.8234	1.8224
Commercial/Industrial and Public Utility Real	2.1749	2.1806	2.0774	2.0840
General Business and Public Utility Personal	2.5000	2.5000	2.5000	2.5000
Montgomery County				
Residential/Agricultural Real	13.1094	13.0835	12.0043	11.9987
Commercial/Industrial and Public Utility Real	14.1786	14.1955	13.6040	13.6420
General Business and Public Utility Personal	15.7400	15.7400	15.7400	15.7400
Special Taxing Districts (1)				
Residential/Agricultural Real	2.5049	3.5228	3.2372	3.2262
Commercial/Industrial and Public Utility Real	2.5676	3.5987	3.4506	3.4641
General Business and Public Utility Personal	2.8400	3.8300	3.8300	3.8300

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

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

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

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

(1) Library, Joint Vocational School

2008	2009	2010	2011	2012	2013
\$37.6076	\$37.8629	\$37.9403	\$49.6344	\$49.6918	\$49.7128
42.4345	40.2311	40.7000	42.4559	52.5985	52.7101
70.0500	70.0500	70.0500	75.9500	75.9500	75.9500
43.9211	44.7575	45.4855	48.7887	48.8357	49.9155
50.7206	47.6358	49.7925	54.3168	54.8667	56.4753
60.0600	60.0600	60.0600	60.0600	60.0600	61.0600
33.4836	37.4278	37.4905	37.8787	37.9266	37.9222
40.5158	43.3680	43.6010	42.6548	41.9525	42.1393
65.0400	69.0300	69.0300	69.0300	69.0300	69.0000
1.8199	3.2000	3.2000	3.2000	3.2000	3.2000
2.0737	3.1026	3.1409	3.2000	3.2000	3.2000
2.5000	3.2000	3.2000	3.2000	3.2000	3.2000
16.0261	16.1213	16.4987	17.0340	17.0348	17.0355
16.6010	16.1475	16.5949	17.2213	17.2360	17.2391
17.7400	17.7400	17.7400	17.7400	17.7400	17.7400
3.1931	3.1847	3.8033	4.1938	4.1947	5.7660
3.4395	3.3231	3.9407	4.2613	4.2675	5.8209
3.8300	3.8300	4.3300	4.3300	4.3300	5.8900

City of Clayton, Ohio
Principal Property Tax Payers
 2013 and 2007 (1)

Taxpayer	2013	
	Total Assessed Valuation	Percentage of Total Assessed Valuation
Dayton Power and Light	\$5,590,670	2.27%
Tilak Nagar/Stoneridge	2,514,150	1.02%
Pleasant Real Estate LLC	1,796,250	0.72%
LGH Properties LLC	1,309,250	0.53%
Randolph Investments LLC	962,600	0.39%
Caterpillar	906,350	0.37%
Garden Woods Apartment LLC	888,790	0.36%
Greenglen Apartments of Dayton	626,520	0.25%
Vectren Energy Delivery of Ohio	611,040	0.25%
H/S Development	276,240	0.11%
Total Real and Personal Property	15,481,860	6.27%
All Others	230,604,770	93.73%
Total Assessed Valuation	\$246,086,630	100.00%
Taxpayer	2007	
	Total Assessed Valuation	Percentage of Total Assessed Valuation
Dayton Power and Light	\$3,991,750	1.49%
Tilak Nagar/Stoneridge	1,993,010	0.74%
Garden Woods Apartments	1,661,660	0.62%
Verizon North	1,484,590	0.55%
LGH Properties	1,065,480	0.40%
Pleasant Real Estate LLC	944,780	0.35%
Randolph Investments LLC	907,510	0.34%
Louis Fanty A. Jr.	781,110	0.29%
Greenglen Apartments of Dayton	622,350	0.23%
MB Hussain LLC	496,020	0.18%
Total Real and Personal Property	13,948,260	5.19%
All Others	254,483,968	94.81%
Total Assessed Valuation	\$268,432,228	100.00%

Source: Montgomery County Auditor

(1) Information prior to 2007 is unavailable.

