



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MONTGOMERY, OHIO  
FOR THE YEAR ENDED  
DECEMBER 31, 2010





# Dave Yost • Auditor of State

City Council  
City of Montgomery  
10101 Montgomery Road  
Montgomery, Ohio 45242

We have reviewed the *Independent Auditors' Report* of the City of Montgomery, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2010 through December 31, 2010. 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 Montgomery is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

June 23, 2011



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2010

Issued by:  
Department of Finance  
James Hanson  
Director



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HAMILTON COUNTY, OHIO

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## *INTRODUCTORY SECTION*

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May 20, 2011

To the Citizens of the City of Montgomery, Ohio:

We are pleased to present the Comprehensive Annual Financial Report for the City of Montgomery for the fiscal year ended December 31, 2010. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

### ***INTRODUCTION***

This report represents a commitment by the City of Montgomery to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

This letter should be read in conjunction with the Management Discussion and Analysis (MD&A) that can be found immediately following the Independent Auditors' Report.

### **The Reporting Entity**

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "the Financial Reporting Entity," in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

The City provides the following services to its residents and businesses: police and fire protection, emergency medical response, parks and recreational activities, planning, zoning, street maintenance, solid waste collection, income tax collection and other governmental services. The City also has one blended component unit (Montgomery Community Improvement Corporation), which was established under Ohio law to provide a means of attracting businesses to Montgomery to enhance the community. This entity's board of directors consists entirely of Montgomery's council members.

## ***CITY OF MONTGOMERY, OHIO***

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### ***Letter of Transmittal For the Year Ended December 31, 2010***

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#### **The City of Montgomery**

The City of Montgomery is a vibrant Ohio community located 12 miles north of Cincinnati. Its 5.3 square mile area serves an estimated residential population of 10,000. Montgomery was incorporated as a village in 1910 and became a city in 1971. It is a home rule city with a Council-Manager form of government. The City's responsibilities and structure are outlined in the City Charter, which was adopted by its citizens in 1981 and was last amended in 2002.

#### **City Council**

The legislative body of Montgomery consists of a seven-member Council. Each council member is elected by the City at large for overlapping four-year terms, which are staggered to expire on a four-seat cycle, followed by the expiration of three seats, every two years. The term of a council member begins on the last Sunday of November of the year the member is elected to office. The Council elects a Mayor and Vice Mayor from within its ranks. These officers each serve a two-year term. The Mayor's primary duties include presiding over City Council meetings and performing ceremonial civic duties. The Vice Mayor assumes the duties of the Mayor in his or her absence. In 1996, the City obtained the services of a magistrate to oversee the proceedings of Montgomery's Mayor's Court.

The City Council has established various boards and commissions to help in its many efforts - from arts to a sister city - to enhance the City. All of these boards and commissions are staffed by volunteers who live in Montgomery. The following is a brief description of their purposes and goals:

#### **Arts Commission**

This Commission was established to foster the visual and performing arts within the City. It was established when a Montgomery resident bequeathed his estate, including artwork, to the City with the request that the City promote artistic endeavors. The Commission advises Council on the prudent and productive use of its financial resources, including the assets held in trust. It sponsors activities throughout the year, such as a photography contest and concerts, which are open to the general public.

#### **Beautification and Tree Commission**

This Commission develops a yearly plan for the care of trees, shrubs, and flowers in public areas. It also proposes programs and makes recommendations for the use of allocated funds. Throughout the year, the Commission sponsors events, including the Arbor Day celebration and a Beautification Week, when flowers are planted by volunteers in beds throughout the City. The Commission also gives out the Beautification Awards to homes and businesses with outstanding landscaping. Through the Commission's efforts, the City has received the designation of Tree City USA from the National Arbor Day Foundation for fourteen consecutive years.

#### **Board of Tax Review**

This Board is defined by ordinance to hear appeals from persons dissatisfied with rulings or decisions made by the Tax Commissioner or other City officials regarding taxes and penalties imposed. The Board has the authority to affirm, reverse or modify such rulings or decisions. Hearings requested by a taxpayer before the Board are not meetings of a public body subject to Sections 121.22 of the Ohio Revised Code.

## ***CITY OF MONTGOMERY, OHIO***

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### ***Letter of Transmittal For the Year Ended December 31, 2010***

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#### ***Board of Zoning Appeals***

This Board was established to interpret the provisions of the zoning code in order to carry out the intent of the code. Public hearings and meetings are held to review various requests and any other appeals related to the provisions and administration of the City's zoning code.

#### ***Civil Service Commission***

Defined by the City Charter, the Civil Service Commission ensures that all appropriate civil service examinations and procedures are applied when appointments and promotions are made in the City's classified services. This Commission makes recommendations to City Council concerning the determination of merit and fitness as the basis for promotions, demotions, suspensions and removals of employees in classified positions. It is charged with recommending standards to ensure that open classified positions are filled based on competitive examinations and merit, efficiency, character, conduct and seniority. Full-time police and firefighters, excluding the Chief of Police and the Fire Chief, are the only classified positions in the City of Montgomery.

#### ***Environmental Advisory Commission***

This Commission developed a new mission statement that focuses upon making Montgomery an environmentally-conscious community. To that end, the Commission sponsored two pilot recycling programs: one for plastic bags and one for plastic flower pots. To engage young people, the Commission sponsored a recycling sculpture contest.

#### ***Landmarks Commission***

The Landmarks Commission provides for the preservation of Montgomery's historical, architectural and archeological heritage. It provides research into the historical aspects of various Montgomery properties, and works to designate and protect those areas, places, buildings or objects that possess significance in terms of the City's cultural, social, economic, political or architectural heritage. Its members work to educate the City's residents and businesses concerning the City's historical heritage, work with other preservation organizations and the Ohio Preservation Office. It also makes recommendations to the Planning Commission and Council on matters of legislation and development that may affect the City's landmarks or heritage.

#### ***Parks and Recreation Commission***

The City has worked to acquire and develop desirable areas for its park system that supports all the Montgomery neighborhoods, including the municipal swimming pool. The Commission's goal is to improve the quality of life for Montgomery residents through the development and maintenance of an integrated park system and by offering a well-rounded recreation program. Its activities include long-term planning for repair and replacement of park equipment.

#### ***Planning Commission***

This Commission is defined by the City Charter to hold public hearings and make recommendations to City Council concerning the City's subdivision, platting and zoning ordinances and regulations. It works in cooperation with other governmental or private planning agencies to secure the maximum benefits for Montgomery. It regularly conducts studies and surveys, as well as plans for the growth, development, redevelopment, rehabilitation and renewal of the City.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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***Sister Cities Commission***

The Sister Cities Commission, like the Arts Commission, is another cultural endeavor designed to enhance City life and to provide education and understanding concerning other cultures. It participates in an active exchange program with our Sister City in France, Neuilly-Plaisance. Activities sponsored during the year include an annual Bastille Day Celebration, professional and student exchanges, and a Sister Cities International Art Contest.

We are pleased and honored to have many volunteers who dedicate hundreds of hours to each of these endeavors. Without them, many projects and activities, which enhance the quality of life in Montgomery, would not be possible.

***ECONOMIC CONDITIONS AND OUTLOOK***

Montgomery is a very desirable community in which to live, work and play. Its prime location, along Interstates 71 and 275 in northeastern Hamilton County, alluring properties, and easy access to the Greater Cincinnati region has created consistently high values for both residential and commercial properties. Montgomery is located in the Sycamore Community School District, a district that is nationally recognized for its academic excellence.

The City's economy is diverse with an ideal mix of residential, office and retail uses. Primary employers include Bethesda North Hospital, the Sycamore Community School District, the world-famous Montgomery Inn, the Ohio National Life Financial Services, and Trihealth, Inc. In addition to the economic contributions of those major employers, the City has experienced an expanding medical services sector with a variety of general and specialty medical practitioners and clinics.

In spite of very difficult national and regional economic conditions, 2010 proved to be another successful year for the City of Montgomery. Thanks to concerted efforts in financial planning, including multi-year budgeting, capital improvement planning, and the use of targeted fund balances, the City remained financially healthy through 2010 and was able to enter 2011 with continued goals of delivering high quality products and services to our citizens, businesses and community visitors and to engage all of these customers in the work of our organization.

***MAJOR INITIATIVES***

2010 was a banner year for Montgomery in terms of awards, special events and positive changes in our communication efforts and customer service delivery.

Citizen engagement and outreach was a primary activity in 2010. The third Montgomery Citizens' Leadership Academy was conducted and was a huge success with 25 individuals comprising the class. This program, which is designed to transform residents into active and engaged citizens, also features partnerships with local businesses and organizations, such as Bethesda North Hospital, Ohio National Financial Services, the Hamilton County Emergency Operations Center and the Sycamore School District.



## ***CITY OF MONTGOMERY, OHIO***

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### ***Letter of Transmittal***

#### ***For the Year Ended December 31, 2010***

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During 2010, the City of Montgomery was recognized for achievements in a wide variety of areas and by a diverse group of organizations which included:

- The City received the Certificate of Achievement for Excellence in Financial Reporting for our 2009 Comprehensive Annual Financial Report (CAFR). The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by our entire City. This is the fifteenth consecutive year the City has received this award.
- The Ohio City/County Management Association (OCMA) presented the City with the OCMA award for innovation in local government. The award was given in recognition of the City's Efficiencies and Effectiveness Task Team's use of the LEAN principles for process improvement and public works' creative problem solving and process improvement regarding a shortage of road salt.
- The City received the award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for our 2009 Annual Report.
- The City also received a Tree City USA and Growth Award for 2010. This represents the fifteenth year in a row that the City has received the Tree City USA Award and eleven years that it has received the Growth Award.
- The City's Public Works Department was recognized as a Standard of Excellence award winner by the Miami Valley Risk Management Association (MVRMA) Awards Committee. The Public Works Department have had no loss experience for nine consecutive years which represents a true commitment to safety from these employees.
- In January, Mary Taylor, Auditor of the State of Ohio, presented the City of Montgomery with the "Making Your Tax Dollars Count" award for the fiscal year 2009 financial audit. Fewer than five percent of all Ohio government agencies are eligible for this award.

The City continued its work on a comprehensive review of the City's park system in an effort to identify new park trends and identify possible future park enhancements. The City worked with Leisure Management Services to develop a comprehensive study from which the Parks and Recreation Commission and City Council can develop goals for the parks over the next several years. The development of this plan involved several public forums at which public comments on the plan were received and considered before Council accepted the recommendations for the park improvements.

In 2010, the following park improvements were completed:

- In Montgomery Park, installation of the redesigned and reconstructed pervious brick paver pathway with low level lighting was finalized in June.
- The restrooms at Pioneer Park were modified allowing these restrooms to remain open "year-round".
- At the Johnson Nature Preserve, the second and final year of a phased project to eradicate exotic plants species such as honeysuckle and certain types of roses was finalized in September and planting of native tree species followed in October .
- Installation of the paver walkway between the parking lot and the entrance to the Johnson Nature Preserve was completed. The project also included construction of a pergola and seating areas adjacent to this new walkway and along the existing pathway in the preserve.
- Resurfacing of the basketball court at Dulle Park and the resurfacing of tennis courts at Pfeiffer Park.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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In 2010, the following capital improvements were completed:

One of the most significant construction projects in Montgomery during 2010 was a series of 3 projects completed by the Greater Cincinnati Water Works. More than 13,000 linear feet of 36 inch diameter water main and 3,700 linear feet of 42 inch diameter water main were installed over a 40 week period in 2010.

The annual street resurfacing project included work on 18 roadways and was completed by the Mount Pleasant Blacktopping Company, Inc. This project resulted in the resurfacing of 4.37 centerline miles of roadway. The project included selective curb removal and replacement as well as inspection and repairs to storm sewer pipes, catch basins and manholes. The total cost of the project was approximately \$1,050,000 and was funded through the City's Capital Improvement Program.

Staff completed preliminary engineering and design of the traffic signal and safety improvement project for 11 signalized intersections approved for \$540,000 in grant funding through the Ohio-Kentucky-Indiana Regional Council of Governments (OKI). Construction remains on schedule for 2012 and includes computer hardware and software upgrades, vehicle detection systems, traffic signal pre-emption and back-up power sources at every intersection that would allow traffic signals to transition to an auxiliary power source during electrical service interruptions.

The Neully-Plaisance Plaza Improvement project was finalized in 2010. This project included complete reconstruction of the public plaza at the southwest corner of the Montgomery Road/ Cooper Road intersection.

***FINANCIAL HIGHLIGHTS***

**Accounting Controls**

The City's budgetary accounting system was designed to provide reasonable assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated using the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City Administration and members of the Finance Department.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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Budgetary Control

Budgetary control is maintained within the personal services, operating expenditures, contractual services, and capital outlay categories within each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Purchase orders which result in an overrun above appropriated balances are not released until additional appropriations are made available via amendments to the annual appropriations ordinance. Open encumbrances as of December 31, 2010 are reported as reservations of fund balances within this report.

***FINANCIAL PLANNING AND POLICIES***

It is the mission of the City to develop, maintain and implement financial accounting policies and procedures and protect and optimize the financial resources of the City. The City provides a sound accounting system for safeguarding the City's assets through the recording and reporting of financial transactions according to mandated laws and guidelines of the Federal law, Ohio Revised Codes, Generally Accepted Accounting Principles (GAAP), and the City of Montgomery's Codified Ordinances. The departmental goals are to develop sound fiscal policies, provide solid financial management for the City, maintain reserves and fiscal integrity, and protect the assets of the citizens of Montgomery.

The City has established a five year capital improvement program which drives the City's annual operating budget; a fiscal policy on cash reserves for the General Fund, the Capital Improvement Fund and the General Bond retirement Fund; a conservative investment policy for the safe-guarding of investment income.

***OTHER INFORMATION***

Independent Audit

The basic financial statements of the City of Montgomery were audited by Bastin & Company, LLC. The independent auditors' unqualified opinion has been included in this report.

Certificate of Achievement

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 Montgomery for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

***CITY OF MONTGOMERY, OHIO***

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***Letter of Transmittal  
For the Year Ended December 31, 2010***

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A Certificate of Achievement is valid for a period of one year only. The City of Montgomery has received a Certificate of Achievement for the last fifteen consecutive years (fiscal years ended December 31, 1995-2009). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments

We want to extend sincere appreciation to the many individuals who have contributed their time and effort in gathering data for this report, particularly the various City departmental staff and members of the Hamilton County Auditor's Office.

Also, it is important to recognize the continued dedication and support of the Montgomery City Council and its Finance Committee. Their commitment to sound financial practices and reporting is the reason this CAFR is possible.

Respectfully submitted,



James A. Hanson  
Director of Finance



Cheryl A. Hilvert  
City Manager

**CITY OF MONTGOMERY, OHIO**

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***List of Principal Officials  
For the Year Ended December 31, 2010***

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***Elected Officials***

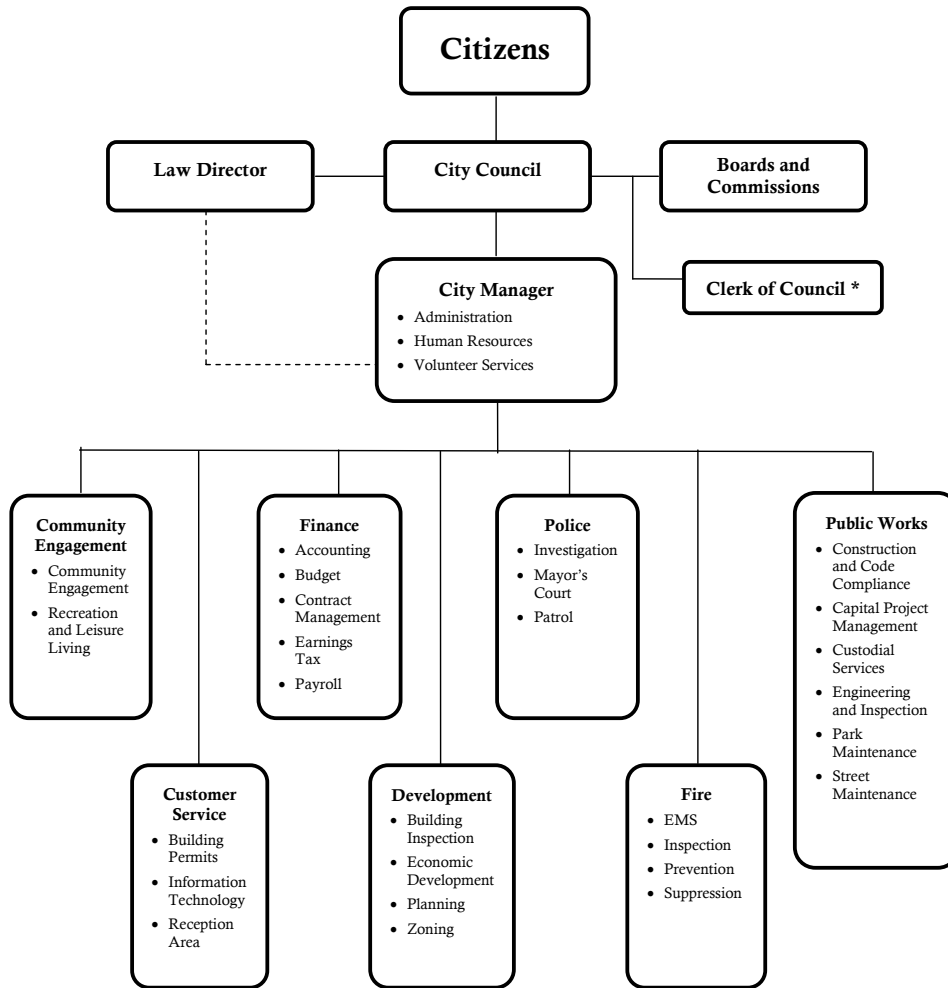
| <b><u>Name</u></b> | <b><u>Title</u></b> | <b><u>Term Expires</u></b> |
|--------------------|---------------------|----------------------------|
| Gerri Harbison     | Mayor               | December 2011              |
| Ken Suer           | Vice Mayor          | December 2013              |
| Craig Margolis     | Council             | December 2011              |
| Todd Steinbrink    | Council             | December 2011              |
| Chris Dobrozsi     | Council             | December 2013              |
| Barry Joffe        | Council             | December 2013              |
| Lynda Roesch       | Council             | December 2013              |

***Appointed Officials***

| <b><u>Name</u></b> | <b><u>Title</u></b> | <b><u>Term Expires</u></b> |
|--------------------|---------------------|----------------------------|
| Terry Donnellon    | Director of Law     | Indefinite                 |
| Susan Hamm         | Clerk of Council    | Indefinite                 |
| Cheryl Hilvert     | City Manager        | Indefinite                 |

**City Organizational Chart  
For the Year Ended December 31, 2010**

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\* Clerk of Council functions are provided through the Administrative Coordinator position in the City Manager's Office with City Council confirming the appointment as Clerk of Council

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

Presented to

**City of Montgomery  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2009

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



A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director





## *FINANCIAL SECTION*

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# Bastin & Company, LLC

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

The Honorable Members of City Council  
City of Montgomery, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Ohio as of and for the year ended December 31, 2010, which collectively comprise the City of Montgomery, Ohio's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Montgomery, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Ohio, as of December 31, 2010, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and the Fire Protection/EMS Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2011, on our consideration of the City of Montgomery, Ohio'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Montgomery, Ohio's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

*Bastin & Company, L L C*

Cincinnati, Ohio  
May 20, 2011

The discussion and analysis of the City of Montgomery's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

### ***FINANCIAL HIGHLIGHTS***

**Key financial highlights for 2010 are as follows:**

- ❑ Net assets of governmental activities increased \$2,379,732, which represents a 3.7% increase from 2009.
- ❑ General revenues accounted for \$14,862,934 in revenue or 89.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,779,064 or 10.7% of all revenues.
- ❑ The City had \$14,262,266 in expenses related to governmental activities; only \$1,779,064 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,862,934 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$9,674,309 in revenues and \$8,031,445 in expenditures. The general fund's fund balance increased \$503,509 to \$14,678,571.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City.

These statements are:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets (the difference between the City's assets and liabilities) are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the City's overall health, the reader needs to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The government-wide financial statements of the City are comprised of:

- *Governmental Activities* – Most of the City's programs and services are reported here including public safety, public health and welfare services, parks and recreation, community economic development, public works and general government.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

**Governmental Funds** – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

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**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table provides a comparison of the City's net assets at December 31, 2010 and 2009:

|  | Governmental<br>Activities |                     |
|--|----------------------------|---------------------|
|  | 2010                       | 2009                |
| Current and other assets                           | \$39,083,932               | \$35,712,886        |
| Capital assets, Net                                | 38,809,433                 | 38,569,128          |
| Total assets                                       | <u>77,893,365</u>          | <u>74,282,014</u>   |
| Long-term debt outstanding                         | 4,638,412                  | 5,225,204           |
| Other liabilities                                  | 6,061,887                  | 4,243,476           |
| Total liabilities                                  | <u>10,700,299</u>          | <u>9,468,680</u>    |
| Net assets   |                            |                     |
| Invested in capital assets,<br>net of related debt | 34,953,112                 | 34,123,582          |
| Restricted   | 17,430,333                 | 15,106,012          |
| Unrestricted                                       | 14,809,621                 | 15,583,740          |
| Total net assets                                   | <u>\$67,193,066</u>        | <u>\$64,813,334</u> |

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**CITY OF MONTGOMERY, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

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Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2010 and 2009:

|                                    | Governmental<br>Activities |                     |
|------------------------------------|----------------------------|---------------------|
|                                    | 2010                       | 2009                |
| Revenues                           |                            |                     |
| Program Revenues:                  |                            |                     |
| Charges for Services and Sales     | \$1,128,070                | \$973,252           |
| Operating Grants and Contributions | 533,729                    | 525,090             |
| Capital Grants and Contributions   | 117,265                    | 83,050              |
| General Revenues:                  |                            |                     |
| Property Taxes                     | 5,264,702                  | 4,822,909           |
| Income Taxes                       | 7,126,510                  | 6,732,726           |
| Other Local Taxes                  | 1,070,266                  | 2,208,468           |
| Intergovernmental, Unrestricted    | 953,694                    | 667,723             |
| Investment Earnings                | 275,677                    | 197,009             |
| Miscellaneous                      | 172,085                    | 274,536             |
| Total Revenues                     | <u>16,641,998</u>          | <u>16,484,763</u>   |
| Program Expenses                   |                            |                     |
| Public Safety                      | 5,625,518                  | 5,875,326           |
| Parks and Recreation               | 1,384,928                  | 1,399,365           |
| Community Economic Development     | 447,491                    | 453,272             |
| Public Works                       | 2,700,671                  | 2,883,791           |
| General Government                 | 3,916,652                  | 4,123,097           |
| Interest and Fiscal Charges        | 187,006                    | 204,343             |
| Total Expenses                     | <u>14,262,266</u>          | <u>14,939,194</u>   |
| Total Change in Net Assets         | 2,379,732                  | 1,545,569           |
| Beginning Net Assets               | <u>64,813,334</u>          | <u>63,267,765</u>   |
| Ending Net Assets                  | <u>\$67,193,066</u>        | <u>\$64,813,334</u> |

**Governmental Activities**

Net assets of the City's governmental activities increased by \$2,379,732. A substantial decrease in inheritance tax collections resulted in the decrease in other local taxes. Improvements in economic conditions contributed to a modest increase in income taxes.



**CITY OF MONTGOMERY, OHIO**

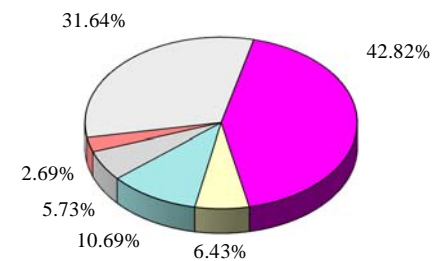
**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

The City has a 1% earnings tax for residents levied on all earned income, which includes, but is not limited to, qualified wages, the net profit of any business income, rental income and gambling winnings. Credit is given to residents employed in another city; the credit is limited to 1%. A 1% earnings tax is levied on all entities doing business within Montgomery, and employers within the City are required to withhold a 1% earning tax on all compensation paid to their employees.

Property taxes and income taxes made up 31.64% and 42.82% respectively of revenues for governmental activities for the City in fiscal year 2010. The City's reliance upon tax revenues is demonstrated by the following graph indicating 80.89% of total revenues from general tax revenues:

| Revenue Sources                | 2010                | Percent<br>of Total |
|--------------------------------|---------------------|---------------------|
| Property Taxes                 | \$5,264,702         | 31.64%              |
| Income Taxes                   | 7,126,510           | 42.82%              |
| Other Local Taxes              | 1,070,266           | 6.43%               |
| Program Revenues               | 1,779,064           | 10.69%              |
| Intergovernmental Unrestricted | 953,694             | 5.73%               |
| General Other                  | 447,762             | 2.69%               |
| <b>Total Revenue</b>           | <b>\$16,641,998</b> | <b>100.00%</b>      |



**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$28,546,399, which is an increase from last year's balance of \$26,686,997. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2010 and 2009:

|                            | Fund Balance<br>December 31, 2010 | Fund Balance<br>December 31, 2009 | Increase<br>(Decrease) |
|----------------------------|-----------------------------------|-----------------------------------|------------------------|
| General                    | \$14,678,571                      | \$14,175,062                      | \$503,509              |
| Fire Protection / EMS      | 4,046,923                         | 3,752,000                         | 294,923                |
| Reserve of Montgomery      |                                   |                                   |                        |
| Bond Retirement            | 82,552                            | 77,315                            | 5,237                  |
| Vintage Club Tax Increment | 892,526                           | 447,459                           | 445,067                |
| Capital Improvement        | 4,321,782                         | 3,673,110                         | 648,672                |
| Triangle Tax Increment     | (1,107,910)                       | (1,221,953)                       | 114,043                |
| Other Governmental         | 5,631,955                         | 5,784,004                         | (152,049)              |
| <b>Total</b>               | <b>\$28,546,399</b>               | <b>\$26,686,997</b>               | <b>\$1,859,402</b>     |

**CITY OF MONTGOMERY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

*General Fund* – The City's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

|                             | 2010<br><u>Revenues</u> | 2009<br><u>Revenues</u> | Increase<br><u>(Decrease)</u> |
|-----------------------------|-------------------------|-------------------------|-------------------------------|
| Taxes                       | \$8,013,258             | \$8,896,706             | (\$883,448)                   |
| Intergovernmental Revenues  | 702,185                 | 339,275                 | 362,910                       |
| Charges for Services        | 258,977                 | 190,262                 | 68,715                        |
| Licenses, Permits, and Fees | 262,263                 | 255,443                 | 6,820                         |
| Investment Earnings         | 190,675                 | 134,048                 | 56,627                        |
| Fines and Forfeitures       | 204,575                 | 154,790                 | 49,785                        |
| All Other Revenue           | 42,376                  | 113,666                 | (71,290)                      |
| Total                       | <u>\$9,674,309</u>      | <u>\$10,084,190</u>     | <u>(\$409,881)</u>            |

General Fund revenues in 2010 decreased 4.1% compared to revenues in fiscal year 2009. A significant decrease in estate tax collections resulted in the decrease in taxes.

|                                | 2010<br><u>Expenditures</u> | 2009<br><u>Expenditures</u> | Increase<br><u>(Decrease)</u> |
|--------------------------------|-----------------------------|-----------------------------|-------------------------------|
| Public Safety                  | \$3,076,325                 | \$2,778,071                 | \$298,254                     |
| Parks and Recreation           | 926,799                     | 917,897                     | 8,902                         |
| Community Economic Development | 338,006                     | 341,707                     | (3,701)                       |
| Public Works                   | 575,803                     | 459,838                     | 115,965                       |
| General Government             | 3,114,512                   | 3,175,686                   | (61,174)                      |
| Total                          | <u>\$8,031,445</u>          | <u>\$7,673,199</u>          | <u>\$358,246</u>              |

General Fund expenditures increased \$358,246 over the prior year. Public safety increased due to increases in overtime and special duty pay.

*Fire Protection EMS Fund* - The fund balance of the Fire Protection EMS Fund, a major governmental fund, increased \$294,923. A large outlay for new capital equipment for the fire department in 2009 resulted in the subsequent decrease in capital outlay in 2010. Revenues remained stable, resulting in an increase in fund balance.

*Reserve of Montgomery Bond Retirement Fund* - The fund balance of the Reserve of Montgomery Bond Retirement Fund, a major governmental fund, remained stable, increasing \$5,237 during 2010.

*Vintage Club Tax Increment Fund* – Increased TIF collections caused revenues to exceed expenditures in the fund, creating a \$445,067 increase in fund balance.

