



Dave Yost • Auditor of State

CITY OF MONTGOMERY
HAMILTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Hamilton County, Ohio (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

June 26, 2018

Comprehensive Annual Financial Report City of Montgomery, Ohio



Year Ended December 31, 2017



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017

Issued by:
Department of Finance
Katie Smiddy
Director



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INTRODUCTORY SECTION



June 26, 2018

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, 2017. This report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

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

The Reporting Entity

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

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

CITY OF MONTGOMERY, OHIO

Letter of Transmittal For the Year Ended December 31, 2017

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 10,582. 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. 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 twenty-two 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, 2017

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, Police Lieutenant, Fire Chief and the Assistant Fire Chief, are the only classified positions in the City of Montgomery.

Environmental Advisory Commission

This Commission has a mission statement that focuses upon making Montgomery an environmentally-conscious community. Members provide education and information to the public and are a resource for the City on yard waste, recycling, storm water management, water resources management, air pollution control, noise pollution control and soil and landscape protection and protection of flora and fauna. Commission members assist with Adopt-a-Spot, Cardboard Recycling, City-wide garage sale, One-Stop-Drop, and educational programs.

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 City 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 Montgomery Community 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.

***Letter of Transmittal
For the Year Ended December 31, 2017***

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.

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 an International Reception.

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 premier 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 Schools 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 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, including the TriHealth general development plan approval for a 135,000-square foot medical office building located on the Bethesda North Hospital campus.

As national and regional economic conditions continue to improve, 2017 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 2017 and was able to enter 2018 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.

***Letter of Transmittal
For the Year Ended December 31, 2017***

MAJOR INITIATIVES

Twin Lakes Senior Living Community continued work to the main campus, 9840 Montgomery Road, in 2017. The addition will include 45 additional independent living apartments and a new club-like dining venue, which will be located adjacent to a new auditorium/community room. A retail component along Montgomery Road will be added as a second phase and could include a restaurant/retail site along the Montgomery Road entrance to the Twin Lakes campus, which was approved by the Planning Commission in December. Twin Lakes is hopeful that construction on the main campus expansion will be completed by spring 2018. Twin Lakes also began construction of 22 new villa homes just south of the Safety Center on Montgomery Road. These villa homes are an extension of Twin Lakes North Campus and are accessed from Arborecreek Lane off Hopewell Road.

Community engagement is the City's effort to organize our greatest resource, the community, in the work we do in service to Montgomery and was a primary activity in 2017. Twenty-five graduates of the Montgomery Citizens' Leadership Academy joined the Montgomery Citizens' Leadership Academy (MCLA) Alumni in 2017, to bring the total number of MCLA graduates to 257 over the 11 years of this educational program. 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, Twin Lakes Senior Living Community, the Hamilton County Emergency Regional Operations Center and the Sycamore Community Schools.

In 2017 the City held a Strategic Plan Review with City Council members and members of staff to map out the vision of City Council for the five-year period from 2017 – 2022. During this session, City Council and staff identified five major goal areas for the City to pursue: Core Services; Economic Development; Housing; Quality of Life; and Finances. In addition to the development of a new Strategic Plan, City staff continued its work in closing out the last year of the City's current 2011-2016 Strategic Plan.

During 2017 the City of Montgomery was recognized for achievements in a wide variety of areas and by a diverse group of organizations which included:

- The Certificate of Achievement for Excellence in Financial Reporting for our 2016 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 twenty second consecutive year the City has received this award.

Letter of Transmittal

For the Year Ended December 31, 2017

- The Tree City USA and Growth Award for 2017. This represents the twenty second year in a row that the City has received the Tree City USA Award and nineteen years that it has received the Growth Award.
- In June, as presented by Dave Yost, Auditor of the State of Ohio, the “Auditor of State Award with Distinction” award for the fiscal year 2016 financial audit. Fewer than five percent of all Ohio government agencies are eligible for this award.
- The Platinum Award at the 2016 AAA Traffic Safety Awards ceremony. The City of Montgomery was among 16 jurisdictions and police departments in greater Cincinnati that were honored for their exemplary programs that address issues from impaired and distracted driving to teen and senior driver safety.
- Continued positive feedback from its insurance and risk management pool, the Miami Valley Risk Management Association (MVRMA), as the City received a 100% rating on its Safety Performance Evaluation Checklist (SPEC) review in 2017. This is nine years in a row that the City has received this rating.

In 2017, the City continued its work on updates to its park system. The work involved delivered upgrades to the City’s various parks and recreation facilities through infrastructure and facility upgrades. A few of the largest efforts involved the replacement of the irrigation transfer pump at Weller Park and resurfacing the tennis courts at Weller Park. These improvements are necessary to sustain the quality experience enjoyed by users of the parks, to ensure the safety of the facilities and equipment, and to maintain the operational and financial schedules and plans for the upkeep of the parks.

In 2017, the following park improvements were completed:

- Updated playground equipment in various City parks.
- Resurface tennis courts at Weller Park.
- Install wood safety chips around playgrounds in City parks.
- Installation and relocation of playground equipment at Pfeiffer Park.
- Resurface, repair and restripe parking lots at various parks.
- Asphalt path improvements various paths throughout the parks.
- Replacement of irrigation transfer pump at Weller Park.

In 2017, the following capital improvements were completed:

Major infrastructure repairs and rehabilitation of approximately 2.48 centerline miles of roadway resurfacing for all or portions of five streets including Main Street (Cooper to Zig Zag), Cornell Road, Mitchell Farm Lane, Shakerdale Road, and Deerfield Road (Hartford Hill to corporation limit).

***Letter of Transmittal
For the Year Ended December 31, 2017***

In 2017, 24 of the 704 fire hydrants were replaced within the City. This work was done in conjunction with the street resurfacing program and was the fourth year of a multi-year comprehensive plan to address the aging fire hydrants in the community.

Coordinated pavement repairs, crack sealing, and Black Onyx pavement surface treatment was performed to approximately 3.13 centerline miles of roadway on Hartford Hill Lane, Monte Drive, Coopermeadow Lane, Cooperwood Lane, Bordeaux Court, Bobwhite Court, Toddtee Lane, Wimbledon Court, Winthrop Lane, Brattle Lane, Bromwell Lane, Mosshill Lane, Stockbridge Lane, and Yorkway Lane. The asphalt surfacing material is used primarily on Class III roadways within Montgomery and provides four to five years of asphalt preventative maintenance.

The public works department continued work in 2017 on a five-year plan to repair and replace identified sections of guardrail to assure compliance with safety standards set forth by the Ohio Department of Transportation. In 2017, approximately 400 feet of guardrail replacement was completed on East Kemper Road between Terwilliger's Run Drive and Hightower Court and approximately 590 feet on the west and east sides of Montgomery Road at the North Branch of Sycamore Creek.

In 2017, the City was again recognized with a Tree City USA Award for the 21st year and also a Tree City USA Growth Award for the 18th year for its ongoing commitment and action focused on environmental stewardship through care of public trees in the City's urban forest. Also in 2017, the Public Works Department accepted a national award in 2017 from the American Public Works Association for its winter operations. The *Excellence in Snow and Ice Control Award* was received at the APWA's North American Snow Conference in Des Moines, Iowa, and was the department was recognized for the improvements made in 2016-2017 to expand the City's salt storage facility, increase and diversify the treatment liquids, and its environmental stewardship.

Perkins Carmack completed the public works facility addition and renovation project in 2017. The project consisted of adding 3,500 square feet of bay area and 1,050 square feet of office area to the existing building. The previous office area and break room were renovated into a locker room and larger break room. The new office area now includes four office spaces, a meeting room, and a common work area. Also, a fire sprinkler system was installed for the entire building along with a new water service branch increasing the building's water capacity. A new natural gas generator was also installed to meet the demands of the larger building. This needed expansion and renovation will allow the public works department to continue to provide excellent service to the residents and businesses of Montgomery. The cost for the project was \$1,000,000 and was funded out of the general fund.

The Montgomery Road Sidewalk Project (HAM-22/3-15.35) was completed by Tri-State Concrete Construction Company. The project consisted of installing a new 6.5-foot-wide concrete sidewalk on the east side of Montgomery Road from Weller Road to the main entrance of Bethesda North Hospital, a distance of 2,800 feet.

Approximately 450 feet of the sidewalk required an extensive segmental block retaining wall to be constructed at the north end of the project. The sidewalk crosses Sycamore Creek. A 72-foot long pedestrian bridge was constructed, which was very similar to the existing pedestrian bridge on the west side of Montgomery Road, at this same location. Wood railing was installed on either side of the bridge and in adjacent areas to the bridge for safety purposes, which also provides nice aesthetics.

***Letter of Transmittal
For the Year Ended December 31, 2017***

The total project cost was \$580,000, of which 80 percent, or \$464,000, was grant funded by the Ohio Department of Transportation (ODOT) and the Federal Highway Administration (FHWA) with Transportation Alternative funds awarded through the Ohio-Kentucky-Indiana Council of Governments (OKI).

This project consisted of both sidewalk and storm drainage improvements to Ross Avenue between Remington Road and Campus Lane, a distance of 970 feet. The 5-foot wide sidewalk, along with a new high-back curb, was installed on the east side of the road, meeting Americans with Disabilities Act (ADA) criteria. Driveway aprons were removed and replaced at each driveway crossing to meet these criteria. The sidewalk was much needed, based on the amount of pedestrian traffic on Ross Avenue, mainly due to the proximity to Montgomery Elementary. Another large component of the project was improvements to the storm drainage system. The curb installed helps keep stormwater runoff on the roadway instead of it running off and contributing to drainage issues experienced by properties on the east side of the road, including residences on West Street. New catch basins and storm sewer drainage were installed at various locations to replace the older and insufficient system and to help address drainage issues that had been experienced on the roadway and numerous properties on Ross Avenue. The project was successful at meeting both objectives of providing a safe sidewalk for pedestrians while also improving the public storm drainage system. The total project cost was \$235,000 and was funded out of the general fund.

The Jolain Drive storm drainage project brought remedy to a storm drainage issue that the City and the residents of Jolain Drive have been contending with for decades. The project involved replacing an aged and undersized 12-inch diameter storm sewer with a dual 24-inch diameter pipe system. The project involved coordination with seven property owners, who reached agreement with the City to provide the necessary access and easements, as well as sharing the cost of the dual system. The project consisted of installing 1,240 feet of 24-inch diameter pipe, five catch basins and two new large concrete headwalls. This system upgrade increased the pipe capacity by at least a factor of 8. The total project cost was \$172,000 and was funded by a combination of the general fund and contributions from the seven property owners.

The Ohio-Kentucky-Indiana Regional Council of Governments (OKI) approved and awarded funding for a Surface Transportation Program (STP) grant application submitted by the City for an Interchange Modification Project at Montgomery Road and Ronald Reagan Cross County Highway. The project includes construction of a modified two-lane roundabout, the installation of a traffic signal in and around the interchange, and would also include demolition of the existing bridge at this location. The project will have a safe and positive impact on traffic while opening up more land for redevelopment. The OKI grant of \$6,000,000 represents approximately 70 percent of the total estimated construction cost of \$8,600,000, and the project is currently programmed in the Ohio Department of Transportation (ODOT) fiscal year 2020.

***Letter of Transmittal
For the Year Ended December 31, 2017***

The Ohio-Kentucky-Indiana Regional Council of Governments (OKI) approved and awarded funding for a Transportation Alternative (TA) grant application submitted by the City for the Phase II Montgomery Road Sidewalk project. The project includes construction of a concrete sidewalk on the east side of Montgomery Road from Rudabaugh Drive to the southern limits of the Safety Center property at 10150 Montgomery Road. The OKI grant of \$386,680 represents 80 percent of the total estimated construction cost of \$483,350 and the project is currently programmed in the Ohio Department of Transportation (ODOT) fiscal year 2021.

FINANCIAL HIGHLIGHTS

Accounting Controls

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

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

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

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

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

Budgetary Control

Budgetary control is maintained within the personal services and non-personnel categories within each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Purchase orders which result in an overrun above appropriated balances are not released until additional appropriations are made available via amendments to the annual appropriations ordinance.

***Letter of Transmittal
For the Year Ended December 31, 2017***

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 Code, 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, the General Obligation Bond Retirement Fund, the Arts and Amenities Fund and the Fire/EMS Fund; and a conservative investment policy for the safe-guarding of investment income.

OTHER INFORMATION

Independent Audit

Included in this report is the unmodified audit opinion rendered on the City's financial statements for the year ended December 31, 2017, by the State of Ohio Auditor's Office. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. This annual independent audit serves to maintain and strengthen the City's accounting and budgetary controls.

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, 2016. 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.

***Letter of Transmittal
For the Year Ended December 31, 2017***

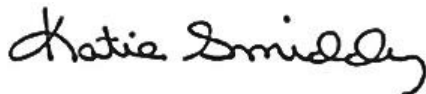
A Certificate of Achievement is valid for a period of one year only. The City of Montgomery has received a Certificate of Achievement for the last twenty-two consecutive years (fiscal years which ended on December 31, 1995-2016). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting this report to the GFOA.

Acknowledgments

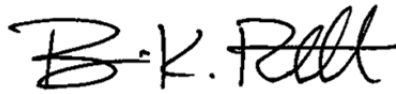
We want to extend sincere appreciation to the many individuals who have contributed their time and effort in gathering data for this report, particularly the various City departmental staff and members of the Hamilton County Auditor's Office.