City of Clayton, Ohio
Property Tax Levies and Collections
Last Ten Years

Collection Year	Total Tax Levied (1)	Current Tax Collection (1)	Percent of Current Levy Collected	Delinquent Tax Collection (2)	Total Tax Collections	Percent of Total Collections To Total Levy
2004	\$2,305,743	\$2,218,299	96.21%	\$54,778	\$2,273,077	98.58%
2005	2,191,528	2,100,921	95.87%	80,491	2,181,412	99.54%
2006	2,353,436	2,287,521	97.20%	90,414	2,377,935	101.04%
2007	2,294,131	2,193,496	95.61%	72,473	2,265,969	98.77%
2008	2,362,233	2,340,682	99.09%	73,306	2,413,988	102.19%
2009	2,588,041	2,605,623	100.68%	67,864	2,673,487	103.30%
2010	2,575,774	2,650,164	102.89%	70,537	2,720,701	105.63%
2011	3,020,260	2,937,182	97.25%	103,660	3,040,842	100.68%
2012	2,809,823	2,730,420	97.17%	65,689	2,796,109	99.51%
2013	2,808,964	2,739,126	97.51%	64,294	2,803,420	99.80%

Source: Montgomery County Auditor

- (1) Current taxes levied and current tax collections do not include rollback and homestead amounts.
- (2) The County does not track delinquent tax collections by tax year. This presentation will be updated as new information becomes available.

City of Clayton, Ohio
Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year	Governmental Activities				Business-Type Activities		Total Outstanding Debt
	Promissory and Improvement Notes	General Obligation Bonds	Communication Equipment Loan	Capital Leases	Water Line Loan	OWDA Loan	
2004	\$4,500,000	\$0	\$0	\$120,668	\$4,464,274	\$0	\$9,084,942
2005	0	4,601,904	198,390	542,695	4,444,874	1,242,895	11,030,758
2006	0	4,498,269	132,260	875,489	4,397,685	3,283,377	13,187,080
2007	0	4,381,389	66,130	880,285	4,261,676	3,354,891	12,944,371
2008	0	4,264,567	0	681,735	4,232,359	3,287,506	12,466,167
2009	0	4,148,415	0	489,646	4,232,359	3,233,672	12,104,092
2010	1,505,000	5,604,576	0	355,847	4,232,359	3,161,107	14,858,889
2011	95,397	5,401,106	0	216,187	4,232,359	3,085,611	13,030,660
2012	268,527	5,198,620	0	458,058	4,232,359	3,007,065	13,164,629
2013	220,445	5,344,159	0	371,953	4,213,092	2,966,610	13,116,259

(1) Computation of per capita personal income multiplied by population - See Demographic and Economic Statistical Table, Page 125

(2) Source: 2010 Census

Total Personal Income (1)	Population (2)	Ratio of Debt to Total Personal Income	Debt Per Capita
\$390,546,567	13,347	2.33%	680.67
390,546,567	13,347	2.82%	826.46
390,546,567	13,347	3.38%	988.02
390,546,567	13,347	3.31%	969.83
390,546,567	13,347	3.19%	934.01
354,616,443	13,347	3.41%	906.88
392,056,329	13,209	3.79%	1,124.91
392,677,152	13,209	3.32%	986.50
387,248,253	13,209	3.40%	996.64
409,624,299	13,209	3.20%	992.98

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

Fiscal Year	General Bonded Debt (1)	Estimated Actual Value (2)	Population (3)	Ratio of Debt to Estimated Actual Value	General Obligation Bonded Debt Per Capita
2005	\$4,601,904	\$703,804,335	13,347	0.65%	\$344.79
2006	4,498,269	759,565,257	13,347	0.59%	337.02
2007	4,381,389	765,539,585	13,347	0.57%	328.27
2008	4,264,567	768,144,303	13,347	0.56%	319.52
2009	4,148,415	774,161,220	13,347	0.54%	310.81
2010	5,604,576	767,554,234	13,209	0.73%	424.30
2011	5,401,106	766,073,331	13,209	0.71%	408.90
2012	5,198,620	722,066,759	13,209	0.72%	393.57
2013	5,344,159	692,510,473	13,209	0.77%	404.58

Source: (1) The City of Clayton did not have General Bonded Debt prior to January 1, 2005.
 (2) Montgomery County Auditor
 (3) 2000 and 2010 Census

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City of Clayton, Ohio
Legal Debt Margin Information
Last Ten Years

