

COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Montgomery, Ohio

FOR THE YEAR ENDED DECEMBER 31, 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Montgomery, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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Dave Yost
Auditor of State

June 29, 2012

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011

Issued by:
Department of Finance
James Hanson
Director



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INTRODUCTORY SECTION



May 18, 2012

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, 2011. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

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

The Reporting Entity

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

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

CITY OF MONTGOMERY, OHIO

Letter of Transmittal For the Year Ended December 31, 2011

The City of Montgomery

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

City Council

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

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

Arts Commission

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

Beautification and Tree Commission

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

Board of Tax Review

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

CITY OF MONTGOMERY, OHIO

Letter of Transmittal For the Year Ended December 31, 2011

Board of Zoning Appeals

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

Civil Service Commission

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

Environmental Advisory Commission

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

Landmarks Commission

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

Parks and Recreation Commission

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

Planning Commission

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

***Letter of Transmittal
For the Year Ended December 31, 2011***

Sister Cities Commission

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

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

ECONOMIC CONDITIONS AND OUTLOOK

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

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

In spite of very difficult national and regional economic conditions, 2011 proved to be another successful year for the City of Montgomery. Thanks to concerted efforts in financial planning, including multi-year budgeting, capital improvement planning, and the use of targeted fund balances, the City remained financially healthy through 2011 and was able to enter 2012 with continued goals of delivering high quality products and services to our citizens, businesses and community visitors and to engage all of these customers in the work of our organization.

MAJOR INITIATIVES

2011 was a banner year for Montgomery in terms of awards, special events and positive changes in our communication efforts and customer service delivery.

Citizen engagement and outreach was a primary activity in 2011. The fourth Montgomery Citizens' Leadership Academy was conducted and was a huge success with 25 individuals comprising the class. This program, which is designed to transform residents into active and engaged citizens, also features partnerships with local businesses and organizations, such as Bethesda North Hospital, Ohio National Financial Services, the Hamilton County Emergency Operations Center and the Sycamore School District.

***Letter of Transmittal
For the Year Ended December 31, 2011***

During 2011, the City of Montgomery was recognized for achievements in a wide variety of areas and by a diverse group of organizations which included:

- The City received the Certificate of Achievement for Excellence in Financial Reporting for our 2010 Comprehensive Annual Financial Report (CAFR). The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by our entire City. This is the sixteenth consecutive year the City has received this award.
- The City received the award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for our 2010 Annual Report.
- The City also received a Tree City USA and Growth Award for 2011. This represents the sixteenth year in a row that the City has received the Tree City USA Award and ten years that it has received the Growth Award.
- The City's Public Works Department was recognized as a Standard of Excellence award winner by the Miami Valley Risk Management Association (MVRMA) Awards Committee. The Public Works Department have had no loss experience for ten consecutive years which represents a true commitment to safety from these employees.
- In October, Dave Yost, Auditor of the State of Ohio, presented the City of Montgomery with the "Auditor of State Award with Distinction" award for the fiscal year 2010 financial audit. Fewer than five percent of all Ohio government agencies are eligible for this award.

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

In 2011, the following park improvements were completed:

- Upgrades to lighting at Weller Park include the replacement of existing poles and fixtures with decorative poles and LED light fixtures. The completion of this project is anticipated to result in an energy usage savings of 40-50%.
- Resurfacing of basketball court at Weller Park.
- Renovations to Dulle Park ball field diamonds and the Pioneer Soccer fields to improve drainage and the quality of turf.
- Installation of a respite area on Montgomery Road at Bethesda North Hospital defined with bench garden elements and a bus shelter.

In 2011, the following capital improvements were completed:

The Annual Street Resurfacing Project resulted in the resurfacing of 3.70 centerline miles of roadway. The project also included curbs removal and replacement, the repair and rebuild catch basins, and the adjustment of manholes.

***Letter of Transmittal
For the Year Ended December 31, 2011***

The Cornell Road Sidewalk Project was completed; the project included the installation of a concrete walk and wide pervious concrete walk. The sidewalk installation began at the main entrance to Sycamore High School and continues west to the I-71 overpass and provides a connection point to the City of Blue Ash. The project also included installation of a storm drainage pipe, catch basins, and a bio-retention swale.

The Pfeiffer Road at Storybook Drive Improvements Project was completed; the project included the removal and replacement of existing traffic signal poles and span wires to decorative traffic signal poles with mast arms equipped with video monitoring devices. These devices detect traffic movements at the intersection and activate traffic signal changes to allow for the most efficient flow of traffic.

The Pfeiffer Road Sidewalk from the Tri-Health Pavilion to East Side of I-71 Project was substantially completed in 2011. The project included the installation of sidewalk which extends from an existing sidewalk at the City of Blue Ash corporation limit and extends east under I-71 and connects to an existing sidewalk near the Pfeiffer Road ponds. This creates another connection point for pedestrians between the City of Montgomery and the City of Blue Ash. The project also included storm sewer pipe installation, catch basins, pedestrian signals with LED lighting, and miscellaneous pavement markings.

FINANCIAL HIGHLIGHTS

Accounting Controls

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

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

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

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

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

Budgetary Control

Budgetary control is maintained within the personal services, 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.

***Letter of Transmittal
For the Year Ended December 31, 2011***

FINANCIAL PLANNING AND POLICIES

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

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

OTHER INFORMATION

Independent Audit

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Montgomery for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2010. 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 sixteen consecutive years (fiscal years ended December 31, 1995-2010). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

CITY OF MONTGOMERY, OHIO

Letter of Transmittal For the Year Ended December 31, 2011

Acknowledgments

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

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

Respectfully submitted,



James A. Hanson
Director of Finance



Wayne S. Davis
Acting City Manager

CITY OF MONTGOMERY, OHIO

***List of Principal Officials
For the Year Ended December 31, 2011***

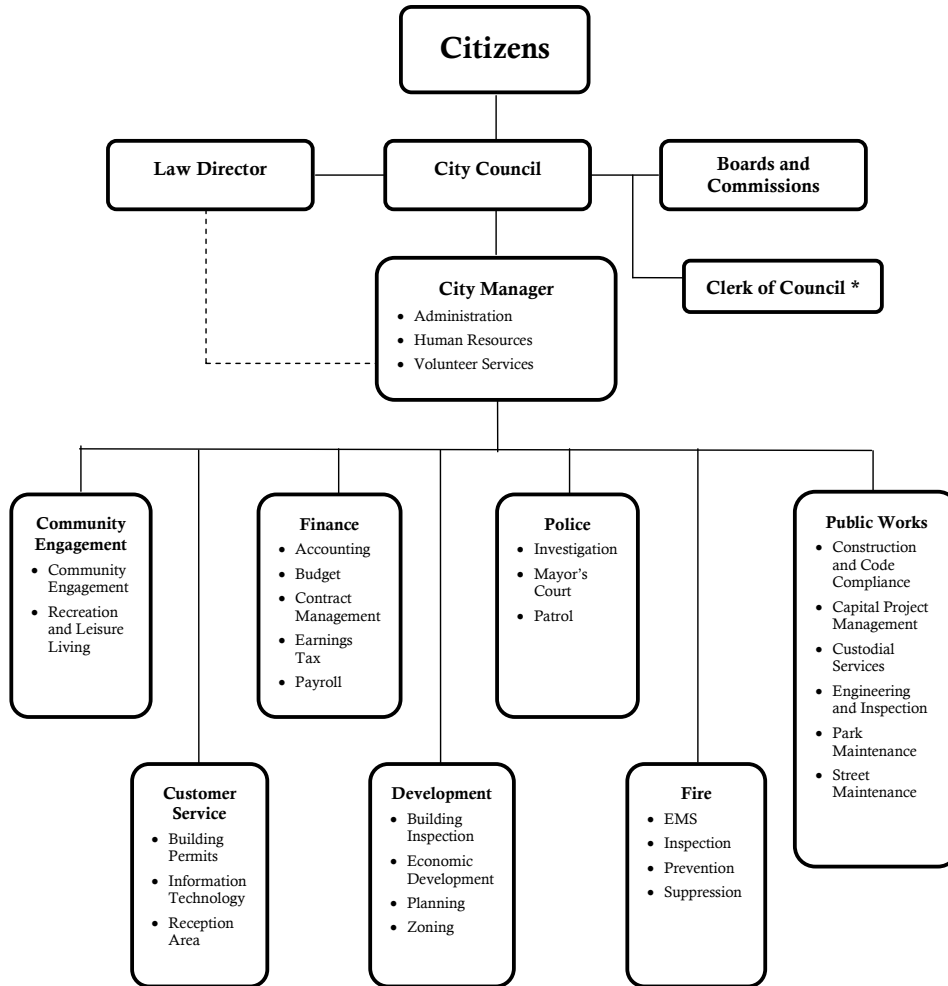
Elected Officials

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

Appointed Officials

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

**City Organizational Chart
For the Year Ended December 31, 2011**



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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Montgomery
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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.



Linda C. Sandson

President

Jeffrey R. Emmer

Executive Director



FINANCIAL SECTION



Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Members of City Council
City of Montgomery, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Ohio as of and for the year ended December 31, 2011, which collectively comprise the City of Montgomery, Ohio's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Montgomery, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Ohio, as of December 31, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and the Fire Protection/EMS Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2012, on our consideration of the City of Montgomery, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Montgomery, Ohio's basic financial statements taken as a whole. The introductory section, the financial section's combining and individual fund statements and schedules, and the statistical section information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Cincinnati, Ohio
May 16, 2012

The discussion and analysis of the City of Montgomery's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2011 are as follows:

- ❑ Net assets of governmental activities increased \$1,396,749, which represents a 2% increase from 2010.
- ❑ General revenues accounted for \$14,424,025 in revenue or 89% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,741,368 or 11% of all revenues.
- ❑ The City had \$14,768,644 in expenses related to governmental activities; only \$1,741,368 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,424,025 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$9,170,171 in revenues and \$8,456,314 in expenditures. The general fund's fund balance increased \$309,156 to \$14,987,727.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net assets at December 31, 2011 and 2010:

	Governmental Activities	
	2011	2010
Current and other assets	\$39,635,902	\$39,083,932
Capital assets, Net	39,444,741	38,809,433
Total assets	<u>79,080,643</u>	<u>77,893,365</u>
Long-term debt outstanding	4,066,247	4,638,412
Other liabilities	6,424,581	6,061,887
Total liabilities	<u>10,490,828</u>	<u>10,700,299</u>
Net assets		
Invested in capital assets, net of related debt	36,182,645	34,953,112
Restricted	17,561,697	17,430,333
Unrestricted	14,845,473	14,809,621
Total net assets	<u>\$68,589,815</u>	<u>\$67,193,066</u>

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**Management's Discussion and Analysis
For the Year Ended December 31, 2011****Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2011 and 2010:

	Governmental Activities	
	2011	2010
Revenues		
Program Revenues:		
Charges for Services and Sales	\$1,103,545	\$1,128,070
Operating Grants and Contributions	637,823	533,729
Capital Grants and Contributions	0	117,265
Total Program Revenues	<u>1,741,368</u>	<u>1,779,064</u>
General Revenues:		
Property Taxes	5,067,545	5,264,702
Income Taxes	6,829,459	7,126,510
Other Local Taxes	1,096,131	1,070,266
Intergovernmental, Unrestricted	1,007,530	953,694
Investment Earnings	116,322	275,677
Miscellaneous	307,038	172,085
Total General Revenues	<u>14,424,025</u>	<u>14,862,934</u>
Total Revenues	<u>16,165,393</u>	<u>16,641,998</u>
Program Expenses		
Public Safety	6,016,951	5,625,518
Parks and Recreation	1,375,420	1,384,928
Community Economic Development	483,968	447,491
Public Works	2,322,822	2,700,671
General Government	4,396,020	3,916,652
Interest and Fiscal Charges	173,463	187,006
Total Expenses	<u>14,768,644</u>	<u>14,262,266</u>
Total Change in Net Assets	1,396,749	2,379,732
Beginning Net Assets	<u>67,193,066</u>	<u>64,813,334</u>
Ending Net Assets	<u>\$68,589,815</u>	<u>\$67,193,066</u>

Governmental Activities

Net assets of the City's governmental activities increased \$1,396,749. Overall, revenues remained consistent with the previous year. The increase in general government expenses can be attributed to increases in costs for contractual and professional services.

CITY OF MONTGOMERY, OHIO

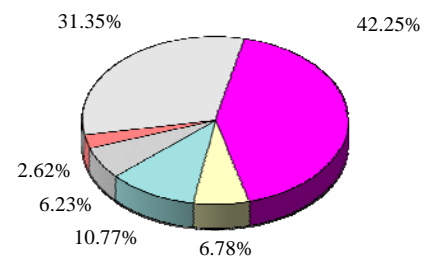
**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

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

Property taxes and income taxes made up 31% and 42% respectively of revenues for governmental activities for the City in fiscal year 2011. The City's reliance upon tax revenues is demonstrated by the following graph indicating 80% of total revenues from general tax revenues:

Revenue Sources	2011	Percent of Total
Property Taxes	\$5,067,545	31.35%
Income Taxes	6,829,459	42.25%
Other Local Taxes	1,096,131	6.78%
Program Revenues	1,741,368	10.77%
Intergovernmental Unrestricted	1,007,530	6.23%
General Other	423,360	2.62%
Total Revenue	\$16,165,393	100.00%



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$29,075,223, which is an increase from last year's balance of \$28,546,399. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2011 and 2010:

	Fund Balance December 31, 2011	Fund Balance December 31, 2010	Increase (Decrease)
General	\$14,987,727	\$14,678,571	\$309,156
Fire Protection / EMS	3,912,639	4,046,923	(134,284)
Reserve of Montgomery			
Bond Retirement	81,574	82,552	(978)
Vintage Club Tax Increment	1,603,091	892,526	710,565
Capital Improvement	4,345,765	4,321,782	23,983
Triangle Tax Increment	(1,028,831)	(1,107,910)	79,079
Other Governmental	5,173,258	5,631,955	(458,697)
Total	\$29,075,223	\$28,546,399	\$528,824

CITY OF MONTGOMERY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

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

	2011 Revenues	2010 Revenues	Increase (Decrease)
Taxes	\$7,788,546	\$8,013,258	(\$224,712)
Intergovernmental Revenues	560,317	702,185	(141,868)
Charges for Services	215,027	263,837	(48,810)
Licenses, Permits, and Fees	316,243	332,966	(16,723)
Investment Earnings	47,980	190,675	(142,695)
Fines and Forfeitures	137,384	110,378	27,006
All Other Revenue	104,674	61,010	43,664
Total	\$9,170,171	\$9,674,309	(\$504,138)

General Fund revenues in 2011 decreased 5.2% compared to revenues in fiscal year 2010. The decrease in taxes can be attributed to a decrease in estate taxes. A decrease in total invested balances as well as changes in the fair value of investments resulted in the decrease in investment earnings.

	2011 Expenditures	2010 Expenditures	Increase (Decrease)
Public Safety	\$3,024,984	\$3,076,325	(\$51,341)
Parks and Recreation	963,794	926,799	36,995
Community Economic Development	407,163	338,006	69,157
Public Works	609,135	575,803	33,332
General Government	3,451,238	3,114,512	336,726
Total	\$8,456,314	\$8,031,445	\$424,869

General Fund expenditures increased \$424,869 over the prior year. The increase in general government can be attributed to increases in costs for contractual and professional services.

