



Comprehensive Annual Financial Report
 City of Montgomery, Ohio
 For the year ended December 31, 2012





Dave Yost • Auditor of State

Members of Council
City of Montgomery
10101 Montgomery Road
Cincinnati, Ohio 45202

We have reviewed the *Independent Auditor's Report* of the City of Montgomery, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2012 through December 31, 2012. 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 27, 2013

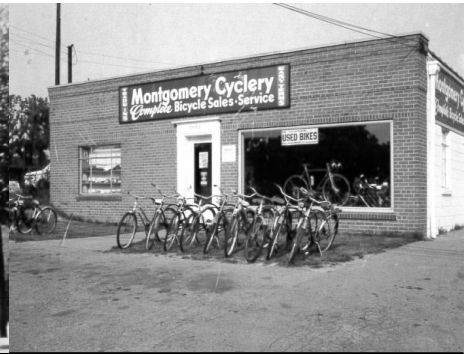
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Sage Tavern c. 1818-1819



Universalist Church c. 1837



Original Montgomery Cyclery



Montgomery Park 1960



Goodwin Grocery c. 1950



Unpaved Montgomery Rd c. 1910



Parade on Montgomery Rd. 1960



Montgomery Drive-In 1939



Former Fire Station c. 1962



Pioneer Park, formerly a horse park



9730 Montgomery Road



Yost Tavern c. 1805



Wilder Swaim House c. 1832



Pure Oil Station c. 1930



Former City Hall c. 1925

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2012

Issued by:
Department of Finance
James Hanson
Director

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INTRODUCTORY SECTION



May 24, 2013

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, 2012. This 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's 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

Letter of Transmittal For the Year Ended December 31, 2012

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 fifteen 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

Letter of Transmittal For the Year Ended December 31, 2012

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, 2012***

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, 2012 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 2012 and was able to enter 2013 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

2012 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 2012. The sixth Montgomery Citizens' Leadership Academy was conducted and was a huge success with 26 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 TriHealth Pavilion, Ohio National Financial Services, the Federal Bureau of Investigation facility located in Kenwood, Ohio and the Sycamore School District.

***Letter of Transmittal
For the Year Ended December 31, 2012***

During 2012, 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 2011 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 seventeenth consecutive year the City has received this award.
- The City received the award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for our 2011 Annual Report.
- The City also received a Tree City USA and Growth Award for 2012. This represents the seventeenth year in a row that the City has received the Tree City USA Award and ten years that it has received the Growth Award.
- The City's Public Works, Fire and Police Departments were recognized as a Standard of Excellence award winner by the Miami Valley Risk Management Association (MVRMA) Awards Committee. In addition, the City was recognized as having the "Most Effective Risk Management Program" by MVRMA for the year 2011.
- In October, Dave Yost, Auditor of the State of Ohio, presented the City of Montgomery with the "Auditor of State Award with Distinction" award for the fiscal year 2011 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 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 2012, the following park improvements were completed:

- The four tennis courts at Weller Park were resurfaced which includes the replacement of existing poles and anchors to support tennis nets.
- Upgrades to lighting at Swaim and Pioneer Parks, including the replacement of existing poles and fixtures with decorative poles and LED fixtures. The completion of this project is anticipated to result in an energy usage savings of 40-50%.
- Renovations to Montgomery Park ball field diamond to improve drainage and turf quality.
- Installation of bicycle racks at Montgomery Park.
- Renovations to Weller Park ball fields to enlarge the infields to accommodate 90 foot base paths.

CITY OF MONTGOMERY, OHIO

Letter of Transmittal For the Year Ended December 31, 2012

In 2012, the following capital improvements were completed:

The Annual Street Resurfacing Project resulted in the resurfacing of 2.4 centerline miles of roadway. The project also included curb removal and replacement, the repair and rebuilding of catch basins, and the adjustment of manholes.

The Montgomery Signals Project was completed by Complete General Construction, Inc. The traffic signal and safety improvement project for eleven signalized intersections included computer hardware and software upgrades, vehicle detection systems, traffic signal pre-emption and back-up power sources at every intersection allowing traffic signals to transition to an auxiliary power source during electrical service interruptions. These improvements enable Montgomery's signal system to operate in a traffic responsive mode in "real" time and consider road conditions and are an enhancement for traffic progression along Montgomery Road and surrounding roadways. The total cost of the project was approximately \$660,000 and included \$540,175 in grant funding through the Ohio-Kentucky-Indiana Regional Council of Governments.

The Pfeiffer Road Sidewalk from the Tri-Health Pavilion to East Side of I-71 Project was completed in 2012. The project included the installation of sidewalk which extends from an existing sidewalk at the City of Blue Ash corporation limit and extends east under I-71 and connects to an existing sidewalk near the Pfeiffer Road ponds. This creates another connection point for pedestrians between the City of Montgomery and the City of Blue Ash. The project also included storm sewer pipe installation, catch basins, pedestrian signals with LED lighting, and miscellaneous pavement markings.

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.

Budgetary Control

Budgetary control is maintained within the personal services and non-personnel 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.

***Letter of Transmittal
For the Year Ended December 31, 2012***

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 Obligation Bond Retirement Fund; a conservative investment policy for the safeguarding 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, 2011. 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.

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 seventeen consecutive years (fiscal years ended December 31, 1995-2011). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

***Letter of Transmittal
For the Year Ended December 31, 2012***

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 Financial Planning Committee. Their commitment to sound financial practices and reporting is the reason this CAFR is possible.

Respectfully submitted,



James A. Hanson
Director of Finance



Wayne S. Davis
City Manager

CITY OF MONTGOMERY, OHIO

***List of Principal Officials
For the Year Ended December 31, 2012***

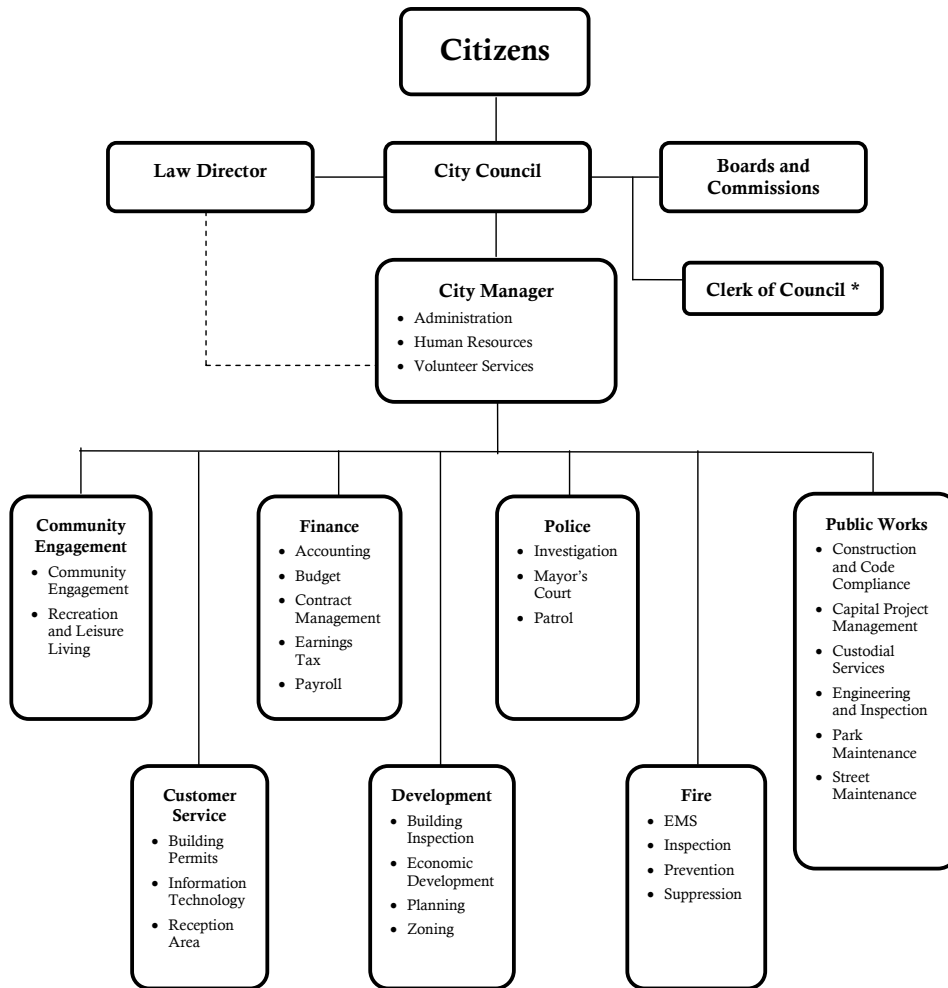
Elected Officials

Name	Title	Term Expires
Ken Suer	Mayor	December 2013
Todd Steinbrink	Vice Mayor	December 2015
Gerri Harbison	Council	December 2015
Craig Margolis	Council	December 2015
Chris Dobrozsi	Council	December 2013
Barry Joffe	Council	December 2013
Lynda Roesch	Council	December 2013

Appointed Officials

Name	Title	Term Expires
Terry Donnellon	Director of Law	Indefinite
Susan Hamm	Clerk of Council	Indefinite
Wayne S. Davis	City Manager	Indefinite

**City Organizational Chart
For the Year Ended December 31, 2012**



* 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

*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*

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, 2011

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.



Christopher P. Morinell

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION



Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of City Council
City of Montgomery, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Montgomery, Ohio (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2012, 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 accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, during 2012, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual 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 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Bastin & Company, L L C

Cincinnati, Ohio
May 24, 2013

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, 2012. 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 2012 are as follows:

- ❑ Net position of governmental activities increased \$1,963,664, which represents a 3% increase from 2011.
- ❑ General revenues accounted for \$14,886,073 in revenue or 89% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,835,345 or 11% of all revenues.
- ❑ The City had \$14,757,754 in expenses related to governmental activities; only \$1,835,345 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,886,073 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$10,053,577 in revenues and other financing sources and \$10,056,493 in expenditures and other financing uses. The general fund's fund balance decreased \$2,916 to \$14,984,811.

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 position includes all of the government's assets, liabilities, and deferred outflows/inflows of resources. 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 position and how it has changed. Net position is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position is 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, 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CITY OF MONTGOMERY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

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 Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position at December 31, 2012 and 2011:

	Governmental Activities	
	2012	2011
Current and Other Assets	\$40,196,011	\$39,635,902
Capital Assets, Net	38,799,966	39,444,741
Total Assets	<u>78,995,977</u>	<u>79,080,643</u>
Deferred Outflows of Resources	<u>128,294</u>	<u>153,952</u>
Long-Term Debt Outstanding	3,603,603	4,220,199
Other Liabilities	<u>667,076</u>	<u>781,178</u>
Total Liabilities	<u>4,270,679</u>	<u>5,001,377</u>
Deferred Inflows of Resources	<u>4,300,113</u>	<u>5,643,403</u>
Net Position		
Invested in capital assets, net of related debt	36,128,095	36,182,645
Restricted	19,652,718	17,561,697
Unrestricted	<u>14,772,666</u>	<u>14,845,473</u>
Total Net Position	<u>\$70,553,479</u>	<u>\$68,589,815</u>

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CITY OF MONTGOMERY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

Changes in Net Position – The following table shows the changes in net position for fiscal years 2012 and 2011:

	Governmental Activities	
	2012	2011
Revenues		
Program Revenues:		
Charges for Services and Sales	\$1,331,975	\$1,103,545
Operating Grants and Contributions	503,370	637,823
Total Program Revenues	1,835,345	1,741,368
General Revenues:		
Property Taxes	4,831,239	5,067,545
Income Taxes	7,163,487	6,829,459
Other Local Taxes	1,686,255	1,096,131
Intergovernmental, Unrestricted	672,620	1,007,530
Investment Earnings	203,020	116,322
Miscellaneous	329,452	307,038
Total General Revenues	14,886,073	14,424,025
Total Revenues	16,721,418	16,165,393
Program Expenses		
Public Safety	5,938,453	6,016,951
Parks and Recreation	1,350,375	1,375,420
Community Economic Development	515,765	483,968
Public Works	2,368,658	2,322,822
General Government	4,435,686	4,396,020
Interest and Fiscal Charges	148,817	173,463
Total Expenses	14,757,754	14,768,644
Total Change in Net Position	1,963,664	1,396,749
Beginning Net Position	68,589,815	67,193,066
Ending Net Position	\$70,553,479	\$68,589,815

Governmental Activities

Net position of the City's governmental activities increased \$1,963,664. The decrease in property taxes can be attributed to property revaluation by the County. An increase in estate taxes resulted in the increase in other local taxes while a decrease in local government revenue contributed to a decrease in unrestricted intergovernmental revenue. Expenses remained consistent with the prior year.

CITY OF MONTGOMERY, OHIO

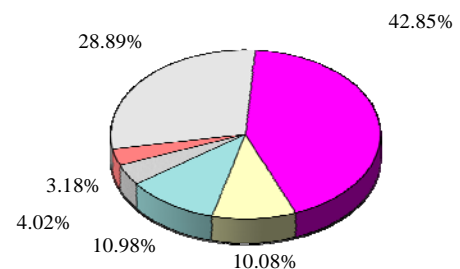
**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

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 29% and 43% respectively of revenues for governmental activities for the City in fiscal year 2012. The City's reliance upon tax revenues is demonstrated by the following graph indicating 82% of total revenues from general tax revenues:

Revenue Sources	2012	Percent of Total
Property Taxes	\$4,831,239	28.89%
Income Taxes	7,163,487	42.85%
Other Local Taxes	1,686,255	10.08%
Program Revenues	1,835,345	10.98%
Intergovernmental Unrestricted	672,620	4.02%
General Other	532,472	3.18%
Total Revenue	\$16,721,418	100.00%



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$31,980,035, which is an increase from last year's balance of \$29,075,223. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2012 and 2011:

	Fund Balance December 31, 2012	Fund Balance December 31, 2011	Increase (Decrease)
General	\$14,984,811	\$14,987,727	(\$2,916)
Fire Protection / EMS	3,966,791	3,912,639	54,152
Reserve of Montgomery			
Bond Retirement	89,033	81,574	7,459
Vintage Club Tax Increment	2,167,876	1,603,091	564,785
Capital Improvement	4,689,288	4,345,765	343,523
Triangle Tax Increment	(1,002,569)	(1,028,831)	26,262
Other Governmental	7,084,805	5,173,258	1,911,547
Total	\$31,980,035	\$29,075,223	\$2,904,812

CITY OF MONTGOMERY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

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

	2012 <u>Revenues</u>	2011 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes	\$8,511,277	\$7,788,546	\$722,731
Intergovernmental Revenues	445,097	560,317	(115,220)
Charges for Services	216,459	215,027	1,432
Licenses, Permits, and Fees	283,195	316,243	(33,048)
Investment Earnings	115,238	47,980	67,258
Fines and Forfeitures	162,907	137,384	25,523
All Other Revenue	160,594	104,674	55,920
Total	<u>\$9,894,767</u>	<u>\$9,170,171</u>	<u>\$724,596</u>

General Fund revenues in 2012 increased 8% compared to revenues in fiscal year 2011. The increase in taxes can be attributed to an increase in estate taxes. Changes in the fair value of investments resulted in an increase in investment earnings.

	2012 <u>Expenditures</u>	2011 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Public Safety	\$3,012,205	\$3,024,984	(\$12,779)
Parks and Recreation	955,718	963,794	(8,076)
Community Economic Development	423,326	407,163	16,163
Public Works	480,276	609,135	(128,859)
General Government	2,838,157	3,451,238	(613,081)
Total	<u>\$7,709,682</u>	<u>\$8,456,314</u>	<u>(\$746,632)</u>

General Fund expenditures decreased \$746,632 from the prior year. The decreases in general government and public works can be attributed to decreases in costs for contractual and professional services.

Fire Protection EMS Fund - The fund balance of the Fire Protection EMS Fund, a major governmental fund, increased \$54,152. Revenues and expenditures remained consistent with the prior year.

