



**Auditor of State
Betty Montgomery**

CITY OF MONTGOMERY
HAMILTON COUNTY

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of Montgomery
Hamilton County
10101 Montgomery Road
Montgomery, Ohio 45242

To Members of City Council:

We have audited the general purpose financial statements of the City of Montgomery, Hamilton County, Ohio (the City), as of and for the fiscal year ended December 31, 2002, and have issued our report thereon dated June 25, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing*. However, we noted an immaterial instance of noncompliance that we have reported to the management of the City in a separate letter dated June 25, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 25, 2003.

City of Montgomery
Hamilton County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 25, 2003

THE CITY OF MONTGOMERY, OHIO

HAMILTON COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2002

THE CITY OF MONTGOMERY, OHIO

HAMILTON COUNTY

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2002

Prepared by:
Department of Finance
Wayne Davis, Director

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INTRODUCTORY SECTION



[HTTP://WWW.CI.MONTGOMERY.OH.US](http://www.ci.montgomery.oh.us)

CITY OF MONTGOMERY, OHIO

10101 MONTGOMERY ROAD
MONTGOMERY, OHIO 45242

PHONE (513) 792-8349 FAX (513) 891-2498

June 30, 2003

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, 2002. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

The report is comprised of three major sections:

1. *The Introductory Section* includes this Letter of Transmittal which addresses the organization, accomplishments and operational structure of the City, a list of the principal city officials, and an organizational chart.
2. *The Financial Section* contains the City's general purpose financial statements which include explanatory notes and provide an overview of the City's financial position and operating results, the combining financial statements of the individual funds and account groups that provide detailed information to the general purpose financial statements and the Report of the Independent Auditors.
3. *The Statistical Section* presents social, economic and historical data for general information and identifies financial trends.

The Reporting Entity

The accompanying general purpose 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 that would enhance the community. This entity's board of directors consists entirely of Montgomery's council members.

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, staggered to expire four seats then 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 historic preservation efforts, community development and enhancement, and evaluation of the numerous projects carried out each year. All of these boards and commissions are run 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 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

The Beautification and Tree 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 funds allocated to it. Throughout the year, the Commission sponsors events. Those events include the Arbor Day celebration and 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 received the designation of Tree City USA from the National Arbor Day Foundation for the sixth consecutive year.

Board of Tax Review

This Board is defined by ordinance to hear appeals of 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.

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 classified services of the City. 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 the 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.

Community Improvement Corp.

The CIC is established under Ohio Revised Code to provide economic development benefits to businesses which are either located in Montgomery or are considering establishing an office in Montgomery. It has assisted businesses in obtaining favorable loan rates, offered incentives to businesses to establish offices in Montgomery and purchased property for the purposes of developing it for resale to desirable businesses. The Board of Directors of the CIC is comprised of the members of City Council.

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 its historical heritage, work with other preservation organizations and the Ohio Preservation Office and 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 of Montgomery has worked to acquire and develop desirable areas for its park system--including the municipal swimming pool--which supports all the Montgomery neighborhoods. 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 the 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 to Montgomery. It regularly conducts studies and surveys, as well as plans for the growth, development, redevelopment, rehabilitation and renewal of the City.

Sister Cities Commission

The Sister Cities Commissions 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 its Sister City, Neuilly-Plaisance in France. 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 and do business. 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, which is 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 in the City include Bethesda North Hospital, the Sycamore Community School District, the world famous Montgomery Inn, the Ohio National Life Insurance Company and the Cincinnati Eye Institute. All of these employers are growing and are reflective of the economic vitality of the entire Cincinnati region, with its low unemployment and high growth rates. In addition to the economic contributions of the major employers above, the City has experienced an expanding medical professional business environment with a variety of general and specialty medical practitioners and clinics. In addition to the expanding medical community, the City's historic downtown offers numerous retail and dining choices for residents and visitors, alike.

The local economy continued its healthy growth in 2002 as evidenced by income tax collections which increased 11% over 2001 collections. Likewise, the value of Montgomery residential and commercial property continued to increase. The increasing property values and new construction within the City both contributed to increasing property tax collections.

The area surrounding the City of Montgomery contains much of the same diversity in businesses that exists within its city limits. The greater Cincinnati area is the home of several Fortune 1000 companies and has experienced consistently low unemployment rates in recent years.

MAJOR INITIATIVES

The 2002 year was unlike prior years in Montgomery, in that it was relatively quiet, especially when compared to the turmoil and unsettled situation of 2001 with the terrorist attacks, and with the damage to the City resulting from the 1999 tornado. Although things were quieter than in recent years, the City was busy with plenty of activity for City Council, staff and its various boards and commissions, the members of which make great efforts to strive toward the high-quality City services that make Montgomery the unique city that it is.

One of the more significant events of 2002 occurred after months of review by a citizen-based Charter Review Committee and the City Council, when a revised City Charter was placed on the November ballot and ultimately approved by the voters. This charter revision incorporated changes to City operating procedures at various levels and sought to refine the charter document to better comply with state laws and the best practices in municipal government.

In the past year, City Council and staff also completed a new strategic plan to guide the operations of the City for the next 5-7 years. The plan will serve as a roadmap for the future operations, projects and activities of the City and as a guide for operational and capital budgetary planning. As a part of the strategic plan, new City vision and mission statements were developed as well as a set of values by which the City operates in its service to the public. Additionally, six major goal areas were identified to promote the City's vision through future work in the community. These goal areas include the following: Maintenance of High Standards in Service Delivery; Fiscal Accountability, Management and Reporting; Open and Free-Flowing Communication and Collaboration; Aesthetic Quality of Natural Resources and Parks Contributing to the Montgomery Quality of Life; City Engagement In and Encouragement of Economic Development; and Emphasis of the City's Heritage District as the Signature of the Community.

In an event that was closely tied to the City's Strategic Plan, the City introduced its new TARGET program, which stands for "Taking Action to Reach Goals through Empowerment and Teamwork", for the introduction of high performance organization principles of employee leadership, emotional intelligence, conflict resolution, continuous improvement and quality customer service into the City. This is an employee developed and driven program, designed to serve as a foundation for the implementation of high performance organization principles throughout the City organization.

Another significant 2002 event occurred when City Council authorized the purchase of property in the Heritage District, commonly known as the "Triangle". The City approved an Urban Renewal Plan for the property, identifying it as a "deteriorated or blighted area" and identified uses and goals for the future redevelopment/rehabilitation of the site. A study of the City's Heritage District, by the planning firm of McBride, Dale and Clarion, identified this property as a critical component for the City to control future development of the Heritage District. The property was also identified as a key component of the City's new Strategic Plan. In 2003, the City will begin work to prepare the site for future mixed-use development and also as a gateway to the City.

The historic Hopewell Cemetery, which is owned by the City, was expanded to offer new burial plots in the southeast corner of the cemetery, near Montgomery Road. Sales of 539 plots began July 1st for residents and were opened to the general public in August.

Work began in 2002 at the site of Twin Lakes in Montgomery, the new comprehensive retirement community on Montgomery Road. The community of Twin Lakes is designed as an enhancement of the resources available to older adults in the area. The project includes 115 villas and 91 apartments for independent living, 27 apartments for assisted living and 38 rooms for residents needing medical assistance. Along with the advantage of keeping local residents close by, the community will bring more than 200 jobs to Montgomery.

The City introduced a new redesigned website to facilitate implementation of many on-line services and to enhance communications between the City and its Citizens. The most significant additions to the website are features that allow residents to purchase and renew pool passes, subscribe to e-information service, download City forms, and request and track the status of certain City services online. Website activity is monitored monthly and has increased steadily as a result of these new features.

Also in 2002, City Council established an Environmental Advisory Committee to assist the City in educating the community about such environmental issues as trash collection, yard waste, storm water management and property maintenance standards.

Finally, in 2002 the City continued to add to its solid financial base through the administration of its financial plan, as presented in its 2002 Budget and Capital Improvement planning documents. The five-year plan presented in each document allows the City to chart and pursue a fiscal course enabling the City to fund current operations, replace or improve outdated capital assets, reduce City debt, and establish sound financial and operational plans for four years beyond the current budget year.

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 office.

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.

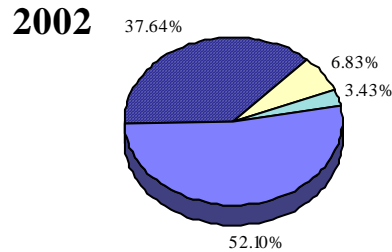
Budgetary Control

Budgetary control is maintained within the personal services, operating expenditures, contractual services, and capital outlay categories within each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Purchase orders which result in an overrun above appropriated balances are not released until additional appropriations are made available via amendments to the annual appropriations ordinance. Open encumbrances as of December 31, 2002 are reported as reservations of fund balances within this report.

General Governmental Revenues

Governmental Fund Revenues (i.e., general, special revenues, debt service and capital projects funds) for the City in 2002 increased by approximately 4% from the amounts received in 2001. The majority of this increase was attributable to receipts of the City's earnings tax, which reflected an increase of 11% over 2001 receipts. The City's investment earnings, like those of other public sector entities, experienced a sharp decrease as a result of the record low interest rate market. The earnings tax and investment earnings variances were two of the larger revenue variances from the 2001 to the 2002 fiscal year. The City's tax receipts are identified by their tax source in the table below:

2002 Tax Receipts	2002	%
Income Tax	\$5,785,036	52.10
Property Tax	4,178,574	37.64
Estate Tax	758,259	6.83
Miscellaneous Tax	380,324	3.43
Total Resources	\$11,102,193	100.00



Intergovernmental revenues are comprised of funds from revenue sharing programs with Federal, State and County government entities. In 2002, the revenues for this funding source increased by 19%. This increase was due to the receipt of grant funds from the Department of Justice for the School Resource Officer program with the Sycamore School District and the receipt of additional Federal Emergency Management Agency (FEMA) funds for the reimbursement of expenditures resulting from July 2001 flood damages to the City.

Charges for services consist primarily of charges levied by the Recreation Department for various recreational programs, pool fees and lodge rental charges. Also included in this revenue category are cemetery charges for lot sales and interments, as well as transportation fees for emergency medical services (EMS) in the Fire Department. Charges for services increased 23% in 2002, primarily due to the sale of new burial plots in the Hopewell Cemetery.

Revenue received for licenses and permits increased by 37% in 2002. This increase can be tied to a rise in building permits and construction. Building permits jumped 50% in 2002 due to the construction of the Twin Lakes Retirement Community and the construction of several new homes in the community and many commercial and residential remodeling and/or addition projects. The construction also led to increases in the City's environmental impact fees, which are assessed on new development in the City and are reflected in the 37% increase in licenses and permits revenue.

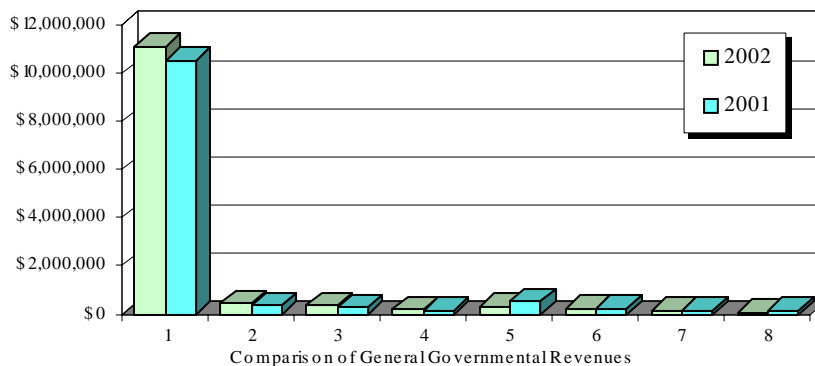
Investment earnings declined significantly in 2002, decreasing by more than 44% from 2001 levels. This decrease was due to the historically low interest rate market that is affecting the investment returns of municipalities and other government entities across the nation. Montgomery, like other public sector investors, experienced the low interest rate marketplace over the course of the entire year.

Fines and Forfeitures decreased by 7% in 2002, which was due to a slight drop in Mayor’s Court activity levels from 2001. Fine receipts are dependent on Mayor’s Court caseloads, as well as the nature of the crimes committed in the community, and therefore are subject to annual fluctuations with changes in crime patterns.

All other revenue sources decreased by 44% in 2002, which was a reflection of the sizable drop in donations, refunds and reimbursements received in the General Fund. The City has little ability to affect the flow of these receipts into the City and the decline in these funds may be tied to the state of the economy in 2002.

A comparison of 2001 and 2002 governmental funds revenue follows:

Revenue Source	2002 Total	Percent of Total	2001 Total	Increase (Decrease) over 2001	Percent of Increase (Decrease)
1. Taxes	\$11,102,193	86.36%	\$10,511,251	\$590,942	5.62%
2. Intergovernmental Revenues	432,545	3.36%	362,873	69,672	19.20%
3. Charges for Services	343,799	2.67%	279,623	64,176	22.95%
4. Licenses and Permits	205,731	1.60%	149,867	55,864	37.28%
5. Investment Earnings	301,023	2.34%	540,132	(239,109)	(44.27%)
6. Special Assessments	239,645	1.86%	239,639	6	0.00%
7. Fines and Forfeitures	152,069	1.18%	163,973	(11,904)	(7.26%)
8. All Other Revenues	79,439	0.63%	141,268	(61,829)	(43.77%)
Total	\$12,856,444	100.00%	\$12,388,626	\$467,818	



Expenditures

Governmental fund type expenditures (i.e., general, special revenues, debt service and capital projects funds) for 2002 increased by approximately 5%, excluding capital outlay and debt principal and interest.

Expenditures in the public health and welfare services function decreased by 40% in 2002, which was due to lower costs in the operation of the City owned Hopewell Cemetery.

Leisure time activities expenditures decreased by 6% in 2002. During 2001, the City's Parks Department made several large capital purchases, which were not required in 2002, leading to the decrease.

Community environment expenditures increased by 6% in 2002 reflecting a slight increase in utility and capital project expenditures within the City Beautiful program from 2001.

