



2024

**BUDGET**

**Mayor**

Ben Baker

**Council Members**

Christina Kelly

Jessica Lovins

Joe Neary

Beth Nyman

Jeff Volter

John Wirick

**City Administrator**

Jay Fossett

**Assistant City Administrator**

Jerrod Barks

**City Clerk**

Tristan Klein

**Chief of Police**

David Halfhill

**Public Works Director**

Rick Lucas

**Chief of Fire Department**

Chris Adkins

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CITY OF DAYTON, KENTUCKY  
ORDINANCE NO. 2023#\_\_\_\_

**AN ORDINANCE ADOPTING THE CITY OF DAYTON, KENTUCKY'S ANNUAL BUDGET FOR THE FISCAL YEAR RUNNING FROM JULY 1, 2023, THROUGH JUNE 30, 2024, AND ESTIMATING REVENUES AND RESOURCES AND APPROPRIATING FUNDS FOR THE CITY TO THE FULL EXTENT AUTHORIZED BY KRS 82.082 AND INTERPRETATIVE CASE LAW.**

**WHEREAS**, a proposed annual operating budget has been prepared and delivered to the City Council of the City of Dayton, Kentucky; and,

**WHEREAS**, the City Council, having reviewed and discussed the proposed budget, desires to adopt it for Fiscal Year 2024.

**NOW THEREFORE, BE IT ORDAINED BY THE CITY OF DAYTON, CAMPBELL COUNTY, KENTUCKY, AS FOLLOWS:**

1. The Annual Operating Budget for the Fiscal Year beginning July 1, 2023, and ending June 30, 2024, including all sources of estimated revenues and appropriations for all City funds as set forth in Exhibit 1, which is attached and made by reference a part hereof, is hereby adopted.
2. All encumbrances outstanding on June 30, 2023, for goods not yet provided or services not yet rendered are hereby reappropriated to conform with generally accepted accounting principles for the Fiscal Year beginning July 1, 2023 and ending June 30, 2024.
3. The balance of all capital construction, renovation, improvement projects and grants currently approved and/or nearing completion are hereby approved for reappropriation and carry over for the Fiscal Year beginning July 1, 2023 and ending June 30, 2024.
4. The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase, or provision shall for any reason be declared invalid, such declaration of invalidity shall not affect the validity of the remainder of this Ordinance.
5. All prior Municipal Order/Resolutions and/or or Ordinances or parts of any thereof that are in conflict with this Ordinance are hereby repealed.
6. This Ordinance is adopted pursuant to KRS 83A.060 in that it was introduced on May 16, 2023, and given final reading on June 6, 2023, and this Ordinance shall be in full force and effect upon signature, recordation, and publication in summary pursuant to KRS Chapter 424.

Adopted by City Council of the City of Dayton, Campbell County, Kentucky assembled in regular session.

First Reading: May 16, 2023

Second Reading: June 6, 2023

\_\_\_\_\_  
MAYOR BEN BAKER

ATTEST:

\_\_\_\_\_  
TRISTAN KLEIN  
CITY CLERK/TREASURER



City of Dayton Budget 2024					
The annual budget for fiscal year beginning July 1, 2023 and ending June 30, 2024 is hereby adopted as follows:					
Resources Available	General Fund	Municipal Aid Fund	Econ. Development	Park Board	TIF
Fund Balance Forward:	\$ 2,400,000.00	\$ 115,000.00	\$ 500,000.00	\$ 60,100.00	\$ 900,000.00
Estimated Revenue					
Taxes	\$ 1,640,000.00				\$ 650,000.00
Licenses and Permits	\$ 2,077,200.00				
Fines	\$ 80,650.00				
Intergovernmental	\$ 71,000.00	\$ 118,000.00		\$ 135,000.00	\$ 183,000.00
Charges for Services	\$ 431,600.00				
Miscellaneous	\$ 110,900.00			\$ 400.00	
Grant Restricted	\$ 3,303,120.00			\$ 72,000.00	
Interest	\$ 30,000.00	\$ 2,500.00	\$ 8,000.00	\$ 1,000.00	\$ 10,000.00
<b>Total Estimated Revenue</b>	<b>\$ 7,744,470.00</b>	<b>\$ 120,500.00</b>	<b>\$ 8,000.00</b>	<b>\$ 208,400.00</b>	<b>\$ 843,000.00</b>
Appropriations					
Available Appropriations	\$ 10,144,470.00	\$ 235,500.00	\$ 508,000.00	\$ 268,500.00	\$ 1,743,000.00
Appropriations					
General Government	\$ 703,364.40				\$ 130,000.00
Police	\$ 1,536,659.72				
Fire	\$ 1,230,559.95				
Public Works	\$ 494,027.60	\$ 30,000.00		\$ 77,500.00	
Code Enforcement	\$ 136,609.20		\$ 50,000.00		
Parks				\$ 60,000.00	\$ 60,000.00
Economic Development			\$ 135,000.00		
Waste Collection	\$ 232,000.00				
Professional Services	\$ 92,300.00	\$ 50,000.00			\$ 21,000.00
TIF Payment					\$ 505,000.00
Miscellaneous	\$ 248,250.00				
Capital Spending	\$ 4,280,290.00			\$ 98,000.00	
<b>Total Appropriations</b>	<b>\$ 8,954,060.87</b>	<b>\$ 80,000.00</b>	<b>\$ 185,000.00</b>	<b>\$ 235,500.00</b>	<b>\$ 716,000.00</b>
<b>Est. Ending Fund Balances</b>	<b>\$ 1,190,409.13</b>	<b>\$ 155,500.00</b>	<b>\$ 323,000.00</b>	<b>\$ 33,000.00</b>	<b>\$ 1,027,000.00</b>

## SELECTED FINANCIAL POLICIES

The financial policies of the City of Dayton are in line with those mandated by Kentucky Revised Statutes. The city operates using the modified accrual basis of budgeting and accounting. This type of accounting is a process in which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recorded when received in cash, except for material and/or available revenues, which should be accrued to reflect the taxes levied and revenue earned. All City funds use this type of accounting. The basis for accounting and budgeting are the same.

### Annual Budget Requirement:

1. Under Kentucky law, each City is required to operate and expend funds under an annual budget adopted by ordinance by the legislative body. City officials and employees are prohibited from expending any city funds except in accordance with the adopted budget. KRS 91A.030(1), (13).
  1. "Budget" is defined as a proposed plan for raising and spending money for specified programs, functions, activities, or objectives during a fiscal year. KRS 91A.030(4).
2. Each city's budget must cover one full fiscal year. KRS 91A.030(4). Cities are required by Section 169 of the Kentucky Constitution to operate on a July 1 to June 30 fiscal year.
3. If a city fails to adopt a budget by the beginning of the new fiscal year, the previous year's budget remains in force as if readopted. KRS 91A.030(3). In this event, the previous year's budget will govern the expenditure of funds until a new budget ordinance is adopted.
4. No budget may provide for expenditures in excess of revenues in any one fiscal year (balanced budget). "Revenues" means all income from every source, including unencumbered reserves carried over from the previous fiscal year. "Expenditures" means all funds to be paid out for expenses of the city during the fiscal year, including amounts necessary to pay the principal and interest due during the fiscal year on any debt. Kentucky Constitution section 157b; KRS 91A.030(8)(b).
5. The legislative body is obligated to appropriate in the budget ordinance the full amount necessary to service any outstanding debt of the city for the full fiscal year. KRS 91A.030(9).
6. The budget must be presented in full form to the City Council at least 30 days prior to July 1 of the upcoming fiscal year. The budget must undergo two separate readings for passage.

### Budget Amendments:

1. The budget ordinance may be amended at any time during the fiscal year, subject to the restriction that expenditures may not exceed revenues for the fiscal year and subject to all other statutory requirements. An ordinance amending the budget must be enacted in the same manner as any other ordinance. Kentucky Constitution Section 157b; KRS 91A.030(10).

### **Budget Administration:**

1. Once adopted, the administration of the budget is the responsibility of the executive authority (mayor) of Dayton. The executive authority is required to submit operating statements to the legislative body, which must include budgetary comparisons of each governmental fund set forth in the budget. These operating statements must be submitted not less than once every three months in each fiscal year. KRS 91A.030(11)
2. The executive authority is authorized to expend funds in accordance with the adopted budget.

### **Budgetary Accounting**

To the extent practicable, the system utilized in implementing and administering the budget must be consistent with the requirements of KRS 91A.020, which requires each city to keep accounting records and render financial reports that:

1. Determine compliance with statutory provisions.
2. Determine fairly and with full disclosure the financial operation of constituent funds and account groups of the city in conformity with "generally accepted principles of government accounting," which means in accordance with those standards and procedures issued by the Governmental Accounting Standards Board (GASB)

### **Fund Balance**

The City is committed to retaining an adequate fund balance to ensure smooth operation of city services if an emergency or undesirable financial situation were to occur. The city is committed to providing at least 20% of its funding per budget year in reserves. (At minimum, 20% of the expenditure amount per budget will be retained in reserves.)

### **Financial Goals**

The City of Dayton is committed to being a good steward of public money. Therefore, practices involving finance must comply with the standards set forth in the Kentucky Revised statutes, including but not limited to public spending and taxation.

1. Annually, the City of Dayton will review tax laws and tax amounts/percentages in the region and state to determine the appropriateness of current tax levels.
  - a. September: Property Tax
  - b. January: Occupational Tax
  - c. April: Insurance Premium Tax
2. The city will provide a balanced budget yearly.
3. The city will retain at least 20% of revenue as reserve funding. The reserve funding -- or fund balance -- will remain in the General Fund.
4. Financial Statements will be presented to the City Council at its monthly meeting and/or at a specially called meeting, if appropriate.
5. The City will ensure proper funding for all debts incurred during its budget cycle.