Reserve of Montgomery Bond Retirement Fund - The fund balance of the Reserve of Montgomery Bond Retirement Fund, a major governmental fund, remained stable, increasing \$7,459 during 2012.

Vintage Club Tax Increment Fund – TIF collections continued to exceed expenditures in the fund, resulting in a \$564,785 increase in fund balance.

CITY OF MONTGOMERY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2012

Unaudited

Capital Improvement Fund - The fund balance of the Capital Improvement Fund, a major governmental fund, increased \$343,523 during 2012. Revenues increased substantially due to an Ohio Department of Transportation grant received for traffic signals on Montgomery Road.

Triangle Tax Increment Fund - The fund balance of the Triangle Tax Increment Fund, a major governmental fund increased \$26,262 during 2012. 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 \$8.8 million did not change over the original budget estimates of \$8.8 million. Actual revenues exceeded final budgeted revenues in the General Fund due to increases in estate tax receipts. Controlled costs within general government departments resulted in actual expenditures that were 14% less than original and final budget amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2012 the City had \$38,799,966 net of accumulated depreciation invested in land, buildings, improvements, infrastructure, equipment and vehicles. The following table shows fiscal year 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$15,285,724	\$15,285,724	\$0
Construction In Progress	0	761,071	(761,071)
Buildings	4,161,161	4,161,161	0
Improvements Other than Buildings	7,077,299	6,869,968	207,331
Infrastructure	26,389,290	25,333,733	1,055,557
Machinery and Equipment	5,734,799	5,705,121	29,678
Less: Accumulated Depreciation	(19,848,307)	(18,672,037)	(1,176,270)
Totals	\$38,799,966	\$39,444,741	(\$644,775)

CITY OF MONTGOMERY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2012

Unaudited

The primary increases occurred in infrastructure, which can be attributed to improvements in the Pfeiffer Road corridor area, Montgomery Road signals project, and various street preservation costs.

Additional information on the City's capital assets can be found in Note 10.

Debt

At December 31, 2012, the City had \$1,450,000 in general obligation bonds outstanding, \$320,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Governmental Activities:		
General Obligation Bonds	\$1,450,000	\$1,890,000
Special Assessment Bonds	1,350,165	1,526,048
Compensated Absences	<u>803,438</u>	<u>804,151</u>
Total Governmental Activities	<u>\$3,603,603</u>	<u>\$4,220,199</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, 2012, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

In 2012:

- After several years of a sluggish national economy, new development and redevelopment opportunities began to emerge in 2012. Transformation of the old Perkins site into the Montgomery Gateway Center II began in earnest.
- The vacant Clossons site was redeveloped for the relocated First Financial Bank and Kenwood Lincoln Mercury refurbished the old Jaguar property and relocated from Kings Auto Mall.
- Perhaps the most promising of all was the renewed activity at the Vintage Club. Positive movement on a development plan for approximately one-half of the 13 undeveloped acres in the village section occurred in 2012. A large medical office building, a retail building and parking garage were included in final plans submitted by the developer at the end of the year. It is hoped that this project will proceed and be under construction in 2013.
- At the other end of Montgomery Road, the owner of the old Chevrolet site, following the development of a concept plan by the City with input from nearby residents, presented a plan to the Planning Commission which envisions a mix of new residential, office and retail use.
- The City also entered into a contract with Ice Miller Whiteboard to identify strategies for the City to recruit new economic development. All of these activities were driven by the City's five-year strategic plan.

- In total, 17 new businesses opened during 2012, nearly double the nine new businesses started during 2011. Some noteworthy additions included the opening of Clark's Pharmacy, Walker Brothers Ice Cream, Peaches Skin Care, Vintage Marketplace, Hanamiya-Beautiful Japan in the Historic District and three new businesses in the Schoolhouse Plaza Shopping Center. That center is expected to join Montgomery Square Shopping Center and Village Corner as being fully rented.
- A total of 24 commercial building permits for new construction and expansion were issued in 2012, a significant increase over the past several years. The total value of improvements was \$14.1 million. It was not just the commercial sector that was becoming active. The building department also issued 20 permits for new homes and 51 residential remodeling/room additions. The total value of residential construction was estimated at \$11.4 million.

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

Statement of Net Position December 31, 2012

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 10,959,677
Investments	19,976,117
Receivables:	
Taxes	5,962,931
Accounts	128,510
Intergovernmental	575,773
Interest	33,309
Special Assessments	2,517,365
Prepaid Items	42,329
Capital Assets not Being Depreciated	15,285,724
Capital Assets Being Depreciated, net	23,514,242
Total Assets	78,995,977
Deferred Outflows of Resources:	
Deferred Charge on Debt Refunding	128,294
Liabilities:	
Accounts Payable	212,820
Accrued Wages and Benefits	435,663
Intergovernmental Payable	10,029
Accrued Interest Payable	8,564
Noncurrent liabilities:	
Due within one year	847,149
Due in more than one year	2,756,454
Total Liabilities	4,270,679
Deferred Inflows of Resources:	
Property Tax Levy for Next Fiscal Year	4,300,113
Net Position:	
Invested in Capital Assets, Net of Related Debt	36,128,095
Restricted For:	
Capital Projects	4,109,631
Debt Service	6,227,554
Public Works	4,217,084
Public Safety	4,107,313
Arts and Amenities:	
Expendable	232,999
Nonexpendable	376,237
Other Purposes	381,900
Unrestricted	14,772,666
Total Net Position	\$ 70,553,479

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Activities
For the Year Ended December 31, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Public Safety	\$ 5,938,453	\$ 389,783	\$ 91,041	\$ (5,457,629)
Parks and Recreation	1,350,375	262,896	0	(1,087,479)
Community Economic Development	515,765	389,531	0	(126,234)
Public Works	2,368,658	50,612	412,329	(1,905,717)
General Government	4,435,686	239,153	0	(4,196,533)
Interest and Fiscal Charges	148,817	0	0	(148,817)
Total Governmental Activities	\$ 14,757,754	\$ 1,331,975	\$ 503,370	(12,922,409)

General Revenues

Property Taxes Levied for:	
General Purposes	4,831,239
Income Taxes	7,163,487
Other Local Taxes	1,686,255
Intergovernmental, Unrestricted	672,620
Investment Earnings	203,020
Miscellaneous	329,452
Total General Revenues	14,886,073
Change in Net Position	1,963,664
Net Position Beginning of Year	68,589,815
Net Position End of Year	\$ 70,553,479

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Balance Sheet
Governmental Funds
December 31, 2012**

	General	Fire Protection / EMS	Reserve of Montgomery Bond Retirement	Vintage Club Tax Increment
Assets:				
Cash and Cash Equivalents	\$ 3,641,523	\$ 91,467	\$ 89,033	\$ 1,178,644
Investments	10,488,412	3,980,000	0	990,000
Receivables:				
Taxes	3,224,722	1,673,572	0	700,120
Accounts	106,923	20,149	0	0
Intergovernmental	213,536	99,907	0	0
Interest	33,309	0	0	0
Special Assessments	0	0	2,383,533	0
Interfund Loans Receivable	0	0	0	0
Prepaid Items	31,759	2,120	0	0
Total Assets	\$ 17,740,184	\$ 5,867,215	\$ 2,472,566	\$ 2,868,764
Liabilities:				
Accounts Payable	\$ 154,807	\$ 6,578	\$ 0	\$ 768
Accrued Wages and Benefits Payable	286,066	118,067	0	0
Intergovernmental Payable	7,729	2,300	0	0
Interfund Loans Payable	50,000	0	0	0
Total Liabilities	498,602	126,945	0	768
Deferred Inflows of Resources:				
Unavailable Amounts	412,639	144,948	2,383,533	20,120
Property Tax Levy for Next Fiscal Year	1,844,132	1,628,531	0	680,000
Total Deferred Inflows of Resources	2,256,771	1,773,479	2,383,533	700,120
Fund Balances:				
Nonspendable	31,759	2,120	0	0
Restricted	0	3,964,671	89,033	2,167,876
Committed	213,241	0	0	0
Unassigned	14,739,811	0	0	0
Total Fund Balances	14,984,811	3,966,791	89,033	2,167,876
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 17,740,184	\$ 5,867,215	\$ 2,472,566	\$ 2,868,764

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

Capital Improvement	Triangle Tax Increment	Other Governmental Funds	Total Governmental Funds
\$ 472,602	\$ 26,421	\$ 5,459,987	\$ 10,959,677
3,027,705	0	1,490,000	19,976,117
180,889	58,750	124,878	5,962,931
0	0	1,438	128,510
0	0	262,330	575,773
0	0	0	33,309
0	0	133,832	2,517,365
1,028,990	0	50,000	1,078,990
7,496	0	954	42,329
<u>\$ 4,717,682</u>	<u>\$ 85,171</u>	<u>\$ 7,523,419</u>	<u>\$ 41,275,001</u>
\$ 28,394	\$ 0	\$ 22,273	\$ 212,820
0	0	31,530	435,663
0	0	0	10,029
0	1,028,990	0	1,078,990
<u>28,394</u>	<u>1,028,990</u>	<u>53,803</u>	<u>1,737,502</u>
0	0	296,111	3,257,351
0	58,750	88,700	4,300,113
<u>0</u>	<u>58,750</u>	<u>384,811</u>	<u>7,557,464</u>
7,496	0	377,191	418,566
4,681,792	0	6,707,614	17,610,986
0	0	0	213,241
0	(1,002,569)	0	13,737,242
<u>4,689,288</u>	<u>(1,002,569)</u>	<u>7,084,805</u>	<u>31,980,035</u>
<u>\$ 4,717,682</u>	<u>\$ 85,171</u>	<u>\$ 7,523,419</u>	<u>\$ 41,275,001</u>

CITY OF MONTGOMERY, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2012***

Total Governmental Fund Balances		\$	31,980,035
<i>Amounts reported for governmental activities in the statement of net position are different because</i>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			38,799,966
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.			3,257,351
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
	General Obligation Bonds Payable	(1,450,000)	
	Special Assessment Bonds Payable	(1,350,165)	
	Compensated Absences Payable	(803,438)	
	Deferred Loss on Debt Refunding	128,294	
	Accrued Interest Payable	(8,564)	(3,483,873)
			<u> </u>
<i>Net Position of Governmental Activities</i>		\$	<u><u>70,553,479</u></u>

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, 2012**

	General	Fire Protection / EMS	Reserve of Montgomery Bond Retirement	Vintage Club Tax Increment
Revenues:				
Taxes	\$ 8,511,277	\$ 1,719,087	\$ 0	\$ 1,055,026
Intergovernmental Revenues	445,097	205,829	0	139,453
Charges for Services	216,459	157,944	0	0
Licenses, Permits and Fees	283,195	0	0	0
Investment Earnings	115,238	26,347	0	11,103
Special Assessments	0	0	186,185	0
Fines and Forfeitures	162,907	0	0	0
All Other Revenue	160,594	57,801	0	0
Total Revenue	9,894,767	2,167,008	186,185	1,205,582
Expenditures:				
Current:				
Public Safety	3,012,205	2,112,856	0	0
Parks and Recreation	955,718	0	0	0
Community Economic Development	423,326	0	0	0
Public Works	480,276	0	0	0
General Government	2,838,157	0	5,846	640,797
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	125,000	0
Interest and Fiscal Charges	0	0	47,880	0
Total Expenditures	7,709,682	2,112,856	178,726	640,797
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,185,085	54,152	7,459	564,785
Other Financing Sources (Uses):				
Sale of Capital Assets	31,935	0	0	0
Transfers In	126,875	0	0	0
Transfers Out	(2,346,811)	0	0	0
Total Other Financing Sources (Uses)	(2,188,001)	0	0	0
Net Change in Fund Balances	(2,916)	54,152	7,459	564,785
Fund Balances at Beginning of Year	14,987,727	3,912,639	81,574	1,603,091
Fund Balances End of Year	\$ 14,984,811	\$ 3,966,791	\$ 89,033	\$ 2,167,876

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

Capital Improvement	Triangle Tax Increment	Other Governmental Funds	Total Governmental Funds
\$ 1,745,648	\$ 111,453	\$ 629,914	\$ 13,772,405
540,175	0	579,798	1,910,352
0	0	270,746	645,149
0	0	5,261	288,456
31,261	0	24,028	207,977
0	0	60,933	247,118
0	0	46,085	208,992
75,799	0	35,876	330,070
<u>2,392,883</u>	<u>111,453</u>	<u>1,652,641</u>	<u>17,610,519</u>
0	0	132,306	5,257,367
0	0	217,802	1,173,520
0	0	0	423,326
0	0	912,877	1,393,153
0	85,191	110,712	3,680,703
2,112,431	0	27,904	2,140,335
0	0	490,883	615,883
0	0	77,069	124,949
<u>2,112,431</u>	<u>85,191</u>	<u>1,969,553</u>	<u>14,809,236</u>
280,452	26,262	(316,912)	2,801,283
63,071	0	8,523	103,529
0	0	2,355,635	2,482,510
0	0	(135,699)	(2,482,510)
<u>63,071</u>	<u>0</u>	<u>2,228,459</u>	<u>103,529</u>
343,523	26,262	1,911,547	2,904,812
4,345,765	(1,028,831)	5,173,258	29,075,223
<u>\$ 4,689,288</u>	<u>\$ (1,002,569)</u>	<u>\$ 7,084,805</u>	<u>\$ 31,980,035</u>

CITY OF MONTGOMERY, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Year Ended December 31, 2012***

Net Change in Fund Balances - Total Governmental Funds \$ 2,904,812

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 depreciation exceeded capital outlay in the current period.

Capital Outlay	868,253	
Depreciation Expense	<u>(1,469,787)</u>	(601,534)

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. (43,241)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (889,101)

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 position.