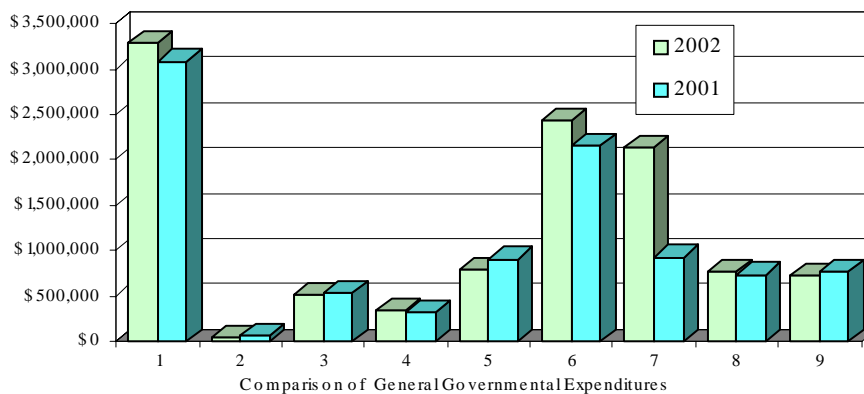
Transportation expenditures decreased by 12% in 2002 due to decreases in capital expenditures and operating supplies expenditures in the City's Street Construction, Maintenance and Repair Fund. A significant portion of the City's street maintenance projects were completed in 2001, whereas several of the projects initiated during 2002 will not be completed until the 2003 fiscal year.

A 13% increase in 2002 expenditures in general government can be attributed to a full year of staffing the Information Technology Director position, which was filled for only 5 months in 2001. The City also realized slight expenditure increases related to solid waste disposal usage, professional legal services, property/liability insurance costs and health insurance costs.

Capital outlay expenditures increased 130% from 2001 to 2002. This significant increase was due primarily to the \$1,000,000 purchase of the Triangle property located in the City's downtown Heritage District.

The following table illustrates the distribution of operating costs for the City in 2002, with comparative data for 2001:

Function	2002 Total	Percent of Total	2001 Total	Increase (Decrease) over 2001	Percent of Increase (Decrease)
1. Security of Persons & Property	\$3,294,040	29.83%	\$3,086,716	\$207,324	6.72%
2. Public Health & Welfare Services	36,500	0.33%	61,217	(24,717)	(40.38%)
3. Leisure Time Activities	504,812	4.57%	539,682	(34,870)	(6.46%)
4. Community Environment	340,702	3.09%	322,334	18,368	5.70%
5. Transportation	794,995	7.20%	907,814	(112,819)	(12.43%)
6. General Government	2,440,323	22.10%	2,156,817	283,506	13.14%
7. Capital Outlay	2,131,054	19.30%	926,712	1,204,342	129.96%
8. Debt Service - Principal	770,883	6.98%	734,883	36,000	4.90%
9. Debt Service - Interest	729,024	6.60%	764,383	(35,359)	(4.63%)
Total	\$11,042,333	100.00%	\$9,500,558	\$1,541,775	



Proprietary Fund

An enterprise fund records the activities of the municipal pool, which represents the City’s only enterprise activity. The value of the fund’s fixed assets at December 31, 2002 was \$1,516,352. The depreciation expense for 2002 was \$54,114. Fixed asset purchases for this fund in 2002 totaled \$25,509 for the installation of a gazebo and a basketball court. It is City Council’s intention to have the fees charged for the use of the pool, its services and concessions cover the costs of operating and maintaining the facility.

Fiduciary Funds

The balances of the fiduciary funds--Historical Trust, Mayor’s Court, Trust Reimbursement, and Unclaimed Moneys --collectively increased by \$32,164. The addition of the Unclaimed Moneys Fund accounted for a portion of the increase. In addition, the Trust Reimbursement Fund received significant levels of bond retainers and insurance reimbursements for work and expenditures which were not required until 2003.

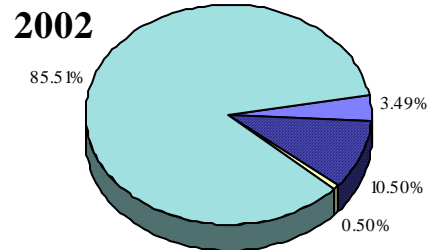
Debt Administration

At the end of December 2002, the City had outstanding general obligation bonds in the amount of \$10,130,000, special assessments bonds of \$2,766,995, and a long-term compensated absences balance of \$550,603. In 2002, the City issued \$1 million in one-year renewable notes for the purchase of the Triangle property in the City’s Heritage District. It is anticipated that the City will retire a portion of these notes prior to maturity, with the balance being rolled into additional one-year renewable notes.

Cash Management

Cash that was temporarily idle during the year was invested in interest-bearing demand deposit accounts or in the State Treasurer’s investment pool, STAR Ohio. Funds which were determined to be available for longer term investment (\$1,829,023) were invested in U.S. Government Securities and a special assessment bond (issued by the City of Montgomery). The City’s investment policy is to minimize credit and market risks, while obtaining the highest yield possible on its investments. Accordingly, all funds are either insured by federal depository insurance, held in the City’s name or are collateralized. All investments meet the State of Ohio’s requirements on allowable investments and the City’s official investment policy.

Cash Resources	2002	%
Cash	\$580,764	3.49
U S Government Securities	1,746,028	10.50
Investments (City's Debt)	82,995	0.50
STAR Ohio	14,214,229	85.51
Total Resources	<u>\$16,624,016</u>	<u>100.00</u>



Risk Management

The City tries to minimize its exposure to risk through employee training and insurance protection plans. Montgomery participates in an insurance pool operated by Miami Valley Risk Management Association, Inc. (MVRMA) for the purpose of obtaining lower insurance rates. MVRMA is a joint insurance pool for municipalities which has been operational since December 1, 1988 and was formed according to Section 2744 of the Ohio Revised Code. This pool covers all property, crime, liability, machinery and public official liability and bonding for the City.

Workers' Compensation insurance is provided by the State of Ohio but rates are pooled with other members of the Ohio Municipal League pool to obtain a lower rate than the City would obtain on its own. Additional information regarding the City's risk management can be found in Note 13, "Risk Management" in the financial section of this report.

OTHER INFORMATION

Independent Audit

The general purpose financial statements of the City of Montgomery were audited by Auditor of the State of Ohio. The independent auditor's 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, 2001. 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 seven consecutive years (fiscal years ended December 31, 1995-2001). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

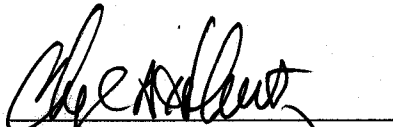
Acknowledgments

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

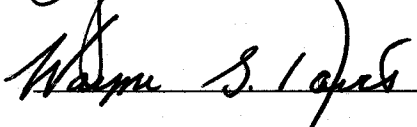
Also, it is important to recognize the continued dedication and support of the Montgomery City Council and its Finance Committee. Their commitment to sound financial practices and reporting is the reason this CAFR is possible.

Respectfully submitted,

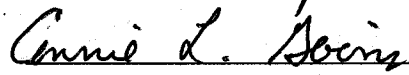
The City of Montgomery Finance Department



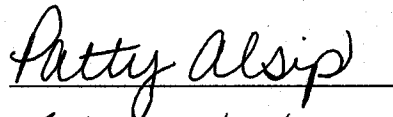
Cheryl Hilvert, City Manager



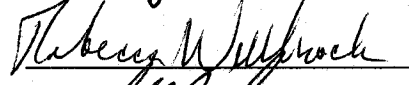
Wayne Davis, Director of Finance




Connie Goins, Finance/Accounting Assistant



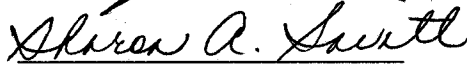
Patty Alsip, Senior Account Clerk



Rebecca Wellbrock, Tax Commissioner



Suzanne Jarman, Tax Account Clerk



Sharon Savitt, Payroll Account Clerk

CITY OF MONTGOMERY, OHIO
PRINCIPAL OFFICIALS
DECEMBER 31, 2002

Elected Officials

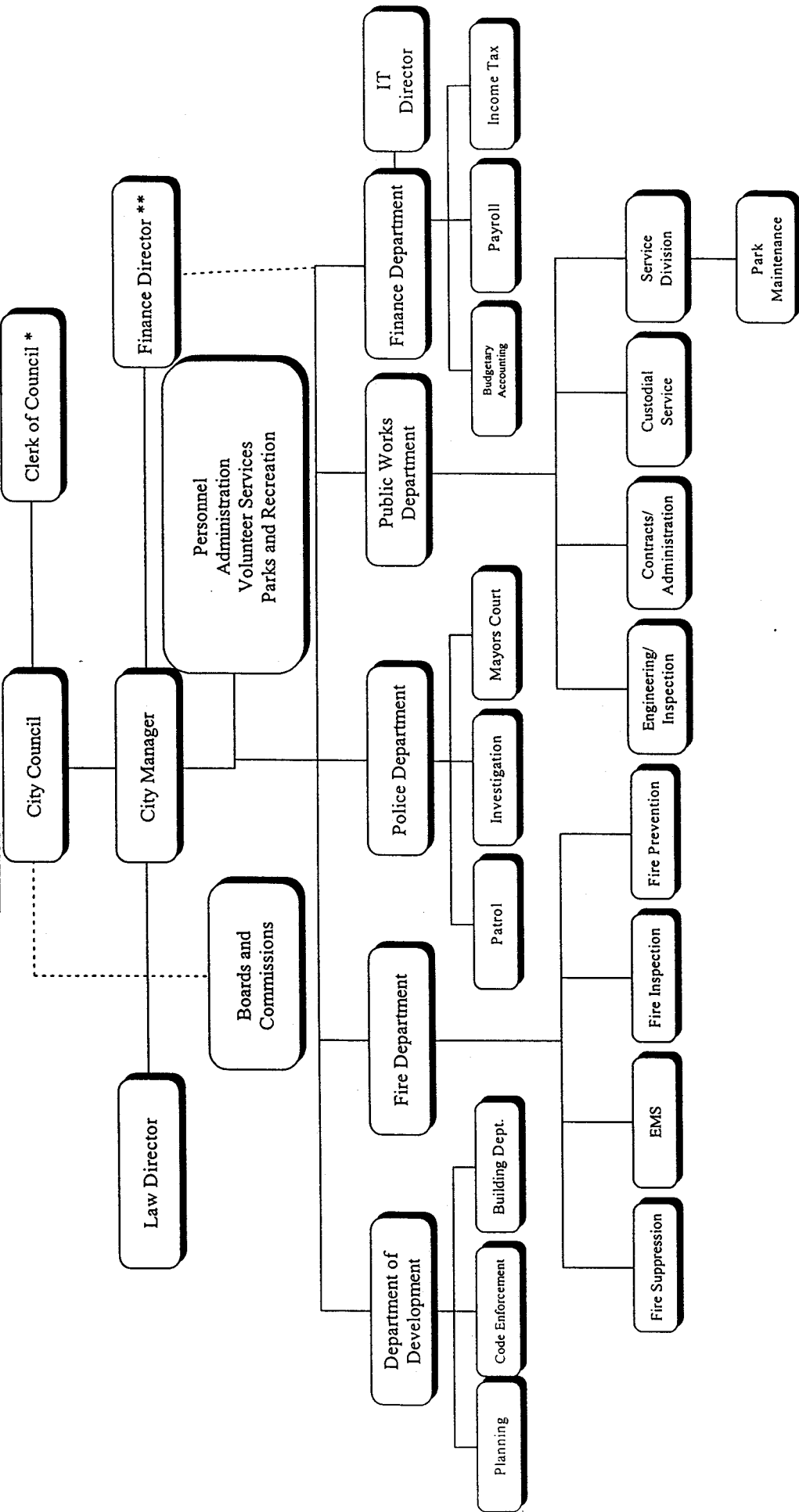
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gary Blomberg	Mayor	November 2005
Gerri Harbison	Vice Mayor	November 2003
Ed Daniel	Council	November 2005
Bill Niehaus	Council	November 2003
George Rehfeldt	Council	November 2003
Lynda Roesch	Council	November 2005
Ken Suer	Council	November 2005

Appointed Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Terry Donnellon	Director of Law	Indefinite
Susan Hamm	Clerk of Council	Indefinite
Cheryl Hilvert	City Manager	Indefinite
Wayne Davis	Director of Finance	Indefinite



City of Montgomery Organizational Chart



*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

** Finance Director is hired by City Council with day-to-day reporting responsibility to City Manager under Finance Department

Organizational Chart
(by function)

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, 2001

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



President

Executive Director



FINANCIAL SECTION



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Montgomery
Hamilton County
10101 Montgomery Road
Montgomery, Ohio 45242

To the Members of City Council:

We have audited the accompanying general purpose financial statements of the City of Montgomery, Hamilton County, Ohio, (the City) as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Montgomery, Hamilton County, Ohio, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, it is fairly presented in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 25, 2003

GENERAL PURPOSE FINANCIAL STATEMENTS

THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE CITY'S FINANCIAL POSITION AT DECEMBER 31, 2001 AND THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY FUND FOR THE YEAR THEN ENDED.