## BUDGET SCHEDULE

## March

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Budget Process Begins	1	2	3	4
5	6 Meetings with Departments	7 Meetings with Departments	8	9	10	11 Strategic Planning Session
12	13	14 Department Requests Due	15 Year to Year Comparable Analyzed	16	17	18
19	20	21	22	23	24 Meeting with Administration	25
26	27	28	29	30	31	

**Beginning March 1st:** The budget process officially begins. During this period, data is collected from the previous year's budget, surveys are taken, and comments gathered throughout the previous year. Invoices and quotes are requested for respective potential projects from area contractors and businesses.

**March 6<sup>th</sup>-7<sup>th</sup>:** Meetings are scheduled with department supervisors. Needs and requests for each department are discussed.

**March 11<sup>th</sup>:** City holds a Strategic Planning Session with the City Council. Council hears from all departments and decides on goals and priorities for the upcoming year.

**March 14<sup>th</sup>:** All department requests are due to City Hall.

**March 15<sup>th</sup>-March 23<sup>rd</sup>:** Department requests are reviewed, and costs tabulated.

**March 24<sup>th</sup>:** City staff meet with Mayor to discuss budget.

## April

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1 Budget Construction Begins
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21 Finalization of Budget Numbers	22
23/30	24	25	26	27	28	29

**April 1st-May 11<sup>th</sup>:** During this period, much of the budget is constructed by city administration based on prior research and department needs.

**April 21<sup>st</sup>:** Final numbers are tabulated utilizing information from all meetings in the previous month.

## May

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	10	11	12 CERS Update/Payroll Update	13
14	15	16 First Reading	17 Budget Publication to Public	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

**May 12<sup>th</sup>:** CERS Retirement numbers were updated and then rescinded creating interruption in the budget process.

**May 16<sup>th</sup>:** First Reading of the budget is conducted.

**May 17<sup>th</sup>:** The budget is published online for public view and comment.

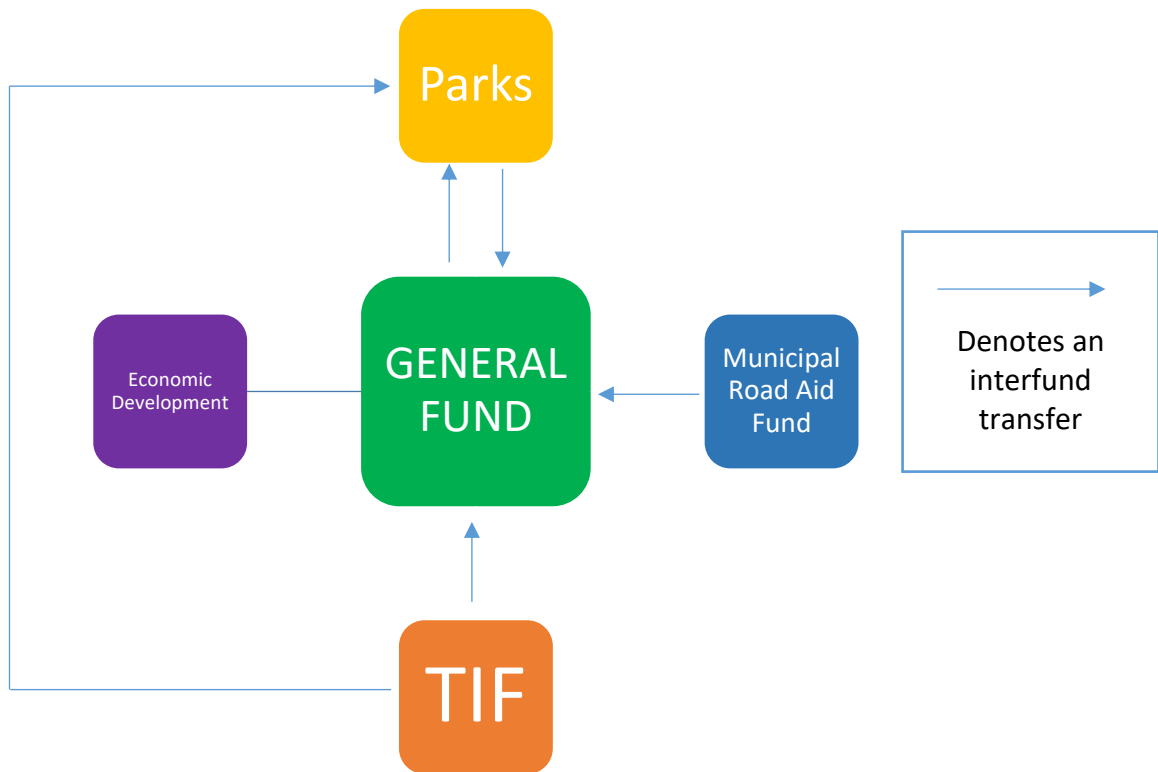


## June

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6 Second Reading/Budget Approval	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

**June 6th:** Second and final reading of the budget is conducted. Budget period begins July 1, 2023.

## FUND DESCRIPTIONS



The following funds are allocated in the budget:

### General Fund

The General Fund is the largest of all the City's funds. This fund is used for general expenses for city operations, commonly referred to as "government spending." Most revenue is deposited into the general fund, including all occupational fees, insurance premium taxes, and property taxes. Expenses for the general fund include, but are not limited to:

- Insurance
- Payroll
- Retirement and Medical Benefits
- Operating and capital expense
- Administrative Costs
- Police Department
- Fire Department
- Public Works Department
- Code Enforcement Department
- Planning and zoning expenses
- General government expenses

### Municipal Road Aid Fund

The Municipal Road Aid (MRA) Fund receives revenues from the Commonwealth of Kentucky's fuel tax and is devoted to the maintenance and repair of streets and sidewalks in the City. The allotment given to each city

in the state is calculated based on population. The state's MRA funding, created by KRS 177.365 and KRS 177.366, accounts for 7.7% of the motor vehicle fuel tax for urban roads and streets. The City of Dayton's general fund, utilizing an interfund transfer, receives \$30,000 per year from this fund, this amount partially funds the Public Works Department, which maintains the City's roads, sidewalk, and infrastructure. The City of Dayton will receive approximately \$118,000 from the Commonwealth of Kentucky in fiscal year 2023-24.

## **Park Fund**

The Park fund is utilized to maintain and improve the City of Dayton's Park system. Seven Park and recreational areas are in the city, including Clark Street Park, Gil Lynn Park, Jamestown Park, Monument Park, Riverfront Commons, Sargeant Park, and Vine Street Park. The City of Dayton receives funding for the park fund by assessing a separate property tax in the amount of 50 cents per \$1,000 of assessed property value. An inter-fund transfer is made during the fiscal year from the park fund to the general fund; this funding is devoted to the salaries of Public Works crew members who maintain the general upkeep of the park grounds and capital improvements in these parks.

- **Sargeant Park Account**

Sargeant Park funds are held in a Certificate of Deposit at the City's banking institution. These funds are held at a steady \$30,000. This amount of funding is maintained pursuant to an agreement between the City and the donor of the land now known as Sargeant Park, which is located on Dayton's southern edge, adjacent to Fort Thomas and Bellevue. The interest received by the certificate of deposit can be utilized to maintain Sargeant Park; however, there are no plans to use these funds during the fiscal year 2023-24. All maintenance of the park grounds has been primarily funded by the Park Fund and/or funding from the American Rescue Plan Act (ARPA). These funds are accounted for in the larger Park Fund.

## **TIF Fund**

### **1. Grant Park Account**

The Grant Park TIF Fund is a tax-increment financing fund devoted to paying off a bond issued for the public infrastructure improvements in the Grant Park subdivision on the south side of the City of Dayton. Formerly a component of the general fund, in this year's budget, the City separated these revenues and created a new specific fund for TIF accounts. Currently, 75% of property taxes received by the City from the residential properties in Grant Park are allocated to this fund, the remaining 25% is allocated to the general fund of the city. The general fund first receives the funds, they then are transferred to the Grant Park TIF Fund utilizing an inter-fund transfer. Most of the remaining funds in the TIF account are used to pay off the public infrastructure bond issue. The bond will be paid off in 2038; thereafter, the City of Dayton will receive 100% of all property tax revenues generated by these properties.

### **2. Manhattan Harbor Account**

The Manhattan Harbor TIF Fund is a tax-increment financing fund devoted to paying for the development costs associated with public infrastructure put in place during the development of the Manhattan Harbor development area on the north side of the City of Dayton. Formerly a part of the general fund, in this budget year, the City separated these revenues and created a new fund. Currently, 80% of the property tax, occupational tax, and other taxes are allocated to this fund, with the remaining 20% being allocated to the general fund of the city. The fund is utilized for the development of public infrastructure in the Manhattan Harbor development area, including installation of sewers, water, gas, electric, and other utilities, creating



and paving of roads and sidewalks and other public infrastructure. This TIF arrangement will end in 2043; thereafter, the City of Dayton will receive 100% of the tax revenue generated by these properties.

### **Economic Development Fund**

Generally, the Economic Development fund has been used to create and maintain the Dayton Business Assistance Grant (DBA) program and other economic development projects in the city. The DBA grants assist entrepreneurs and new businesses with façade improvements, rental assistance, funding devoted to updating signage. In recent years, the City has utilized this fund to purchase and/or demolish vacant and abandoned properties.