Fire Protection EMS Fund - The fund balance of the Fire Protection EMS Fund, a major governmental fund, decreased \$134,284. Revenues and expenditures remained consistent with the prior year.

Reserve of Montgomery Bond Retirement Fund - The fund balance of the Reserve of Montgomery Bond Retirement Fund, a major governmental fund, remained stable, decreasing \$978 during 2011.

Vintage Club Tax Increment Fund – Increased TIF collections caused revenues to exceed expenditures in the fund, resulting in a \$710,565 increase in fund balance.

CITY OF MONTGOMERY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2011

Unaudited

Capital Improvement Fund - The fund balance of the Capital Improvement Fund, a major governmental fund, increased \$23,983 during 2011. Revenues and expenditures remained consistent with the prior year.

Triangle Tax Increment Fund - The fund balance of the Triangle Tax Increment Fund, a major governmental fund increased \$79,079 during 2011. This fund continues to report a negative fund balance due to interfund loans payable to the Capital Improvement Fund.

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

For the General Fund, final budget basis revenue of \$8.6 million did not change over the original budget estimates of \$8.6 million. Actual revenues exceeded final budgeted revenues in the General Fund. Controlled costs within general government departments resulted in actual expenditures that were 11% less than original and final budget amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2011 the City had \$39,444,741 net of accumulated depreciation invested in land, buildings, improvements, infrastructure, equipment and vehicles. The following table shows fiscal year 2011 and 2010 balances:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land	\$15,285,724	\$15,285,724	\$0
Construction In Progress	761,071	0	761,071
Buildings	4,161,161	4,161,161	0
Improvements Other than Buildings	6,869,968	6,837,088	32,880
Infrastructure	25,333,733	24,765,224	568,509
Machinery and Equipment	5,705,121	5,958,366	(253,245)
Less: Accumulated Depreciation	(18,672,037)	(18,198,130)	(473,907)
Totals	\$39,444,741	\$38,809,433	\$635,308

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

The primary increases occurred in construction in progress and infrastructure. Ongoing improvements in the Pfeiffer Road corridor area resulted in the construction in progress, while the increase in infrastructure can be attributed to various street preservation costs.

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

Debt

At December 31, 2011, the City had \$3,166,048 in general obligation bonds outstanding, \$600,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Governmental Activities:		
General Obligation Bonds	\$3,166,048	\$3,745,390
Special Assessment Bonds	96,048	110,931
Compensated Absences	804,151	782,091
Total Governmental Activities	<u>\$4,066,247</u>	<u>\$4,638,412</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. At December 31, 2011, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

In 2011:

- The economy showed some signs of stabilizing and perhaps advancing. In Montgomery, the interest in new business and residential development increased as the year progressed, and several new projects were submitted for approval by the year's end.
- Nine new retail and service businesses opened during the year, which resulted in a much higher occupancy rate for our multi-tenant commercial properties. Village Corner, at the corner of Montgomery Road and Cooper, became 100% leased for the first time in several years; Montgomery Square Shopping Center was also fully leased.
- The Honda dealership property, which went vacant when the dealership was sold and relocated in 2010, was purchased by Twin Lakes, who is looking at some long range options for the property. First Financial Bank, which has a branch in the historic district, received approval of its plans to purchase and redevelop vacant commercial property. This project is expected to be open for business in early 2012. Additionally, the old National City Bank building has been sold and will be re-opened with a new use in early 2012. Plans were submitted and approved for the redevelopment of the commercial property in the Downtown Heritage District. Across the street, the vacant Chevrolet dealership drew interest from several developers, and by year's end was awaiting transfer from the bankruptcy court to a new owner.

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

- Residential activity in general stayed level with 2010. The Building Department issued permits for fourteen new single family residences, one more than 2010. The estimated value of these permits was \$6.32 million. Thirty nine permits were issued for additions and remodeling, one less than the year before. The total value of these improvements was \$1.27 million. On the commercial side, twelve permits were issued for remodeling, with a value of \$3.47 million. A total of 237 permits were issued in 2011 up from 214 in 2010.

REQUESTS FOR INFORMATION

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

CITY OF MONTGOMERY, OHIO

Statement of Net Assets
December 31, 2011

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 8,475,927
Investments	19,479,956
Receivables:	
Taxes	7,497,548
Accounts	124,849
Intergovernmental	1,423,074
Interest	32,801
Special Assessments	2,575,723
Prepaid Items	26,024
Capital Assets not Being Depreciated	16,046,795
Capital Assets Being Depreciated, net	<u>23,397,946</u>
Total Assets	<u>79,080,643</u>
Liabilities:	
Accounts Payable	352,811
Accrued Wages and Benefits	417,953
Intergovernmental Payable	60
Unearned Revenue	5,643,403
Accrued Interest Payable	10,354
Noncurrent liabilities:	
Due within one year	949,499
Due in more than one year	<u>3,116,748</u>
Total Liabilities	<u>10,490,828</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	36,182,645
Restricted For:	
Capital Projects	4,380,931
Debt Service	5,919,076
Public Works	2,463,444
Public Safety	4,063,254
Arts and Amenities:	
Expendable	226,737
Nonexpendable	376,237
Other Purposes	132,018
Unrestricted	<u>14,845,473</u>
Total Net Assets	<u>\$ 68,589,815</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Activities
For the Year Ended December 31, 2011**

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and
				Changes in Net Assets
				Governmental Activities
Governmental Activities:				
Public Safety	\$ 6,016,951	\$ 327,909	\$ 148,310	\$ (5,540,732)
Parks and Recreation	1,375,420	256,030	0	(1,119,390)
Community Economic Development	483,968	217,495	0	(266,473)
Public Works	2,322,822	38,212	489,513	(1,795,097)
General Government	4,396,020	263,899	0	(4,132,121)
Interest and Fiscal Charges	173,463	0	0	(173,463)
Total Governmental Activities	<u>\$ 14,768,644</u>	<u>\$ 1,103,545</u>	<u>\$ 637,823</u>	<u>(13,027,276)</u>
General Revenues				
Property Taxes Levied for:				
				5,067,545
General Purposes				6,829,459
Income Tax				1,096,131
Other Local Taxes				1,007,530
Intergovernmental, Unrestricted				116,322
Investment Earnings				307,038
Miscellaneous				<u>14,424,025</u>
Total General Revenues and Transfers				
				1,396,749
Change in Net Assets				
				67,193,066
Net Assets Beginning of Year				<u>\$ 68,589,815</u>
Net Assets End of Year				

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Balance Sheet
Governmental Funds
December 31, 2011**

	General	Fire Protection / EMS	Reserve of Montgomery Bond Retirement	Vintage Club Tax Increment
Assets:				
Cash and Cash Equivalents	\$ 6,402,924	\$ 235,987	\$ 81,574	\$ 113,091
Investments	7,712,545	3,784,498	0	1,490,000
Receivables:				
Taxes	3,278,796	1,725,519	0	1,930,945
Accounts	89,846	14,910	0	0
Intergovernmental	254,832	99,093	0	0
Interest	32,801	0	0	0
Special Assessments	0	0	2,569,718	0
Interfund Loans Receivables	0	0	0	0
Prepaid Items	23,350	2,134	0	0
Total Assets	\$ 17,795,094	\$ 5,862,141	\$ 2,651,292	\$ 3,534,036
Liabilities:				
Accounts Payable	\$ 116,376	\$ 13,926	\$ 0	\$ 0
Accrued Wages and Benefits Payable	279,048	110,964	0	0
Intergovernmental Payable	60	0	0	0
Interfund Loans Payable	50,000	0	0	0
Deferred Revenue	2,361,883	1,824,612	2,569,718	1,930,945
Total Liabilities	2,807,367	1,949,502	2,569,718	1,930,945
Fund Balances:				
Nonspendable	23,350	2,134	0	0
Restricted	0	3,910,505	81,574	1,603,091
Committed	232,456	0	0	0
Assigned	148,421	0	0	0
Unassigned	14,583,500	0	0	0
Total Fund Balances	14,987,727	3,912,639	81,574	1,603,091
Total Liabilities and Fund Balances	\$ 17,795,094	\$ 5,862,141	\$ 2,651,292	\$ 3,534,036

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

Capital Improvement	Triangle Tax Increment	Other Governmental Funds	Total Governmental Funds
\$ 316,388	\$ 60,159	\$ 1,265,804	\$ 8,475,927
2,777,913	0	3,715,000	19,479,956
252,402	140,418	169,468	7,497,548
0	0	20,093	124,849
706,888	0	362,261	1,423,074
0	0	0	32,801
0	0	6,005	2,575,723
1,088,990	0	50,000	1,138,990
0	0	540	26,024
<u>\$ 5,142,581</u>	<u>\$ 200,577</u>	<u>\$ 5,589,171</u>	<u>\$ 40,774,892</u>
\$ 89,928	\$ 0	\$ 132,581	\$ 352,811
0	0	27,941	417,953
0	0	0	60
0	1,088,990	0	1,138,990
706,888	140,418	255,391	9,789,855
<u>796,816</u>	<u>1,229,408</u>	<u>415,913</u>	<u>11,699,669</u>
0	0	376,777	402,261
4,345,765	0	4,796,481	14,737,416
0	0	0	232,456
0	0	0	148,421
0	(1,028,831)	0	13,554,669
<u>4,345,765</u>	<u>(1,028,831)</u>	<u>5,173,258</u>	<u>29,075,223</u>
<u>\$ 5,142,581</u>	<u>\$ 200,577</u>	<u>\$ 5,589,171</u>	<u>\$ 40,774,892</u>

CITY OF MONTGOMERY, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2011***

Total Governmental Fund Balances \$ 29,075,223

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

Capital Assets used in governmental activities are not
resources and therefore are not reported in the funds. 39,444,741

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds. 4,146,452

Long-term liabilities, including bonds payable, are not due
and payable in the current period and therefore are not
reported in the funds.

General Obligation Bonds Payable	(3,166,048)	
Special Assessment Bonds Payable	(96,048)	
Compensated Absences Payable	(804,151)	
Accrued Interest Payable	(10,354)	(4,076,601)
		<hr/>

Net Assets of Governmental Activities \$ 68,589,815

See accompanying notes to the basic financial statements



CITY OF MONTGOMERY, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011**

	General	Fire Protection / EMS	Reserve of Montgomery Bond Retirement	Vintage Club Tax Increment
Revenues:				
Taxes	\$ 7,788,546	\$ 1,722,564	\$ 0	\$ 1,194,175
Intergovernmental Revenues	560,317	201,636	0	128,436
Charges for Services	215,027	120,662	0	0
Licenses, Permits and Fees	316,243	0	0	0
Investment Earnings	47,980	15,548	0	6,512
Special Assessments	0	0	181,102	0
Fines and Forfeitures	137,384	0	0	0
All Other Revenue	104,674	52,273	0	0
Total Revenue	9,170,171	2,112,683	181,102	1,329,123
Expenditures:				
Current:				
Public Safety	3,024,984	2,247,121	0	0
Parks and Recreation	963,794	0	0	0
Community Economic Development	407,163	0	0	0
Public Works	609,135	0	0	0
General Government	3,451,238	0	5,450	618,558
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	125,000	0
Interest and Fiscal Charges	0	0	51,630	0
Total Expenditures	8,456,314	2,247,121	182,080	618,558
Excess (Deficiency) of Revenues Over Expenditures	713,857	(134,438)	(978)	710,565
Other Financing Sources (Uses):				
Sale of Capital Assets	18,280	154	0	0
Transfers In	0	0	0	0
Transfers Out	(422,981)	0	0	0
Total Other Financing Sources (Uses)	(404,701)	154	0	0
Net Change in Fund Balances	309,156	(134,284)	(978)	710,565
Fund Balances at Beginning of Year	14,678,571	4,046,923	82,552	892,526
Fund Balances End of Year	\$ 14,987,727	\$ 3,912,639	\$ 81,574	\$ 1,603,091

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

Capital Improvement	Triangle Tax Increment	Other Governmental Funds	Total Governmental Funds
\$ 1,707,366	\$ 160,406	\$ 634,927	\$ 13,207,984
0	0	634,367	1,524,756
0	0	252,516	588,205
0	0	13,729	329,972
24,343	0	24,599	118,982
0	0	59,672	240,774
0	0	45,162	182,546
42,697	0	108,794	308,438
<u>1,774,406</u>	<u>160,406</u>	<u>1,773,766</u>	<u>16,501,657</u>
0	0	299,751	5,571,856
0	0	219,619	1,183,413
0	0	0	407,163
0	0	944,256	1,553,391
0	81,327	616,904	4,773,477
1,750,423	0	0	1,750,423
0	0	494,883	619,883
0	0	92,891	144,521
<u>1,750,423</u>	<u>81,327</u>	<u>2,668,304</u>	<u>16,004,127</u>
23,983	79,079	(894,538)	497,530
0	0	12,860	31,294
0	0	435,962	435,962
0	0	(12,981)	(435,962)
<u>0</u>	<u>0</u>	<u>435,841</u>	<u>31,294</u>
23,983	79,079	(458,697)	528,824
<u>4,321,782</u>	<u>(1,107,910)</u>	<u>5,631,955</u>	<u>28,546,399</u>
<u>\$ 4,345,765</u>	<u>\$ (1,028,831)</u>	<u>\$ 5,173,258</u>	<u>\$ 29,075,223</u>

CITY OF MONTGOMERY, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Year Ended December 31, 2011***

Net Change in Fund Balances - Total Governmental Funds \$ 528,824

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

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

Capital Outlay	2,172,589	
Depreciation Expense	<u>(1,443,213)</u>	729,376

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets. (94,068)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (336,264)

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

General Obligation Bond Principal Payment	579,342	
Special Assessment Bond Principal Payment	<u>14,883</u>	594,225

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (3,284)

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

Compensated Absences		<u>(22,060)</u>
----------------------	--	-----------------