THE CITY OF MONTGOMERY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

Governmental
Fund Types

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$6,833,502	\$2,877,961	\$2,766,263	\$2,152,453
Investments	1,261,118	491,773	64,825	0
Receivables (net of allowance for doubtful accounts)				
Taxes	2,833,994	1,753,397	123,638	177,215
Accounts	2,186	1,199	0	0
Special Assessments	0	0	4,791,103	0
Due from Other Funds	9,136	1,238	0	0
Intergovernmental Receivables	330,079	266,260	34,670	1,191
Prepaid Items	32,886	13,747	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Cash with Fiscal Agent	0	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Funds	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$11,302,901	\$5,405,575	\$7,780,499	\$2,330,859
Liabilities, Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$46,140	\$39,919	\$0	\$16,408
Accrued Wages and Benefits	151,362	81,073	0	0
Due to Other Funds	0	0	0	0
Intergovernmental Payables	325	0	0	0
Due to Others	0	0	0	0
Accrued Interest Payable	0	0	0	8,392
Deferred Revenue	2,015,915	1,953,927	4,825,773	1,191
General Obligation Notes Payable	0	0	0	1,000,000
Compensated Absences Payable	0	0	0	0
Special Assessment Bonds Payable with Governmental Commitment	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	2,213,742	2,074,919	4,825,773	1,025,991
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Accumulated Deficit	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	199,555	688,262	0	395,665
Reserved for Prepaid Items	32,886	13,747	0	0
Reserved for Debt Service	0	0	2,954,726	0
Unreserved	8,856,718	2,628,647	0	909,203
Total Equity and Other Credits	9,089,159	3,330,656	2,954,726	1,304,868
Total Liabilities, Equity and Other Credits	\$11,302,901	\$5,405,575	\$7,780,499	\$2,330,859

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF MONTGOMERY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

<i>Proprietary Fund Type</i>	<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$21,757	\$61,263	\$0	\$0	\$14,713,199
0	11,307	0	0	1,829,023
0	0	0	0	4,888,244
0	0	0	0	3,385
0	0	0	0	4,791,103
0	0	0	0	10,374
0	0	0	0	632,200
0	0	0	0	46,633
0	493	0	0	493
0	81,301	0	0	81,301
1,516,352	0	16,512,171	0	18,028,523
0	0	0	2,954,726	2,954,726
0	0	0	10,492,872	10,492,872
<u>\$1,538,109</u>	<u>\$154,364</u>	<u>\$16,512,171</u>	<u>\$13,447,598</u>	<u>\$58,472,076</u>
\$44	\$66,532	\$0	\$0	\$169,043
0	0	0	0	232,435
0	10,374	0	0	10,374
0	6,561	0	0	6,886
0	1,627	0	0	1,627
0	0	0	0	8,392
0	0	0	0	8,796,806
0	0	0	0	1,000,000
0	0	0	550,603	550,603
0	0	0	2,766,995	2,766,995
0	0	0	10,130,000	10,130,000
44	85,094	0	13,447,598	23,673,161
0	0	16,512,171	0	16,512,171
1,752,327	0	0	0	1,752,327
(214,262)	0	0	0	(214,262)
0	726	0	0	1,284,208
0	0	0	0	46,633
0	0	0	0	2,954,726
0	68,544	0	0	12,463,112
<u>1,538,065</u>	<u>69,270</u>	<u>16,512,171</u>	<u>0</u>	<u>34,798,915</u>
<u>\$1,538,109</u>	<u>\$154,364</u>	<u>\$16,512,171</u>	<u>\$13,447,598</u>	<u>\$58,472,076</u>



THE CITY OF MONTGOMERY, OHIO
COMBINED STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expensible Trust Fund	
Revenues:						
Taxes	\$6,088,203	\$2,225,832	\$1,471,722	\$1,316,436	\$0	\$11,102,193
Intergovernmental Revenues	325,103	48,750	0	58,692	0	432,545
Charges for Services	184,902	158,897	0	0	20,163	363,962
Licenses and Permits	150,730	55,001	0	0	0	205,731
Investment Earnings	222,667	78,166	190	0	0	301,023
Special Assessments	0	0	239,645	0	0	239,645
Fines and Forfeitures	134,260	17,809	0	0	0	152,069
All Other Revenues	38,307	36,756	0	4,376	0	79,439
Total Revenues	<u>7,144,172</u>	<u>2,621,211</u>	<u>1,711,557</u>	<u>1,379,504</u>	<u>20,163</u>	<u>12,876,607</u>
Expenditures:						
Current:						
Security of Persons and Property	1,945,072	1,348,968	0	0	0	3,294,040
Public Health and Welfare Services	29,590	6,910	0	0	0	36,500
Leisure Time Activities	478,726	26,086	0	0	0	504,812
Community Environment	338,854	1,848	0	0	16,079	356,781
Transportation	0	794,995	0	0	0	794,995
General Government	2,265,717	20,372	154,234	0	0	2,440,323
Capital Outlay	0	0	0	2,131,054	14,550	2,145,604
Debt Service:						
Principal Retirements	0	0	770,883	0	0	770,883
Interest and Fiscal Charges	0	0	720,632	8,392	0	729,024
Total Expenditures	<u>5,057,959</u>	<u>2,199,179</u>	<u>1,645,749</u>	<u>2,139,446</u>	<u>30,629</u>	<u>11,072,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,086,213	422,032	65,808	(759,942)	(10,466)	1,803,645
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	2,006	0	0	0	0	2,006
Operating Transfers In	0	749,000	119,000	505,817	0	1,373,817
Operating Transfers Out	(1,227,817)	(176,000)	0	0	0	(1,403,817)
Total Other Financing Sources (Uses)	<u>(1,225,811)</u>	<u>573,000</u>	<u>119,000</u>	<u>505,817</u>	<u>0</u>	<u>(27,994)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	860,402	995,032	184,808	(254,125)	(10,466)	1,775,651
Fund Balance at Beginning of Year	<u>8,228,757</u>	<u>2,335,624</u>	<u>2,769,918</u>	<u>1,558,993</u>	<u>79,736</u>	<u>14,973,028</u>
Fund Balance at End of Year	<u>\$9,089,159</u>	<u>\$3,330,656</u>	<u>\$2,954,726</u>	<u>\$1,304,868</u>	<u>\$69,270</u>	<u>\$16,748,679</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF MONTGOMERY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$5,419,760	\$5,429,427	\$9,667	\$2,225,325	\$2,219,273	(\$6,052)
Intergovernmental Revenues	329,117	325,413	(3,704)	45,500	37,903	(7,597)
Charges for Services	140,728	184,902	44,174	146,292	158,897	12,605
Licenses and Permits	105,921	150,730	44,809	55,000	55,001	1
Investment Earnings	208,976	225,332	16,356	72,910	79,206	6,296
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	129,407	126,270	(3,137)	17,336	17,336	0
All Other Revenues	33,504	37,353	3,849	35,296	36,189	893
Total Revenues	<u>6,367,413</u>	<u>6,479,427</u>	<u>112,014</u>	<u>2,597,659</u>	<u>2,603,805</u>	<u>6,146</u>
Expenditures:						
Current:						
Security of Persons and Property	2,092,926	1,941,074	151,852	2,088,393	1,977,651	110,742
Public Health and Welfare Services	52,458	29,428	23,030	29,850	9,705	20,145
Leisure Time Activities	571,923	514,156	57,767	93,331	28,927	64,404
Community Environment	423,381	355,300	68,081	6,575	1,848	4,727
Transportation	0	0	0	907,477	848,160	59,317
General Government	2,977,284	2,461,063	516,221	21,950	20,732	1,218
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>6,117,972</u>	<u>5,301,021</u>	<u>816,951</u>	<u>3,147,576</u>	<u>2,887,023</u>	<u>260,553</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	249,441	1,178,406	928,965	(549,917)	(283,218)	266,699
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	250	2,006	1,756	0	0	0
Proceeds from General Obligation Notes	0	0	0	0	0	0
Operating Transfers In	0	0	0	662,659	749,000	86,341
Operating Transfers Out	(1,178,317)	(1,227,817)	(49,500)	(179,000)	(176,000)	3,000
Total Other Financing Sources (Uses)	<u>(1,178,067)</u>	<u>(1,225,811)</u>	<u>(47,744)</u>	<u>483,659</u>	<u>573,000</u>	<u>89,341</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(928,626)	(47,405)	881,221	(66,258)	289,782	356,040
Fund Balance at Beginning of Year	7,690,925	7,690,925	0	2,334,452	2,334,452	0
Prior Year Encumbrances	223,131	223,131	0	23,546	23,546	0
Fund Balance at End of Year	<u>\$6,985,430</u>	<u>\$7,866,651</u>	<u>\$881,221</u>	<u>\$2,291,740</u>	<u>\$2,647,780</u>	<u>\$356,040</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF MONTGOMERY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

<i>Debt Service Funds</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$1,414,064	\$1,431,407	\$17,343	\$1,235,734	\$1,258,650	\$22,916	\$10,294,883	\$10,338,757	\$43,874
0	0	0	58,692	58,692	0	433,309	422,008	(11,301)
0	0	0	0	0	0	287,020	343,799	56,779
0	0	0	0	0	0	160,921	205,731	44,810
15,395	14,002	(1,393)	0	0	0	297,281	318,540	21,259
239,645	239,645	0	0	0	0	239,645	239,645	0
0	0	0	0	0	0	146,743	143,606	(3,137)
0	0	0	11,557	4,376	(7,181)	80,357	77,918	(2,439)
<u>1,669,104</u>	<u>1,685,054</u>	<u>15,950</u>	<u>1,305,983</u>	<u>1,321,718</u>	<u>15,735</u>	<u>11,940,159</u>	<u>12,090,004</u>	<u>149,845</u>
0	0	0	0	0	0	4,181,319	3,918,725	262,594
0	0	0	0	0	0	82,308	39,133	43,175
0	0	0	0	0	0	665,254	543,083	122,171
0	0	0	0	0	0	429,956	357,148	72,808
0	0	0	0	0	0	907,477	848,160	59,317
165,000	154,234	10,766	0	0	0	3,164,234	2,636,029	528,205
0	0	0	2,857,901	2,542,643	315,258	2,857,901	2,542,643	315,258
958,283	770,883	187,400	0	0	0	958,283	770,883	187,400
786,356	720,832	65,524	0	0	0	786,356	720,832	65,524
<u>1,909,639</u>	<u>1,645,949</u>	<u>263,690</u>	<u>2,857,901</u>	<u>2,542,643</u>	<u>315,258</u>	<u>14,033,088</u>	<u>12,376,636</u>	<u>1,656,452</u>
(240,535)	39,105	279,640	(1,551,918)	(1,220,925)	330,993	(2,092,929)	(286,632)	1,806,297
0	0	0	0	0	0	250	2,006	1,756
0	0	0	993,781	1,000,000	6,219	993,781	1,000,000	6,219
119,000	119,000	0	505,817	505,817	0	1,287,476	1,373,817	86,341
0	0	0	0	0	0	(1,357,317)	(1,403,817)	(46,500)
<u>119,000</u>	<u>119,000</u>	<u>0</u>	<u>1,499,598</u>	<u>1,505,817</u>	<u>6,219</u>	<u>924,190</u>	<u>972,006</u>	<u>47,816</u>
(121,535)	158,105	279,640	(52,320)	284,892	337,212	(1,168,739)	685,374	1,854,113
2,673,120	2,673,120	0	1,261,961	1,261,961	0	13,960,458	13,960,458	0
0	0	0	208,291	208,291	0	454,968	454,968	0
<u>\$2,551,585</u>	<u>\$2,831,225</u>	<u>\$279,640</u>	<u>\$1,417,932</u>	<u>\$1,755,144</u>	<u>\$337,212</u>	<u>\$13,246,687</u>	<u>\$15,100,800</u>	<u>\$1,854,113</u>

THE CITY OF MONTGOMERY, OHIO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN ACCUMULATED DEFICIT
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Enterprise Fund
<u>Operating Revenues:</u>	
Charges for Services	\$153,371
Other Operating Revenues	136
Total Operating Revenues	153,507
<u>Operating Expenses:</u>	
Materials and Supplies	9,370
Contractual Services	145,920
Depreciation Expense	54,114
Total Operating Expenses	209,404
Operating Loss	(55,897)
<u>Nonoperating Revenues (Expenses):</u>	
Investment Earnings	1,507
Total Nonoperating Revenues	1,507
Loss Before Operating Transfers	(54,390)
<u>Operating Transfers:</u>	
Operating Transfers In	30,000
Total Operating Transfers	30,000
Net Loss	(24,390)
Accumulated Deficit at Beginning of Year	(189,872)
Accumulated Deficit at End of Year	(\$214,262)

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF MONTGOMERY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u><i>Enterprise Fund</i></u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$153,507
Cash Payments for Goods and Services	<u>(155,485)</u>
Net Cash Used for Operating Activities	<u>(1,978)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Transfers In from Other Funds	<u>30,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>30,000</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition and Construction of Assets	<u>(25,509)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(25,509)</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	<u>1,507</u>
Net Cash Provided by Investing Activities	<u>1,507</u>
Net Increase in Cash and Cash Equivalents	4,020
Cash and Cash Equivalents at Beginning of Year	<u>17,737</u>
Cash and Cash Equivalents at End of Year	<u><u>\$21,757</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Loss	(\$55,897)
Adjustments to Reconcile Operating Loss to	
Net Cash Used for Operating Activities:	
Depreciation Expense	54,114
Changes in Assets and Liabilities:	
Decrease in Accounts Payable	<u>(195)</u>
Total Adjustments	<u>53,919</u>
Net Cash Used for Operating Activities	<u><u>(\$1,978)</u></u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF MONTGOMERY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

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 City Manager-Council form of government. The community was established in 1902.

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary fund. The financial statements are presented as of December 31, 2002 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 general purpose 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, account groups, 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. There was no activity in the CIC during 2002, and the CIC did not report any balances at December 31, 2002.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

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 (except those accounted for in the proprietary fund) 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 governmental fund types:

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.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds - These funds are used for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal and interest other than those accounted for in the proprietary fund.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund

Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise fund is accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e. net assets) is segregated into contributed capital and retained earnings components. The enterprise fund operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The Municipal Pool Fund is operated as an enterprise fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains expendable trust funds and agency funds. Expendable trust funds are accounted for and reported similarly to governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of the general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City, other than those accounted for in the proprietary fund.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term obligations of the City except those accounted for in the proprietary fund.

C. 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 and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

Special assessment installments, including related accrued interest, which are measurable but not available at December 31 are recorded as deferred revenue. Property taxes measurable as of December 31, 2002 but which are not intended to finance 2002 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 4.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. 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 at the fund level. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the fund level 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 the projected receipts by fund. Prior to December 31, the City must revise its budget so 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 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 2002.

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 fund 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 may not legally exceed budgeted appropriations at the fund level. During the year, several supplemental appropriations were necessary to budget contingency funds and intergovernmental grants. The supplemental appropriations increased year end appropriations by approximately 5% over the appropriation ordinance approved in January 2002. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

5. 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.

6. 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. 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 budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
GAAP Basis (as reported)	\$860,402	\$995,032	\$184,808	(\$254,125)
Increase (Decrease):				
Accrued Revenues at December 31, 2002 received during 2003	(1,159,480)	(68,167)	(123,638)	(177,215)
Accrued Revenues at December 31, 2001 received during 2002	492,069	49,721	83,323	119,429
Accrued Expenditures at December 31, 2002 paid during 2003	197,827	120,992	0	24,800
Accrued Expenditures at December 31, 2001 paid during 2002	(206,299)	(84,502)	(200)	(30,688)
2001 Prepays for 2002	28,931	12,407	0	0
2002 Prepays for 2003	(32,886)	(13,747)	0	0
Note Proceeds	0	0	0	1,000,000
2002 Adjustment to Fair Value	2,665	1,040	137	0
2001 Adjustment to Fair Value	0	0	13,675	0
Outstanding Encumbrances	(230,634)	(722,994)	0	(397,309)
Budget Basis	<u>(\$47,405)</u>	<u>\$289,782</u>	<u>\$158,105</u>	<u>\$284,892</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

During fiscal year 2002, 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 general purpose 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. For purposes of the statement of cash flows, the proprietary fund considers its share of equity in demand deposits and STAR Ohio to be cash equivalents. See Note 3, "Cash, Cash Equivalents and Investments."