# CITY OF MONTGOMERY, OHIO

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## *Management's Discussion and Analysis For the Year Ended December 31, 2010*

*Unaudited*

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*Capital Improvement Fund* - The fund balance of the Capital Improvement Fund, a major governmental fund, increased \$648,672 during 2010 mainly due to an increase in transfers in from other funds coupled with a decrease in capital outlays.

*Triangle Tax Increment Fund* - The fund balance of the Triangle Tax Increment Fund, a major governmental fund increased \$114,043 during 2010. This fund continues to report a negative fund balance due to interfund loans payable to the Capital Improvement Fund.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, final budget basis revenue of \$8.7 million did not change over the original budget estimates of \$8.7 million. Actual revenues exceeded final budgeted revenues in the General Fund. Controlled costs within general government departments resulted in actual expenditures that were 12% less than original and final budget amounts.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### *Capital Assets*

At the end of fiscal 2010 the City had \$38,809,433 net of accumulated depreciation invested in land, buildings, infrastructure, equipment and vehicles. The following table shows fiscal year 2010 and 2009 balances:

|                                   | Governmental<br>Activities |                     | Increase<br>(Decrease) |
|-----------------------------------|----------------------------|---------------------|------------------------|
|                                   | 2010                       | 2009                |                        |
| Land                              | \$15,285,724               | \$15,285,724        | \$0                    |
| Buildings                         | 4,161,161                  | 4,148,580           | 12,581                 |
| Improvements Other than Buildings | 6,837,088                  | 6,364,465           | 472,623                |
| Infrastructure                    | 24,765,224                 | 24,283,264          | 481,960                |
| Machinery and Equipment           | 5,958,366                  | 5,806,831           | 151,535                |
| Less: Accumulated Depreciation    | (18,198,130)               | (17,319,736)        | (878,394)              |
| Totals                            | <u>\$38,809,433</u>        | <u>\$38,569,128</u> | <u>\$240,305</u>       |

# CITY OF MONTGOMERY, OHIO

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## Management's Discussion and Analysis For the Year Ended December 31, 2010

Unaudited

The primary increases occurred in improvements other than buildings and infrastructure. The City made a number of improvements in the City's parks and repaved a portion of Montgomery Road, the City's major thoroughfare in 2010.

Additional information on the City's capital assets can be found in Note 8.

### Debt

At December 31, 2010, the City had \$3,745,390 in general obligation bonds outstanding, \$605,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2010 and 2009:

|                               | 2010               | 2009               |
|-------------------------------|--------------------|--------------------|
| Governmental Activities:      |                    |                    |
| General Obligation Bonds      | \$3,745,390        | \$4,319,732        |
| Special Assessment Bonds      | 110,931            | 125,814            |
| Compensated Absences          | 782,091            | 779,658            |
| Total Governmental Activities | <u>\$4,638,412</u> | <u>\$5,225,204</u> |

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. At December 31, 2010, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

### ECONOMIC FACTORS

In 2010:

- The economic troubles of the country contributed to a significant drop in the level of building and development activity in the City during the past year. All of the major property development initiatives were stalled due to lack of financing and lack of demand. These included the redevelopment of the two car dealerships on Montgomery Road at Cross County Highway, the redevelopment of the Perkins Restaurant site, and creation of the 'urban village' in the front of the Vintage Club Development.
- From a residential standpoint, Twin Lakes, a retirement community development, continued to delay the start of their garden homes project that the City approved in 2008 due to economic conditions in the Greater Cincinnati area.
- Activity for 2010 in the Building and Development Department actually increased slightly from 2009. Demolition permits for residential teardown/replacement increased from three in 2009 to nine in 2010. A total of thirteen permits were issued for new single family residences, with a total estimated value of \$7,138,162. The department also processed 15 more residential remodeling permits than in 2009, with a total of 40. Permits for pools, accessory buildings, and signs totaled 138, a decrease from the 185 processed in 2009.

- As the year progressed, there were positive signs that the business climate was improving. There has been strong interest in both the vacant Chevrolet site and also the Schoolhouse Plaza Shopping Center, which are both being offered for sale. It is a reflection of the positive image of the community that multiple developers are vying for control of these properties even with the high level of uncertainty about their success
- The City's economic condition remains stable due to the strength of its three largest employers: Bethesda North Hospital, Sycamore Schools, and Ohio National Financial Services. While there were no new expansion initiatives from the hospital, it continues to be the economic anchor of the community. The surrounding medical offices along Montgomery Road still had some vacancies, but there has not been further deterioration from 2009.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If the reader has questions about this report or needs additional financial information please contact Jim Hanson, Director of Finance for the City of Montgomery.

# CITY OF MONTGOMERY, OHIO

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## Statement of Net Assets December 31, 2010

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|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>Assets:</b>                                  |                                    |
| Cash and Cash Equivalents                       | \$ 10,936,831                      |
| Investments                                     | 16,238,818                         |
| Receivables:                                    |                                    |
| Taxes   | 7,600,751                          |
| Accounts  | 113,071                            |
| Intergovernmental                               | 1,318,507                          |
| Interest  | 38,223                             |
| Special Assessments                             | 2,815,075                          |
| Prepaid Items                                   | 22,656                             |
| Capital Assets not Being Depreciated            | 15,285,724                         |
| Capital Assets Being Depreciated, net           | 23,523,709                         |
| <b>Total Assets</b>                             | <b>77,893,365</b>                  |
| <b>Liabilities:</b>                             |                                    |
| Accounts Payable                                | 156,887                            |
| Accrued Wages and Benefits                      | 340,573                            |
| Intergovernmental Payable                       | 8,611                              |
| Unearned Revenue                                | 5,548,746                          |
| Accrued Interest Payable                        | 7,070                              |
| Noncurrent liabilities:                         |                                    |
| Due within one year                             | 942,841                            |
| Due in more than one year                       | 3,695,571                          |
| <b>Total Liabilities</b>                        | <b>10,700,299</b>                  |
| <b>Net Assets:</b>                              |                                    |
| Invested in Capital Assets, Net of Related Debt | 34,953,112                         |
| Restricted For:                                 |                                    |
| Capital Projects                                | 3,397,441                          |
| Debt Service                                    | 5,996,907                          |
| Public Works                                    | 3,102,478                          |
| Public Safety                                   | 4,217,222                          |
| Other Purposes                                  | 716,285                            |
| Unrestricted                                    | 14,809,621                         |
| <b>Total Net Assets</b>                         | <b>\$ 67,193,066</b>               |

See accompanying notes to the basic financial statements

**CITY OF MONTGOMERY, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2010**

|                                 |                      | Program Revenues    |                   |                   | Net (Expense)        |
|---------------------------------|----------------------|---------------------|-------------------|-------------------|----------------------|
|                                 |                      | Charges for         | Operating Grants  | Capital Grants    | Revenue and          |
|                                 | Expenses             | Services and        | and               | and               | Changes in           |
|                                 |                      | Sales               | Contributions     | Contributions     | Net Assets           |
|                                 |                      |                     |                   |                   | Governmental         |
|                                 |                      |                     |                   |                   | Activities           |
| <b>Governmental Activities:</b> |                      |                     |                   |                   |                      |
| Public Safety                   | \$ 5,625,518         | \$ 341,109          | \$ 24,600         | \$ 0              | \$ (5,259,809)       |
| Parks and Recreation            | 1,384,928            | 239,140             | 0                 | 0                 | (1,145,788)          |
| Community Economic Development  | 447,491              | 212,544             | 0                 | 0                 | (234,947)            |
| Public Works                    | 2,700,671            | 28,401              | 509,129           | 117,265           | (2,045,876)          |
| General Government              | 3,916,652            | 306,876             | 0                 | 0                 | (3,609,776)          |
| Interest and Fiscal Charges     | 187,006              | 0                   | 0                 | 0                 | (187,006)            |
| <b>Totals</b>                   | <b>\$ 14,262,266</b> | <b>\$ 1,128,070</b> | <b>\$ 533,729</b> | <b>\$ 117,265</b> | <b>(12,483,202)</b>  |
| <br>                            |                      |                     |                   |                   |                      |
| <b>General Revenues</b>         |                      |                     |                   |                   |                      |
| Property Taxes Levied for:      |                      |                     |                   |                   |                      |
|                                 |                      |                     |                   |                   | 5,264,702            |
|                                 |                      |                     |                   |                   | 7,126,510            |
|                                 |                      |                     |                   |                   | 1,070,266            |
|                                 |                      |                     |                   |                   | 953,694              |
|                                 |                      |                     |                   |                   | 275,677              |
|                                 |                      |                     |                   |                   | 172,085              |
|                                 |                      |                     |                   |                   | <u>14,862,934</u>    |
|                                 |                      |                     |                   |                   | 2,379,732            |
|                                 |                      |                     |                   |                   | <u>64,813,334</u>    |
|                                 |                      |                     |                   |                   | <u>\$ 67,193,066</u> |

See accompanying notes to the basic financial statements

**CITY OF MONTGOMERY, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2010**

|  | General              | Fire Protection /<br>EMS | Reserve of<br>Montgomery<br>Bond Retirement | Vintage Club<br>Tax Increment | Capital<br>Improvement |
|--|----------------------|--------------------------|---|-------------------------------|------------------------|
| <b>Assets:</b>                             |                      |                          |   |                               |                        |
| Cash and Cash Equivalents                  | \$ 3,041,622         | \$ 897,421               | \$ 82,552                                   | \$ 892,526                    | \$ 2,811,359           |
| Investments                                | 10,752,306           | 3,215,584                | 0   | 0                             | 0                      |
| Receivables:                               |                      |                          |   |                               |                        |
| Taxes                                      | 3,342,825            | 1,736,007                | 0   | 1,837,994                     | 328,808                |
| Accounts                                   | 89,337               | 23,734                   | 0   | 0                             | 0                      |
| Intergovernmental                          | 295,617              | 98,438                   | 0   | 0                             | 21,744                 |
| Interest                                   | 25,309               | 7,568                    | 0   | 0                             | 0                      |
| Special Assessments                        | 0                    | 0                        | 2,750,820                                   | 0                             | 0                      |
| Interfund Loans Receivables                | 0                    | 0                        | 0   | 0                             | 1,163,990              |
| Prepaid Items                              | 18,239               | 2,079                    | 0   | 0                             | 0                      |
| <b>Total Assets</b>                        | <b>\$ 17,565,255</b> | <b>\$ 5,980,831</b>      | <b>\$ 2,833,372</b>                         | <b>\$ 2,730,520</b>           | <b>\$ 4,325,901</b>    |
| <b>Liabilities:</b>                        |                      |                          |   |                               |                        |
| Accounts Payable                           | \$ 116,115           | \$ 5,984                 | \$ 0  | \$ 0                          | \$ 4,119               |
| Accrued Wages and Benefits Payable         | 228,959              | 87,321                   | 0   | 0                             | 0                      |
| Intergovernmental Payable                  | 7,031                | 1,580                    | 0   | 0                             | 0                      |
| Interfund Loans Payable                    | 50,000               | 0                        | 0   | 0                             | 0                      |
| Deferred Revenue                           | 2,484,579            | 1,839,023                | 2,750,820                                   | 1,837,994                     | 0                      |
| <b>Total Liabilities</b>                   | <b>2,886,684</b>     | <b>1,933,908</b>         | <b>2,750,820</b>                            | <b>1,837,994</b>              | <b>4,119</b>           |
| <b>Fund Balances:</b>                      |                      |                          |   |                               |                        |
| Reserved for Encumbrances                  | 298,874              | 0                        | 0   | 0                             | 483,650                |
| Reserved for Prepaid Items                 | 18,239               | 2,079                    | 0   | 0                             | 0                      |
| Reserved for Debt Service                  | 0                    | 0                        | 82,552                                      | 892,526                       | 0                      |
| Undesignated, Unreserved in:               |                      |                          |   |                               |                        |
| General Fund                               | 14,361,458           | 0                        | 0   | 0                             | 0                      |
| Special Revenue Funds                      | 0                    | 4,044,844                | 0   | 0                             | 0                      |
| Capital Projects Funds (Deficit)           | 0                    | 0                        | 0   | 0                             | 3,838,132              |
| <b>Total Fund Balances</b>                 | <b>14,678,571</b>    | <b>4,046,923</b>         | <b>82,552</b>                               | <b>892,526</b>                | <b>4,321,782</b>       |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 17,565,255</b> | <b>\$ 5,980,831</b>      | <b>\$ 2,833,372</b>                         | <b>\$ 2,730,520</b>           | <b>\$ 4,325,901</b>    |

See accompanying notes to the basic financial statements



**CITY OF MONTGOMERY, OHIO**

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| Triangle Tax<br>Increment | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------|--------------------------------|--------------------------------|
| \$ 56,080                 | \$ 3,155,271                   | \$ 10,936,831                  |
| 0                         | 2,270,928                      | 16,238,818                     |
| 146,035                   | 209,082                        | 7,600,751                      |
| 0                         | 0                              | 113,071                        |
| 0                         | 902,708                        | 1,318,507                      |
| 0                         | 5,346                          | 38,223                         |
| 0                         | 64,255                         | 2,815,075                      |
| 0                         | 50,000                         | 1,213,990                      |
| 0                         | 2,338                          | 22,656                         |
| <u>\$ 202,115</u>         | <u>\$ 6,659,928</u>            | <u>\$ 40,297,922</u>           |
| <br>                      |                                |                                |
| \$ 0                      | \$ 30,669                      | \$ 156,887                     |
| 0                         | 24,293                         | 340,573                        |
| 0                         | 0                              | 8,611                          |
| 1,163,990                 | 0                              | 1,213,990                      |
| 146,035                   | 973,011                        | 10,031,462                     |
| <u>1,310,025</u>          | <u>1,027,973</u>               | <u>11,751,523</u>              |
| <br>                      |                                |                                |
| 0                         | 698,391                        | 1,480,915                      |
| 0                         | 2,338                          | 22,656                         |
| 0                         | 1,870,478                      | 2,845,556                      |
| 0                         | 0                              | 14,361,458                     |
| 0                         | 3,138,832                      | 7,183,676                      |
| (1,107,910)               | (78,084)                       | 2,652,138                      |
| <u>(1,107,910)</u>        | <u>5,631,955</u>               | <u>28,546,399</u>              |
| <u>\$ 202,115</u>         | <u>\$ 6,659,928</u>            | <u>\$ 40,297,922</u>           |

**CITY OF MONTGOMERY, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2010***

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|  |             |                                    |
|--|-------------|------------------------------------|
| <b>Total Governmental Fund Balances</b>  |             | <b>\$ 28,546,399</b>               |
| <b><i>Amounts reported for governmental activities in the<br/>statement of net assets are different because</i></b>                              |             |                                    |
| Capital Assets used in governmental activities are not<br>resources and therefore are not reported in the funds.                                 |             | 38,809,433                         |
| Other long-term assets are not available to pay for current-<br>period expenditures and therefore are deferred in the funds.                     |             | 4,482,716                          |
| Long-term liabilities, including bonds payable, are not due<br>and payable in the current period and therefore are not<br>reported in the funds. |             |                                    |
| General Obligation Bonds Payable   | (3,745,390) |                                    |
| Special Assessment Bonds Payable   | (110,931)   |                                    |
| Compensated Absences Payable   | (782,091)   |                                    |
| Accrued Interest Payable   | (7,070)     | (4,645,482)                        |
|  |             | <u>          </u>                  |
| <b><i>Net Assets of Governmental Activities</i></b>  |             | <b><u><u>\$ 67,193,066</u></u></b> |

See accompanying notes to the basic financial statements



**CITY OF MONTGOMERY, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2010**

|  | General              | Fire Protection /<br>EMS | Reserve of<br>Montgomery<br>Bond Retirement | Vintage Club<br>Tax Increment | Capital<br>Improvement |
|--|----------------------|--------------------------|---|-------------------------------|------------------------|
| <b>Revenues:</b>                                     |                      |                          |   |                               |                        |
| Taxes  | \$ 8,013,258         | \$ 1,785,536             | \$ 0  | \$ 910,209                    | \$ 1,781,627           |
| Intergovernmental Revenues                           | 702,185              | 201,345                  | 0   | 116,887                       | 117,264                |
| Charges for Services                                 | 258,977              | 126,646                  | 0   | 0                             | 0                      |
| Licenses, Permits and Fees                           | 262,263              | 0                        | 0   | 0                             | 0                      |
| Investment Earnings                                  | 190,675              | 53,301                   | 0   | 0                             | 0                      |
| Special Assessments                                  | 0                    | 0                        | 185,891                                     | 0                             | 0                      |
| Fines and Forfeitures                                | 204,575              | 682                      | 0   | 0                             | 0                      |
| All Other Revenue                                    | 42,376               | 46,367                   | 0   | 0                             | 0                      |
| <b>Total Revenue</b>                                 | <b>9,674,309</b>     | <b>2,213,877</b>         | <b>185,891</b>                              | <b>1,027,096</b>              | <b>1,898,891</b>       |
| <b>Expenditures:</b>                                 |                      |                          |   |                               |                        |
| Current:   |                      |                          |   |                               |                        |
| Public Safety  | 3,076,325            | 1,923,964                | 0   | 0                             | 0                      |
| Parks and Recreation                                 | 926,799              | 0                        | 0   | 0                             | 0                      |
| Community Economic Development                       | 338,006              | 0                        | 0   | 0                             | 0                      |
| Public Works   | 575,803              | 0                        | 0   | 0                             | 0                      |
| General Government                                   | 3,114,512            | 0                        | 5,724                                       | 582,029                       | 0                      |
| Capital Outlay                                       | 0                    | 0                        | 0   | 0                             | 2,050,219              |
| Debt Service:  |                      |                          |   |                               |                        |
| Principal Retirement                                 | 0                    | 0                        | 120,000                                     | 0                             | 0                      |
| Interest and Fiscal Charges                          | 0                    | 0                        | 54,930                                      | 0                             | 0                      |
| <b>Total Expenditures</b>                            | <b>8,031,445</b>     | <b>1,923,964</b>         | <b>180,654</b>                              | <b>582,029</b>                | <b>2,050,219</b>       |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 1,642,864            | 289,913                  | 5,237                                       | 445,067                       | (151,328)              |
| <b>Other Financing Sources (Uses):</b>               |                      |                          |   |                               |                        |
| Sale of Capital Assets                               | 4,427                | 5,010                    | 0   | 0                             | 0                      |
| Transfers In   | 154,600              | 0                        | 0   | 0                             | 800,000                |
| Transfers Out  | (1,298,382)          | 0                        | 0   | 0                             | 0                      |
| <b>Total Other Financing Sources (Uses)</b>          | <b>(1,139,355)</b>   | <b>5,010</b>             | <b>0</b>                                    | <b>0</b>                      | <b>800,000</b>         |
| Net Change in Fund Balances                          | 503,509              | 294,923                  | 5,237                                       | 445,067                       | 648,672                |
| <b>Fund Balances at Beginning of Year</b>            | <b>14,175,062</b>    | <b>3,752,000</b>         | <b>77,315</b>                               | <b>447,459</b>                | <b>3,673,110</b>       |
| <b>Fund Balances End of Year</b>                     | <b>\$ 14,678,571</b> | <b>\$ 4,046,923</b>      | <b>\$ 82,552</b>                            | <b>\$ 892,526</b>             | <b>\$ 4,321,782</b>    |

See accompanying notes to the basic financial statements

**CITY OF MONTGOMERY, OHIO**

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| Triangle Tax<br>Increment | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------|--------------------------------|--------------------------------|
| \$ 310,937                | \$ 646,206                     | \$ 13,447,773                  |
| 0                         | 524,136                        | 1,661,817                      |
| 0                         | 225,568                        | 611,191                        |
| 0                         | 8,250                          | 270,513                        |
| 0                         | 29,874                         | 273,850                        |
| 0                         | 81,854                         | 267,745                        |
| 0                         | 12,279                         | 217,536                        |
| 0                         | 85,142                         | 173,885                        |
| <u>310,937</u>            | <u>1,613,309</u>               | <u>16,924,310</u>              |
| 0                         | 123,819                        | 5,124,108                      |
| 0                         | 261,712                        | 1,188,511                      |
| 0                         | 0                              | 338,006                        |
| 0                         | 997,909                        | 1,573,712                      |
| 0                         | 108,703                        | 3,810,968                      |
| 196,894                   | 14,616                         | 2,261,729                      |
| 0                         | 494,883                        | 614,883                        |
| 0                         | 107,498                        | 162,428                        |
| <u>196,894</u>            | <u>2,109,140</u>               | <u>15,074,345</u>              |
| 114,043                   | (495,831)                      | 1,849,965                      |
| 0                         | 0                              | 9,437                          |
| 0                         | 506,764                        | 1,461,364                      |
| 0                         | (162,982)                      | (1,461,364)                    |
| <u>0</u>                  | <u>343,782</u>                 | <u>9,437</u>                   |
| 114,043                   | (152,049)                      | 1,859,402                      |
| <u>(1,221,953)</u>        | <u>5,784,004</u>               | <u>26,686,997</u>              |
| <u>\$ (1,107,910)</u>     | <u>\$ 5,631,955</u>            | <u>\$ 28,546,399</u>           |

**CITY OF MONTGOMERY, OHIO**

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***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, 2010***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 1,859,402

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

|                      |                    |         |
|----------------------|--------------------|---------|
| Capital Outlay       | 2,217,541          |         |
| Depreciation Expense | <u>(1,506,249)</u> | 711,292 |

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets. (470,987)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (282,312)

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

|   |               |         |
|---|---------------|---------|
| General Obligation Bond Principal Payment | 574,342       |         |
| Special Assessment Bond Principal Payment | <u>14,883</u> | 589,225 |

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,080

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

|                      |  |                 |
|----------------------|--|-----------------|
| Compensated Absences |  | <u>(27,968)</u> |
|----------------------|--|-----------------|

***Change in Net Assets of Governmental Activities*** \$ 2,379,732

See accompanying notes to the basic financial statements

**CITY OF MONTGOMERY, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2010**

|  | <u>Original Budget</u> | <u>Final Budget</u>  | <u>Actual</u>        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|----------------------|----------------------|---|
| <b>Revenues:</b>   |                        |                      |                      |   |
| Taxes  | \$ 7,027,448           | \$ 7,027,448         | \$ 7,707,948         | \$ 680,500  |
| Intergovernmental Revenue                                    | 563,985                | 563,985              | 578,262              | 14,277  |
| Charges for Services   | 192,142                | 192,142              | 169,850              | (22,292)  |
| Licenses, Permits and Fees                                   | 243,686                | 243,686              | 262,263              | 18,577  |
| Investment Earnings  | 350,000                | 350,000              | 138,595              | (211,405)   |
| Fines and Forfeitures  | 196,508                | 196,508              | 215,915              | 19,407  |
| All Other Revenues   | 90,000                 | 90,000               | 126,969              | 36,969  |
| Total Revenues   | <u>8,663,769</u>       | <u>8,663,769</u>     | <u>9,199,802</u>     | <u>536,033</u>  |
| <b>Expenditures:</b>   |                        |                      |                      |   |
| Current:   |                        |                      |                      |   |
| Public Safety  | 3,140,095              | 3,140,095            | 3,086,989            | 53,106  |
| Parks and Recreation   | 1,117,474              | 1,117,474            | 976,389              | 141,085   |
| Community Economic Development                               | 634,810                | 634,810              | 426,616              | 208,194   |
| Public Works   | 620,829                | 620,829              | 580,615              | 40,214  |
| General Government   | 3,834,305              | 3,834,305            | 3,254,060            | 580,245   |
| Total Expenditures   | <u>9,347,513</u>       | <u>9,347,513</u>     | <u>8,324,669</u>     | <u>1,022,844</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (683,744)              | (683,744)            | 875,133              | 1,558,877   |
| <b>Other Financing Sources (Uses):</b>                       |                        |                      |                      |   |
| Sale of Capital Assets                                       | 5,000                  | 5,000                | 4,427                | (573)   |
| Transfers In   | 71,950                 | 71,950               | 225,751              | 153,801   |
| Transfers Out  | (1,558,016)            | (1,558,016)          | (1,367,657)          | 190,359   |
| Advances In  | 12,390                 | 12,390               | 85,190               | 72,800  |
| Total Other Financing Sources (Uses):                        | <u>(1,468,676)</u>     | <u>(1,468,676)</u>   | <u>(1,052,289)</u>   | <u>416,387</u>  |
| Net Change in Fund Balance                                   | (2,152,420)            | (2,152,420)          | (177,156)            | 1,975,264   |
| Fund Balance at Beginning of Year                            | 13,110,946             | 13,110,946           | 13,110,946           | 0   |
| Prior Year Encumbrances                                      | 458,202                | 458,202              | 458,202              | 0   |
| Fund Balance at End of Year                                  | <u>\$ 11,416,728</u>   | <u>\$ 11,416,728</u> | <u>\$ 13,391,992</u> | <u>\$ 1,975,264</u>                                     |

See accompanying notes to the basic financial statements

**CITY OF MONTGOMERY, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Fire Protection / EMS Fund  
For the Year Ended December 31, 2010**

|  | Original Budget     | Final Budget        | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
| <b>Revenues:</b>   |                     |                     |                     |   |
| Taxes  | \$ 1,926,143        | \$ 1,926,143        | \$ 1,785,536        | \$ (140,607)  |
| Intergovernmental Revenues                                   | 204,287             | 204,287             | 201,345             | (2,942)   |
| Charges for Services   | 70,200              | 70,200              | 134,141             | 63,941  |
| Investment Earnings  | 110,000             | 110,000             | 37,578              | (72,422)  |
| Fines and Forfeitures  | 0                   | 0                   | 682                 | 682   |
| All Other Revenues   | 14,802              | 14,802              | 46,252              | 31,450  |
| Total Revenues   | <u>2,325,432</u>    | <u>2,325,432</u>    | <u>2,205,534</u>    | <u>(119,898)</u>  |
| <b>Expenditures:</b>   |                     |                     |                     |   |
| Current:   |                     |                     |                     |   |
| Public Safety  | 2,180,147           | 2,180,147           | 1,928,350           | 251,797   |
| Total Expenditures   | <u>2,180,147</u>    | <u>2,180,147</u>    | <u>1,928,350</u>    | <u>251,797</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 145,285             | 145,285             | 277,184             | 131,899   |
| <b>Other Financing Sources (Uses):</b>                       |                     |                     |                     |   |
| Sale of Capital Assets                                       | 0                   | 0                   | 5,010               | 5,010   |
| Transfers Out  | (2,387)             | (2,387)             | 0                   | 2,387   |
| Total Other Financing Sources (Uses)                         | <u>(2,387)</u>      | <u>(2,387)</u>      | <u>5,010</u>        | <u>7,397</u>  |
| Net Change in Fund Balance                                   | 142,898             | 142,898             | 282,194             | 139,296   |
| Fund Balance at Beginning of Year                            | 3,781,791           | 3,781,791           | 3,781,791           | 0   |
| Prior Year Encumbrances                                      | 31,676              | 31,676              | 31,676              | 0   |
| Fund Balance at End of Year                                  | <u>\$ 3,956,365</u> | <u>\$ 3,956,365</u> | <u>\$ 4,095,661</u> | <u>\$ 139,296</u>                                       |

See accompanying notes to the basic financial statements



**CITY OF MONTGOMERY, OHIO**

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**Statement of Net Assets  
Fiduciary Funds  
December 31, 2010**

---

|   | Private Purpose<br>Trust |                |
|---|--------------------------|----------------|
|   | Special Trust            | Agency         |
| <b>Assets:</b>                              |                          |                |
| Cash and Cash Equivalents                   | \$ 23,650                | \$ 0           |
| Restricted Assets:                          |                          |                |
| Cash and Cash Equivalents                   | 0                        | 16,516         |
| Cash and Cash Equivalents with Fiscal Agent | 0                        | 168,623        |
| <b>Total Assets</b>                         | <u>23,650</u>            | <u>185,139</u> |
| <b>Liabilities:</b>                         |                          |                |
| Accounts Payable                            | 1,989                    | 163,802        |
| Intergovernmental Payable                   | 0                        | 3,665          |
| Due to Others                               | 0                        | 17,672         |
| <b>Total Liabilities</b>                    | <u>1,989</u>             | <u>185,139</u> |
| <b>Net Assets:</b>                          |                          |                |
| Unrestricted                                | <u>21,661</u>            | <u>0</u>       |
| <b>Total Net Assets</b>                     | <u>\$ 21,661</u>         | <u>\$ 0</u>    |

See accompanying notes to the basic financial statements

**CITY OF MONTGOMERY, OHIO**

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**Statement of Changes in Net Assets  
Fiduciary Fund  
For the Year Ended December 31, 2010**

---

|                                 | Private Purpose<br>Trust |
|---------------------------------|--------------------------|
|                                 | Special Trust<br>Fund    |
| <b>Additions:</b>               |                          |
| Contributions:                  |                          |
| Rental Fees                     | \$ 18,673                |
| Private Donations               | 1,208                    |
| Total Contributions             | <u>19,881</u>            |
| Investment Earnings:            |                          |
| Interest                        | <u>272</u>               |
| Total Investment Earnings       | <u>272</u>               |
| Total Additions                 | <u>20,153</u>            |
| <b>Deductions:</b>              |                          |
| Administrative Expenses         | <u>38,607</u>            |
| Total Deductions                | <u>38,607</u>            |
| Change in Net Assets            | (18,454)                 |
| Net Assets at Beginning of Year | <u>40,115</u>            |
| Net Assets End of Year          | <u>\$ 21,661</u>         |

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Montgomery, Ohio (the City) is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Council/Manager form of government. The community was established in 1902.