This upcoming fiscal year, the city is proposing to add a Commercial Conversion Grant to the mix, allotting funding toward the conversion of residential apartments on the first floor to commercial storefronts on 6<sup>th</sup> Avenue.

## HISTORICAL BACKGROUND

Incorporated in 1867 when two separate communities — Brooklyn and Jamestown — were merged, Dayton, Kentucky is a historic community on the Ohio River directly across from Cincinnati, Ohio. A walkable community of about two square miles, the city was served as the eastern “end of the line” of the Northern Kentucky streetcar system. Dayton is just three miles from Fountain Square in downtown Cincinnati and is conveniently located on Ky. 8 near I-471 and the cities of Bellevue, Newport, Covington, and Fort Thomas.

Celebrating its past while embracing its promise of a bright future, Dayton is seeing a surge of new housing and commercial developments that are reconnecting the city to the Ohio River and bringing a renewed vibrancy to the city.

The city offers a diversity of housing, neighborhoods, businesses, and parks. No matter your taste in homes or your station in life, Dayton has a home for you — from historic homes and condominiums on the hills overlooking the Ohio River to more contemporary housing, such as large, suburban homes in the city’s Grant Park subdivision or luxury homes and multi-family developments like Manhattan on the River and Gateway Flats perched along the banks of the river. Dayton also offers affordable homes for first-time homebuyers and young couples looking to start a family.

Dayton Independent Schools has earned the Kentucky Department of Education’s highest rating: Distinguished School District. Lincoln Elementary School has 650 students and approximately 350 students attend Dayton Middle/High School.

Restaurants and catering businesses, entertainment, and event centers, recording studios, retail outlets, and professional offices, including financial and medical services, are found on Sixth Avenue in the city’s Central Business District. Several industries operate in the city’s industrial park and three marinas are located in the city.

The city maintains six public parks, including a vast trail system that includes Riverfront Commons along the river and Sergeant Park in south Dayton on Covert Run Pike.



**ECONOMIC INDICATORS****Personal Income of City Jurisdiction Labor Force by Calendar Year**

<b>2014</b>	\$25,953,700
<b>2015</b>	\$26,155,455
<b>2016</b>	\$25,805,250
<b>2017</b>	\$25,494,585
<b>2018</b>	\$24,867,824
<b>2019</b>	\$25,800,789
<b>2020</b>	\$25,855,057
<b>2021</b>	\$27,211,623
<b>2022</b>	\$36,087,310

**Top Employers (Fiscal Year 2022)**

<b>Employer Name</b>	<b># of Employees</b>
<b>Dayton Board of Education</b>	234
<b>TQ Contractors</b>	43
<b>Active Radiator Supply</b>	31
<b>Riverside 4 Enterprises</b>	30
<b>Metal Solutions</b>	27
<b>Fastemp</b>	27
<b>Hansmans Market</b>	25
<b>City of Dayton</b>	25
<b>Boruske Brothers</b>	20
<b>Bellevue/Dayton Fire Department</b>	20



## CURRENT DEMOGRAPHICS

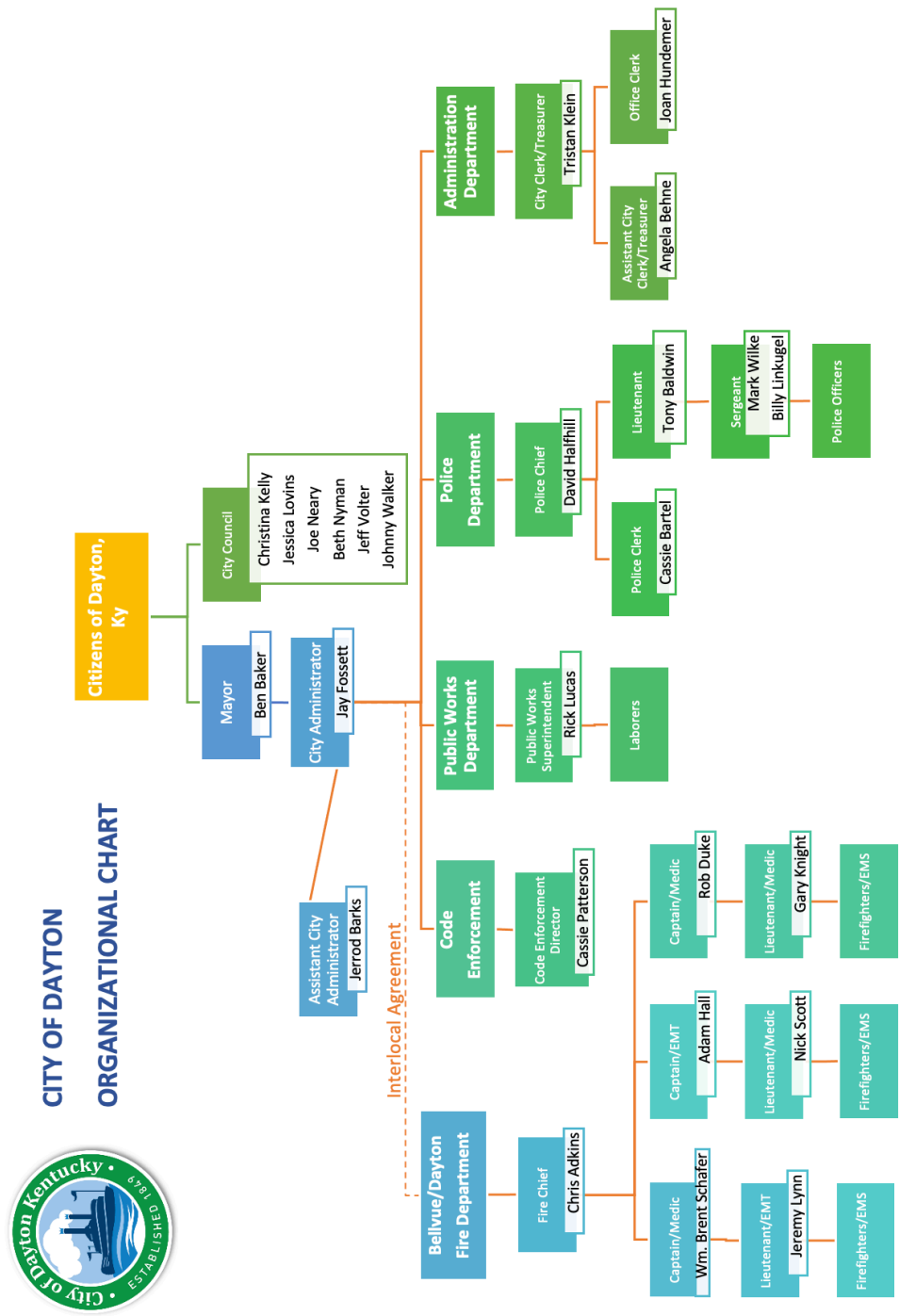
Demographic Information	Dayton	Kentucky
Population, 2020 Census:	5,666	4,505,836
Population, 2010 Census:	5,338	4,339,367
Population, Estimated Percent Change:	6.1%	1.04%
Poverty Rate	19.6%	16.5%
Median Gross Rent	\$840	\$830
Median Age, 2019 Estimate:	37.3	39.2
High School Graduate, 2019 Estimate:	89.6%	87.2%
Bachelor's Degree:	29.8%	27.0%
Graduate or Professional Degree:	9.3%	10.3%
Mean Travel Time to Work:	22.2 mins	23.6 mins
Worked in state of residence	52.9%	
Worked in county of residence	26.8%	
Household Income (Median)	\$55,130	
Households without a vehicle	5.2%	
Population Below Poverty Level:	21%	16.3%
Home Ownership Rate	62.4%	68.7%
Owner Occupied Units	39.7%	
Renter Occupied Units	60.3%	
Average Family Size	2.85	3.04
Unemployed	174	
Employed	2707	
Did Not Work	1552	

\*Green boxes represent Dayton statistics.

\*Blue Boxes represent Kentucky state statistics.

Figures are garnered from the Census Bureau at: [https://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml](https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml)

CITY ORGANIZATIONAL CHART



## PROJECTS AND GOALS

### Fiscal Year 2023-24 Goals

#### City Hall:

- Look for training opportunities for office staff
- Incorporate additional strategic-planning opportunities
- Adopt a short-term rental ordinance
- Continue to update zoning code, including new subdivision and signage regulations
- Begin preliminary planning and design work for a new city hall
- Begin preliminary planning and design work for a public works building

#### Police:

- Increased training opportunities for officers
- Purchased “Less lethal” arsenal for officers (i.e., spray and chalk guns)
- Purchase new cruiser and corresponding equipment
- Purchase new body cameras and tazers for officers

#### Public Works:

- Continue stormwater issues in the city, utilizing SD1 matching-grant and ARPA funds
- Utilize street priority list to create a long-term street maintenance plan
- Purchase new equipment to replace outdated equipment
- Hire new crew member, updating employee base to five workers

#### Parks:

- Create a strategic plan for future park investments
- Complete the Recreational Trail Grant for Sargeant Park
- Get TAP grant funding for expanding, repaving, improving the upper trail of Riverfront Commons
- Create a Traffic Garden at Gil Lynn Park

#### Fire:

- Continue to work on the pay issue, establishing a pay scale/range to help ensure retention and future recruitment. As a subset of this, establish a policy for senior members to ride up into positions of leadership (officers). This serves two purposes:
  - Begins to prepare members for promotions and transitioning into officer positions, and
  - Can alleviate some potential mandatory overtime in the event multiple officers are off.
- Reinstate tuition reimbursement for members who choose to further their education. There would obviously be some limitations and cost caps in place, but this could be a soft benefit to encourage retainment and allow members to seek higher certificates and degrees in the field.
- Review and update our policy manual and SOP/SOGs. This should occur on a regular basis to ensure that policies and guidelines stay current and are updated to reflect any changes that happen within the department.
- Explore the possibility of seeking a grant for adding three firefighters. A SAFER (Staffing for Adequate Fire and Emergency Response) grant is possible, which could provide for personnel for three years at no cost to the cities. As the cities continue to build and grow, staff will need grow as

well. When the merger was completed in 2002, staffing was at 19 and the NKADD study stated that staffing should increase. That has not happened, with staffing decreasing.