F. Investments

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

The City has invested funds in the STAR Ohio during 2002. 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, 2002.

G. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use.

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. Assets valued at less than \$1,000 are not capitalized.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fixed Assets and Depreciation (Continued)

1. Property, Plant and Equipment - General Governmental Purposes (Continued)

General fixed asset values were initially determined 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 fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

The City has elected not to record depreciation in the General Fixed Assets Account Group.

2. Property, Plant and Equipment - Proprietary Fund

Property, plant and equipment acquired by the proprietary fund is stated at cost (or estimated historical cost), including interest capitalized during construction, and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received. Assets valued at less than \$1,000 are not capitalized.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Buildings and Improvements	10 - 40
Machinery, equipment, furniture and fixtures	5 - 15

H. 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) (Pioneer Park Bond Retirement Fund) (Ohio National Tax Increment Fund)
Compensated Absences	General Fund Special Revenue Funds (Fire Protection/EMS Fund) (Street Construction, Maintenance and Repair Fund)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

All full-time City employees earn vacation at varying rates based upon length of service. An employee's vacation time may be carried over and accumulated in subsequent calendar years in an amount not to exceed the amount of vacation earned in a two-year period. 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 fifteen days per year of active service. Upon retirement from the City's service, 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 that is expected to be paid using expendable, available resources 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." The remaining portion of the liability is reported in the General Long-Term Obligations Account Group.

J. Pensions

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

K. Contributed Capital

Proprietary fund type contributed capital is recorded at fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements and shared revenues is recorded as an operating expense and closed along with other operating expenses directly to retained earnings. Capital contributions received after December 31, 2000 are recorded as revenue in the proprietary fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Residual equity transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers during 2002.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations. There were no cash advances during 2002.

M. Reservations of Fund Balance

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

N. Total Columns on Combined Financial Statements - Overview

Total columns on the Combined Statements-Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Retained Earnings Deficit - The accumulated deficit at December 31, 2002 of \$214,262 in the Municipal Pool Fund (enterprise fund) arose from the recognition of expenses on the accrual basis of accounting which are greater than expenses on the cash basis of accounting. A deficit does not exist under the cash basis of accounting. The general fund provides operating transfers when cash is required, not when accruals occur.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Ohio law requires 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 "cash equivalent" 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).

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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. Based upon criteria described in GASB Statement No. 3 "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments:

- Category 1 Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At year end, the carrying amount of the City's deposits was \$580,764 and the depository balance was \$757,760. Of the depository balance, \$100,000 was covered by federal depository insurance; the remainder was covered by collateral held by third party trustees in single financial institution collateral pools, but not in the City's name, collateralizing all public funds on deposit with the specific depository institution. In accordance with Section 135.18 of the Ohio Revised Code, all deposits with eligible financial institutions must be collateralized in an amount equal to 105% of uninsured deposits. A qualified trustee as defined by state law must hold the collateral. The City held \$1,500 in petty cash funds.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2002 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
City of Montgomery			
Special Assessment Bond	\$82,995	\$0	\$82,995
US Government Securities	N/A	1,746,028	1,746,028
Total Categorized Investments	82,995	1,746,028	1,829,023
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	14,214,229
 Total Investments	 \$82,995	 \$1,746,028	 \$16,043,252

The special assessment bond is an investment held by the City for the purpose of funding retirement payments related to the City's Tanager Woods special assessment bond payable, which is reported in the General Long-Term Obligations Account Group. The investment is funded by special assessment collections from property owners for sidewalk improvements.

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio is treated as cash and cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$14,794,993	\$1,829,023
Investments:		
STAR Ohio	(14,214,229)	14,214,229
Per GASB Statement No. 3	<u>\$580,764</u>	<u>\$16,043,252</u>

* Includes Cash with Fiscal Agent.

NOTE 4 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes (other than public utility) collected during 2002 were levied after October 1, 2001 on assessed values as of January 1, 2001, 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 1999. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually. The first payment is due April 30, with the remainder payable by September 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, 2001 was \$10.05 per \$1,000 of assessed value. The assessed value upon which the 2002 levy was based was \$406,581,220. This amount constitutes \$376,870,340 in real property assessed value, \$6,742,770 in public utility assessed value and \$22,968,110 in tangible personal property assessed value.

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

NOTE 4 – 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 5 - RECEIVABLES

Receivables at December 31, 2002 consisted of taxes, accounts receivable, special assessments, interfund receivables and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred revenue.

NOTE 6 - INTERFUND BALANCES

Individual interfund balances at December 31, 2002 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$9,136	\$0
Special Revenue Fund:		
Mayor's Court Technology Fund	1,238	0
Agency Fund:		
Mayor's Court Fund	0	10,374
Totals	<u>\$10,374</u>	<u>\$10,374</u>

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2002:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$1,227,817
Special Revenue Funds:		
COPS Grant Fund	40,000	0
Fire Protection - EMS Fund	0	119,000
Environmental Impact Tax Fund	57,000	57,000
Street Construction, Maintenance and Repair Fund	602,000	0
Cemetery Fund	50,000	0
Total Special Revenue Funds	749,000	176,000
Debt Service Fund:		
General Obligation Bond Retirement Fund	119,000	0
Capital Projects Funds:		
Capital Improvement Fund	455,817	0
Special Assessment Capital Projects Fund	50,000	0
Total Capital Projects Funds	505,817	0
Enterprise Fund:		
Municipal Pool Fund	30,000	0
Totals	\$1,403,817	\$1,403,817

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets:

Category	December 31, 2001	Additions	Deletions	December 31, 2002
Land	\$5,493,783	\$986,729	\$0	\$6,480,512
Buildings	3,263,793	27,950	0	3,291,743
Improvements Other than Buildings	3,971,878	0	0	3,971,878
Machinery and Equipment	2,541,905	262,960	(36,827)	2,768,038
Totals	\$15,271,359	\$1,277,639	(\$36,827)	\$16,512,171

NOTE 8 - FIXED ASSETS (Continued)**B. Proprietary Fixed Assets**

Summary by category at December 31, 2002:

Category	Historical Cost	Accumulated Depreciation	Book Value
Land	\$405,576	\$0	\$405,576
Buildings	683,109	(115,588)	567,521
Improvements Other than Buildings	719,324	(206,460)	512,864
Machinery and Equipment	71,606	(41,215)	30,391
Property, Plant and Equipment	\$1,879,615	(\$363,263)	\$1,516,352

Contributed Capital in the Proprietary Fund did not change during 2002. The balance at December 31, 2002 is \$1,752,327.

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

A. Ohio Public Employees Retirement System (the "Ohio PERS")

The following information was provided by the Ohio PERS 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 the Ohio PERS, a cost-sharing multiple employer defined benefit pension plan. The Ohio PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. 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 the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 2002 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2002, 2001 and 2000 were \$223,086, \$197,867 and \$148,720, respectively, which were equal to the required contributions for each year.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year 2002 was 5.0% of covered payroll which amounted to \$82,320.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2001 is \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

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

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund 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 Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. 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.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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. The City's contributions to the OP&F Fund for the years ending December 31, 2002, 2001 and 2000 were \$225,957, \$212,795 and \$201,665 for police and \$125,632, \$125,238 and \$116,462 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2002 covered payroll that was used to fund postemployment health care benefits was \$89,804 representing 7.75% of covered payroll for police and \$40,569 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 2001, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,174 for police and 10,239 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2001 were \$122,298,771, which was net of member contributions of \$6,874,699.

NOTE 10 - 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.

Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. As of December 31, 2002, the liability for unpaid compensated absences was \$550,603 for all funds of the City, a net increase of \$55,004 from the amount at December 31, 2001 of \$495,599.

NOTE 11 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period.

Notes payable at December 31, 2002 were as follows:

	Balance December 31, 2001	Issued	(Retired)	Balance December 31, 2002
Capital Projects Fund:				
Capital Improvement Fund:				
1.90% Real Estate Acquisition	\$0	\$1,000,000	\$0	\$1,000,000
Total Notes Payable	<u>\$0</u>	<u>\$1,000,000</u>	<u>\$0</u>	<u>\$1,000,000</u>

NOTE 12 - LONG-TERM OBLIGATIONS

Activity in the General Long-Term Obligations Account Group in 2002 was as follows:

				Balance		Balance
				December 31,	Issued	December 31,
				2001	(Retired)	2002
General Long-Term Debt:						
General Obligation Bonds:						
5.00 - 7.50%	Pioneer Park Improvement Bonds	1991	\$800,000	(\$70,000)	\$730,000	
5.20 - 7.50%	Recreation Bonds	1992	1,030,000	(145,000)	885,000	
5.00 - 7.50%	Parking Lot Bonds	1992	105,000	(10,000)	95,000	
6.25%	Park and Recreation Bonds	1993	1,095,000	(65,000)	1,030,000	
5.05 - 6.75%	TIF Duke Realty Bonds	1995	3,070,000	(105,000)	2,965,000	
4.85%	Public Improvement	1997	4,720,000	(295,000)	4,425,000	
Total General Obligation Bonds			10,820,000	(690,000)	10,130,000	
Special Assessment Bonds						
With Governmental Commitment:						
5.25 - 5.70%	Acomb Sewer Bonds	1993	315,000	(15,000)	300,000	
6.25%	Public Improvement Bonds	1993	2,305,000	(55,000)	2,250,000	
6.00%	Swaim Sidewalk Bonds	1994	44,000	(2,000)	42,000	
6.50%	Street Lighting	1997	28,000	(1,000)	27,000	
6.00%	Montgomery Woods Sidewalk	1997	68,000	(3,000)	65,000	
6.00%	Tanager Woods	1999	87,878	(4,883)	82,995	
Total Special Assessment Bonds						
With Governmental Commitment			2,847,878	(80,883)	2,766,995	
Total General Long-Term Debt			13,667,878	(770,883)	12,896,995	
Other Long-Term Obligations:						
Compensated Absences			495,599	55,004	550,603	
Total Other Long-Term Obligations			495,599	55,004	550,603	
Total General Long-Term Debt and Other Long-Term Obligations			\$14,163,477	(\$715,879)	\$13,447,598	

The principal amount of the City's special assessment debt outstanding at December 31, 2002 of \$2,766,995, 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 \$62,317 in the Special Assessment Bond Retirement Fund and the balance of \$26,383 in the Reserve of Montgomery Bond Retirement Fund at December 31, 2002 are reserved for the retirement of outstanding special assessment bonds. The Tanager Woods special assessment bond payable is a self-funded debt obligation. The funds used to retire this debt are held in a special assessment bond, which is reported as an investment by the City.

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

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)**A. Principal and Interest Requirements**

Principal and interest requirements to retire long-term debt outstanding at December 31, 2002 are as follows:

Years	General Obligation Bonds		Special Assessment Bonds	
	Bonds	Interest	Bonds	Interest
2003	\$730,000	\$519,091	\$85,883	\$145,697
2004	750,000	480,319	90,883	140,547
2005	780,000	442,771	96,883	136,562
2006	815,000	403,629	102,883	131,717
2007	855,000	361,901	108,883	126,532
2008-2012	3,415,000	1,250,816	652,415	543,175
2013-2017	2,785,000	408,965	679,415	358,700
2018-2022	0	0	769,750	162,309
2023	0	0	180,000	8,100
Totals	<u>\$10,130,000</u>	<u>\$3,867,492</u>	<u>\$2,766,995</u>	<u>\$1,753,339</u>

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1992 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2002, the pool has seventeen 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 sixteen 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.

NOTE 13 - RISK MANAGEMENT (Continued)

The sixteen participating cities and their respective pool contribution factors for the loss year ended December 31, 2002 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	8.10 %	Sidney	7.33 %
Blue Ash	7.95 %	Springdale	4.67 %
Indian Hill	2.53 %	Tipp City	2.49 %
Kettering	16.09 %	Troy	7.43 %
Madeira	1.21 %	Vandalia	4.61 %
Mason	8.18 %	West Carrollton	3.76 %
Miamisburg	8.12 %	Wilmington	5.97 %
Montgomery	2.81 %	Wyoming	2.50 %
Piqua	6.25 %	Subtotal	38.76 %
Subtotal	61.24 %	Total	100.00 %

The 2002 pool contribution of the City of Montgomery was \$79,250 representing 2.81% of the total collected from all members for that year's operating costs and projected loss reserves.

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	\$10,500,000	per occurrence
Public Officials Liability	500,000	per occurrence
Property	100,000,000	per occurrence
Boiler and Machinery	100,000,000	per occurrence
Flood (Property in Zone C)	25,000,000	aggregate
Flood (Property in Zone B)	500,000	aggregate
Earthquake (Property)	25,000,000	aggregate
Crime / Employee Theft	500,000	per occurrence

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 - \$150,000 per occurrence except Boiler and Machinery which is \$2,500 - \$5,000. The pool's SIR for liability claims is \$500,000 per occurrence. Excess insurance coverage, provided by commercial companies and an excess insurance pool is \$500,001 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, 2002, because an actuarial opinion issued as of that date reported actual MVRMA loss reserves of \$5,461,135 an amount in excess of the recommended net reserve of \$3,196,928. MVRMA reported Montgomery's loss experience for years 2001, 2000 and 1999 as \$52,991, \$38,991, and \$39,425 respectively.

NOTE 13 - RISK MANAGEMENT (Continued)

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

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

The City continues to carry commercial insurance for other risks of loss, including employee health and life insurance. Other than a reduction in aggregate coverage limits of \$500,000 in Flood Zone B (from \$100,000,000 in 2000), 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.

NOTE 14 - CONTINGENCIES

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



*COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE THE
GENERAL FUND, SPECIAL REVENUE FUNDS, DEBT SERVICE FUNDS,
CAPITAL PROJECTS FUNDS, FIDUCIARY FUNDS AND THE GENERAL FIXED
ASSETS ACCOUNT GROUP.*

GENERAL FUND

The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter and/or the general laws of Ohio.