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

Respectfully submitted,



Katie Smiddy
Finance Director



Brian Riblet
City Manager

CITY OF MONTGOMERY, OHIO

***List of Principal Officials
For the Year Ended December 31, 2017***

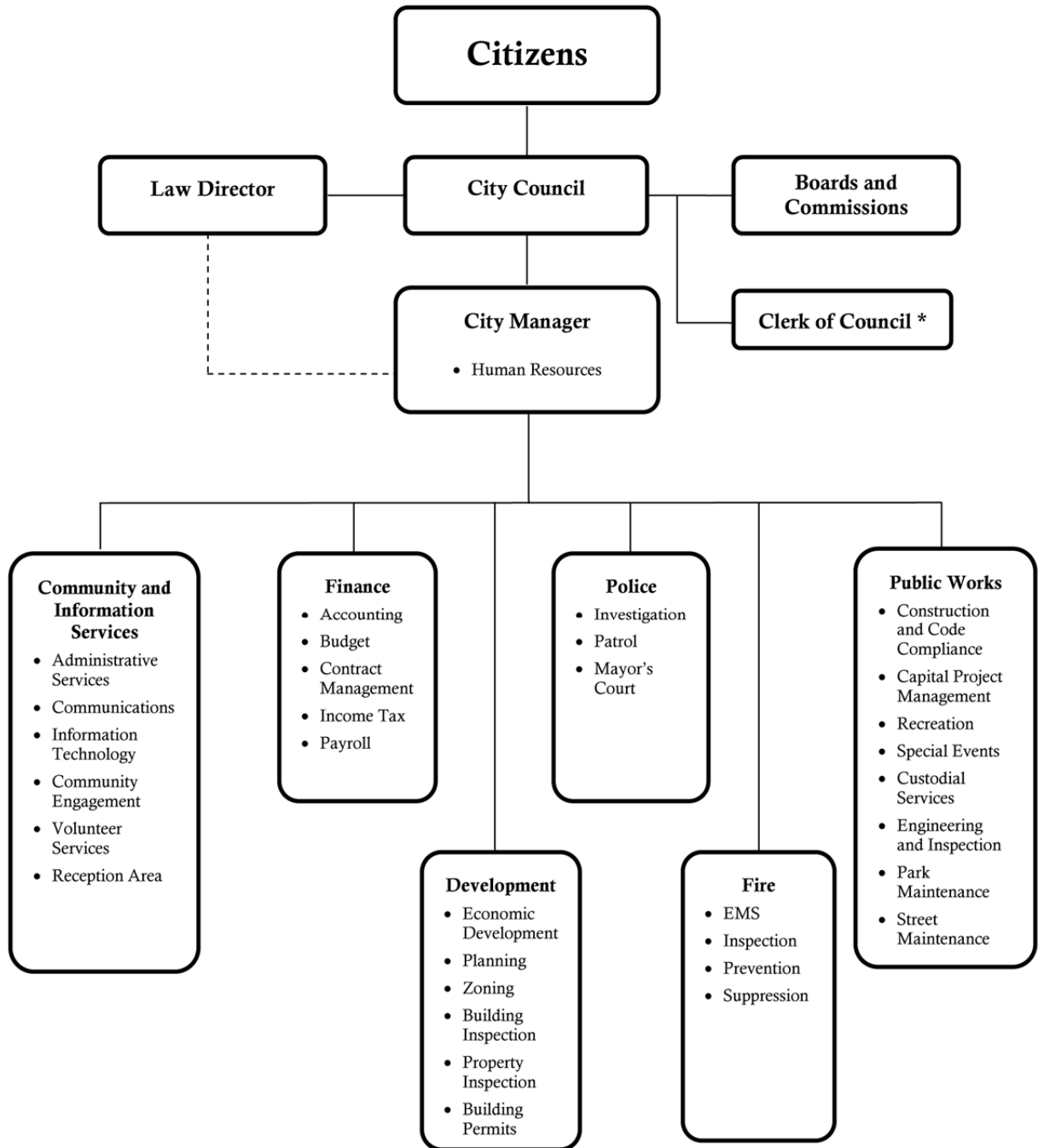
Elected Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Chris Dobrozsi	Mayor	December 2021
Linda Roesch	Vice Mayor	December 2021
Lee Ann Bissmeyer	Council	December 2021
Ken Suer	Council	December 2021
Gerri Harbison	Council	December 2019
Craig Margolis	Council	December 2019
Mike Cappel	Council	December 2019

Appointed Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Terry Donnellon	Director of Law	Indefinite
Connie Gaylor	Clerk of Council	Indefinite
Brian Riblet	City Manager	Indefinite

**City Organizational Chart
For the Year Ended December 31, 2017**



* Clerk of Council functions are provided through the Administrative Coordinator position in the Community and Information Services Department with the City Council confirming the appointment as Clerk of Council



Government Finance Officers Association

**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, 2016

Christopher P. Morvill

Executive Director/CEO

FINANCIAL SECTION





Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Montgomery
Hamilton County
10101 Montgomery Rd.
Montgomery, Ohio 45242

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, Hamilton County, Ohio, as of December 31, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Fire Protection/EMS Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

June 26, 2018



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, 2017. 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 2017 are as follows:

- ❑ Net position of governmental activities increased \$2,470,043, which represents a 3% increase from 2016.
- ❑ General revenues accounted for \$16,667,676 in revenue or 83% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,431,469 or 17% of total revenues of \$20,099,145.
- ❑ The City had \$17,629,102 in expenses related to governmental activities; only \$3,431,469 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$16,667,676 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$10,774,806 in revenues and other financing sources and \$10,684,771 in expenditures and other financing uses. The general fund's fund balance increased \$90,035 to \$15,167,145.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are:

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

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

Government-wide Statements

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

The two government-wide statements report the City's net position and how it has changed. Net position is one way to measure the City's financial health.

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

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

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

Fund Financial Statements

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

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

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 statements because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position at December 31, 2017 and 2016:

	Governmental Activities	
	2017	2016
Current and Other Assets	\$45,612,217	\$44,148,216
Capital Assets, Net	59,806,041	56,476,749
Total Assets	<u>105,418,258</u>	<u>100,624,965</u>
Deferred Outflows of Resources	<u>3,232,482</u>	<u>3,170,799</u>
Net Pension Liability	12,168,817	11,084,597
Other Long-Term Liabilities	14,131,990	14,539,454
Other Liabilities	1,483,971	729,329
Total Liabilities	<u>27,784,778</u>	<u>26,353,380</u>
Deferred Inflows of Resources	<u>6,686,565</u>	<u>5,733,030</u>
Net Position		
Net Investment in Capital Assets	46,591,291	42,821,778
Restricted	18,195,161	18,106,169
Unrestricted	9,392,945	10,781,407
Total Net Position	<u>\$74,179,397</u>	<u>\$71,709,354</u>

The adoption of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

Changes in Net Position – The following table shows the changes in net position for 2017 and 2016:

	Governmental Activities	
	2017	2016
Revenues		
Program Revenues:		
Charges for Services and Sales	\$1,410,742	\$1,382,442
Operating Grants and Contributions	567,203	657,398
Capital Grants and Contributions	1,453,524	106,742
Total Program Revenues	3,431,469	2,146,582
General Revenues:		
Property Taxes	6,126,596	5,637,621
Income Taxes	9,209,832	8,627,561
Other Local Taxes	42,400	8
Intergovernmental, Unrestricted	804,443	804,732
Investment Earnings	243,469	125,332
Miscellaneous	240,936	65,361
Total General Revenues	16,667,676	15,260,615
Total Revenues	20,099,145	17,407,197
Program Expenses		
Public Safety	6,770,913	6,155,810
Parks and Recreation	1,443,647	1,423,495
Community Economic Development	896,973	833,598
Public Works	2,895,186	3,037,588
General Government	5,047,160	4,318,323
Interest and Fiscal Charges	575,223	582,929
Total Expenses	17,629,102	16,351,743
Total Change in Net Position	2,470,043	1,055,454
Beginning Net Position	71,709,354	70,653,900
Ending Net Position	\$74,179,397	\$71,709,354

Governmental Activities

Net position of the City's governmental activities increased \$2,470,043. An increase in capital grants can be attributed to reimbursements received for traffic signal upgrades, sidewalk improvements, and roundabout installation. An increase in the valuation of parcels within the tax increment financing district resulted in the increase in property tax receipts while increased economic activity resulted in an increase in income taxes.

Overall, expenses increased approximately 8% from the prior year. An increase in public safety can be attributed to equipment and supply purchases in police and fire. An increase in general government was the result of increased compensation payments to Sycamore Community Schools resulting from tax increment financing agreements as well as various modest increases across all general government departments.

CITY OF MONTGOMERY, OHIO

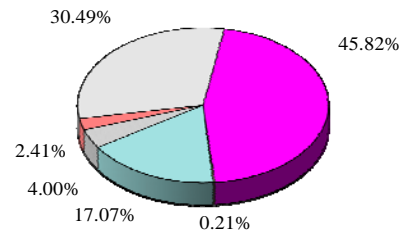
**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

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 30% and 46% respectively of revenues for governmental activities in fiscal year 2017. The City's reliance upon tax revenues is demonstrated by the following graph indicating 77% of total revenues from general tax revenues:

Revenue Sources	2017	Percent of Total
Property Taxes	\$6,126,596	30.49%
Income Taxes	9,209,832	45.82%
Other Local Taxes	42,400	0.21%
Program Revenues	3,431,469	17.07%
Intergovernmental, Unrestricted	804,443	4.00%
General Other	484,405	2.41%
Total Revenue	\$20,099,145	100.00%



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$33,561,431, which is a decrease from last year's balance of \$34,480,177. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2017 and 2016:

	Fund Balance December 31, 2017	Fund Balance December 31, 2016	Increase (Decrease)
General	\$15,167,145	\$15,077,110	\$90,035
Fire Protection / EMS	3,794,766	4,091,182	(296,416)
Reserve of Montgomery			
Bond Retirement	90,338	93,494	(3,156)
Vintage Club Tax Increment	3,482,323	3,209,955	272,368
Capital Improvement	3,837,465	4,581,466	(744,001)
Downtown Improvement	3,381,027	4,017,131	(636,104)
Other Governmental	3,808,367	3,409,839	398,528
Total	\$33,561,431	\$34,480,177	(\$918,746)

CITY OF MONTGOMERY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

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:

	2017 Revenues	2016 Revenues	Increase (Decrease)
Taxes	\$9,337,256	\$8,753,943	\$583,313
Intergovernmental Revenues	443,927	452,862	(8,935)
Charges for Services	114,821	98,832	15,989
Rental Revenue	60,890	72,428	(11,538)
Licenses, Permits and Fees	419,832	493,737	(73,905)
Investment Earnings	104,567	39,127	65,440
Fines and Forfeitures	130,743	128,385	2,358
All Other Revenue	124,265	35,617	88,648
Total	<u>\$10,736,301</u>	<u>\$10,074,931</u>	<u>\$661,370</u>

General Fund revenues in 2017 increased 7% compared to revenues in 2016. An increase in taxes can be attributed to an increase in income taxes, which was the result of increased economic activity. A decrease in licenses, permits and fees can be attributed to a decline in building permits as compared with the prior year. An increase in investment earnings can be attributed to an increase in the amount of City funds placed in investment accounts as compared with the prior year.

	2017 Expenditures	2016 Expenditures	Increase (Decrease)
Public Safety	\$3,339,240	\$2,943,234	\$396,006
Parks and Recreation	969,612	995,446	(25,834)
Community Economic Development	660,734	690,014	(29,280)
Public Works	648,453	617,167	31,286
General Government	4,367,726	2,991,251	1,376,475
Total	<u>\$9,985,765</u>	<u>\$8,237,112</u>	<u>\$1,748,653</u>

General Fund expenditures increased \$1,748,653 from the prior year. An increase in public safety was the result of the purchase of police vehicles as well as increases in public safety wages. General government expenditures included the purchase of two pieces of land. One purchase was from Hamilton County for an additional 10.334 acres to be used in the intersection modification at Ronald Reagan Highway and Montgomery Road. A second purchase was for 0.4 acres directly south of the City's Safety Center at 10150 Montgomery Road. This additional acreage will provide direct access to Montgomery Road for the City's safety services personnel.

Fire Protection/EMS Fund - The fund balance of the Fire Protection/EMS Fund, a major governmental fund, decreased \$296,416. Revenues were consistent with the prior year. An increase in expenditures was the result of equipment purchases.

Reserve of Montgomery Bond Retirement Fund - The fund balance of the Reserve of Montgomery Bond Retirement Fund, a major governmental fund, remained stable, decreasing \$3,156 during 2017.

CITY OF MONTGOMERY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2017

Unaudited

Vintage Club Tax Increment Fund – The fund balance of the Vintage Club Tax Increment Fund, a major governmental fund, increased 8% during 2017. An increase in the valuation of parcels within the tax increment financing district resulted in the increase in property tax receipts.

Capital Improvement Fund - The fund balance of the Capital Improvement Fund, a major governmental fund, decreased \$744,001 during 2017. This fund reported \$630,000 of grants received for traffic signal upgrades. Expenditures included improvements to the public works building, Montgomery Road sidewalk improvements, sidewalk and storm drainage improvements for Ross Avenue, and other routine street resurfacing projects.

Downtown Improvement Fund – The fund balance of the Downtown Improvement Fund, a major governmental fund, decreased 16%. This decrease can be attributed to project costs for roundabout installation at Ronald Reagan Highway and Montgomery Road. The balance of this fund will be used toward development costs in the Gateway Redevelopment Area.

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 \$9.9 million did not change from the original budget estimates of \$9.9 million. Actual revenues exceeded final budgeted revenues in the General Fund due to increases in income tax receipts. Final budgeted expenditures were 13% higher than original estimates due to amounts budgeted for land purchases. Controlled costs across all General Fund departments resulted in actual expenditures that were 12% less than final budget amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017 the City had \$59,806,041 net of accumulated depreciation invested in land, buildings, improvements, infrastructure, equipment and vehicles. The following table shows 2017 and 2016 balances:

	Governmental Activities		Increase (Decrease)
	2017	2016	
Land	\$22,185,891	\$21,173,723	\$1,012,168
Construction In Progress	2,131,460	0	2,131,460
Buildings	16,652,378	16,656,075	(3,697)
Improvements Other than Buildings	7,122,122	7,101,049	21,073
Infrastructure	30,123,792	28,971,623	1,152,169
Machinery and Equipment	5,855,435	5,728,822	126,613
Less: Accumulated Depreciation	(24,265,037)	(23,154,543)	(1,110,494)
Totals	<u>\$59,806,041</u>	<u>\$56,476,749</u>	<u>\$3,329,292</u>

Land purchases included 10.334 acres to be used in the intersection modification at Ronald Reagan Highway and Montgomery Road, as well as 0.4 acres directly south of the City's Safety Center, which will provide direct access to Montgomery Road for the City's safety services personnel. Construction in progress included improvements to the City's public works building, roundabout installation, and sidewalk improvements at Montgomery Road. Infrastructure additions included storm drainage and sidewalk improvements on Ross Avenue as well as routine street resurfacing improvements. Additional information on the City's capital assets can be found in Note 10.