Change in Net Assets of Governmental Activities \$ 1,396,749

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 7,059,780	\$ 7,059,780	\$ 7,751,354	\$ 691,574
Intergovernmental Revenue	552,334	552,334	574,476	22,142
Charges for Services	250,092	250,092	213,189	(36,903)
Licenses, Permits and Fees	311,516	311,516	299,183	(12,333)
Investment Earnings	170,000	170,000	97,485	(72,515)
Fines and Forfeitures	166,114	166,114	137,384	(28,730)
All Other Revenues	127,650	127,650	122,686	(4,964)
Total Revenues	<u>8,637,486</u>	<u>8,637,486</u>	<u>9,195,757</u>	<u>558,271</u>
Expenditures:				
Current:				
Public Safety	3,289,608	3,121,655	3,031,206	90,449
Parks and Recreation	1,133,718	1,123,718	1,010,562	113,156
Community Economic Development	594,280	532,999	446,134	86,865
Public Works	678,598	648,618	616,187	32,431
General Government	4,179,325	4,256,899	3,505,630	751,269
Total Expenditures	<u>9,875,529</u>	<u>9,683,889</u>	<u>8,609,719</u>	<u>1,074,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,238,043)	(1,046,403)	586,038	1,632,441
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	18,280	13,280
Transfers In	319,812	319,812	192,017	(127,795)
Transfers Out	(460,000)	(651,640)	(614,621)	37,019
Total Other Financing Sources (Uses):	<u>(135,188)</u>	<u>(326,828)</u>	<u>(404,324)</u>	<u>(77,496)</u>
Net Change in Fund Balance	(1,373,231)	(1,373,231)	181,714	1,554,945
Fund Balance at Beginning of Year	13,391,992	13,391,992	13,391,992	0
Prior Year Encumbrances	352,545	352,545	352,545	0
Fund Balance at End of Year	<u>\$ 12,371,306</u>	<u>\$ 12,371,306</u>	<u>\$ 13,926,251</u>	<u>\$ 1,554,945</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Fire Protection / EMS Fund
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,864,147	\$ 1,864,147	\$ 1,722,564	\$ (141,583)
Intergovernmental Revenue	212,186	212,186	201,636	(10,550)
Charges for Services	93,260	93,260	128,133	34,873
Investment Earnings	58,500	58,500	33,309	(25,191)
All Other Revenues	29,200	29,200	53,626	24,426
Total Revenues	2,257,293	2,257,293	2,139,268	(118,025)
Expenditures:				
Current:				
Public Safety	2,316,578	2,316,578	2,248,546	68,032
Total Expenditures	2,316,578	2,316,578	2,248,546	68,032
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,285)	(59,285)	(109,278)	(49,993)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	154	154
Transfers Out	(7,450)	(7,450)	0	7,450
Total Other Financing Sources (Uses):	(7,450)	(7,450)	154	7,604
Net Change in Fund Balance	(66,735)	(66,735)	(109,124)	(42,389)
Fund Balance at Beginning of Year	4,095,661	4,095,661	4,095,661	0
Prior Year Encumbrances	2,573	2,573	2,573	0
Fund Balance at End of Year	\$ 4,031,499	\$ 4,031,499	\$ 3,989,110	\$ (42,389)

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2011**

	Private Purpose	
	Trust	
	Special Trust	Agency
Assets:		
Cash and Cash Equivalents	\$ 25,228	\$ 0
Restricted Assets:		
Cash and Cash Equivalents	0	16,139
Cash with Fiscal Agent	0	121,310
Total Assets	<u>25,228</u>	<u>137,449</u>
Liabilities:		
Accounts Payable	0	116,092
Intergovernmental Payable	0	2,974
Due to Others	0	18,383
Total Liabilities	<u>0</u>	<u>137,449</u>
Net Assets:		
Unrestricted	25,228	0
Total Net Assets	<u>\$ 25,228</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Changes in Net Assets
Fiduciary Fund
For the Year Ended December 31, 2011**

	Private Purpose Trust Special Trust Fund
Additions:	
Contributions:	
Rental Fees	\$ 3,433
Private Donations	130
Total Contributions	<u>3,563</u>
Investment Earnings:	
Interest	<u>4</u>
Total Additions	<u>3,567</u>
Deductions:	
Total Deductions	<u>0</u>
Change in Net Assets	3,567
Net Assets at Beginning of Year	<u>21,661</u>
Net Assets End of Year	<u>\$ 25,228</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2011 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

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

B. Basis of Presentation - Fund Accounting

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

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

C. Basis of Presentation - Financial Statements

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

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

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Special assessment installments, including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2011, but which are not intended to finance 2011 operations, and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue. Property taxes are further described in Note 6.

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

E. Budgetary Process

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

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

1. Tax Budget

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process, the City receives an official certificate of estimated resources, which states that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed or fall short of current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2011.

3. Appropriations

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

4. Lapsing of Appropriations

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

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

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

	Net Change in Fund Balance	
	General Fund	Fire Protection / EMS Fund
GAAP Basis (as reported)	\$309,156	(\$134,284)
Increase (Decrease):		
Accrued Revenues at December 31, 2011 received during 2012	(1,291,937)	(14,910)
Accrued Revenues at December 31, 2010 received during 2011	1,317,900	41,495
Accrued Expenditures at December 31, 2011 paid during 2012	445,484	124,890
Accrued Expenditures at December 31, 2010 paid during 2011	(402,105)	(94,885)
2010 Prepays for 2011	18,239	2,079
2011 Prepays for 2012	(23,350)	(2,134)
Outstanding Encumbrances	(191,673)	(31,375)
Budget Basis	<u>\$181,714</u>	<u>(\$109,124)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2011, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The City pools its cash for investment and resource management purposes. Each fund's equity in cash and cash equivalents represents the balance on hand as if each had maintained its own cash and cash investment account. See Note 5, "Cash and Cash Equivalents."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts which are reported at cost, which approximates fair value. Fair value is determined by quoted market prices. See Note 5, "Cash and Cash Equivalents." The City allocates interest among the various funds based upon applicable legal and administrative requirements. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements.

The City has invested funds in the STAR Ohio during 2011. 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, 2011.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

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

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

K. Compensated Absences

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

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

L. Net Assets

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

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

M. Pensions

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

N. Interfund Transactions

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

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

O. Intergovernmental Revenues

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Interfund Assets/Liabilities

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

Q. Fund Balances

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

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

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

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

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

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

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

R. Estimates

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

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 2 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General	Fire Protection/ EMS	Reserve of Montgomery Bond Retirement	Vintage Club Tax Increment	Capital Improvement	Triangle Tax Increment	Other Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepaid Items	\$23,350	\$2,134	\$0	\$0	\$0	\$0	\$540	\$26,024
Permanent Fund Corpus	0	0	0	0	0	0	376,237	376,237
Total Nonspendable	23,350	2,134	0	0	0	0	376,777	402,261
Restricted:								
Fire Protection/EMS	0	3,910,505	0	0	0	0	0	3,910,505
Parks and Recreation	0	0	0	0	0	0	34,763	34,763
Law Enforcement and Education	0	0	0	0	0	0	61,479	61,479
Court Computerization	0	0	0	0	0	0	39,084	39,084
Environmental Impact Mitigation	0	0	0	0	0	0	11,661	11,661
Street Improvements	0	0	0	0	0	0	2,083,701	2,083,701
Municipal Pool Operations	0	0	0	0	0	0	73,425	73,425
Cemetery Maintenance	0	0	0	0	0	0	256,466	256,466
Economic Development	0	0	0	0	0	0	12,169	12,169
Debt Service Payments	0	0	81,574	1,603,091	0	0	1,639,887	3,324,552
Capital Improvements	0	0	0	0	4,345,765	0	357,109	4,702,874
Arts and Amenities	0	0	0	0	0	0	226,737	226,737
Total Restricted	0	3,910,505	81,574	1,603,091	4,345,765	0	4,796,481	14,737,416
Committed:								
Compensated Absences	232,456	0	0	0	0	0	0	232,456
Total Committed	232,456	0	0	0	0	0	0	232,456
Assigned:								
Other Purposes	148,421	0	0	0	0	0	0	148,421
Total Assigned	148,421	0	0	0	0	0	0	148,421
Unassigned (Deficits):								
	14,583,500	0	0	0	0	(1,028,831)	0	13,554,669
Total Fund Balances	\$14,987,727	\$3,912,639	\$81,574	\$1,603,091	\$4,345,765	(\$1,028,831)	\$5,173,258	\$29,075,223

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

For 2011 the City implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”. Statement No. 54 provides more clearly defined categories to make the nature and extent of the constraints placed on a governments fund balances more transparent. It also clarifies the existing governmental fund type definitions.

The application of this new standard resulted in the reclassification of the Arts and Amenities Fund from a nonmajor special revenue fund to a nonmajor permanent fund.

NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Deferred Tax Revenue	\$212,976
Deferred Investment Earnings	20,460
Intergovernmental Revenue Receivable	1,337,293
Special Assessments Receivable	<u>2,575,723</u>
	<u><u>\$4,146,452</u></u>

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

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

Governmental revenues not reported in the funds:

Decrease in Deferred Tax Revenue	(\$214,849)
Decrease in Deferred Investment Earnings	(2,660)
Increase in Intergovernmental Revenue	120,597
Decrease in Special Assessments Revenue	<u>(239,352)</u>
	<u><u>(\$336,264)</u></u>

NOTE 5 - CASH AND CASH EQUIVALENTS

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

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

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

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CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

A. Deposits

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

At year end the carrying amount of the City's deposits was \$7,587,996 and the bank balance was \$7,918,256. Federal depository insurance covered \$1,504,498 of the bank balance and \$6,413,758 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and uncollateralized	<u>\$6,413,758</u>
Total Balance	<u><u>\$6,413,758</u></u>

B. Investments

The City's investments at December 31, 2011 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
STAR Ohio	\$4,497,724	AAAm ¹	\$4,497,724	\$0	\$0
FHLMC	3,503,915	AA+ ¹ / Aaa ²	0	1,999,880 a	1,504,035 d
FHLB	4,500,955	AA+ ¹ / Aaa ²	0	997,420 b	3,503,535 e
FNMA	5,524,380	AA+ ¹ / Aaa ²	0	0	5,524,380 f
FFCB	2,503,590	AA+ ¹ / Aaa ²	0	2,503,590 c	0
Total Investments	<u>\$20,530,564</u>		<u>\$4,497,724</u>	<u>\$5,500,890</u>	<u>\$10,531,950</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

¹ Standard & Poor's

² Moody's Investor Service

a Callable Dates: January 21, 2012, October 17, 2012

b Callable Dates: August 12, 2013

c Callable Dates: June 13, 2012, September 6, 2012

d Callable Dates: June 28, 2012

e Callable Dates: February 12, 2012, March 12, 2012, August 12, 2012

f Callable Dates: May 14, 2012, September 28, 2012, October 18, 2012, October 28, 2013

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

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 22% are STAR Ohio, 17% are FHLMC, 22% are FHLB, 27% are FNMA, and 12% are FFCB.

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
	<u> </u>	<u> </u>
Per Financial Statements	\$8,638,604	\$19,479,956
Certificates of Deposit		
(with maturities of more than 3 months)	3,447,116	(3,447,116)
STAR Ohio	<u>(4,497,724)</u>	<u>4,497,724</u>
Per GASB Statement No. 3	<u>\$7,587,996</u>	<u>\$20,530,564</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property and located in the City. Real property taxes (other than public utility) collected during 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2011. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

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

The full tax rate for all City operations for the year ended December 31, 2011 was \$10.05 per \$1,000 of assessed value. The assessed value upon which the 2011 tax collections were based was \$481,043,250. This amount constitutes \$474,383,680 in real property assessed value and \$6,659,570 in public utility assessed value.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 6 – TAXES (Continued)

B. Income Tax

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

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

NOTE 7 - RECEIVABLES

Receivables at December 31, 2011 consisted of taxes, accounts receivable, special assessments, interfund receivables, interest receivables, and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred revenue.

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CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 8 - INTERFUND BALANCES

Individual interfund balances at December 31, 2011 are as follows:

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$0	\$50,000
Triangle Tax Increment Fund	0	1,088,990
Capital Improvement Fund	1,088,990	0
Other Governmental Funds	50,000	0
Totals	\$1,138,990	\$1,138,990

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

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2011:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$422,981
Other Governmental Funds	435,962	12,981
Totals	\$435,962	\$435,962

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

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CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2011:

Historical Cost:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
<i>Capital assets not being depreciated:</i>				
Land	\$15,285,724	\$0	\$0	\$15,285,724
Construction in Progress	0	761,071	0	761,071
Subtotal	15,285,724	761,071	0	16,046,795
<i>Capital assets being depreciated:</i>				
Buildings	4,161,161	0	0	4,161,161
Improvements Other than Buildings	6,837,088	32,880	0	6,869,968
Infrastructure	24,765,224	844,503	(275,994)	25,333,733
Machinery and Equipment	5,958,366	534,135	(787,380)	5,705,121
Subtotal	41,721,839	1,411,518	(1,063,374)	42,069,983
Total Cost	\$57,007,563	\$2,172,589	(\$1,063,374)	\$58,116,778

Accumulated Depreciation:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Buildings	(\$1,503,266)	(\$104,123)	\$0	(\$1,607,389)
Improvements Other than Buildings	(4,154,568)	(321,416)	0	(4,475,984)
Infrastructure	(8,250,154)	(511,984)	190,969	(8,571,169)
Machinery and Equipment	(4,290,142)	(505,690)	778,337	(4,017,495)
Total Depreciation	(\$18,198,130)	(\$1,443,213) *	\$969,306	(\$18,672,037)
<i>Net Value:</i>	\$38,809,433			\$39,444,741

* Depreciation expenses were charged to governmental functions as follows:

Public Safety	\$422,040
Parks and Recreation	182,564
Community Economic Development	94,152
Public Works	709,054
General Government	35,403
Total Depreciation Expense	\$1,443,213

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2011. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s required contributions for pension obligations to OPERS for the years ending December 31, 2011, 2010, and 2009 were \$256,034, \$230,852 and \$212,727, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2011 were \$699 made by the City and \$499 made by the plan members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2011, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2011, 2010, and 2009 were \$212,386, \$221,405 and \$214,228 for police and \$133,325, \$126,528 and \$120,452 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2011. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were \$102,413, \$131,607 and \$152,081, respectively, which were equal to the required contributions for each year.

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2011, 2010, and 2009 were \$112,440, \$117,214 and \$113,415 for police and \$52,171, \$49,511 and \$47,132 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 13 - LONG-TERM OBLIGATIONS

Detail of the changes in the bonds and compensated absences of the City for the year ended December 31, 2011 is as follows:

			Balance December 31, 2010	Issued	(Retired)	Balance December 31, 2011	Amount Due Within One Year
Governmental Activities:							
General Obligation Bonds:							
2.00%	Public Improvement Refunding	2004	\$2,090,000	\$0	(\$325,000)	\$1,765,000	\$320,000
	Deferred Loss on Refunding	2004	(179,610)	0	25,658	(153,952)	(25,658)
2.00-3.80%	Various Purpose Refunding Bonds	2003	1,835,000	0	(280,000)	1,555,000	280,000
Total General Obligation Bonds			3,745,390	0	(579,342)	3,166,048	574,342
Special Assessment Bonds							
With Governmental Commitment:							
6.00%	Swaim Sidewalk Bonds	1994	14,000	0	(4,000)	10,000	4,000
6.50%	Street Lighting	1997	13,000	0	(2,000)	11,000	2,000
6.00%	Montgomery Woods Sidewalk	1997	40,000	0	(4,000)	36,000	5,000
6.00%	Tanager Woods	1999	43,931	0	(4,883)	39,048	4,883
Total Special Assessment Bonds							
With Governmental Commitment			110,931	0	(14,883)	96,048	15,883
Other Long-Term Obligations:							
Compensated Absences			782,091	69,275	(47,215)	804,151	359,274
Total Governmental Activities			\$4,638,412	\$69,275	(\$641,440)	\$4,066,247	\$949,499

The principal amount of the City's special assessment debt outstanding at December 31, 2011 of \$96,048 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 \$135,880 in the Special Assessment Bond Retirement Fund and the balance of \$81,574 in the Reserve of Montgomery Bond Retirement Fund at December 31, 2011 are reserved for the retirement of outstanding special assessment bonds. The Tanager Woods special assessment bond payable is a self-funded debt obligation.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2011 are as follows:

Years	General Obligation Bonds		Special Assessment Bonds	
	Bonds	Interest	Bonds	Interest
2012	\$600,000	\$117,905	\$15,883	\$7,042
2013	470,000	97,607	16,883	6,372
2014	435,000	81,543	17,883	5,637
2015	450,000	66,041	13,883	4,842
2016	450,000	50,200	10,883	4,287
2017-2021	915,000	78,465	20,633	11,077
Totals	<u>\$3,320,000</u>	<u>\$491,761</u>	<u>\$96,048</u>	<u>\$39,257</u>

B. Defeasance of General Obligation and Special Assessment Debt

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

The net proceeds of the 2004 Public Improvement General Obligation Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, was and will be used to pay the principal and interest on the refunded bonds. The refunded General Obligation Bonds, which have a balance of \$1,770,000 at December 31, 2011, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advanced refunding.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

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

The net proceeds of the 2003 Various Purpose Refunding General Obligation Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, was and will be used to pay the principal and interest on the refunded bonds. The refunded General Obligation Bonds, which have a balance of \$1,150,000 at December 31, 2011 are not included in the City's outstanding debt since the City has in-substance, satisfied its obligations through the advance refunding.