- Continue to purchase/replace equipment as needed.
- Begin work on a 5/10-year plan for the future of the department

## CITY COUNCIL GOALS

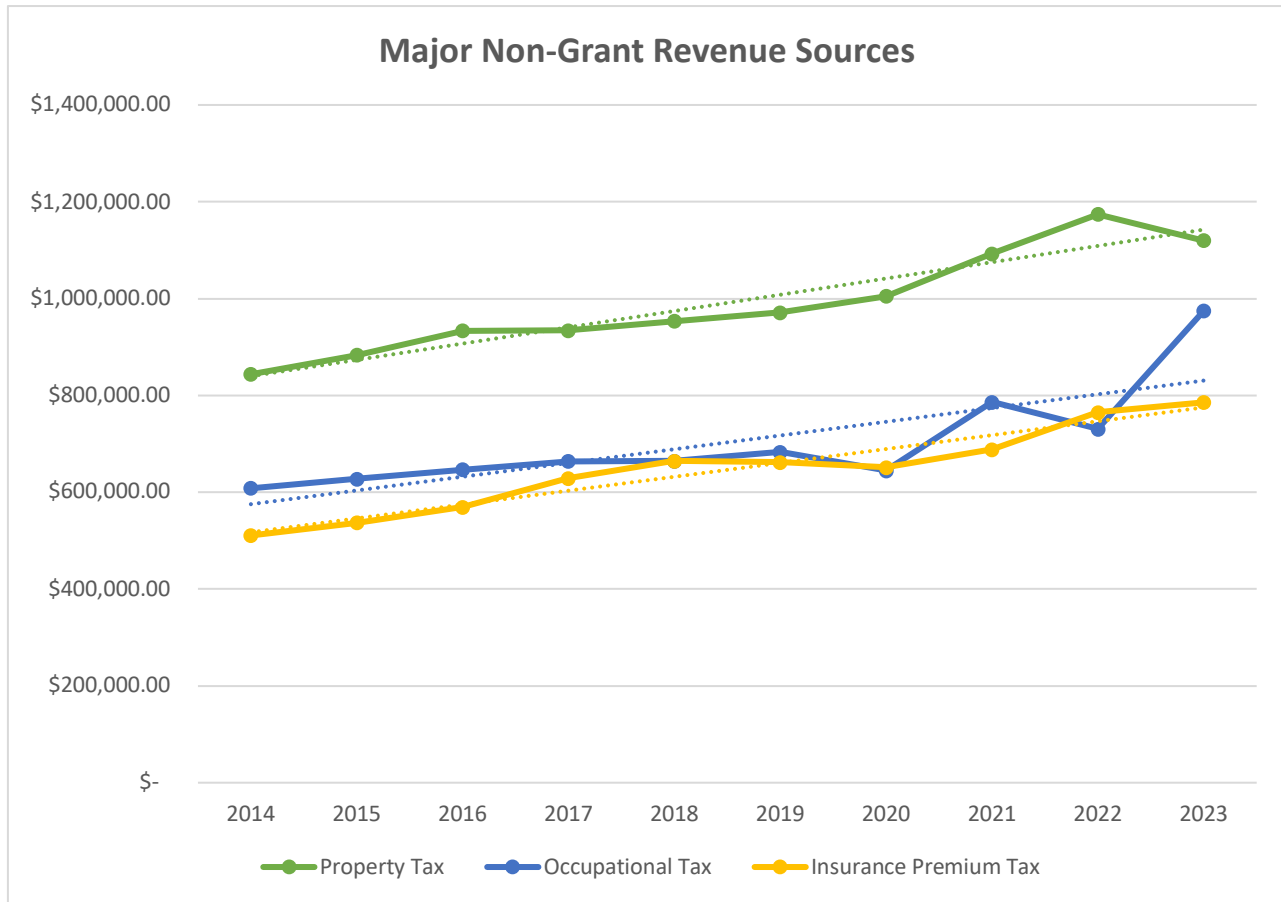
The City Council of the City of Dayton met on March 11, 2023, for a strategic planning session at the then under construction Community and Meeting Center. After presentations by all city departments, the council voted, utilizing a point system, for the following priorities and goals for the City:

Rank	Proposed city project, program, or initiative	Votes
1	Develop plan for new public works building	30
2	Create a Dayton “green” initiative	18
3	Continue addressing vacant and abandoned property; increased code enforcement	16
4	Program to convert first floor residential in CBD to commercial space	16
5	Establish program to seed vacant city property with lower-maintenance ground cover	15
6	Start planning for new city hall	14
7	Develop clearer cost-sharing agreement with Dayton schools re maintenance of Gil Lynn Park	13
8	Implement rental inspection program	12
9	Improve city’s PR and marketing efforts	11
10	Continue increasing home ownership in city	11
11	Activate alley ways	11
12	Enact ordinance allowing chickens in city	11
13	Create/improve walkability in the city	9
14	More events for kids and families in city	8
15	Sidewalk improvement cost-sharing program (owner-occupied)	8
16	Partner with private business/developers to promote economic development	7
17	Incentivize businesses catering to young people	7
18	Low-interest loan repair fund for owner-occupied, low- to moderate-income property	7
19	Bring farmer’s market to the City	7
20	Improving gateways to the city	5
21	Build a dog park	5
22	Revitalize old Riverside Grocery store property	3
23	Install new playground equipment at Gil Lynn Park	2



# CITY REVENUES

## REVENUES OVERVIEW

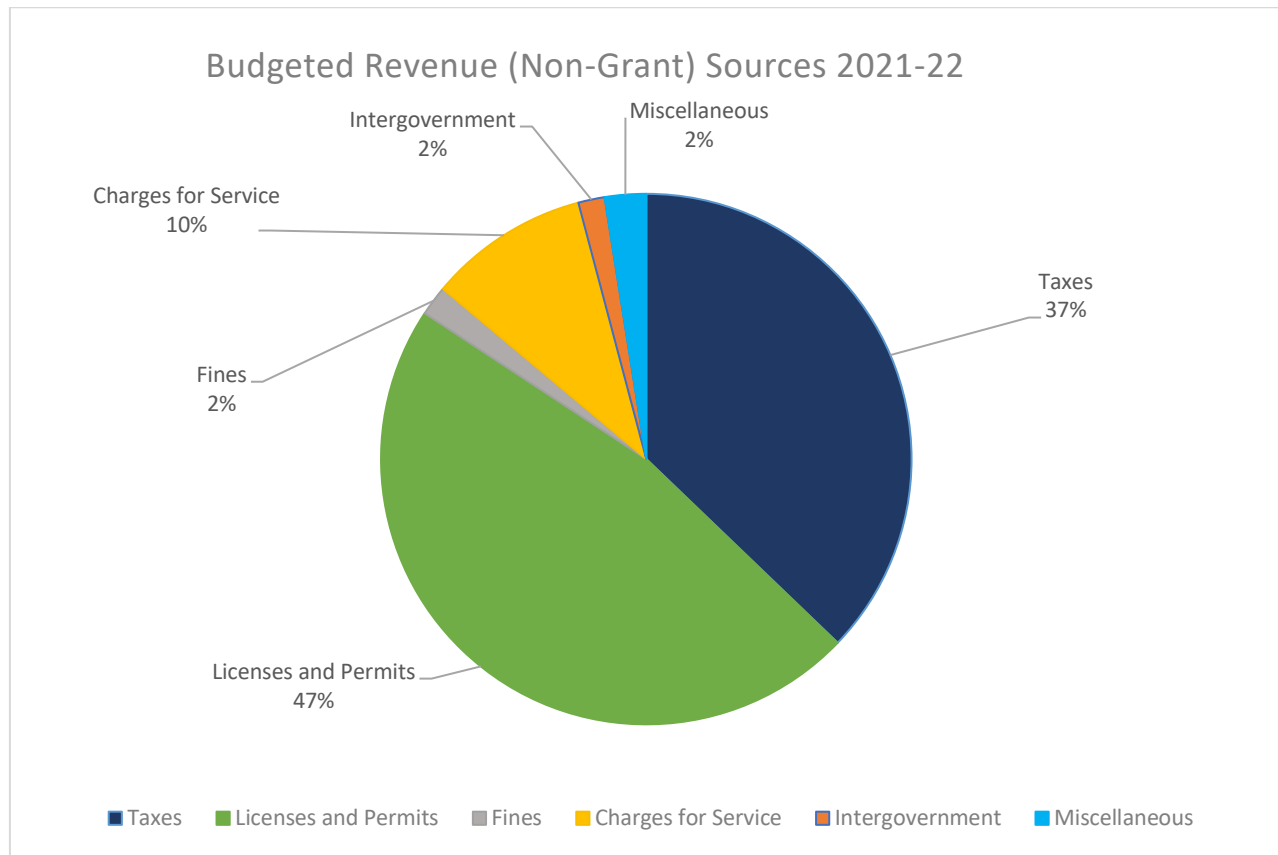


*Above: The data above shows the growing revenues of the City in its three largest revenue streams. Utilizing this information, we can see that revenues are increasing in these categories year-over-year and trend lines show that we can expect continued growth in the years ahead. New interest in homeownership and entrepreneurial opportunities in the community also support this trend.*

To add transparency to the city's budget, staff separated out revenue sources from the general fund in fiscal year 2022. Separation of these funds provides a clearer picture of the actual funds devoted to these specific projects while also creating a more easily understood fund balance in the general fund on a yearly basis. Secondly, line items in the general fund have been shifted into better suited fields. This change will also affect the ability of readers to compare this budget to past year's budgets; this change was needed to portray the City's true revenues more accurately.