General Obligation Bond Principal Payment	440,000	
Special Assessment Bond Principal Payment	175,883	
Amortization of Deferred Loss on Refunding	<u>(25,658)</u>	590,225

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,790

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>713</u>
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Change in Net Position of Governmental Activities \$ 1,963,664

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 7,328,390	\$ 7,328,390	\$ 8,496,391	\$ 1,168,001
Intergovernmental Revenue	438,300	438,300	455,753	17,453
Charges for Services	225,500	225,500	215,492	(10,008)
Licenses, Permits and Fees	296,376	296,376	299,534	3,158
Investment Earnings	180,000	180,000	98,039	(81,961)
Fines and Forfeitures	154,500	154,500	150,027	(4,473)
All Other Revenues	140,459	140,459	141,081	622
Total Revenues	<u>8,763,525</u>	<u>8,763,525</u>	<u>9,856,317</u>	<u>1,092,792</u>
Expenditures:				
Current:				
Public Safety	3,251,917	3,251,917	3,007,955	243,962
Parks and Recreation	1,073,284	1,073,284	989,852	83,432
Community Economic Development	556,115	556,115	431,664	124,451
Public Works	628,887	628,887	494,305	134,582
General Government	3,556,567	3,806,567	3,129,652	676,915
Total Expenditures	<u>9,066,770</u>	<u>9,316,770</u>	<u>8,053,428</u>	<u>1,263,342</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(303,245)	(553,245)	1,802,889	2,356,134
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	31,935	26,935
Transfers In	443,135	443,135	126,875	(316,260)
Transfers Out	(452,800)	(2,202,800)	(2,096,811)	105,989
Total Other Financing Sources (Uses):	<u>(4,665)</u>	<u>(1,754,665)</u>	<u>(1,938,001)</u>	<u>(183,336)</u>
Net Change in Fund Balance	(307,910)	(2,307,910)	(135,112)	2,172,798
Fund Balance at Beginning of Year	13,926,251	13,926,251	13,926,251	0
Prior Year Encumbrances	191,673	191,673	191,673	0
Fund Balance at End of Year	<u>\$ 13,810,014</u>	<u>\$ 11,810,014</u>	<u>\$ 13,982,812</u>	<u>\$ 2,172,798</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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,790,000	\$ 1,790,000	\$ 1,719,087	\$ (70,913)
Intergovernmental Revenue	197,800	197,800	205,829	8,029
Charges for Services	128,321	128,321	157,944	29,623
Investment Earnings	58,700	58,700	26,347	(32,353)
All Other Revenues	57,328	57,328	52,562	(4,766)
Total Revenues	<u>2,232,149</u>	<u>2,232,149</u>	<u>2,161,769</u>	<u>(70,380)</u>
Expenditures:				
Current:				
Public Safety	2,318,431	2,318,431	2,115,753	202,678
Total Expenditures	<u>2,318,431</u>	<u>2,318,431</u>	<u>2,115,753</u>	<u>202,678</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,282)	(86,282)	46,016	132,298
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	0	(1,000)
Total Other Financing Sources (Uses):	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>(1,000)</u>
Net Change in Fund Balance	(85,282)	(85,282)	46,016	131,298
Fund Balance at Beginning of Year	3,989,110	3,989,110	3,989,110	0
Prior Year Encumbrances	31,375	31,375	31,375	0
Fund Balance at End of Year	<u>\$ 3,935,203</u>	<u>\$ 3,935,203</u>	<u>\$ 4,066,501</u>	<u>\$ 131,298</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Net Position
Fiduciary Funds
December 31, 2012**

	Private Purpose	
	Trust	
	Special Trust	Agency
Assets:		
Cash and Cash Equivalents	\$ 29,586	\$ 0
Restricted Assets:		
Cash and Cash Equivalents	0	17,355
Cash and Cash Equivalents with Fiscal Agent	0	145,308
Total Assets	<u>29,586</u>	<u>162,663</u>
Liabilities:		
Accounts Payable	0	123,073
Intergovernmental Payable	0	2,604
Due to Others	0	36,986
Total Liabilities	<u>0</u>	<u>162,663</u>
Net Position:		
Unrestricted	29,586	0
Total Net Position	<u>\$ 29,586</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2012**

	Private Purpose Trust
	<u>Special Trust</u>
Additions:	
Contributions:	
Rental Fees	\$ 1,011
Private Donations	<u>3,347</u>
Total Additions	<u>4,358</u>
Deductions:	
Total Deductions	<u>0</u>
Change in Net Position	4,358
Net Position at Beginning of Year	<u>25,228</u>
Net Position End of Year	<u>\$ 29,586</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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 provides for a Council/Manager form of government. The community was established in 1902.

The financial statements are presented as of December 31, 2012 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, 2012***

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 property taxes and charges for emergency medical services provided which are used 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 the 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, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. 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 to 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 position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

Interfund receivables and payables between governmental activities have been eliminated in the government-wide Statement of Net Position. 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, 2012***

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, current liabilities, deferred outflows/inflows of resources, 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 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, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Revenue considered susceptible to accrual at year end includes income taxes, 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, 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 inflows of resources. Property taxes measurable as of December 31, 2012, but which are not intended to finance 2012 operations, and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 6.

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, 2012***

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 1st 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 2012.

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 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, 2012**

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 Fund	Fire Protection / EMS Fund
GAAP Basis (as reported)	(\$2,916)	\$54,152
Increase (Decrease):		
Accrued Revenues at December 31, 2012 received during 2013	(1,330,995)	(20,149)
Accrued Revenues at December 31, 2011 received during 2012	1,291,937	14,910
Accrued Expenditures at December 31, 2012 paid during 2013	498,602	126,945
Accrued Expenditures at December 31, 2011 paid during 2012	(445,484)	(124,890)
2011 Prepays for 2012	23,350	2,134
2012 Prepays for 2013	(31,759)	(2,120)
Outstanding Encumbrances	(137,847)	(4,966)
Budget Basis	<u>(\$135,112)</u>	<u>\$46,016</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2012, 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 5, "Cash and Cash Equivalents."

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 5, "Cash and Cash Equivalents." 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 2012. 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, 2012.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012 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, 2012***

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 Position, 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>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, 2012***

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 (Special Assessment Bond Retirement Fund, Reserve of Montgomery Bond Retirement Fund)
General Obligation Bonds	Debt Service Funds (General Obligation Bond Retirement Fund)
Compensated Absences	General Fund Special Revenue Funds (Fire Protection/EMS Fund, COPS Grant Fund, 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 position, "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, 2012***

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 Position

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position 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 position is reported as restricted when there are limitations imposed on 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 position is 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, 2012***

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 Loans Receivable/Payable."

Q. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2012 the City implemented GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General	Fire Protection/ EMS	Reserve of Montgomery Bond Retirement	Vintage Club Tax Increment	Capital Improvement	Triangle Tax Increment	Other Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepaid Items	\$31,759	\$2,120	\$0	\$0	\$7,496	\$0	\$954	\$42,329
Permanent Fund Corpus	0	0	0	0	0	0	376,237	376,237
Total Nonspendable	<u>31,759</u>	<u>2,120</u>	<u>0</u>	<u>0</u>	<u>7,496</u>	<u>0</u>	<u>377,191</u>	<u>418,566</u>
Restricted:								
Fire Protection/EMS	0	3,964,671	0	0	0	0	0	3,964,671
Parks and Recreation	0	0	0	0	0	0	34,562	34,562
Law Enforcement and Education	0	0	0	0	0	0	85,807	85,807
Court Computerization	0	0	0	0	0	0	44,835	44,835
Environmental Impact Mitigation	0	0	0	0	0	0	10,911	10,911
Street Improvements	0	0	0	0	0	0	3,803,666	3,803,666
Municipal Pool Operations	0	0	0	0	0	0	74,246	74,246
Cemetery Maintenance	0	0	0	0	0	0	293,771	293,771
Economic Development	0	0	0	0	0	0	262,181	262,181
Debt Service Payments	0	0	89,033	2,167,876	0	0	1,427,791	3,684,700
Capital Improvements	0	0	0	0	4,681,792	0	436,845	5,118,637
Arts and Amenities	0	0	0	0	0	0	232,999	232,999
Total Restricted	<u>0</u>	<u>3,964,671</u>	<u>89,033</u>	<u>2,167,876</u>	<u>4,681,792</u>	<u>0</u>	<u>6,707,614</u>	<u>17,610,986</u>
Committed:								
Compensated Absences	213,241	0	0	0	0	0	0	213,241
Total Committed	<u>213,241</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>213,241</u>
Unassigned (Deficits):								
	14,739,811	0	0	0	0	(1,002,569)	0	13,737,242
Total Fund Balances	<u>\$14,984,811</u>	<u>\$3,966,791</u>	<u>\$89,033</u>	<u>\$2,167,876</u>	<u>\$4,689,288</u>	<u>(\$1,002,569)</u>	<u>\$7,084,805</u>	<u>\$31,980,035</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 4 – 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 position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. 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	\$121,552
Deferred Investment Earnings	15,503
Intergovernmental Revenue Receivable	602,931
Special Assessments Receivable	2,517,365
	<u>\$3,257,351</u>

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 position 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:

Decrease in Deferred Tax Revenue	(\$91,424)
Decrease in Deferred Investment Earnings	(4,957)
Decrease in Intergovernmental Revenue	(734,362)
Decrease in Special Assessments Revenue	(58,358)
	<u>(\$889,101)</u>

NOTE 5 - 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

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.

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, 2012**

NOTE 5 - 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 \$8,148,519 and the bank balance was \$8,353,989. Federal depository insurance covered \$1,500,000 of the bank balance and \$6,853,989 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and uncollateralized	\$6,853,989
Total Balance	<u><u>\$6,853,989</u></u>

B. Investments

The City's investments at December 31, 2012 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
STAR Ohio	\$4,003,407	AAAm ¹	\$4,003,407	\$0	\$0
Marketable CD's	3,941,717	AAA ³	984,032	2,957,685	0
FHLB	2,003,655	AA+ ¹ / Aaa ²	0	1,004,030	999,625
FNMA	8,027,425	AA+ ¹ / Aaa ²	0	503,135	7,524,290
FFCB	5,003,320	AA+ ¹ / Aaa ²	0	5,003,320	0
Total Investments	<u><u>\$22,979,524</u></u>		<u><u>\$4,987,439</u></u>	<u><u>\$9,468,170</u></u>	<u><u>\$8,523,915</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

¹ Standard & Poor's

² Moody's Investor Service

³ All are fully FDIC insured and therefore have an implied AAA credit rating

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, 17% are STAR Ohio, 17% are Marketable Certificates of Deposit, 9% are FHLB, 35% are FNMA, and 22% are FFCB.

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. The City has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

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 Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$11,151,926	\$19,976,117
Certificates of Deposit (with maturities of more than 3 months)	1,000,000	(1,000,000)
STAR Ohio	<u>(4,003,407)</u>	<u>4,003,407</u>
Per GASB Statement No. 3	<u>\$8,148,519</u>	<u>\$22,979,524</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property and located in the City. Real property taxes (other than public utility) collected during 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, 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 2011. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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.

The full tax rate for all City operations for the year ended December 31, 2012 was \$10.05 per \$1,000 of assessed value. The assessed value upon which the 2012 tax collections were based was \$481,043,250. This amount constitutes \$474,383,680 in real property assessed value and \$6,659,570 in public utility 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 6 – TAXES (Continued)

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 7 - RECEIVABLES

Receivables at December 31, 2012 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 inflows of resources.

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CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 8 - INTERFUND BALANCES

Individual interfund balances at December 31, 2012 are as follows:

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$0	\$50,000
Triangle Tax Increment Fund	0	1,028,990
Capital Improvement Fund	1,028,990	0
Other Governmental Funds	50,000	0
Totals	<u>\$1,078,990</u>	<u>\$1,078,990</u>

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 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2012:

Fund	Transfer In	Transfer Out
General Fund	\$126,875	\$2,346,811
Other Governmental Funds	2,355,635	135,699
Totals	<u>\$2,482,510</u>	<u>\$2,482,510</u>

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.

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CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2012:

Historical Cost:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$15,285,724	\$0	\$0	\$15,285,724
Construction in Progress	761,071	0	(761,071)	0
Subtotal	<u>16,046,795</u>	<u>0</u>	<u>(761,071)</u>	<u>15,285,724</u>
<i>Capital assets being depreciated:</i>				
Buildings	4,161,161	0	0	4,161,161
Improvements Other than Buildings	6,869,968	207,331	0	7,077,299
Infrastructure	25,333,733	1,158,828	(103,271)	26,389,290
Machinery and Equipment	5,705,121	263,165	(233,487)	5,734,799
Subtotal	<u>42,069,983</u>	<u>1,629,324</u>	<u>(336,758)</u>	<u>43,362,549</u>
Total Cost	<u><u>\$58,116,778</u></u>	<u><u>\$1,629,324</u></u>	<u><u>(\$1,097,829)</u></u>	<u><u>\$58,648,273</u></u>

Accumulated Depreciation:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(\$1,607,389)	(\$104,123)	\$0	(\$1,711,512)
Improvements Other than Buildings	(4,475,984)	(312,831)	0	(4,788,815)
Infrastructure	(8,571,169)	(567,738)	93,547	(9,045,360)
Machinery and Equipment	(4,017,495)	(485,095)	199,970	(4,302,620)
Total Depreciation	<u>(\$18,672,037)</u>	<u>(\$1,469,787) *</u>	<u>\$293,517</u>	<u>(\$19,848,307)</u>
<i>Net Value:</i>	<u><u>\$39,444,741</u></u>			<u><u>\$38,799,966</u></u>

* Depreciation expenses were charged to governmental functions as follows:

Public Safety	\$394,385
Parks and Recreation	173,782
Community Economic Development	94,152
Public Works	775,740
General Government	31,728
Total Depreciation Expense	<u><u>\$1,469,787</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 11 – 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 visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 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 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 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 10.0% for calendar year 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2012. 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, 2012, 2011, and 2010 were \$236,850, \$256,034 and \$230,852, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2012 were \$808 made by the City and \$577 made by the plan members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 11 – 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 2012, 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, 2012, 2011, and 2010 were \$210,815, \$212,386 and \$221,405 for police and \$134,821, \$133,325 and \$126,528 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 12 - 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.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 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 2012, 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 4.0% for calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. 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, 2012, 2011, and 2010 were \$94,740, \$102,413 and \$131,607, respectively, which were equal to the required contributions for each year.

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

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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 2012, 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, 2012, 2011, and 2010 were \$111,608, \$112,440 and \$117,214 for police and \$52,756, \$52,171 and \$49,511 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, 2012**

NOTE 13 - LONG-TERM OBLIGATIONS

Detail of the changes in the bonds and compensated absences of the City for the year ended December 31, 2012 is as follows:

			Balance*			Balance	Amount
			December 31,	Issued	(Retired)	December 31,	Due Within
			2011			2012	One Year
Governmental Activities:							
General Obligation Bonds:							
2.00%	Public Improvement Refunding	2004	\$1,765,000	\$0	(\$320,000)	\$1,445,000	\$315,000
2.00-3.80%	Park and Recreation Refunding	2003	125,000	0	(120,000)	5,000	5,000
Total General Obligation Bonds			1,890,000	0	(440,000)	1,450,000	320,000
Special Assessment Bonds							
With Governmental Commitment:							
6.00%	Swaim Sidewalk Bonds	1994	13,000	0	(4,000)	9,000	4,000
6.50%	Street Lighting	1997	11,000	0	(2,000)	9,000	3,000
6.00%	Montgomery Woods Sidewalk	1997	33,000	0	(5,000)	28,000	5,000
6.00%	Tanager Woods	1999	39,048	0	(4,883)	34,165	4,883
2.00-3.25%	Sanitary Sewer Refunding	2003	55,000	0	(35,000)	20,000	20,000
2.00-3.80%	Public Improvement Refunding	2003	1,375,000	0	(125,000)	1,250,000	130,000
Total Special Assessment Bonds							
With Governmental Commitment			1,526,048	0	(175,883)	1,350,165	166,883
Other Long-Term Obligations:							
Compensated Absences			804,151	358,561	(359,274)	803,438	360,266
Total Governmental Activities			\$4,220,199	\$358,561	(\$975,157)	\$3,603,603	\$847,149

*The December 31, 2011 balances for bonds payable reflects a reclassification of amounts from Special Assessment Bonds to General Obligation Bonds.

The principal amount of the City's special assessment debt outstanding at December 31, 2012 of \$1,350,165 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 \$137,993 in the Special Assessment Bond Retirement Fund and the balance of \$89,033 in the Reserve of Montgomery Bond Retirement Fund at December 31, 2012 are restricted for the retirement of outstanding special assessment bonds. The Tanager Woods special assessment bond payable is a self-funded debt obligation.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2012 are as follows:

Years	General Obligation Bonds		Special Assessment Bonds	
	Bonds	Interest	Bonds	Interest
2013	\$320,000	\$53,139	\$166,883	\$50,840
2014	300,000	41,951	152,883	45,229
2015	305,000	30,701	158,883	40,182
2016	305,000	19,645	155,883	34,842
2017	220,000	8,360	165,883	29,552
2018-2021	0	0	549,750	51,670
Totals	<u>\$1,450,000</u>	<u>\$153,796</u>	<u>\$1,350,165</u>	<u>\$252,315</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 \$1,475,000 at December 31, 2012, 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, 2012***

NOTE 13 – 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 Bonds, which have a balance of \$860,000 at December 31, 2012 are not included in the City's outstanding debt since the City has in-substance, satisfied its obligations through the advance refunding.