NOTE 14 – COMPENSATED ABSENCES

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

As of December 31, 2011, the liability for unpaid compensated absences was \$804,151 for all funds of the City, a net increase of \$22,060 from the amount at December 31, 2010 of \$782,091.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1992 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2011, the pool has twenty one members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty one member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote.

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

The twenty one participating entities and their respective pool contribution factors for the loss year ended December 31, 2011 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	5.85 %	Montgomery	3.11 %
Bellbrook	0.95 %	NAWA	0.23 %
Blue Ash	6.90 %	Piqua	5.90 %
Centerville	4.55 %	Sidney	6.77 %
Englewood	3.46 %	Springdale	3.99 %
Indian Hill	3.39 %	Tipp City	2.82 %
Kettering	11.90 %	Troy	7.16 %
Madeira	1.91 %	Vandalia	4.71 %
Mason	6.47 %	West Carrollton	3.24 %
Miamisburg	8.30 %	Wilmington	5.73 %
Subtotal	<u>53.68 %</u>	Wyoming	2.66 %
		Subtotal	<u>46.32 %</u>
		Total	<u><u>100.00 %</u></u>

The 2011 pool contribution of the City of Montgomery was \$96,421 representing 3.11% of the total collected from all members for that year's operating costs and projected loss reserves.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 15 – RISK MANAGEMENT (Continued)

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

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

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

The member deductible per occurrence for most types of claims is \$2,500. The pool's self insured retention (SIR) for property claims is \$2,501 - \$200,000 per occurrence except Boiler and Machinery which is \$5,000. The pool's SIR for liability claims is \$1,000,000 per occurrence. Excess insurance coverage, provided by commercial companies and an excess insurance pool is \$9,000,000 to the limits stated above. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2010, because an actuarial opinion issued as of that date (the latest information available) reported actual MVRMA loss reserves of \$4,128,313, which is a reasonable provision for all repaid losses and loss adjustment expenses as delivered by the actuarial. MVRMA reported Montgomery's loss experience for the years 2010, 2009 and 2008 as \$2,301, \$13,108, and \$55,213 respectively.

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

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

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 16 – COMPLIANCE AND ACCOUNTABILITY

The deficit at December 31, 2011 of \$1,028,831 in the Triangle Tax Increment Fund was the result of recognizing expenditures on the modified accrual basis, which result in expenditures greater than those on the cash basis. A deficit does not exist on a cash basis. The General Fund provides transfers, upon City Council's approval, when cash is required, not when accruals occur.

NOTE 17 – CONTINGENCIES

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

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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



Nonmajor Governmental Funds

Special Revenue Funds

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

Memorial Fund

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

Parks and Recreation Fundraising Fund

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

Law Enforcement Fund

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

Drug Law Enforcement Fund

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

DUI Enforcement and Education Fund

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

Mayor's Court Technology Fund

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

Community Oriented Policing Services (COPS) Grant Fund

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

Environmental Impact Tax Fund

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

Street Construction, Maintenance and Repair Fund

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

(Continued)

Special Revenue Funds

Municipal Pool Fund

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

Federal Emergency Management Agency (FEMA) Fire Fund

To account for grant monies received from the Federal Emergency Management Agency for the purchase of equipment. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because there are no assets or liabilities and there was no activity during the year.)

Cemetery Fund

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

Montgomery Community Improvement Corporation (CIC) Fund

To account for the activities of the Montgomery Community Improvement Corporation (CIC). The CIC was created to provide economic development loans. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Debt Service Funds

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

Special Assessment Bond Retirement Fund

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

General Obligation Bond Retirement Fund

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

Ohio National Tax Increment Fund

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

Capital Projects Funds

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

Special Assessment Capital Projects Fund

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

Community Development Block Grant (CDBG) Fund

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

Urban Redevelopment Fund

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

Permanent Fund

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

Arts and Amenities Fund

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

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 571,602	\$ 659,119	\$ 32,109	\$ 2,974	\$ 1,265,804
Investments	1,890,000	900,000	325,000	600,000	3,715,000
Receivables:					
Taxes	0	80,768	88,700	0	169,468
Accounts	20,093	0	0	0	20,093
Intergovernmental	362,261	0	0	0	362,261
Special Assessments	0	6,005	0	0	6,005
Interfund Loans Receivables	50,000	0	0	0	50,000
Prepaid Items	540	0	0	0	540
Total Assets	\$ 2,894,496	\$ 1,645,892	\$ 445,809	\$ 602,974	\$ 5,589,171
Liabilities:					
Accounts Payable	\$ 132,581	\$ 0	\$ 0	\$ 0	\$ 132,581
Accrued Wages and Benefits Payable	27,941	0	0	0	27,941
Deferred Revenue	160,686	6,005	88,700	0	255,391
Total Liabilities	321,208	6,005	88,700	0	415,913
Fund Balances:					
Nonspendable	540	0	0	376,237	376,777
Restricted	2,572,748	1,639,887	357,109	226,737	4,796,481
Total Fund Balances	2,573,288	1,639,887	357,109	602,974	5,173,258
Total Liabilities and Fund Balances	\$ 2,894,496	\$ 1,645,892	\$ 445,809	\$ 602,974	\$ 5,589,171

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 0	\$ 546,356	\$ 88,571	\$ 0	\$ 634,927
Intergovernmental Revenues	634,367	0	0	0	634,367
Charges for Services	230,914	0	0	21,602	252,516
Licenses, Permits and Fees	13,729	0	0	0	13,729
Investment Earnings	4,551	19,634	858	(444)	24,599
Special Assessments	0	59,672	0	0	59,672
Fines and Forfeitures	45,162	0	0	0	45,162
All Other Revenue	104,434	0	4,000	360	108,794
Total Revenue	1,033,157	625,662	93,429	21,518	1,773,766
Expenditures:					
Current:					
Public Safety	299,751	0	0	0	299,751
Parks & Recreation	205,731	0	0	13,888	219,619
Public Works	944,256	0	0	0	944,256
General Government	0	611,825	5,079	0	616,904
Debt Service:					
Principal Retirement	0	494,883	0	0	494,883
Interest and Fiscal Charges	0	92,891	0	0	92,891
Total Expenditures	1,449,738	1,199,599	5,079	13,888	2,668,304
Excess (Deficiency) of Revenues Over Expenditures	(416,581)	(573,937)	88,350	7,630	(894,538)
Other Financing Sources (Uses):					
Sale of Capital Assets	12,860	0	0	0	12,860
Transfers In	435,962	0	0	0	435,962
Transfers Out	(12,981)	0	0	0	(12,981)
Total Other Financing Sources (Uses)	435,841	0	0	0	435,841
Net Change in Fund Balances	19,260	(573,937)	88,350	7,630	(458,697)
Fund Balances at Beginning of Year	2,554,028	2,213,824	268,759	595,344	5,631,955
Fund Balances End of Year	\$ 2,573,288	\$ 1,639,887	\$ 357,109	\$ 602,974	\$ 5,173,258

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

	Memorial	Parks and Recreation Fundraising	Law Enforcement	Drug Law Enforcement
Assets:				
Cash and Cash Equivalents	\$ 25,503	\$ 9,260	\$ 29,212	\$ 3,354
Investments	0	0	0	0
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Interfund Loans Receivables	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	<u>\$ 25,503</u>	<u>\$ 9,260</u>	<u>\$ 29,212</u>	<u>\$ 3,354</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	25,503	9,260	29,212	3,354
Total Fund Balances	<u>25,503</u>	<u>9,260</u>	<u>29,212</u>	<u>3,354</u>
Total Liabilities and Fund Balances	<u>\$ 25,503</u>	<u>\$ 9,260</u>	<u>\$ 29,212</u>	<u>\$ 3,354</u>

CITY OF MONTGOMERY, OHIO

DUI Enforcement and Education	Mayor's Court Technology	COPS Grant	Environmental Impact Tax	Street Construction, Maintenance, and Repair	Municipal Pool
\$ 13,211	\$ 39,204	\$ 2,442	\$ 10,911	\$ 346,257	\$ 73,613
0	0	0	0	1,690,000	0
0	0	19,343	750	0	0
0	0	121,232	0	241,029	0
0	0	0	0	0	0
0	0	27	0	513	0
<u>\$ 13,211</u>	<u>\$ 39,204</u>	<u>\$ 143,044</u>	<u>\$ 11,661</u>	<u>\$ 2,277,799</u>	<u>\$ 73,613</u>
\$ 0	\$ 120	\$ 121,232	\$ 0	\$ 11,041	\$ 188
0	0	6,083	0	21,858	0
0	0	0	0	160,686	0
<u>0</u>	<u>120</u>	<u>127,315</u>	<u>0</u>	<u>193,585</u>	<u>188</u>
0	0	27	0	513	0
13,211	39,084	15,702	11,661	2,083,701	73,425
<u>13,211</u>	<u>39,084</u>	<u>15,729</u>	<u>11,661</u>	<u>2,084,214</u>	<u>73,425</u>
<u>\$ 13,211</u>	<u>\$ 39,204</u>	<u>\$ 143,044</u>	<u>\$ 11,661</u>	<u>\$ 2,277,799</u>	<u>\$ 73,613</u>

(Continued)

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

	Cemetery	Montgomery CIC	Total Nonmajor Special Revenue Funds
Assets:			
Cash and Cash Equivalents	\$ 6,466	\$ 12,169	\$ 571,602
Investments	200,000	0	1,890,000
Receivables:			
Accounts	0	0	20,093
Intergovernmental	0	0	362,261
Interfund Loans Receivables	50,000	0	50,000
Prepaid Items	0	0	540
Total Assets	<u>\$ 256,466</u>	<u>\$ 12,169</u>	<u>\$ 2,894,496</u>
Liabilities:			
Accounts Payable	\$ 0	\$ 0	\$ 132,581
Accrued Wages and Benefits Payable	0	0	27,941
Deferred Revenue	0	0	160,686
Total Liabilities	<u>0</u>	<u>0</u>	<u>321,208</u>
Fund Balances:			
Nonspendable	0	0	540
Restricted	256,466	12,169	2,572,748
Total Fund Balances	<u>256,466</u>	<u>12,169</u>	<u>2,573,288</u>
Total Liabilities and Fund Balances	<u>\$ 256,466</u>	<u>\$ 12,169</u>	<u>\$ 2,894,496</u>



CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	Memorial	Parks and Recreation Fundraising	Law Enforcement	Drug Law Enforcement
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 6,710	\$ 0
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	1,812	0	23,300	116
All Other Revenue	0	1,400	100	0
Total Revenue	<u>1,812</u>	<u>1,400</u>	<u>30,110</u>	<u>116</u>
Expenditures:				
Current:				
Public Safety	0	0	27,540	2,272
Parks and Recreation	1,702	2,875	0	0
Public Works	0	0	0	0
Total Expenditures	<u>1,702</u>	<u>2,875</u>	<u>27,540</u>	<u>2,272</u>
Excess (Deficiency) of Revenues Over Expenditures	110	(1,475)	2,570	(2,156)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	110	(1,475)	2,570	(2,156)
Fund Balances at Beginning of Year	<u>25,393</u>	<u>10,735</u>	<u>26,642</u>	<u>5,510</u>
Fund Balances End of Year	<u>\$ 25,503</u>	<u>\$ 9,260</u>	<u>\$ 29,212</u>	<u>\$ 3,354</u>

CITY OF MONTGOMERY, OHIO

DUI Enforcement and Education	Mayor's Court Technology	COPS Grant	Environmental Impact Tax	Street Construction, Maintenance, and Repair	Municipal Pool
\$ 0	\$ 0	\$ 132,170	\$ 0	\$ 495,487	\$ 0
0	0	0	0	0	192,702
0	0	0	13,729	0	0
0	0	0	(45)	5,072	(256)
2,308	17,626	0	0	0	0
0	0	83,559	0	14,342	449
<u>2,308</u>	<u>17,626</u>	<u>215,729</u>	<u>13,684</u>	<u>514,901</u>	<u>192,895</u>
802	8,893	260,244	0	0	0
0	0	0	0	0	201,154
0	0	0	0	929,114	0
<u>802</u>	<u>8,893</u>	<u>260,244</u>	<u>0</u>	<u>929,114</u>	<u>201,154</u>
1,506	8,733	(44,515)	13,684	(414,213)	(8,259)
0	0	0	0	12,860	0
0	0	40,000	0	375,962	20,000
0	0	0	(12,981)	0	0
<u>0</u>	<u>0</u>	<u>40,000</u>	<u>(12,981)</u>	<u>388,822</u>	<u>20,000</u>
1,506	8,733	(4,515)	703	(25,391)	11,741
11,705	30,351	20,244	10,958	2,109,605	61,684
<u>\$ 13,211</u>	<u>\$ 39,084</u>	<u>\$ 15,729</u>	<u>\$ 11,661</u>	<u>\$ 2,084,214</u>	<u>\$ 73,425</u>

(Continued)

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	Cemetery	Montgomery CIC	Total Nonmajor Special Revenue Funds
Revenues:			
Intergovernmental Revenues	\$ 0	\$ 0	\$ 634,367
Charges for Services	38,212	0	230,914
Licenses, Permits and Fees	0	0	13,729
Investment Earnings	(230)	10	4,551
Fines and Forfeitures	0	0	45,162
All Other Revenue	4,584	0	104,434
Total Revenue	42,566	10	1,033,157
Expenditures:			
Current:			
Public Safety	0	0	299,751
Parks and Recreation	0	0	205,731
Public Works	15,142	0	944,256
Total Expenditures	15,142	0	1,449,738
Excess (Deficiency) of Revenues Over Expenditures	27,424	10	(416,581)
Other Financing Sources (Uses):			
Sale of Capital Assets	0	0	12,860
Transfers In	0	0	435,962
Transfers Out	0	0	(12,981)
Total Other Financing Sources (Uses)	0	0	435,841
Net Change in Fund Balances	27,424	10	19,260
Fund Balances at Beginning of Year	229,042	12,159	2,554,028
Fund Balances End of Year	\$ 256,466	\$ 12,169	\$ 2,573,288



CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2011**

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Ohio National Tax Increment	Total Nonmajor Debt Service Funds
Assets:				
Cash and Cash Equivalents	\$ 135,880	\$ 286,853	\$ 236,386	\$ 659,119
Investments	0	900,000	0	900,000
Receivables:				
Taxes	0	80,768	0	80,768
Special Assessments	6,005	0	0	6,005
Total Assets	<u>\$ 141,885</u>	<u>\$ 1,267,621</u>	<u>\$ 236,386</u>	<u>\$ 1,645,892</u>
Liabilities:				
Deferred Revenue	\$ 6,005	\$ 0	\$ 0	\$ 6,005
Total Liabilities	<u>6,005</u>	<u>0</u>	<u>0</u>	<u>6,005</u>
Fund Balances:				
Restricted	135,880	1,267,621	236,386	1,639,887
Total Fund Balances	<u>135,880</u>	<u>1,267,621</u>	<u>236,386</u>	<u>1,639,887</u>
Total Liabilities and Fund Balances	<u>\$ 141,885</u>	<u>\$ 1,267,621</u>	<u>\$ 236,386</u>	<u>\$ 1,645,892</u>

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2011**

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Ohio National Tax Increment	Total Nonmajor Debt Service Funds
Revenues:				
Taxes	\$ 0	\$ 546,356	\$ 0	\$ 546,356
Investment Earnings	3,567	13,067	3,000	19,634
Special Assessments	59,672	0	0	59,672
Total Revenue	63,239	559,423	3,000	625,662
Expenditures:				
Current:				
General Government	1,802	1,000	609,023	611,825
Debt Service:				
Principal Retirement	49,883	445,000	0	494,883
Interest and Fiscal Charges	10,490	82,401	0	92,891
Total Expenditures	62,175	528,401	609,023	1,199,599
Excess (Deficiency) of Revenues Over Expenditures	1,064	31,022	(606,023)	(573,937)
Other Financing Sources (Uses):				
Fund Balances at Beginning of Year	134,816	1,236,599	842,409	2,213,824
Fund Balances End of Year	\$ 135,880	\$ 1,267,621	\$ 236,386	\$ 1,639,887

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011**

	Special Assessment Capital Projects	Community Development Block Grant	Urban Redevelopment	Total Nonmajor Capital Projects Funds
Assets:				
Cash and Cash Equivalents	\$ 2,813	\$ 3,690	\$ 25,606	\$ 32,109
Investments	0	0	325,000	325,000
Receivables:				
Taxes	0	0	88,700	88,700
Total Assets	<u>\$ 2,813</u>	<u>\$ 3,690</u>	<u>\$ 439,306</u>	<u>\$ 445,809</u>
Liabilities:				
Deferred Revenue	\$ 0	\$ 0	\$ 88,700	\$ 88,700
Total Liabilities	<u>0</u>	<u>0</u>	<u>88,700</u>	<u>88,700</u>
Fund Balances:				
Restricted	2,813	3,690	350,606	357,109
Total Fund Balances	<u>2,813</u>	<u>3,690</u>	<u>350,606</u>	<u>357,109</u>
Total Liabilities and Fund Balances	<u>\$ 2,813</u>	<u>\$ 3,690</u>	<u>\$ 439,306</u>	<u>\$ 445,809</u>

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011**

	Special Assessment Capital Projects	Community Development Block Grant	Urban Redevelopment	Total Nonmajor Capital Project Funds
Revenues:				
Taxes	\$ 0	\$ 0	\$ 88,571	\$ 88,571
Investment Earnings	0	0	858	858
All Other Revenue	0	0	4,000	4,000
Total Revenue	<u>0</u>	<u>0</u>	<u>93,429</u>	<u>93,429</u>
Expenditures:				
Current:				
General Government	0	0	5,079	5,079
Total Expenditures	<u>0</u>	<u>0</u>	<u>5,079</u>	<u>5,079</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	88,350	88,350
Fund Balances at Beginning of Year	<u>2,813</u>	<u>3,690</u>	<u>262,256</u>	<u>268,759</u>
Fund Balances End of Year	<u>\$ 2,813</u>	<u>\$ 3,690</u>	<u>\$ 350,606</u>	<u>\$ 357,109</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 7,059,780	\$ 7,059,780	\$ 7,751,354	\$ 691,574
Intergovernmental Revenues	552,334	552,334	574,476	22,142
Charges for Services	250,092	250,092	213,189	(36,903)
Licenses, Permits and Fees	311,516	311,516	299,183	(12,333)
Investment Earnings	170,000	170,000	97,485	(72,515)
Fines and Forfeitures	166,114	166,114	137,384	(28,730)
All Other Revenues	127,650	127,650	122,686	(4,964)
Total Revenues	<u>8,637,486</u>	<u>8,637,486</u>	<u>9,195,757</u>	<u>558,271</u>
Expenditures:				
Public Safety:				
Police:				
Personal Services	2,819,063	2,654,110	2,596,822	57,288
Nonpersonnel	397,880	392,880	372,707	20,173
Total Police	<u>3,216,943</u>	<u>3,046,990</u>	<u>2,969,529</u>	<u>77,461</u>
Disaster Service:				
Nonpersonnel	8,620	10,620	10,350	270
Total Disaster Service	<u>8,620</u>	<u>10,620</u>	<u>10,350</u>	<u>270</u>
Public Health and Welfare:				
Personal Services	57,445	57,445	46,491	10,954
Total Public Health and Welfare	<u>57,445</u>	<u>57,445</u>	<u>46,491</u>	<u>10,954</u>
Civil Service:				
Nonpersonnel	6,600	6,600	4,836	1,764
Total Civil Service	<u>6,600</u>	<u>6,600</u>	<u>4,836</u>	<u>1,764</u>
Total Public Safety	<u>3,289,608</u>	<u>3,121,655</u>	<u>3,031,206</u>	<u>90,449</u>
Parks and Recreation:				
Recreation:				
Personal Services	213,884	213,884	210,487	3,397
Nonpersonnel	119,786	109,786	64,867	44,919
Total Recreation	<u>333,670</u>	<u>323,670</u>	<u>275,354</u>	<u>48,316</u>

(Continued)

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
City Parks:				
Personal Services	298,995	298,995	255,775	43,220
Nonpersonnel	258,304	258,304	256,066	2,238
Total City Parks	<u>557,299</u>	<u>557,299</u>	<u>511,841</u>	<u>45,458</u>
Lodges:				
Nonpersonnel	31,504	31,504	22,380	9,124
Total Lodges	<u>31,504</u>	<u>31,504</u>	<u>22,380</u>	<u>9,124</u>
City Beautiful:				
Nonpersonnel	131,026	131,026	125,304	5,722
Total City Beautiful	<u>131,026</u>	<u>131,026</u>	<u>125,304</u>	<u>5,722</u>
Special Events:				
Nonpersonnel	80,219	80,219	75,683	4,536
Total Special Events	<u>80,219</u>	<u>80,219</u>	<u>75,683</u>	<u>4,536</u>
Total Parks and Recreation	<u>1,133,718</u>	<u>1,123,718</u>	<u>1,010,562</u>	<u>113,156</u>
Community Economic Development:				
Landmarks Commission:				
Nonpersonnel	17,836	17,836	8,325	9,511
Total Landmarks Commission	<u>17,836</u>	<u>17,836</u>	<u>8,325</u>	<u>9,511</u>
Historical Building Operations:				
Nonpersonnel	44,302	44,302	30,394	13,908
Total Historical Building Operations	<u>44,302</u>	<u>44,302</u>	<u>30,394</u>	<u>13,908</u>
Development:				
Personal Services	263,724	232,443	214,839	17,604
Nonpersonnel	254,255	224,255	189,256	34,999
Total Development	<u>517,979</u>	<u>456,698</u>	<u>404,095</u>	<u>52,603</u>
Planning Commission:				
Nonpersonnel	14,163	14,163	3,320	10,843
Total Planning Commission	<u>14,163</u>	<u>14,163</u>	<u>3,320</u>	<u>10,843</u>
Total Community Economic Development	<u>594,280</u>	<u>532,999</u>	<u>446,134</u>	<u>86,865</u>

(Continued)

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Public Works:				
Personal Services	533,652	503,672	482,958	20,714
Nonpersonnel	144,946	144,946	133,229	11,717
Total Public Works	<u>678,598</u>	<u>648,618</u>	<u>616,187</u>	<u>32,431</u>
General Government:				
Administration:				
Personal Services	583,900	568,474	496,464	72,010
Nonpersonnel	43,000	43,000	19,459	23,541
Total Administration	<u>626,900</u>	<u>611,474</u>	<u>515,923</u>	<u>95,551</u>
Finance Administration:				
Personal Services	352,590	352,590	351,878	712
Nonpersonnel	43,200	43,200	34,627	8,573
Total Finance Administration	<u>395,790</u>	<u>395,790</u>	<u>386,505</u>	<u>9,285</u>
Legal Administration:				
Nonpersonnel	323,845	273,845	271,923	1,922
Total Legal Administration	<u>323,845</u>	<u>273,845</u>	<u>271,923</u>	<u>1,922</u>
Income Tax:				
Personal Services	209,036	209,036	165,595	43,441
Nonpersonnel	44,004	44,004	29,186	14,818
Total Income Tax	<u>253,040</u>	<u>253,040</u>	<u>194,781</u>	<u>58,259</u>
Council:				
Personal Services	15,820	15,820	13,767	2,053
Nonpersonnel	2,600	2,600	1,053	1,547
Total Council	<u>18,420</u>	<u>18,420</u>	<u>14,820</u>	<u>3,600</u>
Mayor's Court:				
Personal Services	87,538	87,538	85,677	1,861
Nonpersonnel	40,007	40,007	39,315	692
Total Mayor's Court	<u>127,545</u>	<u>127,545</u>	<u>124,992</u>	<u>2,553</u>

(Continued)

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Volunteer Services:				
Personal Services	64,394	44,394	20,258	24,136
Nonpersonnel	8,982	8,982	4,394	4,588
Total Volunteer Services	<u>73,376</u>	<u>53,376</u>	<u>24,652</u>	<u>28,724</u>
Citizen Engagement and Outreach:				
Personal Services	98,165	98,165	75,251	22,914
Nonpersonnel	113,493	88,493	33,871	54,622
Total Citizen Engagement and Outreach	<u>211,658</u>	<u>186,658</u>	<u>109,122</u>	<u>77,536</u>
General Administration:				
Personal Services	532,040	532,040	294,946	237,094
Nonpersonnel	1,616,711	1,804,711	1,567,966	236,745
Total General Administration	<u>2,148,751</u>	<u>2,336,751</u>	<u>1,862,912</u>	<u>473,839</u>
Total General Government	<u>4,179,325</u>	<u>4,256,899</u>	<u>3,505,630</u>	<u>751,269</u>
Total Expenditures	<u>9,875,529</u>	<u>9,683,889</u>	<u>8,609,719</u>	<u>1,074,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,238,043)	(1,046,403)	586,038	1,632,441
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	18,280	13,280
Transfers In	319,812	319,812	192,017	(127,795)
Transfers Out	(460,000)	(651,640)	(614,621)	37,019
Total Other Financing Sources (Uses)	<u>(135,188)</u>	<u>(326,828)</u>	<u>(404,324)</u>	<u>(77,496)</u>
Net Change in Fund Balance	(1,373,231)	(1,373,231)	181,714	1,554,945
Fund Balance at Beginning of Year	13,391,992	13,391,992	13,391,992	0
Prior Year Encumbrances	352,545	352,545	352,545	0
Fund Balance at End of Year	<u>\$ 12,371,306</u>	<u>\$ 12,371,306</u>	<u>\$ 13,926,251</u>	<u>\$ 1,554,945</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund
For the Year Ended December 31, 2011**

FIRE PROTECTION / EMS FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 1,864,147	\$ 1,864,147	\$ 1,722,564	\$ (141,583)
Intergovernmental Revenues	212,186	212,186	201,636	(10,550)
Charges for Services	93,260	93,260	128,133	34,873
Investment Earnings	58,500	58,500	33,309	(25,191)
All Other Revenues	29,200	29,200	53,626	24,426
Total Revenues	<u>2,257,293</u>	<u>2,257,293</u>	<u>2,139,268</u>	<u>(118,025)</u>
Expenditures:				
Public Safety:				
Personal Services	1,876,484	1,796,484	1,754,807	41,677
Nonpersonnel	440,094	520,094	493,739	26,355
Total Expenditures	<u>2,316,578</u>	<u>2,316,578</u>	<u>2,248,546</u>	<u>68,032</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(59,285)	(59,285)	(109,278)	(49,993)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	154	154
Transfers Out	(7,450)	(7,450)	0	7,450
Total Other Financing Sources (Uses)	<u>(7,450)</u>	<u>(7,450)</u>	<u>154</u>	<u>7,604</u>
Net Change in Fund Balance	(66,735)	(66,735)	(109,124)	(42,389)
Fund Balance at Beginning of Year	4,095,661	4,095,661	4,095,661	0
Prior Year Encumbrances	2,573	2,573	2,573	0
Fund Balance at End of Year	<u>\$ 4,031,499</u>	<u>\$ 4,031,499</u>	<u>\$ 3,989,110</u>	<u>\$ (42,389)</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2011**

RESERVE OF MONTGOMERY BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Special Assessments	\$ 182,456	\$ 182,456	\$ 181,102	\$ (1,354)
Total Revenues	<u>182,456</u>	<u>182,456</u>	<u>181,102</u>	<u>(1,354)</u>
Expenditures:				
General Government:				
Nonpersonnel	6,000	6,000	5,450	550
Debt Service:				
Principal Retirement	125,000	125,000	125,000	0
Interest and Fiscal Charges	51,830	51,830	51,630	200
Total Expenditures	<u>182,830</u>	<u>182,830</u>	<u>182,080</u>	<u>750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(374)	(374)	(978)	(604)
Fund Balance at Beginning of Year	<u>82,552</u>	<u>82,552</u>	<u>82,552</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 82,178</u>	<u>\$ 82,178</u>	<u>\$ 81,574</u>	<u>\$ (604)</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2011**

VINTAGE CLUB TAX INCREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,502,133	\$ 1,502,133	\$ 1,194,175	\$ (307,958)
Intergovernmental Revenues	115,518	115,518	128,436	12,918
Investment Earnings	0	0	6,512	6,512
Total Revenues	<u>1,617,651</u>	<u>1,617,651</u>	<u>1,329,123</u>	<u>(288,528)</u>
Expenditures:				
General Government:				
Nonpersonnel	<u>779,567</u>	<u>779,567</u>	<u>618,558</u>	<u>161,009</u>
Total General Government	<u>779,567</u>	<u>779,567</u>	<u>618,558</u>	<u>161,009</u>
Total Expenditures	<u>779,567</u>	<u>779,567</u>	<u>618,558</u>	<u>161,009</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	838,084	838,084	710,565	(127,519)
Fund Balance at Beginning of Year	<u>892,526</u>	<u>892,526</u>	<u>892,526</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,730,610</u>	<u>\$ 1,730,610</u>	<u>\$ 1,603,091</u>	<u>\$ (127,519)</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund
For the Year Ended December 31, 2011**