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

Debt

At December 31, 2017, the City had \$13.2 million in bonds outstanding, \$614,883 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Governmental Activities:		
Special Obligation TIF Bonds	\$12,665,000	\$12,965,000
Special Assessment Bonds	549,750	715,633
Net Pension Liability	12,168,817	11,084,597
Compensated Absences	917,240	858,821
Total Governmental Activities	<u>\$26,300,807</u>	<u>\$25,624,051</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, 2017, 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 2017:

- An updated General Development Plan for the Village Section of the Vintage Club of Montgomery was approved by the Planning Commission in May of 2016. The City originally approved the establishment of the Vintage Club Planned Development in 2006 for approximately 15 acres along Montgomery Road north of I-275 to allow the creation of a mixed-use village with residential and commercial uses. The updated General Development Plan is a reflection of months of work by the developer in order to meet the expectations of the City and the residents of the Vintage Club while working with the current market conditions. City staff continued to work with the developer in 2017 to bring this project to fruition with the public portion of the project being put out to bid in November of 2017. The final product will be an attractive mixed-use development with retail, office, restaurants and condominiums that will complement the existing homes and The Christ Hospital Health Network medical office building.
- On the southern end of the City, work continues on the planning of the Gateway Redevelopment Area (GRA). This mixed-use project will feature a unique blend of an urban-suburban lifestyle and will include professional office, boutique hotel, condominiums and a restaurant row built around a new community green. As part of the project, the Ohio-Kentucky-Indiana Regional Council of Governments (OKI) approved and awarded funding for a grant application submitted by the City for an interchange modification project at Montgomery Road and Ronald Reagan Cross County Highway. The project includes construction of a modified two-lane roundabout, installation of a traffic signal in and around the interchange, and demolition of the existing bridge at this location. The project would have a safe and positive impact on traffic while opening up more land for redevelopment. The OKI grant of \$6,000,000 represents approximately 70 percent of the total estimated construction cost of \$8,600,000 and the project is currently programmed in the Ohio Department of Transportation (ODOT) fiscal year 2020.

- Twin Lakes Senior Living Community continued work on a building addition to the main campus, 9840 Montgomery Road, in 2017. The addition will include 45 additional independent living apartments and a new club-like dining venue, which will be located adjacent to a new auditorium/community room. A retail building was added along Montgomery Road with Stone Creek Dining Company opening at the new location in January of 2018. The building will house two additional tenants in the future. Twin Lakes is hopeful that construction on the main campus expansion will be completed by spring of 2018. Twin Lakes also began construction of 22 new villa homes just south of the Safety Center on Montgomery Road. These villa homes are an extension of Twin Lakes North Campus and are accessed from Arborcreek Lane off of Hopewell Road.
- TriHealth received General Development Plan approval for a 135,000 square foot medical office building to be known as the Thomas Comprehensive Care Center. The new building and associated parking garage are located on the Bethesda North Hospital campus and TriHealth is hopeful to begin construction by the summer of 2018.
- Three commercial building permits for new construction and expansion were issued in 2017. One new building permit was issued for the construction of the new retail building at 9856 Montgomery Road, located on the Twin Lakes Senior Living Community Campus. A building permit for an addition was issued to the City for the construction of the Public Works building addition. The final commercial building permit for new construction was issued for an addition to an existing building at Gate of Heaven Cemetery to allow for additional niches for inurnment of cremains. The total value of improvements for new commercial construction, expansion and additions was significantly lower in 2016 due in large part to the building addition at Twin Lakes Main Campus, permitted in 2016, despite continued construction in 2017. The total value of new commercial, commercial additions and alterations was \$4.5 million in 2017 versus \$31.7 million in 2016.
- The residential sector was busy in 2017 with the building department issuing 35 permits for new homes and 61 permits for residential remodeling/room additions. The total value of residential construction was estimated at \$23.2 million. The City issued 26 demolition permits in 2017, an increase of three permits over the number issued in 2016 of 23 permits. A record 30 residential demolition permits were issued in 2014. Since 2001, there have been a total of 255 teardowns in the City.

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 Katie Smiddy, Finance Director of the City of Montgomery.



CITY OF MONTGOMERY, OHIO

Statement of Net Position December 31, 2017

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 13,292,094
Investments	19,002,879
Receivables:	
Taxes	8,653,975
Accounts	69,248
Intergovernmental	1,411,398
Interest	53,478
Special Assessments	1,472,737
Prepaid Items	201,016
Restricted Assets:	
Investments	1,455,392
Non-Depreciable Capital Assets	24,317,351
Depreciable Capital Assets, Net	35,488,690
Total Assets	105,418,258
Deferred Outflows of Resources:	
Pension:	
OPERS	1,734,087
OP&F	1,498,395
Total Deferred Outflows of Resources	3,232,482
Liabilities:	
Accounts Payable	960,968
Accrued Wages and Benefits	352,900
Intergovernmental Payable	125,519
Accrued Interest Payable	44,584
Noncurrent Liabilities:	
Due Within One Year	1,045,687
Due in More Than One Year:	
Net Pension Liability	12,168,817
Other Liabilities Due in More Than One Year	13,086,303
Total Liabilities	27,784,778
Deferred Inflows of Resources:	
Property Tax Levy for Next Fiscal Year	6,549,381
Pension:	
OPERS	45,685
OP&F	91,499
Total Deferred Inflows of Resources	6,686,565

CITY OF MONTGOMERY, OHIO

	Governmental Activities
Net Position:	
Net Investment in Capital Assets	46,591,291
Restricted For:	
Capital Projects	5,625,447
Debt Service	5,977,433
Public Works	1,476,026
Public Safety	3,910,696
Arts and Amenities:	
Expendable	257,481
Nonexpendable	378,733
Other Purposes	569,345
Unrestricted	9,392,945
Total Net Position	\$ 74,179,397

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Activities
For the Year Ended December 31, 2017**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Public Safety	\$ 6,770,913	\$ 451,533	\$ 50,987	\$ 0
Parks and Recreation	1,443,647	396,922	0	0
Community Economic Development	896,973	295,350	9,000	0
Public Works	2,895,186	59,085	471,184	1,453,524
General Government	5,047,160	207,852	36,032	0
Interest and Fiscal Charges	575,223	0	0	0
Total Governmental Activities	\$ 17,629,102	\$ 1,410,742	\$ 567,203	\$ 1,453,524

General Revenues

Property Taxes Levied for:

General Purposes

Income Taxes

Other Local Taxes

Intergovernmental, Unrestricted

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities

\$	(6,268,393)
	(1,046,725)
	(592,623)
	(911,393)
	(4,803,276)
	(575,223)
\$	(14,197,633)

6,126,596

9,209,832

42,400

804,443

243,469

240,936

16,667,676

2,470,043

71,709,354

\$ 74,179,397

CITY OF MONTGOMERY, OHIO

**Balance Sheet
Governmental Funds
December 31, 2017**

	General	Fire Protection / EMS	Reserve of Montgomery Bond Retirement	Vintage Club Tax Increment
Assets:				
Cash and Cash Equivalents	\$ 5,169,160	\$ 1,325,668	\$ 90,338	\$ 2,026,314
Investments	9,677,827	2,523,540	0	0
Receivables:				
Taxes	3,699,511	1,839,856	0	2,415,102
Accounts	54,545	4,940	0	0
Intergovernmental	198,260	103,063	0	94,662
Interest	30,730	8,003	0	0
Special Assessments	0	0	1,470,029	0
Interfund Loans Receivable	0	0	0	0
Prepaid Items	149,637	36,614	0	703
Restricted Assets:				
Investments	0	0	0	1,455,392
Total Assets	\$ 18,979,670	\$ 5,841,684	\$ 1,560,367	\$ 5,992,173
Liabilities:				
Accounts Payable	\$ 206,601	\$ 12,646	\$ 0	\$ 0
Accrued Wages and Benefits Payable	237,276	85,898	0	0
Intergovernmental Payable	122,952	1,816	0	86
Interfund Loans Payable	0	0	0	0
Total Liabilities	566,829	100,360	0	86
Deferred Inflows of Resources:				
Unavailable Amounts	1,174,696	141,974	1,470,029	112,494
Property Tax Levy for Next Fiscal Year	2,071,000	1,804,584	0	2,397,270
Total Deferred Inflows of Resources	3,245,696	1,946,558	1,470,029	2,509,764
Fund Balances:				
Nonspendable	149,637	36,614	0	703
Restricted	0	3,758,152	90,338	3,481,620
Committed	275,766	0	0	0
Assigned	1,337,872	0	0	0
Unassigned	13,403,870	0	0	0
Total Fund Balances	15,167,145	3,794,766	90,338	3,482,323
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,979,670	\$ 5,841,684	\$ 1,560,367	\$ 5,992,173

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

Capital Improvement	Downtown Improvement	Other Governmental Funds	Total Governmental Funds
\$ 1,209,106	\$ 1,233,400	\$ 2,238,108	\$ 13,292,094
2,301,653	2,347,898	2,151,961	19,002,879
397,151	0	302,355	8,653,975
0	9,000	763	69,248
747,760	0	267,653	1,411,398
7,299	7,446	0	53,478
0	0	2,708	1,472,737
647,840	0	0	647,840
360	0	13,702	201,016
0	0	0	1,455,392
<u>\$ 5,311,169</u>	<u>\$ 3,597,744</u>	<u>\$ 4,977,250</u>	<u>\$ 46,260,057</u>
\$ 486,163	\$ 213,331	\$ 42,227	\$ 960,968
0	0	29,726	352,900
0	0	665	125,519
0	0	647,840	647,840
<u>486,163</u>	<u>213,331</u>	<u>720,458</u>	<u>2,087,227</u>
987,541	3,386	171,898	4,062,018
0	0	276,527	6,549,381
<u>987,541</u>	<u>3,386</u>	<u>448,425</u>	<u>10,611,399</u>
360	0	392,435	579,749
3,837,105	9,000	3,994,079	15,170,294
0	0	0	275,766
0	3,372,027	0	4,709,899
0	0	(578,147)	12,825,723
<u>3,837,465</u>	<u>3,381,027</u>	<u>3,808,367</u>	<u>33,561,431</u>
<u>\$ 5,311,169</u>	<u>\$ 3,597,744</u>	<u>\$ 4,977,250</u>	<u>\$ 46,260,057</u>

CITY OF MONTGOMERY, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2017***

Total Governmental Fund Balances		\$ 33,561,431
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		59,806,041
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		4,062,018
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	3,232,482	
Deferred Inflows - Pension	(137,184)	
Net Pension Liability	<u>(12,168,817)</u>	(9,073,519)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Special Obligation Bonds Payable	(12,665,000)	
Special Assessment Bonds Payable	(549,750)	
Compensated Absences Payable	(917,240)	
Accrued Interest Payable	<u>(44,584)</u>	<u>(14,176,574)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 74,179,397</u>

See accompanying notes to the basic financial statements



CITY OF MONTGOMERY, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017**

	General	Fire Protection / EMS	Reserve of Montgomery Bond Retirement	Vintage Club Tax Increment
Revenues:				
Taxes	\$ 9,337,256	\$ 1,758,464	\$ 0	\$ 2,005,478
Intergovernmental Revenues	443,927	244,928	0	189,324
Charges for Services	114,821	176,528	0	0
Rental Revenue	60,890	0	0	0
Licenses, Permits and Fees	419,832	0	0	0
Investment Earnings	104,567	31,825	0	8,022
Special Assessments	0	0	183,061	0
Fines and Forfeitures	130,743	0	0	0
All Other Revenue	124,265	46,018	0	0
Total Revenues	10,736,301	2,257,763	183,061	2,202,824
Expenditures:				
Current:				
Public Safety	3,339,240	2,554,928	0	0
Parks and Recreation	969,612	0	0	0
Community Economic Development	660,734	0	0	0
Public Works	648,453	0	0	0
General Government	4,367,726	0	5,592	1,109,603
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	155,000	300,000
Interest and Fiscal Charges	0	0	25,625	520,853
Total Expenditures	9,985,765	2,554,928	186,217	1,930,456
Excess (Deficiency) of Revenues Over (Under) Expenditures	750,536	(297,165)	(3,156)	272,368
Other Financing Sources (Uses):				
Sale of Capital Assets	15,624	749	0	0
Transfers In	22,881	0	0	0
Transfers Out	(699,006)	0	0	0
Total Other Financing Sources (Uses)	(660,501)	749	0	0
Net Change in Fund Balances	90,035	(296,416)	(3,156)	272,368
Fund Balances at Beginning of Year	15,077,110	4,091,182	93,494	3,209,955
Fund Balances End of Year	\$ 15,167,145	\$ 3,794,766	\$ 90,338	\$ 3,482,323