## MAJOR REVENUE DESCRIPTIONS (Excluding Grant and Federal Funding)



### Property Tax- 26% OF REVENUE

With the limited amount of space available for business and industry when compared to neighboring river cities, Dayton relies heavily upon its property tax revenue (in green on page 23). This is the highest revenue stream for the City of Dayton. As shown on page 23, property tax revenue has increased year after year. This trend is expected to continue as more interest grows in Dayton residential and commercial properties and the continued growth of the TIF districts, including Manhattan Harbor, Grant Park, and the Pottebaum Point (Red Knot) homes.

### Insurance Premium Tax- 20% OF REVENUE

The City of Dayton currently requires the payment of an 11% surcharge to insurance line items, excluding health and life insurances. This is higher than other river cities; however, other river cities, including Bellevue, charge a tax for (10% across line items) health and life insurance included. Like property tax, the revenues for this line item have increased yearly, so this trend is expected to continue in future years.

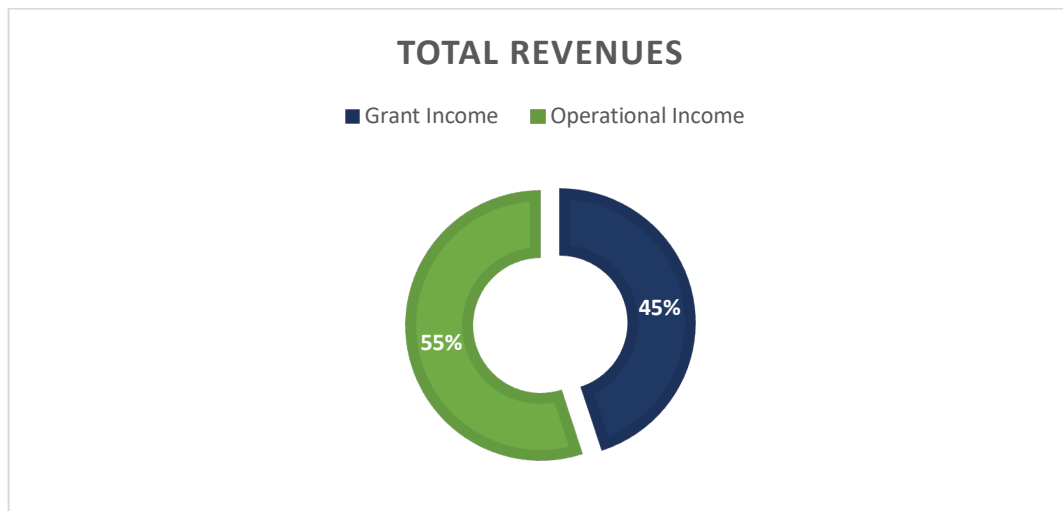
### Occupational/Payroll License- 25% OF REVENUE

Occupational and payroll account for the lowest of the largest three revenue streams in the city. Currently, the city has a step/grade net profit fee schedule. Payroll taxes are charged at 2.5% of payroll earnings in Dayton. The trend line looks to increase in 2023 because a rate of 2% rate was charged in years prior. The increase to 2.5% compares with the rates charged by similar cities (Bellevue, Newport, and Covington) in the region.

**EXPECTED GRANT REVENUES**

Grant Name	Total Project	Grant Award	Grant Percentage	Issuing Agency
Riverfront Levee Wall Trail*	\$742,500	\$602,400	80%	KYTC
Riverfront Commons Phase II	\$1,123,500	\$898,800	80%	KYTC
Riverfront Commons Phase III	\$946,500	\$757,200	80%	KYTC
Riverfront Commons Phase IV- Design	\$430,000	\$344,000	80%	KYTC
Dayton Pike Sidewalk Phase I	\$395,000	\$316,000	80%	KYTC
Dayton Pike Sidewalk Phase II	\$325,900	\$260,720	80%	KYTC
TAP/TANK Grant	\$155,000	\$124,000	80%	KYTC
<b>TOTAL:</b>	<b>\$4,128,900</b>	<b>\$3,303,120</b>		

\*Projects pending approval.

**TOTAL REVENUES**

Above: Total Revenues consist of operational (non-grant) and grant funds. Grant funds comprise 45% of the City's total revenues in the amount of \$3,303,120.00. Operational funds account for 55% of revenues at \$4,041,350. Total revenues equate to \$7,744,470.

## REVENUE SCHEDULES

General Fund Revenues	2021-22 Budget	2022-23 Budget	YTD Actual Balance*	2023-24 Proposed
Taxes	2,050,957	1,790,000	1,694,319.43	<b>1,640,000.00</b>
Licenses and permits	1,488,200	1,749,150	2,066,536.21	<b>2,077,200.00</b>
Intergovernmental	78,505	131,304	89,124.53	<b>71,000.00</b>
Fines and Penalties	95,750	63,150	82,021.39	<b>80,650.00</b>
Charges for Services	387,305	409,800	410,043.25	<b>431,600.00</b>
Miscellaneous	2,187,069	91,300	159,621.78	<b>110,900.00</b>
Grant Restricted	--	3,335,928.60	220,477.62	<b>3,303,120.00</b>
Interest	1,700	1,500	8,090.34	<b>30,000.00</b>
Grand Totals	<b>6,344,801.00</b>	<b>\$7,572,132.60</b>	<b>4,730,923.31</b>	<b>7,744,470.00</b>

\*YTD (Year to date) Actual Balance calculated on May 2, 2023.

Municipal Road Aid Revenues	2021-22 Budget	2022-23 Budget	YTD Actual Balance	2023-24 Proposed
Intergovernmental	\$103,000	<b>\$118,000</b>	\$142,154.88	<b>118,000</b>
Interest	\$300	<b>\$150</b>	\$514.04	<b>2,500</b>
Grand Totals:	<b>\$94,200</b>	<b>\$118,150</b>	<b>\$142,668.92</b>	<b>120,500</b>

\*YTD (Year to date) Actual Balance calculated on April 27, 2022.

Park Fund Revenues	2021-22 Budget	2022-23 Budget	YTD Actual Balance	2023-24 Proposed
Property Tax	\$125,000	<b>\$130,000</b>	--	<b>135,000</b>
Other	\$2,000	<b>\$400</b>	--	<b>400.00</b>
Interest	\$75	<b>\$75</b>	\$298.63	<b>1,000.00</b>
Recreation Trail Grant	\$90,000	<b>\$72,000</b>	\$0	<b>72,000.00</b>
Grand Totals:	<b>\$127,075</b>	<b>\$202,475</b>	<b>128,208.26</b>	<b>208,400.00</b>

\*YTD (Year to date) Actual Balance calculated on April 27, 2022.

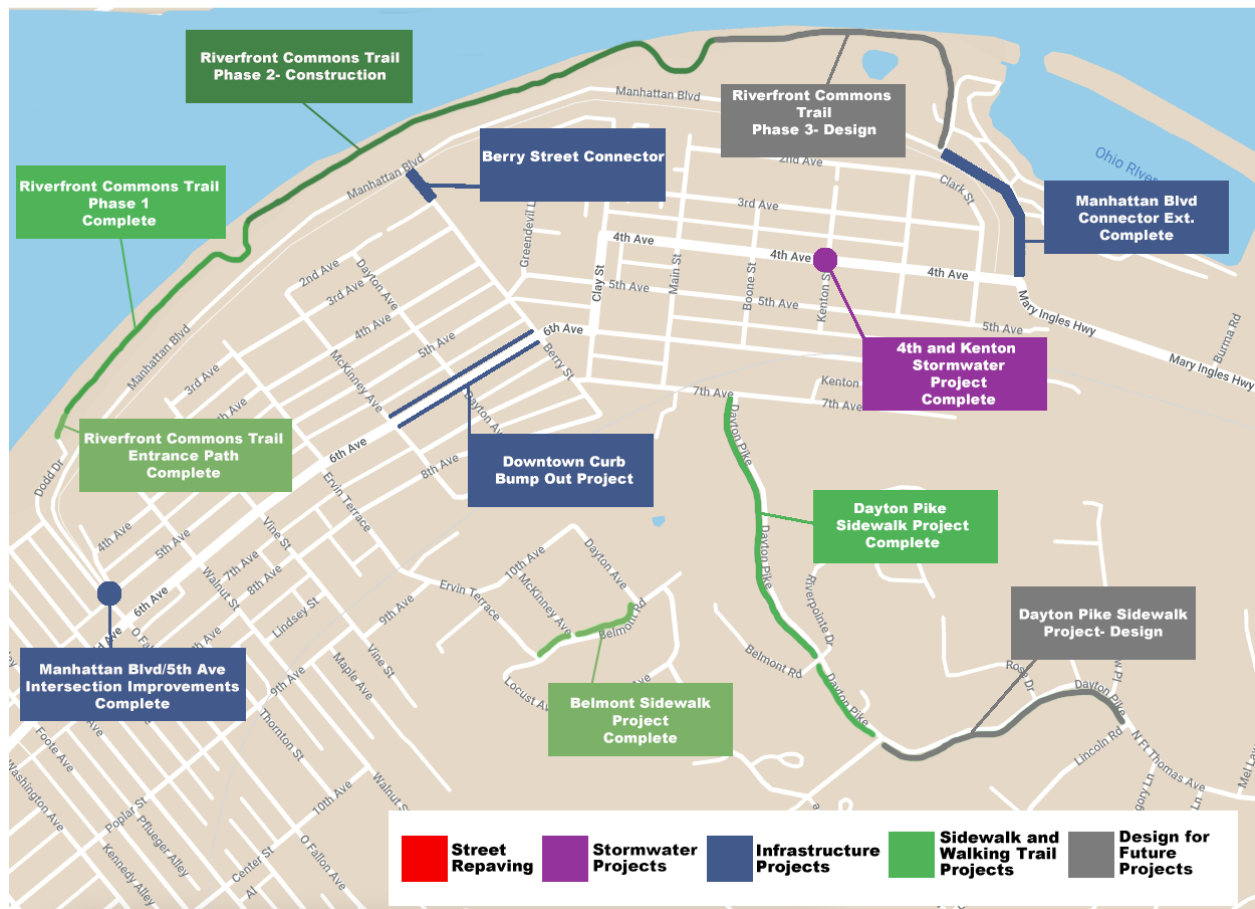
TIF Revenues	2021-22 Budget	2022-23 Budget	YTD Actual Balance	2023-24 Proposed
Taxes	--	<b>\$377,200</b>	31,660.91	<b>650,000</b>
Interest	--	<b>\$250</b>	--	<b>10,000</b>
Grand Totals:	--	<b>\$377,450</b>	<b>31,660.91</b>	<b>660,000</b>