NOTE 14 – 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, 2012, the liability for unpaid compensated absences was \$803,438 for all funds of the City, a net decrease of \$713 from the amount at December 31, 2011 of \$804,151.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 15 – 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, 2012, 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, 2012 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	6.24 %	Montgomery	3.13 %
Bellbrook	1.32 %	NAWA	0.61 %
Blue Ash	6.07 %	Piqua	7.91 %
Centerville	4.90 %	Sidney	6.94 %
Englewood	3.67 %	Springdale	3.38 %
Indian Hill	2.95 %	Tipp City	2.86 %
Kettering	12.32 %	Troy	6.40 %
Madeira	1.27 %	Vandalia	5.30 %
Mason	8.00 %	West Carrollton	2.20 %
Miamisburg	5.16 %	Wilmington	5.80 %
Subtotal	<u>51.90 %</u>	Wyoming	3.57 %
		Subtotal	<u>48.10 %</u>
		Total	<u><u>100.00 %</u></u>

The 2012 pool contribution of the City of Montgomery was \$123,881 representing 3.13% 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, 2012***

NOTE 15 – 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, 2011, because an actuarial opinion issued as of that date (the latest information available) reported actual MVRMA loss reserves of \$4,242,820, 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 2011, 2010 and 2009 as \$0, \$40,588, and \$13,108 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.

There has been no significant reduction in insurance coverages from coverages in the prior year. 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, 2012***

NOTE 16 – COMPLIANCE AND ACCOUNTABILITY

The deficit at December 31, 2012 of \$1,002,569 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 17 – 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.

NOTE 18 – SUBSEQUENT EVENT

In May 2013, \$13,265,000 of special obligation taxable bonds for the construction of a public garage and road were issued. These consisted of \$3,450,000 of serial bonds and \$9,815,000 of term bonds maturing on various dates through 2037 and bearing interest rates of 0.75% to 4.875% with a call date of June 1, 2021.

The Series 2013 Bonds are an unvoted special obligation debt of the City. The security for the Series 2013 Bonds is the City's pledge of service payments in lieu of taxes made by the owners of certain parcels of real property within the City, amounts from lawfully available and appropriated City funds equal to debt service on the Series 2013 Bonds on any payment date less available Service Payments, amounts drawn on the Letter of Credit, and available amounts held in the Trust Funds, all revenues and other funds due the City under the Service Agreement in accordance with the terms of the Ordinance, including the letter of Credit required pursuant to the Service Agreement, and certain funds held under the Trust Agreement, including the Debt Service Reserve Fund.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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



Nonmajor Governmental Funds

Special Revenue Funds

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

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. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Debt Service Funds

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 income taxes 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

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. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Urban Redevelopment Fund

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

Permanent Fund

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the City's programs.

Arts and Amenities Fund

To account for donations and other income to be used for the Arts Commission and the Sister Cities Commission.

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 4,022,293	\$ 405,546	\$ 422,912	\$ 609,236	\$ 5,459,987
Investments	490,000	1,000,000	0	0	1,490,000
Receivables:					
Taxes	0	36,178	88,700	0	124,878
Accounts	1,438	0	0	0	1,438
Intergovernmental	262,330	0	0	0	262,330
Special Assessments	0	133,832	0	0	133,832
Interfund Loans Receivable	50,000	0	0	0	50,000
Prepaid Items	954	0	0	0	954
Total Assets	\$ 4,827,015	\$ 1,575,556	\$ 511,612	\$ 609,236	\$ 7,523,419
Liabilities:					
Accounts Payable	\$ 22,273	\$ 0	\$ 0	\$ 0	\$ 22,273
Accrued Wages and Benefits Payable	31,530	0	0	0	31,530
Total Liabilities	53,803	0	0	0	53,803
Deferred Inflows of Resources:					
Unavailable Amounts	162,279	133,832	0	0	296,111
Property Tax Levy for Next Fiscal Year	0	0	88,700	0	88,700
Total Deferred Inflows of Resources	162,279	133,832	88,700	0	384,811
Fund Balances:					
Nonspendable	954	0	0	376,237	377,191
Restricted	4,609,979	1,441,724	422,912	232,999	6,707,614
Total Fund Balances	4,610,933	1,441,724	422,912	609,236	7,084,805
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,827,015	\$ 1,575,556	\$ 511,612	\$ 609,236	\$ 7,523,419

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 0	\$ 536,902	\$ 93,012	\$ 0	\$ 629,914
Intergovernmental Revenues	579,798	0	0	0	579,798
Charges for Services	246,208	0	0	24,538	270,746
Licenses, Permits and Fees	5,261	0	0	0	5,261
Investment Earnings	15,062	2,500	3,736	2,730	24,028
Special Assessments	0	60,933	0	0	60,933
Fines and Forfeitures	46,085	0	0	0	46,085
All Other Revenue	31,876	0	4,000	0	35,876
Total Revenue	924,290	600,335	100,748	27,268	1,652,641
Expenditures:					
Current:					
Public Safety	132,306	0	0	0	132,306
Parks & Recreation	196,796	0	0	21,006	217,802
Public Works	912,877	0	0	0	912,877
General Government	0	106,484	4,228	0	110,712
Capital Outlay	0	0	27,904	0	27,904
Debt Service:					
Principal Retirement	0	490,883	0	0	490,883
Interest and Fiscal Charges	0	77,069	0	0	77,069
Total Expenditures	1,241,979	674,436	32,132	21,006	1,969,553
Excess (Deficiency) of Revenues Over Expenditures	(317,689)	(74,101)	68,616	6,262	(316,912)
Other Financing Sources (Uses):					
Sale of Capital Assets	8,523	0	0	0	8,523
Transfers In	2,352,822	2,813	0	0	2,355,635
Transfers Out	(6,011)	(126,875)	(2,813)	0	(135,699)
Total Other Financing Sources (Uses)	2,355,334	(124,062)	(2,813)	0	2,228,459
Net Change in Fund Balances	2,037,645	(198,163)	65,803	6,262	1,911,547
Fund Balances at Beginning of Year	2,573,288	1,639,887	357,109	602,974	5,173,258
Fund Balances End of Year	\$ 4,610,933	\$ 1,441,724	\$ 422,912	\$ 609,236	\$ 7,084,805

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012**

	Memorial	Parks and Recreation Fundraising	Law Enforcement	Drug Law Enforcement
Assets:				
Cash and Cash Equivalents	\$ 24,850	\$ 9,712	\$ 59,249	\$ 3,329
Investments	0	0	0	0
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Interfund Loans Receivable	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	<u>\$ 24,850</u>	<u>\$ 9,712</u>	<u>\$ 59,249</u>	<u>\$ 3,329</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	24,850	9,712	59,249	3,329
Total Fund Balances	<u>24,850</u>	<u>9,712</u>	<u>59,249</u>	<u>3,329</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 24,850</u>	<u>\$ 9,712</u>	<u>\$ 59,249</u>	<u>\$ 3,329</u>

CITY OF MONTGOMERY, OHIO

DUI Enforcement and Education	Mayor's Court Technology	COPS Grant	Environmental Impact Tax	Street Construction, Maintenance, and Repair	Municipal Pool
\$ 9,191	\$ 45,043	\$ 1,470	\$ 10,911	\$ 3,276,391	\$ 76,134
0	0	0	0	490,000	0
0	0	0	0	1,438	0
0	0	18,912	0	243,418	0
0	0	0	0	0	0
0	0	27	0	927	0
<u>\$ 9,191</u>	<u>\$ 45,043</u>	<u>\$ 20,409</u>	<u>\$ 10,911</u>	<u>\$ 4,012,174</u>	<u>\$ 76,134</u>
\$ 0	\$ 208	\$ 0	\$ 0	\$ 20,116	\$ 1,888
0	0	6,344	0	25,186	0
0	208	6,344	0	45,302	1,888
0	0	0	0	162,279	0
0	0	0	0	162,279	0
0	0	27	0	927	0
9,191	44,835	14,038	10,911	3,803,666	74,246
9,191	44,835	14,065	10,911	3,804,593	74,246
<u>\$ 9,191</u>	<u>\$ 45,043</u>	<u>\$ 20,409</u>	<u>\$ 10,911</u>	<u>\$ 4,012,174</u>	<u>\$ 76,134</u>

(Continued)

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012**

	Cemetery	Montgomery CIC	Total Nonmajor Special Revenue Funds
Assets:			
Cash and Cash Equivalents	\$ 243,832	\$ 262,181	\$ 4,022,293
Investments	0	0	490,000
Receivables:			
Accounts	0	0	1,438
Intergovernmental	0	0	262,330
Interfund Loans Receivable	50,000	0	50,000
Prepaid Items	0	0	954
Total Assets	<u>\$ 293,832</u>	<u>\$ 262,181</u>	<u>\$ 4,827,015</u>
Liabilities:			
Accounts Payable	\$ 61	\$ 0	\$ 22,273
Accrued Wages and Benefits Payable	0	0	31,530
Total Liabilities	<u>61</u>	<u>0</u>	<u>53,803</u>
Deferred Inflows of Resources:			
Unavailable Amounts	0	0	162,279
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>162,279</u>
Fund Balances:			
Nonspendable	0	0	954
Restricted	293,771	262,181	4,609,979
Total Fund Balances	<u>293,771</u>	<u>262,181</u>	<u>4,610,933</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 293,832</u>	<u>\$ 262,181</u>	<u>\$ 4,827,015</u>



CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012**

	Memorial	Parks and Recreation Fundraising	Law Enforcement	Drug Law Enforcement
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 0	\$ 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	950	0	30,037	115
All Other Revenue	0	618	0	0
Total Revenue	<u>950</u>	<u>618</u>	<u>30,037</u>	<u>115</u>
Expenditures:				
Current:				
Public Safety	0	0	0	140
Parks and Recreation	1,603	166	0	0
Public Works	0	0	0	0
Total Expenditures	<u>1,603</u>	<u>166</u>	<u>0</u>	<u>140</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(653)	452	30,037	(25)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(653)	452	30,037	(25)
Fund Balances at Beginning of Year	<u>25,503</u>	<u>9,260</u>	<u>29,212</u>	<u>3,354</u>
Fund Balances End of Year	<u>\$ 24,850</u>	<u>\$ 9,712</u>	<u>\$ 59,249</u>	<u>\$ 3,329</u>

CITY OF MONTGOMERY, OHIO

DUI Enforcement and Education	Mayor's Court Technology	COPS Grant	Environmental Impact Tax	Street Construction, Maintenance, and Repair	Municipal Pool
\$ 0	\$ 0	\$ 74,237	\$ 0	\$ 505,561	\$ 0
0	0	0	0	0	195,596
0	0	0	5,261	0	0
0	0	0	0	12,750	0
1,456	13,527	0	0	0	0
0	0	2,213	0	28,793	252
<u>1,456</u>	<u>13,527</u>	<u>76,450</u>	<u>5,261</u>	<u>547,104</u>	<u>195,848</u>
5,476	7,776	118,914	0	0	0
0	0	0	0	0	195,027
0	0	0	0	897,270	0
<u>5,476</u>	<u>7,776</u>	<u>118,914</u>	<u>0</u>	<u>897,270</u>	<u>195,027</u>
(4,020)	5,751	(42,464)	5,261	(350,166)	821
0	0	0	0	8,523	0
0	0	40,800	0	2,062,022	0
0	0	0	(6,011)	0	0
0	0	40,800	(6,011)	2,070,545	0
(4,020)	5,751	(1,664)	(750)	1,720,379	821
13,211	39,084	15,729	11,661	2,084,214	73,425
<u>\$ 9,191</u>	<u>\$ 44,835</u>	<u>\$ 14,065</u>	<u>\$ 10,911</u>	<u>\$ 3,804,593</u>	<u>\$ 74,246</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, 2012**

	Cemetery	Montgomery CIC	Total Nonmajor Special Revenue Funds
Revenues:			
Intergovernmental Revenues	\$ 0	\$ 0	\$ 579,798
Charges for Services	50,612	0	246,208
Licenses, Permits and Fees	0	0	5,261
Investment Earnings	2,300	12	15,062
Fines and Forfeitures	0	0	46,085
All Other Revenue	0	0	31,876
Total Revenue	<u>52,912</u>	<u>12</u>	<u>924,290</u>
Expenditures:			
Current:			
Public Safety	0	0	132,306
Parks and Recreation	0	0	196,796
Public Works	15,607	0	912,877
Total Expenditures	<u>15,607</u>	<u>0</u>	<u>1,241,979</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,305	12	(317,689)
Other Financing Sources (Uses):			
Sale of Capital Assets	0	0	8,523
Transfers In	0	250,000	2,352,822
Transfers Out	0	0	(6,011)
Total Other Financing Sources (Uses)	<u>0</u>	<u>250,000</u>	<u>2,355,334</u>
Net Change in Fund Balances	37,305	250,012	2,037,645
Fund Balances at Beginning of Year	<u>256,466</u>	<u>12,169</u>	<u>2,573,288</u>
Fund Balances End of Year	<u>\$ 293,771</u>	<u>\$ 262,181</u>	<u>\$ 4,610,933</u>



CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2012**

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Ohio National Tax Increment	Total Nonmajor Debt Service Funds
Assets:				
Cash and Cash Equivalents	\$ 137,993	\$ 253,620	\$ 13,933	\$ 405,546
Investments	0	1,000,000	0	1,000,000
Receivables:				
Taxes	0	36,178	0	36,178
Special Assessments	133,832	0	0	133,832
Total Assets	\$ 271,825	\$ 1,289,798	\$ 13,933	\$ 1,575,556
Liabilities:				
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0
Deferred Inflows of Resources:				
Unavailable Amounts	133,832	0	0	133,832
Total Deferred Inflows of Resources	133,832	0	0	133,832
Fund Balances:				
Restricted	137,993	1,289,798	13,933	1,441,724
Total Fund Balances	137,993	1,289,798	13,933	1,441,724
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 271,825	\$ 1,289,798	\$ 13,933	\$ 1,575,556

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2012**

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Ohio National Tax Increment	Total Nonmajor Debt Service Funds
Revenues:				
Taxes	\$ 0	\$ 536,902	\$ 0	\$ 536,902
Investment Earnings	0	2,500	0	2,500
Special Assessments	60,933	0	0	60,933
Total Revenue	60,933	539,402	0	600,335
Expenditures:				
Current:				
General Government	1,920	8,986	95,578	106,484
Debt Service:				
Principal Retirement	50,883	440,000	0	490,883
Interest and Fiscal Charges	8,830	68,239	0	77,069
Total Expenditures	61,633	517,225	95,578	674,436
Excess (Deficiency) of Revenues Over (Under) Expenditures	(700)	22,177	(95,578)	(74,101)
Other Financing Sources (Uses):				
Transfers In	2,813	0	0	2,813
Transfers Out	0	0	(126,875)	(126,875)
Total Other Financing Sources (Uses)	2,813	0	(126,875)	(124,062)
Net Change in Fund Balances	2,113	22,177	(222,453)	(198,163)
Fund Balances at Beginning of Year	135,880	1,267,621	236,386	1,639,887
Fund Balances End of Year	\$ 137,993	\$ 1,289,798	\$ 13,933	\$ 1,441,724

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2012**

	Special Assessment Capital Projects	Community Development Block Grant	Urban Redevelopment	Total Nonmajor Capital Project Funds
Revenues:				
Taxes	\$ 0	\$ 0	\$ 93,012	\$ 93,012
Investment Earnings	0	0	3,736	3,736
All Other Revenue	0	0	4,000	4,000
Total Revenue	0	0	100,748	100,748
Expenditures:				
Current:				
General Government	0	0	4,228	4,228
Capital Outlay	0	3,690	24,214	27,904
Total Expenditures	0	3,690	28,442	32,132
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(3,690)	72,306	68,616
Other Financing Sources (Uses):				
Transfers Out	(2,813)	0	0	(2,813)
Total Other Financing Sources (Uses)	(2,813)	0	0	(2,813)
Net Change in Fund Balances	(2,813)	(3,690)	72,306	65,803
Fund Balances at Beginning of Year	2,813	3,690	350,606	357,109
Fund Balances End of Year	\$ 0	\$ 0	\$ 422,912	\$ 422,912