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

Capital Improvement	Downtown Improvement	Other Governmental Funds	Total Governmental Funds
\$ 1,819,245	\$ 0	\$ 339,004	\$ 15,259,447
630,564	0	474,140	1,982,883
0	0	457,908	749,257
0	0	0	60,890
0	0	31,500	451,332
30,953	29,834	28,804	234,005
0	0	15,563	198,624
0	0	16,899	147,642
0	9,000	70,653	249,936
<u>2,480,762</u>	<u>38,834</u>	<u>1,434,471</u>	<u>19,334,016</u>
0	0	183,854	6,078,022
0	0	252,196	1,221,808
0	0	110,373	771,107
0	0	1,064,167	1,712,620
0	0	86,668	5,569,589
3,241,505	674,938	0	3,916,443
0	0	10,883	465,883
0	0	3,927	550,405
<u>3,241,505</u>	<u>674,938</u>	<u>1,712,068</u>	<u>20,285,877</u>
(760,743)	(636,104)	(277,597)	(951,861)
16,742	0	0	33,115
0	0	699,006	721,887
0	0	(22,881)	(721,887)
<u>16,742</u>	<u>0</u>	<u>676,125</u>	<u>33,115</u>
(744,001)	(636,104)	398,528	(918,746)
<u>4,581,466</u>	<u>4,017,131</u>	<u>3,409,839</u>	<u>34,480,177</u>
<u>\$ 3,837,465</u>	<u>\$ 3,381,027</u>	<u>\$ 3,808,367</u>	<u>\$ 33,561,431</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, 2017***

Net Change in Fund Balances - Total Governmental Funds \$ (918,746)

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	4,766,578	
Depreciation Expense	<u>(1,481,907)</u>	3,284,671

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 75,200

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. (30,579)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 892,559

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,905,637)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 689,929

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

General Obligation Bond Principal Payment	300,000	
Special Assessment Bond Principal Payment	165,883	
Amortization of Deferred Loss on Refunding	<u>(25,662)</u>	440,221

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 844

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>(58,419)</u>
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Change in Net Position of Governmental Activities \$ 2,470,043

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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,391,758	\$ 8,391,758	\$ 9,398,056	\$ 1,006,298
Intergovernmental Revenue	437,617	437,617	445,748	8,131
Charges for Services	119,544	119,544	105,841	(13,703)
Rental Revenue	75,964	75,964	60,890	(15,074)
Licenses, Permits and Fees	536,300	536,300	418,385	(117,915)
Investment Earnings	85,000	85,000	158,692	73,692
Fines and Forfeitures	167,500	167,500	134,812	(32,688)
All Other Revenues	90,270	90,270	122,813	32,543
Total Revenues	<u>9,903,953</u>	<u>9,903,953</u>	<u>10,845,237</u>	<u>941,284</u>
Expenditures:				
Current:				
Public Safety	3,799,950	3,805,200	3,409,396	395,804
Parks and Recreation	1,129,352	1,140,352	1,067,516	72,836
Community Economic Development	901,058	938,558	677,790	260,768
Public Works	686,017	706,017	665,691	40,326
General Government	3,647,873	4,929,973	4,304,126	625,847
Total Expenditures	<u>10,164,250</u>	<u>11,520,100</u>	<u>10,124,519</u>	<u>1,395,581</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(260,297)	(1,616,147)	720,718	2,336,865
Other Financing Sources (Uses):				
Sale of Capital Assets	7,500	7,500	15,624	8,124
Transfers In	216	216	1,216	1,000
Transfers Out	(699,006)	(699,006)	(699,006)	0
Total Other Financing Sources (Uses):	<u>(691,290)</u>	<u>(691,290)</u>	<u>(682,166)</u>	<u>9,124</u>
Net Change in Fund Balance	(951,587)	(2,307,437)	38,552	2,345,989
Fund Balance at Beginning of Year	14,276,790	14,276,790	14,276,790	0
Prior Year Encumbrances	266,923	266,923	266,923	0
Fund Balance at End of Year	<u>\$ 13,592,126</u>	<u>\$ 12,236,276</u>	<u>\$ 14,582,265</u>	<u>\$ 2,345,989</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,786,717	\$ 1,786,717	\$ 1,758,464	\$ (28,253)
Intergovernmental Revenue	213,364	213,364	244,928	31,564
Charges for Services	128,748	128,748	176,528	47,780
Investment Earnings	23,000	23,000	29,772	6,772
All Other Revenues	7,077	7,077	41,078	34,001
Total Revenues	<u>2,158,906</u>	<u>2,158,906</u>	<u>2,250,770</u>	<u>91,864</u>
Expenditures:				
Current:				
Public Safety	3,017,604	3,017,604	2,777,184	240,420
Total Expenditures	<u>3,017,604</u>	<u>3,017,604</u>	<u>2,777,184</u>	<u>240,420</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(858,698)	(858,698)	(526,414)	332,284
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	749	749
Total Other Financing Sources (Uses):	<u>0</u>	<u>0</u>	<u>749</u>	<u>749</u>
Net Change in Fund Balance	(858,698)	(858,698)	(525,665)	333,033
Fund Balance at Beginning of Year	4,048,649	4,048,649	4,048,649	0
Prior Year Encumbrances	99,282	99,282	99,282	0
Fund Balance at End of Year	<u>\$ 3,289,233</u>	<u>\$ 3,289,233</u>	<u>\$ 3,622,266</u>	<u>\$ 333,033</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Net Position
Fiduciary Funds
December 31, 2017**

	Private Purpose	
	Trust	
	Special Trust	Agency
Assets:		
Cash and Cash Equivalents	\$ 35,984	\$ 0
Restricted Assets:		
Cash and Cash Equivalents	0	4,952
Cash and Cash Equivalents with Fiscal Agent	0	140,763
Total Assets	<u>35,984</u>	<u>145,715</u>
Liabilities:		
Accounts Payable	0	126,880
Intergovernmental Payable	0	4,407
Due to Others	0	14,428
Total Liabilities	<u>0</u>	<u>145,715</u>
Net Position:		
Restricted For:		
Historical Site Preservation	35,984	0
Total Net Position	<u>\$ 35,984</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2017**

	Private Purpose Trust
	Special Trust
Additions:	
Contributions:	
Rental Fees	\$ 758
Private Donations	1,155
Total Additions	<u>1,913</u>
Deductions:	
Total Deductions	<u>0</u>
Change in Net Position	1,913
Net Position at Beginning of Year	34,071
Net Position End of Year	<u>\$ 35,984</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2017 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, the City has a history of providing financial support to the CIC, and any long term debt of the CIC would be paid by the City. Separately issued financial statements for the CIC can be obtained by contacting the City of Montgomery Finance Department, 10101 Montgomery Rd, Montgomery, Ohio 45242, or at the City's website at <http://montgomeryohio.org>.

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, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

Fire Protection/EMS Fund - This fund is used to account for property taxes and charges for emergency medical services provided which are used to fund Fire Department operations.

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

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

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

Downtown Improvement Fund - To account for monies set aside for improvements in the downtown/heritage district of the City.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

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

C. Basis of Presentation - Financial Statements

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

Interfund receivables and payables between governmental activities have been eliminated in the government-wide Statement of Net Position. These eliminations minimize the duplicating effect on assets and liabilities within the governmental activities. Interfund services provided and used are not eliminated through the process of consolidation.

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, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Special assessment installments, including related accrued interest, which are measurable but not available at December 31, are recorded as deferred inflows of resources. Property taxes measurable as of December 31, 2017, but which are not intended to finance 2017 operations, and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 6.

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

E. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The Montgomery Community Improvement Corporation Fund (special revenue fund) was not budgeted and only exists on a GAAP basis. 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, 2017***

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 2017.

3. Appropriations

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

4. Lapsing of Appropriations

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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)	\$90,035	(\$296,416)
Increase (Decrease):		
Accrued Revenues at December 31, 2017 received during 2018	(544,711)	(9,304)
Accrued Revenues at December 31, 2016 received during 2017	654,863	2,311
Accrued Expenditures at December 31, 2017 paid during 2018	566,829	100,360
Accrued Expenditures at December 31, 2016 paid during 2017	(505,201)	(97,386)
2016 Prepays for 2017	153,093	38,326
2017 Prepays for 2018	(149,637)	(36,614)
Outstanding Encumbrances	(181,595)	(226,942)
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	(45,124)	0
Budget Basis	<u>\$38,552</u>	<u>(\$525,665)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2017, 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. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and GASB Statement No. 72, "Fair Value Measurement and Application," the City records all its investments at fair value except for nonparticipating investment contracts which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 5, "Cash and Cash Equivalents."

The City's investment in the State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$3,000 and an estimated useful life threshold of three or more years.

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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)
Special Obligation Bonds	Debt Service Funds (Vintage Club Tax Increment Financing Fund)
Compensated Absences	General Fund Special Revenue Funds (Fire Protection/EMS Fund, COPS Grant Fund, Street Construction, Maintenance and Repair Fund)

K. Compensated Absences

All full-time City employees earn vacation at varying rates based upon length of service. An employee's vacation must be used during the period in which it is earned unless the City Manager allows the balance to be carried over to the following year. Upon separation from the City, the employee (or his estate) is paid for his accumulated unused vacation leave balance. All full-time City employees earn sick leave at the rate of 12 days per year of active service. Upon retirement from the City, an employee with 10-19 years of service to the City shall receive one day of monetary compensation for every three days of unused sick leave. An employee who retires with twenty or more years of service to the City shall receive one day of monetary compensation for every two days of unused sick leave. The monetary compensation shall be at the hourly rate of compensation of the employee at the time of retirement.

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.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Interfund Assets/Liabilities

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

Q. Fund Balances

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

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

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

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

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

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

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

Targeted/Minimum Fund Balance – The City has established a targeted fund balance policy of six to twelve months of operating expenditures and transfers for the General Fund, which is reported in unassigned fund balance.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

S. Restricted Assets

A bond reserve account and principal and interest debt service account are classified as restricted assets because these funds are being held for specified purposes.

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows for the deferred charge on debt refunding and for deferred pension amounts. The deferred charge on debt refunding is reported on the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are reported for pension amounts on the government-wide statement of net position. See Note 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. See Note 11.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2017, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,” Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,” Statement No. 80, “Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14,” Statement No. 81, “Irrevocable Split-Interest Agreements,” and Statement No. 82, “Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions.

GASB Statement No. 74 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments.

GASB Statement No. 81 addresses irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68.

These changes were incorporated in the City’s 2017 financial statements; however, there was no effect on beginning net position/fund balance.

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CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	Reserve of						Other	Total
	General	Fire Protection/ EMS	Montgomery Bond Retirement	Vintage Club Tax Increment	Capital Improvement	Downtown Improvement	Governmental Funds	Governmental Funds
Nonspendable:								
Prepaid Items	\$149,637	\$36,614	\$0	\$703	\$360	\$0	\$13,702	\$201,016
Permanent Fund Corpus	0	0	0	0	0	0	378,733	378,733
Total Nonspendable	149,637	36,614	0	703	360	0	392,435	579,749
Restricted:								
Fire Protection/EMS	0	3,758,152	0	0	0	0	0	3,758,152
Parks and Recreation	0	0	0	0	0	0	43,002	43,002
Law Enforcement and Education	0	0	0	0	0	0	118,400	118,400
Court Computerization	0	0	0	0	0	0	47,901	47,901
Environmental Impact Mitigation	0	0	0	0	0	0	149,849	149,849
Street Improvements	0	0	0	0	0	0	973,068	973,068
Municipal Pool Operations	0	0	0	0	0	0	260,870	260,870
Cemetery Maintenance	0	0	0	0	0	0	375,704	375,704
Economic Development	0	0	0	0	0	0	115,624	115,624
Debt Service Payments	0	0	90,338	3,481,620	0	0	864,125	4,436,083
Capital Improvements	0	0	0	0	3,837,105	9,000	788,055	4,634,160
Arts and Amenities	0	0	0	0	0	0	257,481	257,481
Total Restricted	0	3,758,152	90,338	3,481,620	3,837,105	9,000	3,994,079	15,170,294
Committed:								
Compensated Absences	275,766	0	0	0	0	0	0	275,766
Total Committed	275,766	0	0	0	0	0	0	275,766
Assigned:								
Supplies and Services	136,718	0	0	0	0	0	0	136,718
Capital Improvements	0	0	0	0	0	3,372,027	0	3,372,027
2018 Budget Deficit	1,201,154	0	0	0	0	0	0	1,201,154
Total Assigned	1,337,872	0	0	0	0	3,372,027	0	4,709,899
Unassigned (Deficits):	13,403,870	0	0	0	0	0	(578,147)	12,825,723
Total Fund Balances	\$15,167,145	\$3,794,766	\$90,338	\$3,482,323	\$3,837,465	\$3,381,027	\$3,808,367	\$33,561,431

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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

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

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

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

Deferred Tax Revenue	\$1,292,540
Deferred Investment Earnings	24,317
Intergovernmental Revenue Receivable	1,272,424
Special Assessments Receivable	1,472,737
	<u>\$4,062,018</u>

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

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

Governmental revenues not reported in the funds:

Increase in Deferred Tax Revenue	\$145,184
Increase in Deferred Investment Earnings	9,464
Increase in Intergovernmental Revenue	732,284
Decrease in Special Assessment Revenue	(197,003)
	<u>\$689,929</u>

NOTE 5 - CASH AND CASH EQUIVALENTS

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

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

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

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

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

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

CITY OF MONTGOMERY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2017

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the City's deposits was \$14,472,146 and the bank balance was \$14,818,800. Federal depository insurance covered \$5,958,448 of the bank balance and \$8,860,352 was exposed to custodial risk. \$8,203,045 of the uninsured bank balance was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System. The remaining \$657,307 was uninsured and uncollateralized due to certain timing issues related to fluctuations in depository balances. These insufficiencies were corrected the next business day.