The financial statements are presented as of December 31, 2010 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity includes all component units, funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, emergency medical services, parks and recreation, planning, zoning, street maintenance, refuse collection and other governmental services.

*Blended Component Unit* - The Community Improvement Corporation of the City of Montgomery (the "CIC") was created in accordance with Chapter 1702 of the Ohio Revised Code. As a legally separate not-for-profit corporation, the CIC's purpose is to provide economic development loans. The balances and transactions of the CIC have been reported as a special revenue fund of the primary government because the governing board of the corporation is composed of those persons who are serving as members of the City Council of the City of Montgomery.

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

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting (Continued)**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types:

***Governmental Funds*** - Those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio, and the limitations of the City Charter.

Fire Protection EMS Fund – This fund is used to account for Fire Protection / EMS Levy revenues collected to fund Fire Department operations.

Reserve of Montgomery Bond Retirement Fund – This fund is used to account for accumulation of resources set up to fund the community improvement district that is part of the Great Traditions project and will be paid back as part of a thirty year special assessment.

Vintage Club Tax Increment Fund – To account for service payments (in lieu of taxes) as a result of Vintage Club tax increment financing agreement. These monies will pay the debt service on money borrowed to complete improvements around the project site.

Capital Improvement Fund – To account for resources used for the major capital construction and/or improvement projects undertaken by the City.

Triangle Tax Increment Fund - To account for revenues and expenditures as part of the Tax Increment Financing for redevelopment of the Property at 9356 Montgomery Road also known as the Triangle.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting (Continued)**

***Fiduciary Funds***

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City's only trust fund is a private purpose trust account for monies used for the upkeep of historical sites that are not owned by the City. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City's agency funds account for funds flowing through the Mayor's Court, insurance deposits for contractors and businesses, and unclaimed monies.

**C. Basis of Presentation - Financial Statements**

**Government-wide Financial Statements** – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

Interfund receivables and payables between governmental activities have been eliminated in the government-wide Statement of Net Assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental activities.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. 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 and grants and contributions that are restricted to meeting the operational or capital requirements of 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 function is self-financing or draws from the general revenues of the City.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. Fiduciary funds also are reported using the economic resources measurement focus.

**D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting** (Continued)

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees, gasoline tax, and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenue, is recorded as revenue when received in cash because it is generally not measurable until actually received.

Special assessment installments, including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2010, but which are not intended to finance 2010 operations, and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue. Property taxes are further described in Note 4.

The accrual basis of accounting is utilized for reporting purposes by the government wide statements, and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

**E. Budgetary Process**

The annual budgetary process is prescribed by Charter and by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is established at the personnel or non-personnel cost level within each department or fund. Budgetary control is maintained by not permitting expenditures to exceed appropriations at those levels without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets.

**1. Tax Budget**

By July 15, the City Manager submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1<sup>st</sup> of each year. As part of the certification process, the City receives an official certificate of estimated resources, which states that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed or fall short of current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2010.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the object level, and may only be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the legal level of control. During the year, several supplemental appropriations were necessary to budget note proceeds, contingency funds and intergovernmental grants. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Budgetary Basis)" for the General Fund and Major Special Revenue Funds are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**5. Budgetary Basis of Accounting**

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Also under the budgetary basis, encumbrances are recognized as expenditures and note proceeds are recognized as an other financing source. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" for the General Fund and Major Special Revenue Fund:

|  | Net Change in Fund Balance |                               |
|--|----------------------------|-------------------------------|
|  | General<br>Fund            | Fire Protection /<br>EMS Fund |
| GAAP Basis (as reported)   | \$503,509                  | \$294,923                     |
| Increase (Decrease):   |                            |                               |
| Accrued Revenues at<br>December 31, 2010<br>received during 2011 | (1,317,900)                | (41,495)                      |
| Accrued Revenues at<br>December 31, 2009<br>received during 2010 | 930,459                    | 33,152                        |
| Accrued Expenditures at<br>December 31, 2010<br>paid during 2011 | 402,105                    | 94,885                        |
| Accrued Expenditures at<br>December 31, 2009<br>paid during 2010 | (343,976)                  | (95,028)                      |
| 2009 Prepays for 2010  | 19,431                     | 409                           |
| 2010 Prepays for 2011  | (18,239)                   | (2,079)                       |
| Outstanding Encumbrances   | (352,545)                  | (2,573)                       |
| Budget Basis   | <u>(\$177,156)</u>         | <u>\$282,194</u>              |

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Cash and Cash Equivalents**

During fiscal year 2010, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The City pools its cash for investment and resource management purposes. Each fund's equity in cash and cash equivalents represents the balance on hand as if each had maintained its own cash and cash investment account. See Note 3, "Cash, Cash Equivalents and Investments."

**G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts which are reported at cost, which approximates fair value. Fair value is determined by quoted market prices. See Note 3, "Cash, Cash Equivalents and Investments." The City allocates interest among the various funds based upon applicable legal and administrative requirements. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements.

The City has invested funds in the STAR Ohio during 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2010.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2010 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.

**I. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life threshold of three or more years.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Capital Assets and Depreciation** (Continued)

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those that generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined at December 31, 1985 by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation on newly acquired/constructed streets begins in the year following acquisition. Depreciation has been provided using the straight-line method over the following estimated useful lives:

| <u>Description</u>                           | <u>Governmental and<br/>Business-Type Activities<br/>Estimated Lives (in years)</u> |
|--|---|
| Buildings                                    | 10 - 40   |
| Machinery, Equipment, Furniture and Fixtures | 5 - 15  |
| Infrastructure                               | 5 - 100   |

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

| <u>Obligation</u>        | <u>Fund</u>   |
|--------------------------|---|
| Special Assessment Bonds | Debt Service Funds<br>(Special Assessment Bond Retirement Fund)<br>(Reserve of Montgomery Bond Retirement Fund)           |
| General Obligation Bonds | Debt Service Funds<br>(General Obligation Bond Retirement Fund)<br>(Ohio National Tax Increment Fund)                     |
| Compensated Absences     | General Fund<br>Special Revenue Funds<br>(Fire Protection/EMS Fund)<br>(Street Construction, Maintenance and Repair Fund) |

**K. Compensated Absences**

All full-time City employees earn vacation at varying rates based upon length of service. An employee's vacation must be used during the period in which it is earned unless the City Manager allows the balance to be carried over to the following year. Upon separation from the City, the employee (or his estate) is paid for his accumulated unused vacation leave balance.

All full-time City employees earn sick leave at the rate of 12 days per year of active service. Upon retirement from the City, an employee with 10-19 years of service to the City shall receive one day of monetary compensation for every three days of unused sick leave. An employee who retires with twenty or more years of service to the City shall receive one day of monetary compensation for every two days of unused sick leave. The monetary compensation shall be at the hourly rate of compensation of the employee at the time of retirement.

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences for payments that come due each period upon the occurrence of the relevant event is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Compensated Absences** (Continued)

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

**L. Net Assets**

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

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

**M. Pensions**

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

**N. Interfund Transactions**

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

The City generally eliminates the effect of interfund activity in the government-wide financial statements to remove indirect expenses, except where the elimination would distort the costs and program revenues reported for the various functions. Interfund services provided and used are not eliminated through the process of consolidation.

**O. Intergovernmental Revenues**

In governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, and shared revenues are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "Interfund Receivables/Payables," while long-term interfund loans are classified as "Interfund Loan Receivable/Payable."

**Q. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for prepaid items, debt service and encumbered amounts that have not been accrued at year end.

**R. 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.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Other long-term assets not available to pay for current-period expenditures:*

|                                      |                  |
|--------------------------------------|------------------|
| Deferred Tax Revenue                 | \$427,825        |
| Deferred Investment Earnings         | 23,120           |
| Intergovernmental Revenue Receivable | 1,216,696        |
| Special Assessments Receivable       | <u>2,815,075</u> |
|                                      | \$4,482,716      |

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Governmental revenues not reported in the funds:*

|  |                  |
|--|------------------|
| Increase in Deferred Tax Revenue         | \$13,705         |
| Increase in Deferred Investment Earnings | 1,827            |
| Decrease in Intergovernmental Revenue    | (57,129)         |
| Decrease in Special Assessments Revenue  | <u>(240,715)</u> |
|  | (\$282,312)      |

**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. The City has adopted an Investment Policy that follows Ohio Revised Code Chapter 135 and applies the prudent person standard. The prudent person standard requires the Finance Director to exercise the care, skill and experience that a prudent person would use to manage his/her personal financial affairs and to seek investments that will preserve principal while maximizing income.

Statutes require the classification of funds held by the City into three categories.

Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).



**CITY OF MONTGOMERY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. The City has no adopted policy regarding custodial credit risk and follows Ohio Revised Code. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$3,483,868 and the bank balance was \$3,679,676. Federal depository insurance covered \$250,000 of the bank balance and \$3,429,676 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

|                                |                           |
|--------------------------------|---------------------------|
|                                | <u>Balance</u>            |
| Uninsured and uncollateralized | <u>\$3,429,676</u>        |
| Total Balance                  | <u><u>\$3,429,676</u></u> |

**B. Investments**

The City's investments at December 31, 2010 were as follows:

|                                 | Fair Value          | Credit Rating                       | Investment Maturities (in Years) |                    |                    |
|---------------------------------|---------------------|-------------------------------------|----------------------------------|--------------------|--------------------|
|                                 |                     |                                     | less than 1                      | 1-3                | 3-5                |
| STAR Ohio                       | \$8,661,752         | AAAm <sup>1</sup>                   | \$8,661,752                      | \$0                | \$0                |
| City's Special Assessment Bonds | 43,931              |                                     | 0                                | 43,931             | 0                  |
| FHLMC                           | 3,379,796           | AAA <sup>1</sup> / Aaa <sup>2</sup> | 0                                | 997,210 a          | 2,382,586          |
| FHLB                            | 6,306,310           | AAA <sup>1</sup> / Aaa <sup>2</sup> | 80,852                           | 3,994,250          | 2,231,208          |
| FNMA                            | 2,481,505           | AAA <sup>1</sup> / Aaa <sup>2</sup> | 0 a                              | 997,260 a          | 1,484,245          |
| FFCB                            | 3,027,276           | AAA <sup>1</sup> / Aaa <sup>2</sup> | 35,011                           | 1,996,435          | 995,830            |
| Total Investments               | <u>\$23,900,570</u> |                                     | <u>\$8,777,615</u>               | <u>\$8,029,086</u> | <u>\$7,093,869</u> |

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

**B. Investments** (Continued)

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

a Callable Dates: January 09, 2011, February 24, 25, 2010, April 2, 29, 2011, May 7, 27, 2011, and June 8, 17, 28, 30, 2011.

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date, the City has no investment policy beyond Ohio Revised Code relating to interest rate risk.

*Investment Credit Risk* – The City has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 36.2% are STAR Ohio, 14.1% are FHLMC, 26.4% are FHLB, and the remaining 23.3% is comprised of other various investments.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

**C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

|  | <u>Cash and Cash<br/>Equivalents</u> | <u>Investments</u>  |
|--|--------------------------------------|---------------------|
| Per Financial Statements   | \$11,145,620                         | \$16,238,818        |
| Certificates of Deposit<br>(with maturities of more than 3 months) | 1,000,000                            | (1,000,000)         |
| STAR Ohio  | <u>(8,661,752)</u>                   | <u>8,661,752</u>    |
| Per GASB Statement No. 3   | <u>\$3,483,868</u>                   | <u>\$23,900,570</u> |

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 4 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which are used in business, located in the City. Real property taxes (other than public utility) collected during 2010 were levied after October 1, 2009 on assessed values as of January 1, 2009, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2005. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Tangible personal property tax revenues received in 2010 (other than public utility property) represent the collection of 2010 taxes. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of January 1, 2009. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. The assessment percentage for property, including inventory is 0% for 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill NO.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business a railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Montgomery. The County Auditor remits in February and August of each year the City's portion of the taxes collected.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 4 – TAXES (Continued)**

**A. Property Taxes (Continued)**

The full tax rate for all City operations for the year ended December 31, 2010 was \$10.05 per \$1,000 of assessed value. The assessed value upon which the 2010 tax collections were based was \$522,241,430. This amount constitutes \$516,470,790 in real property assessed value, \$5,427,150 in public utility assessed value and \$343,490 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is 1.005% (10.05 mills) of assessed value.

**B. Income Tax**

The City levies a tax of 1% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are received by the General Fund, General Obligation Bond Retirement Fund and Capital Improvement Fund.

**NOTE 5 - RECEIVABLES**

Receivables at December 31, 2010 consisted of taxes, accounts receivable, special assessments, interfund receivables, interest receivables, and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred revenue.

**CITY OF MONTGOMERY, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 6 - INTERFUND BALANCES**

Individual interfund balances at December 31, 2010 are as follows:

| Fund                        | Interfund Loan<br>Receivable | Interfund Loan<br>Payable |
|-----------------------------|------------------------------|---------------------------|
| General Fund                | \$0                          | \$50,000                  |
| Triangle Tax Increment Fund | 0                            | 1,163,990                 |
| Capital Improvement Fund    | 1,163,990                    | 0                         |
| Nonmajor Governmental Fund: |                              |                           |
| Cemetery Fund               | 50,000                       | 0                         |
| Totals                      | \$1,213,990                  | \$1,213,990               |

The interfund loans receivable/payable on the Governmental Balance Sheet are loans to the Triangle Tax Increment Fund to assist with cash flow issues.

**NOTE 7 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2010:

| Fund  | Transfer In | Transfer Out |
|---|-------------|--------------|
| General Fund                                    | \$154,600   | \$1,298,382  |
| Capital Improvement Fund                        | 800,000     | 0            |
| Nonmajor Governmental Funds:                    |             |              |
| COPS Grant Fund                                 | 30,000      | 0            |
| Environmental Impact Tax Fund                   | 0           | 8,382        |
| Street Construction, Maintenance, & Repair Fund | 416,764     | 0            |
| Municipal Pool Fund                             | 60,000      | 0            |
| Special Assessment Capital Projects Fund        | 0           | 154,600      |
| Total Nonmajor Governmental Funds               | 506,764     | 162,982      |
| Totals  | \$1,461,364 | \$1,461,364  |

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

**CITY OF MONTGOMERY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 8 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2010:

*Historical Cost:*

| Class  | December 31,<br>2009 | Additions   | Deletions     | December 31,<br>2010 |
|--|----------------------|-------------|---------------|----------------------|
| <i>Capital assets not being depreciated:</i> |                      |             |               |                      |
| Land   | \$15,285,724         | \$0         | \$0           | \$15,285,724         |
| <i>Capital assets being depreciated:</i>     |                      |             |               |                      |
| Buildings                                    | 4,148,580            | 12,581      | 0             | 4,161,161            |
| Improvements Other than Buildings            | 6,364,465            | 472,623     | 0             | 6,837,088            |
| Infrastructure                               | 24,283,264           | 1,480,430   | (998,470)     | 24,765,224           |
| Machinery and Equipment                      | 5,806,831            | 251,907     | (100,372)     | 5,958,366            |
| Subtotal                                     | 40,603,140           | 2,217,541   | (1,098,842)   | 41,721,839           |
| Total Cost                                   | \$55,888,864         | \$2,217,541 | (\$1,098,842) | \$57,007,563         |

*Accumulated Depreciation:*

| Class                             | December 31,<br>2009 | Additions       | Deletions | December 31,<br>2010 |
|-----------------------------------|----------------------|-----------------|-----------|----------------------|
| Buildings                         | (\$1,399,353)        | (\$103,913)     | \$0       | (\$1,503,266)        |
| Improvements Other than Buildings | (3,821,231)          | (333,337)       | 0         | (4,154,568)          |
| Infrastructure                    | (8,268,261)          | (513,755)       | 531,862   | (8,250,154)          |
| Machinery and Equipment           | (3,830,891)          | (555,244)       | 95,993    | (4,290,142)          |
| Total Depreciation                | (\$17,319,736)       | (\$1,506,249) * | \$627,855 | (\$18,198,130)       |
| <i>Net Value:</i>                 | \$38,569,128         |                 |           | \$38,809,433         |

\* Depreciation expenses were charged to governmental functions as follows:

|                                |             |
|--------------------------------|-------------|
| Public Safety                  | \$475,043   |
| Parks and Recreation           | 205,297     |
| Community Economic Development | 92,946      |
| Public Works                   | 697,087     |
| General Government             | 35,876      |
| Total Depreciation Expense     | \$1,506,249 |

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Ohio Public Employees Retirement System (“OPERS”)**

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2010, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2010 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 8.5% from January 1 through February 28, 2010 and 9.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 9.27% from January 1 through February 28, 2010, and 9.77% from March 1 through December 31, 2010. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s required contributions for pension obligations to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$230,852, \$212,727 and \$166,711, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

All City full-time police officers and full-time firefighters participate in 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. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2010, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2010, 2009, and 2008 were \$221,405, \$214,228 and \$191,095 for police and \$126,528, \$120,452 and \$115,885 for firefighters, respectively, which were equal to the required contributions for each year.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System (“OPERS”)**

Plan Description – 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, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member 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.

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 health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

**A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. 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.

The City's contributions for health care to the OPERS for the years ending December 31, 2010, 2009, and 2008 were \$131,607, \$152,081 and \$166,711, respectively, which were equal to the required contributions for each year.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment 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 is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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 2010, the employer contribution allocated to the health care plan was 6.75% 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 for health care to the OP&F for the years ending December 31, 2010, 2009, and 2008 were \$117,214, \$113,415 and \$101,168 for police and \$49,511, \$47,132 and \$45,347 for firefighters, respectively, which were equal to the required contributions for each year.

**CITY OF MONTGOMERY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 11 - LONG-TERM OBLIGATIONS**

Detail of the changes in the bonds, and compensated absences, of the City for the year ended December 31, 2010 is as follows:

|                                 |                                 |      | Balance<br>December 31,<br>2009 | Issued   | (Retired)   | Balance<br>December 31,<br>2010 | Amount<br>Due Within<br>One Year |
|---------------------------------|---------------------------------|------|---------------------------------|----------|-------------|---------------------------------|----------------------------------|
| <b>Governmental Activities:</b> |                                 |      |                                 |          |             |                                 |                                  |
| General Obligation Bonds:       |                                 |      |                                 |          |             |                                 |                                  |
| 2.00%                           | Public Improvement Refunding    | 2004 | \$2,415,000                     | \$0      | (\$325,000) | \$2,090,000                     | \$325,000                        |
|                                 | Deferred Loss on Refunding      | 2004 | (205,268)                       | 0        | 25,658      | (179,610)                       | (25,658)                         |
| 2.00-3.80%                      | Various Purpose Refunding Bonds | 2003 | 2,110,000                       | 0        | (275,000)   | 1,835,000                       | 280,000                          |
| Total General Obligation Bonds  |                                 |      | 4,319,732                       | 0        | (574,342)   | 3,745,390                       | 579,342                          |
| Special Assessment Bonds        |                                 |      |                                 |          |             |                                 |                                  |
| With Governmental Commitment:   |                                 |      |                                 |          |             |                                 |                                  |
| 6.00%                           | Swaim Sidewalk Bonds            | 1994 | 18,000                          | 0        | (4,000)     | 14,000                          | 4,000                            |
| 6.50%                           | Street Lighting                 | 1997 | 15,000                          | 0        | (2,000)     | 13,000                          | 2,000                            |
| 6.00%                           | Montgomery Woods Sidewalk       | 1997 | 44,000                          | 0        | (4,000)     | 40,000                          | 4,000                            |
| 6.00%                           | Tanager Woods                   | 1999 | 48,814                          | 0        | (4,883)     | 43,931                          | 4,883                            |
| Total Special Assessment Bonds  |                                 |      |                                 |          |             |                                 |                                  |
| With Governmental Commitment    |                                 |      | 125,814                         | 0        | (14,883)    | 110,931                         | 14,883                           |
| Other Long-Term Obligations:    |                                 |      |                                 |          |             |                                 |                                  |
| Compensated Absences            |                                 |      | 779,658                         | 69,275   | (66,842)    | 782,091                         | 348,616                          |
| Total Governmental Activities   |                                 |      | \$5,225,204                     | \$69,275 | (\$656,067) | \$4,638,412                     | \$942,841                        |

The principal amount of the City's special assessment debt outstanding at December 31, 2010 of \$110,931 is general obligation debt (backed by the full faith and credit of the City) that is to be retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$134,816 in the Special Assessment Bond Retirement Fund and the balance of \$82,552 in the Reserve of Montgomery Bond Retirement Fund at December 31, 2010 are reserved for the retirement of outstanding special assessment bonds. The Tanager Woods special assessment bond payable is a self-funded debt obligation. The funds used to retire this debt are held in a special assessment bond, which is reported as an investment by the City.

Tax Increment Financing (TIF) Bonds have been issued as general obligation bonds to provide for additional security of the full faith and credit of the City. The TIF Bonds will be retired from the Ohio National Tax Increment Fund utilizing payments in lieu of taxes received from Ohio National City Life Insurance Company. A service agreement with Duke Realty provides for minimum annual payments sufficient to satisfy all TIF Bond debt service requirements.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 11 - LONG-TERM OBLIGATIONS (Continued)**

**A. Principal and Interest Requirements**

Principal and interest requirements to retire long-term debt outstanding at December 31, 2010 are as follows:

| Years     | General Obligation Bonds |                  | Special Assessment Bonds |                 |
|-----------|--------------------------|------------------|--------------------------|-----------------|
|           | Bonds                    | Interest         | Bonds                    | Interest        |
| 2011      | \$605,000                | \$136,870        | \$14,883                 | \$7,652         |
| 2012      | 600,000                  | 117,905          | 15,883                   | 7,042           |
| 2013      | 470,000                  | 97,607           | 16,883                   | 6,372           |
| 2014      | 435,000                  | 81,543           | 17,883                   | 5,637           |
| 2015      | 450,000                  | 66,041           | 13,883                   | 4,842           |
| 2016-2020 | 1,320,000                | 126,955          | 31,516                   | 15,708          |
| 2021      | 45,000                   | 1,710            | 0                        | 0               |
| Totals    | <u>\$3,925,000</u>       | <u>\$628,631</u> | <u>\$110,931</u>         | <u>\$47,253</u> |

**B. Defeasance of General Obligation and Special Assessment Debt**

In November of 2004 the City issued \$4,495,000 of Public Improvement Refunding General Obligation Bonds to defease the \$4,130,000 of General Obligation Bonds for Public Improvements dated June 1, 1997.

The net proceeds of the 2004 Public Improvement General Obligation Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, was and will be used to pay the principal and interest on the refunded bonds. The refunded General Obligation Bonds, which have a balance of \$2,010,000 at December 31, 2010, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advanced refunding.

In June of 2003, the City issued \$7,895,000 of Various Purpose Refunding General Obligation Bonds to defease the following: the \$885,000 of General Obligation Bonds for Recreational Facilities dated July 1, 1992 (the "1992 Recreation Bonds"); the \$95,000 of General Obligation Bonds for Parking Lot Construction dated July 1, 1992 (the "1992 Parking Lot Bonds"); the \$1,030,000 of General Obligation Bonds for Park Facilities dated August 1, 1993 (the "Park and Recreation Bonds"); the \$2,965,000 of General Obligation Bonds for Real Estate Acquisition and Improvements dated July 1, 1995 (the "1995 TIF Duke Realty Bonds"); the \$300,000 of Special Assessment Bonds for Acomb Subdivision Sanitary Sewers dated February 1, 1993 (the "Acomb Sewer Bonds"); the \$2,250,000 of Special Assessment Bonds for Public Improvements dated August 1, 1993 (the "1993 Public Improvement Bonds").

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 11 – LONG-TERM OBLIGATIONS (Continued)**

**B. Defeasance of General Obligation and Special Assessment Debt (Continued)**

The net proceeds of the 2003 Various Purpose Refunding General Obligation Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, was and will be used to pay the principal and interest on the refunded bonds. The refunded General Obligation Bonds, which have a balance of \$1,420,000 at December 31, 2010 are not included in the City's outstanding debt since the City has in-substance, satisfied its obligations through the advance refunding.

**NOTE 12 – COMPENSATED ABSENCES**

The costs of vacation time, compensatory time in lieu of overtime, and sick leave benefits are recorded as they are earned. Employees earn sick leave up to a maximum of 960 hours and vacation leave at varying rates based upon length of service, with a maximum accumulation of the amount earned over a two-year period. Upon retirement and, in certain instances, termination, an individual will be compensated for his/her accumulated sick leave at a maximum rate of 50%. If a full-time employee has accumulated 864 hours or more of unused sick leave, the employee may redeem sick leave hours at the employee's current rate of pay at the rate of one hour of compensation for each three hours of sick leave redeemed.

As of December 31, 2010, the liability for unpaid compensated absences was \$782,091 for all funds of the City, a net increase of \$2,433 from the amount at December 31, 2009 of \$779,658.

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 13 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1992 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2010, the pool has twenty one members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty one member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote.

Management is provided by an Executive Director, who is assisted by a Claims Manager, a full-time Loss Control Manager and office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board, and the organization is covered by policies, procedures, and formally adopted bylaws.

The twenty one participating entities and their respective pool contribution factors for the loss year ended December 31, 2010 are:

| <u>Entity</u> | <u>Percentage</u> | <u>Entity</u>   | <u>Percentage</u> |
|---------------|-------------------|-----------------|-------------------|
| Beavercreek   | 5.96 %            | Montgomery      | 3.17 %            |
| Bellbrook     | 0.97 %            | NAWA            | 0.17 %            |
| Blue Ash      | 7.03 %            | Piqua           | 6.01 %            |
| Centerville   | 3.92 %            | Sidney          | 6.90 %            |
| Englewood     | 2.92 %            | Springdale      | 4.06 %            |
| Indian Hill   | 3.45 %            | Tipp City       | 2.87 %            |
| Kettering     | 12.12 %           | Troy            | 7.29 %            |
| Madeira       | 1.94 %            | Vandalia        | 4.80 %            |
| Mason         | 6.55 %            | West Carrollton | 3.30 %            |
| Miamisburg    | 8.46 %            | Wilmington      | 5.81 %            |
| Subtotal      | <u>53.32 %</u>    | Wyoming         | <u>2.30 %</u>     |
|               |                   | Subtotal        | <u>46.68 %</u>    |
|               |                   | Total           | <u>100.00 %</u>   |

The 2010 pool contribution of the City of Montgomery was \$95,722 representing 3.17% of the total collected from all members for that year's operating costs and projected loss reserves.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 13 – RISK MANAGEMENT (Continued)**

The individual MVRMA, Inc. members are not considered "participants having equity interest" as defined by GASB Statement No. 14 since members have no rights to any assets of MVRMA, Inc. other than possible residual claims upon dissolution. The risk of loss is transferred from the City to the pool. Therefore, MVRMA, Inc. is a multi-jurisdictional arrangement that has the characteristics of a joint venture but has additional features that distinguish it, for financial reporting purposes, from the traditional joint venture defined in GASB Statement No. 14.

The following is a summary of insurance coverages at year end:

|                               |               |                |
|-------------------------------|---------------|----------------|
| General/Automobile Liability  | \$10,000,000  | per occurrence |
| Public Officials Liability    | 10,000,000    | per occurrence |
| Property                      | 1,000,000,000 | per occurrence |
| Boiler and Machinery          | 100,000,000   | per occurrence |
| Flood (Property in Zone A &B) | 25,000,000    | aggregate      |
| Earthquake (Property)         | 25,000,000    | aggregate      |

The member deductible per occurrence for most types of claims is \$2,500. The pool's self insured retention (SIR) for property claims is \$2,501 - \$200,000 per occurrence except Boiler and Machinery which is \$5,000. The pool's SIR for liability claims is \$1,000,000 per occurrence. Excess insurance coverage, provided by commercial companies and an excess insurance pool is \$9,000,000 to the limits stated above. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2010, because an actuarial opinion issued as of that date reported actual MVRMA loss reserves of \$4,399,570, which is a reasonable provision for all repaid losses and loss adjustment expenses as delivered by the actuarial. MVRMA reported Montgomery's loss experience for the years 2010, 2009 and 2008 as \$2,301, \$13,108, and \$55,213 respectively.