\*YTD (Year to date) Actual Balance calculated on April 27, 2022.

Economic Development Revenues	2021-22 Budget	2022-23 Budget	YTD Actual Balance	2023-24 Proposed
Interest Revenue	\$1,000	\$200	\$1,595.84	8,000.00
Other Income:	--	--	\$12,515.38	--
Grand Totals:	\$1,000	\$200	\$512.35	8,000.00

\*YTD (Year to date) Actual Balance calculated on April 27, 2022.

## CITY OF DAYTON 2023-24 PUBLIC INFRASTRUCTURE PROJECTS

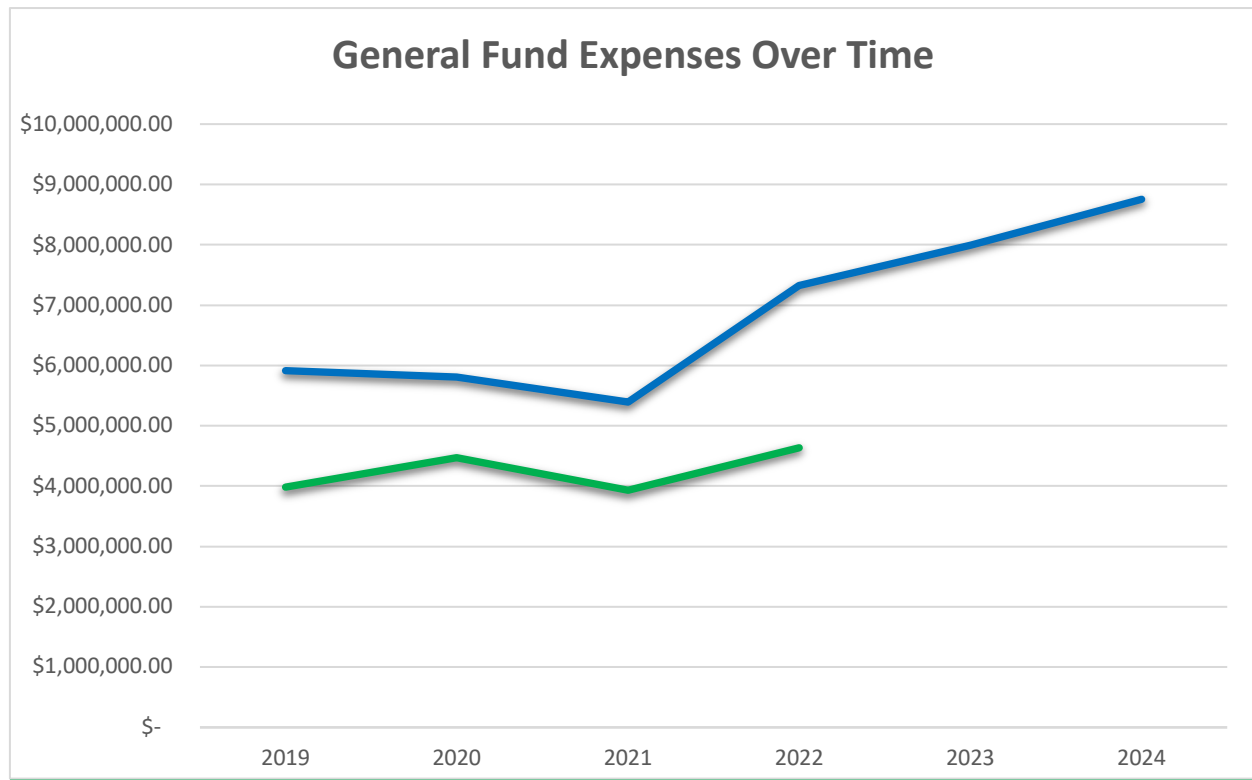


Above: An image showing the locations of infrastructure project.



# CITY EXPENDITURES

## EXPENDITURES OVERVIEW

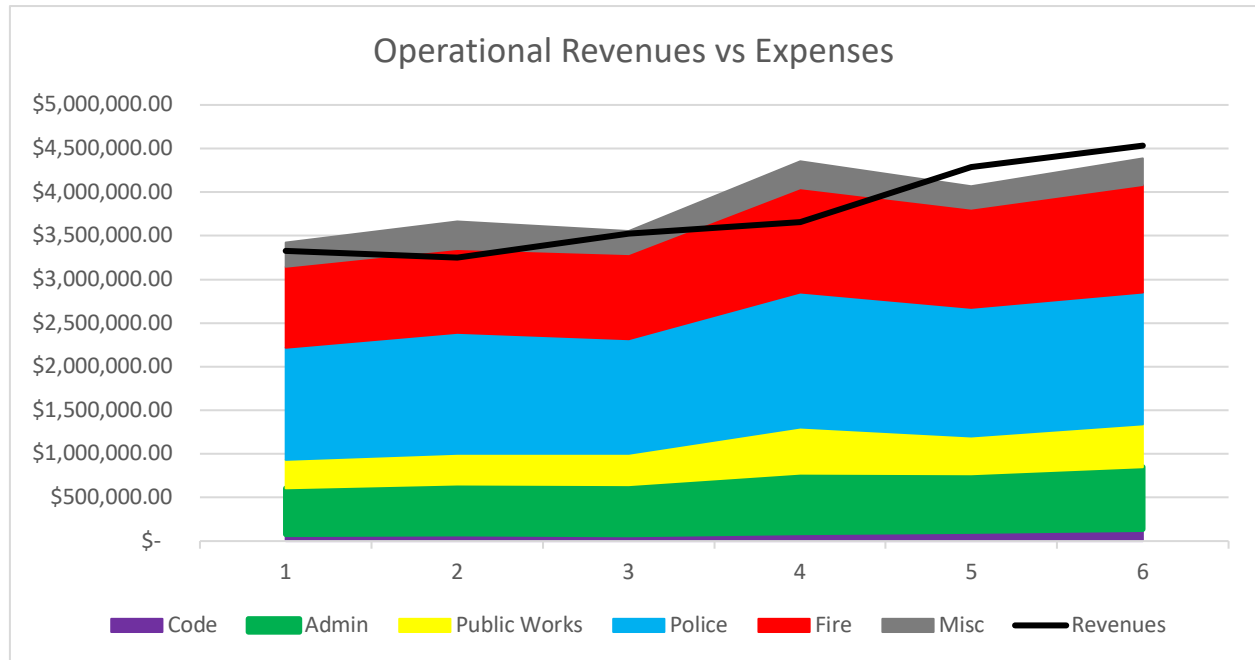


*Shown above: A chart comparing the budgeted expenses by year (blue line) compared to actual expenses (green line). 2023 and 2024 actuals were not available at the time of this publication.*

Historically, over the last several years, the City of Dayton has budgeted more in expenses than it has spent (shown above). This is largely because the city has had several pending grants that have been budgeted for but were delayed over multiple years. The city has allocated funds for these grants year after year but has not spent them due to the project or approvals being delayed. For fiscal year 2024, it is likely that many of these grants will be completed or, at the least, started. This construction boom will limit the discrepancy between budgeted and actuals in future budgets, or at the very least limit the discrepancy.

The city's finances remain in good standing due to its large fund balance. Future budgets should be cautious to continue this trend as it will gradually drain the city's financial resources and ultimately lead to insolvency.

## OPERATIONAL EXPENSES



The City of Dayton defines “operational expenses” as those expenses that are required for the day-to-day operations of the city. Examples of operational expenses are supplies, employee salaries and benefits, equipment maintenance, fuel for vehicles, insurance, utility bills, etc. The graph above shows the operational expenses compared to the revenues of the city (revenues in this case do not include grant funding or one-time revenues) over the past five years. As shown above, the City of Dayton has operated by budgeting more in expenses than in revenues in the past in various amounts. The driver of this discrepancy has historically been the increase of employee salaries and the corresponding CERS contribution increases year-over-year. To operate in the long term, the City should increase revenues or lower expenses in future years. Fortunately, during fiscal years 2023 and this upcoming proposed budget, the City has changed this trend and is now operating within its means. This practice should be continued for future solvency.