CAPITAL IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 1,675,000	\$ 1,675,000	\$ 1,783,772	\$ 108,772
Investment Earnings	0	0	24,343	24,343
All Other Revenues	0	0	64,441	64,441
Total Revenues	<u>1,675,000</u>	<u>1,675,000</u>	<u>1,872,556</u>	<u>197,556</u>
Expenditures:				
Capital Outlay:				
Nonpersonnel	3,276,406	3,276,406	2,802,195	474,211
Total Expenditures	<u>3,276,406</u>	<u>3,276,406</u>	<u>2,802,195</u>	<u>474,211</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,601,406)	(1,601,406)	(929,639)	671,767
Other Financing Sources (Uses):				
Advances In	75,000	75,000	75,000	0
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>0</u>
Net Change in Fund Balance	(1,526,406)	(1,526,406)	(854,639)	671,767
Fund Balance at Beginning of Year	2,324,153	2,324,153	2,324,153	0
Prior Year Encumbrances	487,206	487,206	487,206	0
Fund Balance at End of Year	<u>\$ 1,284,953</u>	<u>\$ 1,284,953</u>	<u>\$ 1,956,720</u>	<u>\$ 671,767</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund
For the Year Ended December 31, 2011**

TRIANGLE TAX INCREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 146,035	\$ 146,035	\$ 160,406	\$ 14,371
Total Revenues	<u>146,035</u>	<u>146,035</u>	<u>160,406</u>	<u>14,371</u>
Expenditures:				
General Government:				
Nonpersonnel	73,018	83,018	81,327	1,691
Total General Government	<u>73,018</u>	<u>83,018</u>	<u>81,327</u>	<u>1,691</u>
Total Expenditures	<u>73,018</u>	<u>83,018</u>	<u>81,327</u>	<u>1,691</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	73,017	63,017	79,079	16,062
Other Financing Sources (Uses):				
Advances Out	(75,000)	(75,000)	(75,000)	0
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>0</u>
Net Change in Fund Balance	(1,983)	(11,983)	4,079	16,062
Fund Balance at Beginning of Year	<u>56,080</u>	<u>56,080</u>	<u>56,080</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 54,097</u>	<u>\$ 44,097</u>	<u>\$ 60,159</u>	<u>\$ 16,062</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	MEMORIAL FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 5,000	\$ 5,000	\$ 1,812	\$ (3,188)
Total Revenues	5,000	5,000	1,812	(3,188)
Expenditures:				
Parks and Recreation:				
Nonpersonnel	5,500	5,500	1,702	3,798
Total Expenditures	5,500	5,500	1,702	3,798
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	(500)	110	610
Fund Balance at Beginning of Year	25,393	25,393	25,393	0
Fund Balance at End of Year	\$ 24,893	\$ 24,893	\$ 25,503	\$ 610

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

PARKS AND RECREATION FUNDRAISING FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 3,500	\$ 3,500	\$ 1,400	\$ (2,100)
Total Revenues	<u>3,500</u>	<u>3,500</u>	<u>1,400</u>	<u>(2,100)</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	5,444	5,444	2,875	2,569
Total Expenditures	<u>5,444</u>	<u>5,444</u>	<u>2,875</u>	<u>2,569</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,944)	(1,944)	(1,475)	469
Fund Balance at Beginning of Year	5,791	5,791	5,791	0
Prior Year Encumbrances	4,944	4,944	4,944	0
Fund Balance at End of Year	<u>\$ 8,791</u>	<u>\$ 8,791</u>	<u>\$ 9,260</u>	<u>\$ 469</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 6,710	\$ 6,710
Fines and Forfeitures	800	4,800	23,300	18,500
All Other Revenues	400	400	100	(300)
Total Revenues	<u>1,200</u>	<u>5,200</u>	<u>30,110</u>	<u>24,910</u>
Expenditures:				
Public Safety:				
Nonpersonnel	8,695	28,825	27,540	1,285
Total Expenditures	<u>8,695</u>	<u>28,825</u>	<u>27,540</u>	<u>1,285</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,495)	(23,625)	2,570	26,195
Fund Balance at Beginning of Year	<u>26,642</u>	<u>26,642</u>	<u>26,642</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 19,147</u>	<u>\$ 3,017</u>	<u>\$ 29,212</u>	<u>\$ 26,195</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 350</u>	<u>\$ 350</u>	<u>\$ 116</u>	<u>\$ (234)</u>
Total Revenues	<u>350</u>	<u>350</u>	<u>116</u>	<u>(234)</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>2,350</u>	<u>2,350</u>	<u>2,272</u>	<u>78</u>
Total Expenditures	<u>2,350</u>	<u>2,350</u>	<u>2,272</u>	<u>78</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000)	(2,000)	(2,156)	(156)
Fund Balance at Beginning of Year	<u>5,510</u>	<u>5,510</u>	<u>5,510</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,510</u>	<u>\$ 3,510</u>	<u>\$ 3,354</u>	<u>\$ (156)</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

DUI ENFORCEMENT AND EDUCATION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 1,000	\$ 1,000	\$ 2,359	\$ 1,359
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>2,359</u>	<u>1,359</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>1,000</u>	<u>1,000</u>	<u>802</u>	<u>198</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>802</u>	<u>198</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	1,557	1,557
Fund Balance at Beginning of Year	<u>11,654</u>	<u>11,654</u>	<u>11,654</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,654</u>	<u>\$ 11,654</u>	<u>\$ 13,211</u>	<u>\$ 1,557</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

MAYOR'S COURT TECHNOLOGY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 16,000	\$ 16,000	\$ 17,626	\$ 1,626
Total Revenues	<u>16,000</u>	<u>16,000</u>	<u>17,626</u>	<u>1,626</u>
Expenditures:				
Public Safety:				
Nonpersonnel	11,087	11,087	9,358	1,729
Total Expenditures	<u>11,087</u>	<u>11,087</u>	<u>9,358</u>	<u>1,729</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,913	4,913	8,268	3,355
Fund Balance at Beginning of Year	30,386	30,386	30,386	0
Fund Balance at End of Year	<u>\$ 35,299</u>	<u>\$ 35,299</u>	<u>\$ 38,654</u>	<u>\$ 3,355</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	COPS GRANT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 87,309	\$ 87,309	\$ 10,938	\$ (76,371)
All Other Revenues	159,477	159,477	81,883	(77,594)
Total Revenues	<u>246,786</u>	<u>246,786</u>	<u>92,821</u>	<u>(153,965)</u>
Expenditures:				
Public Safety:				
Personal Services	112,423	112,423	113,963	(1,540)
Nonpersonnel	177,917	177,917	145,174	32,743
Total Expenditures	<u>290,340</u>	<u>290,340</u>	<u>259,137</u>	<u>31,203</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,554)	(43,554)	(166,316)	(122,762)
Other Financing Sources (Uses):				
Transfers In	40,000	40,000	40,000	0
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Net Change in Fund Balance	(3,554)	(3,554)	(126,316)	(122,762)
Fund Balance at Beginning of Year	7,493	7,493	7,493	0
Fund Balance at End of Year	<u>\$ 3,939</u>	<u>\$ 3,939</u>	<u>\$ (118,823)</u>	<u>\$ (122,762)</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

ENVIRONMENTAL IMPACT TAX FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Licenses, Permits and Fees	\$ 20,000	\$ 20,000	\$ 12,979	\$ (7,021)
Investment Earnings	150	150	2	(148)
Total Revenues	<u>20,150</u>	<u>20,150</u>	<u>12,981</u>	<u>(7,169)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,150	20,150	12,981	(7,169)
Other Financing Sources (Uses):				
Transfers In	20,000	20,000	0	(20,000)
Transfers Out	(40,000)	(40,000)	(12,981)	27,019
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(12,981)</u>	<u>7,019</u>
Net Change in Fund Balance	150	150	0	(150)
Fund Balance at Beginning of Year	<u>10,911</u>	<u>10,911</u>	<u>10,911</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,061</u>	<u>\$ 11,061</u>	<u>\$ 10,911</u>	<u>\$ (150)</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				
Revenues:				
Intergovernmental Revenues	\$ 529,005	\$ 529,005	\$ 498,474	\$ (30,531)
Investment Earnings	11,700	11,700	13,959	2,259
All Other Revenues	8,550	8,550	14,342	5,792
Total Revenues	<u>549,255</u>	<u>549,255</u>	<u>526,775</u>	<u>(22,480)</u>
Expenditures:				
Public Works:				
Personal Services	660,142	660,142	601,966	58,176
Nonpersonnel	390,599	390,599	352,032	38,567
Total Expenditures	<u>1,050,741</u>	<u>1,050,741</u>	<u>953,998</u>	<u>96,743</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(501,486)	(501,486)	(427,223)	74,263
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	12,860	7,860
Transfers In	390,000	390,000	375,962	(14,038)
Total Other Financing Sources (Uses)	<u>395,000</u>	<u>395,000</u>	<u>388,822</u>	<u>(6,178)</u>
Net Change in Fund Balance	(106,486)	(106,486)	(38,401)	68,085
Fund Balance at Beginning of Year	2,031,697	2,031,697	2,031,697	0
Prior Year Encumbrances	18,972	18,972	18,972	0
Fund Balance at End of Year	<u>\$ 1,944,183</u>	<u>\$ 1,944,183</u>	<u>\$ 2,012,268</u>	<u>\$ 68,085</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

MUNICIPAL POOL FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 158,305	\$ 158,305	\$ 192,702	\$ 34,397
Investment Earnings	850	850	11	(839)
All Other Revenues	<u>0</u>	<u>0</u>	<u>449</u>	<u>449</u>
Total Revenues	<u>159,155</u>	<u>159,155</u>	<u>193,162</u>	<u>34,007</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	<u>244,591</u>	<u>244,591</u>	<u>206,087</u>	<u>38,504</u>
Total Expenditures	<u>244,591</u>	<u>244,591</u>	<u>206,087</u>	<u>38,504</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(85,436)	(85,436)	(12,925)	72,511
Other Financing Sources (Uses):				
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>20,000</u>	<u>(30,000)</u>
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>20,000</u>	<u>(30,000)</u>
Net Change in Fund Balance	(35,436)	(35,436)	7,075	42,511
Fund Balance at Beginning of Year	60,896	60,896	60,896	0
Prior Year Encumbrances	<u>673</u>	<u>673</u>	<u>673</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 26,133</u>	<u>\$ 26,133</u>	<u>\$ 68,644</u>	<u>\$ 42,511</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FIRE FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Intergovernmental Revenues	\$ 8,550	\$ 8,550	\$ 0	\$ (8,550)
Total Revenues	<u>8,550</u>	<u>8,550</u>	<u>0</u>	<u>(8,550)</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>16,000</u>	<u>16,000</u>	<u>0</u>	<u>16,000</u>
Total Expenditures	<u>16,000</u>	<u>16,000</u>	<u>0</u>	<u>16,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,450)	(7,450)	0	7,450
Other Financing Sources (Uses):				
Transfers In	<u>7,450</u>	<u>7,450</u>	<u>0</u>	<u>(7,450)</u>
Total Other Financing Sources (Uses)	<u>7,450</u>	<u>7,450</u>	<u>0</u>	<u>(7,450)</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	CEMETERY FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 21,000	\$ 21,000	\$ 38,212	\$ 17,212
Investment Earnings	1,800	1,800	543	(1,257)
All Other Revenues	<u>0</u>	<u>0</u>	<u>4,584</u>	<u>4,584</u>
Total Revenues	<u>22,800</u>	<u>22,800</u>	<u>43,339</u>	<u>20,539</u>
Expenditures:				
Public Works:				
Nonpersonnel	<u>36,550</u>	<u>36,550</u>	<u>15,228</u>	<u>21,322</u>
Total Expenditures	<u>36,550</u>	<u>36,550</u>	<u>15,228</u>	<u>21,322</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,750)	(13,750)	28,111	41,861
Fund Balance at Beginning of Year	<u>178,355</u>	<u>178,355</u>	<u>178,355</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 164,605</u>	<u>\$ 164,605</u>	<u>\$ 206,466</u>	<u>\$ 41,861</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 2,000	\$ 2,000	\$ 3,567	\$ 1,567
Special Assessments	<u>58,872</u>	<u>58,872</u>	<u>59,672</u>	<u>800</u>
Total Revenues	<u>60,872</u>	<u>60,872</u>	<u>63,239</u>	<u>2,367</u>
Expenditures:				
General Government:				
Nonpersonnel	2,200	2,200	1,802	398
Debt Service:				
Principal Retirement	49,883	49,883	49,883	0
Interest and Fiscal Charges	<u>10,690</u>	<u>10,690</u>	<u>10,490</u>	<u>200</u>
Total Expenditures	<u>62,773</u>	<u>62,773</u>	<u>62,175</u>	<u>598</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,901)	(1,901)	1,064	2,965
Fund Balance at Beginning of Year	<u>134,816</u>	<u>134,816</u>	<u>134,816</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 132,915</u>	<u>\$ 132,915</u>	<u>\$ 135,880</u>	<u>\$ 2,965</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2011**

GENERAL OBLIGATION BOND RETIREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 536,000	\$ 536,000	\$ 570,807	\$ 34,807
Investment Earnings	0	0	13,067	13,067
Total Revenues	<u>536,000</u>	<u>536,000</u>	<u>583,874</u>	<u>47,874</u>
Expenditures:				
General Government:				
Nonpersonnel	13,200	13,200	1,000	12,200
Debt Service:				
Principal Retirement	445,000	445,000	445,000	0
Interest and Fiscal Charges	<u>84,402</u>	<u>84,402</u>	<u>82,401</u>	<u>2,001</u>
Total Expenditures	<u>542,602</u>	<u>542,602</u>	<u>528,401</u>	<u>14,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,602)	(6,602)	55,473	62,075
Fund Balance at Beginning of Year	<u>1,131,380</u>	<u>1,131,380</u>	<u>1,131,380</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,124,778</u>	<u>\$ 1,124,778</u>	<u>\$ 1,186,853</u>	<u>\$ 62,075</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2011**

OHIO NATIONAL TAX INCREMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 3,000	\$ 3,000
Total Revenues	<u>0</u>	<u>0</u>	<u>3,000</u>	<u>3,000</u>
Expenditures:				
General Government:				
Nonpersonnel	732,500	732,500	714,854	17,646
Total General Government	<u>732,500</u>	<u>732,500</u>	<u>714,854</u>	<u>17,646</u>
Total Expenditures	<u>732,500</u>	<u>732,500</u>	<u>714,854</u>	<u>17,646</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(732,500)	(732,500)	(711,854)	20,646
Fund Balance at Beginning of Year	499,063	499,063	499,063	0
Prior Year Encumbrances	357,500	357,500	357,500	0
Fund Balance at End of Year	<u>\$ 124,063</u>	<u>\$ 124,063</u>	<u>\$ 144,709</u>	<u>\$ 20,646</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>2,813</u>	<u>2,813</u>	<u>2,813</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,813</u>	<u>\$ 2,813</u>	<u>\$ 2,813</u>	<u>\$ 0</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>3,690</u>	<u>3,690</u>	<u>3,690</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,690</u>	<u>\$ 3,690</u>	<u>\$ 3,690</u>	<u>\$ 0</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011**