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 7,328,390	\$ 7,328,390	\$ 8,496,391	\$ 1,168,001
Intergovernmental Revenues	438,300	438,300	455,753	17,453
Charges for Services	225,500	225,500	215,492	(10,008)
Licenses, Permits and Fees	296,376	296,376	299,534	3,158
Investment Earnings	180,000	180,000	98,039	(81,961)
Fines and Forfeitures	154,500	154,500	150,027	(4,473)
All Other Revenues	140,459	140,459	141,081	622
Total Revenues	8,763,525	8,763,525	9,856,317	1,092,792
Expenditures:				
Public Safety:				
Police:				
Personal Services	2,788,275	2,788,275	2,613,411	174,864
Nonpersonnel	396,638	396,638	333,440	63,198
Total Police	3,184,913	3,184,913	2,946,851	238,062
Disaster Service:				
Nonpersonnel	8,750	8,750	5,000	3,750
Total Disaster Service	8,750	8,750	5,000	3,750
Public Health and Welfare:				
Personal Services	55,154	55,154	55,104	50
Total Public Health and Welfare	55,154	55,154	55,104	50
Civil Service:				
Nonpersonnel	3,100	3,100	1,000	2,100
Total Civil Service	3,100	3,100	1,000	2,100
Total Public Safety	3,251,917	3,251,917	3,007,955	243,962
Parks and Recreation:				
Recreation:				
Personal Services	227,521	227,521	223,565	3,956
Nonpersonnel	76,327	76,327	48,053	28,274
Total Recreation	303,848	303,848	271,618	32,230

(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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
City Parks:				
Personal Services	295,582	295,582	267,882	27,700
Nonpersonnel	244,775	244,775	229,022	15,753
Total City Parks	<u>540,357</u>	<u>540,357</u>	<u>496,904</u>	<u>43,453</u>
Lodges:				
Nonpersonnel	30,356	30,356	27,173	3,183
Total Lodges	<u>30,356</u>	<u>30,356</u>	<u>27,173</u>	<u>3,183</u>
City Beautiful:				
Nonpersonnel	117,298	117,298	116,010	1,288
Total City Beautiful	<u>117,298</u>	<u>117,298</u>	<u>116,010</u>	<u>1,288</u>
Special Events:				
Nonpersonnel	81,425	81,425	78,147	3,278
Total Special Events	<u>81,425</u>	<u>81,425</u>	<u>78,147</u>	<u>3,278</u>
Total Parks and Recreation	<u>1,073,284</u>	<u>1,073,284</u>	<u>989,852</u>	<u>83,432</u>
Community Economic Development:				
Landmarks Commission:				
Nonpersonnel	16,151	16,151	10,351	5,800
Total Landmarks Commission	<u>16,151</u>	<u>16,151</u>	<u>10,351</u>	<u>5,800</u>
Historical Building Operations:				
Nonpersonnel	45,192	45,192	20,916	24,276
Total Historical Building Operations	<u>45,192</u>	<u>45,192</u>	<u>20,916</u>	<u>24,276</u>
Development:				
Personal Services	235,628	235,628	221,649	13,979
Nonpersonnel	250,787	250,787	175,461	75,326
Total Development	<u>486,415</u>	<u>486,415</u>	<u>397,110</u>	<u>89,305</u>
Planning Commission:				
Nonpersonnel	8,357	8,357	3,287	5,070
Total Planning Commission	<u>8,357</u>	<u>8,357</u>	<u>3,287</u>	<u>5,070</u>
Total Community Economic Development	<u>556,115</u>	<u>556,115</u>	<u>431,664</u>	<u>124,451</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, 2012***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Public Works:				
Personal Services	508,694	508,694	394,776	113,918
Nonpersonnel	120,193	120,193	99,529	20,664
Total Public Works	<u>628,887</u>	<u>628,887</u>	<u>494,305</u>	<u>134,582</u>
General Government:				
Administration:				
Personal Services	531,348	531,348	402,786	128,562
Nonpersonnel	21,200	21,200	8,487	12,713
Total Administration	<u>552,548</u>	<u>552,548</u>	<u>411,273</u>	<u>141,275</u>
Finance Administration:				
Personal Services	516,254	514,152	462,191	51,961
Nonpersonnel	73,700	75,802	75,802	0
Total Finance Administration	<u>589,954</u>	<u>589,954</u>	<u>537,993</u>	<u>51,961</u>
Legal Administration:				
Nonpersonnel	232,420	207,420	184,556	22,864
Total Legal Administration	<u>232,420</u>	<u>207,420</u>	<u>184,556</u>	<u>22,864</u>
Income Tax:				
Nonpersonnel	7,000	7,000	5,642	1,358
Total Income Tax	<u>7,000</u>	<u>7,000</u>	<u>5,642</u>	<u>1,358</u>
Council:				
Personal Services	14,471	14,471	13,755	716
Nonpersonnel	1,500	1,500	787	713
Total Council	<u>15,971</u>	<u>15,971</u>	<u>14,542</u>	<u>1,429</u>
Mayor's Court:				
Personal Services	91,731	90,289	90,207	82
Nonpersonnel	40,850	67,292	67,292	0
Total Mayor's Court	<u>132,581</u>	<u>157,581</u>	<u>157,499</u>	<u>82</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, 2012***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Volunteer Services:				
Personal Services	38,417	38,417	25,843	12,574
Nonpersonnel	9,880	9,880	3,893	5,987
Total Volunteer Services	<u>48,297</u>	<u>48,297</u>	<u>29,736</u>	<u>18,561</u>
Citizen Engagement and Outreach:				
Personal Services	84,134	84,134	83,293	841
Nonpersonnel	67,800	67,800	36,010	31,790
Total Citizen Engagement and Outreach	<u>151,934</u>	<u>151,934</u>	<u>119,303</u>	<u>32,631</u>
General Administration:				
Personal Services	392,381	392,381	304,221	88,160
Nonpersonnel	1,433,481	1,683,481	1,364,887	318,594
Total General Administration	<u>1,825,862</u>	<u>2,075,862</u>	<u>1,669,108</u>	<u>406,754</u>
Total General Government	<u>3,556,567</u>	<u>3,806,567</u>	<u>3,129,652</u>	<u>676,915</u>
Total Expenditures	<u>9,066,770</u>	<u>9,316,770</u>	<u>8,053,428</u>	<u>1,263,342</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(303,245)	(553,245)	1,802,889	2,356,134
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	31,935	26,935
Transfers In	443,135	443,135	126,875	(316,260)
Transfers Out	(452,800)	(2,202,800)	(2,096,811)	105,989
Total Other Financing Sources (Uses)	<u>(4,665)</u>	<u>(1,754,665)</u>	<u>(1,938,001)</u>	<u>(183,336)</u>
Net Change in Fund Balance	(307,910)	(2,307,910)	(135,112)	2,172,798
Fund Balance at Beginning of Year	13,926,251	13,926,251	13,926,251	0
Prior Year Encumbrances	191,673	191,673	191,673	0
Fund Balance at End of Year	<u>\$ 13,810,014</u>	<u>\$ 11,810,014</u>	<u>\$ 13,982,812</u>	<u>\$ 2,172,798</u>

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, 2012**

FIRE PROTECTION / EMS FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,790,000	\$ 1,790,000	\$ 1,719,087	\$ (70,913)
Intergovernmental Revenues	197,800	197,800	205,829	8,029
Charges for Services	128,321	128,321	157,944	29,623
Investment Earnings	58,700	58,700	26,347	(32,353)
All Other Revenues	57,328	57,328	52,562	(4,766)
Total Revenues	<u>2,232,149</u>	<u>2,232,149</u>	<u>2,161,769</u>	<u>(70,380)</u>
Expenditures:				
Public Safety:				
Personal Services	1,930,055	1,930,055	1,792,155	137,900
Nonpersonnel	388,376	388,376	323,598	64,778
Total Expenditures	<u>2,318,431</u>	<u>2,318,431</u>	<u>2,115,753</u>	<u>202,678</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(86,282)	(86,282)	46,016	132,298
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	0	(1,000)
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>(1,000)</u>
Net Change in Fund Balance	(85,282)	(85,282)	46,016	131,298
Fund Balance at Beginning of Year	3,989,110	3,989,110	3,989,110	0
Prior Year Encumbrances	31,375	31,375	31,375	0
Fund Balance at End of Year	<u>\$ 3,935,203</u>	<u>\$ 3,935,203</u>	<u>\$ 4,066,501</u>	<u>\$ 131,298</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, 2012**

RESERVE OF MONTGOMERY BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Special Assessments	\$ 182,456	\$ 182,456	\$ 186,185	\$ 3,729
Total Revenues	<u>182,456</u>	<u>182,456</u>	<u>186,185</u>	<u>3,729</u>
Expenditures:				
General Government:				
Nonpersonnel	6,000	6,000	5,846	154
Debt Service:				
Principal Retirement	125,000	125,000	125,000	0
Interest and Fiscal Charges	48,080	48,080	47,880	200
Total Expenditures	<u>179,080</u>	<u>179,080</u>	<u>178,726</u>	<u>354</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,376	3,376	7,459	4,083
Fund Balance at Beginning of Year	<u>81,574</u>	<u>81,574</u>	<u>81,574</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 84,950</u>	<u>\$ 84,950</u>	<u>\$ 89,033</u>	<u>\$ 4,083</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, 2012**

VINTAGE CLUB TAX INCREMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 1,683,000	\$ 1,683,000	\$ 1,055,026	\$ (627,974)
Intergovernmental Revenues	218,790	218,790	139,453	(79,337)
Investment Earnings	0	0	11,103	11,103
Total Revenues	<u>1,901,790</u>	<u>1,901,790</u>	<u>1,205,582</u>	<u>(696,208)</u>
Expenditures:				
General Government:				
Nonpersonnel	988,928	988,928	640,029	348,899
Total Expenditures	<u>988,928</u>	<u>988,928</u>	<u>640,029</u>	<u>348,899</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	912,862	912,862	565,553	(347,309)
Fund Balance at Beginning of Year	1,603,091	1,603,091	1,603,091	0
Fund Balance at End of Year	<u>\$ 2,515,953</u>	<u>\$ 2,515,953</u>	<u>\$ 2,168,644</u>	<u>\$ (347,309)</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, 2012**

CAPITAL IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 1,742,670	\$ 1,742,670	\$ 1,817,161	\$ 74,491
Intergovernmental Revenues	1,100,000	1,100,000	540,175	(559,825)
Investment Earnings	40,000	40,000	31,261	(8,739)
All Other Revenues	0	0	75,799	75,799
Total Revenues	<u>2,882,670</u>	<u>2,882,670</u>	<u>2,464,396</u>	<u>(418,274)</u>
Expenditures:				
Capital Outlay:				
Nonpersonnel	<u>3,460,581</u>	<u>3,460,581</u>	<u>2,486,417</u>	<u>974,164</u>
Total Expenditures	<u>3,460,581</u>	<u>3,460,581</u>	<u>2,486,417</u>	<u>974,164</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(577,911)	(577,911)	(22,021)	555,890
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	63,071	63,071
Advances In	<u>75,000</u>	<u>75,000</u>	<u>60,000</u>	<u>(15,000)</u>
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>123,071</u>	<u>48,071</u>
Net Change in Fund Balance	(502,911)	(502,911)	101,050	603,961
Fund Balance at Beginning of Year	1,956,720	1,956,720	1,956,720	0
Prior Year Encumbrances	<u>1,137,581</u>	<u>1,137,581</u>	<u>1,137,581</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,591,390</u>	<u>\$ 2,591,390</u>	<u>\$ 3,195,351</u>	<u>\$ 603,961</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, 2012**

TRIANGLE TAX INCREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 140,418	\$ 140,418	\$ 111,453	\$ (28,965)
Total Revenues	<u>140,418</u>	<u>140,418</u>	<u>111,453</u>	<u>(28,965)</u>
Expenditures:				
General Government:				
Nonpersonnel	71,497	86,497	85,191	1,306
Total Expenditures	<u>71,497</u>	<u>86,497</u>	<u>85,191</u>	<u>1,306</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	68,921	53,921	26,262	(27,659)
Other Financing Sources (Uses):				
Advances Out	(75,000)	(60,000)	(60,000)	0
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>0</u>
Net Change in Fund Balance	(6,079)	(6,079)	(33,738)	(27,659)
Fund Balance at Beginning of Year	60,159	60,159	60,159	0
Fund Balance at End of Year	<u>\$ 54,080</u>	<u>\$ 54,080</u>	<u>\$ 26,421</u>	<u>\$ (27,659)</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, 2012**

	MEMORIAL FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 3,000	\$ 3,000	\$ 950	\$ (2,050)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>950</u>	<u>(2,050)</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	<u>3,500</u>	<u>3,500</u>	<u>1,603</u>	<u>1,897</u>
Total Expenditures	<u>3,500</u>	<u>3,500</u>	<u>1,603</u>	<u>1,897</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	(500)	(653)	(153)
Fund Balance at Beginning of Year	<u>25,503</u>	<u>25,503</u>	<u>25,503</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 25,003</u>	<u>\$ 25,003</u>	<u>\$ 24,850</u>	<u>\$ (153)</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, 2012**

PARKS AND RECREATION FUNDRAISING FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 500	\$ 500	\$ 618	\$ 118
Total Revenues	<u>500</u>	<u>500</u>	<u>618</u>	<u>118</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	500	500	166	334
Total Expenditures	<u>500</u>	<u>500</u>	<u>166</u>	<u>334</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	452	452
Fund Balance at Beginning of Year	<u>9,260</u>	<u>9,260</u>	<u>9,260</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,260</u>	<u>\$ 9,260</u>	<u>\$ 9,712</u>	<u>\$ 452</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, 2012**

LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 800	\$ 24,800	\$ 30,037	\$ 5,237
All Other Revenues	400	400	0	(400)
Total Revenues	<u>1,200</u>	<u>25,200</u>	<u>30,037</u>	<u>4,837</u>
Expenditures:				
Public Safety:				
Nonpersonnel	1,200	1,200	0	1,200
Total Expenditures	<u>1,200</u>	<u>1,200</u>	<u>0</u>	<u>1,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	24,000	30,037	6,037
Fund Balance at Beginning of Year	29,212	29,212	29,212	0
Fund Balance at End of Year	<u>\$ 29,212</u>	<u>\$ 53,212</u>	<u>\$ 59,249</u>	<u>\$ 6,037</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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 300	\$ 300	\$ 115	\$ (185)
Total Revenues	<u>300</u>	<u>300</u>	<u>115</u>	<u>(185)</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>350</u>	<u>350</u>	<u>140</u>	<u>210</u>
Total Expenditures	<u>350</u>	<u>350</u>	<u>140</u>	<u>210</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50)	(50)	(25)	25
Fund Balance at Beginning of Year	<u>3,354</u>	<u>3,354</u>	<u>3,354</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,304</u>	<u>\$ 3,304</u>	<u>\$ 3,329</u>	<u>\$ 25</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, 2012**

DUI ENFORCEMENT AND EDUCATION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 1,000	\$ 1,000	\$ 1,456	\$ 456
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,456</u>	<u>456</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>4,000</u>	<u>9,500</u>	<u>5,476</u>	<u>4,024</u>
Total Expenditures	<u>4,000</u>	<u>9,500</u>	<u>5,476</u>	<u>4,024</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	(8,500)	(4,020)	4,480
Fund Balance at Beginning of Year	<u>13,211</u>	<u>13,211</u>	<u>13,211</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,211</u>	<u>\$ 4,711</u>	<u>\$ 9,191</u>	<u>\$ 4,480</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, 2012**

MAYOR'S COURT TECHNOLOGY FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Fines and Forfeitures	\$ 16,500	\$ 16,500	\$ 13,527	\$ (2,973)
Total Revenues	<u>16,500</u>	<u>16,500</u>	<u>13,527</u>	<u>(2,973)</u>
Expenditures:				
Public Safety:				
Nonpersonnel	12,632	12,632	7,688	4,944
Total Expenditures	<u>12,632</u>	<u>12,632</u>	<u>7,688</u>	<u>4,944</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,868	3,868	5,839	1,971
Fund Balance at Beginning of Year	38,654	38,654	38,654	0
Prior Year Encumbrances	550	550	550	0
Fund Balance at End of Year	<u>\$ 43,072</u>	<u>\$ 43,072</u>	<u>\$ 45,043</u>	<u>\$ 1,971</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, 2012**