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$5,419,760	\$5,429,427	\$9,667
Intergovernmental Revenues	329,117	325,413	(3,704)
Charges for Services	140,728	184,902	44,174
Licenses and Permits	105,921	150,730	44,809
Investment Earnings	208,976	225,332	16,356
Fines and Forfeitures	129,407	126,270	(3,137)
All Other Revenues	33,504	37,353	3,849
Total Revenues	6,367,413	6,479,427	112,014
<u>Expenditures:</u>			
Security of Persons and Property:			
Police:			
Personal Services	1,767,111	1,659,137	107,974
Material, Supplies, and Services	238,245	206,784	31,461
Capital Outlay	86,070	74,981	11,089
Total Police	2,091,426	1,940,902	150,524
Disaster Service:			
Material, Supplies, and Services	1,500	172	1,328
Total Disaster Service	1,500	172	1,328
Total Security of Persons and Property	2,092,926	1,941,074	151,852
Public Health and Welfare:			
Public Health and Welfare:			
Personal Services	52,408	29,428	22,980
Total Public Health and Welfare	52,408	29,428	22,980
Cemetery:			
Material, Supplies, and Services	50	0	50
Total Cemetery	50	0	50
Total Public Health and Welfare	52,458	29,428	23,030
Leisure Time Activities:			
Recreation:			
Personal Services	93,244	82,070	11,174
Material, Supplies, and Services	82,578	74,579	7,999
Capital Outlay	5,000	4,823	177
Total Recreation	180,822	161,472	19,350

(Continued)

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
City Parks:			
Personal Services	149,799	134,302	15,497
Material, Supplies, and Services	115,434	109,413	6,021
Capital Outlay	12,000	7,644	4,356
Total City Parks	<u>277,233</u>	<u>251,359</u>	<u>25,874</u>
Lodges:			
Material, Supplies, and Services	15,133	9,913	5,220
Capital Outlay	2,100	2,100	0
Total Lodges	<u>17,233</u>	<u>12,013</u>	<u>5,220</u>
Volunteer Services:			
Personal Services	27,535	28,647	(1,112)
Material, Supplies, and Services	6,750	4,530	2,220
Total Volunteer Services	<u>34,285</u>	<u>33,177</u>	<u>1,108</u>
Special Events:			
Material, Supplies, and Services	62,350	56,135	6,215
Total Special Events	<u>62,350</u>	<u>56,135</u>	<u>6,215</u>
Total Leisure Time Activities	<u>571,923</u>	<u>514,156</u>	<u>57,767</u>
Community Environment:			
Landmarks Commission:			
Material, Supplies, and Services	13,809	8,092	5,717
Capital Outlay	3,732	1,969	1,763
Total Landmarks Commission	<u>17,541</u>	<u>10,061</u>	<u>7,480</u>
City Beautiful:			
Material, Supplies, and Services	82,086	75,282	6,804
Capital Outlay	4,547	4,547	0
Total City Beautiful	<u>86,633</u>	<u>79,829</u>	<u>6,804</u>
Development:			
Personal Services	209,451	185,020	24,431
Material, Supplies, and Services	86,925	74,794	12,131
Capital Outlay	5,700	2,644	3,056
Total Development	<u>302,076</u>	<u>262,458</u>	<u>39,618</u>

(Continued)

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Planning Commission:			
Material, Supplies, and Services	9,577	2,071	7,506
Capital Outlay	7,554	881	6,673
Total Planning Commission	17,131	2,952	14,179
Total Community Environment	423,381	355,300	68,081
General Government:			
Administration:			
Personal Services	383,423	338,869	44,554
Material, Supplies, and Services	23,048	22,055	993
Capital Outlay	4,615	2,442	2,173
Total Administration	411,086	363,366	47,720
Finance Administration:			
Personal Services	193,121	182,886	10,235
Material, Supplies, and Services	72,948	64,141	8,807
Capital Outlay	4,600	4,017	583
Total Finance Administration	270,669	251,044	19,625
Legal Administration:			
Material, Supplies, and Services	164,900	125,212	39,688
Total Legal Administration	164,900	125,212	39,688
Income Tax:			
Personal Services	123,917	119,657	4,260
Material, Supplies, and Services	17,788	14,243	3,545
Capital Outlay	4,000	2,683	1,317
Total Income Tax	145,705	136,583	9,122
Council:			
Personal Services	18,465	11,490	6,975
Material, Supplies, and Services	3,474	1,432	2,042
Capital Outlay	3,400	3,376	24
Total Council	25,339	16,298	9,041
Mayor's Court:			
Personal Services	70,424	67,276	3,148
Material, Supplies, and Services	33,512	11,705	21,807
Total Mayor's Court	103,936	78,981	24,955

(Continued)

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Civil Service:			
Material, Supplies, and Services	9,050	7,981	1,069
Total Civil Service	9,050	7,981	1,069
Central Services:			
Personal Services	199,180	171,499	27,681
Material, Supplies, and Services	59,016	53,519	5,497
Capital Outlay	5,000	2,827	2,173
Total Central Services	263,196	227,845	35,351
Information Technology:			
Personal Services	75,814	73,963	1,851
Material, Supplies, and Services	39,831	38,043	1,788
Capital Outlay	2,050	1,354	696
Total Information Technology	117,695	113,360	4,335
General Administration:			
Personal Services	2,000	9,735	(7,735)
Material, Supplies, and Services	1,420,296	1,102,548	317,748
Capital Outlay	43,412	28,110	15,302
Total General Administration	1,465,708	1,140,393	325,315
Total General Government	2,977,284	2,461,063	516,221
Total Expenditures	6,117,972	5,301,021	816,951
Excess (Deficiency) of Revenues Over (Under) Expenditures	249,441	1,178,406	928,965
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	250	2,006	1,756
Operating Transfers In	0	0	0
Operating Transfers Out	(1,178,317)	(1,227,817)	(49,500)
Total Other Financing Sources (Uses)	(1,178,067)	(1,225,811)	(47,744)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(928,626)	(47,405)	881,221
Fund Balance at Beginning of Year	7,690,925	7,690,925	0
Prior Year Encumbrances	223,131	223,131	0
Fund Balance at End of Year	<u>\$6,985,430</u>	<u>\$7,866,651</u>	<u>\$881,221</u>



SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or 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.

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.

Fire Protection / EMS Fund

To account for Fire Protection / EMS Levy revenues collected to fund Fire Department operations.

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

Arts and Amenities Fund

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

Cemetery Fund

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

THE CITY OF MONTGOMERY, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

	Memorial	Law Enforcement	Drug Law Enforcement	DUI Enforcement and Education	Mayor's Court Technology
Assets:					
Cash and Cash Equivalents	\$5,064	\$3,875	\$2,701	\$6,505	\$62,711
Investments	0	0	0	0	0
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Due from Other Funds	0	0	0	0	1,238
Intergovernmental Receivables	0	0	240	25	0
Prepaid Items	0	0	0	0	41
Total Assets	\$5,064	\$3,875	\$2,941	\$6,530	\$63,990
Liabilities:					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	0	0	0	0	0
Fund Equity:					
Fund Balances:					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Prepaid Items	0	0	0	0	41
Unreserved - Undesignated	5,064	3,875	2,941	6,530	63,949
Total Fund Equity	5,064	3,875	2,941	6,530	63,990
Total Liabilities and Fund Equity	\$5,064	\$3,875	\$2,941	\$6,530	\$63,990

THE CITY OF MONTGOMERY, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

COPS Grant	Fire Protection/ EMS	Environmental Impact Tax	Street Construction, Maintenance and Repair	Arts and Amenities	Cemetery	Totals
\$18,458	\$1,899,729	\$57,054	\$342,555	\$365,397	\$113,912	\$2,877,961
0	350,593	10,529	63,218	67,433	0	491,773
0	1,743,616	0	9,781	0	0	1,753,397
68	491	0	640	0	0	1,199
0	0	0	0	0	0	1,238
10,847	101,075	0	154,073	0	0	266,260
726	6,014	0	6,656	310	0	13,747
<u>\$30,099</u>	<u>\$4,101,518</u>	<u>\$67,583</u>	<u>\$576,923</u>	<u>\$433,140</u>	<u>\$113,912</u>	<u>\$5,405,575</u>
\$0	\$12,910	\$0	\$26,958	\$0	\$51	\$39,919
257	59,468	0	21,348	0	0	81,073
0	1,844,691	0	109,236	0	0	1,953,927
<u>257</u>	<u>1,917,069</u>	<u>0</u>	<u>157,542</u>	<u>0</u>	<u>51</u>	<u>2,074,919</u>
0	628,378	0	54,701	2,337	2,846	688,262
726	6,014	0	6,656	310	0	13,747
29,116	1,550,057	67,583	358,024	430,493	111,015	2,628,647
<u>29,842</u>	<u>2,184,449</u>	<u>67,583</u>	<u>419,381</u>	<u>433,140</u>	<u>113,861</u>	<u>3,330,656</u>
<u>\$30,099</u>	<u>\$4,101,518</u>	<u>\$67,583</u>	<u>\$576,923</u>	<u>\$433,140</u>	<u>\$113,912</u>	<u>\$5,405,575</u>

THE CITY OF MONTGOMERY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Memorial	Law Enforcement	Drug Law Enforcement	DUI Enforcement and Education	Mayor's Court Technology
Revenues:					
Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental Revenues	500	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	240	985	16,584
All Other Revenues	2,400	0	0	0	0
Total Revenues	<u>2,900</u>	<u>0</u>	<u>240</u>	<u>985</u>	<u>16,584</u>
Expenditures:					
Current:					
Security of Persons and Property	0	105	0	123	0
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	1,848	0	0	0	0
Transportation	0	0	0	0	0
General Government	0	0	0	0	20,372
Total Expenditures	<u>1,848</u>	<u>105</u>	<u>0</u>	<u>123</u>	<u>20,372</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,052	(105)	240	862	(3,788)
Other Financing Sources (Uses):					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,052	(105)	240	862	(3,788)
Fund Balance at Beginning of Year	<u>4,012</u>	<u>3,980</u>	<u>2,701</u>	<u>5,668</u>	<u>67,778</u>
Fund Balance at End of Year	<u>\$5,064</u>	<u>\$3,875</u>	<u>\$2,941</u>	<u>\$6,530</u>	<u>\$63,990</u>

THE CITY OF MONTGOMERY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

COPS Grant	Fire Protection/ EMS	Environmental Impact Tax	Street Construction, Maintenance and Repair	Street and Storm Sewer	Arts and Amenities	Cemetery	Totals
\$0	\$1,869,675	\$0	\$356,157	\$0	\$0	\$0	\$2,225,832
45,000	3,250	0	0	0	0	0	48,750
0	73,270	0	0	0	14,856	70,771	158,897
0	0	55,001	0	0	0	0	55,001
0	52,045	1,339	12,717	0	12,065	0	78,166
0	0	0	0	0	0	0	17,809
7,385	17,818	0	9,153	0	0	0	36,756
<u>52,385</u>	<u>2,016,058</u>	<u>56,340</u>	<u>378,027</u>	<u>0</u>	<u>26,921</u>	<u>70,771</u>	<u>2,621,211</u>
62,543	1,286,197	0	0	0	0	0	1,348,968
0	0	0	0	0	0	6,910	6,910
0	0	0	0	0	26,086	0	26,086
0	0	0	0	0	0	0	1,848
0	0	0	794,995	0	0	0	794,995
0	0	0	0	0	0	0	20,372
<u>62,543</u>	<u>1,286,197</u>	<u>0</u>	<u>794,995</u>	<u>0</u>	<u>26,086</u>	<u>6,910</u>	<u>2,199,179</u>
(10,158)	729,861	56,340	(416,968)	0	835	63,861	422,032
40,000	0	57,000	602,000	0	0	50,000	749,000
0	(119,000)	(57,000)	0	0	0	0	(176,000)
<u>40,000</u>	<u>(119,000)</u>	<u>0</u>	<u>602,000</u>	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>573,000</u>
29,842	610,861	56,340	185,032	0	835	113,861	995,032
0	1,573,588	11,243	234,349	0	432,305	0	2,335,624
<u>\$29,842</u>	<u>\$2,184,449</u>	<u>\$67,583</u>	<u>\$419,381</u>	<u>\$0</u>	<u>\$433,140</u>	<u>\$113,861</u>	<u>\$3,330,656</u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

MEMORIAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$500	\$500	\$0
All Other Revenue	2,400	2,400	0
Total Revenues	2,900	2,900	0
<u>Expenditures:</u>			
Community Environment:			
Material, Supplies, and Services	6,575	1,848	4,727
Total Expenditures	6,575	1,848	4,727
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,675)	1,052	4,727
Fund Balance at Beginning of Year	3,862	3,862	0
Prior Year Encumbrances	150	150	0
Fund Balance at End of Year	\$337	\$5,064	\$4,727

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

LAW ENFORCEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Security of Persons and Property:			
Material, Supplies, and Services	1,100	105	995
Total Expenditures	1,100	105	995
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(1,100)	(105)	995
Fund Balance at Beginning of Year	3,980	3,980	0
Fund Balance at End of Year	\$2,880	\$3,875	\$995

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

DRUG LAW ENFORCEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Security of Persons and Property:			
Material, Supplies, and Services	500	0	500
Total Expenditures	500	0	500
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(500)	0	500
Fund Balance at Beginning of Year	2,701	2,701	0
Fund Balance at End of Year	\$2,201	\$2,701	\$500

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

DUI ENFORCEMENT AND EDUCATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$960	\$960	\$0
Total Revenues	960	960	0
<u>Expenditures:</u>			
Security of Persons and Property:			
Material, Supplies, and Services	1,000	123	877
Total Expenditures	1,000	123	877
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40)	837	877
Fund Balance at Beginning of Year	5,668	5,668	0
Fund Balance at End of Year	\$5,628	\$6,505	\$877

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

MAYOR'S COURT TECHNOLOGY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$16,376	\$16,376	\$0
Total Revenues	16,376	16,376	0
<u>Expenditures:</u>			
General Government:			
Material, Supplies, and Services	11,868	9,201	2,667
Capital Outlay	10,082	11,531	(1,449)
Total Expenditures	21,950	20,732	1,218
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,574)	(4,356)	1,218
Fund Balance at Beginning of Year	67,067	67,067	0
Fund Balance at End of Year	\$61,493	\$62,711	\$1,218