	2004	2005	2006	2007
Total Assessed Valuation	\$246,284,706	\$248,985,717	\$267,854,398	\$268,432,228
Overall debt limitation - 10.5% of assessed valuation	25,859,894	26,143,500	28,124,712	28,185,384
Gross indebtedness authorized by the City	8,964,274	10,386,159	12,198,322	11,947,694
Less Exempt Debt				
State Route 48 Improvement Note	1,600,000	0	0	0
Road Improvement Notes	0	0	0	0
Backhoe Promissory Note	0	0	0	0
Plow/Frieghtliner Promissory Note	0	0	0	0
Water Line Loan	4,464,274	4,444,874	4,397,685	4,261,676
Various Purpose Bond - State Route 48 Improvement Portion	0	1,600,000	0	0
OWDA Loan	0	1,242,895	3,283,377	3,354,891
Total Exempt Debt	6,064,274	7,287,769	7,681,062	7,616,567
Net Debt Subject to Limitation	2,900,000	3,098,390	4,517,260	4,331,127
Less amount available in the Debt Service Fund	0	4,431	5,617	10,257
Total Net Debt Subject to Limitation	2,900,000	3,093,959	4,511,643	4,320,870
Legal debt margin within 10.5% limitation	<u>\$22,959,894</u>	<u>\$23,049,541</u>	<u>\$23,613,069</u>	<u>\$23,864,514</u>
Legal Debt Margin as a Percentage of the Debt Limit	88.8%	88.2%	84.0%	84.7%
Unvoted debt limitation 5.5% of assessed valuation	\$13,545,659	\$13,694,214	\$14,731,992	\$14,763,773
Gross indebtedness authorized by the City	8,964,274	10,386,159	12,198,322	11,947,694
Less Exempt Debt				
State Route 48 Improvement Note	1,600,000	0	0	0
Road Improvement Notes	0	0	0	0
Backhoe Promissory Note	0	0	0	0
Plow/Frieghtliner Promissory Note	0	0	0	0
Water Line Loan	4,464,274	4,444,874	4,397,685	4,261,676
Various Purpose Bond - State Route 48 Improvement Portion	0	1,600,000	0	0
OWDA Loan	0	1,242,895	3,283,377	3,354,891
Total Exempt Debt	6,064,274	7,287,769	7,681,062	7,616,567
Net Debt Subject to Limitation	2,900,000	3,098,390	4,517,260	4,331,127
Less amount available in the Debt Service Fund	0	4,431	5,617	10,257
Total Net Debt Subject to Limitation	2,900,000	3,093,959	4,511,643	4,320,870
Legal debt margin within 5.5% limitation	<u>\$10,645,659</u>	<u>\$10,600,255</u>	<u>\$10,220,349</u>	<u>\$10,442,903</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	78.6%	77.4%	69.4%	70.7%

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

2008	2009	2010	2011	2012	2013
\$269,449,436	\$272,581,400	\$271,402,330	\$271,210,290	\$255,878,540	\$246,086,630
28,292,191	28,621,047	28,497,245	28,477,080	26,867,247	25,839,096
11,659,865	11,481,031	14,298,466	12,598,367	12,477,951	12,440,147
0	0	0	0	0	0
0	0	1,505,000	95,397	0	0
0	0	0	0	83,094	70,438
0	0	0	0	185,433	150,007
4,232,359	4,232,359	4,232,359	4,232,359	4,232,359	4,213,092
0	0	0	0	0	0
3,287,506	3,233,672	3,161,107	3,085,611	3,007,065	2,966,610
7,519,865	7,466,031	8,898,466	7,413,367	7,507,951	7,400,147
4,140,000	4,015,000	5,400,000	5,185,000	4,970,000	5,040,000
10,257	15,464	5,984	0	0	0
4,129,743	3,999,536	5,394,016	5,185,000	4,970,000	5,040,000
<u>\$24,162,448</u>	<u>\$24,621,511</u>	<u>\$23,103,229</u>	<u>\$23,292,080</u>	<u>\$21,897,247</u>	<u>\$20,799,096</u>
85.4%	86.0%	81.1%	81.8%	81.5%	80.5%
\$14,819,719	\$14,991,977	\$14,927,128	\$14,916,566	\$14,073,320	\$13,534,765
11,659,865	11,481,031	14,298,466	12,598,367	12,477,951	12,440,147
0	0	0	0	0	0
0	0	1,505,000	95,397	0	0
0	0	0	0	83,094	70,438
0	0	0	0	185,433	150,007
4,232,359	4,232,359	4,232,359	4,232,359	4,232,359	4,213,092
0	0	0	0	0	0
3,287,506	3,233,672	3,161,107	3,085,611	3,007,065	2,966,610
7,519,865	7,466,031	8,898,466	7,413,367	7,507,951	7,400,147
4,140,000	4,015,000	5,400,000	5,185,000	4,970,000	5,040,000
10,257	15,464	5,984	0	0	0
4,129,743	3,999,536	5,394,016	5,185,000	4,970,000	5,040,000
<u>\$10,689,976</u>	<u>\$10,992,441</u>	<u>\$9,533,112</u>	<u>\$9,731,566</u>	<u>\$9,103,320</u>	<u>\$8,494,765</u>
72.1%	73.3%	63.9%	65.2%	64.7%	62.8%