	COPS GRANT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 125,000	\$ 125,000	\$ 15,770	\$ (109,230)
All Other Revenues	76,331	76,331	182,343	106,012
Total Revenues	<u>201,331</u>	<u>201,331</u>	<u>198,113</u>	<u>(3,218)</u>
Expenditures:				
Public Safety:				
Personal Services	115,495	115,872	115,872	0
Nonpersonnel	124,565	124,188	124,113	75
Total Expenditures	<u>240,060</u>	<u>240,060</u>	<u>239,985</u>	<u>75</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,729)	(38,729)	(41,872)	(3,143)
Other Financing Sources (Uses):				
Transfers In	40,800	40,800	40,800	0
Total Other Financing Sources (Uses)	<u>40,800</u>	<u>40,800</u>	<u>40,800</u>	<u>0</u>
Net Change in Fund Balance	2,071	2,071	(1,072)	(3,143)
Fund Balance at Beginning of Year	(118,823)	(118,823)	(118,823)	0
Prior Year Encumbrances	121,265	121,265	121,265	0
Fund Balance at End of Year	<u>\$ 4,513</u>	<u>\$ 4,513</u>	<u>\$ 1,370</u>	<u>\$ (3,143)</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, 2012**

ENVIRONMENTAL IMPACT TAX FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Licenses, Permits and Fees	\$ 20,000	\$ 8,000	\$ 6,011	\$ (1,989)
Total Revenues	<u>20,000</u>	<u>8,000</u>	<u>6,011</u>	<u>(1,989)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,000	8,000	6,011	(1,989)
Other Financing Sources (Uses):				
Transfers In	20,000	8,000	0	(8,000)
Transfers Out	(40,000)	(16,000)	(6,011)	9,989
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(8,000)</u>	<u>(6,011)</u>	<u>1,989</u>
Net Change in Fund Balance	0	0	0	0
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>\$ 10,911</u>	<u>\$ 10,911</u>	<u>\$ 10,911</u>	<u>\$ 0</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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				
Revenues:				
Intergovernmental Revenues	\$ 519,334	\$ 519,334	\$ 504,765	\$ (14,569)
Investment Earnings	21,000	21,000	12,750	(8,250)
All Other Revenues	13,987	13,987	27,355	13,368
Total Revenues	<u>554,321</u>	<u>554,321</u>	<u>544,870</u>	<u>(9,451)</u>
Expenditures:				
Public Works:				
Personal Services	689,146	689,146	581,689	107,457
Nonpersonnel	394,989	394,989	344,724	50,265
Total Expenditures	<u>1,084,135</u>	<u>1,084,135</u>	<u>926,413</u>	<u>157,722</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(529,814)	(529,814)	(381,543)	148,271
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	8,523	7,523
Transfers In	390,000	2,140,000	2,062,022	(77,978)
Total Other Financing Sources (Uses)	<u>391,000</u>	<u>2,141,000</u>	<u>2,070,545</u>	<u>(70,455)</u>
Net Change in Fund Balance	(138,814)	1,611,186	1,689,002	77,816
Fund Balance at Beginning of Year	2,012,268	2,012,268	2,012,268	0
Prior Year Encumbrances	23,989	23,989	23,989	0
Fund Balance at End of Year	<u>\$ 1,897,443</u>	<u>\$ 3,647,443</u>	<u>\$ 3,725,259</u>	<u>\$ 77,816</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, 2012**

MUNICIPAL POOL FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 165,500	\$ 165,500	\$ 195,596	\$ 30,096
All Other Revenues	<u>0</u>	<u>0</u>	<u>252</u>	<u>252</u>
Total Revenues	<u>165,500</u>	<u>165,500</u>	<u>195,848</u>	<u>30,348</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	<u>223,169</u>	<u>223,169</u>	<u>193,327</u>	<u>29,842</u>
Total Expenditures	<u>223,169</u>	<u>223,169</u>	<u>193,327</u>	<u>29,842</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,669)	(57,669)	2,521	60,190
Other Financing Sources (Uses):				
Transfers In	<u>42,000</u>	<u>42,000</u>	<u>0</u>	<u>(42,000)</u>
Total Other Financing Sources (Uses)	<u>42,000</u>	<u>42,000</u>	<u>0</u>	<u>(42,000)</u>
Net Change in Fund Balance	(15,669)	(15,669)	2,521	18,190
Fund Balance at Beginning of Year	68,644	68,644	68,644	0
Prior Year Encumbrances	<u>4,969</u>	<u>4,969</u>	<u>4,969</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 57,944</u>	<u>\$ 57,944</u>	<u>\$ 76,134</u>	<u>\$ 18,190</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, 2012**

CEMETERY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 22,000	\$ 22,000	\$ 50,612	\$ 28,612
Investment Earnings	0	0	2,300	2,300
Total Revenues	<u>22,000</u>	<u>22,000</u>	<u>52,912</u>	<u>30,912</u>
Expenditures:				
Public Works:				
Nonpersonnel	30,150	30,150	15,546	14,604
Total Expenditures	<u>30,150</u>	<u>30,150</u>	<u>15,546</u>	<u>14,604</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,150)	(8,150)	37,366	45,516
Fund Balance at Beginning of Year	206,466	206,466	206,466	0
Fund Balance at End of Year	<u>\$ 198,316</u>	<u>\$ 198,316</u>	<u>\$ 243,832</u>	<u>\$ 45,516</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, 2012**

SPECIAL ASSESSMENT BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Special Assessments	\$ 58,236	\$ 58,236	\$ 60,933	\$ 2,697
Total Revenues	<u>58,236</u>	<u>58,236</u>	<u>60,933</u>	<u>2,697</u>
Expenditures:				
General Government:				
Nonpersonnel	2,200	2,200	1,920	280
Debt Service:				
Principal Retirement	50,883	50,883	50,883	0
Interest and Fiscal Charges	9,030	9,030	8,830	200
Total Expenditures	<u>62,113</u>	<u>62,113</u>	<u>61,633</u>	<u>480</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,877)	(3,877)	(700)	3,177
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>0</u>	<u>2,813</u>	<u>2,813</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>2,813</u>	<u>2,813</u>
Net Change in Fund Balance	(3,877)	(3,877)	2,113	5,990
Fund Balance at Beginning of Year	<u>135,880</u>	<u>135,880</u>	<u>135,880</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 132,003</u>	<u>\$ 132,003</u>	<u>\$ 137,993</u>	<u>\$ 5,990</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, 2012***

GENERAL OBLIGATION BOND RETIREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 557,654	\$ 557,654	\$ 581,492	\$ 23,838
Investment Earnings	15,000	15,000	2,500	(12,500)
Total Revenues	<u>572,654</u>	<u>572,654</u>	<u>583,992</u>	<u>11,338</u>
Expenditures:				
General Government:				
Nonpersonnel	11,500	11,500	8,986	2,514
Debt Service:				
Principal Retirement	440,000	440,000	440,000	0
Interest and Fiscal Charges	68,739	68,739	68,239	500
Total Expenditures	<u>520,239</u>	<u>520,239</u>	<u>517,225</u>	<u>3,014</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	52,415	52,415	66,767	14,352
Fund Balance at Beginning of Year	<u>1,186,853</u>	<u>1,186,853</u>	<u>1,186,853</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,239,268</u>	<u>\$ 1,239,268</u>	<u>\$ 1,253,620</u>	<u>\$ 14,352</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, 2012**

OHIO NATIONAL TAX INCREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Nonpersonnel	131,677	109,465	109,465	0
Total Expenditures	131,677	109,465	109,465	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(131,677)	(109,465)	(109,465)	0
Other Financing Sources (Uses):				
Transfers Out	(104,563)	(126,875)	(126,875)	0
Total Other Financing Sources (Uses)	(104,563)	(126,875)	(126,875)	0
Net Change in Fund Balance	(236,240)	(236,340)	(236,340)	0
Fund Balance at Beginning of Year	144,709	144,709	144,709	0
Prior Year Encumbrances	91,677	91,677	91,677	0
Fund Balance at End of Year	\$ 146	\$ 46	\$ 46	\$ 0

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, 2012**

SPECIAL ASSESSMENT CAPITAL PROJECTS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 0	\$ 1	\$ 0	\$ (1)
Total Revenues	<u>0</u>	<u>1</u>	<u>0</u>	<u>(1)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	1	0	(1)
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(2,814)</u>	<u>(2,813)</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(2,814)</u>	<u>(2,813)</u>	<u>1</u>
Net Change in Fund Balance	0	(2,813)	(2,813)	0
Fund Balance at Beginning of Year	<u>2,813</u>	<u>2,813</u>	<u>2,813</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,813</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2012**

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 100,000	\$ 0	\$ 0	\$ 0
Total Revenues	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
Capital Outlay:				
Nonpersonnel	103,690	3,690	3,690	0
Total Expenditures	<u>103,690</u>	<u>3,690</u>	<u>3,690</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,690)	(3,690)	(3,690)	0
Fund Balance at Beginning of Year	<u>3,690</u>	<u>3,690</u>	<u>3,690</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2012**

URBAN REDEVELOPMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 88,700	\$ 88,700	\$ 93,012	\$ 4,312
Investment Earnings	0	0	3,736	3,736
All Other Revenues	0	0	4,000	4,000
Total Revenues	<u>88,700</u>	<u>88,700</u>	<u>100,748</u>	<u>12,048</u>
Expenditures:				
General Government:				
Nonpersonnel	6,032	6,032	4,228	1,804
Total General Government	<u>6,032</u>	<u>6,032</u>	<u>4,228</u>	<u>1,804</u>
Capital Outlay:				
Nonpersonnel	72,800	72,800	27,629	45,171
Total Capital Outlay	<u>72,800</u>	<u>72,800</u>	<u>27,629</u>	<u>45,171</u>
Total Expenditures	<u>78,832</u>	<u>78,832</u>	<u>31,857</u>	<u>46,975</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,868	9,868	68,891	59,023
Fund Balance at Beginning of Year	328,606	328,606	328,606	0
Prior Year Encumbrances	22,000	22,000	22,000	0
Fund Balance at End of Year	<u>\$ 360,474</u>	<u>\$ 360,474</u>	<u>\$ 419,497</u>	<u>\$ 59,023</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 17,450	\$ 17,450	\$ 24,538	\$ 7,088
Investment Earnings	5,000	5,000	2,730	(2,270)
All Other Revenues	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>
Total Revenues	<u>27,450</u>	<u>27,450</u>	<u>27,268</u>	<u>(182)</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	<u>40,060</u>	<u>40,060</u>	<u>21,006</u>	<u>19,054</u>
Total Expenditures	<u>40,060</u>	<u>40,060</u>	<u>21,006</u>	<u>19,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,610)	(12,610)	6,262	18,872
Fund Balance at Beginning of Year	602,474	602,474	602,474	0
Prior Year Encumbrances	<u>500</u>	<u>500</u>	<u>500</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 590,364</u>	<u>\$ 590,364</u>	<u>\$ 609,236</u>	<u>\$ 18,872</u>

Fiduciary Funds

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

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, 2012**

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
Mayor's Court				
Assets:				
Restricted Assets:				
Cash with Fiscal Agent	\$2,244	\$208,423	(\$191,036)	\$19,631
Total Assets	<u>\$2,244</u>	<u>\$208,423</u>	<u>(\$191,036)</u>	<u>\$19,631</u>
Liabilities:				
Due to Others	\$2,244	\$208,423	(\$191,036)	\$19,631
Total Liabilities	<u>\$2,244</u>	<u>\$208,423</u>	<u>(\$191,036)</u>	<u>\$19,631</u>
Trust Reimbursement				
Assets:				
Restricted Assets:				
Cash with Fiscal Agent	\$119,066	\$58,471	(\$51,860)	\$125,677
Total Assets	<u>\$119,066</u>	<u>\$58,471</u>	<u>(\$51,860)</u>	<u>\$125,677</u>
Liabilities:				
Accounts Payable	\$116,092	\$56,481	(\$49,500)	\$123,073
Intergovernmental Payable	2,974	1,990	(2,360)	2,604
Total Liabilities	<u>\$119,066</u>	<u>\$58,471</u>	<u>(\$51,860)</u>	<u>\$125,677</u>
Unclaimed Monies				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$16,139	\$3,085	(\$1,869)	\$17,355
Total Assets	<u>\$16,139</u>	<u>\$3,085</u>	<u>(\$1,869)</u>	<u>\$17,355</u>
Liabilities:				
Due to Others	\$16,139	\$3,085	(\$1,869)	\$17,355
Total Liabilities	<u>\$16,139</u>	<u>\$3,085</u>	<u>(\$1,869)</u>	<u>\$17,355</u>
Totals - All Agency Funds				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$16,139	\$3,085	(\$1,869)	\$17,355
Cash with Fiscal Agent	121,310	266,894	(242,896)	145,308
Total Assets	<u>\$137,449</u>	<u>\$269,979</u>	<u>(\$244,765)</u>	<u>\$162,663</u>
Liabilities:				
Accounts Payable	\$116,092	\$56,481	(\$49,500)	\$123,073
Intergovernmental Payable	2,974	1,990	(2,360)	2,604
Due to Others	18,383	211,508	(192,905)	36,986
Total Liabilities	<u>\$137,449</u>	<u>\$269,979</u>	<u>(\$244,765)</u>	<u>\$162,663</u>



STATISTICAL SECTION



STATISTICAL TABLES

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

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
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 source, the income tax.	
Debt Capacity	S 18 – S 27
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.	
Economic and Demographic Information	S 28 – S 33
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.	
Operating Information	S 34 – S 37
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.	
Sources Note:	
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 Position by Component
Last Nine Years
(accrual basis of accounting)*

	2004	2005	2006 (1)	2007
Governmental Activities:				
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 Position	<u>\$48,945,067</u>	<u>\$51,804,501</u>	<u>\$56,625,917</u>	<u>\$59,501,370</u>
Business-type Activities:				
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 Position	<u>\$1,427,203</u>	<u>\$1,411,204</u>	<u>\$0</u>	<u>\$0</u>
Primary Government:				
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 Position	<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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$32,640,506	\$34,123,582	\$34,953,112	\$36,182,645	\$36,128,095
17,492,324	15,106,012	17,430,333	17,561,697	19,652,718
13,134,935	15,583,740	14,809,621	14,845,473	14,772,666
<u>\$63,267,765</u>	<u>\$64,813,334</u>	<u>\$67,193,066</u>	<u>\$68,589,815</u>	<u>\$70,553,479</u>
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$32,640,506	\$34,123,582	\$34,953,112	\$36,182,645	\$36,128,095
17,492,324	15,106,012	17,430,333	17,561,697	19,652,718
13,134,935	15,583,740	14,809,621	14,845,473	14,772,666
<u>\$63,267,765</u>	<u>\$64,813,334</u>	<u>\$67,193,066</u>	<u>\$68,589,815</u>	<u>\$70,553,479</u>

City of Montgomery

Changes in Net Position Last Nine Years (accrual basis of accounting)

	2004	2005	2006 (1)	2007
Expenses				
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>	<u>10,369,707</u>	<u>11,001,341</u>	<u>12,186,810</u>	<u>13,066,080</u>
Business-type Activities:				
Municipal Pool	227,144	244,662	0	0
<i>Total Business-type Activities Expenses</i>	<u>227,144</u>	<u>244,662</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government Expenses</i>	<u>\$10,596,851</u>	<u>\$11,246,003</u>	<u>\$12,186,810</u>	<u>\$13,066,080</u>
Program Revenues				
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>	<u>947,433</u>	<u>1,187,156</u>	<u>1,511,159</u>	<u>1,454,962</u>