URBAN REDEVELOPMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 93,221	\$ 93,221	\$ 88,571	\$ (4,650)
Intergovernmental Revenues	8,242	8,242	0	(8,242)
Investment Earnings	0	0	858	858
All Other Revenues	3,600	3,600	4,000	400
Total Revenues	<u>105,063</u>	<u>105,063</u>	<u>93,429</u>	<u>(11,634)</u>
Expenditures:				
General Government:				
Nonpersonnel	7,032	7,032	5,079	1,953
Total General Government	<u>7,032</u>	<u>7,032</u>	<u>5,079</u>	<u>1,953</u>
Capital Outlay:				
Nonpersonnel	88,197	88,197	22,000	66,197
Total Capital Outlay	<u>88,197</u>	<u>88,197</u>	<u>22,000</u>	<u>66,197</u>
Total Expenditures	<u>95,229</u>	<u>95,229</u>	<u>27,079</u>	<u>68,150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,834	9,834	66,350	56,516
Fund Balance at Beginning of Year	258,759	258,759	258,759	0
Prior Year Encumbrances	3,497	3,497	3,497	0
Fund Balance at End of Year	<u>\$ 272,090</u>	<u>\$ 272,090</u>	<u>\$ 328,606</u>	<u>\$ 56,516</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 12,700	\$ 12,700	\$ 21,602	\$ 8,902
Investment Earnings	8,000	8,000	2,126	(5,874)
All Other Revenues	<u>1,000</u>	<u>1,000</u>	<u>360</u>	<u>(640)</u>
Total Revenues	<u>21,700</u>	<u>21,700</u>	<u>24,088</u>	<u>2,388</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	<u>35,300</u>	<u>35,300</u>	<u>14,388</u>	<u>20,912</u>
Total Expenditures	<u>35,300</u>	<u>35,300</u>	<u>14,388</u>	<u>20,912</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,600)	(13,600)	9,700	23,300
Fund Balance at Beginning of Year	<u>592,774</u>	<u>592,774</u>	<u>592,774</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 579,174</u>	<u>\$ 579,174</u>	<u>\$ 602,474</u>	<u>\$ 23,300</u>

Fiduciary Funds

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

Agency Funds

Mayor's Court Fund

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

Trust Reimbursement Fund

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

Unclaimed Monies Fund

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

CITY OF MONTGOMERY, OHIO

**Combining Statement Of Changes In Assets And Liabilities
Agency Funds
For the Year Ended December 31, 2011**

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
Mayor's Court				
Assets:				
Restricted Assets:				
Cash with Fiscal Agent	\$1,156	\$215,861	(\$214,773)	\$2,244
Total Assets	<u>\$1,156</u>	<u>\$215,861</u>	<u>(\$214,773)</u>	<u>\$2,244</u>
Liabilities:				
Due to Others	\$1,156	\$215,861	(\$214,773)	\$2,244
Total Liabilities	<u>\$1,156</u>	<u>\$215,861</u>	<u>(\$214,773)</u>	<u>\$2,244</u>
Trust Reimbursement				
Assets:				
Restricted Assets:				
Cash with Fiscal Agent	\$167,467	\$50,542	(\$98,943)	\$119,066
Total Assets	<u>\$167,467</u>	<u>\$50,542</u>	<u>(\$98,943)</u>	<u>\$119,066</u>
Liabilities:				
Accounts Payable	\$163,802	\$48,136	(\$95,846)	\$116,092
Intergovernmental Payables	3,665	2,406	(3,097)	2,974
Total Liabilities	<u>\$167,467</u>	<u>\$50,542</u>	<u>(\$98,943)</u>	<u>\$119,066</u>
Unclaimed Monies				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$16,516	\$0	(\$377)	\$16,139
Total Assets	<u>\$16,516</u>	<u>\$0</u>	<u>(\$377)</u>	<u>\$16,139</u>
Liabilities:				
Due to Others	\$16,516	\$0	(\$377)	\$16,139
Total Liabilities	<u>\$16,516</u>	<u>\$0</u>	<u>(\$377)</u>	<u>\$16,139</u>
Totals - All Agency Funds				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$16,516	\$0	(\$377)	\$16,139
Cash with Fiscal Agent	168,623	266,403	(313,716)	121,310
Total Assets	<u>\$185,139</u>	<u>\$266,403</u>	<u>(\$314,093)</u>	<u>\$137,449</u>
Liabilities:				
Accounts Payable	\$163,802	\$48,136	(\$95,846)	\$116,092
Intergovernmental Payables	3,665	2,406	(3,097)	2,974
Due to Others	17,672	215,861	(215,150)	18,383
Total Liabilities	<u>\$185,139</u>	<u>\$266,403</u>	<u>(\$314,093)</u>	<u>\$137,449</u>



STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the city's financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the city's ability to generate its most significant local revenue sources, the property tax and the income tax.	
Debt Capacity	S 18 – S 27
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Economic and Demographic Information	S 28 – S 33
These schedules offer economic and demographic indicators to help the reader understand the environment within which the city's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 34 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.	

City of Montgomery

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

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

Source: City Finance Director's Office

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

City of Montgomery

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

City of Montgomery

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

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

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

City of Montgomery

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

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

(continued)

City of Montgomery

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

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

Source: City Finance Director's Office

City of Montgomery

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

City of Montgomery

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	232,441	226,587	303,486	369,159
Unreserved	<u>8,856,718</u>	<u>8,956,731</u>	<u>9,784,276</u>	<u>10,634,063</u>
<i>Total General Fund</i>	<u>9,089,159</u>	<u>9,183,318</u>	<u>10,087,762</u>	<u>11,003,222</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	4,052,400	2,967,622	4,007,598	3,889,218
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,628,647	3,723,168	3,901,646	4,679,988
Capital Projects Funds	<u>909,203</u>	<u>2,331,912</u>	<u>2,151,261</u>	<u>2,462,286</u>
<i>Total All Other Governmental Funds</i>	<u>7,590,250</u>	<u>9,022,702</u>	<u>10,060,505</u>	<u>11,031,492</u>
<i>Total Governmental Funds</i>	<u><u>\$16,679,409</u></u>	<u><u>\$18,206,020</u></u>	<u><u>\$20,148,267</u></u>	<u><u>\$22,034,714</u></u>

Source: City Finance Director's Office

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

City of Montgomery

2006	2007	2008	2009	2010	2011
\$0	\$0	\$0	\$0	\$0	\$23,350
0	0	0	0	0	0
0	0	0	0	0	232,456
0	0	0	0	0	148,421
0	0	0	0	0	14,583,500
848,817	411,288	279,644	405,963	317,113	0
12,172,862	12,154,635	12,975,774	13,769,099	14,361,458	0
<u>13,021,679</u>	<u>12,565,923</u>	<u>13,255,418</u>	<u>14,175,062</u>	<u>14,678,571</u>	<u>14,987,727</u>
0	0	0	0	0	378,911
0	0	0	0	0	14,737,416
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	(1,028,831)
4,761,597	4,342,424	3,882,125	3,499,102	4,032,014	0
5,397,618	6,149,504	5,983,229	6,862,144	7,183,676	0
1,665,020	3,198,902	3,536,402	2,150,689	2,652,138	0
<u>11,824,235</u>	<u>13,690,830</u>	<u>13,401,756</u>	<u>12,511,935</u>	<u>13,867,828</u>	<u>14,087,496</u>
<u>\$24,845,914</u>	<u>\$26,256,753</u>	<u>\$26,657,174</u>	<u>\$26,686,997</u>	<u>\$28,546,399</u>	<u>\$29,075,223</u>

City of Montgomery

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

	2002	2003	2004	2005
Revenues:				
Taxes	\$11,102,193	\$10,730,132	\$10,234,237	\$10,629,284
Intergovernmental Revenues	432,545	1,303,807	1,360,965	1,343,674
Charges for Services	343,799	300,191	337,765	328,218
Licenses, Permits and Fees	205,731	550,360	237,850	611,953
Investment Earnings	301,023	222,096	249,354	563,496
Special Assessments	239,645	246,398	247,410	280,046
Fines and Forfeitures	152,069	203,435	166,726	148,433
All Other Revenue	79,439	79,523	241,942	293,656
Total Revenue	<u>12,856,444</u>	<u>13,635,942</u>	<u>13,076,249</u>	<u>14,198,760</u>
Expenditures:				
Current:				
Public Safety	3,294,040	4,207,246	3,772,691	4,521,403
Public Health and Welfare Services	36,500	71,191	63,370	0
Parks and Recreation	504,812	543,956	547,032	636,971
Community Economic Development	340,702	480,298	474,413	468,000
Public Works	794,995	931,182	923,703	1,300,709
General Government	2,440,323	2,654,358	2,655,321	2,416,707
Capital Outlay	2,131,054	1,512,227	1,147,304	1,418,266
Debt Service:				
Principal Retirement	770,883	2,141,883	1,234,883	1,207,883
Interest and Fiscal Charges	729,024	638,932	360,787	329,594
Total Expenditures	<u>11,042,333</u>	<u>13,181,273</u>	<u>11,179,504</u>	<u>12,299,533</u>
Excess (Deficiency) of Revenues Over Expenditures	1,814,111	454,669	1,896,745	1,899,227

City of Montgomery

(1) 2006	2007	2008	2009	2010	2011
\$11,200,882	\$12,044,105	\$12,709,819	\$13,555,648	\$13,447,773	\$13,207,984
1,422,911	1,354,153	1,508,044	1,208,965	1,661,817	1,524,756
548,004	511,409	523,170	501,427	616,733	588,205
319,408	269,326	316,184	263,693	341,216	329,972
1,085,849	1,371,200	879,745	200,366	273,850	118,982
262,538	268,786	262,668	251,871	267,745	240,774
144,110	145,431	174,529	176,193	122,657	182,546
829,855	254,586	333,492	285,582	192,519	308,438
<u>15,813,557</u>	<u>16,218,996</u>	<u>16,707,651</u>	<u>16,443,745</u>	<u>16,924,310</u>	<u>16,501,657</u>
4,518,043	4,568,155	4,703,274	5,433,316	5,124,108	5,571,856
0	0	0	0	0	0
864,631	977,049	1,049,966	1,184,945	1,188,511	1,183,413
421,068	441,412	436,377	341,707	338,006	407,163
1,334,110	1,535,161	1,644,489	1,688,833	1,573,712	1,553,391
2,578,840	3,291,453	3,231,860	3,552,386	3,810,968	4,773,477
2,062,710	2,750,034	2,225,481	3,443,806	2,261,729	1,750,423
1,022,883	973,883	603,883	618,883	614,883	619,883
304,218	282,666	227,057	179,768	162,428	144,521
<u>13,106,503</u>	<u>14,819,813</u>	<u>14,122,387</u>	<u>16,443,644</u>	<u>15,074,345</u>	<u>16,004,127</u>
2,707,054	1,399,183	2,585,264	101	1,849,965	497,530

(Continued)

City of Montgomery

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

	2002	2003	2004	2005
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	2,006	16,663	24,060	19,220
Proceeds from the Sale of Bonds	0	0	4,495,000	0
Proceeds from Bond Anticipation Notes	0	1,000,000	0	0
Proceeds from Refunding Bonds	0	7,895,000	0	0
Payment to Refunding Bond Escrow Agent	0	(7,828,113)	(4,463,558)	0
Transfers In	1,373,817	2,512,374	937,510	1,300,443
Transfers Out	(1,403,817)	(2,532,374)	(947,510)	(1,332,443)
Total Other Financing Sources (Uses)	<u>(27,994)</u>	<u>1,063,550</u>	<u>45,502</u>	<u>(12,780)</u>
Net Change in Fund Balance	<u>\$1,786,117</u>	<u>\$1,518,219</u>	<u>\$1,942,247</u>	<u>\$1,886,447</u>
 Debt Service as a Percentage of Noncapital Expenditures	 18.15%	 29.57%	 15.62%	 16.07%

Source: City Finance Director's Office

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

City of Montgomery

(1) 2006	2007	2008	2009	2010	2011
51,610	11,656	15,130	29,722	9,437	31,294
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	(2,199,973)	0	0	0
690,086	2,514,253	1,645,535	2,196,059	1,461,364	435,962
(720,086)	(2,514,253)	(1,645,535)	(2,196,059)	(1,461,364)	(435,962)
<u>21,610</u>	<u>11,656</u>	<u>(2,184,843)</u>	<u>29,722</u>	<u>9,437</u>	<u>31,294</u>
<u>\$2,728,664</u>	<u>\$1,410,839</u>	<u>\$400,421</u>	<u>\$29,823</u>	<u>\$1,859,402</u>	<u>\$528,824</u>
12.45%	10.96%	7.22%	6.28%	6.05%	5.53%

City of Montgomery

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Income Tax Rate	1.00%	1.00%	1.00%	1.00%
Estimated Personal Income	\$367,453	\$378,633	\$401,103	\$405,880
Total Tax Collected	\$5,516,114	\$5,846,363	\$5,841,251	\$6,100,942
Income Tax Receipts				
Withholding	3,753,456	4,146,652	4,194,245	4,317,030
Percentage	68.1%	70.9%	71.8%	70.8%
Corporate	415,531	427,923	439,111	466,028
Percentage	7.5%	7.3%	7.5%	7.6%
Individuals	1,347,127	1,271,788	1,207,895	1,317,884
Percentage	24.4%	21.8%	20.7%	21.6%

Source: City Finance Department

City of Montgomery

2006	2007	2008	2009	2010	2011
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
\$405,880	\$421,531	\$434,265	\$434,265	\$464,828	\$481,149
\$6,434,747	\$6,425,182	\$7,485,419	\$6,772,329	\$6,659,907	\$7,149,447
4,519,322	4,502,641	5,375,336	4,734,037	4,861,024	5,181,202
70.3%	70.1%	71.8%	69.9%	73.0%	72.4%
555,189	501,854	588,505	510,358	421,386	490,950
8.6%	7.8%	7.9%	7.5%	6.3%	6.9%
1,360,236	1,420,687	1,521,578	1,527,934	1,377,497	1,477,295
21.1%	22.1%	20.3%	22.6%	20.7%	20.7%



City of Montgomery

Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2011				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,538	35.89%	\$66,503	1.33%
20,000 - 49,999	522	12.18%	178,176	3.56%
50,000 - 74,999	344	8.03%	215,528	4.30%
75,000 - 99,999	338	7.89%	296,756	5.92%
Over 100,000	1,543	36.01%	4,252,503	84.89%
Total	4,285	100.00%	\$5,009,466	100.00%

Local Taxes Paid by Residents

Taxes Credited to Other Municipalities

Tax Dollars

\$3,810,672

\$3,810,672

Calendar Year 2002				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,250	30.45%	\$68,169	1.67%
20,000 - 49,999	608	14.81%	207,614	5.07%
50,000 - 74,999	460	11.21%	288,347	7.05%
75,000 - 99,999	434	10.57%	378,666	9.25%
Over 100,000	1,353	32.96%	3,149,978	76.96%
Total	4,105	100.00%	\$4,092,774	100.00%