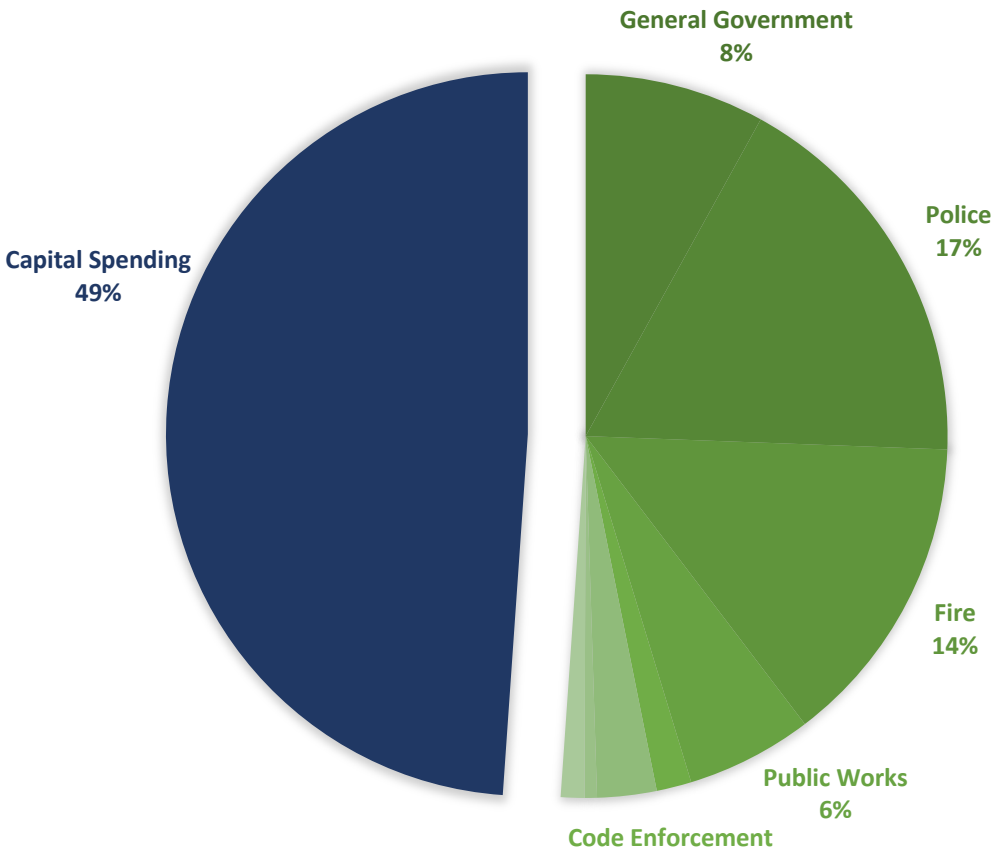
## GENERAL FUND EXPENDITURES

General Fund Category	2021-22 Budget	2022-23 Budget	YTD Actual Balance*	2023-24 Proposed
General Government	\$725,998	\$655,050.59	\$586,266.78	\$703,364.40
Police	\$1,624,476	\$1,476,389.57	\$1,272,304.16	\$1,536,659.72
Fire	\$1,237,689	\$1,173,871.79	\$1,173,871.75	\$1,230,559.95
Public Works	\$538,230	\$435,094.56	\$367,090.05	\$494,027.60
Code Enforcement	\$99,564	\$110,523.40	\$80,625.92	<b>\$136,609.20</b>
Waste Collection	\$269,905	\$232,000	\$174,069.42	\$232,000
Professional Services/Grants/Misc.	\$2,830,017	--	--	--
Miscellaneous	--	\$360,250	\$140,841.57	<b>\$248,250</b>
Professional Services	--	\$67,000	\$107,887.43	<b>\$92,300</b>
TIF	--	\$152,000	\$163,570.88	--
Capital Spending	\$53,941	\$3,333,777	\$639,906.23	<b>4,280,290.00</b>
Grand Totals	<i>\$7,379,820</i>	<i>\$7,995,956.91</i>	<i>\$4,706,434.19</i>	<i>\$8,754,060.87</i>

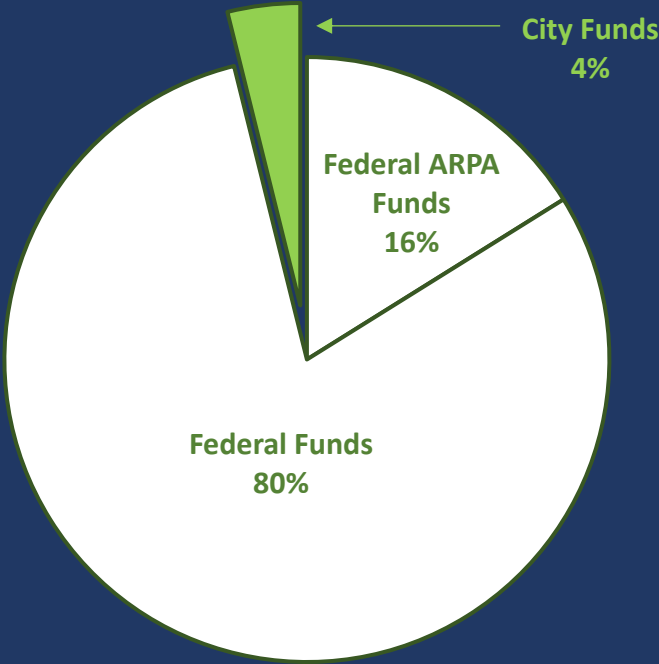
\*\*Expenditures greater than 10% increase from the previous Budget Cycle

-- This Category was eliminated or did not yet exist.

PORTION OF GENERAL FUND BY CATEGORY



Capital Spending Breakdown



## CAPITAL INVESTMENT PLAN

The centerpiece of this budget is the Capital Investment Plan (CIP). As shown in the chart on page 34, capital spending accounts for 49% of the City of Dayton's budget for fiscal year 2024. This amount includes federal grant funds, Federal ARPA, and City funds. Due to the City's allocated ARPA (American Rescue Plan) funds from the federal government being utilized for local matching, the City will only need to commit 4% of the entire capital spending budget from its own funds for these matching funds.

### Capital Spending -- Grant Match

Grant Name	Total Project	Grant Award	Grant Percentage	Local Match	Local Percentage
Riverfront Levee Wall Trail*	\$742,500	\$602,400	80%	\$140,100	20%
Riverfront Commons Phase II	\$1,123,500	\$898,800	80%	\$224,700	20%
Riverfront Commons Phase III	\$946,500	\$757,200	80%	\$189,300	20%
Riverfront Commons Phase IV- Design	\$430,000	\$344,000	80%	\$86,000	20%
Dayton Pike Sidewalk Phase I	\$395,000	\$316,000	80%	\$79,000	20%
Dayton Pike Sidewalk Phase II	\$325,900	\$260,720	80%	\$65,180	20%
TAP/TANK Grant	\$155,000	\$124,000	80%	\$31,000	20%
<b>TOTAL:</b>	<b>\$4,128,900</b>	<b>\$3,303,120</b>	<b>80%</b>	<b>\$825,780</b>	<b>20%</b>

Above: A table showing the grants currently offered to or pending with the City of Dayton.

#### Riverfront Levee Wall Trail: \$724,500 total cost with 20% (\$140,100) match

In 2022, the City of Dayton applied for a TAP (Transportation Alternatives Program) grant to widen and repave the upper Riverfront Commons trail on top of the levee. The current trail is about 25 years old, is narrow, is not ADA capable, and has degraded over time. This grant is pending with Kentucky Transportation Cabinet; however, the city must commit the funds in case this project is awarded.

**Riverfront Commons Phase II: \$1,123,500 with 20% (\$224,700) match**

The construction and completion of the Riverfront Commons Phase II project is expected in fiscal year 2023-24. This newly constructed 10-foot concrete sidewalk along the banks of the Ohio River will join with the trail surface already constructed during Phase I of the project. This project has met delays due to construction bids being higher than originally planned.

**Riverfront Commons Phase III: \$946,500 total cost with 20% (\$224,700) match**

This will be the next phase of the Riverfront Commons project building an Eastern portion of the walking and biking surface along the Ohio River in Dayton, as part of the larger, multi-city project. When completed, the sidewalk will span from O'Fallon Ave on Dayton's west to 6<sup>th</sup> Ave on Dayton's east side, with the possibility of continuing east along Mary Ingles Highway to Fort Thomas.

**Riverfront Commons Phase IV: \$430,000 total cost with 20% (\$86,000) match**

The City has elected to pursue the Riverfront Commons project for a final phase connecting Manhattan Blvd to Tower Hill Road. Connecting the trail to Fort Thomas. This allotment is for the design of the trail only.

**Dayton Pike Sidewalk Phase I: \$395,000 total cost with 20% (\$79,000) match**

The construction of the 6<sup>th</sup> Avenue "bumpout" project is the final piece to close out this grant. The city should see the final construction during this upcoming fiscal year.

**Dayton Pike Sidewalk Phase II: \$325,900 total cost with 20% (\$65,180) match**

The City of Dayton will continue to construct ADA-compliant sidewalks from the intersection of Dayton Pike and Chateau Drive through the remaining portion of Dayton Pike to the city limits, where the sidewalk will join the sidewalk that the City of Fort Thomas completed in 2021.