MVRMA issues a stand-alone financial report that includes financial statements and required supplementary information for MVRMA, Inc. Interested parties may obtain a copy by making a written request to 4625 Presidential Way, Kettering, Ohio 45429-5706.

Workers' Compensation claims are covered under the State of Ohio Bureau of Workers' Compensation. The City participates in the Ohio Municipal League's Workers' Compensation Group Rating Program to benefit from the shared risk of a pooled group. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on the group's accident history and administrative costs. The City also pays unemployment claims to the State of Ohio as incurred.

The City continues to carry commercial insurance public official's liability. The City's liability coverage was \$10,000,000 per occurrence in 2010. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 14 – COMPLIANCE AND ACCOUNTABILITY**

The deficit at December 31, 2010 of \$1,107,910 in the Triangle Tax Increment Fund was the result of recognizing expenditures on the modified accrual basis, which result in expenditures greater than those on the cash basis. A deficit does not exist on a cash basis. The General Fund provides transfers, upon City Council's approval, when cash is required, not when accruals occur.

**NOTE 15 – CONTINGENCIES**

The City is a party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect on the financial condition of the City.



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE  
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, AND  
FIDUCIARY FUNDS.*



***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

**Memorial Fund**

To account for revenue that is donated for special purchases, most notably trees and benches.

**Parks and Recreation Fundraising Fund**

To account for monies received from gifts and donations given to the City to support projects that will enhance the city's parks and gateways.

**Law Enforcement Fund**

To account for revenues received by the Police Department for contraband per state statute.

**Drug Law Enforcement Fund**

To account for revenues received from mandatory fines for drug offenses.

**DUI Enforcement and Education Fund**

To account for resources used to educate the public regarding laws governing the operation of motor vehicles while under the influence of alcohol.

**Mayor's Court Technology Fund**

To account for the assessment fee charged to each issued citation to be used only for the purchase and maintenance of computerizing the Mayor's Court operations.

**Community Oriented Policing Services (COPS) Grant Fund**

To account for federal grant monies designated for the cost of additional police officers.

**Environmental Impact Tax Fund**

To account for revenue that is generated from fees attached to the new development in the City which is matched with City funds.

**Street Construction, Maintenance and Repair Fund**

To account for revenues distributed by the State from the motor vehicle registration and gasoline tax. Expenditures may only be used for street construction, maintenance and repair.

(Continued)

***Special Revenue Funds***

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**Arts and Amenities Fund**

To account for expenditures of the Arts Commission and the Sister Cities Commission.

**Municipal Pool Fund**

To account for the operations of the municipal pool run by the City.

**Cemetery Fund**

To account for revenues generated from operating the City owned Hopewell Cemetery. The revenues are used to maintain the property.

**Montgomery Community Improvement Corporation (CIC) Fund**

To account for the activities of the Montgomery Community Improvement Corporation (CIC). The CIC was created to provide economic development loans.

***Debt Service Funds***

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The debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies when the government is obligated in some manner for the payment.

**Special Assessment Bond Retirement Fund**

To account for the accumulation of special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of principal and interest on the City's special assessment bonds.

**General Obligation Bond Retirement Fund**

To account for payments of principal and interest on the City's general obligation bonds. Revenues for this purpose include ad valorem property taxes, intergovernmental revenues and investment income.

**Ohio National Tax Increment Fund**

To account for service payments (in lieu of taxes) as a result of the Ohio National Life Insurance Company tax increment financing agreement. These monies will pay the debt service on money borrowed to complete improvements around the project site.

***Capital Projects Funds***

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The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

**Special Assessment Capital Projects Fund**

To account for revenues and expenditures designated for capital improvements which are financed by levying special assessments against benefited property owners.

**Community Development Block Grant (CDBG) Fund**

To account for Community Development Block grant monies used for the development of the City's Triangle property and improvements to Montgomery Park.

**Urban Redevelopment Fund**

To account for the lease payments received from the Village Corner and Montgomery Commons projects in the downtown area.

**CITY OF MONTGOMERY, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2010**

|  | Nonmajor<br>Special Revenue<br>Funds | Nonmajor Debt<br>Service Fund | Nonmajor<br>Capital Projects<br>Funds | Total Nonmajor<br>Governmental<br>Funds |
|--|--------------------------------------|-------------------------------|---------------------------------------|---|
| <b>Assets:</b>                             |                                      |                               |                                       |   |
| Cash and Cash Equivalents                  | \$ 763,753                           | \$ 2,122,759                  | \$ 268,759                            | \$ 3,155,271                            |
| Investments                                | 2,270,928                            | 0                             | 0                                     | 2,270,928                               |
| Receivables:                               |                                      |                               |                                       |   |
| Taxes                                      | 0                                    | 105,219                       | 103,863                               | 209,082                                 |
| Intergovernmental                          | 902,708                              | 0                             | 0                                     | 902,708                                 |
| Interest                                   | 5,346                                | 0                             | 0                                     | 5,346                                   |
| Special Assessments                        | 0                                    | 64,255                        | 0                                     | 64,255                                  |
| Interfund Loans Receivables                | 50,000                               | 0                             | 0                                     | 50,000                                  |
| Prepaid Items                              | 2,338                                | 0                             | 0                                     | 2,338                                   |
| <b>Total Assets</b>                        | <b>\$ 3,995,073</b>                  | <b>\$ 2,292,233</b>           | <b>\$ 372,622</b>                     | <b>\$ 6,659,928</b>                     |
| <b>Liabilities:</b>                        |                                      |                               |                                       |   |
| Accounts Payable                           | \$ 16,515                            | \$ 14,154                     | \$ 0                                  | \$ 30,669                               |
| Accrued Wages and Benefits Payable         | 24,293                               | 0                             | 0                                     | 24,293                                  |
| Deferred Revenue                           | 804,893                              | 64,255                        | 103,863                               | 973,011                                 |
| <b>Total Liabilities</b>                   | <b>845,701</b>                       | <b>78,409</b>                 | <b>103,863</b>                        | <b>1,027,973</b>                        |
| <b>Fund Balances:</b>                      |                                      |                               |                                       |   |
| Reserved for Encumbrances                  | 8,202                                | 343,346                       | 346,843                               | 698,391                                 |
| Reserved for Prepaid Items                 | 2,338                                | 0                             | 0                                     | 2,338                                   |
| Reserved for Debt Service                  | 0                                    | 1,870,478                     | 0                                     | 1,870,478                               |
| Undesignated/Unreserved                    | 3,138,832                            | 0                             | (78,084)                              | 3,060,748                               |
| <b>Total Fund Balances</b>                 | <b>3,149,372</b>                     | <b>2,213,824</b>              | <b>268,759</b>                        | <b>5,631,955</b>                        |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 3,995,073</b>                  | <b>\$ 2,292,233</b>           | <b>\$ 372,622</b>                     | <b>\$ 6,659,928</b>                     |

**CITY OF MONTGOMERY, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2010**

|  | Nonmajor<br>Special Revenue<br>Funds | Nonmajor Debt<br>Service Fund | Nonmajor<br>Capital Projects<br>Funds | Total Nonmajor<br>Governmental<br>Funds |
|--|--------------------------------------|-------------------------------|---------------------------------------|---|
| <b>Revenues:</b>                                     |                                      |                               |                                       |   |
| Taxes  | \$ 0                                 | \$ 570,121                    | \$ 76,085                             | \$ 646,206                              |
| Intergovernmental Revenues                           | 524,136                              | 0                             | 0                                     | 524,136                                 |
| Charges for Services                                 | 225,568                              | 0                             | 0                                     | 225,568                                 |
| Licenses, Permits and Fees                           | 8,250                                | 0                             | 0                                     | 8,250                                   |
| Investment Earnings                                  | 26,307                               | 3,567                         | 0                                     | 29,874                                  |
| Special Assessments                                  | 0                                    | 60,335                        | 21,519                                | 81,854                                  |
| Fines and Forfeitures                                | 12,279                               | 0                             | 0                                     | 12,279                                  |
| All Other Revenue                                    | 81,542                               | 0                             | 3,600                                 | 85,142                                  |
| <b>Total Revenue</b>                                 | <b>878,082</b>                       | <b>634,023</b>                | <b>101,204</b>                        | <b>1,613,309</b>                        |
| <b>Expenditures:</b>                                 |                                      |                               |                                       |   |
| Current:   |                                      |                               |                                       |   |
| Public Safety  | 123,819                              | 0                             | 0                                     | 123,819                                 |
| Parks & Recreation                                   | 261,712                              | 0                             | 0                                     | 261,712                                 |
| Public Works   | 997,909                              | 0                             | 0                                     | 997,909                                 |
| General Government                                   | 0                                    | 107,192                       | 1,511                                 | 108,703                                 |
| Capital Outlay                                       | 0                                    | 0                             | 14,616                                | 14,616                                  |
| Debt Service:  |                                      |                               |                                       |   |
| Principal Retirement                                 | 0                                    | 494,883                       | 0                                     | 494,883                                 |
| Interest and Fiscal Charges                          | 0                                    | 107,498                       | 0                                     | 107,498                                 |
| <b>Total Expenditures</b>                            | <b>1,383,440</b>                     | <b>709,573</b>                | <b>16,127</b>                         | <b>2,109,140</b>                        |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (505,358)                            | (75,550)                      | 85,077                                | (495,831)                               |
| <b>Other Financing Sources (Uses):</b>               |                                      |                               |                                       |   |
| Transfers In   | 506,764                              | 0                             | 0                                     | 506,764                                 |
| Transfers Out  | (8,382)                              | 0                             | (154,600)                             | (162,982)                               |
| <b>Total Other Financing Sources (Uses)</b>          | <b>498,382</b>                       | <b>0</b>                      | <b>(154,600)</b>                      | <b>343,782</b>                          |
| Net Change in Fund Balances                          | (6,976)                              | (75,550)                      | (69,523)                              | (152,049)                               |
| <b>Fund Balances at Beginning of Year</b>            | <b>3,156,348</b>                     | <b>2,289,374</b>              | <b>338,282</b>                        | <b>5,784,004</b>                        |
| <b>Fund Balances End of Year</b>                     | <b>\$ 3,149,372</b>                  | <b>\$ 2,213,824</b>           | <b>\$ 268,759</b>                     | <b>\$ 5,631,955</b>                     |

**CITY OF MONTGOMERY, OHIO**

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**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2010**

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|  | <u>Memorial</u>  | <u>Parks and<br/>Recreation<br/>Fundraising</u> | <u>Law<br/>Enforcement</u> | <u>Drug Law<br/>Enforcement</u> |
|--|------------------|---|----------------------------|---------------------------------|
| <b>Assets:</b>                             |                  |   |                            |                                 |
| Cash and Cash Equivalents                  | \$ 25,393        | \$ 10,735                                       | \$ 26,642                  | \$ 5,510                        |
| Investments                                | 0                | 0   | 0                          | 0                               |
| Receivables:                               |                  |   |                            |                                 |
| Intergovernmental                          | 0                | 0   | 0                          | 0                               |
| Interest                                   | 0                | 0   | 0                          | 0                               |
| Interfund Loans Receivables                | 0                | 0   | 0                          | 0                               |
| Prepaid Items                              | 0                | 0   | 0                          | 0                               |
| <b>Total Assets</b>                        | <u>\$ 25,393</u> | <u>\$ 10,735</u>                                | <u>\$ 26,642</u>           | <u>\$ 5,510</u>                 |
| <b>Liabilities:</b>                        |                  |   |                            |                                 |
| Accounts Payable                           | \$ 0             | \$ 0  | \$ 0                       | \$ 0                            |
| Accrued Wages and Benefits Payable         | 0                | 0   | 0                          | 0                               |
| Deferred Revenue                           | 0                | 0   | 0                          | 0                               |
| <b>Total Liabilities</b>                   | <u>0</u>         | <u>0</u>  | <u>0</u>                   | <u>0</u>                        |
| <b>Fund Balances:</b>                      |                  |   |                            |                                 |
| Reserved for Encumbrances                  | 0                | 4,944   | 0                          | 0                               |
| Reserved for Prepaid Items                 | 0                | 0   | 0                          | 0                               |
| Undesignated/Unreserved                    | 25,393           | 5,791   | 26,642                     | 5,510                           |
| <b>Total Fund Balances</b>                 | <u>25,393</u>    | <u>10,735</u>                                   | <u>26,642</u>              | <u>5,510</u>                    |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 25,393</u> | <u>\$ 10,735</u>                                | <u>\$ 26,642</u>           | <u>\$ 5,510</u>                 |



**CITY OF MONTGOMERY, OHIO**

| DUI<br>Enforcement and<br>Education | Mayor's Court<br>Technology | COPS Grant       | Environmental<br>Impact Tax | Street<br>Construction,<br>Maintenance,<br>and Repair | Arts and<br>Amenities |
|-------------------------------------|-----------------------------|------------------|-----------------------------|---|-----------------------|
| \$ 11,654                           | \$ 30,386                   | \$ 7,493         | \$ 2,389                    | \$ 449,050  | \$ 129,804            |
| 0                                   | 0                           | 0                | 8,561                       | 1,609,010   | 465,106               |
| 51                                  | 0                           | 17,667           | 0                           | 884,990   | 0                     |
| 0                                   | 0                           | 0                | 20                          | 3,787   | 1,096                 |
| 0                                   | 0                           | 0                | 0                           | 0   | 0                     |
| 0                                   | 0                           | 0                | 0                           | 2,338   | 0                     |
| <u>\$ 11,705</u>                    | <u>\$ 30,386</u>            | <u>\$ 25,160</u> | <u>\$ 10,970</u>            | <u>\$ 2,949,175</u>                                   | <u>\$ 596,006</u>     |
| \$ 0                                | \$ 35                       | \$ 6             | \$ 0                        | \$ 16,236   | \$ 0                  |
| 0                                   | 0                           | 4,910            | 0                           | 19,383  | 0                     |
| 0                                   | 0                           | 0                | 12                          | 803,951   | 662                   |
| <u>0</u>                            | <u>35</u>                   | <u>4,916</u>     | <u>12</u>                   | <u>839,570</u>  | <u>662</u>            |
| 0                                   | 0                           | 0                | 0                           | 2,737   | 0                     |
| 0                                   | 0                           | 0                | 0                           | 2,338   | 0                     |
| 11,705                              | 30,351                      | 20,244           | 10,958                      | 2,104,530   | 595,344               |
| <u>11,705</u>                       | <u>30,351</u>               | <u>20,244</u>    | <u>10,958</u>               | <u>2,109,605</u>                                      | <u>595,344</u>        |
| <u>\$ 11,705</u>                    | <u>\$ 30,386</u>            | <u>\$ 25,160</u> | <u>\$ 10,970</u>            | <u>\$ 2,949,175</u>                                   | <u>\$ 596,006</u>     |

(Continued)

**CITY OF MONTGOMERY, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2010**

|  | Municipal Pool   | Cemetery          | Montgomery<br>CIC | Total Nonmajor<br>Special Revenue<br>Funds |
|--|------------------|-------------------|-------------------|--|
| <b>Assets:</b>                             |                  |                   |                   |  |
| Cash and Cash Equivalents                  | \$ 13,482        | \$ 39,056         | \$ 12,159         | \$ 763,753                                 |
| Investments                                | 48,309           | 139,942           | 0                 | 2,270,928                                  |
| Receivables:                               |                  |                   |                   |  |
| Intergovernmental                          | 0                | 0                 | 0                 | 902,708                                    |
| Interest                                   | 114              | 329               | 0                 | 5,346                                      |
| Interfund Loans Receivables                | 0                | 50,000            | 0                 | 50,000                                     |
| Prepaid Items                              | 0                | 0                 | 0                 | 2,338                                      |
| <b>Total Assets</b>                        | <b>\$ 61,905</b> | <b>\$ 229,327</b> | <b>\$ 12,159</b>  | <b>\$ 3,995,073</b>                        |
| <b>Liabilities:</b>                        |                  |                   |                   |  |
| Accounts Payable                           | \$ 152           | \$ 86             | \$ 0              | \$ 16,515                                  |
| Accrued Wages and Benefits Payable         | 0                | 0                 | 0                 | 24,293                                     |
| Deferred Revenue                           | 69               | 199               | 0                 | 804,893                                    |
| <b>Total Liabilities</b>                   | <b>221</b>       | <b>285</b>        | <b>0</b>          | <b>845,701</b>                             |
| <b>Fund Balances:</b>                      |                  |                   |                   |  |
| Reserved for Encumbrances                  | 521              | 0                 | 0                 | 8,202                                      |
| Reserved for Prepaid Items                 | 0                | 0                 | 0                 | 2,338                                      |
| Undesignated/Unreserved                    | 61,163           | 229,042           | 12,159            | 3,138,832                                  |
| <b>Total Fund Balances</b>                 | <b>61,684</b>    | <b>229,042</b>    | <b>12,159</b>     | <b>3,149,372</b>                           |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 61,905</b> | <b>\$ 229,327</b> | <b>\$ 12,159</b>  | <b>\$ 3,995,073</b>                        |



**CITY OF MONTGOMERY, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

|  | Memorial         | Parks and<br>Recreation<br>Fundraising | Law<br>Enforcement | Drug Law<br>Enforcement |
|--|------------------|--|--------------------|-------------------------|
| <b>Revenues:</b>                                     |                  |  |                    |                         |
| Intergovernmental Revenues                           | \$ 0             | \$ 0                                   | \$ 20,130          | \$ 0                    |
| Charges for Services                                 | 0                | 0                                      | 0                  | 0                       |
| Licenses, Permits and Fees                           | 0                | 0                                      | 0                  | 0                       |
| Investment Earnings                                  | 0                | 0                                      | 0                  | 0                       |
| Fines and Forfeitures                                | 3,073            | 0                                      | 520                | 445                     |
| All Other Revenue                                    | 0                | 1,800                                  | 0                  | 0                       |
| <b>Total Revenue</b>                                 | <u>3,073</u>     | <u>1,800</u>                           | <u>20,650</u>      | <u>445</u>              |
| <b>Expenditures:</b>                                 |                  |  |                    |                         |
| Current:   |                  |  |                    |                         |
| Public Safety  | 0                | 0                                      | 263                | 300                     |
| Parks and Recreation                                 | 2,174            | 2,111                                  | 0                  | 0                       |
| Public Works   | 0                | 0                                      | 0                  | 0                       |
| <b>Total Expenditures</b>                            | <u>2,174</u>     | <u>2,111</u>                           | <u>263</u>         | <u>300</u>              |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 899              | (311)                                  | 20,387             | 145                     |
| <b>Other Financing Sources (Uses):</b>               |                  |  |                    |                         |
| Transfers In   | 0                | 0                                      | 0                  | 0                       |
| Transfers Out  | 0                | 0                                      | 0                  | 0                       |
| <b>Total Other Financing Sources (Uses)</b>          | <u>0</u>         | <u>0</u>                               | <u>0</u>           | <u>0</u>                |
| Net Change in Fund Balances                          | 899              | (311)                                  | 20,387             | 145                     |
| <b>Fund Balances at Beginning of Year</b>            | <u>24,494</u>    | <u>11,046</u>                          | <u>6,255</u>       | <u>5,365</u>            |
| <b>Fund Balances End of Year</b>                     | <u>\$ 25,393</u> | <u>\$ 10,735</u>                       | <u>\$ 26,642</u>   | <u>\$ 5,510</u>         |

**CITY OF MONTGOMERY, OHIO**

| DUI<br>Enforcement and<br>Education | Mayor's Court<br>Technology | COPS Grant       | Environmental<br>Impact Tax | Street<br>Construction,<br>Maintenance,<br>and Repair | Arts and<br>Amenities |
|-------------------------------------|-----------------------------|------------------|-----------------------------|---|-----------------------|
| \$ 0                                | \$ 0                        | \$ 0             | \$ 0                        | \$ 504,006  | \$ 0                  |
| 0                                   | 0                           | 0                | 0                           | 0   | 18,168                |
| 0                                   | 0                           | 0                | 8,250                       | 0   | 0                     |
| 0                                   | 0                           | 0                | 173                         | 15,247  | 7,897                 |
| 2,061                               | 6,180                       | 0                | 0                           | 0   | 0                     |
| 0                                   | 0                           | 68,943           | 0                           | 4,339   | 655                   |
| <u>2,061</u>                        | <u>6,180</u>                | <u>68,943</u>    | <u>8,423</u>                | <u>523,592</u>  | <u>26,720</u>         |
| 0                                   | 7,112                       | 116,144          | 0                           | 0   | 0                     |
| 0                                   | 0                           | 0                | 0                           | 0   | 22,256                |
| 0                                   | 0                           | 0                | 0                           | 980,987   | 0                     |
| <u>0</u>                            | <u>7,112</u>                | <u>116,144</u>   | <u>0</u>                    | <u>980,987</u>  | <u>22,256</u>         |
| 2,061                               | (932)                       | (47,201)         | 8,423                       | (457,395)   | 4,464                 |
| 0                                   | 0                           | 30,000           | 0                           | 416,764   | 0                     |
| 0                                   | 0                           | 0                | (8,382)                     | 0   | 0                     |
| <u>0</u>                            | <u>0</u>                    | <u>30,000</u>    | <u>(8,382)</u>              | <u>416,764</u>  | <u>0</u>              |
| 2,061                               | (932)                       | (17,201)         | 41                          | (40,631)  | 4,464                 |
| 9,644                               | 31,283                      | 37,445           | 10,917                      | 2,150,236   | 590,880               |
| <u>\$ 11,705</u>                    | <u>\$ 30,351</u>            | <u>\$ 20,244</u> | <u>\$ 10,958</u>            | <u>\$ 2,109,605</u>                                   | <u>\$ 595,344</u>     |

(Continued)

**CITY OF MONTGOMERY, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

|  | Municipal Pool   | Cemetery          | Montgomery<br>CIC | Total Nonmajor<br>Special Revenue<br>Funds |
|--|------------------|-------------------|-------------------|--|
| <b>Revenues:</b>                                     |                  |                   |                   |  |
| Intergovernmental Revenues                           | \$ 0             | \$ 0              | \$ 0              | \$ 524,136                                 |
| Charges for Services                                 | 178,999          | 28,401            | 0                 | 225,568                                    |
| Licenses, Permits and Fees                           | 0                | 0                 | 0                 | 8,250                                      |
| Investment Earnings                                  | 659              | 2,301             | 30                | 26,307                                     |
| Fines and Forfeitures                                | 0                | 0                 | 0                 | 12,279                                     |
| All Other Revenue                                    | 547              | 5,258             | 0                 | 81,542                                     |
| <b>Total Revenue</b>                                 | <b>180,205</b>   | <b>35,960</b>     | <b>30</b>         | <b>878,082</b>                             |
| <b>Expenditures:</b>                                 |                  |                   |                   |  |
| Current:   |                  |                   |                   |  |
| Public Safety  | 0                | 0                 | 0                 | 123,819                                    |
| Parks and Recreation                                 | 235,171          | 0                 | 0                 | 261,712                                    |
| Public Works   | 0                | 16,922            | 0                 | 997,909                                    |
| <b>Total Expenditures</b>                            | <b>235,171</b>   | <b>16,922</b>     | <b>0</b>          | <b>1,383,440</b>                           |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (54,966)         | 19,038            | 30                | (505,358)                                  |
| <b>Other Financing Sources (Uses):</b>               |                  |                   |                   |  |
| Transfers In   | 60,000           | 0                 | 0                 | 506,764                                    |
| Transfers Out  | 0                | 0                 | 0                 | (8,382)                                    |
| <b>Total Other Financing Sources (Uses)</b>          | <b>60,000</b>    | <b>0</b>          | <b>0</b>          | <b>498,382</b>                             |
| Net Change in Fund Balances                          | 5,034            | 19,038            | 30                | (6,976)                                    |
| <b>Fund Balances at Beginning of Year</b>            | <b>56,650</b>    | <b>210,004</b>    | <b>12,129</b>     | <b>3,156,348</b>                           |
| <b>Fund Balances End of Year</b>                     | <b>\$ 61,684</b> | <b>\$ 229,042</b> | <b>\$ 12,159</b>  | <b>\$ 3,149,372</b>                        |



**CITY OF MONTGOMERY, OHIO**

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**Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2010**

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|  | Special<br>Assessment<br>Bond Retirement | General<br>Obligation Bond<br>Retirement | Ohio National<br>Tax Increment | Total Nonmajor<br>Debt Service<br>Funds |
|--|--|--|--------------------------------|---|
| <b>Assets:</b>                             |  |  |                                |   |
| Cash and Cash Equivalents                  | \$ 134,816                               | \$ 1,131,380                             | \$ 856,563                     | \$ 2,122,759                            |
| Receivables:                               |  |  |                                |   |
| Taxes                                      | 0  | 105,219                                  | 0                              | 105,219                                 |
| Special Assessments                        | 64,255                                   | 0  | 0                              | 64,255                                  |
| <b>Total Assets</b>                        | <u>\$ 199,071</u>                        | <u>\$ 1,236,599</u>                      | <u>\$ 856,563</u>              | <u>\$ 2,292,233</u>                     |
| <b>Liabilities:</b>                        |  |  |                                |   |
| Accounts Payable                           | \$ 0                                     | \$ 0                                     | \$ 14,154                      | \$ 14,154                               |
| Deferred Revenue                           | 64,255                                   | 0  | 0                              | 64,255                                  |
| <b>Total Liabilities</b>                   | <u>64,255</u>                            | <u>0</u>                                 | <u>14,154</u>                  | <u>78,409</u>                           |
| <b>Fund Balances:</b>                      |  |  |                                |   |
| Reserved for Encumbrances                  | 0  | 0  | 343,346                        | 343,346                                 |
| Reserved for Debt Service                  | 134,816                                  | 1,236,599                                | 499,063                        | 1,870,478                               |
| <b>Total Fund Balances</b>                 | <u>134,816</u>                           | <u>1,236,599</u>                         | <u>842,409</u>                 | <u>2,213,824</u>                        |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 199,071</u>                        | <u>\$ 1,236,599</u>                      | <u>\$ 856,563</u>              | <u>\$ 2,292,233</u>                     |



**CITY OF MONTGOMERY, OHIO**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2010**

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|   | Special<br>Assessment<br>Bond Retirement | General<br>Obligation Bond<br>Retirement | Ohio National<br>Tax Increment | Total Nonmajor<br>Debt Service<br>Funds |
|---|--|--|--------------------------------|---|
| <b>Revenues:</b>                          |  |  |                                |   |
| Taxes                                     | \$ 0                                     | \$ 570,121                               | \$ 0                           | \$ 570,121                              |
| Investment Earnings                       | 3,567                                    | 0  | 0                              | 3,567                                   |
| Special Assessments                       | 60,335                                   | 0  | 0                              | 60,335                                  |
| <b>Total Revenue</b>                      | <u>63,902</u>                            | <u>570,121</u>                           | <u>0</u>                       | <u>634,023</u>                          |
| <b>Expenditures:</b>                      |  |  |                                |   |
| Current:                                  |  |  |                                |   |
| General Government                        | 1,838                                    | 1,000                                    | 104,354                        | 107,192                                 |
| Debt Service:                             |  |  |                                |   |
| Principal Retirement                      | 44,883                                   | 450,000                                  | 0                              | 494,883                                 |
| Interest and Fiscal Charges               | 11,909                                   | 95,589                                   | 0                              | 107,498                                 |
| <b>Total Expenditures</b>                 | <u>58,630</u>                            | <u>546,589</u>                           | <u>104,354</u>                 | <u>709,573</u>                          |
| Net Change in Fund Balances               | 5,272                                    | 23,532                                   | (104,354)                      | (75,550)                                |
| <b>Fund Balances at Beginning of Year</b> | <u>129,544</u>                           | <u>1,213,067</u>                         | <u>946,763</u>                 | <u>2,289,374</u>                        |
| <b>Fund Balances End of Year</b>          | <u>\$ 134,816</u>                        | <u>\$ 1,236,599</u>                      | <u>\$ 842,409</u>              | <u>\$ 2,213,824</u>                     |

**CITY OF MONTGOMERY, OHIO**

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**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2010**