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

COPS GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$45,000	\$34,153	(\$10,847)
All Other Revenues	23,938	7,317	(16,621)
Total Revenues	68,938	41,470	(27,468)
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	72,547	62,822	9,725
Material, Supplies, and Services	950	190	760
Total Expenditures	73,497	63,012	10,485
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,559)	(21,542)	(16,983)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	12,532	40,000	27,468
Total Other Financing Sources (Uses)	12,532	40,000	27,468
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	7,973	18,458	10,485
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$7,973	\$18,458	\$10,485

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

FIRE PROTECTION / EMS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$1,886,823	\$1,869,675	(\$17,148)
Intergovernmental Revenues	0	3,250	3,250
Charges for Services	68,521	73,270	4,749
Investment Earnings	46,515	52,786	6,271
All Other Revenues	6,458	17,641	11,183
Total Revenues	2,008,317	2,016,622	8,305
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	1,158,565	1,108,570	49,995
Material, Supplies, and Services	191,581	147,025	44,556
Capital Outlay	662,150	658,816	3,334
Total Expenditures	2,012,296	1,914,411	97,885
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,979)	102,211	106,190
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(119,000)	(119,000)	0
Total Other Financing Sources (Uses)	(119,000)	(119,000)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(122,979)	(16,789)	106,190
Fund Balance at Beginning of Year	1,623,211	1,623,211	0
Prior Year Encumbrances	3,353	3,353	0
Fund Balance at End of Year	\$1,503,585	\$1,609,775	\$106,190

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

ENVIRONMENTAL IMPACT TAX FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Licenses and Permits	\$55,000	\$55,001	\$1
Investment Earnings	1,075	1,361	286
Total Revenues	56,075	56,362	287
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	56,075	56,362	287
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	55,127	57,000	1,873
Operating Transfers Out	(60,000)	(57,000)	3,000
Total Other Financing Sources (Uses)	(4,873)	0	4,873
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	51,202	56,362	5,160
Fund Balance at Beginning of Year	11,243	11,243	0
Fund Balance at End of Year	\$62,445	\$67,605	\$5,160

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$338,502	\$349,598	\$11,096
Investment Earnings	6,919	12,851	5,932
All Other Revenues	2,500	8,831	6,331
Total Revenues	347,921	371,280	23,359
<u>Expenditures:</u>			
<u>Transportation:</u>			
Personal Services	661,894	616,121	45,773
Material, Supplies, and Services	226,588	214,500	12,088
Capital Outlay	18,995	17,539	1,456
Total Expenditures	907,477	848,160	59,317
Excess (Deficiency) of Revenues Over (Under) Expenditures	(559,556)	(476,880)	82,676
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	545,000	602,000	57,000
Total Other Financing Sources (Uses)	545,000	602,000	57,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(14,556)	125,120	139,676
Fund Balance at Beginning of Year	192,007	192,007	0
Prior Year Encumbrances	12,257	12,257	0
Fund Balance at End of Year	\$189,708	\$329,384	\$139,676

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

ARTS AND AMENITIES FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$8,000	\$14,856	\$6,856
Investment Earnings	18,401	12,208	(6,193)
Total Revenues	26,401	27,064	663
<u>Expenditures:</u>			
Leisure Time Activities:			
Material, Supplies, and Services	93,331	28,927	64,404
Total Expenditures	93,331	28,927	64,404
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,930)	(1,863)	65,067
Fund Balance at Beginning of Year	424,713	424,713	0
Prior Year Encumbrances	7,786	7,786	0
Fund Balance at End of Year	\$365,569	\$430,636	\$65,067

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CEMETERY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$69,771	\$70,771	\$1,000
Total Revenues	69,771	70,771	1,000
<u>Expenditures:</u>			
Public Health and Welfare:			
Material, Supplies, and Services	29,850	9,705	20,145
Total Expenditures	29,850	9,705	20,145
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,921	61,066	21,145
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	50,000	50,000	0
Total Other Financing Sources (Uses)	50,000	50,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	89,921	111,066	21,145
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$89,921	\$111,066	\$21,145

DEBT SERVICE FUNDS

Debt Service Funds are used to account for retirement of the City's general obligation and special assessment bonds.

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 accumulation of resources for the payments of principal and interest on the City's general obligation bonds including self-supporting obligations.

Pioneer Park Bond Retirement Fund

To account for the 0.7 mil levy, voted for the retirement of debt on the purchase and development of Pioneer Park.

Reserve of Montgomery Bond Retirement Fund

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.

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.

THE CITY OF MONTGOMERY, OHIO
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
DECEMBER 31, 2002

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Pioneer Park Bond Retirement	Reserve of Montgomery Bond Retirement	Ohio National Tax Increment	Totals
Assets:						
Cash and Cash Equivalents	\$62,317	\$935,748	\$351,264	\$26,383	\$1,390,551	\$2,766,263
Investments	0	0	64,825	0	0	64,825
Receivables (net of allowance for doubtful accounts):						
Taxes	0	123,638	0	0	0	123,638
Special Assessments	572,783	0	0	4,218,320	0	4,791,103
Intergovernmental Receivables	0	0	0	0	34,670	34,670
Total Assets	<u>\$635,100</u>	<u>\$1,059,386</u>	<u>\$416,089</u>	<u>\$4,244,703</u>	<u>\$1,425,221</u>	<u>\$7,780,499</u>
Liabilities:						
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Revenue	572,783	0	0	4,218,320	34,670	4,825,773
Total Liabilities	<u>572,783</u>	<u>0</u>	<u>0</u>	<u>4,218,320</u>	<u>34,670</u>	<u>4,825,773</u>
Fund Equity:						
Fund Balances:						
Reserved for Debt Service	62,317	1,059,386	416,089	26,383	1,390,551	2,954,726
Total Fund Equity	<u>62,317</u>	<u>1,059,386</u>	<u>416,089</u>	<u>26,383</u>	<u>1,390,551</u>	<u>2,954,726</u>
Total Liabilities and Fund Equity	<u>\$635,100</u>	<u>\$1,059,386</u>	<u>\$416,089</u>	<u>\$4,244,703</u>	<u>\$1,425,221</u>	<u>\$7,780,499</u>

CITY OF MONTGOMERY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Pioneer Park Bond Retirement	Reserve of Montgomery Bond Retirement	Ohio National Tax Increment	Totals
Revenues:						
Taxes	\$0	\$866,577	\$2,027	\$0	\$603,118	\$1,471,722
Investment Earnings	0	0	190	0	0	190
Special Assessments	61,511	0	0	178,134	0	239,645
Total Revenues	<u>61,511</u>	<u>866,577</u>	<u>2,217</u>	<u>178,134</u>	<u>603,118</u>	<u>1,711,557</u>
Expenditures:						
General Government	0	0	0	0	154,234	154,234
Debt Service:						
Principal Retirement	25,883	515,000	70,000	55,000	105,000	770,883
Interest and Fiscal Charges	31,054	346,515	37,179	127,261	178,623	720,632
Total Expenditures	<u>56,937</u>	<u>861,515</u>	<u>107,179</u>	<u>182,261</u>	<u>437,857</u>	<u>1,645,749</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,574	5,062	(104,962)	(4,127)	165,261	65,808
Other Financing Sources (Uses):						
Operating Transfers In	<u>0</u>	<u>119,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>119,000</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>119,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>119,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	4,574	124,062	(104,962)	(4,127)	165,261	184,808
Fund Balance at Beginning of Year	<u>57,743</u>	<u>935,324</u>	<u>521,051</u>	<u>30,510</u>	<u>1,225,290</u>	<u>2,769,918</u>
Fund Balance at End of Year	<u>\$62,317</u>	<u>\$1,059,386</u>	<u>\$416,089</u>	<u>\$26,383</u>	<u>\$1,390,551</u>	<u>\$2,954,726</u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

SPECIAL ASSESSMENT BOND RETIREMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Special Assessments	\$61,511	\$61,511	\$0
Total Revenues	<u>61,511</u>	<u>61,511</u>	<u>0</u>
<u>Expenditures:</u>			
Debt Service:			
Principal Retirement	25,883	25,883	0
Interest and Fiscal Charges	<u>31,617</u>	<u>31,054</u>	<u>563</u>
Total Expenditures	<u>57,500</u>	<u>56,937</u>	<u>563</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,011	4,574	563
Fund Balance at Beginning of Year	<u>57,743</u>	<u>57,743</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$61,754</u></u>	<u><u>\$62,317</u></u>	<u><u>\$563</u></u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL OBLIGATION BOND RETIREMENT FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$810,946	\$826,262	\$15,316
Total Revenues	<u>810,946</u>	<u>826,262</u>	<u>15,316</u>
<u>Expenditures:</u>			
Debt Service:			
Principal Retirement	702,400	515,000	187,400
Interest and Fiscal Charges	<u>408,392</u>	<u>346,715</u>	<u>61,677</u>
Total Debt Service	<u>1,110,792</u>	<u>861,715</u>	<u>249,077</u>
Total Expenditures	<u>1,110,792</u>	<u>861,715</u>	<u>249,077</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(299,846)	(35,453)	264,393
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	<u>119,000</u>	<u>119,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>119,000</u>	<u>119,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(180,846)	83,547	264,393
Fund Balance at Beginning of Year	<u>852,201</u>	<u>852,201</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$671,355</u></u>	<u><u>\$935,748</u></u>	<u><u>\$264,393</u></u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

PIONEER PARK BOND RETIREMENT FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$0	\$2,027	\$2,027
Investment Earnings	15,395	14,002	(1,393)
Total Revenues	<u>15,395</u>	<u>16,029</u>	<u>634</u>
<u>Expenditures:</u>			
Debt Service:			
Principal Retirement	70,000	70,000	0
Interest and Fiscal Charges	39,609	37,179	2,430
Total Expenditures	<u>109,609</u>	<u>107,179</u>	<u>2,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(94,214)	(91,150)	3,064
Fund Balance at Beginning of Year	<u>507,376</u>	<u>507,376</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$413,162</u></u>	<u><u>\$416,226</u></u>	<u><u>\$3,064</u></u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

RESERVE OF MONTGOMERY BOND RETIREMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Special Assessments	\$178,134	\$178,134	\$0
Total Revenues	<u>178,134</u>	<u>178,134</u>	<u>0</u>
<u>Expenditures:</u>			
Debt Service:			
Principal Retirement	55,000	55,000	0
Interest and Fiscal Charges	<u>127,433</u>	<u>127,261</u>	<u>172</u>
Total Expenditures	<u>182,433</u>	<u>182,261</u>	<u>172</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,299)	(4,127)	172
Fund Balance at Beginning of Year	<u>30,510</u>	<u>30,510</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$26,211</u></u>	<u><u>\$26,383</u></u>	<u><u>\$172</u></u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

OHIO NATIONAL TAX INCREMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$603,118	\$603,118	\$0
Total Revenues	603,118	603,118	0
<u>Expenditures:</u>			
General Government:			
Materials, Supplies, and Services	165,000	154,234	10,766
Total General Government	165,000	154,234	10,766
Debt Service:			
Principal Retirement	105,000	105,000	0
Interest and Fiscal Charges	179,305	178,623	682
Total Debt Service	284,305	283,623	682
Total Expenditures	449,305	437,857	11,448
Excess (Deficiency) of Revenues Over (Under) Expenditures	153,813	165,261	11,448
Fund Balance at Beginning of Year	1,225,290	1,225,290	0
Fund Balance at End of Year	\$1,379,103	\$1,390,551	\$11,448

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, other than those financed by proprietary or trust funds.

Capital Improvement Fund

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

Federal Emergency Management Agency (FEMA) Fund

To account for grant monies received from the Federal Emergency Management Agency for assistance with public or individual restoration of disaster-damaged projects.

Urban Redevelopment Fund

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

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 CITY OF MONTGOMERY, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2002

	<u>Capital Improvement</u>	<u>Federal Emergency Management Agency</u>	<u>Urban Redevelopment</u>	<u>Special Assessment Capital Projects</u>	<u>Totals</u>
Assets:					
Cash and Cash Equivalents	\$1,728,091	\$84,836	\$199,526	\$140,000	\$2,152,453
Receivables (net of allowance for doubtful accounts):					
Taxes	177,215	0	0	0	177,215
Intergovernmental Receivables	<u>0</u>	<u>0</u>	<u>1,191</u>	<u>0</u>	<u>1,191</u>
Total Assets	<u><u>\$1,905,306</u></u>	<u><u>\$84,836</u></u>	<u><u>\$200,717</u></u>	<u><u>\$140,000</u></u>	<u><u>\$2,330,859</u></u>
Liabilities:					
Accounts Payable	\$14,608	\$1,800	\$0	\$0	\$16,408
Accrued Interest Payable	8,392	0	0	0	8,392
Deferred Revenue	0	0	1,191	0	1,191
General Obligation Notes Payable	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000,000</u>
Total Liabilities	<u>1,023,000</u>	<u>1,800</u>	<u>1,191</u>	<u>0</u>	<u>1,025,991</u>
Fund Equity:					
Fund Balances:					
Reserved for Encumbrances	360,110	0	35,555	0	395,665
Unreserved - Undesignated	<u>522,196</u>	<u>83,036</u>	<u>163,971</u>	<u>140,000</u>	<u>909,203</u>
Total Fund Equity	<u>882,306</u>	<u>83,036</u>	<u>199,526</u>	<u>140,000</u>	<u>1,304,868</u>
Total Liabilities and Fund Equity	<u><u>\$1,905,306</u></u>	<u><u>\$84,836</u></u>	<u><u>\$200,717</u></u>	<u><u>\$140,000</u></u>	<u><u>\$2,330,859</u></u>