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

City of Montgomery

2008	2009	2010	2011	2012
\$5,080,065	\$5,875,326	\$5,625,518	\$6,016,951	\$5,938,453
1,267,205	1,399,365	1,384,928	1,375,420	1,350,375
533,346	453,272	447,491	483,968	515,765
0	0	0	0	0
2,594,464	2,883,791	2,700,671	2,322,822	2,368,658
3,503,099	4,123,097	3,916,652	4,396,020	4,435,686
273,054	204,343	187,006	173,463	148,817
<u>13,251,233</u>	<u>14,939,194</u>	<u>14,262,266</u>	<u>14,768,644</u>	<u>14,757,754</u>
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$13,251,233</u>	<u>\$14,939,194</u>	<u>\$14,262,266</u>	<u>\$14,768,644</u>	<u>\$14,757,754</u>

\$257,297	\$303,233	\$341,109	\$327,909	\$389,783
246,394	231,247	239,140	256,030	262,896
300,079	202,502	212,544	217,495	389,531
0	0	0	0	0
26,693	17,595	28,401	38,212	50,612
204,644	218,675	306,876	263,899	239,153
1,152,496	525,090	533,729	637,823	503,370
141,356	83,050	117,265	0	0
<u>2,328,959</u>	<u>1,581,392</u>	<u>1,779,064</u>	<u>1,741,368</u>	<u>1,835,345</u>

(continued)

City of Montgomery

Changes in Net Position Last Nine Years (accrual basis of accounting)

	2004	2005	2006	2007
Business-type Activities:				
Charges for Services				
Municipal Pool	164,162	196,663	0	0
<i>Total Business-type Activities Program Revenues</i>	164,162	196,663	0	0
<i>Total Primary Government Program Revenues</i>	1,111,595	1,383,819	1,511,159	1,454,962
Net (Expense)/Revenue				
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>	(\$9,485,256)	(\$9,862,184)	(\$10,675,651)	(\$11,611,118)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
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>	11,726,331	12,673,619	14,085,863	14,486,571
Business-type Activities:				
Transfers	10,000	32,000	0	0
<i>Total Business-type Activities</i>	10,000	32,000	0	0
<i>Total Primary Government</i>	\$11,736,331	\$12,705,619	\$14,085,863	\$14,486,571
Change in Net Position				
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 Position</i>	\$2,251,075	\$2,843,435	\$3,410,212	\$2,875,453

Source: City Finance Director's Office

City of Montgomery

2008	2009	2010	2011	2012
0	0	0	0	0
0	0	0	0	0
2,328,959	1,581,392	1,779,064	1,741,368	1,835,345
(10,922,274)	(13,357,802)	(12,483,202)	(13,027,276)	(12,922,409)
0	0	0	0	0
<u>(\$10,922,274)</u>	<u>(\$13,357,802)</u>	<u>(\$12,483,202)</u>	<u>(\$13,027,276)</u>	<u>(\$12,922,409)</u>
\$4,744,451	\$4,822,909	\$5,264,702	\$5,067,545	\$4,831,239
7,248,439	6,732,726	7,126,510	6,829,459	7,163,487
703,870	2,208,468	1,070,266	1,096,131	1,686,255
809,573	667,723	953,694	1,007,530	672,620
848,844	197,009	275,677	116,322	203,020
333,492	274,536	172,085	307,038	329,452
0	0	0	0	0
<u>14,688,669</u>	<u>14,903,371</u>	<u>14,862,934</u>	<u>14,424,025</u>	<u>14,886,073</u>
0	0	0	0	0
0	0	0	0	0
<u>\$14,688,669</u>	<u>\$14,903,371</u>	<u>\$14,862,934</u>	<u>\$14,424,025</u>	<u>\$14,886,073</u>
\$3,766,395	\$1,545,569	\$2,379,732	\$1,396,749	\$1,963,664
0	0	0	0	0
<u>\$3,766,395</u>	<u>\$1,545,569</u>	<u>\$2,379,732</u>	<u>\$1,396,749</u>	<u>\$1,963,664</u>

City of Montgomery

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	226,587	303,486	369,159	848,817
Unreserved	8,956,731	9,784,276	10,634,063	12,172,862
<i>Total General Fund</i>	<u>9,183,318</u>	<u>10,087,762</u>	<u>11,003,222</u>	<u>13,021,679</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	2,967,622	4,007,598	3,889,218	4,761,597
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	3,723,168	3,901,646	4,679,988	5,397,618
Capital Projects Funds	2,331,912	2,151,261	2,462,286	1,665,020
<i>Total All Other Governmental Funds</i>	<u>9,022,702</u>	<u>10,060,505</u>	<u>11,031,492</u>	<u>11,824,235</u>
<i>Total Governmental Funds</i>	<u>\$18,206,020</u>	<u>\$20,148,267</u>	<u>\$22,034,714</u>	<u>\$24,845,914</u>

Source: City Finance Director's Office

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Montgomery

2007	2008	2009	2010	2011	2012
\$0	\$0	\$0	\$0	\$23,350	\$31,759
0	0	0	0	0	0
0	0	0	0	232,456	213,241
0	0	0	0	148,421	0
0	0	0	0	14,583,500	14,739,811
411,288	279,644	405,963	317,113	0	0
12,154,635	12,975,774	13,769,099	14,361,458	0	0
<u>12,565,923</u>	<u>13,255,418</u>	<u>14,175,062</u>	<u>14,678,571</u>	<u>14,987,727</u>	<u>14,984,811</u>
0	0	0	0	378,911	386,807
0	0	0	0	14,737,416	17,610,986
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	(1,028,831)	(1,002,569)
4,342,424	3,882,125	3,499,102	4,032,014	0	0
6,149,504	5,983,229	6,862,144	7,183,676	0	0
3,198,902	3,536,402	2,150,689	2,652,138	0	0
<u>13,690,830</u>	<u>13,401,756</u>	<u>12,511,935</u>	<u>13,867,828</u>	<u>14,087,496</u>	<u>16,995,224</u>
<u>\$26,256,753</u>	<u>\$26,657,174</u>	<u>\$26,686,997</u>	<u>\$28,546,399</u>	<u>\$29,075,223</u>	<u>\$31,980,035</u>

City of Montgomery

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

	2003	2004	2005	(1) 2006
Revenues:				
Taxes	\$10,730,132	\$10,234,237	\$10,629,284	\$11,200,882
Intergovernmental Revenues	1,303,807	1,360,965	1,343,674	1,422,911
Charges for Services	300,191	337,765	328,218	548,004
Licenses, Permits and Fees	550,360	237,850	611,953	319,408
Investment Earnings	222,096	249,354	563,496	1,085,849
Special Assessments	246,398	247,410	280,046	262,538
Fines and Forfeitures	203,435	166,726	148,433	144,110
All Other Revenue	79,523	241,942	293,656	829,855
Total Revenue	<u>13,635,942</u>	<u>13,076,249</u>	<u>14,198,760</u>	<u>15,813,557</u>
Expenditures:				
Current:				
Public Safety	4,207,246	3,772,691	4,521,403	4,518,043
Public Health and Welfare Services	71,191	63,370	0	0
Parks and Recreation	543,956	547,032	636,971	864,631
Community Economic Development	480,298	474,413	468,000	421,068
Public Works	931,182	923,703	1,300,709	1,334,110
General Government	2,654,358	2,655,321	2,416,707	2,578,840
Capital Outlay	1,512,227	1,147,304	1,418,266	2,062,710
Debt Service:				
Principal Retirement	2,141,883	1,234,883	1,207,883	1,022,883
Interest and Fiscal Charges	638,932	360,787	329,594	304,218
Total Expenditures	<u>13,181,273</u>	<u>11,179,504</u>	<u>12,299,533</u>	<u>13,106,503</u>
Excess (Deficiency) of Revenues Over Expenditures	454,669	1,896,745	1,899,227	2,707,054

City of Montgomery

2007	2008	2009	2010	2011	2012
\$12,044,105	\$12,709,819	\$13,555,648	\$13,447,773	\$13,207,984	\$13,772,405
1,354,153	1,508,044	1,208,965	1,661,817	1,524,756	1,910,352
511,409	523,170	501,427	616,733	588,205	645,149
269,326	316,184	263,693	341,216	329,972	288,456
1,371,200	879,745	200,366	273,850	118,982	207,977
268,786	262,668	251,871	267,745	240,774	247,118
145,431	174,529	176,193	122,657	182,546	208,992
254,586	333,492	285,582	192,519	308,438	330,070
<u>16,218,996</u>	<u>16,707,651</u>	<u>16,443,745</u>	<u>16,924,310</u>	<u>16,501,657</u>	<u>17,610,519</u>
4,568,155	4,703,274	5,433,316	5,124,108	5,571,856	5,257,367
0	0	0	0	0	0
977,049	1,049,966	1,184,945	1,188,511	1,183,413	1,173,520
441,412	436,377	341,707	338,006	407,163	423,326
1,535,161	1,644,489	1,688,833	1,573,712	1,553,391	1,393,153
3,291,453	3,231,860	3,552,386	3,810,968	4,773,477	3,680,703
2,750,034	2,225,481	3,443,806	2,261,729	1,750,423	2,140,335
973,883	603,883	618,883	614,883	619,883	615,883
282,666	227,057	179,768	162,428	144,521	124,949
<u>14,819,813</u>	<u>14,122,387</u>	<u>16,443,644</u>	<u>15,074,345</u>	<u>16,004,127</u>	<u>14,809,236</u>
1,399,183	2,585,264	101	1,849,965	497,530	2,801,283

(Continued)

City of Montgomery

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

	2003	2004	2005	(1) 2006
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	16,663	24,060	19,220	51,610
Proceeds from the Sale of Bonds	0	4,495,000	0	0
Proceeds from Bond Anticipation Notes	1,000,000	0	0	0
Proceeds from Refunding Bonds	7,895,000	0	0	0
Payment to Refunding Bond Escrow Agent	(7,828,113)	(4,463,558)	0	0
Transfers In	2,512,374	937,510	1,300,443	690,086
Transfers Out	(2,532,374)	(947,510)	(1,332,443)	(720,086)
Total Other Financing Sources (Uses)	<u>1,063,550</u>	<u>45,502</u>	<u>(12,780)</u>	<u>21,610</u>
Net Change in Fund Balance	<u>\$1,518,219</u>	<u>\$1,942,247</u>	<u>\$1,886,447</u>	<u>\$2,728,664</u>
 Debt Service as a Percentage of Noncapital Expenditures	 29.57%	 15.62%	 16.07%	 12.45%

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

2007	2008	2009	2010	2011	2012
11,656	15,130	29,722	9,437	31,294	103,529
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	(2,199,973)	0	0	0	0
2,514,253	1,645,535	2,196,059	1,461,364	435,962	2,482,510
(2,514,253)	(1,645,535)	(2,196,059)	(1,461,364)	(435,962)	(2,482,510)
<u>11,656</u>	<u>(2,184,843)</u>	<u>29,722</u>	<u>9,437</u>	<u>31,294</u>	<u>103,529</u>
<u>\$1,410,839</u>	<u>\$400,421</u>	<u>\$29,823</u>	<u>\$1,859,402</u>	<u>\$528,824</u>	<u>\$2,904,812</u>
10.96%	7.22%	6.28%	6.05%	5.53%	5.31%

City of Montgomery

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Income Tax Rate	1.00%	1.00%	1.00%	1.00%
Estimated Personal Income	\$387,139	\$411,622	\$424,824	\$452,955
Total Tax Collected	\$5,846,363	\$5,841,251	\$6,100,942	\$6,434,747
Income Tax Receipts				
Withholding	4,146,652	4,194,245	4,317,030	4,519,322
Percentage	70.9%	71.8%	70.8%	70.3%
Corporate	427,923	439,111	466,028	555,189
Percentage	7.3%	7.5%	7.6%	8.6%
Individuals	1,271,788	1,207,895	1,317,884	1,360,236
Percentage	21.8%	20.7%	21.6%	21.1%

Source: City Finance Department

City of Montgomery

2007	2008	2009	2010	2011	2012
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
\$462,437	\$477,559	\$446,339	\$458,743	\$480,577	\$480,577
\$6,425,182	\$7,514,726	\$6,749,754	\$6,670,824	\$7,135,086	\$7,266,418
4,502,641	5,404,643	4,711,462	4,871,941	5,166,841	5,132,899
70.1%	72.0%	69.8%	73.1%	72.4%	70.7%
501,854	588,505	510,358	421,386	490,950	519,450
7.8%	7.8%	7.6%	6.3%	6.9%	7.1%
1,420,687	1,521,578	1,527,934	1,377,497	1,477,295	1,614,069
22.1%	20.2%	22.6%	20.6%	20.7%	22.2%



City of Montgomery

Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2012				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,481	34.22%	\$64,053	1.28%
20,000 - 49,999	501	11.58%	168,767	3.37%
50,000 - 74,999	376	8.69%	236,230	4.72%
75,000 - 99,999	333	7.69%	291,441	5.82%
Over 100,000	1,637	37.82%	4,246,640	84.81%
Total	4,328	100.00%	\$5,007,131	100.00%

Local Taxes Paid by Residents

Taxes Credited to Other Municipalities

Tax Dollars

\$3,575,085

\$3,575,085

Calendar Year 2003				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	996	26.45%	\$67,439	1.73%
20,000 - 49,999	569	15.11%	197,274	5.05%
50,000 - 74,999	410	10.89%	257,935	6.60%
75,000 - 99,999	451	11.98%	392,325	10.04%
Over 100,000	1,340	35.57%	2,993,034	76.58%
Total	3,766	100.00%	\$3,908,007	100.00%

Local Taxes Paid by Residents

Taxes Credited to Other Municipalities

Tax Dollars

\$2,730,061

\$2,730,061

Source: City Finance Director's Office

City of Montgomery

Ratios of Outstanding Debt By Type Last Ten Years

	2003	2004	2005	2006
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$9,235,000	\$8,695,000	\$7,805,000	\$6,900,000
Special Assessment Bonds	2,469,112	2,358,229	2,240,346	2,122,463
Long-Term Notes Payable	419,000	200,000	0	0
Total Primary Government	<u>\$12,123,112</u>	<u>\$11,253,229</u>	<u>\$10,045,346</u>	<u>\$9,022,463</u>
Population ⁽²⁾				
City of Montgomery	10,163	10,163	10,163	10,163
Outstanding Debt Per Capita	\$1,193	\$1,107	\$988	\$888
Income ⁽³⁾				
Personal (in thousands)	387,139	411,622	424,824	452,955
Percentage of Personal Income	3.13%	2.73%	2.36%	1.99%

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

2007	2008	2009	2010	2011	2012
\$6,050,000	\$3,395,000	\$2,905,000	\$2,425,000	\$1,890,000	\$1,450,000
1,998,580	1,874,697	1,745,814	1,610,931	1,526,048	1,350,165
0	0	0	0	0	0
<u>\$8,048,580</u>	<u>\$5,269,697</u>	<u>\$4,650,814</u>	<u>\$4,035,931</u>	<u>\$3,416,048</u>	<u>\$2,800,165</u>
10,163	10,163	10,163	10,251	10,251	10,251
\$792	\$519	\$458	\$394	\$333	\$273
462,437	477,559	446,339	458,743	480,577	480,577
1.74%	1.10%	1.04%	0.88%	0.71%	0.58%

City of Montgomery

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2003	2004	2005	2006
Population (1)	10,163	10,163	10,163	10,163
Personal Income (2)	\$387,139,159	\$411,621,826	\$424,823,563	\$452,954,747
General Bonded Debt (3)				
General Obligation Bonds	\$9,235,000	\$8,695,000	\$7,805,000	\$6,900,000
Resources Available to Pay Principal	\$1,011,136	\$951,899	\$967,900	\$1,241,771
Net General Bonded Debt	\$8,223,864	\$7,743,101	\$6,837,100	\$5,658,229
Ratio of Net Bonded Debt to Personal Income	2.12%	1.88%	1.61%	1.25%
Net Bonded Debt per Capita	\$809.20	\$761.89	\$672.74	\$556.75

Source:

(1) U.S. 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) Includes all general obligation bonded debt supported by property taxes.