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|  | Special<br>Assessment<br>Capital Projects | Community<br>Development<br>Block Grant | Urban<br>Redevelopment | Total Nonmajor<br>Capital Projects<br>Funds |
|--|---|---|------------------------|---|
| <b>Assets:</b>                             |   |   |                        |   |
| Cash and Cash Equivalents                  | \$ 2,813                                  | \$ 3,690                                | \$ 262,256             | \$ 268,759                                  |
| Receivables:                               |   |   |                        |   |
| Taxes                                      | 0   | 0                                       | 103,863                | 103,863                                     |
| <b>Total Assets</b>                        | <u>\$ 2,813</u>                           | <u>\$ 3,690</u>                         | <u>\$ 366,119</u>      | <u>\$ 372,622</u>                           |
| <b>Liabilities:</b>                        |   |   |                        |   |
| Deferred Revenue                           | \$ 0                                      | \$ 0                                    | \$ 103,863             | \$ 103,863                                  |
| <b>Total Liabilities</b>                   | <u>0</u>                                  | <u>0</u>                                | <u>103,863</u>         | <u>103,863</u>                              |
| <b>Fund Balances:</b>                      |   |   |                        |   |
| Reserved for Encumbrances                  | 0   | 343,346                                 | 3,497                  | 346,843                                     |
| Undesignated/Unreserved                    | 2,813                                     | (339,656)                               | 258,759                | (78,084)                                    |
| <b>Total Fund Balances</b>                 | <u>2,813</u>                              | <u>3,690</u>                            | <u>262,256</u>         | <u>268,759</u>                              |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 2,813</u>                           | <u>\$ 3,690</u>                         | <u>\$ 366,119</u>      | <u>\$ 372,622</u>                           |

**CITY OF MONTGOMERY, OHIO**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2010**

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|  | Special<br>Assessment<br>Capital Projects | Community<br>Development<br>Block Grant | Urban<br>Redevelopment | Total Nonmajor<br>Capital Project<br>Funds |
|--|---|---|------------------------|--|
| <b>Revenues:</b>                                     |   |   |                        |  |
| Taxes  | \$ 0                                      | \$ 0                                    | \$ 76,085              | \$ 76,085                                  |
| Special Assessments                                  | 21,519                                    | 0                                       | 0                      | 21,519                                     |
| All Other Revenue                                    | 0   | 0                                       | 3,600                  | 3,600                                      |
| <b>Total Revenue</b>                                 | <u>21,519</u>                             | <u>0</u>                                | <u>79,685</u>          | <u>101,204</u>                             |
| <b>Expenditures:</b>                                 |   |   |                        |  |
| Current:   |   |   |                        |  |
| General Government                                   | 647                                       | 0                                       | 864                    | 1,511                                      |
| Capital Outlay                                       | 0   | 0                                       | 14,616                 | 14,616                                     |
| <b>Total Expenditures</b>                            | <u>647</u>                                | <u>0</u>                                | <u>15,480</u>          | <u>16,127</u>                              |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 20,872                                    | 0                                       | 64,205                 | 85,077                                     |
| <b>Other Financing Sources (Uses):</b>               |   |   |                        |  |
| Transfers Out  | (154,600)                                 | 0                                       | 0                      | (154,600)                                  |
| <b>Total Other Financing Sources (Uses)</b>          | <u>(154,600)</u>                          | <u>0</u>                                | <u>0</u>               | <u>(154,600)</u>                           |
| Net Change in Fund Balances                          | (133,728)                                 | 0                                       | 64,205                 | (69,523)                                   |
| <b>Fund Balances at Beginning of Year</b>            | <u>136,541</u>                            | <u>3,690</u>                            | <u>198,051</u>         | <u>338,282</u>                             |
| <b>Fund Balances End of Year</b>                     | <u>\$ 2,813</u>                           | <u>\$ 3,690</u>                         | <u>\$ 262,256</u>      | <u>\$ 268,759</u>                          |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010**

|                                  | Original Budget  | Final Budget     | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------|------------------|------------------|------------------|---|
| <b>Revenues:</b>                 |                  |                  |                  |   |
| Taxes                            | \$ 7,027,448     | \$ 7,027,448     | \$ 7,707,948     | \$ 680,500  |
| Intergovernmental Revenues       | 563,985          | 563,985          | 578,262          | 14,277  |
| Charges for Services             | 192,142          | 192,142          | 169,850          | (22,292)  |
| Licenses, Permits and Fees       | 243,686          | 243,686          | 262,263          | 18,577  |
| Investment Earnings              | 350,000          | 350,000          | 138,595          | (211,405)   |
| Fines and Forfeitures            | 196,508          | 196,508          | 215,915          | 19,407  |
| All Other Revenues               | 90,000           | 90,000           | 126,969          | 36,969  |
| Total Revenues                   | <u>8,663,769</u> | <u>8,663,769</u> | <u>9,199,802</u> | <u>536,033</u>  |
| <b>Expenditures:</b>             |                  |                  |                  |   |
| Public Safety:                   |                  |                  |                  |   |
| Police:                          |                  |                  |                  |   |
| Personal Services                | 2,685,604        | 2,685,604        | 2,684,632        | 972   |
| Material, Supplies, and Services | 283,621          | 283,621          | 266,546          | 17,075  |
| Capital Outlay                   | 97,250           | 97,250           | 80,413           | 16,837  |
| Total Police                     | <u>3,066,475</u> | <u>3,066,475</u> | <u>3,031,591</u> | <u>34,884</u>   |
| Disaster Service:                |                  |                  |                  |   |
| Material, Supplies, and Services | 8,250            | 8,250            | 1,015            | 7,235   |
| Total Disaster Service           | <u>8,250</u>     | <u>8,250</u>     | <u>1,015</u>     | <u>7,235</u>  |
| Public Health and Welfare:       |                  |                  |                  |   |
| Personal Services                | 59,270           | 59,270           | 54,183           | 5,087   |
| Total Public Health and Welfare  | <u>59,270</u>    | <u>59,270</u>    | <u>54,183</u>    | <u>5,087</u>  |
| Civil Service:                   |                  |                  |                  |   |
| Material, Supplies, and Services | 6,100            | 6,100            | 200              | 5,900   |
| Total Civil Service              | <u>6,100</u>     | <u>6,100</u>     | <u>200</u>       | <u>5,900</u>  |
| Total Public Safety              | <u>3,140,095</u> | <u>3,140,095</u> | <u>3,086,989</u> | <u>53,106</u>   |
| Parks and Recreation:            |                  |                  |                  |   |
| Recreation:                      |                  |                  |                  |   |
| Personal Services                | 196,248          | 196,248          | 195,270          | 978   |
| Material, Supplies, and Services | 114,127          | 114,127          | 61,137           | 52,990  |
| Capital Outlay                   | 6,150            | 6,150            | 2,628            | 3,522   |
| Total Recreation                 | <u>316,525</u>   | <u>316,525</u>   | <u>259,035</u>   | <u>57,490</u>   |

(Continued)

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010**

|                                      | Original Budget | Final Budget | Actual  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|-----------------|--------------|---------|---|
| City Parks:                          |                 |              |         |   |
| Personal Services                    | 279,211         | 279,211      | 247,346 | 31,865  |
| Materials, Supplies, and Services    | 194,202         | 194,202      | 173,911 | 20,291  |
| Capital Outlay                       | 64,231          | 64,231       | 64,085  | 146   |
| Total City Parks                     | 537,644         | 537,644      | 485,342 | 52,302  |
| Lodges:                              |                 |              |         |   |
| Materials, Supplies, and Services    | 20,194          | 20,194       | 12,079  | 8,115   |
| Capital Outlay                       | 16,800          | 16,800       | 16,723  | 77  |
| Total Lodges                         | 36,994          | 36,994       | 28,802  | 8,192   |
| City Beautiful:                      |                 |              |         |   |
| Material, Supplies, and Services     | 119,624         | 119,624      | 119,612 | 12  |
| Capital Outlay                       | 12,050          | 12,050       | 8,588   | 3,462   |
| Total City Beautiful                 | 131,674         | 131,674      | 128,200 | 3,474   |
| Special Events:                      |                 |              |         |   |
| Material, Supplies, and Services     | 94,637          | 94,637       | 75,010  | 19,627  |
| Total Special Events                 | 94,637          | 94,637       | 75,010  | 19,627  |
| Total Parks and Recreation           | 1,117,474       | 1,117,474    | 976,389 | 141,085   |
| Community Economic Development:      |                 |              |         |   |
| Landmarks Commission:                |                 |              |         |   |
| Material, Supplies, and Services     | 15,572          | 15,572       | 10,277  | 5,295   |
| Capital Outlay                       | 5,100           | 5,100        | 543     | 4,557   |
| Total Landmarks Commission           | 20,672          | 20,672       | 10,820  | 9,852   |
| Development:                         |                 |              |         |   |
| Personal Services                    | 217,593         | 217,593      | 214,613 | 2,980   |
| Material, Supplies, and Services     | 376,119         | 376,119      | 197,609 | 178,510   |
| Capital Outlay                       | 1,400           | 1,400        | 0       | 1,400   |
| Total Development                    | 595,112         | 595,112      | 412,222 | 182,890   |
| Planning Commission:                 |                 |              |         |   |
| Material, Supplies, and Services     | 7,026           | 7,026        | 3,574   | 3,452   |
| Capital Outlay                       | 12,000          | 12,000       | 0       | 12,000  |
| Total Planning Commission            | 19,026          | 19,026       | 3,574   | 15,452  |
| Total Community Economic Development | 634,810         | 634,810      | 426,616 | 208,194   |

(Continued)

**CITY OF MONTGOMERY, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010***

|                                  | Original Budget | Final Budget | Actual  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------|-----------------|--------------|---------|---|
| <b>Public Works:</b>             |                 |              |         |   |
| Personal Services                | 496,392         | 496,392      | 471,732 | 24,660  |
| Material, Supplies, and Services | 113,637         | 113,637      | 108,643 | 4,994   |
| Capital Outlay                   | 10,800          | 10,800       | 240     | 10,560  |
| Total Public Works               | 620,829         | 620,829      | 580,615 | 40,214  |
| <b>General Government:</b>       |                 |              |         |   |
| <b>Administration:</b>           |                 |              |         |   |
| Personal Services                | 504,780         | 504,780      | 492,412 | 12,368  |
| Material, Supplies, and Services | 34,000          | 34,000       | 25,562  | 8,438   |
| Capital Outlay                   | 2,200           | 2,200        | 300     | 1,900   |
| Total Administration             | 540,980         | 540,980      | 518,274 | 22,706  |
| <b>Finance Administration:</b>   |                 |              |         |   |
| Personal Services                | 335,039         | 335,039      | 331,429 | 3,610   |
| Material, Supplies, and Services | 53,625          | 53,625       | 37,964  | 15,661  |
| Capital Outlay                   | 1,000           | 1,000        | 0       | 1,000   |
| Total Finance Administration     | 389,664         | 389,664      | 369,393 | 20,271  |
| <b>Legal Administration:</b>     |                 |              |         |   |
| Material, Supplies, and Services | 314,279         | 314,279      | 197,060 | 117,219   |
| Capital Outlay                   | 31,863          | 31,863       | 17,515  | 14,348  |
| Total Legal Administration       | 346,142         | 346,142      | 214,575 | 131,567   |
| <b>Income Tax:</b>               |                 |              |         |   |
| Personal Services                | 173,125         | 173,125      | 169,664 | 3,461   |
| Material, Supplies, and Services | 32,000          | 32,000       | 29,157  | 2,843   |
| Capital Outlay                   | 22,582          | 22,582       | 21,766  | 816   |
| Total Income Tax                 | 227,707         | 227,707      | 220,587 | 7,120   |
| <b>Council:</b>                  |                 |              |         |   |
| Personal Services                | 21,114          | 21,114       | 12,431  | 8,683   |
| Material, Supplies, and Services | 2,000           | 2,000        | 1,751   | 249   |
| Capital Outlay                   | 140             | 140          | 0       | 140   |
| Total Council                    | 23,254          | 23,254       | 14,182  | 9,072   |
| <b>Mayor's Court:</b>            |                 |              |         |   |
| Personal Services                | 83,350          | 83,350       | 80,466  | 2,884   |
| Material, Supplies, and Services | 44,308          | 44,308       | 44,305  | 3   |
| Total Mayor's Court              | 127,658         | 127,658      | 124,771 | 2,887   |

(Continued)

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010**

|  | Original Budget | Final Budget  | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------|---------------|---------------|---|
| <b>Volunteer Services:</b>                                   |                 |               |               |   |
| Personal Services  | 47,690          | 47,690        | 39,919        | 7,771   |
| Materials, Supplies, and Services                            | 5,250           | 5,250         | 953           | 4,297   |
| Capital Outlay   | 4,911           | 4,911         | 4,695         | 216   |
| Total Volunteer Services                                     | 57,851          | 57,851        | 45,567        | 12,284  |
| <b>Citizen Engagement and Outreach:</b>                      |                 |               |               |   |
| Personal Services  | 83,191          | 83,191        | 40,480        | 42,711  |
| Materials, Supplies, and Services                            | 91,100          | 91,100        | 65,659        | 25,441  |
| Capital Outlay   | 8,681           | 8,681         | 7,230         | 1,451   |
| Total Citizen Engagement and Outreach                        | 182,972         | 182,972       | 113,369       | 69,603  |
| <b>General Administration:</b>                               |                 |               |               |   |
| Personal Services  | 352,125         | 352,125       | 275,368       | 76,757  |
| Material, Supplies, and Services                             | 1,469,102       | 1,469,102     | 1,308,844     | 160,258   |
| Capital Outlay   | 116,850         | 116,850       | 49,130        | 67,720  |
| Total General Administration                                 | 1,938,077       | 1,938,077     | 1,633,342     | 304,735   |
| Total General Government                                     | 3,834,305       | 3,834,305     | 3,254,060     | 580,245   |
| Total Expenditures   | 9,347,513       | 9,347,513     | 8,324,669     | 1,022,844   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (683,744)       | (683,744)     | 875,133       | 1,558,877   |
| <b>Other Financing Sources (Uses):</b>                       |                 |               |               |   |
| Sale of Capital Assets                                       | 5,000           | 5,000         | 4,427         | (573)   |
| Transfers In   | 71,950          | 71,950        | 225,751       | 153,801   |
| Transfers Out  | (1,558,016)     | (1,558,016)   | (1,367,657)   | 190,359   |
| Advances In  | 12,390          | 12,390        | 85,190        | 72,800  |
| Total Other Financing Sources (Uses)                         | (1,468,676)     | (1,468,676)   | (1,052,289)   | 416,387   |
| Net Change in Fund Balance                                   | (2,152,420)     | (2,152,420)   | (177,156)     | 1,975,264   |
| Fund Balance at Beginning of Year                            | 13,110,946      | 13,110,946    | 13,110,946    | 0   |
| Prior Year Encumbrances                                      | 458,202         | 458,202       | 458,202       | 0   |
| Fund Balance at End of Year                                  | \$ 11,416,728   | \$ 11,416,728 | \$ 13,391,992 | \$ 1,975,264  |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Special Revenue Fund  
For the Year Ended December 31, 2010**

| <b>FIRE PROTECTION / EMS FUND</b>                            |                     |                     |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original Budget     | Final Budget        | Actual              |   |
| <b>Revenues:</b>   |                     |                     |                     |   |
| Taxes  | \$ 1,926,143        | \$ 1,926,143        | \$ 1,785,536        | \$ (140,607)  |
| Intergovernmental Revenues                                   | 204,287             | 204,287             | 201,345             | (2,942)   |
| Charges for Services   | 70,200              | 70,200              | 134,141             | 63,941  |
| Investment Earnings  | 110,000             | 110,000             | 37,578              | (72,422)  |
| Fines and Forfeitures  | 0                   | 0                   | 682                 | 682   |
| All Other Revenues   | 14,802              | 14,802              | 46,252              | 31,450  |
| Total Revenues   | <u>2,325,432</u>    | <u>2,325,432</u>    | <u>2,205,534</u>    | <u>(119,898)</u>  |
| <b>Expenditures:</b>   |                     |                     |                     |   |
| Public Safety:   |                     |                     |                     |   |
| Personal Services  | 1,839,230           | 1,839,230           | 1,676,281           | 162,949   |
| Material, Supplies, and Services                             | 277,734             | 277,734             | 197,879             | 79,855  |
| Capital Outlay   | 63,183              | 63,183              | 54,190              | 8,993   |
| Total Expenditures   | <u>2,180,147</u>    | <u>2,180,147</u>    | <u>1,928,350</u>    | <u>251,797</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 145,285             | 145,285             | 277,184             | 131,899   |
| <b>Other Financing Sources (Uses):</b>                       |                     |                     |                     |   |
| Sale of Capital Assets                                       | 0                   | 0                   | 5,010               | 5,010   |
| Transfers Out  | (2,387)             | (2,387)             | 0                   | 2,387   |
| Total Other Financing Sources (Uses)                         | <u>(2,387)</u>      | <u>(2,387)</u>      | <u>5,010</u>        | <u>7,397</u>  |
| Net Change in Fund Balance                                   | 142,898             | 142,898             | 282,194             | 139,296   |
| Fund Balance at Beginning of Year                            | 3,781,791           | 3,781,791           | 3,781,791           | 0   |
| Prior Year Encumbrances                                      | 31,676              | 31,676              | 31,676              | 0   |
| Fund Balance at End of Year                                  | <u>\$ 3,956,365</u> | <u>\$ 3,956,365</u> | <u>\$ 4,095,661</u> | <u>\$ 139,296</u>                                       |



**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund  
For the Year Ended December 31, 2010**

| <b>RESERVE OF MONTGOMERY BOND RETIREMENT FUND</b>            |                        |                     |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|------------------|---|
|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>    |   |
| <b>Revenues:</b>   |                        |                     |                  |   |
| Special Assessments  | \$ 182,456             | \$ 182,456          | \$ 185,891       | \$ 3,435  |
| Total Revenues   | <u>182,456</u>         | <u>182,456</u>      | <u>185,891</u>   | <u>3,435</u>  |
| <b>Expenditures:</b>   |                        |                     |                  |   |
| General Government:  |                        |                     |                  |   |
| Material, Supplies, and Services                             | 6,000                  | 6,000               | 5,724            | 276   |
| Debt Service:  |                        |                     |                  |   |
| Principal Retirement   | 120,000                | 120,000             | 120,000          | 0   |
| Interest and Fiscal Charges                                  | 55,130                 | 55,130              | 54,930           | 200   |
| Total Expenditures   | <u>181,130</u>         | <u>181,130</u>      | <u>180,654</u>   | <u>476</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 1,326                  | 1,326               | 5,237            | 3,911   |
| Fund Balance at Beginning of Year                            | <u>77,315</u>          | <u>77,315</u>       | <u>77,315</u>    | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 78,641</u>       | <u>\$ 78,641</u>    | <u>\$ 82,552</u> | <u>\$ 3,911</u>   |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund  
For the Year Ended December 31, 2010**

| VINTAGE CLUB TAX INCREMENT FINANCING FUND                    |                   |                   |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|---|
|  | Original Budget   | Final Budget      | Actual            |   |
| <b>Revenues:</b>   |                   |                   |                   |   |
| Taxes  | \$ 911,093        | \$ 911,093        | \$ 910,209        | \$ (884)  |
| Intergovernmental Revenues                                   | 117,000           | 117,000           | 116,887           | (113)   |
| Total Revenues   | <u>1,028,093</u>  | <u>1,028,093</u>  | <u>1,027,096</u>  | <u>(997)</u>  |
| <b>Expenditures:</b>   |                   |                   |                   |   |
| General Government:  |                   |                   |                   |   |
| Material, Supplies, and Services                             | 586,047           | 586,047           | 582,029           | 4,018   |
| Total General Government                                     | <u>586,047</u>    | <u>586,047</u>    | <u>582,029</u>    | <u>4,018</u>  |
| Total Expenditures   | <u>586,047</u>    | <u>586,047</u>    | <u>582,029</u>    | <u>4,018</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 442,046           | 442,046           | 445,067           | 3,021   |
| Fund Balance at Beginning of Year                            | <u>447,459</u>    | <u>447,459</u>    | <u>447,459</u>    | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 889,505</u> | <u>\$ 889,505</u> | <u>\$ 892,526</u> | <u>\$ 3,021</u>   |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund  
For the Year Ended December 31, 2010**

| <b>CAPITAL IMPROVEMENT FUND</b>                              |                     |                     |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original Budget     | Final Budget        | Actual              |   |
| <b>Revenues:</b>   |                     |                     |                     |   |
| Taxes  | \$ 1,675,000        | \$ 1,675,000        | \$ 1,667,706        | \$ (7,294)  |
| Intergovernmental Revenues                                   | 258,000             | 258,000             | 95,520              | (162,480)   |
| Total Revenues   | <u>1,933,000</u>    | <u>1,933,000</u>    | <u>1,763,226</u>    | <u>(169,774)</u>  |
| <b>Expenditures:</b>   |                     |                     |                     |   |
| Capital Outlay   | 3,128,540           | 3,128,540           | 2,563,890           | 564,650   |
| Total Expenditures   | <u>3,128,540</u>    | <u>3,128,540</u>    | <u>2,563,890</u>    | <u>564,650</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (1,195,540)         | (1,195,540)         | (800,664)           | 394,876   |
| <b>Other Financing Sources (Uses):</b>                       |                     |                     |                     |   |
| Transfers In   | 1,371,020           | 1,371,020           | 800,000             | (571,020)   |
| Advances In  | 33,510              | 33,510              | 33,510              | 0   |
| Total Other Financing Sources (Uses)                         | <u>1,404,530</u>    | <u>1,404,530</u>    | <u>833,510</u>      | <u>(571,020)</u>  |
| Net Change in Fund Balance                                   | 208,990             | 208,990             | 32,846              | (176,144)   |
| Fund Balance at Beginning of Year                            | 1,703,252           | 1,703,252           | 1,703,252           | 0   |
| Prior Year Encumbrances                                      | 588,055             | 588,055             | 588,055             | 0   |
| Fund Balance at End of Year                                  | <u>\$ 2,500,297</u> | <u>\$ 2,500,297</u> | <u>\$ 2,324,153</u> | <u>\$ (176,144)</u>                                     |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund  
For the Year Ended December 31, 2010**

| <b>TRIANGLE TAX INCREMENT FUND</b>                           |                        |                     |                  |   |
|--|------------------------|---------------------|------------------|---|
|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| <b>Revenues:</b>   |                        |                     |                  |   |
| Taxes  | \$ 327,128             | \$ 327,128          | \$ 310,937       | \$ (16,191)   |
| Total Revenues   | <u>327,128</u>         | <u>327,128</u>      | <u>310,937</u>   | <u>(16,191)</u>   |
| <b>Expenditures:</b>   |                        |                     |                  |   |
| Capital Outlay:  |                        |                     |                  |   |
| Capital Outlay   | 290,353                | 290,353             | 259,686          | 30,667  |
| Total Capital Outlay   | <u>290,353</u>         | <u>290,353</u>      | <u>259,686</u>   | <u>30,667</u>   |
| Total Expenditures   | <u>290,353</u>         | <u>290,353</u>      | <u>259,686</u>   | <u>30,667</u>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 36,775                 | 36,775              | 51,251           | 14,476  |
| <b>Other Financing Sources (Uses):</b>                       |                        |                     |                  |   |
| Advances Out   | (135,000)              | (135,000)           | (110,000)        | 25,000  |
| Total Other Financing Sources (Uses)                         | <u>(135,000)</u>       | <u>(135,000)</u>    | <u>(110,000)</u> | <u>25,000</u>   |
| Net Change in Fund Balance                                   | (98,225)               | (98,225)            | (58,749)         | 39,476  |
| Fund Balance at Beginning of Year                            | (16,960)               | (16,960)            | (16,960)         | 0   |
| Prior Year Encumbrances                                      | 131,789                | 131,789             | 131,789          | 0   |
| Fund Balance at End of Year                                  | <u>\$ 16,604</u>       | <u>\$ 16,604</u>    | <u>\$ 56,080</u> | <u>\$ 39,476</u>  |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

|  | MEMORIAL FUND   |              |           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------|--------------|-----------|---|
|  | Original Budget | Final Budget | Actual    |   |
| <b>Revenues:</b>   |                 |              |           |   |
| Fines and Forfeitures  | \$ 6,500        | \$ 6,500     | \$ 3,073  | \$ (3,427)  |
| Total Revenues   | 6,500           | 6,500        | 3,073     | (3,427)   |
| <b>Expenditures:</b>   |                 |              |           |   |
| Parks and Recreation:  |                 |              |           |   |
| Material, Supplies, and Services                             | 7,500           | 7,500        | 2,174     | 5,326   |
| Total Expenditures   | 7,500           | 7,500        | 2,174     | 5,326   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (1,000)         | (1,000)      | 899       | 1,899   |
| Fund Balance at Beginning of Year                            | 24,494          | 24,494       | 24,494    | 0   |
| Fund Balance at End of Year                                  | \$ 23,494       | \$ 23,494    | \$ 25,393 | \$ 1,899  |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

**PARKS AND RECREATION FUNDRAISING FUND**

|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|-----------------|---|
| <b>Revenues:</b>   |                        |                     |                 |   |
| All Other Revenues   | \$ 7,500               | \$ 7,500            | \$ 1,800        | \$ (5,700)  |
| Total Revenues   | <u>7,500</u>           | <u>7,500</u>        | <u>1,800</u>    | <u>(5,700)</u>  |
| <b>Expenditures:</b>   |                        |                     |                 |   |
| Parks and Recreation:  |                        |                     |                 |   |
| Capital Outlay   | 7,500                  | 7,500               | 7,055           | 445   |
| Total Expenditures   | <u>7,500</u>           | <u>7,500</u>        | <u>7,055</u>    | <u>445</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 0                      | 0                   | (5,255)         | (5,255)   |
| Fund Balance at Beginning of Year                            | <u>11,046</u>          | <u>11,046</u>       | <u>11,046</u>   | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 11,046</u>       | <u>\$ 11,046</u>    | <u>\$ 5,791</u> | <u>\$ (5,255)</u>                                       |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

| <b>LAW ENFORCEMENT FUND</b>                                  |                        |                     |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|------------------|---|
|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>    |   |
| <b>Revenues:</b>   |                        |                     |                  |   |
| Intergovernmental Revenues                                   | \$ 0                   | \$ 0                | \$ 20,130        | \$ 20,130   |
| Fines and Forfeitures  | 800                    | 800                 | 555              | (245)   |
| All Other Revenues   | <u>400</u>             | <u>400</u>          | <u>0</u>         | <u>(400)</u>  |
| Total Revenues   | <u>1,200</u>           | <u>1,200</u>        | <u>20,685</u>    | <u>19,485</u>   |
| <b>Expenditures:</b>   |                        |                     |                  |   |
| Public Safety:   |                        |                     |                  |   |
| Material, Supplies, and Services                             | <u>600</u>             | <u>600</u>          | <u>230</u>       | <u>370</u>  |
| Capital Outlay   | <u>600</u>             | <u>600</u>          | <u>0</u>         | <u>600</u>  |
| Total Expenditures   | <u>1,200</u>           | <u>1,200</u>        | <u>230</u>       | <u>970</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 0                      | 0                   | 20,455           | 20,455  |
| Fund Balance at Beginning of Year                            | <u>6,187</u>           | <u>6,187</u>        | <u>6,187</u>     | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 6,187</u>        | <u>\$ 6,187</u>     | <u>\$ 26,642</u> | <u>\$ 20,455</u>  |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

| <b>DRUG LAW ENFORCEMENT FUND</b>                             |                        |                     |                 | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|-----------------|---|
|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>   | <u>(Negative)</u>                                       |
| <b>Revenues:</b>   |                        |                     |                 |   |
| Fines and Forfeitures  | \$ 300                 | \$ 300              | \$ 473          | \$ 173  |
| Total Revenues   | <u>300</u>             | <u>300</u>          | <u>473</u>      | <u>173</u>  |
| <b>Expenditures:</b>   |                        |                     |                 |   |
| Public Safety:   |                        |                     |                 |   |
| Material, Supplies, and Services                             | <u>300</u>             | <u>300</u>          | <u>300</u>      | <u>0</u>  |
| Total Expenditures   | <u>300</u>             | <u>300</u>          | <u>300</u>      | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 0                      | 0                   | 173             | 173   |
| Fund Balance at Beginning of Year                            | <u>5,337</u>           | <u>5,337</u>        | <u>5,337</u>    | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 5,337</u>        | <u>\$ 5,337</u>     | <u>\$ 5,510</u> | <u>\$ 173</u>   |