B. Investments

The City's investments at December 31, 2017 were as follows:

	Fair Value	Credit Rating	Fair Value Hierarchy	Concentration of Credit Risk	Investment Maturities (in Years)		
					less than 1	1-3	3-5
STAR Ohio ⁴	\$1,647	AAAm ¹	NA	0.01%	\$1,647	\$0	\$0
Marketable CD's	4,424,981	AAA ³	Level 2	22.74%	1,224,244	1,226,815	1,973,922
Municipal Bonds	1,000,000	AA ¹ / Aa3 ²	Level 2	5.14%	1,000,000	0	0
US Money Market ⁴	1,455,392	AA+ ¹ / Aaa ²	NA	7.48%	1,455,392	0	0
FHLB	1,982,780	AA+ ¹ / Aaa ²	Level 2	10.19%	0	0	1,982,780
FHLMC	2,983,890	AA+ ¹ / Aaa ²	Level 2	15.33%	0	999,640	1,984,250
FFCB	4,330,688	AA+ ¹ / Aaa ²	Level 2	22.25%	0	2,357,198	1,973,490
FNMA	3,280,540	AAA ¹ / Aaa ²	Level 2	16.86%	0	3,280,540	0
Total Investments	<u>\$19,459,918</u>			<u>100.00%</u>	<u>\$3,681,283</u>	<u>\$7,864,193</u>	<u>\$7,914,442</u>

¹ Standard & Poor's

² Moody's Investor Service

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

⁴ Reported at amortized cost

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

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 it may invest in any one issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$13,473,793	\$20,458,271
Certificates of Deposit		
(with maturities of more than 3 months)	1,000,000	(1,000,000)
STAR Ohio	(1,647)	1,647
Per GASB Statement No. 3	<u>\$14,472,146</u>	<u>\$19,459,918</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2017 were levied after October 1, 2016 on assessed values as of January 1, 2016, 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 2017. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

The full tax rate for all City operations for the year ended December 31, 2017 was \$10.05 per \$1,000 of assessed value. The assessed value upon which the 2017 tax collections were based was \$525,380,280. This amount constitutes \$516,774,740 in real property assessed value and \$8,605,540 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.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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, 2017 consisted of taxes, accounts receivable, special assessments, interfund receivables, interest receivables, and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred inflows of resources.

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CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 8 - INTERFUND BALANCES

Individual interfund balances at December 31, 2017 are as follows:

Fund	Interfund Loan Receivable	Interfund Loan Payable
Capital Improvement Fund	\$647,840	\$0
Other Governmental Funds	0	647,840
Totals	<u>\$647,840</u>	<u>\$647,840</u>

The interfund loans receivable/payable on the Governmental Balance Sheet include 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 2017:

Fund	Transfer In	Transfer Out
General Fund	\$22,881	\$699,006
Other Governmental Funds	699,006	22,881
Totals	<u>\$721,887</u>	<u>\$721,887</u>

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

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CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 10 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at December 31, 2017:

Historical Cost:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Capital assets not being depreciated:				
Land	\$21,173,723	\$1,012,168	\$0	\$22,185,891
Construction in Progress	0	2,131,460	0	2,131,460
Subtotal	<u>21,173,723</u>	<u>3,143,628</u>	<u>0</u>	<u>24,317,351</u>
Capital assets being depreciated:				
Buildings	16,656,075	0	(3,697)	16,652,378
Improvements Other than Buildings	7,101,049	97,433	(76,360)	7,122,122
Infrastructure	28,971,623	1,243,440	(91,271)	30,123,792
Machinery and Equipment	5,728,822	357,277	(230,664)	5,855,435
Subtotal	<u>58,457,569</u>	<u>1,698,150</u>	<u>(401,992)</u>	<u>59,753,727</u>
Total Cost	<u><u>\$79,631,292</u></u>	<u><u>\$4,841,778</u></u>	<u><u>(\$401,992)</u></u>	<u><u>\$84,071,078</u></u>

Accumulated Depreciation:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Buildings	(\$2,277,628)	(\$262,717)	\$1,109	(\$2,539,236)
Improvements Other than Buildings	(6,034,614)	(220,213)	69,837	(6,184,990)
Infrastructure	(10,363,268)	(699,915)	80,100	(10,983,083)
Machinery and Equipment	(4,479,033)	(299,062)	220,367	(4,557,728)
Total Depreciation	<u><u>(\$23,154,543)</u></u>	<u><u>(\$1,481,907) *</u></u>	<u><u>\$371,413</u></u>	<u><u>(\$24,265,037)</u></u>
Net Value:	<u><u>\$56,476,749</u></u>			<u><u>\$59,806,041</u></u>

* Depreciation expenses were charged to governmental functions as follows:

Public Safety	\$210,651
Parks and Recreation	135,541
Community Economic Development	55,375
Public Works	1,064,784
General Government	15,556
Total Depreciation Expense	<u><u>\$1,481,907</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	<u>1.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$320,297 for 2017. Of this amount, \$39,453 is reported as an intergovernmental payable.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report may be obtained by visiting the OPF website at www.opf.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2017 through December 31, 2017	12.25 %	12.25 %
2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2017 through December 31, 2017	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$572,262 for 2017. Of this amount, \$82,086 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$4,406,031	\$7,762,786	\$12,168,817
Proportion of the Net Pension Liability-2017	0.019403%	0.122559%	
Proportion of the Net Pension Liability-2016	<u>0.018781%</u>	<u>0.121738%</u>	
Percentage Change	<u>0.000622%</u>	<u>0.000821%</u>	
Pension Expense	\$943,036	\$962,601	\$1,905,637

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$656,161	\$754,896	\$1,411,057
Changes in assumptions	698,849	0	698,849
Differences between expected and actual experience	5,972	2,197	8,169
Change in proportionate share	52,808	169,040	221,848
City contributions subsequent to the measurement date	320,297	572,262	892,559
Total Deferred Outflows of Resources	<u>\$1,734,087</u>	<u>\$1,498,395</u>	<u>\$3,232,482</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$26,223	\$17,874	\$44,097
Change in proportionate share	19,462	73,625	93,087
Total Deferred Inflows of Resources	<u>\$45,685</u>	<u>\$91,499</u>	<u>\$137,184</u>

\$892,559 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2018	\$559,212	\$307,664	\$866,876
2019	592,709	307,664	900,373
2020	235,418	239,253	474,671
2021	(19,234)	(30,256)	(49,490)
2022	0	9,539	9,539
2023	0	770	770
Total	<u>\$1,368,105</u>	<u>\$834,634</u>	<u>\$2,202,739</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$6,731,197	\$4,406,031	\$2,468,416

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation Date	January 1, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2016 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected *	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Real Assets	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

* levered 2x

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Changes Between Measurement Date and Report Date In October 2017, the OPF Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8.0 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$10,339,112	\$7,762,786	\$5,579,316

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 trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 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. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS may be 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 2017, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2017 was 4.0%.

The City's contributions for health care to the OPERS for the years ending December 31, 2017, 2016, and 2015 were \$25,308, \$51,461 and \$48,192, respectively, which were equal to the required contributions for each year.

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

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

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

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

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at www.op-f.org.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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 2017, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. 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, 2017, 2016, and 2015 were \$9,330, \$8,847 and \$8,955 for police and \$4,508, \$4,290 and \$3,817 for firefighters, respectively, which were equal to the required contributions for each year.

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CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 13 - LONG-TERM OBLIGATIONS

Detail of the changes in the long term obligations of the City for the year ended December 31, 2017 is as follows:

			Balance December 31, 2016	Issued	(Retired)	Balance December 31, 2017	Amount Due Within One Year
Governmental Activities:							
Special Obligation TIF Bonds:							
0.75-4.80%	Vintage Club Improvements	2013	\$12,965,000	\$0	(\$300,000)	\$12,665,000	\$450,000
Special Assessment Bonds							
With Governmental Commitment:							
6.00%	Montgomery Woods Sidewalk	1997	6,000	0	(6,000)	0	0
6.00%	Tanager Woods	1999	14,633	0	(4,883)	9,750	4,883
2.00-3.80%	Public Improvement Refunding	2003	695,000	0	(155,000)	540,000	160,000
Total Special Assessment Bonds							
With Governmental Commitment			715,633	0	(165,883)	549,750	164,883
Net Pension Liability:							
	Ohio Public Employees Retirement System		3,253,093	1,152,938	0	4,406,031	0
	Ohio Police and Fire Pension Fund		7,831,504	0	(68,718)	7,762,786	0
	Total Net Pension Liability		11,084,597	1,152,938	(68,718)	12,168,817	0
	Compensated Absences		858,821	457,125	(398,706)	917,240	430,804
	Total Governmental Activities		\$25,624,051	\$1,610,063	(\$933,307)	\$26,300,807	\$1,045,687

The principal amount of the City's special assessment debt outstanding at December 31, 2017 of \$549,750 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 \$168,783 in the Special Assessment Bond Retirement Fund and the balance of \$90,338 in the Reserve of Montgomery Bond Retirement Fund at December 31, 2017 are restricted for the retirement of outstanding special assessment bonds. The Tanager Woods special assessment bond payable is a self-funded debt obligation.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2017 are as follows:

Years	<u>Special Obligation Bonds</u>		<u>Special Assessment Bonds</u>	
	Principal	Interest	Principal	Interest
2018	\$450,000	\$514,802	\$164,883	\$23,767
2019	460,000	506,926	169,867	18,023
2020	465,000	497,498	170,000	8,170
2021	480,000	486,570	45,000	1,710
2022	490,000	473,610	0	0
2023-2027	2,740,000	2,078,950	0	0
2028-2032	3,375,000	1,447,240	0	0
2033-2037	4,205,000	617,146	0	0
Totals	<u>\$12,665,000</u>	<u>\$6,622,742</u>	<u>\$549,750</u>	<u>\$51,670</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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, 2017, the liability for unpaid compensated absences was \$917,240 for all funds of the City, a net increase of \$58,419 from the amount at December 31, 2016 of \$858,821.

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, 2017, 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.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 15 – RISK MANAGEMENT (Continued)

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 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:

Pollution Liability	\$1,000,000	per occurrence
Public Officials/Personal Injury	12,000,000	per occurrence
Property	1,000,000,000	per occurrence
Boiler and Machinery	100,000,000	per occurrence
Flood	25,000,000	per occurrence and aggregate
Cyber Liability	2,000,000	per occurrence and aggregate
Earthquake (Property)	25,000,000	per occurrence and aggregate

The member deductible per occurrence for all types of claims is \$2,500.

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 Retrospective Rating Program. 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.

NOTE 16 – ACCOUNTABILITY

The fund deficit at December 31, 2017 of \$578,147 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.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 17 – CONTINGENCIES

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

NOTE 18 – SIGNIFICANT COMMITMENTS

At December 31, 2017 the City had encumbrance commitments in the Governmental Funds as follows:

<u>Fund</u>	<u>Encumbrances</u>
General Fund	\$181,595
Fire Protection/EMS Fund	226,942
Capital Improvement Fund	1,260,108
Downtown Improvement Fund	463,680
Other Governmental Funds	<u>156,847</u>
Total Governmental Funds	<u><u>\$2,289,172</u></u>

The City had the following contractual commitments at December 31, 2017:

<u>Project</u>	<u>Remaining Contractual Commitment</u>	<u>Expected Date of Completion</u>
Various Street Improvements	\$432,178	2018
Montgomery Road Sidewalk	402,175	2018
Replacement Windows at Safety Center	10,000	2018
Montgomery & Pfeiffer Improvements	12,000	2018
Exterior Painting	13,000	2018
Electric Infrastructure Repairs/Upgrades	15,000	2018
City Hall Restroom Renovation	20,000	2018
Retaining Wall & Pavers	27,500	2018
Refurbish Water Slide	36,000	2018
Public Works Building	120,631	2018
Traditions GRA Development Professional Services	<u>375,000</u>	2018
	<u><u>\$1,463,484</u></u>	



REQUIRED SUPPLEMENTAL INFORMATION

CITY OF MONTGOMERY, OHIO

Schedule of City's Proportionate Share of the Net Pension Liability Last Four Years

Ohio Public Employees Retirement System

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability (asset)	0.019235%	0.019235%	0.018781%	0.019403%
City's proportionate share of the net pension liability (asset)	\$2,267,556	\$2,319,956	\$3,253,093	\$4,406,031
City's covered-employee payroll	\$2,484,715	\$2,378,800	\$2,409,608	\$2,508,225
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	91.26%	97.53%	135.01%	175.66%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability (asset)	0.120189%	0.120189%	0.121738%	0.122559%
City's proportionate share of the net pension liability (asset)	\$5,853,615	\$6,226,327	\$7,831,504	\$7,762,786
City's covered-employee payroll	\$2,416,973	\$2,468,266	\$2,599,662	\$2,644,822
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	242.19%	252.26%	301.25%	293.51%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2014 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability, which is the prior year end.

CITY OF MONTGOMERY, OHIO

***Schedule of City Contributions
Last Five Years***

Ohio Public Employees Retirement System

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$323,013	\$285,456	\$289,153	\$300,987	\$320,297
Contributions in relation to the contractually required contribution	<u>323,013</u>	<u>285,456</u>	<u>289,153</u>	<u>300,987</u>	<u>320,297</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$2,484,715	\$2,378,800	\$2,409,608	\$2,508,225	\$2,463,823
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%	12.00%	13.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$412,819	\$502,539	\$522,272	\$541,043	\$572,262
Contributions in relation to the contractually required contribution	<u>412,819</u>	<u>502,539</u>	<u>522,272</u>	<u>541,043</u>	<u>572,262</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$2,416,973	\$2,468,266	\$2,599,662	\$2,644,822	\$2,796,625
Contributions as a percentage of covered-employee payroll	17.08%	20.36%	20.09%	20.46%	20.46%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2013 is not available.

***Notes to the Required Supplemental Information
For the Year Ended December 31, 2017***

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

There were no recent significant changes of benefit terms, investment policies, the size or composition of the population covered by the benefit terms impacting the actuarial valuation study for the year ended December 31, 2016.

In 2016, a five-year experience study was completed on the period January 1, 2011 through December 31, 2015. The Board adopted changes to both the demographic and economic assumptions as a result of the study. The most notable change in demographic assumptions is an increased life expectancy of the members and the most notable change in economic assumptions is the reduction in the actuarially assumed rate of return from 8.00% down to 7.50% for the defined benefit investments. The new assumptions are included in the 2016 actuarial valuation.