City of Clayton, Ohio
Direct and Overlapping Governmental Activities Debt
 December 31, 2013

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Clayton (1)	Amount Applicable to the City of Clayton
Direct Debt:			
City of Clayton			
General Obligation Bonds	\$5,344,159	100.00%	\$5,344,159
Promissory Notes	220,445	100.00%	220,445
Capital Lease Obligations	371,953	100.00%	371,953
	<u>5,936,557</u>		<u>5,936,557</u>
Overlapping Debt:			
Montgomery County			
General Obligation Bonds	46,343,000	2.62%	1,214,187
Special Assessment Bonds	1,997,049	2.62%	52,323
Northmont School District (2)			
General Obligation Bonds	55,142,021	6.82%	3,760,686
Capital Lease Obligations	249,627	6.82%	17,025
Trotwood-Madison School District (2)			
School Improvement Bonds, Refunding	32,725,091	2.52%	824,672
Energy Conservation Note Payable	9,147,162	2.52%	230,508
Brookville School District (2)			
School Construction Bonds, Refunding	19,846,047	2.03%	402,875
	<u>165,449,997</u>		<u>6,502,275</u>
Total Overlapping Debt			
	<u>165,449,997</u>		<u>6,502,275</u>
Grand Total	<u>\$171,386,554</u>		<u>\$12,438,832</u>

Source: Montgomery County Auditor

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

(2) The debt outstanding is as of June 30, 2013.

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

City of Clayton, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Median Household Income (1)	Median Age (1)	Percent of High School or Higher Graduates (1)	Unemployment Rate (3)	Total Assessed Property Value (4)
2004	13,347	\$390,546,567	\$29,261	\$60,625	39.2	91.5%	2.9%	\$246,284,706
2005	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	248,985,717
2006	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.9%	267,854,398
2007	13,347	390,546,567	29,261	60,625	39.2	91.5%	2.8%	268,432,228
2008	13,347	390,546,567	29,261	60,625	39.2	91.5%	5.8%	269,449,436
2009	13,347	354,616,443	26,569	60,625	39.2	91.5%	7.4%	272,581,400
2010	13,209	392,056,329	29,681	66,148	42.6	95.3%	9.5%	271,402,330
2011	13,209	392,677,152	29,728	67,033	42.6	95.3%	9.3%	271,210,290
2012	13,209	387,248,253	29,317	63,151	42.6	93.7%	7.8%	255,878,540
2013	13,209	409,624,299	31,011	64,436	42.6	93.1%	8.0%	246,086,630

Source: (1) 2000 and 2010 Census
(2) Computation of per capita personal income multiplied by population
(3) Ohio Department of Job and Family Services
(4) Montgomery County Auditor

City of Clayton, Ohio
Principal Employers
 2013 and 2006 (1)

Employer	2013	
	Total Employees	Percentage of Total Employees
Caterpillar	644	17.14%
Northmont Board of Education	448	11.92%
Stillwater Health	238	6.33%
Montgomery County	155	4.12%
Miami Valley CTC	142	3.78%
City of Clayton	80	2.13%
Anchor Fabricating	40	1.06%
Mountain Protective Services	34	0.90%
Orthopedic Association	29	0.77%
Rajesh Patel MD	24	0.64%
Total Employees	1,834	48.82%
All Other Employers	1,924	51.18%
Total Employees	3,758	100.00%

Source: City's records

(1) Information prior to 2006 is unavailable

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

City of Clayton, Ohio
City Government Employees by Function/Program
Last Ten Years

	2004		2005		2006		2007	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
Governmental Activities:								
General Government:								
Administration	7	19	9	11	10	11	8	17
Police	15	22	13	18	13	24	16	25
Fire/EMS	5	52	4	44	7	44	7	40
Street	8	14	10	11	8	11	7	10
<i>Total Number of Employees</i>	<u>35</u>	<u>107</u>	<u>36</u>	<u>84</u>	<u>38</u>	<u>90</u>	<u>38</u>	<u>92</u>

Source: City's records

2008		2009		2010		2011		2012		2013	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
8	17	9	17	7	16	7	16	7	16	7	15
17	22	14	21	18	24	13	20	15	20	15	20
7	41	7	39	7	29	7	25	7	33	7	33
8	11	8	11	8	12	8	12	8	12	8	12
40	91	38	88	40	81	35	73	37	81	37	80

City of Clayton, Ohio
Operating Indicators by Function/Program
Last Ten Years

	2004	2005	2006	2007
Police				
Police Calls	11,203	10,263	10,233	10,178
Fire/EMS				
Fire and EMS Calls	1,494	1,788	1,739	1,710
Street				
Dollars for Road Improvement	\$150,285	\$130,240	\$520,368	\$861,720
Miles of Roads	197	197	197	197
Tons of Salt Spread	700	400	350	350
Tons of Grit Spread	1,500	200	118	118