**CITY OF MONTGOMERY, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|------------------|---|
| <b>Revenues:</b>   |                        |                     |                  |   |
| Fines and Forfeitures  | <u>\$ 1,000</u>        | <u>\$ 1,000</u>     | <u>\$ 2,163</u>  | <u>\$ 1,163</u>   |
| Total Revenues   | <u>1,000</u>           | <u>1,000</u>        | <u>2,163</u>     | <u>1,163</u>  |
| <b>Expenditures:</b>   |                        |                     |                  |   |
| Public Safety:   |                        |                     |                  |   |
| Material, Supplies, and Services                             | <u>1,000</u>           | <u>1,000</u>        | <u>0</u>         | <u>1,000</u>  |
| Total Expenditures   | <u>1,000</u>           | <u>1,000</u>        | <u>0</u>         | <u>1,000</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>0</u>               | <u>0</u>            | <u>2,163</u>     | <u>2,163</u>  |
| Fund Balance at Beginning of Year                            | <u>9,491</u>           | <u>9,491</u>        | <u>9,491</u>     | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 9,491</u>        | <u>\$ 9,491</u>     | <u>\$ 11,654</u> | <u>\$ 2,163</u>   |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

| <b>MAYOR'S COURT TECHNOLOGY FUND</b>                         |                        |                     |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|------------------|---|
|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>    |   |
| <b>Revenues:</b>   |                        |                     |                  |   |
| Fines and Forfeitures  | \$ 16,000              | \$ 16,000           | \$ 7,141         | \$ (8,859)  |
| Total Revenues   | <u>16,000</u>          | <u>16,000</u>       | <u>7,141</u>     | <u>(8,859)</u>  |
| <b>Expenditures:</b>   |                        |                     |                  |   |
| Public Safety:   |                        |                     |                  |   |
| Material, Supplies, and Services                             | 8,087                  | 8,087               | 3,835            | 4,252   |
| Capital Outlay   | <u>4,200</u>           | <u>4,200</u>        | <u>3,332</u>     | <u>868</u>  |
| Total Expenditures   | <u>12,287</u>          | <u>12,287</u>       | <u>7,167</u>     | <u>5,120</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 3,713                  | 3,713               | (26)             | (3,739)   |
| Fund Balance at Beginning of Year                            | 30,212                 | 30,212              | 30,212           | 0   |
| Prior Year Encumbrances                                      | <u>200</u>             | <u>200</u>          | <u>200</u>       | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 34,125</u>       | <u>\$ 34,125</u>    | <u>\$ 30,386</u> | <u>\$ (3,739)</u>                                       |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

| <b>COPS GRANT FUND</b>                                       |                        |                     |                 | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|-----------------|---|
|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>   | <u>(Negative)</u>                                       |
| <b>Revenues:</b>   |                        |                     |                 |   |
| All Other Revenues   | \$ 70,951              | \$ 70,951           | \$ 68,743       | \$ (2,208)  |
| Total Revenues   | <u>70,951</u>          | <u>70,951</u>       | <u>68,743</u>   | <u>(2,208)</u>  |
| <b>Expenditures:</b>   |                        |                     |                 |   |
| Public Safety:   |                        |                     |                 |   |
| Personal Services  | 110,002                | 110,002             | 109,196         | 806   |
| Material, Supplies, and Services                             | 4,300                  | 4,300               | 2,760           | 1,540   |
| Total Expenditures   | <u>114,302</u>         | <u>114,302</u>      | <u>111,956</u>  | <u>2,346</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (43,351)               | (43,351)            | (43,213)        | 138   |
| <b>Other Financing Sources (Uses):</b>                       |                        |                     |                 |   |
| Transfers In   | 45,200                 | 45,200              | 30,000          | (15,200)  |
| Total Other Financing Sources (Uses)                         | <u>45,200</u>          | <u>45,200</u>       | <u>30,000</u>   | <u>(15,200)</u>   |
| Net Change in Fund Balance                                   | 1,849                  | 1,849               | (13,213)        | (15,062)  |
| Fund Balance at Beginning of Year                            | 20,706                 | 20,706              | 20,706          | 0   |
| Fund Balance at End of Year                                  | <u>\$ 22,555</u>       | <u>\$ 22,555</u>    | <u>\$ 7,493</u> | <u>\$ (15,062)</u>                                      |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

| ENVIRONMENTAL IMPACT TAX FUND                                |                  |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------|---|
|  | Original Budget  | Final Budget     | Actual           |   |
| <b>Revenues:</b>   |                  |                  |                  |   |
| Licenses, Permits and Fees                                   | \$ 8,250         | \$ 8,250         | \$ 8,250         | \$ 0  |
| Investment Earnings  | 2,500            | 2,500            | 132              | (2,368)   |
| Total Revenues   | <u>10,750</u>    | <u>10,750</u>    | <u>8,382</u>     | <u>(2,368)</u>  |
| <b>Expenditures:</b>   |                  |                  |                  |   |
| Total Expenditures   | <u>0</u>         | <u>0</u>         | <u>0</u>         | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 10,750           | 10,750           | 8,382            | (2,368)   |
| <b>Other Financing Sources (Uses):</b>                       |                  |                  |                  |   |
| Transfers In   | 5,750            | 5,750            | 0                | (5,750)   |
| Transfers Out  | (14,000)         | (14,000)         | (8,382)          | 5,618   |
| Total Other Financing Sources (Uses)                         | <u>(8,250)</u>   | <u>(8,250)</u>   | <u>(8,382)</u>   | <u>(132)</u>  |
| Net Change in Fund Balance                                   | 2,500            | 2,500            | 0                | (2,500)   |
| Fund Balance at Beginning of Year                            | <u>10,911</u>    | <u>10,911</u>    | <u>10,911</u>    | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 13,411</u> | <u>\$ 13,411</u> | <u>\$ 10,911</u> | <u>\$ (2,500)</u>                                       |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

|  | <b>STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND</b> |                     |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---|---------------------|---------------------|---|
|  | Original Budget   | Final Budget        | Actual              |   |
| <b>Revenues:</b>   |   |                     |                     |   |
| Intergovernmental Revenues                                   | \$ 523,965  | \$ 523,965          | \$ 501,445          | \$ (22,520)   |
| Investment Earnings  | 25,000  | 25,000              | 7,502               | (17,498)  |
| All Other Revenues   | 6,700   | 6,700               | 4,339               | (2,361)   |
| Total Revenues   | <u>555,665</u>  | <u>555,665</u>      | <u>513,286</u>      | <u>(42,379)</u>   |
| <b>Expenditures:</b>   |   |                     |                     |   |
| Public Works:  |   |                     |                     |   |
| Personal Services  | 728,078   | 728,078             | 656,962             | 71,116  |
| Material, Supplies, and Services                             | 342,079   | 342,079             | 341,356             | 723   |
| Capital Outlay   | 29,577  | 29,577              | 20,658              | 8,919   |
| Total Expenditures   | <u>1,099,734</u>  | <u>1,099,734</u>    | <u>1,018,976</u>    | <u>80,758</u>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (544,069)   | (544,069)           | (505,690)           | 38,379  |
| <b>Other Financing Sources (Uses):</b>                       |   |                     |                     |   |
| Sale of Capital Assets                                       | 8,000   | 8,000               | 0                   | (8,000)   |
| Transfers In   | 424,000   | 424,000             | 416,764             | (7,236)   |
| Total Other Financing Sources (Uses)                         | <u>432,000</u>  | <u>432,000</u>      | <u>416,764</u>      | <u>(15,236)</u>   |
| Net Change in Fund Balance                                   | (112,069)   | (112,069)           | (88,926)            | 23,143  |
| Fund Balance at Beginning of Year                            | 2,086,667   | 2,086,667           | 2,086,667           | 0   |
| Prior Year Encumbrances                                      | 33,956  | 33,956              | 33,956              | 0   |
| Fund Balance at End of Year                                  | <u>\$ 2,008,554</u>                                     | <u>\$ 2,008,554</u> | <u>\$ 2,031,697</u> | <u>\$ 23,143</u>  |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

| <b>ARTS AND AMENITIES FUND</b>                               |                        |                     |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|-------------------|---|
|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>     |   |
| <b>Revenues:</b>   |                        |                     |                   |   |
| Charges for Services   | \$ 12,700              | \$ 12,700           | \$ 18,168         | \$ 5,468  |
| Investment Earnings  | 12,000                 | 12,000              | 5,662             | (6,338)   |
| All Other Revenues   | <u>1,000</u>           | <u>1,000</u>        | <u>655</u>        | <u>(345)</u>  |
| Total Revenues   | <u>25,700</u>          | <u>25,700</u>       | <u>24,485</u>     | <u>(1,215)</u>  |
| <b>Expenditures:</b>   |                        |                     |                   |   |
| Parks and Recreation:  |                        |                     |                   |   |
| Material, Supplies, and Services                             | 32,747                 | 32,747              | 17,256            | 15,491  |
| Capital Outlay   | <u>85,000</u>          | <u>85,000</u>       | <u>35,000</u>     | <u>50,000</u>   |
| Total Expenditures   | <u>117,747</u>         | <u>117,747</u>      | <u>52,256</u>     | <u>65,491</u>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (92,047)               | (92,047)            | (27,771)          | 64,276  |
| Fund Balance at Beginning of Year                            | 590,398                | 590,398             | 590,398           | 0   |
| Prior Year Encumbrances                                      | <u>30,147</u>          | <u>30,147</u>       | <u>30,147</u>     | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 528,498</u>      | <u>\$ 528,498</u>   | <u>\$ 592,774</u> | <u>\$ 64,276</u>  |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

| <b>MUNICIPAL POOL FUND</b>                                   |                  |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------|---|
|  | Original Budget  | Final Budget     | Actual           |   |
| <b>Revenues:</b>   |                  |                  |                  |   |
| Taxes  | \$ 600           | \$ 600           | \$ 0             | \$ (600)  |
| Charges for Services   | 192,500          | 192,500          | 178,999          | (13,501)  |
| Investment Earnings  | 550              | 550              | 423              | (127)   |
| All Other Revenues   | 700              | 700              | 547              | (153)   |
| Total Revenues   | <u>194,350</u>   | <u>194,350</u>   | <u>179,969</u>   | <u>(14,381)</u>   |
| <b>Expenditures:</b>   |                  |                  |                  |   |
| Parks and Recreation:  |                  |                  |                  |   |
| Material, Supplies, and Services                             | 245,610          | 245,610          | 234,281          | 11,329  |
| Capital Outlay   | 12,350           | 12,350           | 1,662            | 10,688  |
| Total Expenditures   | <u>257,960</u>   | <u>257,960</u>   | <u>235,943</u>   | <u>22,017</u>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (63,610)         | (63,610)         | (55,974)         | 7,636   |
| <b>Other Financing Sources (Uses):</b>                       |                  |                  |                  |   |
| Transfers In   | 60,000           | 60,000           | 60,000           | 0   |
| Total Other Financing Sources (Uses)                         | <u>60,000</u>    | <u>60,000</u>    | <u>60,000</u>    | <u>0</u>  |
| Net Change in Fund Balance                                   | (3,610)          | (3,610)          | 4,026            | 7,636   |
| Fund Balance at Beginning of Year                            | <u>56,870</u>    | <u>56,870</u>    | <u>56,870</u>    | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 53,260</u> | <u>\$ 53,260</u> | <u>\$ 60,896</u> | <u>\$ 7,636</u>   |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

| <b>CEMETERY FUND</b>   |                        |                     |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|-------------------|---|
|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>     |   |
| <b>Revenues:</b>   |                        |                     |                   |   |
| Charges for Services   | \$ 20,000              | \$ 20,000           | \$ 28,401         | \$ 8,401  |
| Investment Earnings  | 2,600                  | 2,600               | 1,614             | (986)   |
| All Other Revenues   | <u>0</u>               | <u>0</u>            | <u>5,258</u>      | <u>5,258</u>  |
| Total Revenues   | <u>22,600</u>          | <u>22,600</u>       | <u>35,273</u>     | <u>12,673</u>   |
| <b>Expenditures:</b>   |                        |                     |                   |   |
| Public Works:  |                        |                     |                   |   |
| Material, Supplies, and Services                             | 26,950                 | 26,950              | 15,211            | 11,739  |
| Capital Outlay   | <u>15,000</u>          | <u>15,000</u>       | <u>1,625</u>      | <u>13,375</u>   |
| Total Expenditures   | <u>41,950</u>          | <u>41,950</u>       | <u>16,836</u>     | <u>25,114</u>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (19,350)               | (19,350)            | 18,437            | 37,787  |
| Fund Balance at Beginning of Year                            | 159,518                | 159,518             | 159,518           | 0   |
| Prior Year Encumbrances                                      | <u>400</u>             | <u>400</u>          | <u>400</u>        | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 140,568</u>      | <u>\$ 140,568</u>   | <u>\$ 178,355</u> | <u>\$ 37,787</u>  |



**CITY OF MONTGOMERY, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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|  | MONTGOMERY CIC FUND    |                     |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|------------------|---|
|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>    |   |
| <b>Revenues:</b>   |                        |                     |                  |   |
| Investment Earnings  | <u>\$ 0</u>            | <u>\$ 0</u>         | <u>\$ 30</u>     | <u>\$ 30</u>  |
| Total Revenues   | <u>0</u>               | <u>0</u>            | <u>30</u>        | <u>30</u>   |
| <b>Expenditures:</b>   |                        |                     |                  |   |
| Total Expenditures   | <u>0</u>               | <u>0</u>            | <u>0</u>         | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 0                      | 0                   | 30               | 30  |
| Fund Balance at Beginning of Year                            | <u>12,129</u>          | <u>12,129</u>       | <u>12,129</u>    | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 12,129</u>       | <u>\$ 12,129</u>    | <u>\$ 12,159</u> | <u>\$ 30</u>  |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2010**

| <b>SPECIAL ASSESSMENT BOND RETIREMENT FUND</b>               |                        |                     |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|-------------------|---|
|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>     |   |
| <b>Revenues:</b>   |                        |                     |                   |   |
| Investment Earnings  | \$ 8,450               | \$ 8,450            | \$ 3,567          | \$ (4,883)  |
| Special Assessments  | <u>59,629</u>          | <u>59,629</u>       | <u>60,335</u>     | <u>706</u>  |
| Total Revenues   | <u>68,079</u>          | <u>68,079</u>       | <u>63,902</u>     | <u>(4,177)</u>  |
| <b>Expenditures:</b>   |                        |                     |                   |   |
| General Government:  |                        |                     |                   |   |
| Material, Supplies, and Services                             | 2,150                  | 2,150               | 1,838             | 312   |
| Debt Service:  |                        |                     |                   |   |
| Principal Retirement   | 44,883                 | 44,883              | 44,883            | 0   |
| Interest and Fiscal Charges                                  | <u>12,125</u>          | <u>12,125</u>       | <u>11,909</u>     | <u>216</u>  |
| Total Expenditures   | <u>59,158</u>          | <u>59,158</u>       | <u>58,630</u>     | <u>528</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 8,921                  | 8,921               | 5,272             | (3,649)   |
| Fund Balance at Beginning of Year                            | <u>129,544</u>         | <u>129,544</u>      | <u>129,544</u>    | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 138,465</u>      | <u>\$ 138,465</u>   | <u>\$ 134,816</u> | <u>\$ (3,649)</u>                                       |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2010**

| GENERAL OBLIGATION BOND RETIREMENT FUND                      |                     |                     |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original Budget     | Final Budget        | Actual              |   |
| <b>Revenues:</b>   |                     |                     |                     |   |
| Taxes  | \$ 536,000          | \$ 536,000          | \$ 533,666          | \$ (2,334)  |
| Total Revenues   | <u>536,000</u>      | <u>536,000</u>      | <u>533,666</u>      | <u>(2,334)</u>  |
| <b>Expenditures:</b>   |                     |                     |                     |   |
| General Government:  |                     |                     |                     |   |
| Material, Supplies, and Services                             | 13,200              | 13,200              | 1,000               | 12,200  |
| Debt Service:  |                     |                     |                     |   |
| Principal Retirement   | 450,000             | 450,000             | 450,000             | 0   |
| Interest and Fiscal Charges                                  | 97,589              | 97,589              | 95,589              | 2,000   |
| Total Expenditures   | <u>560,789</u>      | <u>560,789</u>      | <u>546,589</u>      | <u>14,200</u>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (24,789)            | (24,789)            | (12,923)            | 11,866  |
| Fund Balance at Beginning of Year                            | <u>1,144,303</u>    | <u>1,144,303</u>    | <u>1,144,303</u>    | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 1,119,514</u> | <u>\$ 1,119,514</u> | <u>\$ 1,131,380</u> | <u>\$ 11,866</u>  |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2010**

| <b>OHIO NATIONAL TAX INCREMENT FUND</b>                      |                        |                     |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|-------------------|---|
|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>     |   |
| <b>Revenues:</b>   |                        |                     |                   |   |
| Total Revenues   | \$ 0                   | \$ 0                | \$ 0              | \$ 0  |
| <b>Expenditures:</b>   |                        |                     |                   |   |
| General Government:  |                        |                     |                   |   |
| Material, Supplies, and Services                             | 610,000                | 610,000             | 447,700           | 162,300   |
| Total General Government                                     | 610,000                | 610,000             | 447,700           | 162,300   |
| Total Expenditures   | 610,000                | 610,000             | 447,700           | 162,300   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (610,000)              | (610,000)           | (447,700)         | 162,300   |
| Fund Balance at Beginning of Year                            | 946,763                | 946,763             | 946,763           | 0   |
| Fund Balance at End of Year                                  | <u>\$ 336,763</u>      | <u>\$ 336,763</u>   | <u>\$ 499,063</u> | <u>\$ 162,300</u>                                       |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2010**

| <b>SPECIAL ASSESSMENT CAPITAL PROJECTS FUND</b>              |                        |                     |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|------------------|---|
|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>    |   |
| <b>Revenues:</b>   |                        |                     |                  |   |
| Special Assessments  | \$ 20,836              | \$ 20,836           | \$ 21,519        | \$ 683  |
| Total Revenues   | <u>20,836</u>          | <u>20,836</u>       | <u>21,519</u>    | <u>683</u>  |
| <b>Expenditures:</b>   |                        |                     |                  |   |
| General Government:  |                        |                     |                  |   |
| Material, Supplies, and Services                             | 680                    | 680                 | 647              | 33  |
| Total Expenditures   | <u>680</u>             | <u>680</u>          | <u>647</u>       | <u>33</u>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 20,156                 | 20,156              | 20,872           | 716   |
| <b>Other Financing Sources (Uses):</b>                       |                        |                     |                  |   |
| Transfers Out  | (154,600)              | (154,600)           | (154,600)        | 0   |
| Total Other Financing Sources (Uses)                         | <u>(154,600)</u>       | <u>(154,600)</u>    | <u>(154,600)</u> | <u>0</u>  |
| Net Change in Fund Balance                                   | (134,444)              | (134,444)           | (133,728)        | 716   |
| Fund Balance at Beginning of Year                            | 136,541                | 136,541             | 136,541          | 0   |
| Fund Balance at End of Year                                  | <u>\$ 2,097</u>        | <u>\$ 2,097</u>     | <u>\$ 2,813</u>  | <u>\$ 716</u>   |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2010**

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND**

|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|---------------------|-----------------|---|
| <b>Revenues:</b>   |                        |                     |                 |   |
| Total Revenues   | <u>\$ 0</u>            | <u>\$ 0</u>         | <u>\$ 0</u>     | <u>\$ 0</u>   |
| <b>Expenditures:</b>   |                        |                     |                 |   |
| Total Expenditures   | <u>0</u>               | <u>0</u>            | <u>0</u>        | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 0                      | 0                   | 0               | 0   |
| <b>Other Financing Sources (Uses):</b>                       |                        |                     |                 |   |
| Advances Out   | <u>(12,390)</u>        | <u>(12,390)</u>     | <u>(8,700)</u>  | <u>3,690</u>  |
| Total Other Financing Sources (Uses)                         | <u>(12,390)</u>        | <u>(12,390)</u>     | <u>(8,700)</u>  | <u>3,690</u>  |
| Net Change in Fund Balance                                   | (12,390)               | (12,390)            | (8,700)         | 3,690   |
| Fund Balance at Beginning of Year                            | <u>12,390</u>          | <u>12,390</u>       | <u>12,390</u>   | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 0</u>            | <u>\$ 0</u>         | <u>\$ 3,690</u> | <u>\$ 3,690</u>   |

**CITY OF MONTGOMERY, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2010**

| URBAN REDEVELOPMENT FUND                                     |                  |                  |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|-------------------|---|
|  | Original Budget  | Final Budget     | Actual            |   |
| <b>Revenues:</b>   |                  |                  |                   |   |
| Taxes  | \$ 93,221        | \$ 93,221        | \$ 76,085         | \$ (17,136)   |
| Intergovernmental Revenues                                   | 8,242            | 8,242            | 0                 | (8,242)   |
| All Other Revenues   | <u>2,400</u>     | <u>2,400</u>     | <u>3,600</u>      | <u>1,200</u>  |
| Total Revenues   | <u>103,863</u>   | <u>103,863</u>   | <u>79,685</u>     | <u>(24,178)</u>   |
| <b>Expenditures:</b>   |                  |                  |                   |   |
| General Government:  |                  |                  |                   |   |
| Material, Supplies, and Services                             | <u>1,002</u>     | <u>1,002</u>     | <u>864</u>        | <u>138</u>  |
| Total General Government                                     | 1,002            | 1,002            | 864               | 138   |
| Capital Outlay:  |                  |                  |                   |   |
| Capital Outlay   | <u>245,745</u>   | <u>245,745</u>   | <u>18,113</u>     | <u>227,632</u>  |
| Total Capital Outlay   | <u>245,745</u>   | <u>245,745</u>   | <u>18,113</u>     | <u>227,632</u>  |
| Total Expenditures   | <u>246,747</u>   | <u>246,747</u>   | <u>18,977</u>     | <u>227,770</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (142,884)        | (142,884)        | 60,708            | 203,592   |
| Fund Balance at Beginning of Year                            | 187,906          | 187,906          | 187,906           | 0   |
| Prior Year Encumbrances                                      | <u>10,145</u>    | <u>10,145</u>    | <u>10,145</u>     | <u>0</u>  |
| Fund Balance at End of Year                                  | <u>\$ 55,167</u> | <u>\$ 55,167</u> | <u>\$ 258,759</u> | <u>\$ 203,592</u>                                       |

***Fiduciary Funds***

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

***Agency Funds***

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**Mayor's Court Fund**

To account for funds that flow through the Mayor's Court.

**Trust Reimbursement Fund**

To account for a cost center for depositing insurance monies and other payments with the City prior to payments to the appropriate contractor or business.

**Unclaimed Monies Fund**

To account for funds which rightfully belong to the payor and are refunded when the payor provides proof of claim for the funds within the period specified by law.



**CITY OF MONTGOMERY, OHIO**

**Combining Statement of Changes In Assets And Liabilities  
Agency Funds  
For the Year Ended December 31, 2010**

|                                  | Balance<br>December 31,<br>2009 | Additions        | Deductions         | Balance<br>December 31,<br>2010 |
|----------------------------------|---------------------------------|------------------|--------------------|---------------------------------|
| <b>Mayor's Court</b>             |                                 |                  |                    |                                 |
| Assets:                          |                                 |                  |                    |                                 |
| Restricted Assets:               |                                 |                  |                    |                                 |
| Cash with Fiscal Agent           | \$796                           | \$176,047        | (\$175,687)        | \$1,156                         |
| Total Assets                     | <u>\$796</u>                    | <u>\$176,047</u> | <u>(\$175,687)</u> | <u>\$1,156</u>                  |
| Liabilities:                     |                                 |                  |                    |                                 |
| Due to Others                    | \$796                           | \$176,047        | (\$175,687)        | \$1,156                         |
| Total Liabilities                | <u>\$796</u>                    | <u>\$176,047</u> | <u>(\$175,687)</u> | <u>\$1,156</u>                  |
| <b>Trust Reimbursement</b>       |                                 |                  |                    |                                 |
| Assets:                          |                                 |                  |                    |                                 |
| Restricted Assets:               |                                 |                  |                    |                                 |
| Cash with Fiscal Agent           | \$180,136                       | \$73,870         | (\$86,539)         | \$167,467                       |
| Total Assets                     | <u>\$180,136</u>                | <u>\$73,870</u>  | <u>(\$86,539)</u>  | <u>\$167,467</u>                |
| Liabilities:                     |                                 |                  |                    |                                 |
| Accounts Payable                 | \$176,215                       | \$70,205         | (\$82,618)         | \$163,802                       |
| Intergovernmental Payables       | 3,921                           | 3,665            | (3,921)            | 3,665                           |
| Total Liabilities                | <u>\$180,136</u>                | <u>\$73,870</u>  | <u>(\$86,539)</u>  | <u>\$167,467</u>                |
| <b>Unclaimed Monies</b>          |                                 |                  |                    |                                 |
| Assets:                          |                                 |                  |                    |                                 |
| Restricted Assets:               |                                 |                  |                    |                                 |
| Cash and Cash Equivalents        | \$1,877                         | \$16,515         | (\$1,876)          | \$16,516                        |
| Total Assets                     | <u>\$1,877</u>                  | <u>\$16,515</u>  | <u>(\$1,876)</u>   | <u>\$16,516</u>                 |
| Liabilities:                     |                                 |                  |                    |                                 |
| Due to Others                    | \$1,877                         | \$16,515         | (\$1,876)          | \$16,516                        |
| Total Liabilities                | <u>\$1,877</u>                  | <u>\$16,515</u>  | <u>(\$1,876)</u>   | <u>\$16,516</u>                 |
| <b>Totals - All Agency Funds</b> |                                 |                  |                    |                                 |
| Assets:                          |                                 |                  |                    |                                 |
| Restricted Assets:               |                                 |                  |                    |                                 |
| Cash and Cash Equivalents        | \$1,877                         | \$16,515         | (\$1,876)          | \$16,516                        |
| Cash with Fiscal Agent           | 180,932                         | 249,917          | (262,226)          | 168,623                         |
| Total Assets                     | <u>\$182,809</u>                | <u>\$266,432</u> | <u>(\$264,102)</u> | <u>\$185,139</u>                |
| Liabilities:                     |                                 |                  |                    |                                 |
| Accounts Payable                 | \$176,215                       | \$70,205         | (\$82,618)         | \$163,802                       |
| Intergovernmental Payables       | 3,921                           | 3,665            | (3,921)            | 3,665                           |
| Due to Others                    | 2,673                           | 192,562          | (177,563)          | 17,672                          |
| Total Liabilities                | <u>\$182,809</u>                | <u>\$266,432</u> | <u>(\$264,102)</u> | <u>\$185,139</u>                |

*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

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**CITY OF MONTGOMERY, OHIO**

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2010***

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**Capital Assets:**

|                                   |                     |
|-----------------------------------|---------------------|
| Land                              | \$15,285,724        |
| Buildings                         | 4,161,161           |
| Improvements Other than Buildings | 6,837,088           |
| Infrastructure                    | 24,765,224          |
| Machinery and Equipment           | <u>5,958,366</u>    |
| Total Capital Assets              | <u>\$57,007,563</u> |

**Investment in Capital Assets from:**

|                                    |                     |
|------------------------------------|---------------------|
| General Fund                       | \$11,964,640        |
| Special Revenue Funds              | 5,476,953           |
| Capital Projects Funds             | 39,442,396          |
| Private Purpose Trust Funds        | <u>123,574</u>      |
| Total Investment in Capital Assets | <u>\$57,007,563</u> |

**CITY OF MONTGOMERY, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2010**

| Function and Activity                  | Land                | Buildings          | Improvements<br>Other than<br>Buildings |
|--|---------------------|--------------------|---|
| <b>General Government:</b>             |                     |                    |   |
| Administration                         | \$104,363           | \$286,177          | \$417,493                               |
| Finance                                | 0                   | 0                  | 0                                       |
| Mayor's Court                          | 0                   | 0                  | 0                                       |
| Total                                  | 104,363             | 286,177            | 417,493                                 |
| <b>Public Safety:</b>                  |                     |                    |   |
| Police                                 | 278,400             | 1,799,140          | 161,717                                 |
| Fire/EMS                               | 0                   | 0                  | 167,767                                 |
| Communications                         | 0                   | 0                  | 0                                       |
| Total                                  | 278,400             | 1,799,140          | 329,484                                 |
| <b>Public Works:</b>                   |                     |                    |   |
| Street/Service                         | 8,685,273           | 921,901            | 824,781                                 |
| Cemetery                               | 274,743             | 0                  | 6,988                                   |
| Total                                  | 8,960,016           | 921,901            | 831,769                                 |
| <b>Parks and Recreation:</b>           |                     |                    |   |
| Parks/Recreation                       | 4,284,640           | 200,470            | 3,504,618                               |
| Municipal Swimming Pool                | 405,576             | 683,109            | 741,022                                 |
| Total                                  | 4,690,216           | 883,579            | 4,245,640                               |
| <b>Community Economic Development:</b> |                     |                    |   |
| Development                            | 1,252,729           | 270,364            | 910,510                                 |
| Historic Trust                         | 0                   | 0                  | 102,192                                 |
| Total                                  | 1,252,729           | 270,364            | 1,012,702                               |
| <b>Total Capital Assets</b>            | <b>\$15,285,724</b> | <b>\$4,161,161</b> | <b>\$6,837,088</b>                      |