THE CITY OF MONTGOMERY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Capital Improvement</u>	<u>Federal Emergency Management Agency</u>	<u>Urban Redevelopment</u>	<u>Special Assessment Capital Projects</u>	<u>Totals</u>
Revenues:					
Taxes	\$1,245,055	\$0	\$71,381	\$0	\$1,316,436
Intergovernmental Revenues	0	58,692	0	0	58,692
All Other Revenues	0	0	4,376	0	4,376
Total Revenues	<u>1,245,055</u>	<u>58,692</u>	<u>75,757</u>	<u>0</u>	<u>1,379,504</u>
Expenditures:					
Capital Outlay	2,056,959	47,623	26,472	0	2,131,054
Debt Service:					
Interest and Fiscal Charges	<u>8,392</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,392</u>
Total Expenditures	<u>2,065,351</u>	<u>47,623</u>	<u>26,472</u>	<u>0</u>	<u>2,139,446</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(820,296)	11,069	49,285	0	(759,942)
Other Financing Sources (Uses):					
Operating Transfers In	<u>455,817</u>	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>505,817</u>
Total Other Financing Sources (Uses)	<u>455,817</u>	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>505,817</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(364,479)	11,069	49,285	50,000	(254,125)
Fund Balance at Beginning of Year	<u>1,246,785</u>	<u>71,967</u>	<u>150,241</u>	<u>90,000</u>	<u>1,558,993</u>
Fund Balance at End of Year	<u><u>\$882,306</u></u>	<u><u>\$83,036</u></u>	<u><u>\$199,526</u></u>	<u><u>\$140,000</u></u>	<u><u>\$1,304,868</u></u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CAPITAL IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$1,171,534	\$1,187,269	\$15,735
Total Revenues	1,171,534	1,187,269	15,735
<u>Expenditures:</u>			
Capital Outlay	2,549,818	2,427,751	122,067
Total Expenditures	2,549,818	2,427,751	122,067
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,378,284)	(1,240,482)	137,802
<u>Other Financing Sources (Uses):</u>			
Proceeds from General Obligation Notes	993,781	1,000,000	6,219
Operating Transfers In	455,817	455,817	0
Total Other Financing Sources (Uses)	1,449,598	1,455,817	6,219
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	71,314	215,335	144,021
Fund Balance at Beginning of Year	1,012,544	1,012,544	0
Prior Year Encumbrances	138,458	138,458	0
Fund Balance at End of Year	\$1,222,316	\$1,366,337	\$144,021

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$58,692	\$58,692	\$0
Total Revenues	58,692	58,692	0
<u>Expenditures:</u>			
Capital Outlay	54,746	45,935	8,811
Total Expenditures	54,746	45,935	8,811
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,946	12,757	8,811
Fund Balance at Beginning of Year	57,833	57,833	0
Prior Year Encumbrances	14,246	14,246	0
Fund Balance at End of Year	<u>\$76,025</u>	<u>\$84,836</u>	<u>\$8,811</u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

URBAN REDEVELOPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$64,200	\$71,381	\$7,181
All Other Revenues	11,557	4,376	(7,181)
Total Revenues	<u>75,757</u>	<u>75,757</u>	<u>0</u>
<u>Expenditures:</u>			
Capital Outlay	203,337	68,957	134,380
Total Capital Outlay	<u>203,337</u>	<u>68,957</u>	<u>134,380</u>
Total Expenditures	<u>203,337</u>	<u>68,957</u>	<u>134,380</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(127,580)	6,800	134,380
Fund Balance at Beginning of Year	101,584	101,584	0
Prior Year Encumbrances	55,587	55,587	0
Fund Balance at End of Year	<u>\$29,591</u>	<u>\$163,971</u>	<u>\$134,380</u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

SPECIAL ASSESSMENT CAPITAL PROJECTS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Capital Outlay	50,000	0	50,000
Total Expenditures	50,000	0	50,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	0	50,000
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	50,000	50,000	0
Total Other Financing Sources (Uses)	50,000	50,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	50,000	50,000
Fund Balance at Beginning of Year	90,000	90,000	0
Fund Balance at End of Year	\$90,000	\$140,000	\$50,000

FIDUCIARY FUND TYPES

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.

EXPENDABLE TRUST FUND

Historical Trust Fund

To account for the revenue generated from the rental of City owned properties in the historical district. The revenues are used to maintain the properties.

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 Moneys 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.

THE CITY OF MONTGOMERY, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2002

	Expendable Trust Fund	Agency Funds			Totals
	Historical Trust	Mayor's Court	Trust Reimbursement	Unclaimed Moneys	
Assets:					
Cash and Cash Equivalents	\$61,263	\$0	\$0	\$0	\$61,263
Investments	11,307	0	0	0	11,307
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	493	493
Cash with Fiscal Agent	0	14,053	67,248	0	81,301
Total Assets	<u>\$72,570</u>	<u>\$14,053</u>	<u>\$67,248</u>	<u>\$493</u>	<u>\$154,364</u>
Liabilities and Fund Equity:					
Liabilities:					
Accounts Payable	\$3,300	\$0	\$63,232	\$0	\$66,532
Due to Other Funds	0	10,374	0	0	10,374
Intergovernmental Payables	0	2,545	4,016	0	6,561
Due to Others	0	1,134	0	493	1,627
Total Liabilities	<u>3,300</u>	<u>14,053</u>	<u>67,248</u>	<u>493</u>	<u>85,094</u>
Fund Equity:					
Reserved for Encumbrances	726	0	0	0	726
Unreserved	68,544	0	0	0	68,544
Total Equity	<u>69,270</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>69,270</u>
Total Liabilities and Fund Equity	<u>\$72,570</u>	<u>\$14,053</u>	<u>\$67,248</u>	<u>\$493</u>	<u>\$154,364</u>

THE CITY OF MONTGOMERY, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance December 31, 2001	Additions	Deductions	Balance December 31, 2002
<u>Mayor's Court</u>				
Assets:				
Restricted Assets:				
Cash with Fiscal Agent	\$2,131	\$193,558	(\$181,636)	\$14,053
Total Assets	<u>\$2,131</u>	<u>\$193,558</u>	<u>(\$181,636)</u>	<u>\$14,053</u>
Liabilities:				
Due to Other Funds	\$2,131	\$189,879	(\$181,636)	\$10,374
Intergovernmental Payables	0	2,545	0	2,545
Due to Others	0	1,134	0	1,134
Total Liabilities	<u>\$2,131</u>	<u>\$193,558</u>	<u>(\$181,636)</u>	<u>\$14,053</u>
<u>Trust Reimbursement</u>				
Assets:				
Investments	\$10,596	\$0	(\$10,596)	\$0
Restricted Assets:				
Cash with Fiscal Agent	26,437	49,005	(8,194)	67,248
Total Assets	<u>\$37,033</u>	<u>\$49,005</u>	<u>(\$18,790)</u>	<u>\$67,248</u>
Liabilities:				
Accounts Payable	\$37,033	\$44,989	(\$18,790)	\$63,232
Intergovernmental Payables	0	4,016	0	4,016
Total Liabilities	<u>\$37,033</u>	<u>\$49,005</u>	<u>(\$18,790)</u>	<u>\$67,248</u>
<u>Unclaimed Moneys</u>				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$0	\$493	\$0	\$493
Total Assets	<u>\$0</u>	<u>\$493</u>	<u>\$0</u>	<u>\$493</u>
Liabilities:				
Due to Others	\$0	\$493	\$0	\$493
Total Liabilities	<u>\$0</u>	<u>\$493</u>	<u>\$0</u>	<u>\$493</u>

THE CITY OF MONTGOMERY, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance December 31, 2001	Additions	Deductions	Balance December 31, 2002
<u>Totals - All Agency Funds</u>				
Assets:				
Investments	\$10,596	\$0	(\$10,596)	\$0
Restricted Assets:				
Cash and Cash Equivalents	0	493	0	493
Cash with Fiscal Agent	28,568	242,563	(189,830)	81,301
Total Assets	<u>\$39,164</u>	<u>\$243,056</u>	<u>(\$200,426)</u>	<u>\$81,794</u>
Liabilities:				
Accounts Payable	\$37,033	\$44,989	(\$18,790)	\$63,232
Due to Other Funds	2,131	189,879	(181,636)	10,374
Intergovernmental Payables	0	6,561	0	6,561
Due to Others	0	1,627	0	1,627
Total Liabilities	<u>\$39,164</u>	<u>\$243,056</u>	<u>(\$200,426)</u>	<u>\$81,794</u>



GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the Proprietary Fund.

THE CITY OF MONTGOMERY, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2002

General Fixed Assets:

Land	\$6,480,512
Buildings	3,291,743
Improvements Other than Buildings	3,971,878
Machinery and Equipment	<u>2,768,038</u>
Total General Fixed Assets	<u><u>\$16,512,171</u></u>

Investment in General Fixed Assets from:

General Fund	\$12,077,379
Special Revenue Funds	3,041,725
Capital Projects Funds	1,283,688
Expendable Trust Funds	<u>109,379</u>
Total Investment in General Fixed Assets	<u><u>\$16,512,171</u></u>

THE CITY OF MONTGOMERY, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2002

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
<u>General Government:</u>					
Administration	\$0	\$286,177	\$417,493	\$121,573	\$825,243
Mayor's Court	0	0	0	31,921	31,921
Finance	0	0	0	116,485	116,485
Total	<u>0</u>	<u>286,177</u>	<u>417,493</u>	<u>269,979</u>	<u>973,649</u>
<u>Security of Persons and Property:</u>					
Police	278,400	1,799,140	0	512,592	2,590,132
Fire/EMS	0	0	0	1,020,579	1,020,579
Total	<u>278,400</u>	<u>1,799,140</u>	<u>0</u>	<u>1,533,171</u>	<u>3,610,711</u>
<u>Transportation:</u>					
Street/Service	390,000	795,875	101,409	714,271	2,001,555
<u>Leisure Time Activities:</u>					
Parks/Recreation	4,284,640	140,187	3,273,304	129,957	7,828,088
<u>Community Environment:</u>					
Development	1,252,729	270,364	73,167	115,840	1,712,100
Historic Trust	0	0	102,192	4,820	107,012
Total	<u>1,252,729</u>	<u>270,364</u>	<u>175,359</u>	<u>120,660</u>	<u>1,819,112</u>
<u>Public Health and Welfare:</u>					
Cemetery	274,743	0	4,313	0	279,056
Total General Fixed Assets	<u><u>\$6,480,512</u></u>	<u><u>\$3,291,743</u></u>	<u><u>\$3,971,878</u></u>	<u><u>\$2,768,038</u></u>	<u><u>\$16,512,171</u></u>

THE CITY OF MONTGOMERY, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Function and Activity</u>	<u>December 31, 2001</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2002</u>
<u>General Government:</u>					
Administration	\$821,025	(\$2,162)	\$8,555	(\$2,175)	\$825,243
Mayor's Court	21,286	0	10,635	0	31,921
Finance	111,366	0	5,119	0	116,485
Total	<u>953,677</u>	<u>(2,162)</u>	<u>24,309</u>	<u>(2,175)</u>	<u>973,649</u>
<u>Security of Persons and Property:</u>					
Police	2,512,105	0	112,679	(34,652)	2,590,132
Fire/EMS	998,870	5,090	16,619	0	1,020,579
Total	<u>3,510,975</u>	<u>5,090</u>	<u>129,298</u>	<u>(34,652)</u>	<u>3,610,711</u>
<u>Transportation:</u>					
Street/Service	1,953,521	(1,237)	49,271	0	2,001,555
<u>Leisure Time Activities:</u>					
Parks/Recreation	7,775,821	0	52,267	0	7,828,088
<u>Community Environment:</u>					
Development	691,297	(1,691)	1,022,494	0	1,712,100
Historic Trust	107,012	0	0	0	107,012
Total	<u>798,309</u>	<u>(1,691)</u>	<u>1,022,494</u>	<u>0</u>	<u>1,819,112</u>
<u>Public Health and Welfare:</u>					
Cemetery	279,056	0	0	0	279,056
Total General Fixed Assets	<u>\$15,271,359</u>	<u>\$0</u>	<u>\$1,277,639</u>	<u>(\$36,827)</u>	<u>\$16,512,171</u>

STATISTICAL SECTION

STATISTICAL TABLES

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

City of Montgomery
General Governmental Expenditures by Function (1)
Last Ten Years

Year	Security of Persons and Property	Public Health and Welfare Services	Leisure Time Activities	Community Environment	Basic Utility Services	Trans- portation	General Government	Capital Outlay	Debt Service	Total
1993	\$2,385,491	\$72,127	\$212,631	\$264,883	\$228,317	\$703,521	\$1,018,839	\$0	\$980,942	5,866,751
1994	1,919,030	57,988	247,578	297,830	263,262	545,886	1,147,563	0	1,295,945	5,775,082
1995	2,044,241	48,541	693,648	622,199	266,594	780,217	1,360,634	0	1,311,580	7,127,654
1996	2,194,986	54,461	464,171	363,793	411,842	788,858	1,506,270	0	1,432,095	7,216,476
1997	2,674,436	54,003	599,505	357,371	358,415	750,492	1,251,736	2,644,681	2,163,053	10,853,692
1998	2,406,355	59,926	326,311	373,941	328,556	734,320	1,368,527	507,448	2,238,606	8,343,990
1999	3,322,830	62,852	431,869	310,787	1,152	965,784	1,985,387	562,123	1,541,454	9,184,238
2000	3,024,669	47,900	507,291	350,474	0	1,029,656	1,924,549	301,955	1,526,024	8,712,518
2001	3,086,716	61,217	539,682	322,334	0	907,814	2,156,817	926,712	1,499,266	9,500,558
2002	3,294,040	36,500	504,812	340,702	0	794,995	2,440,323	2,131,054	1,499,907	11,042,333

(1) Includes General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds

City of Montgomery
General Governmental Revenues by Source (1)
Last Ten Years

<u>Year</u>	<u>Taxes</u>	<u>Inter-Governmental Revenue</u>	<u>Charges for Service</u>	<u>Licenses and Permits</u>	<u>Investment Earnings</u>	<u>Fines and Forfeitures</u>	<u>(2) All Other</u>	<u>Total</u>
1993	\$4,595,850	\$679,249	\$69,013	\$83,629	\$161,660	\$151,561	\$18,226	\$5,759,188
1994	4,865,515	978,020	148,889	135,985	162,400	184,175	224,258	6,699,242
1995	4,914,488	909,336	217,503	116,300	329,023	161,763	232,869	6,881,282
1996	5,709,941	712,552	318,774	152,904	353,987	145,321	324,389	7,717,868
1997	6,955,554	549,159	350,962	179,103	354,618	202,904	647,170	9,239,470
1998	7,815,545	314,739	253,453	162,761	368,884	297,359	1,136,785	10,349,526
1999	7,998,679	529,898	212,272	159,297	298,124	153,457	342,448	9,694,175
2000	10,921,055	122,067	236,043	214,031	614,128	173,629	770,167	13,051,120
2001	10,511,251	362,873	279,623	149,867	540,132	163,973	380,907	12,388,626
2002	11,102,193	432,545	343,799	205,731	301,023	152,069	319,084	12,856,444

(1) Includes General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds

(2) Special Assessments are included in All Other.