City of Montgomery

2007	2008	2009	2010	2011	2012
10,163	10,163	10,163	10,251	10,251	10,251
\$462,436,826	\$477,559,370	\$446,338,634	\$458,742,501	\$480,577,131	\$480,577,131
\$6,050,000	\$3,395,000	\$2,905,000	\$2,425,000	\$1,890,000	\$1,450,000
\$1,195,610	\$1,243,975	\$1,213,067	\$1,236,599	\$1,267,621	\$1,289,798
\$4,854,390	\$2,151,025	\$1,691,933	\$1,188,401	\$622,379	\$160,202
1.05%	0.45%	0.38%	0.26%	0.13%	0.03%
\$477.65	\$211.65	\$166.48	\$115.93	\$60.71	\$15.63



City of Montgomery

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2012*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Montgomery</u>	<u>Amount Applicable to the City of Montgomery</u>
Direct:			
City of Montgomery	\$1,450,000	100.00%	\$1,450,000
Overlapping:			
Sycamore Community School District	60,697,763	29.56%	17,942,259
Great Oaks Joint Vocational School District	17,500,000	2.69%	470,750
Hamilton County	84,155,000	2.64%	<u>2,221,692</u>
		Subtotal	<u>20,634,701</u>
		Total	<u><u>\$22,084,701</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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$404,624,600	\$413,822,990	\$481,924,300	\$486,557,560
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	42,485,583	43,451,414	50,602,052	51,088,544
City Debt Outstanding (2)	9,235,000	8,695,000	7,805,000	6,900,000
Less: Applicable Debt Service Fund Amounts	<u>(1,011,136)</u>	<u>(951,899)</u>	<u>(967,900)</u>	<u>(1,241,771)</u>
Net Indebtedness Subject to Limitation	<u>8,223,864</u>	<u>7,743,101</u>	<u>6,837,100</u>	<u>5,658,229</u>
Overall Legal Debt Margin	<u>\$34,261,719</u>	<u>\$35,708,313</u>	<u>\$43,764,952</u>	<u>\$45,430,315</u>
Debt Margin as a Percentage of Debt Limit	80.64%	82.18%	86.49%	88.92%
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$404,624,600	\$413,822,990	\$481,924,300	\$486,557,560
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	22,254,353	22,760,264	26,505,837	26,760,666
City Debt Outstanding (2)	9,235,000	8,695,000	7,805,000	6,900,000
Less: Applicable Debt Service Fund Amounts	<u>(1,011,136)</u>	<u>(951,899)</u>	<u>(967,900)</u>	<u>(1,241,771)</u>
Net Indebtedness Subject to Limitation	<u>8,223,864</u>	<u>7,743,101</u>	<u>6,837,100</u>	<u>5,658,229</u>
Overall Legal Debt Margin	<u>\$14,030,489</u>	<u>\$15,017,163</u>	<u>\$19,668,737</u>	<u>\$21,102,437</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

2007	2008	2009	2010	2011	2012
\$488,255,500	\$520,027,750	\$522,227,380	\$523,512,940	\$481,043,250	\$481,049,290
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
51,266,828	54,602,914	54,833,875	54,968,859	50,509,541	50,510,175
6,050,000	3,395,000	2,905,000	2,425,000	1,890,000	1,450,000
(1,195,610)	(1,243,975)	(1,213,067)	(1,236,599)	(1,267,621)	(1,289,798)
<u>4,854,390</u>	<u>2,151,025</u>	<u>1,691,933</u>	<u>1,188,401</u>	<u>622,379</u>	<u>160,202</u>
<u>\$46,412,438</u>	<u>\$52,451,889</u>	<u>\$53,141,942</u>	<u>\$53,780,458</u>	<u>\$49,887,162</u>	<u>\$50,349,973</u>
90.53%	96.06%	96.91%	97.84%	98.77%	99.68%
\$488,255,500	\$520,027,750	\$522,227,380	\$523,512,940	\$481,043,250	\$481,049,290
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
26,854,053	28,601,526	28,722,506	28,793,212	26,457,379	26,457,711
6,050,000	3,395,000	2,905,000	2,425,000	1,890,000	1,450,000
(1,195,610)	(1,243,975)	(1,213,067)	(1,236,599)	(1,267,621)	(1,289,798)
<u>4,854,390</u>	<u>2,151,025</u>	<u>1,691,933</u>	<u>1,188,401</u>	<u>622,379</u>	<u>160,202</u>
<u>\$21,999,663</u>	<u>\$26,450,501</u>	<u>\$27,030,573</u>	<u>\$27,604,811</u>	<u>\$25,835,000</u>	<u>\$26,297,509</u>

City of Montgomery

Pledged Revenue Coverage Last Ten Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Special Assessment Bonds					
Special Assessment Collections	\$246,298	\$247,410	\$280,046	\$262,538	\$268,786
Debt Service					
Principal	85,883	110,883	117,883	117,883	123,883
Interest	50,906	87,925	85,060	81,970	78,780
Coverage	1.80	1.24	1.38	1.31	1.33

Source: City Finance Director's Office

City of Montgomery

2008	2009	2010	2011	2012
\$262,668	\$251,871	\$267,745	\$240,774	\$247,118
123,883	128,883	134,883	139,883	175,883
76,395	70,830	66,839	59,282	56,710
1.31	1.26	1.33	1.21	1.06

City of Montgomery

Demographic and Economic Statistics Last Ten Years

Calendar Year	2003	2004	2005	2006
Population (1)				
City of Montgomery	10,163	10,163	10,163	10,163
Hamilton County	845,303	845,303	845,303	845,303
Income (2) (a)				
Total Personal (in thousands)	387,139	411,622	424,824	452,955
Hamilton County Per Capita	38,093	40,502	41,801	44,569
Unemployment Rate (3)				
Federal	6.0%	5.5%	5.1%	4.6%
State	6.2%	6.1%	5.9%	5.4%
Hamilton County	5.4%	5.5%	5.4%	5.0%
Civilian Work Force Estimates (3)				
State	5,860,000	5,863,000	5,882,000	5,924,000
Hamilton County	423,100	420,200	418,200	424,000

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) Ohio Department of Job and Family Services Ohio Labor Market Information

City of Montgomery

2007	2008	2009	2010	2011	2012
10,163	10,163	10,163	10,251	10,251	10,251
845,303	845,303	845,303	802,374	802,374	802,374
462,437	477,559	446,339	458,743	480,577	480,577
45,502	46,990	43,918	44,751	46,881	46,881
4.6%	5.8%	9.3%	9.6%	8.9%	8.1%
5.6%	6.6%	10.2%	10.0%	8.6%	7.2%
5.0%	5.6%	8.8%	9.5%	8.6%	7.0%
5,961,000	5,940,000	5,923,000	5,858,000	5,805,000	5,748,000
433,100	435,900	433,200	411,000	405,100	400,000



City of Montgomery

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2012		
		Number of Employees	Rank	Percentage of Total Employment
Bethesda Hospital	Medical	3,015	1	21%
Sycamore Community School District	Educational	1,411	2	10%
Ohio National Financial Institution	Financial	900	3	6%
Montgomery Inn, Inc.	Restaurant	304	4	2%
Tri-Health, Inc.	Medical	282	5	2%
Twin Lakes	Senior Community	263	6	2%
Meadowbrook Care Center	Medical	234	7	2%
Kroger	Retail	194	8	1%
Montgomery Care Center	Medical	187	9	1%
Columbia Oldsmobile Inc.	Automobile Retail	130	10	1%
Total		<u>6,920</u>		
Total Employment within the City		<u><u>14,603</u></u>		

Employer	Nature of Business	2003		
		Number of Employees	Rank	Percentage of Total Employment
Bethesda Hospital	Medical	2,362	1	15%
Sycamore Community School District	Educational	1,249	2	8%
Ohio National Financial Institution	Financial	743	3	5%
Montgomery Inn, Inc.	Restaurant	409	4	3%
CEI Physicians PSC, Inc.	Medical	320	5	2%
Bethesda Healthcare, Inc.	Medical	228	6	1%
Montgomery Care Center	Medical	205	7	1%
Kroger	Retail	178	8	1%
Steak N' Shake	Restaurant	157	9	1%
Camargo Cadillac	Automobile Retail	148	10	1%
Total		<u>5,999</u>		
Total Employment within the City		<u><u>15,884</u></u>		

Source: City Finance Director's Office

City of Montgomery

Full Time Equivalent Employees by Function Last Ten Years

	2003	2004	2005	2006	2007
Governmental Activities					
General Government					
Finance	6.00	6.00	6.00	6.00	5.50
Legal/Court	1.50	1.50	1.50	1.50	1.50
Administration	5.50	5.50	5.50	5.50	7.50
Maintenance	1.00	1.50	1.50	1.50	1.50
Public Safety					
Police	23.00	23.00	23.00	24.00	24.00
Fire	24.50	24.50	25.00	25.00	25.00
Public Works					
Street	12.75	12.50	12.50	12.50	13.50
Parks and Recreation					
Parks and Recreation	6.00	6.00	5.25	5.25	4.50
Community Environment					
Service	3.00	3.00	3.00	3.00	2.00
Total Employees	<u>83.25</u>	<u>83.50</u>	<u>83.25</u>	<u>84.25</u>	<u>85.00</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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
5.50	5.50	5.50	5.00	5.50
1.50	1.50	1.50	1.50	1.50
7.50	7.50	7.50	7.00	6.50
1.50	1.00	1.00	1.00	0.00
24.00	24.00	24.00	24.00	24.00
25.00	25.00	25.00	25.00	25.00
13.50	13.50	11.50	11.50	11.50
4.50	5.50	7.00	7.50	7.00
<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
<u>85.00</u>	<u>85.50</u>	<u>85.00</u>	<u>84.50</u>	<u>83.00</u>

City of Montgomery

Operating Indicators by Function Last Ten Years

	2003	2004	2005	2006
Governmental Activities				
General Government				
Court				
Number of Traffic Cases	2,604	2,169	1,976	1,759
Licenses and Permits				
Number of Building Permits	193	252	268	453
Number of Building Inspections	762	1,630	1,483	986
Information Technology				
Number of Website Visitors	87,654	148,370	213,108	209,293
Number of Online Transactions	101	818	906	903
Average Cost per Online Transactions	\$220.00	\$31.00	\$24.00	\$12.00
Public Safety				
Police				
Number of Moving Citations Issued	1,666	1,153	1,316	1,151
Number of Non-moving Citations Issued	461	390	312	363
Number of Felony Arrests	12	15	15	19
Number of Misdemeanor Arrests	188	143	134	129
Number of Juvenile Arrests	90	98	97	106
Number of DUI/OVI Arrests	94	55	79	92
Number of Auto Accident Reports	694	554	537	536
Fire				
Number of Fire Calls	465	457	447	482
Number of EMS Runs	887	867	871	860
Number of Car Seat Inspections	320	208	195	143
Number of Inspections	1,068	1,173	589	334
Public Works				
Street				
Centerline Miles of Streets Resurfaced	N/A	3.37	2.87	1.97
Number of Public Trees Trimmed	N/A	30	51	443
Number of Households Receiving Curbside Brush Chipping	N/A	465	447	600
Number of Sidewalk Locations Required	N/A	1,777	93	138
Parks and Recreation				
Parks and Recreation				
Number of Classes / Events	N/A	N/A	54	137
Number of Pool Passes Sold	542	528	555	556
Number of Pool Daily Patrons	3,400	4,200	4,500	4,900

Source: City Finance Director's Office

City of Montgomery

2007	2008	2009	2010	2011	2012
1,695	1,757	1,741	1,262	1,529	1,742
335	241	160	218	253	250
1,362	1,181	538	649	733	1,195
165,455	181,978	204,887	293,593	220,001	269,439
1,909	4,152	2,618	2,873	2,972	2,914
\$3.72	\$1.71	\$2.71	\$1.00	\$0.97	\$0.99
1,772	1,674	1,479	1,517	1,883	1,929
392	258	376	246	271	261
27	35	38	31	38	59
177	251	208	193	233	326
77	67	85	53	83	105
75	18	31	23	38	88
612	534	564	629	766	609
609	626	483	510	490	467
991	1,032	1,029	1,047	1,005	998
166	178	148	170	151	151
742	996	983	1,031	1,103	1,008
1.35	4.39	3.67	7.50	3.70	2.43
575	383	405	317	135	65
2,000	2,500	1,100	677	825	803
150	210	160	85	65	71
139	178	101	97	82	60
518	449	490	453	518	546
5,445	8,614	11,000	13,585	11,237	9,873

City of Montgomery

Capital Asset Statistics by Function Last Ten Years

	2003	2004	2005	2006	2007
Governmental Activities					
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	11	12	12	12	12
Fire					
Stations	1	1	1	1	1
Vehicles	6	6	7	9	9
Public Works					
Street					
Streets (lane miles)	46	46	46	46	46
Street Lights	207	233	23	233	247
Vehicles	15	15	15	16	16
Parks and Recreation					
Parks and Recreation					
Land (acres)	80	81	81	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
Business-Type Activities					
Municipal Pool					
Land (acres)	2	2	2	2	2
Buildings	2	2	2	2	2

Source: City Finance Director's Office

City of Montgomery

2008	2009	2010	2011	2012
23 8	23 8	23 8	23 8	23 8
1 12	1 12	1 16	1 16	1 13
1 9	1 9	1 8	1 10	1 11
46 247 17	46 246 18	46 206 16	46 316 17	46 246 16
81 3 7 6 10 13	81 3 7 6 10 12	81 3 7 6 10 11	81 3 7 6 10 9	81 3 7 6 10 9
2 2	2 2	2 2	2 2	2 2



CITY OF MONTGOMERY, OHIO

Single Audit Reports

December 31, 2012

CITY OF MONTGOMERY, OHIO

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CITY OF MONTGOMERY, OHIO
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2012

Federal Grantor/Pass Through Grantor Program Title	Grant or Pass-Through Number	Federal CFDA Number	Expenditures
U. S. DEPARTMENT OF TRANSPORTATION			
Federal Highway Administration			
<i>Passed Through Ohio Department of Transportation</i>			
ARRA-Highway Planning and Construction			
HAM-US22-13.22 (MONTGOMERY SIGNALS)	PID-86894	20.205	\$ 540,175
Total U.S. Department of Transportation			540,175
TOTAL FEDERAL AWARDS			\$ 540,175

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditures of non-Federal matching funds is not included on the Schedule.

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Montgomery, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated May 24, 2013, wherein we noted the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

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

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
May 24, 2013

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

The Honorable Members of City Council
City of Montgomery, Ohio

Report on Compliance for Each Major Federal Program

We have audited the City of Montgomery, Ohio (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in

accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated May 24, 2013, which contained unmodified opinions on those financial statements, wherein we noted the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Bastin & Company, L L C

Cincinnati, Ohio
May 24, 2013

**CITY OF MONTGOMERY, OHIO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB Circular A-133 § .505
 For the year ended December 31, 2012**

SUMMARY OF AUDITOR'S RESULTS

Type of financial statement opinion	Unmodified
Were there any material control weaknesses reported at the financial statement level?	No
Were there any other significant deficiencies in internal control reported at the financial statement level?	No
Was there any reported material noncompliance reported at the financial statement level?	No
Were there any material internal control weakness reported for major federal programs?	No
Were there any other significant deficiencies in internal control reported for major federal programs?	No
Type of major programs' compliance opinion	Unmodified
Are there any reportable findings?	No
Major programs:	ARRA-Highway Planning and Construction CFDA 20.205
Dollar threshold to distinguish between Type A/B programsType	A: >\$300,000 Type B: all others
Low risk auditee?	No

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

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

CITY OF MONTGOMERY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended December 31, 2012

The City of Montgomery, Ohio had no prior audit findings.

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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 9, 2013**