**CITY OF MONTGOMERY, OHIO**

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| <u>Infrastructure</u> | <u>Machinery<br/>and<br/>Equipment</u> | <u>Total</u>        |
|-----------------------|--|---------------------|
| \$0                   | \$272,706                              | \$1,080,739         |
| 0                     | 85,711                                 | 85,711              |
| 0                     | 42,454                                 | 42,454              |
| <u>0</u>              | <u>400,871</u>                         | <u>1,208,904</u>    |
| 0                     | 840,358                                | 3,079,615           |
| 0                     | 2,654,533                              | 2,822,300           |
| 0                     | 86,866                                 | 86,866              |
| <u>0</u>              | <u>3,581,757</u>                       | <u>5,988,781</u>    |
| 24,765,224            | 1,401,778                              | 36,598,957          |
| <u>0</u>              | <u>9,014</u>                           | <u>290,745</u>      |
| <u>24,765,224</u>     | <u>1,410,792</u>                       | <u>36,889,702</u>   |
| 0                     | 381,243                                | 8,370,971           |
| 0                     | 101,439                                | 1,931,146           |
| <u>0</u>              | <u>482,682</u>                         | <u>10,302,117</u>   |
| 0                     | 77,444                                 | 2,511,047           |
| 0                     | 4,820                                  | 107,012             |
| 0                     | 82,264                                 | 2,618,059           |
| <u>\$24,765,224</u>   | <u>\$5,958,366</u>                     | <u>\$57,007,563</u> |

**CITY OF MONTGOMERY, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule Changes by Function and Activity  
For Year Ended December 31, 2010**

| Function and Activity           | December 31,<br>2009 | Transfers  | Additions          | Deletions            | December 31,<br>2010 |
|---------------------------------|----------------------|------------|--------------------|----------------------|----------------------|
| <b>General Government:</b>      |                      |            |                    |                      |                      |
| Administration                  | \$1,098,758          | \$0        | \$0                | (\$18,019)           | \$1,080,739          |
| Finance                         | 64,003               | 0          | 26,715             | (5,007)              | 85,711               |
| Mayor's Court                   | 40,191               | 0          | 6,075              | (3,812)              | 42,454               |
| Total                           | 1,202,952            | 0          | 32,790             | (26,838)             | 1,208,904            |
| <b>Public Safety:</b>           |                      |            |                    |                      |                      |
| Police                          | 3,055,312            | 1,558      | 66,535             | (43,790)             | 3,079,615            |
| Fire/EMS                        | 2,840,762            | 0          | 11,282             | (29,744)             | 2,822,300            |
| Communications                  | 83,224               | (1,558)    | 5,200              | 0                    | 86,866               |
| Total                           | 5,979,298            | 0          | 83,017             | (73,534)             | 5,988,781            |
| <b>Public Works:</b>            |                      |            |                    |                      |                      |
| Street/Service                  | 35,317,579           | 496,808    | 1,783,040          | (998,470)            | 36,598,957           |
| Cemetery                        | 288,545              | 0          | 2,200              | 0                    | 290,745              |
| Total                           | 35,606,124           | 496,808    | 1,785,240          | (998,470)            | 36,889,702           |
| <b>Leisure Time Activities:</b> |                      |            |                    |                      |                      |
| Parks/Recreation                | 8,132,727            | 0          | 238,244            | 0                    | 8,370,971            |
| Municipal Pool Fund             | 1,916,266            |            | 14,880             | 0                    | 1,931,146            |
| Total                           | 10,048,993           | 0          | 253,124            | 0                    | 10,302,117           |
| <b>Community Environment:</b>   |                      |            |                    |                      |                      |
| Development                     | 2,944,485            | (496,808)  | 63,370             | 0                    | 2,511,047            |
| Historic Trust                  | 107,012              | 0          | 0                  | 0                    | 107,012              |
| Total                           | 3,051,497            | (496,808)  | 63,370             | 0                    | 2,618,059            |
| <b>Total Capital Assets</b>     | <b>\$55,888,864</b>  | <b>\$0</b> | <b>\$2,217,541</b> | <b>(\$1,098,842)</b> | <b>\$57,007,563</b>  |

*STATISTICAL SECTION*

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## *STATISTICAL TABLES*

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

### *Contents*

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|   |             |
|---|-------------|
| <b>Financial Trends</b>   | S 3 – S 11  |
| These schedules contain trend information to help the reader understand how the city's financial position has changed over time.  |             |
| <b>Revenue Capacity</b>   | S 12 – S 15 |
| These schedules contain information to help the reader understand and assess the factors affecting the city's ability to generate its most significant local revenue sources, the property tax and the income tax.  |             |
| <b>Debt Capacity</b>  | S 16 – S 23 |
| 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.   |             |
| <b>Economic and Demographic Information</b>   | S 24 – S 27 |
| These schedules offer economic and demographic indicators to help the reader understand the environment within which the city's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.         |             |
| <b>Operating Information</b>  | S 28 – S 33 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.  |             |
| <b>Sources Note:</b>  |             |
| Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year. |             |

## *City of Montgomery*

*Net Assets by Component  
Last Seven Years  
(accrual basis of accounting)*

|   | <u>2004</u>         | <u>2005</u>         | <u>2006 (1)</u>     | <u>2007</u>         |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities:</b>                 |                     |                     |                     |                     |
| Invested in Capital Assets, Net of Related Debt | \$23,841,752        | \$25,169,496        | \$27,744,549        | \$29,267,743        |
| Restricted                                      | 14,660,323          | 15,362,245          | 15,861,681          | 17,429,659          |
| Unrestricted                                    | 10,442,992          | 11,272,760          | 13,019,687          | 12,803,968          |
| Total Governmental Activities Net Assets        | <u>\$48,945,067</u> | <u>\$51,804,501</u> | <u>\$56,625,917</u> | <u>\$59,501,370</u> |
| <b>Business-type Activities:</b>                |                     |                     |                     |                     |
| Invested in Capital Assets, Net of Related Debt | \$1,410,112         | \$1,358,748         | \$0                 | \$0                 |
| Unrestricted                                    | 17,091              | 52,456              | 0                   | 0                   |
| Total Business-type Activities Net Assets       | <u>\$1,427,203</u>  | <u>\$1,411,204</u>  | <u>\$0</u>          | <u>\$0</u>          |
| <b>Primary Government:</b>                      |                     |                     |                     |                     |
| Invested in Capital Assets, Net of Related Debt | \$25,251,864        | \$26,528,244        | \$27,744,549        | \$29,267,743        |
| Restricted                                      | 14,660,323          | 15,362,245          | 15,861,681          | 17,429,659          |
| Unrestricted                                    | 10,460,083          | 11,325,216          | 13,019,687          | 12,803,968          |
| Total Primary Government Net Assets             | <u>\$50,372,270</u> | <u>\$53,215,705</u> | <u>\$56,625,917</u> | <u>\$59,501,370</u> |

Source: City Finance Director's Office

(1) The City passed an ordinance to establish the municipal pool fund as special revenue rather than as an enterprise fund at the beginning of 2007.

*City of Montgomery*

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| <u>2008</u>         | <u>2009</u>         | <u>2010</u>         |
|---------------------|---------------------|---------------------|
| \$32,640,506        | \$34,123,582        | \$34,953,112        |
| 17,492,324          | 15,106,012          | 17,430,333          |
| 13,134,935          | 15,583,740          | 14,809,621          |
| <u>\$63,267,765</u> | <u>\$64,813,334</u> | <u>\$67,193,066</u> |
| <br>                |                     |                     |
| \$0                 | \$0                 | \$0                 |
| 0                   | 0                   | 0                   |
| <u>\$0</u>          | <u>\$0</u>          | <u>\$0</u>          |
| <br>                |                     |                     |
| \$32,640,506        | \$34,123,582        | \$34,953,112        |
| 17,492,324          | 15,106,012          | 17,430,333          |
| 13,134,935          | 15,583,740          | 14,809,621          |
| <u>\$63,267,765</u> | <u>\$64,813,334</u> | <u>\$67,193,066</u> |

## City of Montgomery

### Changes in Net Assets Last Seven Years (accrual basis of accounting)

|   | 2004         | 2005         | 2006         | 2007         |
|---|--------------|--------------|--------------|--------------|
| <b>Expenses</b>                                       |              |              | (1)          |              |
| Governmental Activities:                              |              |              |              |              |
| Public Safety   | \$4,034,433  | \$4,813,554  | \$4,857,414  | \$4,963,698  |
| Parks and Recreation                                  | 725,148      | 819,366      | 1,098,032    | 1,200,793    |
| Community Economic Development                        | 493,830      | 485,651      | 435,457      | 497,739      |
| Public Health and Welfare Services                    | 63,586       | 0            | 0            | 0            |
| Public Works  | 2,008,508    | 2,044,679    | 2,798,249    | 2,748,023    |
| General Government                                    | 2,697,782    | 2,488,043    | 2,669,442    | 3,349,254    |
| Interest and Fiscal Charges                           | 346,420      | 350,048      | 328,216      | 306,573      |
| <i>Total Governmental Activities Expenses</i>         | 10,369,707   | 11,001,341   | 12,186,810   | 13,066,080   |
| Business-type Activities:                             |              |              |              |              |
| Municipal Pool  | 227,144      | 244,662      | 0            | 0            |
| <i>Total Business-type Activities Expenses</i>        | 227,144      | 244,662      | 0            | 0            |
| <i>Total Primary Government Expenses</i>              | \$10,596,851 | \$11,246,003 | \$12,186,810 | \$13,066,080 |
| <b>Program Revenues</b>                               |              |              |              |              |
| Governmental Activities:                              |              |              |              |              |
| Charges for Services                                  |              |              |              |              |
| Public Safety   | \$259,563    | \$217,513    | \$211,414    | \$242,638    |
| Parks and Recreation                                  | 35,072       | 39,053       | 260,213      | 242,400      |
| Community Economic Development                        | 162,406      | 624,099      | 292,730      | 258,821      |
| Public Health and Welfare Services                    | 34,424       | 45,375       | 0            | 0            |
| Public Works  | 0            | 0            | 31,671       | 19,501       |
| General Government                                    | 251,629      | 203,998      | 220,176      | 162,806      |
| Operating Grants and Contributions                    | 148,639      | 38,350       | 494,955      | 528,796      |
| Capital Grants and Contributions                      | 55,700       | 18,768       | 0            | 0            |
| <i>Total Governmental Activities Program Revenues</i> | 947,433      | 1,187,156    | 1,511,159    | 1,454,962    |

(1) In 2006 the City realigned certain departmental expenditures for financial reporting purposes. The 2005 expenditures have been adjusted for comparison purposes.

*City of Montgomery*

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| <u>2008</u>         | <u>2009</u>         | <u>2010</u>         |
|---------------------|---------------------|---------------------|
| \$5,080,065         | \$5,875,326         | \$5,625,518         |
| 1,267,205           | 1,399,365           | 1,384,928           |
| 533,346             | 453,272             | 447,491             |
| 0                   | 0                   | 0                   |
| 2,594,464           | 2,883,791           | 2,700,671           |
| 3,503,099           | 4,123,097           | 3,916,652           |
| 273,054             | 204,343             | 187,006             |
| <u>13,251,233</u>   | <u>14,939,194</u>   | <u>14,262,266</u>   |
| 0                   | 0                   | 0                   |
| 0                   | 0                   | 0                   |
| <u>\$13,251,233</u> | <u>\$14,939,194</u> | <u>\$14,262,266</u> |

|                  |                  |                  |
|------------------|------------------|------------------|
| \$257,297        | \$303,233        | \$341,109        |
| 246,394          | 231,247          | 239,140          |
| 300,079          | 202,502          | 212,544          |
| 0                | 0                | 0                |
| 26,693           | 17,595           | 28,401           |
| 204,644          | 218,675          | 306,876          |
| 1,152,496        | 525,090          | 533,729          |
| 141,356          | 83,050           | 117,265          |
| <u>2,328,959</u> | <u>1,581,392</u> | <u>1,779,064</u> |

(continued)

## City of Montgomery

### Changes in Net Assets Last Seven Years (accrual basis of accounting)

|   | 2004                 | 2005                 | 2006                  | 2007                  |
|---|----------------------|----------------------|-----------------------|-----------------------|
| <b>Business-type Activities:</b>                        |                      |                      |                       |                       |
| <b>Charges for Services</b>                             |                      |                      |                       |                       |
| Municipal Pool  | 164,162              | 196,663              | 0                     | 0                     |
| <i>Total Business-type Activities Program Revenues</i>  | <u>164,162</u>       | <u>196,663</u>       | <u>0</u>              | <u>0</u>              |
| <i>Total Primary Government Program Revenues</i>        | <u>1,111,595</u>     | <u>1,383,819</u>     | <u>1,511,159</u>      | <u>1,454,962</u>      |
| <b>Net (Expense)/Revenue</b>                            |                      |                      |                       |                       |
| Governmental Activities                                 | (9,422,274)          | (9,814,185)          | (10,675,651)          | (11,611,118)          |
| Business-type Activities                                | (62,982)             | (47,999)             | 0                     | 0                     |
| <i>Total Primary Government Net (Expense)/Revenue</i>   | <u>(\$9,485,256)</u> | <u>(\$9,862,184)</u> | <u>(\$10,675,651)</u> | <u>(\$11,611,118)</u> |
| <b>General Revenues and Other Changes in Net Assets</b> |                      |                      |                       |                       |
| <b>Governmental Activities:</b>                         |                      |                      |                       |                       |
| <b>Property Taxes Levied for:</b>                       |                      |                      |                       |                       |
| General Purposes  | \$4,001,114          | \$4,050,884          | \$4,591,205           | \$4,675,342           |
| Income Taxes  | 5,460,795            | 6,136,151            | 6,363,549             | 6,744,149             |
| Other Local Taxes                                       | 539,802              | 339,367              | 222,865               | 614,607               |
| Intergovernmental Revenue, Unrestricted                 | 1,144,087            | 1,244,731            | 929,626               | 846,944               |
| Investment Earnings                                     | 282,737              | 568,358              | 1,118,810             | 1,350,943             |
| Miscellaneous   | 307,796              | 366,128              | 859,808               | 254,586               |
| Transfers   | (10,000)             | (32,000)             | 0                     | 0                     |
| <i>Total Governmental Activities</i>                    | <u>11,726,331</u>    | <u>12,673,619</u>    | <u>14,085,863</u>     | <u>14,486,571</u>     |
| <b>Business-type Activities:</b>                        |                      |                      |                       |                       |
| Transfers   | 10,000               | 32,000               | 0                     | 0                     |
| <i>Total Business-type Activities</i>                   | <u>10,000</u>        | <u>32,000</u>        | <u>0</u>              | <u>0</u>              |
| <i>Total Primary Government</i>                         | <u>\$11,736,331</u>  | <u>\$12,705,619</u>  | <u>\$14,085,863</u>   | <u>\$14,486,571</u>   |
| <b>Change in Net Assets</b>                             |                      |                      |                       |                       |
| Governmental Activities                                 | \$2,304,057          | \$2,859,434          | \$3,410,212           | \$2,875,453           |
| Business-type Activities                                | (52,982)             | (15,999)             | 0                     | 0                     |
| <i>Total Primary Government Change in Net Assets</i>    | <u>\$2,251,075</u>   | <u>\$2,843,435</u>   | <u>\$3,410,212</u>    | <u>\$2,875,453</u>    |

Source: City Finance Director's Office

*City of Montgomery*

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| 2008                  | 2009                  | 2010                  |
|-----------------------|-----------------------|-----------------------|
| 0                     | 0                     | 0                     |
| 0                     | 0                     | 0                     |
| 2,328,959             | 1,581,392             | 1,779,064             |
| (10,922,274)          | (13,357,802)          | (12,483,202)          |
| 0                     | 0                     | 0                     |
| <u>(\$10,922,274)</u> | <u>(\$13,357,802)</u> | <u>(\$12,483,202)</u> |
| \$4,744,451           | \$4,822,909           | \$5,264,702           |
| 7,248,439             | 6,732,726             | 7,126,510             |
| 703,870               | 2,208,468             | 1,070,266             |
| 809,573               | 667,723               | 953,694               |
| 848,844               | 197,009               | 275,677               |
| 333,492               | 274,536               | 172,085               |
| 0                     | 0                     | 0                     |
| <u>14,688,669</u>     | <u>14,903,371</u>     | <u>14,862,934</u>     |
| 0                     | 0                     | 0                     |
| 0                     | 0                     | 0                     |
| <u>\$14,688,669</u>   | <u>\$14,903,371</u>   | <u>\$14,862,934</u>   |
| \$3,766,395           | \$1,545,569           | \$2,379,732           |
| 0                     | 0                     | 0                     |
| <u>\$3,766,395</u>    | <u>\$1,545,569</u>    | <u>\$2,379,732</u>    |

## *City of Montgomery*

*Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

|   | <u>2001</u>         | <u>2002</u>         | <u>2003</u>         | <u>2004</u>         |
|---|---------------------|---------------------|---------------------|---------------------|
| General Fund                              |                     |                     |                     |                     |
| Reserved                                  | \$194,681           | \$232,441           | \$226,587           | \$303,486           |
| Unreserved                                | <u>8,034,076</u>    | <u>8,856,718</u>    | <u>8,956,731</u>    | <u>9,784,276</u>    |
| <i>Total General Fund</i>                 | <u>8,228,757</u>    | <u>9,089,159</u>    | <u>9,183,318</u>    | <u>10,087,762</u>   |
| All Other Governmental Funds              |                     |                     |                     |                     |
| Reserved                                  | 3,004,244           | 4,052,400           | 2,967,622           | 4,007,598           |
| Unreserved, Undesignated,<br>Reported in: |                     |                     |                     |                     |
| Special Revenue Funds                     | 2,305,831           | 2,628,647           | 3,723,168           | 3,901,646           |
| Capital Projects Funds                    | <u>1,354,460</u>    | <u>909,203</u>      | <u>2,331,912</u>    | <u>2,151,261</u>    |
| Total All Other Governmental Funds        | <u>6,664,535</u>    | <u>7,590,250</u>    | <u>9,022,702</u>    | <u>10,060,505</u>   |
| <i>Total Governmental Funds</i>           | <u>\$14,893,292</u> | <u>\$16,679,409</u> | <u>\$18,206,020</u> | <u>\$20,148,267</u> |

Source: City Finance Director's Office



*City of Montgomery*

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| <u>2005</u>         | <u>2006</u>         | <u>2007</u>         | <u>2008</u>         | <u>2009</u>         | <u>2010</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$369,159           | \$848,817           | \$411,288           | \$279,644           | \$405,963           | \$317,113           |
| <u>10,634,063</u>   | <u>12,172,862</u>   | <u>12,154,635</u>   | <u>12,975,774</u>   | <u>13,769,099</u>   | <u>14,361,458</u>   |
| <u>11,003,222</u>   | <u>13,021,679</u>   | <u>12,565,923</u>   | <u>13,255,418</u>   | <u>14,175,062</u>   | <u>14,678,571</u>   |
| 3,889,218           | 4,761,597           | 4,342,424           | 3,882,125           | 3,499,102           | 4,032,014           |
| 4,679,988           | 5,397,618           | 6,149,504           | 5,983,229           | 6,862,144           | 7,183,676           |
| <u>2,462,286</u>    | <u>1,665,020</u>    | <u>3,198,902</u>    | <u>3,536,402</u>    | <u>2,150,689</u>    | <u>2,652,138</u>    |
| <u>11,031,492</u>   | <u>11,824,235</u>   | <u>13,690,830</u>   | <u>13,401,756</u>   | <u>12,511,935</u>   | <u>13,867,828</u>   |
| <u>\$22,034,714</u> | <u>\$24,845,914</u> | <u>\$26,256,753</u> | <u>\$26,657,174</u> | <u>\$26,686,997</u> | <u>\$28,546,399</u> |

## *City of Montgomery*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

|  | 2001              | 2002              | 2003              | 2004              |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Revenues:</b>                                     |                   |                   |                   |                   |
| Taxes  | \$10,511,251      | \$11,102,193      | \$10,730,132      | \$10,234,237      |
| Intergovernmental Revenues                           | 362,873           | 432,545           | 1,303,807         | 1,360,965         |
| Charges for Services                                 | 279,623           | 343,799           | 300,191           | 337,765           |
| Licenses, Permits and Fees                           | 149,867           | 205,731           | 550,360           | 237,850           |
| Investment Earnings                                  | 540,132           | 301,023           | 222,096           | 249,354           |
| Special Assessments                                  | 239,639           | 239,645           | 246,398           | 247,410           |
| Fines and Forfeitures                                | 163,973           | 152,069           | 203,435           | 166,726           |
| All Other Revenue                                    | 141,268           | 79,439            | 79,523            | 241,942           |
| <b>Total Revenue</b>                                 | <u>12,388,626</u> | <u>12,856,444</u> | <u>13,635,942</u> | <u>13,076,249</u> |
| <b>Expenditures:</b>                                 |                   |                   |                   |                   |
| Current:   |                   |                   |                   |                   |
| Public Safety  | 3,086,716         | 3,294,040         | 4,207,246         | 3,772,691         |
| Public Health and Welfare Services                   | 61,217            | 36,500            | 71,191            | 63,370            |
| Parks and Recreation                                 | 539,682           | 504,812           | 543,956           | 547,032           |
| Community Economic Development                       | 322,334           | 340,702           | 480,298           | 474,413           |
| Public Works   | 907,814           | 794,995           | 931,182           | 923,703           |
| General Government                                   | 2,156,817         | 2,440,323         | 2,654,358         | 2,655,321         |
| Capital Outlay                                       | 926,712           | 2,131,054         | 1,512,227         | 1,147,304         |
| Debt Service:  |                   |                   |                   |                   |
| Principal Retirement                                 | 734,883           | 770,883           | 2,141,883         | 1,234,883         |
| Interest and Fiscal Charges                          | 764,383           | 729,024           | 638,932           | 360,787           |
| <b>Total Expenditures</b>                            | <u>9,500,558</u>  | <u>11,042,333</u> | <u>13,181,273</u> | <u>11,179,504</u> |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 2,888,068         | 1,814,111         | 454,669           | 1,896,745         |

*City of Montgomery*

| 2005              | (1)<br>2006       | 2007              | 2008              | 2009              | 2010              |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$10,629,284      | \$11,200,882      | \$12,044,105      | \$12,709,819      | \$13,555,648      | \$13,447,773      |
| 1,343,674         | 1,422,911         | 1,354,153         | 1,508,044         | 1,208,965         | 1,661,817         |
| 328,218           | 548,004           | 511,409           | 523,170           | 501,427           | 611,191           |
| 611,953           | 319,408           | 269,326           | 316,184           | 263,693           | 270,513           |
| 563,496           | 1,085,849         | 1,371,200         | 879,745           | 200,366           | 273,850           |
| 280,046           | 262,538           | 268,786           | 262,668           | 251,871           | 267,745           |
| 148,433           | 144,110           | 145,431           | 174,529           | 176,193           | 217,536           |
| 293,656           | 829,855           | 254,586           | 333,492           | 285,582           | 173,885           |
| <u>14,198,760</u> | <u>15,813,557</u> | <u>16,218,996</u> | <u>16,707,651</u> | <u>16,443,745</u> | <u>16,924,310</u> |
| 4,521,403         | 4,518,043         | 4,568,155         | 4,703,274         | 5,433,316         | 5,124,108         |
| 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| 636,971           | 864,631           | 977,049           | 1,049,966         | 1,184,945         | 1,188,511         |
| 468,000           | 421,068           | 441,412           | 436,377           | 341,707           | 338,006           |
| 1,300,709         | 1,334,110         | 1,535,161         | 1,644,489         | 1,688,833         | 1,573,712         |
| 2,416,707         | 2,578,840         | 3,291,453         | 3,231,860         | 3,552,386         | 3,810,968         |
| 1,418,266         | 2,062,710         | 2,750,034         | 2,225,481         | 3,443,806         | 2,261,729         |
| 1,207,883         | 1,022,883         | 973,883           | 603,883           | 618,883           | 614,883           |
| 329,594           | 304,218           | 282,666           | 227,057           | 179,768           | 162,428           |
| <u>12,299,533</u> | <u>13,106,503</u> | <u>14,819,813</u> | <u>14,122,387</u> | <u>16,443,644</u> | <u>15,074,345</u> |
| 1,899,227         | 2,707,054         | 1,399,183         | 2,585,264         | 101               | 1,849,965         |

(Continued)

## *City of Montgomery*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

|  | 2001               | 2002               | 2003               | 2004               |
|--|--------------------|--------------------|--------------------|--------------------|
| <b>Other Financing Sources (Uses):</b>                                 |                    |                    |                    |                    |
| Proceeds from the Sale of Capital Assets                               | 26,470             | 2,006              | 16,663             | 24,060             |
| Proceeds from the Sale of Bonds  | 0                  | 0                  | 0                  | 4,495,000          |
| Proceeds from Bond Anticipaion Notes                                   | 0                  | 0                  | 1,000,000          | 0                  |
| Proceeds from Refunding Bonds  | 0                  | 0                  | 7,895,000          | 0                  |
| Payment to Refunding Bond Escrow Agent                                 | 0                  | 0                  | (7,828,113)        | (4,463,558)        |
| Transfers In   | 979,820            | 1,373,817          | 2,512,374          | 937,510            |
| Transfers Out  | (979,820)          | (1,403,817)        | (2,532,374)        | (947,510)          |
| <b>Total Other Financing Sources (Uses)</b>                            | <u>26,470</u>      | <u>(27,994)</u>    | <u>1,063,550</u>   | <u>45,502</u>      |
| <b>Net Change in Fund Balance</b>                                      | <u>\$2,914,538</u> | <u>\$1,786,117</u> | <u>\$1,518,219</u> | <u>\$1,942,247</u> |
| <br><b>Debt Service as a Percentage<br/>of Noncapital Expenditures</b> | <br>19.92%         | <br>18.15%         | <br>29.57%         | <br>15.62%         |

Source: City Finance Director's Office

- (1) In 2006 the City realigned certain departmental expenditures for financial reporting purposes.  
The 2005 expenditures have been adjusted for comparison purposes.