In 2016, OPERS, in conjunction with the Board's investment consultants, also completed an asset liability study. Periodically, the System engages in a more comprehensive study that examines the nature of the pension liabilities the plan will ultimately pay and the characteristics of the asset allocation projections and the associated level of risk. As a result of this study, OPERS modified the asset allocation slightly, but not substantively.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

In October 2017, the OPF Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8.0 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

*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.

Compensated Absences Fund

To account for transfers in to be used for payout of accumulated sick and vacation time upon resignation or retirement. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

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.

Law Enforcement Assistance Fund

To account for reimbursements received from the State of Ohio for continuing professional training programs for 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.

(Continued)

Special Revenue 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 City street construction, maintenance and repair.

State Highway Fund

To account for the portion of the state gasoline tax designated for construction, maintenance and repair of State highways located within the City.

Permissive Motor Vehicle License Fund

To account for the permissive auto license taxes levied for street construction, maintenance and repairs.

Municipal Pool Fund

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

Cemetery Fund

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

Montgomery Community Improvement Corporation (CIC) Fund

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

Debt Service Funds

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

Special Assessment Bond Retirement Fund

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

General Obligation Bond Retirement Fund

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

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.

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.

Urban Redevelopment Fund

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

Vintage Club Capital Improvement Fund

To account for infrastructure improvements at the Vintage Club housing development to be financed by tax increment financing bonds. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because there are no assets or liabilities at year end and there was no activity during the year.

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, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,269,643	\$ 408,259	\$ 341,099	\$ 219,107	\$ 2,238,108
Investments	762,353	455,866	516,649	417,093	2,151,961
Receivables:					
Taxes	25,828	0	276,527	0	302,355
Accounts	749	0	0	14	763
Intergovernmental	267,653	0	0	0	267,653
Special Assessments	0	2,708	0	0	2,708
Prepaid Items	13,702	0	0	0	13,702
Total Assets	\$ 2,339,928	\$ 866,833	\$ 1,134,275	\$ 636,214	\$ 4,977,250
Liabilities:					
Accounts Payable	\$ 42,227	\$ 0	\$ 0	\$ 0	\$ 42,227
Accrued Wages and Benefits Payable	29,726	0	0	0	29,726
Intergovernmental Payable	665	0	0	0	665
Interfund Loans Payable	0	0	647,840	0	647,840
Total Liabilities	72,618	0	647,840	0	720,458
Deferred Inflows of Resources:					
Unavailable Amounts	169,190	2,708	0	0	171,898
Property Tax Levy for Next Fiscal Year	0	0	276,527	0	276,527
Total Deferred Inflows of Resources	169,190	2,708	276,527	0	448,425
Fund Balances:					
Nonspendable	13,702	0	0	378,733	392,435
Restricted	2,084,418	864,125	788,055	257,481	3,994,079
Unassigned	0	0	(578,147)	0	(578,147)
Total Fund Balances	2,098,120	864,125	209,908	636,214	3,808,367
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,339,928	\$ 866,833	\$ 1,134,275	\$ 636,214	\$ 4,977,250

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 50,944	\$ 32,134	\$ 255,926	\$ 0	\$ 339,004
Intergovernmental Revenues	474,140	0	0	0	474,140
Charges for Services	428,331	0	0	29,577	457,908
Licenses, Permits and Fees	31,500	0	0	0	31,500
Investment Earnings	8,980	9,759	5,401	4,664	28,804
Special Assessments	0	15,563	0	0	15,563
Fines and Forfeitures	16,899	0	0	0	16,899
All Other Revenue	25,399	0	45,214	40	70,653
Total Revenues	1,036,193	57,456	306,541	34,281	1,434,471
Expenditures:					
Current:					
Public Safety	183,854	0	0	0	183,854
Parks and Recreation	226,785	0	0	25,411	252,196
Community Economic Development	110,373	0	0	0	110,373
Public Works	1,064,167	0	0	0	1,064,167
General Government	0	483	86,185	0	86,668
Debt Service:					
Principal Retirement	0	10,883	0	0	10,883
Interest and Fiscal Charges	0	3,927	0	0	3,927
Total Expenditures	1,585,179	15,293	86,185	25,411	1,712,068
Excess (Deficiency) of Revenues Over (Under) Expenditures	(548,986)	42,163	220,356	8,870	(277,597)
Other Financing Sources (Uses):					
Transfers In	699,006	0	0	0	699,006
Transfers Out	(22,881)	0	0	0	(22,881)
Total Other Financing Sources (Uses)	676,125	0	0	0	676,125
Net Change in Fund Balances	127,139	42,163	220,356	8,870	398,528
Fund Balances at Beginning of Year	1,970,981	821,962	(10,448)	627,344	3,409,839
Fund Balances End of Year	\$ 2,098,120	\$ 864,125	\$ 209,908	\$ 636,214	\$ 3,808,367

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017**

	Memorial	Parks and Recreation Fundraising	Law Enforcement	Drug Law Enforcement
Assets:				
Cash and Cash Equivalents	\$ 32,667	\$ 10,335	\$ 43,818	\$ 5,249
Investments	0	0	0	0
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 32,667	\$ 10,335	\$ 43,818	\$ 5,249
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 4,553	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Total Liabilities	0	0	4,553	0
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	32,667	10,335	39,265	5,249
Total Fund Balances	32,667	10,335	39,265	5,249
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 32,667	\$ 10,335	\$ 43,818	\$ 5,249

CITY OF MONTGOMERY, OHIO

DUI Enforcement and Education	Mayor's Court Technology	COPS Grant	Law Enforcement Assistance	Environmental Impact Tax	Street Construction Maintenance and Repair
\$ 14,221	\$ 47,367	\$ 15,720	\$ 7,520	\$ 149,849	\$ 240,024
0	0	0	0	0	456,909
0	0	0	0	0	0
0	560	0	0	0	189
0	0	31,697	8,000	0	198,552
0	155	2,226	0	0	11,321
<u>\$ 14,221</u>	<u>\$ 48,082</u>	<u>\$ 49,643</u>	<u>\$ 15,520</u>	<u>\$ 149,849</u>	<u>\$ 906,995</u>
\$ 33	\$ 26	\$ 0	\$ 0	\$ 0	\$ 14,806
0	0	3,125	0	0	26,601
0	0	114	0	0	551
<u>33</u>	<u>26</u>	<u>3,239</u>	<u>0</u>	<u>0</u>	<u>41,958</u>
0	0	0	0	0	132,368
0	0	0	0	0	132,368
0	155	2,226	0	0	11,321
<u>14,188</u>	<u>47,901</u>	<u>44,178</u>	<u>15,520</u>	<u>149,849</u>	<u>721,348</u>
<u>14,188</u>	<u>48,056</u>	<u>46,404</u>	<u>15,520</u>	<u>149,849</u>	<u>732,669</u>
<u>\$ 14,221</u>	<u>\$ 48,082</u>	<u>\$ 49,643</u>	<u>\$ 15,520</u>	<u>\$ 149,849</u>	<u>\$ 906,995</u>

(Continued)

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017**

	State Highway	Permissive Motor Vehicle License	Municipal Pool	Cemetery
Assets:				
Cash and Cash Equivalents	\$ 31,051	\$ 144,282	\$ 264,511	\$ 129,405
Investments	59,108	0	0	246,336
Receivables:				
Taxes	0	25,828	0	0
Accounts	0	0	0	0
Intergovernmental	16,099	13,305	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 106,258	\$ 183,415	\$ 264,511	\$ 375,741
Liabilities:				
Accounts Payable	\$ 1,131	\$ 0	\$ 3,641	\$ 37
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Total Liabilities	1,131	0	3,641	37
Deferred Inflows of Resources:				
Unavailable Amounts	10,733	26,089	0	0
Total Deferred Inflows of Resources	10,733	26,089	0	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	94,394	157,326	260,870	375,704
Total Fund Balances	94,394	157,326	260,870	375,704
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 106,258	\$ 183,415	\$ 264,511	\$ 375,741

CITY OF MONTGOMERY, OHIO

<u>Montgomery CIC</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 133,624	\$ 1,269,643
0	762,353
0	25,828
0	749
0	267,653
0	13,702
<u>\$ 133,624</u>	<u>\$ 2,339,928</u>
\$ 18,000	\$ 42,227
0	29,726
0	665
<u>18,000</u>	<u>72,618</u>
<u>0</u>	<u>169,190</u>
<u>0</u>	<u>169,190</u>
0	13,702
<u>115,624</u>	<u>2,084,418</u>
<u>115,624</u>	<u>2,098,120</u>
<u>\$ 133,624</u>	<u>\$ 2,339,928</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, 2017**

	Memorial	Parks and Recreation Fundraising	Law Enforcement	Drug Law Enforcement
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	3,650	0	0	80
All Other Revenue	0	0	10,100	0
Total Revenues	<u>3,650</u>	<u>0</u>	<u>10,100</u>	<u>80</u>
Expenditures:				
Current:				
Public Safety	0	0	15,176	0
Parks and Recreation	1,669	0	0	0
Community Economic Development	0	0	0	0
Public Works	0	0	0	0
Total Expenditures	<u>1,669</u>	<u>0</u>	<u>15,176</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,981	0	(5,076)	80
Other Financing Sources (Uses):				
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	1,981	0	(5,076)	80
Fund Balances at Beginning of Year	<u>30,686</u>	<u>10,335</u>	<u>44,341</u>	<u>5,169</u>
Fund Balances End of Year	<u>\$ 32,667</u>	<u>\$ 10,335</u>	<u>\$ 39,265</u>	<u>\$ 5,249</u>

CITY OF MONTGOMERY, OHIO

DUI Enforcement and Education	Mayor's Court Technology	COPS Grant	Law Enforcement Assistance	Environmental Impact Tax	Street Construction Maintenance and Repair
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	2,083	8,000	0	404,817
0	0	109,447	0	0	0
0	0	0	0	31,500	0
0	0	0	0	0	3,019
714	12,455	0	0	0	0
0	0	570	0	0	13,978
<u>714</u>	<u>12,455</u>	<u>112,100</u>	<u>8,000</u>	<u>31,500</u>	<u>421,814</u>
1,199	11,179	156,300	0	0	0
0	0	0	0	0	0
0	0	0	0	42,651	0
0	0	0	0	0	956,724
<u>1,199</u>	<u>11,179</u>	<u>156,300</u>	<u>0</u>	<u>42,651</u>	<u>956,724</u>
(485)	1,276	(44,200)	8,000	(11,151)	(534,910)
0	0	64,006	0	45,000	575,000
0	0	0	0	0	(22,881)
0	0	64,006	0	45,000	552,119
(485)	1,276	19,806	8,000	33,849	17,209
14,673	46,780	26,598	7,520	116,000	715,460
<u>\$ 14,188</u>	<u>\$ 48,056</u>	<u>\$ 46,404</u>	<u>\$ 15,520</u>	<u>\$ 149,849</u>	<u>\$ 732,669</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, 2017**

	State Highway	Permissive Motor Vehicle License	Municipal Pool	Cemetery
Revenues:				
Taxes	\$ 0	\$ 50,944	\$ 0	\$ 0
Intergovernmental Revenues	32,866	26,374	0	0
Charges for Services	0	0	259,799	59,085
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	616	959	0	2,693
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	751	0
Total Revenues	<u>33,482</u>	<u>78,277</u>	<u>260,550</u>	<u>61,778</u>
Expenditures:				
Current:				
Public Safety	0	0	0	0
Parks and Recreation	0	0	225,116	0
Community Economic Development	0	0	0	0
Public Works	18,306	43,947	0	45,190
Total Expenditures	<u>18,306</u>	<u>43,947</u>	<u>225,116</u>	<u>45,190</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,176	34,330	35,434	16,588
Other Financing Sources (Uses):				
Transfers In	0	0	15,000	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>0</u>
Net Change in Fund Balances	15,176	34,330	50,434	16,588
Fund Balances at Beginning of Year	<u>79,218</u>	<u>122,996</u>	<u>210,436</u>	<u>359,116</u>
Fund Balances End of Year	<u>\$ 94,394</u>	<u>\$ 157,326</u>	<u>\$ 260,870</u>	<u>\$ 375,704</u>

CITY OF MONTGOMERY, OHIO

<u>Montgomery CIC</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 50,944
0	474,140
0	428,331
0	31,500
1,693	8,980
0	16,899
0	25,399
<u>1,693</u>	<u>1,036,193</u>
0	183,854
0	226,785
67,722	110,373
0	1,064,167
<u>67,722</u>	<u>1,585,179</u>
(66,029)	(548,986)
0	699,006
0	(22,881)
0	676,125
(66,029)	127,139
181,653	1,970,981
<u>\$ 115,624</u>	<u>\$ 2,098,120</u>

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2017**

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 168,783	\$ 239,476	\$ 408,259
Investments	0	455,866	455,866
Receivables:			
Special Assessments	2,708	0	2,708
Total Assets	<u>\$ 171,491</u>	<u>\$ 695,342</u>	<u>\$ 866,833</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Deferred Inflows of Resources:			
Unavailable Amounts	2,708	0	2,708
Total Deferred Inflows of Resources	<u>2,708</u>	<u>0</u>	<u>2,708</u>
Fund Balances:			
Restricted	168,783	695,342	864,125
Total Fund Balances	<u>168,783</u>	<u>695,342</u>	<u>864,125</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 171,491</u>	<u>\$ 695,342</u>	<u>\$ 866,833</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, 2017***

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$ 0	\$ 32,134	\$ 32,134
Investment Earnings	3,567	6,192	9,759
Special Assessments	15,563	0	15,563
Total Revenues	<u>19,130</u>	<u>38,326</u>	<u>57,456</u>
Expenditures:			
Current:			
General Government	483	0	483
Debt Service:			
Principal Retirement	10,883	0	10,883
Interest and Fiscal Charges	3,927	0	3,927
Total Expenditures	<u>15,293</u>	<u>0</u>	<u>15,293</u>
Net Change in Fund Balances	3,837	38,326	42,163
Fund Balances at Beginning of Year	<u>164,946</u>	<u>657,016</u>	<u>821,962</u>
Fund Balances End of Year	<u>\$ 168,783</u>	<u>\$ 695,342</u>	<u>\$ 864,125</u>