**TAP/TANK Grant: \$155,000 total cost with 20% (\$31,000) match**

The City of Dayton filed a TAP grant in 2017 that would provide for amenities along the TANK route and bus stops. These amenities include: benches, trash cans and shelters. The City of Dayton is currently working with TANK to work out details needed to move further.

**Police Vehicles and Equipment: \$53,200**

The City of Dayton Police Department will be utilizing these funds to purchase a police vehicle and associated equipment, along with new body cameras and tasers to outfit all officers. This allotment is to replace outdated equipment the police department already possess.

## NOTABLE SPENDING

### License Inspection: \$40,000

Seeing trends in declining license and motor tax fees despite the growing numbers of residents and contractors in the City and landlords who ignore the city's rental licensing ordinance, the administration is looking to fund a new part-time

position in the Code Enforcement Department titled License Inspector. The license inspector's job responsibilities will include visiting job sites, checking license tags, and coordinating the rental license inspection program. It is estimated that this position will be net-zero, meaning the person should be able to recoup enough license fees to pay for the position's salary. This position will require \$40,000 from the general fund. American Rescue funds will be utilized to fund this position for the first year, with a cost-benefit review analysis conducted in the next fiscal year.



### Additional Crew Member- Public Works: \$55,000



The administration has allotted \$55,000 of operational expenses towards the hiring of a new crew member for the public works department. This new employee will allow the public works department to have two crews that can independently work. This will allow more work to be completed daily and lower overtime needs. This will be increasingly important as the city population increases and the City continues expanding its offerings and events.

This amount covers payroll, taxes, and retirement for the new crew member.

### Rayme-Burton Building: \$200,000

Seeing a need for affordable-housing options and the importance of this building in the revitalization of our downtown, the city has allocated \$300,000 toward the development of the Rayme (Burton) Building on the corner of 6<sup>th</sup> Ave and Berry Street. \$100,000 was given to the project in the 2022-23 Fiscal Year, leaving the remaining \$200,000 allocated in the 2023-24 Budget. As part of this redevelopment and grant given to the developer by the City, the property owner will be required to rent five apartments at affordable housing levels. Construction is expected to be completed in Winter 2023.



Right: The Rayme/Burton Building in Dayton, Ky.

#### Community Betterment Fund: \$20,000

The City is committing \$20,000 toward the Community Betterment Fund, an increase from \$10,000 the year prior. Community Betterment funds Final Friday and other events the city hosts for economic development.





## NON-MAJOR FUND EXPENDITURES

Non-major funds	2021-22 Budget	2022-23 Budget	YTD Actual Balance	2023-24 Proposed
Municipal Road Aid Fund	\$298,457	\$239,000	\$216,733.39	\$80,000
Parks	\$240,200	\$225,500	\$108,554.63	\$235,500
TIF	--	\$280,000	237,254.69	\$716,000
Economic Development	\$185,000	185,000	\$108,959.87	\$185,000

-- This category did not exist for a particular fiscal year.

All non-major funds will receive less or the same funds in fiscal year 2024.

## PARK FUND CAPITAL EXPENDITURES

## Recreational Trail Grant

The City of Dayton received a Recreational Trail Grant from the Department of Local Government in 2021. The grant funds trail creation and maintenance, bulletin boards, signage, benches, and trash cans for Sargeant Park in the amount of \$110,000. This grant requires a local match of \$22,000, with the remaining \$88,000 being funded by the federal government.

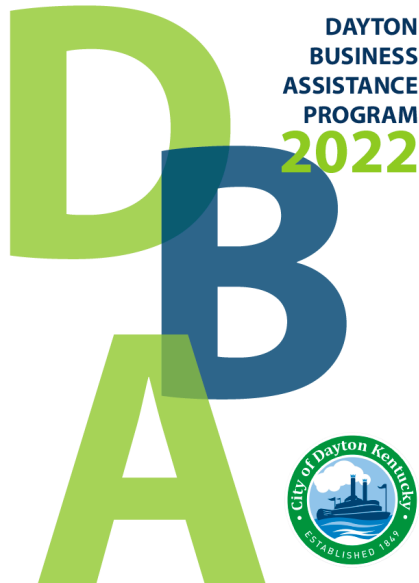


Photo above: Volunteers planting trees in Sargeant Park in Dayton, Ky.



## ECONOMIC DEVELOPMENT FUND NOTABLE SPENDING

## Dayton Business Assistance Program Funds: \$135,000



Dayton will continue to fund the successful Dayton Business Assistance (DBA) Grant Program for another year. Currently, there are four recipients of rental-abatement grants, two of which will end in fiscal year 2022-23. The allotted \$135,000 will ensure the program is well funded for individuals who apply in the next fiscal year.

Amendments to the program this year include scaling down the rental assistance program from three years to one year. In addition, the City is proposing a commercial conversion grant for first floor residential properties.

For more information visit: <https://daytonky.com/dba/>

*Left: The cover image of the DBA program booklet*

## Vacant Property Demolition Fund: \$50,000

The City has allocated funds toward the demolition and renovation of vacant properties in the City. In fiscal year 2022, the administration created two “Top 10 Lists” that target the most degraded and blighted properties in the City that need to be either repaired or demolished. Following the success addressing the properties on these lists, the City will invest more economic development funds toward this cause during the 2022-23 fiscal year.

*Photo right: 629 4<sup>th</sup> Avenue-  
The site of a demolished property in Dayton.*





# FUND BALANCE

**FUND BALANCE****Ending Fund Balances by Fiscal Year**

FUND	2021	2022	2023 (Estimate)	2024 (Estimate)
General Fund	1,400,000	2,100,000*	2,400,000	<b>1,190,409.13</b>
Municipal Road Aid	100,000	180,000*	115,000	<b>155,500</b>
Park Fund	55,000	115,000*	60,100	<b>33,000</b>
TIF	50,000	580,000*	900,000	<b>1,027,000</b>
Economic Development	500,000	610,000*	500,000	<b>323,000</b>

\*Expected Fund Balance at the conclusion of the 2021-22 Fiscal Year.

\*\*Expected Decrease of Fund Balance by more than 10%

**Expected Fund Balance for Fiscal Year 2023-24**

FUND	Beginning (estimated)	Increase/(Decrease)	Percentage Change	Ending (estimated)
General Fund	2,400,000	(1,209,590.87)	-50.3%	<b>1,190,409.13**</b>
Municipal Road Aid	115,000	40,000	+34.8%	155,000
Park Fund	60,100	(27,100)	-45.1%	<b>33,000**</b>
TIF	900,000	127,000	14.1%	1,027,000
Economic Development	500,000	(177,000)	-35.4%	<b>323,000**</b>

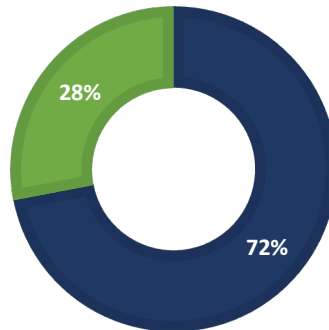
\*\*Expected decrease of more than 10% explained on the following page.

**General Fund: 20.2% decrease in fund balance**

The General Fund will see a projected decrease in its fund balance in the amount of \$1,209,590.87. As shown in the graph below, approximately 72% will be derived from leftover ARPA funds from the year prior, the remaining half will be allocated from the City's operational revenues (taxes, fees, etc.). All of the budget deficit will be derived from capital expenditure and grant match spending. Best practices indicate that a fund balance should be utilized for one-time spending, such as grant funding or capital projects.

**GENERAL FUND: FUND BALANCE DEFICIT**

■ 2022 Federal ARPA Funds ■ City Funds

**Park Funds: 45.1% decrease in fund balance**

Park funds will see an estimated 45.1% decrease in fund balance at the end of 2024. This change is due to the recreational trail grant expense of approximately \$72,000 in the next fiscal year. This funding will not be replaced in future years but requires to be spent in the city's grant agreement. Primarily this decrease is made up of grant funds, the city sees no reason to believe the account will continue to see a downward trajectory in the future.

**Economic Development: 35.4% decrease in funds**

The economic development fund has an estimated 35.4% decrease in fund balance. This change is due to the lack of revenues to this fund. This follows a trend in this account over the past few years. Eventually, this fund will likely diminish, leaving the future of the Dayton Business Assistance Grant program into question.

**Future Budget Considerations**

1. The City of Dayton is experiencing a construction boom, due largely to the TIF districts. This has caused a bubble in the intake of payroll and business taxes. In future years when this construction phase is over, how will the City supplement the loss of this income?
2. The City has heavily utilized ARPA funds and its fund balance to apply for grants and to match them. At the end of this process, the city's fund balance will be heavily depleted at historic lows verging on the minimum threshold per financial best practices. This will limit the City's ability to purchase equipment and needed building upgrades in the future without additional income.
3. The City has moved forward with the design phase of Phase IV of the Riverfront Commons project. This grant will be utilized for the design portion of the project, however at this time, the City does not have any plans to raise the capital needed to construct this project.
4. Construction costs are rising exponentially, many of the quotes the City has received for large projects, such as Riverfront Commons, are no longer valid. The City will need to find supplemental income to be able to construct the projects it has committed to.
5. Alongside the construction boom, the City is also seeing an exponential growth in population. The City will have to face the increase in employees needed to handle this growth. Fire, Police, and Public Works will require additional employees to properly serve these new citizens. The City will need to allot funding for these positions in future budgets. At this time, the year-over-year increase in revenues will not be enough to cover these costs.