Local Taxes Paid by Residents

Taxes Credited to Other Municipalities

Tax Dollars

\$2,889,029

\$2,889,029

Source: City Finance Director's Office

City of Montgomery

Ratio of Outstanding Debt By Type Last Ten Years

	2002	2003	2004	2005
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$10,130,000	\$11,500,000	\$10,526,442	\$9,557,100
Special Assessment Bonds	2,766,995	204,112	193,229	180,346
Long-Term Notes Payable	0	419,000	200,000	0
Total Primary Government	<u>\$12,896,995</u>	<u>\$12,123,112</u>	<u>\$10,919,671</u>	<u>\$9,737,446</u>
Population ⁽²⁾				
City of Montgomery	10,163	10,163	10,163	10,163
Outstanding Debt Per Capita	\$1,269	\$1,193	\$1,074	\$958
Income ⁽³⁾				
Personal (in thousands)	367,453	378,633	401,103	405,880
Percentage of Personal Income	3.51%	3.20%	2.72%	2.40%

Sources:

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

City of Montgomery

2006	2007	2008	2009	2010	2011
\$8,572,758	\$7,638,416	\$4,899,074	\$4,319,732	\$3,745,390	\$3,166,048
167,463	153,580	139,697	125,814	110,931	96,048
0	0	0	0	0	0
<u>\$8,740,221</u>	<u>\$7,791,996</u>	<u>\$5,038,771</u>	<u>\$4,445,546</u>	<u>\$3,856,321</u>	<u>\$3,262,096</u>

10,163	10,163	10,163	10,163	10,584	10,584
\$860	\$767	\$496	\$437	\$364	\$308

405,880	421,531	434,265	434,265	464,828	481,149
2.15%	1.85%	1.16%	1.02%	0.83%	0.68%

City of Montgomery

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2002	2003	2004	2005
Population ⁽¹⁾	10,163	10,163	10,163	10,163
Assessed Value ⁽²⁾	\$406,581,220	\$404,624,600	\$413,822,990	\$481,924,300
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$10,130,000	\$11,500,000	\$10,526,442	\$9,557,100
Resources Available to Pay Principal ⁽⁴⁾	\$1,475,475	\$1,011,136	\$951,899	\$967,900
Net General Bonded Debt	\$8,654,525	\$10,488,864	\$9,574,543	\$8,589,200
Ratio of Net Bonded Debt to Estimated Assessed Value	2.13%	2.59%	2.31%	1.78%
Net Bonded Debt per Capita	\$851.57	\$1,032.06	\$942.10	\$845.14

Source:

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

City of Montgomery

2006	2007	2008	2009	2010	2011
10,163	10,163	10,163	10,163	10,584	10,584
\$486,557,560	\$488,255,500	\$520,027,750	\$522,227,380	\$523,512,940	\$481,043,250
\$8,572,758	\$7,638,416	\$4,899,074	\$4,319,732	\$3,745,390	\$3,166,048
\$1,241,771	\$1,195,610	\$1,243,975	\$1,213,067	\$1,236,599	\$1,267,621
\$7,330,987	\$6,442,806	\$3,655,099	\$3,106,665	\$2,508,791	\$1,898,427
1.51%	1.32%	0.70%	0.59%	0.48%	0.39%
\$721.34	\$633.95	\$359.65	\$305.68	\$237.04	\$179.37



City of Montgomery

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2011*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Montgomery</u>	<u>Amount Applicable to the City of Montgomery</u>
Direct:			
City of Montgomery	\$3,320,000	100.00%	\$3,320,000
Overlapping:			
Sycamore Community School District	52,307,763	30.05%	15,718,483
Great Oaks Joint Vocational School District	17,500,000	2.72%	476,000
Hamilton County	84,155,000	2.62%	<u>2,204,861</u>
		Subtotal	<u>18,399,344</u>
		Total	<u><u>\$21,719,344</u></u>

Source: Ohio Municipal Advisory Council

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

City of Montgomery

Debt Limitations Last Ten Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$406,581,220	\$404,624,600	\$413,822,990	\$481,924,300
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	42,691,028	42,485,583	43,451,414	50,602,052
City Debt Outstanding (2)	7,165,000	11,500,000	10,860,000	9,865,000
Less: Applicable Debt Service Fund Amounts	<u>(1,475,475)</u>	<u>(1,011,136)</u>	<u>(951,899)</u>	<u>(967,900)</u>
Net Indebtedness Subject to Limitation	<u>5,689,525</u>	<u>10,488,864</u>	<u>9,908,101</u>	<u>8,897,100</u>
Overall Legal Debt Margin	<u><u>\$37,001,503</u></u>	<u><u>\$31,996,719</u></u>	<u><u>\$33,543,313</u></u>	<u><u>\$41,704,952</u></u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$406,581,220	\$404,624,600	\$413,822,990	\$481,924,300
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	22,361,967	22,254,353	22,760,264	26,505,837
City Debt Outstanding (2)	6,433,000	11,500,000	10,860,000	9,865,000
Less: Applicable Debt Service Fund Amounts	<u>(1,059,386)</u>	<u>(1,011,136)</u>	<u>(951,899)</u>	<u>(967,900)</u>
Net Indebtedness Subject to Limitation	<u>5,373,614</u>	<u>10,488,864</u>	<u>9,908,101</u>	<u>8,897,100</u>
Overall Legal Debt Margin	<u><u>\$16,988,353</u></u>	<u><u>\$11,765,489</u></u>	<u><u>\$12,852,163</u></u>	<u><u>\$17,608,737</u></u>

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

Source: City Finance Director's Office

City of Montgomery

2006	2007	2008	2009	2010	2011
\$486,557,560	\$488,255,500	\$520,027,750	\$522,227,380	\$523,512,940	\$481,043,250
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
51,088,544	51,266,828	54,602,914	54,833,875	54,968,859	50,509,541
8,855,000	7,895,000	5,130,000	4,525,000	3,925,000	3,320,000
(1,241,771)	(1,195,610)	(1,243,975)	(1,213,067)	(1,236,599)	(1,267,621)
7,613,229	6,699,390	3,886,025	3,311,933	2,688,401	2,052,379
<u>\$43,475,315</u>	<u>\$44,567,438</u>	<u>\$50,716,889</u>	<u>\$51,521,942</u>	<u>\$52,280,458</u>	<u>\$48,457,162</u>
\$486,557,560	\$488,255,500	\$520,027,750	\$522,227,380	\$523,512,940	\$481,043,250
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
26,760,666	26,854,053	28,601,526	28,722,506	28,793,212	26,457,379
8,855,000	7,895,000	5,130,000	4,525,000	3,925,000	3,320,000
(1,241,771)	(1,195,610)	(1,243,975)	(1,213,067)	(1,236,599)	(1,267,621)
7,613,229	6,699,390	3,886,025	3,311,933	2,688,401	2,052,379
<u>\$19,147,437</u>	<u>\$20,154,663</u>	<u>\$24,715,501</u>	<u>\$25,410,573</u>	<u>\$26,104,811</u>	<u>\$24,405,000</u>

City of Montgomery

Pledged Revenue Coverage Last Ten Years

	2002	2003	2004	2005	2006
Special Assessment Bonds					
Special Assessment Collections	\$61,511	\$57,735	\$63,451	\$59,024	\$81,236
Debt Service					
Principal	80,883	10,883	10,883	12,883	12,883
Interest	31,054	25,901	18,694	17,830	16,840
Coverage	0.55	1.57	2.15	1.92	2.73

Source: City Finance Director's Office

City of Montgomery

2007	2008	2009	2010	2011
\$80,632	\$60,312	\$59,876	\$60,335	\$59,672
13,883	13,883	13,883	14,883	14,883
15,750	15,840	13,225	11,909	7,652
2.72	2.03	2.21	2.25	2.65

City of Montgomery

Demographic and Economic Statistics Last Ten Years

Calendar Year	2002	2003	2004	2005
Population (1)				
City of Montgomery	10,163	10,163	10,163	10,163
Hamilton County	845,303	845,303	845,303	845,303
Income (2) (a)				
Total Personal (in thousands)	367,453	378,633	401,103	405,880
Hamilton County Per Capita	36,156	37,256	39,467	39,937
Unemployment Rate (3)				
Federal	4.8%	5.8%	6.0%	5.5%
State	4.3%	5.7%	6.1%	6.0%
Hamilton County	4.8%	4.5%	5.1%	5.6%
Civilian Work Force Estimates (3)				
State	5,828,000	5,915,000	5,875,300	5,900,400
Hamilton County	435,200	437,900	422,200	426,800

Sources:

(1) US Bureau of Census of Population

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

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

(3) State Department of Labor Statistics

City of Montgomery

2006	2007	2008	2009	2010	2011
10,163	10,163	10,163	10,163	10,584	10,584
845,303	845,303	845,303	845,303	855,062	855,062
405,880	421,531	434,265	434,265	464,828	481,149
39,937	41,477	42,730	42,730	43,918	45,460
5.0%	4.6%	5.8%	10.0%	9.4%	8.9%
5.9%	5.6%	6.6%	10.8%	9.6%	8.6%
3.5%	5.0%	5.6%	10.4%	8.5%	8.6%
5,934,000	5,976,500	5,986,400	5,905,100	5,906,000	5,806,000
423,500	431,200	432,400	410,676	434,700	430,600



City of Montgomery

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2011		
		Number of Employees	Rank	Percentage of Total Employment
Bethesda Hospital	Medical	2,993	1	20%
Sycamore School District	Educational	1,413	2	9%
Ohio National Financial Services	Financial	835	3	6%
Tri-Health, Inc.	Medical	290	4	2%
Montgomery Inn, Inc.	Restaurant	283	5	2%
Twin Lakes	Senior Community	256	6	2%
Meadowbrook Care Center	Medical	238	7	2%
Kroger Limited Partnership 1	Retail	225	8	1%
Montgomery Care Center	Medical	187	9	1%
Columbia Oldsmobile Inc.	Automobile Retail	134	10	1%
Total		6,854		
Total Employment within the City		15,125		
		2002		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
Bethesda Hospital	Medical	2,337	1	15%
Sycamore School District	Educational	1,164	2	7%
Ohio National Financial Services	Financial	740	3	5%
Montgomery Inn, Inc.	Restaurant	507	4	3%
Meadowbrook Care Center	Medical	351	5	2%
CEI Physicians PSC, Inc.	Medical	319	6	2%
Bethesda Health Care, Inc.	Medical	273	7	2%
Montgomery Care Center	Medical	201	8	1%
Kroger	Retail	186	9	1%
Carlo & Johnny's LTD, LLC	Restaurant	177	10	1%
Total		6,255		
Total Employment within the City		16,030		

Source: City Finance Director's Office

City of Montgomery

Full Time Equivalent Employees by Function Last Ten Years

	2002	2003	2004	2005	2006
Governmental Activities					
General Government					
Finance	6.00	6.00	6.00	6.00	6.00
Legal/Court	1.50	1.50	1.50	1.50	1.50
Administration	5.75	5.50	5.50	5.50	5.50
Maintenance	1.00	1.00	1.50	1.50	1.50
Public Safety					
Police	23.00	23.00	23.00	23.00	24.00
Fire	24.50	24.50	24.50	25.00	25.00
Public Works					
Street	12.50	12.75	12.50	12.50	12.50
Parks and Recreation					
Parks and Recreation	6.00	6.00	6.00	5.25	5.25
Community Environment					
Service	3.00	3.00	3.00	3.00	3.00
Total Employees	<u>83.25</u>	<u>83.25</u>	<u>83.50</u>	<u>83.25</u>	<u>84.25</u>

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

Source: City Finance Director's Office

City of Montgomery

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
5.50	5.50	5.50	5.50	5.00
1.50	1.50	1.50	1.50	1.50
7.50	7.50	7.50	7.50	7.00
1.50	1.50	1.00	1.00	1.00
24.00	24.00	24.00	24.00	24.00
25.00	25.00	25.00	25.00	25.00
13.50	13.50	13.50	11.50	11.50
4.50	4.50	5.50	7.00	7.50
<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
<u>85.00</u>	<u>85.00</u>	<u>85.50</u>	<u>85.00</u>	<u>84.50</u>

City of Montgomery

Operating Indicators by Function Last Ten Years

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

Source: City Finance Director's Office

City of Montgomery

2006	2007	2008	2009	2010	2011
1,759	1,695	1,757	1,741	1,262	1,529
453	335	241	160	218	253
986	1,362	1,181	538	649	733
209,293	165,455	181,978	204,887	293,593	220,001
903	1,909	4,152	2,618	2,873	2,972
\$12.00	\$3.72	\$1.71	\$2.71	\$1.00	\$0.97
1,151	1,772	1,674	1,479	1,517	1,883
363	392	258	376	246	271
19	27	35	38	31	38
129	177	251	208	193	233
106	77	67	85	53	83
92	75	18	31	23	38
536	612	534	564	629	766
482	609	626	483	510	490
860	991	1,032	1,029	1,047	1,005
143	166	178	148	170	151
334	742	996	983	1,031	1,103
1.97	1.35	4.39	3.67	7.50	3.70
443	575	383	405	317	135
600	2,000	2,500	1,100	677	825
138	150	210	160	85	65
137	139	178	101	97	82
556	518	449	490	453	518
4,900	5,445	8,614	11,000	13,585	11,237

City of Montgomery

Capital Asset Statistics by Function Last Ten Years

	2002	2003	2004	2005	2006
Governmental Activities					
General Government					
Public Land and Buildings					
Land (acres)	23	23	23	23	23
Buildings	8	8	8	8	8
Public Safety					
Police					
Stations	1	1	1	1	1
Vehicles	11	11	12	12	12
Fire					
Stations	1	1	1	1	1
Vehicles	6	6	6	7	9
Public Works					
Street					
Streets (lane miles)	46	46	46	46	46
Street Lights	207	207	233	23	233
Vehicles	12	15	15	15	16
Parks and Recreation					
Parks and Recreation					
Land (acres)	80	80	81	81	81
Buildings	3	3	3	3	3
Parks	7	7	7	7	7
Playgrounds	6	6	6	6	6
Tennis Courts	10	10	10	10	10
Baseball/Softball Diamonds	13	13	13	13	13
Business-Type Activities					
Municipal Pool					
Land (acres)	2	2	2	2	2
Buildings	2	2	2	2	2

Source: City Finance Director's Office

City of Montgomery

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
23	23	23	23	23
8	8	8	8	8
1	1	1	1	1
12	12	12	16	16
1	1	1	1	1
9	9	9	8	10
46	46	46	46	46
247	247	246	206	316
16	17	18	16	17
81	81	81	81	81
3	3	3	3	3
7	7	7	7	7
6	6	6	6	6
10	10	10	10	10
13	13	12	11	9
2	2	2	2	2
2	2	2	2	2



Bastin & Company, LLC

Certified Public Accountants

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

The Honorable Members of City Council
City of Montgomery, Ohio

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Montgomery, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the City of Montgomery, Ohio's basic financial statements and have issued our report thereon dated May 16, 2012 wherein we noted the City implemented Governmental Accounting Standard Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Montgomery, Ohio in a separate letter dated May 16, 2012.

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

Bastin & Company, LLC

Cincinnati, Ohio
May 16, 2012



Dave Yost • Auditor of State

CITY OF MONTGOMERY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 12, 2012