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017**

	Triangle Tax Increment	Urban Redevelopment	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 69,693	\$ 271,406	\$ 341,099
Investments	0	516,649	516,649
Receivables:			
Taxes	181,527	95,000	276,527
Total Assets	\$ 251,220	\$ 883,055	\$ 1,134,275
Liabilities:			
Interfund Loans Payable	\$ 647,840	\$ 0	\$ 647,840
Total Liabilities	647,840	0	647,840
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	181,527	95,000	276,527
Total Deferred Inflows of Resources	181,527	95,000	276,527
Fund Balances:			
Restricted	0	788,055	788,055
Unassigned	(578,147)	0	(578,147)
Total Fund Balances	(578,147)	788,055	209,908
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 251,220	\$ 883,055	\$ 1,134,275

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017**

	Triangle Tax Increment	Urban Redevelopment	Total Nonmajor Capital Project Funds
Revenues:			
Taxes	\$ 157,166	\$ 98,760	\$ 255,926
Investment Earnings	0	5,401	5,401
All Other Revenue	40,714	4,500	45,214
Total Revenues	<u>197,880</u>	<u>108,661</u>	<u>306,541</u>
Expenditures:			
Current:			
General Government	79,442	6,743	86,185
Total Expenditures	<u>79,442</u>	<u>6,743</u>	<u>86,185</u>
Net Change in Fund Balances	118,438	101,918	220,356
Fund Balances at Beginning of Year	<u>(696,585)</u>	<u>686,137</u>	<u>(10,448)</u>
Fund Balances End of Year	<u>\$ (578,147)</u>	<u>\$ 788,055</u>	<u>\$ 209,908</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,391,758	\$ 8,391,758	\$ 9,398,056	\$ 1,006,298
Intergovernmental Revenues	437,617	437,617	445,748	8,131
Charges for Services	119,544	119,544	105,841	(13,703)
Rental Revenue	75,964	75,964	60,890	(15,074)
Licenses, Permits and Fees	536,300	536,300	418,385	(117,915)
Investment Earnings	85,000	85,000	158,692	73,692
Fines and Forfeitures	167,500	167,500	134,812	(32,688)
All Other Revenues	90,270	90,270	122,813	32,543
Total Revenues	<u>9,903,953</u>	<u>9,903,953</u>	<u>10,845,237</u>	<u>941,284</u>
Expenditures:				
Public Safety:				
Police:				
Personal Services	3,119,797	3,119,797	2,811,802	307,995
Nonpersonnel	608,524	608,524	534,928	73,596
Total Police	<u>3,728,321</u>	<u>3,728,321</u>	<u>3,346,730</u>	<u>381,591</u>
Disaster Service:				
Nonpersonnel	9,300	9,300	5,309	3,991
Total Disaster Service	<u>9,300</u>	<u>9,300</u>	<u>5,309</u>	<u>3,991</u>
Public Health and Welfare:				
Personal Services	58,179	63,429	56,618	6,811
Total Public Health and Welfare	<u>58,179</u>	<u>63,429</u>	<u>56,618</u>	<u>6,811</u>
Civil Service:				
Nonpersonnel	4,150	4,150	739	3,411
Total Civil Service	<u>4,150</u>	<u>4,150</u>	<u>739</u>	<u>3,411</u>
Total Public Safety	<u>3,799,950</u>	<u>3,805,200</u>	<u>3,409,396</u>	<u>395,804</u>
Parks and Recreation:				
Recreation:				
Personal Services	226,870	226,870	213,329	13,541
Nonpersonnel	102,883	102,883	84,881	18,002
Total Recreation	<u>329,753</u>	<u>329,753</u>	<u>298,210</u>	<u>31,543</u>
City Parks:				
Personal Services	301,941	312,941	296,090	16,851
Nonpersonnel	223,606	223,606	214,500	9,106
Total City Parks	<u>525,547</u>	<u>536,547</u>	<u>510,590</u>	<u>25,957</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Lodges:				
Nonpersonnel	33,404	33,404	33,154	250
Total Lodges	33,404	33,404	33,154	250
City Beautiful:				
Nonpersonnel	128,509	128,509	125,010	3,499
Total City Beautiful	128,509	128,509	125,010	3,499
Special Events:				
Nonpersonnel	112,139	112,139	100,552	11,587
Total Special Events	112,139	112,139	100,552	11,587
Total Parks and Recreation	1,129,352	1,140,352	1,067,516	72,836
Community Economic Development: Landmarks Commission:				
Nonpersonnel	13,250	13,250	13,231	19
Total Landmarks Commission	13,250	13,250	13,231	19
Historical Building Operations:				
Nonpersonnel	45,090	82,590	71,607	10,983
Total Historical Building Operations	45,090	82,590	71,607	10,983
Development:				
Personal Services	363,883	363,883	341,493	22,390
Nonpersonnel	467,835	467,835	246,435	221,400
Total Development	831,718	831,718	587,928	243,790
Planning Commission:				
Nonpersonnel	11,000	11,000	5,024	5,976
Total Planning Commission	11,000	11,000	5,024	5,976
Total Community Economic Development	901,058	938,558	677,790	260,768
Public Works:				
Personal Services	532,025	552,025	521,329	30,696
Nonpersonnel	153,992	153,992	144,362	9,630
Total Public Works	686,017	706,017	665,691	40,326
General Government: Administration:				
Personal Services	457,200	457,200	278,166	179,034
Nonpersonnel	23,600	23,600	9,970	13,630
Total Administration	480,800	480,800	288,136	192,664

(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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Finance Administration:				
Personal Services	570,815	570,815	446,004	124,811
Nonpersonnel	61,225	61,225	112,658	(51,433)
Total Finance Administration	632,040	632,040	558,662	73,378
Legal Administration:				
Nonpersonnel	218,000	251,000	218,228	32,772
Total Legal Administration	218,000	251,000	218,228	32,772
Council:				
Personal Services	17,304	17,304	14,633	2,671
Nonpersonnel	3,750	3,750	1,902	1,848
Total Council	21,054	21,054	16,535	4,519
Mayor's Court:				
Personal Services	86,076	88,076	83,968	4,108
Nonpersonnel	76,775	76,775	78,793	(2,018)
Total Mayor's Court	162,851	164,851	162,761	2,090
Citizen Engagement and Outreach:				
Personal Services	486,253	486,253	443,301	42,952
Nonpersonnel	157,244	157,244	128,216	29,028
Total Citizen Engagement and Outreach	643,497	643,497	571,517	71,980
General Administration:				
Personal Services	10,000	10,000	4,080	5,920
Nonpersonnel	1,479,631	2,726,731	2,484,207	242,524
Total General Administration	1,489,631	2,736,731	2,488,287	248,444
Total General Government	3,647,873	4,929,973	4,304,126	625,847
Total Expenditures	10,164,250	11,520,100	10,124,519	1,395,581
Excess (Deficiency) of Revenues Over (Under) Expenditures	(260,297)	(1,616,147)	720,718	2,336,865

(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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	7,500	7,500	15,624	8,124
Transfers In	216	216	1,216	1,000
Transfers Out	(699,006)	(699,006)	(699,006)	0
Total Other Financing Sources (Uses)	<u>(691,290)</u>	<u>(691,290)</u>	<u>(682,166)</u>	<u>9,124</u>
Net Change in Fund Balance	(951,587)	(2,307,437)	38,552	2,345,989
Fund Balance at Beginning of Year	14,276,790	14,276,790	14,276,790	0
Prior Year Encumbrances	266,923	266,923	266,923	0
Fund Balance at End of Year	<u>\$ 13,592,126</u>	<u>\$ 12,236,276</u>	<u>\$ 14,582,265</u>	<u>\$ 2,345,989</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 – Fire Protection / EMS Fund
For the Year Ended December 31, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,786,717	\$ 1,786,717	\$ 1,758,464	\$ (28,253)
Intergovernmental Revenues	213,364	213,364	244,928	31,564
Charges for Services	128,748	128,748	176,528	47,780
Investment Earnings	23,000	23,000	29,772	6,772
All Other Revenues	7,077	7,077	41,078	34,001
Total Revenues	<u>2,158,906</u>	<u>2,158,906</u>	<u>2,250,770</u>	<u>91,864</u>
Expenditures:				
Public Safety:				
Personal Services	2,191,628	2,191,628	1,977,290	214,338
Nonpersonnel	825,976	825,976	799,894	26,082
Total Expenditures	<u>3,017,604</u>	<u>3,017,604</u>	<u>2,777,184</u>	<u>240,420</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(858,698)	(858,698)	(526,414)	332,284
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	749	749
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>749</u>	<u>749</u>
Net Change in Fund Balance	(858,698)	(858,698)	(525,665)	333,033
Fund Balance at Beginning of Year	4,048,649	4,048,649	4,048,649	0
Prior Year Encumbrances	99,282	99,282	99,282	0
Fund Balance at End of Year	<u>\$ 3,289,233</u>	<u>\$ 3,289,233</u>	<u>\$ 3,622,266</u>	<u>\$ 333,033</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 – Reserve of Montgomery Bond Retirement Fund
For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Special Assessments	<u>\$ 179,846</u>	<u>\$ 179,846</u>	<u>\$ 183,061</u>	<u>\$ 3,215</u>
Total Revenues	<u>179,846</u>	<u>179,846</u>	<u>183,061</u>	<u>3,215</u>
Expenditures:				
General Government:				
Nonpersonnel	6,000	6,000	5,592	408
Debt Service:				
Principal Retirement	145,000	155,000	155,000	0
Interest and Fiscal Charges	<u>25,625</u>	<u>25,625</u>	<u>25,625</u>	<u>0</u>
Total Expenditures	<u>176,625</u>	<u>186,625</u>	<u>186,217</u>	<u>408</u>
Net Change in Fund Balance	3,221	(6,779)	(3,156)	3,623
Fund Balance at Beginning of Year	<u>93,494</u>	<u>93,494</u>	<u>93,494</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 96,715</u>	<u>\$ 86,715</u>	<u>\$ 90,338</u>	<u>\$ 3,623</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 – Vintage Club Tax Increment Fund
For the Year Ended December 31, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,076,763	\$ 2,076,763	\$ 2,005,478	\$ (71,285)
Intergovernmental Revenues	181,800	181,800	189,324	7,524
Investment Earnings	5,000	5,000	8,022	3,022
Total Revenues	<u>2,263,563</u>	<u>2,263,563</u>	<u>2,202,824</u>	<u>(60,739)</u>
Expenditures:				
General Government:				
Nonpersonnel	1,197,892	1,197,892	1,110,306	87,586
Debt Service:				
Principal Retirement	300,000	300,000	300,000	0
Interest and Fiscal Charges	521,153	521,153	520,853	300
Total Expenditures	<u>2,019,045</u>	<u>2,019,045</u>	<u>1,931,159</u>	<u>87,886</u>
Net Change in Fund Balance	244,518	244,518	271,665	27,147
Fund Balance at Beginning of Year	<u>3,210,041</u>	<u>3,210,041</u>	<u>3,210,041</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,454,559</u>	<u>\$ 3,454,559</u>	<u>\$ 3,481,706</u>	<u>\$ 27,147</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 – Capital Improvement Fund
For the Year Ended December 31, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,685,573	\$ 1,685,573	\$ 1,834,445	\$ 148,872
Intergovernmental Revenues	1,520,560	1,520,560	668,122	(852,438)
Investment Earnings	20,000	20,000	29,010	9,010
Total Revenues	<u>3,226,133</u>	<u>3,226,133</u>	<u>2,531,577</u>	<u>(694,556)</u>
Expenditures:				
Capital Outlay:				
Nonpersonnel	<u>5,072,876</u>	<u>5,173,176</u>	<u>4,028,058</u>	<u>1,145,118</u>
Total Expenditures	<u>5,072,876</u>	<u>5,173,176</u>	<u>4,028,058</u>	<u>1,145,118</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,846,743)	(1,947,043)	(1,496,481)	450,562
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	16,742	16,742
Advances In	<u>75,000</u>	<u>75,000</u>	<u>74,450</u>	<u>(550)</u>
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>91,192</u>	<u>16,192</u>
Net Change in Fund Balance	(1,771,743)	(1,872,043)	(1,405,289)	466,754
Fund Balance at Beginning of Year	2,143,209	2,143,209	2,143,209	0
Prior Year Encumbrances	<u>1,512,732</u>	<u>1,512,732</u>	<u>1,512,732</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,884,198</u>	<u>\$ 1,783,898</u>	<u>\$ 2,250,652</u>	<u>\$ 466,754</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 – Downtown Improvement Fund
For the Year Ended December 31, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 15,000	\$ 15,000	\$ 28,011	\$ 13,011
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>28,011</u>	<u>13,011</u>
Expenditures:				
Capital Outlay:				
Nonpersonnel	0	925,400	925,379	21
Total Expenditures	<u>0</u>	<u>925,400</u>	<u>925,379</u>	<u>21</u>
Net Change in Fund Balance	15,000	(910,400)	(897,368)	13,032
Fund Balance at Beginning of Year	<u>4,014,986</u>	<u>4,014,986</u>	<u>4,014,986</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,029,986</u>	<u>\$ 3,104,586</u>	<u>\$ 3,117,618</u>	<u>\$ 13,032</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, 2017**

COMPENSATED ABSENCES FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,160	\$ 1,160	\$ 0	\$ (1,160)
Total Revenues	<u>1,160</u>	<u>1,160</u>	<u>0</u>	<u>(1,160)</u>
Expenditures:				
General Government:				
Personal Services	<u>27,000</u>	<u>59,100</u>	<u>59,047</u>	<u>53</u>
Total Expenditures	<u>27,000</u>	<u>59,100</u>	<u>59,047</u>	<u>53</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,840)	(57,940)	(59,047)	(1,107)
Other Financing Sources (Uses):				
Transfers In	<u>93,241</u>	<u>93,241</u>	<u>104,171</u>	<u>10,930</u>
Total Other Financing Sources (Uses)	<u>93,241</u>	<u>93,241</u>	<u>104,171</u>	<u>10,930</u>
Net Change in Fund Balance	67,401	35,301	45,124	9,823
Fund Balance at Beginning of Year	<u>230,642</u>	<u>230,642</u>	<u>230,642</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 298,043</u>	<u>\$ 265,943</u>	<u>\$ 275,766</u>	<u>\$ 9,823</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, 2017**