*City of Montgomery*

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| 2005               | (1)<br>2006        | 2007               | 2008             | 2009            | 2010               |
|--------------------|--------------------|--------------------|------------------|-----------------|--------------------|
| 19,220             | 51,610             | 11,656             | 15,130           | 29,722          | 9,437              |
| 0                  | 0                  | 0                  | 0                | 0               | 0                  |
| 0                  | 0                  | 0                  | 0                | 0               | 0                  |
| 0                  | 0                  | 0                  | 0                | 0               | 0                  |
| 0                  | 0                  | 0                  | (2,199,973)      | 0               | 0                  |
| 1,300,443          | 690,086            | 2,514,253          | 1,645,535        | 2,196,059       | 1,461,364          |
| (1,332,443)        | (720,086)          | (2,514,253)        | (1,645,535)      | (2,196,059)     | (1,461,364)        |
| (12,780)           | 21,610             | 11,656             | (2,184,843)      | 29,722          | 9,437              |
| <u>\$1,886,447</u> | <u>\$2,728,664</u> | <u>\$1,410,839</u> | <u>\$400,421</u> | <u>\$29,823</u> | <u>\$1,859,402</u> |
| 16.07%             | 12.45%             | 10.96%             | 7.22%            | 6.28%           | 6.05%              |

## *City of Montgomery*

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

| <b>Tax year</b>           | 2001        | 2002        | 2003        | 2004        |
|---------------------------|-------------|-------------|-------------|-------------|
| Income Tax Rate           | 1.00%       | 1.00%       | 1.00%       | 1.00%       |
| Estimated Personal Income | \$353,083   | \$367,453   | \$378,633   | \$401,103   |
| Total Tax Collected       | \$5,345,954 | \$5,516,114 | \$5,846,363 | \$5,841,251 |
| Income Tax Receipts       |             |             |             |             |
| Withholding               | 3,619,820   | 3,753,456   | 4,146,652   | 4,194,245   |
| Percentage                | 67.7%       | 68.1%       | 70.9%       | 71.8%       |
| Corporate                 | 426,785     | 415,531     | 427,923     | 439,111     |
| Percentage                | 8.0%        | 7.5%        | 7.3%        | 7.5%        |
| Individuals               | 1,299,349   | 1,347,127   | 1,271,788   | 1,207,895   |
| Percentage                | 24.3%       | 24.4%       | 21.8%       | 20.7%       |

Source: City Finance Department

*City of Montgomery*

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| 2005        | 2006        | 2007        | 2008        | 2009        | 2010        |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 1.00%       | 1.00%       | 1.00%       | 1.00%       | 1.00%       | 1.00%       |
| \$405,880   | \$405,880   | \$421,531   | \$434,265   | \$434,265   | \$439,554   |
| \$6,100,942 | \$6,434,747 | \$6,425,182 | \$7,485,419 | \$6,772,329 | \$6,659,907 |
| 4,317,030   | 4,519,322   | 4,502,641   | 5,375,336   | 4,734,037   | 4,861,024   |
| 70.8%       | 70.3%       | 70.1%       | 71.8%       | 69.9%       | 73.0%       |
| 466,028     | 555,189     | 501,854     | 588,505     | 510,358     | 421,386     |
| 7.6%        | 8.6%        | 7.8%        | 7.9%        | 7.5%        | 6.3%        |
| 1,317,884   | 1,360,236   | 1,420,687   | 1,521,578   | 1,527,934   | 1,377,497   |
| 21.6%       | 21.1%       | 22.1%       | 20.3%       | 22.6%       | 20.7%       |





# City of Montgomery

## Income Tax Statistics Current Year and Nine Years Ago

| Calendar Year 2010 |                     |                     |                            |                      |
|--------------------|---------------------|---------------------|----------------------------|----------------------|
| Income Level       | Number<br>of Filers | Percent of<br>Total | Local<br>Taxable<br>Income | Percent of<br>Income |
| \$0 - \$19,999     | 1,482               | 35.01%              | \$64,239                   | 1.42%                |
| 20,000 - 49,999    | 515                 | 12.17%              | 173,585                    | 3.85%                |
| 50,000 - 74,999    | 352                 | 8.32%               | 219,918                    | 4.88%                |
| 75,000 - 99,999    | 338                 | 7.98%               | 293,354                    | 6.51%                |
| Over 100,000       | 1,546               | 36.52%              | 3,757,393                  | 83.34%               |
| Total              | 4,233               | 100.00%             | \$4,508,489                | 100.00%              |

Local Taxes Paid by Residents

Taxes Credited to Other Municipalities

Tax Dollars

\$3,314,645

\$3,314,645

| Calendar Year 2001 |                     |                     |                            |                      |
|--------------------|---------------------|---------------------|----------------------------|----------------------|
| Income Level       | Number<br>of Filers | Percent of<br>Total | Local<br>Taxable<br>Income | Percent of<br>Income |
| \$0 - \$19,999     | 1,265               | 30.45%              | \$69,594                   | 1.75%                |
| 20,000 - 49,999    | 605                 | 14.56%              | 207,606                    | 5.22%                |
| 50,000 - 74,999    | 488                 | 11.75%              | 303,013                    | 7.62%                |
| 75,000 - 99,999    | 464                 | 11.17%              | 403,367                    | 10.14%               |
| Over 100,000       | 1,332               | 32.07%              | 2,993,869                  | 75.27%               |
| Total              | 4,154               | 100.00%             | \$3,977,449                | 100.00%              |

Local Taxes Paid by Residents

Taxes Credited to Other Municipalities

Tax Dollars

\$2,768,961

\$2,768,961

Source: City Finance Director's Office

## *City of Montgomery*

### *Ratio of Outstanding Debt By Type Last Ten Years*

|   | 2001                | 2002                | 2003                | 2004                |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities</b> <sup>(1)</sup> |                     |                     |                     |                     |
| General Obligation Bonds Payable              | \$10,820,000        | \$10,130,000        | \$11,500,000        | \$10,526,442        |
| Special Assessment Bonds                      | 2,847,878           | 2,766,995           | 204,112             | 193,229             |
| Long-Term Notes Payable                       | 0                   | 0                   | 419,000             | 200,000             |
| Total Primary Government                      | <u>\$13,667,878</u> | <u>\$12,896,995</u> | <u>\$12,123,112</u> | <u>\$10,919,671</u> |
| <br>  |                     |                     |                     |                     |
| <b>Population</b> <sup>(2)</sup>              |                     |                     |                     |                     |
| City of Montgomery                            | 10,163              | 10,163              | 10,163              | 10,163              |
| Outstanding Debt Per Capita                   | \$1,345             | \$1,269             | \$1,193             | \$1,074             |
| <br>  |                     |                     |                     |                     |
| <b>Income</b> <sup>(3)</sup>                  |                     |                     |                     |                     |
| Personal (in thousands)                       | 353,083             | 367,453             | 378,633             | 401,103             |
| Percentage of Personal Income                 | 3.87%               | 3.51%               | 3.20%               | 2.72%               |

**Sources:**

- (1) City Finance Director's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

*City of Montgomery*

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| 2005               | 2006               | 2007               | 2008               | 2009               | 2010               |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$9,557,100        | \$8,572,758        | \$7,638,416        | \$4,899,074        | \$4,319,732        | \$3,745,390        |
| 180,346            | 167,463            | 153,580            | 139,697            | 125,814            | 110,931            |
| 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| <u>\$9,737,446</u> | <u>\$8,740,221</u> | <u>\$7,791,996</u> | <u>\$5,038,771</u> | <u>\$4,445,546</u> | <u>\$3,856,321</u> |

|        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|
| 10,163 | 10,163 | 10,163 | 10,163 | 10,163 | 10,584 |
| \$958  | \$860  | \$767  | \$496  | \$437  | \$364  |

|         |         |         |         |         |         |
|---------|---------|---------|---------|---------|---------|
| 405,880 | 405,880 | 421,531 | 434,265 | 434,265 | 464,828 |
| 2.40%   | 2.15%   | 1.85%   | 1.16%   | 1.02%   | 0.83%   |

## *City of Montgomery*

### *Ratios of General Bonded Debt Outstanding Last Ten Years*

| Year  | 2001          | 2002          | 2003          | 2004          |
|---|---------------|---------------|---------------|---------------|
| <b>Population</b> <sup>(1)</sup>                                | 10,163        | 10,163        | 10,163        | 10,163        |
| <b>Assessed Value</b> <sup>(2)</sup>                            | \$360,441,670 | \$406,581,220 | \$404,624,600 | \$413,822,990 |
| <b>General Bonded Debt</b> <sup>(3)</sup>                       |               |               |               |               |
| General Obligation Bonds  | \$10,820,000  | \$10,130,000  | \$11,500,000  | \$10,526,442  |
| <b>Resources Available to Pay Principal</b> <sup>(4)</sup>      | \$1,456,375   | \$1,475,475   | \$1,011,136   | \$951,899     |
| <b>Net General Bonded Debt</b>                                  | \$9,363,625   | \$8,654,525   | \$10,488,864  | \$9,574,543   |
| <b>Ratio of Net Bonded Debt<br/>to Estimated Assessed Value</b> | 2.60%         | 2.13%         | 2.59%         | 2.31%         |
| <b>Net Bonded Debt per Capita</b>                               | \$921.34      | \$851.57      | \$1,032.06    | \$942.10      |

**Source:**

- (1) U.S. Bureau of Census of Population
- (2) Hamilton County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

*City of Montgomery*

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| <u>2005</u>   | <u>2006</u>   | <u>2007</u>   | <u>2008</u>   | <u>2009</u>   | <u>2010</u>   |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 10,163        | 10,163        | 10,163        | 10,163        | 10,163        | 10,584        |
| \$481,924,300 | \$486,557,560 | \$488,255,500 | \$520,027,750 | \$522,227,380 | \$522,241,430 |
| \$9,557,100   | \$8,572,758   | \$7,638,416   | \$4,899,074   | \$4,319,732   | \$3,745,390   |
| \$967,900     | \$1,241,771   | \$1,195,610   | \$1,243,975   | \$1,213,067   | \$1,236,599   |
| \$8,589,200   | \$7,330,987   | \$6,442,806   | \$3,655,099   | \$3,106,665   | \$2,508,791   |
| 1.78%         | 1.51%         | 1.32%         | 0.70%         | 0.59%         | 0.48%         |
| \$845.14      | \$721.34      | \$633.95      | \$359.65      | \$305.68      | \$237.04      |



## *City of Montgomery*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2010*

| <u>Jurisdiction</u>                         | <u>Gross Debt<br/>Outstanding</u> | <u>Percentage<br/>Applicable to<br/>the City of<br/>Montgomery</u> | <u>Amount<br/>Applicable to<br/>the City of<br/>Montgomery</u> |
|---|-----------------------------------|--|--|
| <b>Direct:</b>                              |                                   |  |  |
| City of Montgomery                          | \$3,925,000                       | 100.00%  | \$2,580,000  |
| <b>Overlapping:</b>                         |                                   |  |  |
| Sycamore Community School District          | 55,809,985                        | 29.71%   | 16,581,147   |
| Great Oaks Joint Vocational School District | 18,450,000                        | 2.70%  | 498,150  |
| Hamilton County                             | 95,945,000                        | 2.58%  | <u>2,475,381</u>   |
|   |                                   | Subtotal   | <u>19,554,678</u>  |
|   |                                   | Total  | <u><u>\$22,134,678</u></u>                                     |

**Source:** Ohio Municipal Advisory Council

**Note:** Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

## City of Montgomery

### Debt Limitations Last Ten Years

|  | 2001                       | 2002                       | 2003                       | 2004                       |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| <u>Total Debt</u>                          |                            |                            |                            |                            |
| Net Assessed Valuation                     | \$360,441,670              | \$406,581,220              | \$404,624,600              | \$413,822,990              |
| Legal Debt Limitation (%) (1)              | 10.50%                     | 10.50%                     | 10.50%                     | 10.50%                     |
| Legal Debt Limitation (\$) (1)             | 37,846,375                 | 42,691,028                 | 42,485,583                 | 43,451,414                 |
| City Debt Outstanding (2)                  | 7,750,000                  | 7,165,000                  | 11,500,000                 | 10,860,000                 |
| Less: Applicable Debt Service Fund Amounts | <u>(1,456,375)</u>         | <u>(1,475,475)</u>         | <u>(1,011,136)</u>         | <u>(951,899)</u>           |
| Net Indebtedness Subject to Limitation     | <u>6,293,625</u>           | <u>5,689,525</u>           | <u>10,488,864</u>          | <u>9,908,101</u>           |
| Overall Legal Debt Margin                  | <u><u>\$31,552,750</u></u> | <u><u>\$37,001,503</u></u> | <u><u>\$31,996,719</u></u> | <u><u>\$33,543,313</u></u> |
| <u>Unvoted Debt</u>                        |                            |                            |                            |                            |
| Net Assessed Valuation                     | \$360,441,670              | \$406,581,220              | \$404,624,600              | \$413,822,990              |
| Legal Debt Limitation (%) (1)              | 5.50%                      | 5.50%                      | 5.50%                      | 5.50%                      |
| Legal Debt Limitation (\$) (1)             | 19,824,292                 | 22,361,967                 | 22,254,353                 | 22,760,264                 |
| City Debt Outstanding (2)                  | 6,950,000                  | 6,433,000                  | 11,500,000                 | 10,860,000                 |
| Less: Applicable Debt Service Fund Amounts | <u>(935,324)</u>           | <u>(1,059,386)</u>         | <u>(1,011,136)</u>         | <u>(951,899)</u>           |
| Net Indebtedness Subject to Limitation     | <u>6,014,676</u>           | <u>5,373,614</u>           | <u>10,488,864</u>          | <u>9,908,101</u>           |
| Overall Legal Debt Margin                  | <u><u>\$13,809,616</u></u> | <u><u>\$16,988,353</u></u> | <u><u>\$11,765,489</u></u> | <u><u>\$12,852,163</u></u> |

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

Source: City Finance Director's Office



*City of Montgomery*

| 2005                | 2006                | 2007                | 2008                | 2009                | 2010                |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$481,924,300       | \$486,557,560       | \$488,255,500       | \$520,027,750       | \$522,227,380       | \$522,241,430       |
| 10.50%              | 10.50%              | 10.50%              | 10.50%              | 10.50%              | 10.50%              |
| 50,602,052          | 51,088,544          | 51,266,828          | 54,602,914          | 54,833,875          | 54,835,350          |
| 9,865,000           | 8,855,000           | 7,895,000           | 5,130,000           | 4,525,000           | 3,925,000           |
| (967,900)           | (1,241,771)         | (1,195,610)         | (1,243,975)         | (1,213,067)         | (1,236,599)         |
| 8,897,100           | 7,613,229           | 6,699,390           | 3,886,025           | 3,311,933           | 2,688,401           |
| <u>\$41,704,952</u> | <u>\$43,475,315</u> | <u>\$44,567,438</u> | <u>\$50,716,889</u> | <u>\$51,521,942</u> | <u>\$52,146,949</u> |
| <br>                |                     |                     |                     |                     |                     |
| \$481,924,300       | \$486,557,560       | \$488,255,500       | \$520,027,750       | \$522,227,380       | \$522,241,430       |
| 5.50%               | 5.50%               | 5.50%               | 5.50%               | 5.50%               | 5.50%               |
| 26,505,837          | 26,760,666          | 26,854,053          | 28,601,526          | 28,722,506          | 28,723,279          |
| 9,865,000           | 8,855,000           | 7,895,000           | 5,130,000           | 4,525,000           | 3,925,000           |
| (967,900)           | (1,241,771)         | (1,195,610)         | (1,243,975)         | (1,213,067)         | (1,236,599)         |
| 8,897,100           | 7,613,229           | 6,699,390           | 3,886,025           | 3,311,933           | 2,688,401           |
| <u>\$17,608,737</u> | <u>\$19,147,437</u> | <u>\$20,154,663</u> | <u>\$24,715,501</u> | <u>\$25,410,573</u> | <u>\$26,034,878</u> |

# City of Montgomery

## Demographic and Economic Statistics Last Ten Years

| Calendar Year                            | 2001      | 2002      | 2003      | 2004      |
|--|-----------|-----------|-----------|-----------|
| <b>Population</b> (1)                    |           |           |           |           |
| City of Montgomery                       | 10,163    | 10,163    | 10,163    | 10,163    |
| Hamilton County                          | 845,303   | 845,303   | 845,303   | 845,303   |
| <b>Income</b> (2) (a)                    |           |           |           |           |
| Total Personal (in thousands)            | 353,083   | 367,453   | 378,633   | 401,103   |
| Hamilton County Per Capita               | 34,742    | 36,156    | 37,256    | 39,467    |
| <b>Unemployment Rate</b> (3)             |           |           |           |           |
| Federal                                  | 3.8%      | 4.8%      | 5.8%      | 6.0%      |
| State                                    | 3.7%      | 4.3%      | 5.7%      | 6.1%      |
| Hamilton County                          | 6.3%      | 4.8%      | 4.5%      | 5.1%      |
| <b>Civilian Work Force Estimates</b> (3) |           |           |           |           |
| State                                    | 5,857,000 | 5,828,000 | 5,915,000 | 5,875,300 |
| Hamilton County                          | 444,100   | 435,200   | 437,900   | 422,200   |

### Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

*City of Montgomery*

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| 2005      | 2006      | 2007      | 2008      | 2009      | 2010      |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 10,163    | 10,163    | 10,163    | 10,163    | 10,163    | 10,584    |
| 845,303   | 845,303   | 845,303   | 845,303   | 845,303   | 855,062   |
| 405,880   | 405,880   | 421,531   | 434,265   | 434,265   | 464,828   |
| 39,937    | 39,937    | 41,477    | 42,730    | 42,730    | 43,918    |
| 5.5%      | 5.0%      | 4.6%      | 5.8%      | 10.0%     | 9.4%      |
| 6.0%      | 5.9%      | 5.6%      | 6.6%      | 10.8%     | 9.6%      |
| 5.6%      | 3.5%      | 5.0%      | 5.6%      | 10.4%     | 8.5%      |
| 5,900,400 | 5,934,000 | 5,976,500 | 5,986,400 | 5,905,100 | 5,906,000 |
| 426,800   | 423,500   | 431,200   | 432,400   | 410,676   | 434,700   |



## *City of Montgomery*

### *Principal Employers Current Year and Nine Years Ago*

| Employer                         | Nature of Business | 2010                 |      |                                |
|----------------------------------|--------------------|----------------------|------|--------------------------------|
|                                  |                    | Number of Employees  | Rank | Percentage of Total Employment |
| Bethesda Hospital                | Medical            | 2,987                | 1    | 19%                            |
| Sycamore School District         | Educational        | 881                  | 2    | 6%                             |
| Ohio National Financial Services | Financial          | 842                  | 3    | 5%                             |
| Montgomery Inn, Inc.             | Restaurant         | 288                  | 4    | 2%                             |
| Tri-Health, Inc.                 | Medical            | 260                  | 5    | 2%                             |
| Twin Lakes                       | Medical            | 256                  | 6    | 2%                             |
| Meadowbrook Care Center          | Medical            | 245                  | 7    | 2%                             |
| Kroger Limited Partnership 1     | Retail             | 220                  | 8    | 1%                             |
| Montgomery Care Center           | Medical            | 209                  | 9    | 1%                             |
| Columbia Oldsmobile Inc.         | Retail             | 129                  | 10   | 1%                             |
| Total                            |                    | <u>6,317</u>         |      |                                |
| Total Employment within the City |                    | <u><u>14,911</u></u> |      |                                |
|                                  |                    |                      |      |                                |
| Employer                         | Nature of Business | 2001                 |      |                                |
|                                  |                    | Number of Employees  | Rank | Percentage of Total Employment |
| Bethesda Hospital                | Medical            | 2,359                | 1    | 14%                            |
| Ohio National Financial Services | Financial          | 681                  | 2    | 4%                             |
| Sycamore School District         | Educational        | 652                  | 3    | 4%                             |
| Montgomery Inn, Inc.             | Restaurant         | 601                  | 4    | 4%                             |
| CEI Physicians PSC, Inc.         | Medical            | 319                  | 5    | 2%                             |
| Meadowbrook Care Center          | Medical            | 310                  | 6    | 2%                             |
| Kroger                           | Retail             | 233                  | 7    | 1%                             |
| Bethesda Health Care, Inc.       | Medical            | 217                  | 8    | 1%                             |
| Montgomery Care Center           | Medical            | 195                  | 9    | 1%                             |
| Carlo & Johnny's LTD, LLC        | Restaurant         | 185                  | 10   | 1%                             |
| Total                            |                    | <u>5,752</u>         |      |                                |
| Total Employment within the City |                    | <u><u>16,617</u></u> |      |                                |

**Sources:**

City **Finance** Department

## *City of Montgomery*

### *Full Time Equivalent Employees by Function Last Ten Years*

|                                | 2001         | 2002         | 2003         | 2004         | 2005         |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Governmental Activities</b> |              |              |              |              |              |
| General Government             |              |              |              |              |              |
| Finance                        | 6.00         | 6.00         | 6.00         | 6.00         | 6.00         |
| Legal/Court                    | 1.50         | 1.50         | 1.50         | 1.50         | 1.50         |
| Administration                 | 5.50         | 5.75         | 5.50         | 5.50         | 5.50         |
| Maintenance                    | 1.00         | 1.00         | 1.00         | 1.50         | 1.50         |
| Public Safety                  |              |              |              |              |              |
| Police                         | 22.00        | 23.00        | 23.00        | 23.00        | 23.00        |
| Fire                           | 24.50        | 24.50        | 24.50        | 24.50        | 25.00        |
| Public Works                   |              |              |              |              |              |
| Street                         | 12.50        | 12.50        | 12.75        | 12.50        | 12.50        |
| Parks and Recreation           |              |              |              |              |              |
| Parks and Recreation           | 6.00         | 6.00         | 6.00         | 6.00         | 5.25         |
| Community Environment          |              |              |              |              |              |
| Service                        | 3.00         | 3.00         | 3.00         | 3.00         | 3.00         |
| Total Employees                | <u>82.00</u> | <u>83.25</u> | <u>83.25</u> | <u>83.50</u> | <u>83.25</u> |

**Method:** 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: City Finance Director's Office

*City of Montgomery*

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| <u>2006</u>  | <u>2007</u>  | <u>2008</u>  | <u>2009</u>  | <u>2010</u>  |
|--------------|--------------|--------------|--------------|--------------|
| 6.00         | 5.50         | 5.50         | 5.50         | 5.50         |
| 1.50         | 1.50         | 1.50         | 1.50         | 1.50         |
| 5.50         | 7.50         | 7.50         | 7.50         | 7.50         |
| 1.50         | 1.50         | 1.50         | 1.00         | 1.00         |
| 24.00        | 24.00        | 24.00        | 24.00        | 24.00        |
| 25.00        | 25.00        | 25.00        | 25.00        | 25.00        |
| 12.50        | 13.50        | 13.50        | 13.50        | 11.50        |
| 5.25         | 4.50         | 4.50         | 5.50         | 7.00         |
| <u>3.00</u>  | <u>2.00</u>  | <u>2.00</u>  | <u>2.00</u>  | <u>2.00</u>  |
| <u>84.25</u> | <u>85.00</u> | <u>85.00</u> | <u>85.50</u> | <u>85.00</u> |

# City of Montgomery

## Operating Indicators by Function Last Nine Years

|  | 2002     | 2003     | 2004    | 2005    |
|--|----------|----------|---------|---------|
| <b>Governmental Activities</b>                         |          |          |         |         |
| General Government                                     |          |          |         |         |
| Court  |          |          |         |         |
| Number of Traffic Cases                                | 2,148    | 2,604    | 2,169   | 1,976   |
| Licenses and Permits                                   |          |          |         |         |
| Number of Building Permits                             | 122      | 193      | 252     | 268     |
| Number of Building Inspections                         | N/A      | 762      | 1,630   | 1,483   |
| Information Technology                                 |          |          |         |         |
| Number of Website Visitors                             | 51,811   | 87,654   | 148,370 | 213,108 |
| Number of Online Transactions                          | 24       | 101      | 818     | 906     |
| Average Cost per Online Transactions                   | \$925.00 | \$220.00 | \$31.00 | \$24.00 |
| Public Safety  |          |          |         |         |
| Police   |          |          |         |         |
| Number of Moving Citations Issued                      | 1,269    | 1,666    | 1,153   | 1,316   |
| Number of Non-moving Citations Issued                  | 322      | 461      | 390     | 312     |
| Number of Felony Arrests                               | 19       | 12       | 15      | 15      |
| Number of Misdemeanor Arrests                          | 94       | 188      | 143     | 134     |
| Number of Juvenile Arrests                             | 90       | 90       | 98      | 97      |
| Number of DUI/OVI Arrests                              | 36       | 94       | 55      | 79      |
| Number of Auto Accident Reports                        | 662      | 694      | 554     | 537     |
| Fire   |          |          |         |         |
| Number of Fire Calls                                   | 478      | 465      | 457     | 447     |
| Number of EMS Runs                                     | 915      | 887      | 867     | 871     |
| Number of Car Seat Inspections                         | 225      | 320      | 208     | 195     |
| Number of Inspections                                  | N/A      | 1,068    | 1,173   | 589     |
| Public Works   |          |          |         |         |
| Street   |          |          |         |         |
| Centerline Miles of Streets Resurfaced                 | N/A      | N/A      | 3.37    | 2.87    |
| Number of Public Trees Trimmed                         | N/A      | N/A      | 30      | 51      |
| Number of Households Receiving Curbside Brush Chipping | N/A      | N/A      | 465     | 447     |
| Number of Sidewalk Locations Required                  | N/A      | N/A      | 1,777   | 93      |
| Parks and Recreation                                   |          |          |         |         |
| Parks and Recreation                                   |          |          |         |         |
| Number of Classes / Events                             | N/A      | N/A      | N/A     | 54      |
| <b>Business-Type Activities</b>                        |          |          |         |         |
| Pool   |          |          |         |         |
| Number of Pool Passes Sold                             | 517      | 542      | 528     | 555     |
| Number of Daily Patrons                                | 4,848    | 3,400    | 4,200   | 4,500   |

Source: City Finance Director's Office  
Information is not available in this format prior to 2002.



*City of Montgomery*

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| 2006    | 2007    | 2008    | 2009    | 2010    |
|---------|---------|---------|---------|---------|
| 1,759   | 1,695   | 1,757   | 1,741   | 1,262   |
| 453     | 335     | 241     | 160     | 218     |
| 986     | 1,362   | 1,181   | 538     | 649     |
| 209,293 | 165,455 | 181,978 | 204,887 | 293,593 |
| 903     | 1,909   | 4,152   | 2,618   | 2,873   |
| \$12.00 | \$3.72  | \$1.71  | \$2.71  | \$1.00  |
| 1,151   | 1,772   | 1,674   | 1,479   | 1,517   |
| 363     | 392     | 258     | 376     | 246     |
| 19      | 27      | 35      | 38      | 31      |
| 129     | 177     | 251     | 208     | 193     |
| 106     | 77      | 67      | 85      | 53      |
| 92      | 75      | 18      | 31      | 23      |
| 536     | 612     | 534     | 564     | 629     |
| 482     | 609     | 626     | 483     | 510     |
| 860     | 991     | 1,032   | 1,029   | 1,047   |
| 143     | 166     | 178     | 148     | 170     |
| 334     | 742     | 996     | 983     | 1,031   |
| 1.97    | 1.35    | 4.39    | 3.67    | 7.50    |
| 443     | 575     | 383     | 405     | 317     |
| 600     | 2,000   | 2,500   | 1,100   | 677     |
| 138     | 150     | 210     | 160     | 85      |
| 137     | 139     | 178     | 101     | 97      |
| 556     | 518     | 449     | 490     | 453     |
| 4,900   | 5,445   | 8,614   | 11,000  | 13,585  |

# City of Montgomery

## Capital Asset Statistics by Function Last Ten Years

|                                 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---------------------------------|------|------|------|------|------|
| <b>Governmental Activities</b>  |      |      |      |      |      |
| General Government              |      |      |      |      |      |
| Public Land and Buildings       |      |      |      |      |      |
| Land (acres)                    | 23   | 23   | 23   | 23   | 23   |
| Buildings                       | 8    | 8    | 8    | 8    | 8    |
| Public Safety                   |      |      |      |      |      |
| Police                          |      |      |      |      |      |
| Stations                        | 1    | 1    | 1    | 1    | 1    |
| Vehicles                        | 7    | 11   | 11   | 12   | 12   |
| Fire                            |      |      |      |      |      |
| Stations                        | 1    | 1    | 1    | 1    | 1    |
| Vehicles                        | 5    | 6    | 6    | 6    | 7    |
| Public Works                    |      |      |      |      |      |
| Street                          |      |      |      |      |      |
| Streets (lane miles)            | 46   | 46   | 46   | 46   | 46   |
| Street Lights                   | 207  | 207  | 207  | 233  | 23   |
| Vehicles                        | 11   | 12   | 15   | 15   | 15   |
| Parks and Recreation            |      |      |      |      |      |
| Parks and Recreation            |      |      |      |      |      |
| Land (acres)                    | 80   | 80   | 80   | 81   | 81   |
| Buildings                       | 3    | 3    | 3    | 3    | 3    |
| Parks                           | 7    | 7    | 7    | 7    | 7    |
| Playgrounds                     | 6    | 6    | 6    | 6    | 6    |
| Tennis Courts                   | 10   | 10   | 10   | 10   | 10   |
| Baseball/Softball Diamonds      | 13   | 13   | 13   | 13   | 13   |
| <b>Business-Type Activities</b> |      |      |      |      |      |
| Municipal Pool                  |      |      |      |      |      |
| Land (acres)                    | 2    | 2    | 2    | 2    | 2    |
| Buildings                       | 1    | 2    | 2    | 2    | 2    |

Source: City Finance Director's Office

*City of Montgomery*

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| 2006 | 2007 | 2008 | 2009 | 2010 |
|------|------|------|------|------|
| 23   | 23   | 23   | 23   | 23   |
| 8    | 8    | 8    | 8    | 8    |
| 1    | 1    | 1    | 1    | 1    |
| 12   | 12   | 12   | 12   | 16   |
| 1    | 1    | 1    | 1    | 1    |
| 9    | 9    | 9    | 9    | 8    |
| 46   | 46   | 46   | 46   | 46   |
| 233  | 247  | 247  | 246  | 206  |
| 16   | 16   | 17   | 18   | 16   |
| 81   | 81   | 81   | 81   | 81   |
| 3    | 3    | 3    | 3    | 3    |
| 7    | 7    | 7    | 7    | 7    |
| 6    | 6    | 6    | 6    | 6    |
| 10   | 10   | 10   | 10   | 10   |
| 13   | 13   | 13   | 12   | 11   |
| 2    | 2    | 2    | 2    | 2    |
| 2    | 2    | 2    | 2    | 2    |



# Bastin & Company, LLC

*Certified Public Accountants*

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

The Honorable Members of City Council  
City of Montgomery, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the City of Montgomery, Ohio's basic financial statements, and have issued our report thereon dated May 20, 2011. 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Montgomery, Ohio's internal control over financial reporting as a basis for designing our auditing procedures 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 of Montgomery, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Montgomery, Ohio's internal control over financial reporting.

*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.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Montgomery, Ohio's financial statements are free of 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*.

This report is intended solely for the information and use of management, City Council, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

*Bastin & Company, LLC*

Cincinnati, Ohio  
May 20, 2011



# Dave Yost • Auditor of State

CITY OF MONTGOMERY

HAMILTON 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 5, 2011