Source: City's records

2008	2009	2010	2009	2011	2012	2013
7,146	7,136	6,829	7,136	9,546	6,677	7,446
1,959	1,287	1,825	1,287	1,808	1,881	1,879
\$1,034,836	\$499,180	\$2,614,371	\$499,180	\$616,111	\$545,732	\$545,732
197	212	212	212	212	212	212
930	490	1,918	490	724	400	1,143
220	0	20	0	10	0	0

City of Clayton, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

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

Source: City's records

2009	2010	2011	2012	2013
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
8	8	8	8	8
4	4	4	4	4
1	1	1	1	1
3	3	3	3	3
6	6	6	5	5
3	3	3	2	2
3	3	3	3	2
2	2	2	2	2
8	9	10	10	11
5	5	5	4	4
5	5	5	5	5

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City of Clayton
Montgomery County, Ohio

Report on Internal Controls and Compliance
For Year Ended December 31, 2013

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

City Council
City of Clayton, Ohio

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund of information of City of Clayton, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon June 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we have identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-002 to be a significant deficiency.

14 east main street, ste. 500
springfield, oh 45502

www.cshco.com
p. 937.399.2000
f. 937.399.5433

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Springfield, Ohio
June 20, 2014

Finding Number 2013-001: Audit Adjustments

The City contracts with an independent outside party to complete the annual conversion process to produce its annual financial statements. However, the ultimate responsibility for the preparation and fair presentation of financial statements that are free from material misstatements resides with the management of the City. The annual independent audit process cannot be considered a part of the City's internal control for detecting and correcting material misstatements contained within the financial statements.

Auditing standards generally accepted in the United States of America require that certain audit adjustments should be communicated to those charged with governance. The following adjustments were discovered as a result of auditing procedures performed, and were subsequently posted to the financial statements.

- The calculation used to determine the fair market value of the City's investment at December 31, 2013 used an incorrect carrying amount for those investments which resulted in the pooled cash and cash equivalents for several funds being understated by \$1,192,606.
- The methodology used to determine the City's income taxes receivable at year was not appropriate to estimate amount of 2013 income tax revenue the City was entitled to receive, but had not yet received as of December 31, 2013. The calculation did not take into account the entire period in which 2013 could be paid in 2014 and the amount recognized as available at year, received during the City's available period, included a significant portion of income tax receipts received associated with the 2014 tax year. As a result, an audit adjustment was made to increase income taxes receivable amounts by \$291,822, reduce income tax revenue within the two affected governmental funds by \$101,075 on the modified accrual basis, and increase income tax revenue for governmental activities by \$392,897 on the accrual basis.
- The calculation used to establish the emergency medical services (EMS) receivable at year end did not include the balance reported at the end of the prior year. Some of the payments received and write-offs approved during the current year related to the accounts included in that carry over balance. As a result, the amount reported for EMS receivable was understated by a total of \$186,693.
- Assigned fund balance reported within the general fund should include the excess of subsequent year appropriations over anticipated receipts for that year. The City's 2014 adopted appropriation level for the general fund exceeded the estimated 2014 receipts by \$570,710 however no assigned fund balance was recognized.

Management's Response: The City will monitor existing investments and new purchases as well as utilizing investment firm reporting and tracking system to account for cost and market rates. Methodologies for all receivables will be discussed before accrual entries are prepared for 2014 CAFR. The City will ensure all budgetary presentations are consistent with required reporting standards.

Finding Number 2013-002: Allowance for Uncollectible Accounts

The City has an Emergency Medical Services (EMS) Policy the regarding their billing for EMS services provided to residents which includes a "soft billing" approach. As such, the time between when the service is delivered and when an account is settled, either through payment or write-off, can be significant. The amount reported at year-end for EMS receivable included all the payments received and write-offs approved during the year, but the remaining receivable amount was not analyzed to determine if an allowance for uncollectible accounts should be established to ensure only those deemed collectible are recorded as a receivable amount. The City should determine if an allowance should be established for uncollectible EMS charges reported as a receivable at year-end.

Management's Response: An analysis of accounts receivable for EMS services will be performed to establish a reasonable allowance for uncollectible accounts for FY2014.

City of Clayton, Ohio
Schedule of Prior Audit Findings
December 31, 2013

None noted.



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success.



Dave Yost • Auditor of State

CITY OF CLAYTON

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 15, 2014**