**City of Montgomery
Real Property Tax Levies and Collections
Last Ten Years**

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Accumulated Delinquent Taxes To Total Tax Levy</u>
1993	\$1,827,027	\$1,773,484	\$36,871	\$1,810,355	99.09%	\$87,527	4.79%
1994	1,910,908	1,876,653	44,580	1,921,233	100.54%	89,536	4.69%
1995	2,036,861	1,995,021	31,385	2,026,406	99.49%	76,847	3.77%
1996	2,101,898	1,989,010	37,680	2,026,690	96.42%	162,551	7.73%
1997	2,263,997	2,135,574	34,309	2,169,883	95.84%	261,402	11.55%
1998	2,425,338	2,181,724	44,045	2,225,769	91.77%	195,163	8.05%
1999	2,499,219	2,423,510	124,006	2,547,516	101.93%	140,242	5.61%
2000	3,530,615	3,436,936	80,766	3,517,702	99.63%	224,721	6.36%
2001	3,832,239	3,497,696	79,276	3,576,972	93.34%	257,224	6.71%
2002	3,760,268	3,378,287	101,909	3,480,196	92.55%	283,959	7.55%

Source: Hamilton County Auditor

**City of Montgomery
Tangible Tax Collected
Last Ten Years**

<u>Year Paid</u>	<u>Amount</u>
1993	\$162,621
1994	160,208
1995	71,551
1996	152,856
1997	152,790
1998	179,461
1999	180,620
2000	224,196
2001	244,982
2002	253,322

Source: Hamilton County Auditor

City of Montgomery
Assessed Valuations and Estimated True Values
of Taxable Property Last Ten Years

Tax Year	Real Property (a)		Public Utility Personal (a)		Tangible Personal Property (b)		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1993	\$211,565,410	\$604,472,600	\$8,147,680	\$9,258,727	\$17,526,440	\$70,105,760	\$237,239,530	\$683,837,087	34.69%
1994	224,699,070	641,997,343	8,526,450	8,689,148	14,688,980	58,755,920	247,914,500	709,442,411	34.94%
1995	237,235,850	677,816,714	9,738,620	11,066,614	14,700,000	58,800,000	261,674,470	747,683,328	35.00%
1996	249,290,140	712,257,543	8,405,930	9,552,193	15,019,050	60,076,200	272,715,120	781,885,936	34.88%
1997	277,592,030	793,120,086	8,603,800	9,777,045	16,508,900	66,035,600	302,704,730	868,932,731	34.84%
1998	281,025,200	802,929,142	7,851,570	8,922,238	18,384,000	73,536,000	307,260,770	885,387,380	34.70%
1999	319,012,100	911,463,143	8,024,660	8,024,660	19,416,100	77,664,400	346,452,860	997,152,203	34.74%
2000	324,262,130	926,463,229	7,580,120	7,580,120	22,166,530	88,666,120	354,008,780	1,022,709,469	34.61%
2001	330,550,770	944,430,771	6,384,560	6,384,560	23,506,340	94,025,360	360,441,670	1,044,840,691	34.50%
2002	376,870,340	1,076,772,400	6,742,770	6,742,770	22,968,110	91,872,440	406,581,220	1,175,387,610	34.59%

(a) Assessed taxes are collected in subsequent year

(b) Assessed taxes are collected in same year

Source: Hamilton County Auditor

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

Collection Year	City of Montgomery			Total	Sycamore School District	Hamilton County	Special Taxing Districts	Total
	General Fund	Fire / EMS Fund	Pioneer Park					
1993	\$4.50	\$3.94	\$0.70	\$9.14	\$54.14	\$18.56	\$2.70	\$84.54
1994	4.50	3.95	0.70	9.15	54.14	18.33	2.70	84.32
1995	4.50	3.95	0.70	9.15	54.14	18.30	2.70	84.29
1996	4.50	3.95	0.70	9.15	54.14	19.44	2.70	85.43
1997	4.50	3.95	0.70	9.15	54.14	19.44	2.70	85.43
1998	4.50	3.95	0.70	9.15	54.14	19.01	2.70	85.00
1999	4.50	3.95	0.70	9.15	61.53	18.51	3.73	92.92
2000	4.50	5.55	0.70	10.75	60.84	19.80	3.73	95.12
2001	4.50	5.55	0.70	10.75	60.84	19.92	2.70	94.21
2002	4.50	5.55	0.00	10.05	60.84	21.47	2.70	95.06

Source: Hamilton County Auditor

**City of Montgomery
Special Assessment Billings and Collections
Last Ten Years**

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1993	\$98	\$98	100.00%
1994	37,426	36,175	96.66%
1995	44,099	42,701	96.83%
1996	42,233	40,124	95.01%
1997	239,812	236,539	98.64%
1998	237,481	232,371	97.85%
1999	239,020	234,251	98.00%
2000	247,820	244,584	98.69%
2001	246,639	239,871	97.26%
2002	249,836	239,646	95.92%

These figures represent amounts certified to and collected by the Hamilton County Auditor.

Source: Hamilton County Auditor

**City of Montgomery
Computation of Legal Debt Margin
December 31, 2002**

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$406,581,220	\$406,581,220
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (2)	42,691,028	22,361,967
Applicable City Debt Outstanding	7,165,000	6,435,000
Less: Applicable Debt Service Fund Amounts	(1,475,475)	(1,059,386)
Net Indebtedness Subject to Limitation	5,689,525	5,375,614
Legal Debt Margin	\$37,001,503	\$16,986,353

(1) Direct Debt Limitation Based Upon Section 133, The Uniform Bond Act of the Ohio Revised Code

(2) Tax Increment Financing Debt (Duke Realty Bonds) and Special Assessment Debt are not considered in the computation of the legal debt margin

Source: Finance Department, City of Montgomery and Hamilton County Auditor's Office

City of Montgomery
Ratio of Net General Obligation Bonded Debt to Assessed
Value and Net General Obligation Bonded Debt Per Capita
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Valuation</u>	<u>Net Bonded Debt Per Capita</u>
1993	9,753 (a)	\$250,751,960	\$7,340,000	\$55,228	\$7,284,772	2.91%	\$747
1994	9,753 (a)	261,663,450	6,725,000	115,262	6,609,738	2.53%	678
1995	9,753 (a)	272,396,070	9,550,000	271,467	9,278,533	3.41%	951
1996	9,753 (a)	301,214,880	8,845,000	460,625	8,384,375	2.78%	860
1997	9,753 (a)	302,704,750	15,905,958	1,158,782	14,747,176	4.87%	1,512
1998	9,753 (a)	307,261,570	15,703,000	1,236,819	14,466,181	4.71%	1,483
1999	9,753 (a)	346,452,860	8,860,000	1,387,485	7,472,515	2.16%	766
2000	10,163 (b)	354,008,780	8,310,000	2,426,477	5,883,523	1.66%	579
2001	10,163 (b)	360,441,670	7,750,000	1,456,375	6,293,625	1.75%	619
2002	10,163 (b)	406,581,220	7,165,000	1,475,475	5,689,525	1.40%	560

(1) Source: (a) U.S. Bureau of Census; 1990 Federal Census
(b) U.S. Bureau of Census; 2000 Federal Census

(2) Source: Hamilton County Auditor

(3) Includes all general obligation bonded debt except the TIF Duke Realty Bonds which are supported by payments in lieu of taxes

City of Montgomery
Ratio of Annual Debt Service Expenditures
For General Bonded Debt to Total General Governmental Expenditures
Last Ten Years

<u>Year</u>	<u>Debt Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Bonded Debt Service (1)</u>	<u>General Governmental Expenditures</u>	<u>Debt Service to General Governmental Expenditures</u>
1993	\$550,000	\$489,097	\$1,039,097	\$5,866,751	17.71%
1994	615,000	460,206	1,075,206	5,775,082	18.62%
1995	665,000	417,019	1,082,019	7,127,654	15.18%
1996	705,000	587,513	1,292,513	7,216,476	17.91%
1997	830,000	521,301	1,351,301	10,853,692	12.45%
1998	1,170,000	754,760	1,924,760	8,343,990	23.07%
1999	540,000	482,356	1,022,356	9,184,238	11.13%
2000	550,000	447,139	997,139	8,712,518	11.44%
2001	560,000	413,124	973,124	9,500,558	10.24%
2002	585,000	383,094	968,094	11,042,333	8.77%

(1) Includes Debt Principal, Interest and Fiscal Charges on all general obligation bonded debt except the TIF Realty Bonds which are supported by payments in lieu of taxes

City of Montgomery
Computation of All Direct and Overlapping Governmental Debt
December 31, 2002

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Montgomery (1)</u>	<u>Amount Applicable to City of Montgomery</u>
Direct:			
City of Montgomery	\$5,689,525	100.00%	\$5,689,525
Overlapping Subdivisions:			
Sycamore School District	42,373,599	24.30%	10,296,785
Great Oaks Career Center School District	7,130,000	2.32%	165,416
Hamilton County	130,790,000	2.08%	2,720,432
		Subtotal	<u>13,182,633</u>
		Total	<u><u>\$18,872,158</u></u>

The percentage of gross indebtedness of the city's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed value within the City by its total assessed value.

(1) Decimal places have been rounded to the nearest hundredth for presentation.

Source: Ohio Municipal Advisory Council.

**City of Montgomery
Demographic Statistics
Last Ten Years**

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Cincinnati Metropolitan Area (3)</u>
1993	9,753 (a)	5,870	5.4%
1994	9,753 (a)	5,933	4.4%
1995	9,753 (a)	6,073	4.2%
1996	9,753 (a)	6,240	4.5%
1997	9,753 (a)	6,259	3.3%
1998	9,753 (a)	6,279	2.8%
1999	9,753 (a)	6,079	4.9%
2000	10,163 (b)	6,309	3.1%
2001	10,163 (b)	5,677	3.9%
2002	10,163 (b)	5,891	4.7%

(1) Source: (a) U.S. Bureau of Census - 1990 Federal Census
(b) U.S. Bureau of Census - 2000 Federal Census

(2) Source: Sycamore Community School District, Board of Education
Includes total Sycamore Community School District, a portion of which is located outside the City of Montgomery.

(3) Source: Greater Cincinnati Chamber of Commerce.

**City of Montgomery
Property Value and Construction Permits
Last Ten Years**

<u>Year</u>	<u>Residential</u>		<u>Commercial</u>	
	<u>Number of Permits</u>	<u>Property Value</u>	<u>Number of Permits</u>	<u>Property Value</u>
1993	193	\$12,645,818	61	\$2,203,657
1994	229	10,838,049	91	3,777,947
1995	217	13,156,019	96	18,023,060
1996	186	14,047,725	145	32,927,295
1997	209	7,355,986	126	7,345,788
1998	217	11,401,916	168	19,505,009
1999	392	13,642,941	106	7,253,005
2000	187	6,200,000	136	38,000,000
2001	165	4,472,228	89	3,613,290
2002	451	8,751,420	101	25,699,225

Source: City of Montgomery Building Department

**City of Montgomery
Principal Taxpayers (Property Tax)
December 31, 2002**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2002 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
Bethesda Properties, Inc.	Real Estate Development	\$5,492,450	1.35%
Bethesda Healthcare, Inc.	Health Care	4,036,280	0.99%
Cinergy	Public Utility	3,632,440	0.89%
Bethesda Hospital, Inc.	Hospital	3,444,420	0.85%
Coopers Myers Co.	Real Estate Management	3,382,940	0.83%
Wolf Investment Group II	Financial Services	3,009,970	0.74%
High Country Health Care	Health Care	2,012,080	0.49%
Montgomery Swim	Recreation	1,941,110	0.48%
Cooper Realty, LLC	Real Estate Management	1,932,420	0.48%
Cincinnati Bell	Public Utility	1,432,100	0.36%
Sub-Total		<u>30,316,210</u>	<u>7.46%</u>
All Others		<u>376,265,010</u>	<u>92.54%</u>
Total		<u><u>\$406,581,220</u></u>	<u><u>100.00%</u></u>

Source: Hamilton County, Ohio: County Auditor.

**City of Montgomery
Principal Taxpayers (Income Tax)
December 31, 2002**

<u>Taxpayer</u>	<u>Type of Business</u>
1. Bethesda Hospital	Hospital
2. Ohio National Financial Services	Financial Services
3. Sycamore Community School District	Education
4. CEI Physicians PSC, Inc.	Health Care
5. Anesthesia Group Practice, Inc.	Health Care
6. Northeast Radiology, Inc.	Health Care
7. Cardiology Center of Cincinnati, Inc.	Health Care
8. Montgomery Inn, Inc.	Restaurant
9. Camargo Cadillac, Inc.	Automobile Dealership
10. City of Montgomery	Local Government - Municipality

Source: City of Montgomery Income Tax Department

**CITY OF MONTGOMERY , OHIO
PRINCIPAL EMPLOYERS
DECEMBER 31, 2002**

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
1. Bethesda Hospital	Hospital	2,337
2. Sycamore Community School District	Education	1,164
3. Ohio Financial Services	Insurance and Financial Services	740
4. Montgomery Inn, Inc.	Restaurant	507
5. Meadowbrook Care Center	Health Care	351
6. CEI Physicians PSC, Inc.	Health Care	319
7. Bethesda Healthcare, Inc.	Health Care	273
8. Montgomery Care Center	Health Care	201
9. Kroger Limited Partnership	Grocery Retail	186
10. Carlo and Johnny's	Restaurant	177

Source: City of Montgomery Income Tax Department

**City of Montgomery
Miscellaneous Statistics
December 31, 2002**

	Date of Incorporation Form of Government	1910 Council/Manager		
Area	5.3 Square Miles		Fire/Emergency Medical Services:	
Miles of Streets	46		Number of Stations	1
Number of Street Lights (per Light bill)	207		Number of Full-time Officers and Firefighter/Paramedics	9
Police Protection:			Number of Part-time Officers and Firefighter/Paramedics	38
Number of Stations	1		Number of Calls Answered:	
Number of Uniformed Personnel	21		Fire Run Calls	479
Number of Civilian Personnel	3		Emergency Medical Calls	916
Number of Patrol Units	7		Recreation and Culture:	
Marked	8		Number of Parks	6
Unmarked	3		Nature Preserve	1
Number of Law Violations:			Park Area (acres)	80
Criminal/Juvenile Citations and Charges	438		Number of Ball Fields	13
Citations Issued	1,988		Number of Tennis Courts	10
Calls for Police	13,649		Summer Camp Attendance	900
Volunteer Hours (excluding committees, boards & commissions)	3,200			



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

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 29, 2003**