	MEMORIAL FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 3,000	\$ 3,000	\$ 3,650	\$ 650
Total Revenues	3,000	3,000	3,650	650
Expenditures:				
Parks and Recreation:				
Nonpersonnel	3,000	3,000	2,651	349
Total Expenditures	3,000	3,000	2,651	349
Net Change in Fund Balance	0	0	999	999
Fund Balance at Beginning of Year	31,668	31,668	31,668	0
Fund Balance at End of Year	\$ 31,668	\$ 31,668	\$ 32,667	\$ 999

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, 2017**

PARKS AND RECREATION FUNDRAISING FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 500	\$ 500	\$ 0	\$ (500)
Total Revenues	<u>500</u>	<u>500</u>	<u>0</u>	<u>(500)</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	500	500	0	500
Total Expenditures	<u>500</u>	<u>500</u>	<u>0</u>	<u>500</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	10,335	10,335	10,335	0
Fund Balance at End of Year	<u>\$ 10,335</u>	<u>\$ 10,335</u>	<u>\$ 10,335</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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 800	\$ 800	\$ 0	\$ (800)
All Other Revenues	<u>400</u>	<u>400</u>	<u>10,100</u>	<u>9,700</u>
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>10,100</u>	<u>8,900</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>12,300</u>	<u>12,300</u>	<u>10,623</u>	<u>1,677</u>
Total Expenditures	<u>12,300</u>	<u>12,300</u>	<u>10,623</u>	<u>1,677</u>
Net Change in Fund Balance	(11,100)	(11,100)	(523)	10,577
Fund Balance at Beginning of Year	<u>44,341</u>	<u>44,341</u>	<u>44,341</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 33,241</u>	<u>\$ 33,241</u>	<u>\$ 43,818</u>	<u>\$ 10,577</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, 2017**

	<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	\$ 80	\$ (920)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>80</u>	<u>(920)</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>400</u>	<u>400</u>	<u>0</u>	<u>400</u>
Total Expenditures	<u>400</u>	<u>400</u>	<u>0</u>	<u>400</u>
Net Change in Fund Balance	600	600	80	(520)
Fund Balance at Beginning of Year	<u>5,169</u>	<u>5,169</u>	<u>5,169</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,769</u>	<u>\$ 5,769</u>	<u>\$ 5,249</u>	<u>\$ (520)</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, 2017**

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	\$ 714	\$ (286)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>714</u>	<u>(286)</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>1,000</u>	<u>1,400</u>	<u>1,358</u>	<u>42</u>
Total Expenditures	<u>1,000</u>	<u>1,400</u>	<u>1,358</u>	<u>42</u>
Net Change in Fund Balance	0	(400)	(644)	(244)
Fund Balance at Beginning of Year	<u>14,865</u>	<u>14,865</u>	<u>14,865</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,865</u>	<u>\$ 14,465</u>	<u>\$ 14,221</u>	<u>\$ (244)</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, 2017**

MAYOR'S COURT TECHNOLOGY FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 12,610	\$ 12,610	\$ 12,538	\$ (72)
Total Revenues	<u>12,610</u>	<u>12,610</u>	<u>12,538</u>	<u>(72)</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>13,295</u>	<u>13,295</u>	<u>10,998</u>	<u>2,297</u>
Total Expenditures	<u>13,295</u>	<u>13,295</u>	<u>10,998</u>	<u>2,297</u>
Net Change in Fund Balance	(685)	(685)	1,540	2,225
Fund Balance at Beginning of Year	<u>45,827</u>	<u>45,827</u>	<u>45,827</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 45,142</u>	<u>\$ 45,142</u>	<u>\$ 47,367</u>	<u>\$ 2,225</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, 2017**

	COPS GRANT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 96,000	\$ 96,000	\$ 100,895	\$ 4,895
All Other Revenues	923	923	570	(353)
Total Revenues	96,923	96,923	101,465	4,542
Expenditures:				
Public Safety:				
Personal Services	156,516	159,016	153,419	5,597
Nonpersonnel	3,500	3,500	2,000	1,500
Total Expenditures	160,016	162,516	155,419	7,097
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,093)	(65,593)	(53,954)	11,639
Other Financing Sources (Uses):				
Transfers In	64,006	64,006	64,006	0
Total Other Financing Sources (Uses)	64,006	64,006	64,006	0
Net Change in Fund Balance	913	(1,587)	10,052	11,639
Fund Balance at Beginning of Year	5,668	5,668	5,668	0
Fund Balance at End of Year	\$ 6,581	\$ 4,081	\$ 15,720	\$ 11,639

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, 2017**

LAW ENFORCEMENT ASSISTANCE FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 1,600	\$ 1,600	\$ 4,400	\$ 2,800
Total Revenues	<u>1,600</u>	<u>1,600</u>	<u>4,400</u>	<u>2,800</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>1,600</u>	<u>1,600</u>	<u>0</u>	<u>1,600</u>
Total Expenditures	<u>1,600</u>	<u>1,600</u>	<u>0</u>	<u>1,600</u>
Net Change in Fund Balance	0	0	4,400	4,400
Fund Balance at Beginning of Year	<u>3,120</u>	<u>3,120</u>	<u>3,120</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,120</u>	<u>\$ 3,120</u>	<u>\$ 7,520</u>	<u>\$ 4,400</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, 2017**

ENVIRONMENTAL IMPACT TAX FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Licenses, Permits and Fees	\$ 33,000	\$ 33,000	\$ 31,500	\$ (1,500)
Total Revenues	<u>33,000</u>	<u>33,000</u>	<u>31,500</u>	<u>(1,500)</u>
Expenditures:				
Community Economic Development:				
Nonpersonnel	96,500	96,500	70,691	25,809
Total Expenditures	<u>96,500</u>	<u>96,500</u>	<u>70,691</u>	<u>25,809</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,500)	(63,500)	(39,191)	24,309
Other Financing Sources (Uses):				
Transfers In	45,000	45,000	45,000	0
Total Other Financing Sources (Uses)	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>0</u>
Net Change in Fund Balance	(18,500)	(18,500)	5,809	24,309
Fund Balance at Beginning of Year	116,000	116,000	116,000	0
Fund Balance at End of Year	<u>\$ 97,500</u>	<u>\$ 97,500</u>	<u>\$ 121,809</u>	<u>\$ 24,309</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				
Revenues:				
Intergovernmental Revenues	\$ 407,030	\$ 407,030	\$ 405,623	\$ (1,407)
Investment Earnings	4,500	4,500	3,019	(1,481)
All Other Revenues	6,192	6,192	13,789	7,597
Total Revenues	417,722	417,722	422,431	4,709
Expenditures:				
Public Works:				
Personal Services	761,446	761,446	701,550	59,896
Nonpersonnel	339,363	339,363	322,837	16,526
Total Expenditures	1,100,809	1,100,809	1,024,387	76,422
Excess (Deficiency) of Revenues Over (Under) Expenditures	(683,087)	(683,087)	(601,956)	81,131
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	0	(1,000)
Transfers In	575,000	575,000	575,000	0
Total Other Financing Sources (Uses)	576,000	576,000	575,000	(1,000)
Net Change in Fund Balance	(107,087)	(107,087)	(26,956)	80,131
Fund Balance at Beginning of Year	633,854	633,854	633,854	0
Prior Year Encumbrances	56,715	56,715	56,715	0
Fund Balance at End of Year	\$ 583,482	\$ 583,482	\$ 663,613	\$ 80,131

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, 2017**

STATE HIGHWAY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 32,650	\$ 32,650	\$ 32,932	\$ 282
Investment Earnings	0	0	616	616
Total Revenues	<u>32,650</u>	<u>32,650</u>	<u>33,548</u>	<u>898</u>
Expenditures:				
Public Works:				
Nonpersonnel	67,000	67,000	58,949	8,051
Total Expenditures	<u>67,000</u>	<u>67,000</u>	<u>58,949</u>	<u>8,051</u>
Net Change in Fund Balance	(34,350)	(34,350)	(25,401)	8,949
Fund Balance at Beginning of Year	68,530	68,530	68,530	0
Prior Year Encumbrances	13,000	13,000	13,000	0
Fund Balance at End of Year	<u>\$ 47,180</u>	<u>\$ 47,180</u>	<u>\$ 56,129</u>	<u>\$ 8,949</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, 2017**

PERMISSIVE MOTOR VEHICLE LICENSE FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 54,000	\$ 54,000	\$ 50,936	\$ (3,064)
Intergovernmental Revenues	27,000	27,000	26,240	(760)
Investment Earnings	0	0	959	959
Total Revenues	<u>81,000</u>	<u>81,000</u>	<u>78,135</u>	<u>(2,865)</u>
Expenditures:				
Public Works:				
Nonpersonnel	94,000	94,000	70,942	23,058
Total Expenditures	<u>94,000</u>	<u>94,000</u>	<u>70,942</u>	<u>23,058</u>
Net Change in Fund Balance	(13,000)	(13,000)	7,193	20,193
Fund Balance at Beginning of Year	95,094	95,094	95,094	0
Prior Year Encumbrances	15,000	15,000	15,000	0
Fund Balance at End of Year	<u>\$ 97,094</u>	<u>\$ 97,094</u>	<u>\$ 117,287</u>	<u>\$ 20,193</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, 2017**

MUNICIPAL POOL FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 218,680	\$ 218,680	\$ 259,799	\$ 41,119
All Other Revenues	500	500	751	251
Total Revenues	<u>219,180</u>	<u>219,180</u>	<u>260,550</u>	<u>41,370</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	283,664	283,664	237,377	46,287
Total Expenditures	<u>283,664</u>	<u>283,664</u>	<u>237,377</u>	<u>46,287</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(64,484)	(64,484)	23,173	87,657
Other Financing Sources (Uses):				
Transfers In	15,000	15,000	15,000	0
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Net Change in Fund Balance	(49,484)	(49,484)	38,173	87,657
Fund Balance at Beginning of Year	193,663	193,663	193,663	0
Prior Year Encumbrances	17,214	17,214	17,214	0
Fund Balance at End of Year	<u>\$ 161,393</u>	<u>\$ 161,393</u>	<u>\$ 249,050</u>	<u>\$ 87,657</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, 2017**

	CEMETERY FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 45,000	\$ 45,000	\$ 59,085	\$ 14,085
Investment Earnings	<u>1,500</u>	<u>1,500</u>	<u>2,693</u>	<u>1,193</u>
Total Revenues	<u>46,500</u>	<u>46,500</u>	<u>61,778</u>	<u>15,278</u>
Expenditures:				
Public Works:				
Nonpersonnel	<u>49,400</u>	<u>49,400</u>	<u>46,257</u>	<u>3,143</u>
Total Expenditures	<u>49,400</u>	<u>49,400</u>	<u>46,257</u>	<u>3,143</u>
Net Change in Fund Balance	(2,900)	(2,900)	15,521	18,421
Fund Balance at Beginning of Year	354,670	354,670	354,670	0
Prior Year Encumbrances	<u>4,550</u>	<u>4,550</u>	<u>4,550</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 356,320</u>	<u>\$ 356,320</u>	<u>\$ 374,741</u>	<u>\$ 18,421</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, 2017**

SPECIAL ASSESSMENT BOND RETIREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 3,567	\$ 3,567
Special Assessments	<u>14,810</u>	<u>14,810</u>	<u>15,563</u>	<u>753</u>
Total Revenues	<u>14,810</u>	<u>14,810</u>	<u>19,130</u>	<u>4,320</u>
Expenditures:				
General Government:				
Nonpersonnel	1,000	1,000	483	517
Debt Service:				
Principal Retirement	10,883	10,883	10,883	0
Interest and Fiscal Charges	<u>4,127</u>	<u>4,127</u>	<u>3,927</u>	<u>200</u>
Total Expenditures	<u>16,010</u>	<u>16,010</u>	<u>15,293</u>	<u>717</u>
Net Change in Fund Balance	(1,200)	(1,200)	3,837	5,037
Fund Balance at Beginning of Year	<u>164,946</u>	<u>164,946</u>	<u>164,946</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 163,746</u>	<u>\$ 163,746</u>	<u>\$ 168,783</u>	<u>\$ 5,037</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, 2017**

GENERAL OBLIGATION BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 333,777	\$ 333,777	\$ 32,134	\$ (301,643)
Investment Earnings	3,000	3,000	6,192	3,192
Total Revenues	<u>336,777</u>	<u>336,777</u>	<u>38,326</u>	<u>(298,451)</u>
Expenditures:				
General Government:				
Nonpersonnel	12,200	12,200	0	12,200
Total Expenditures	<u>12,200</u>	<u>12,200</u>	<u>0</u>	<u>12,200</u>
Net Change in Fund Balance	324,577	324,577	38,326	(286,251)
Fund Balance at Beginning of Year	<u>657,016</u>	<u>657,016</u>	<u>657,016</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 981,593</u>	<u>\$ 981,593</u>	<u>\$ 695,342</u>	<u>\$ (286,251)</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, 2017**

TRIANGLE TAX INCREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 145,000	\$ 145,000	\$ 157,166	\$ 12,166
All Other Revenues	<u>18,800</u>	<u>18,800</u>	<u>40,714</u>	<u>21,914</u>
Total Revenues	<u>163,800</u>	<u>163,800</u>	<u>197,880</u>	<u>34,080</u>
Expenditures:				
General Government:				
Nonpersonnel	<u>78,900</u>	<u>78,900</u>	<u>79,442</u>	<u>(542)</u>
Total Expenditures	<u>78,900</u>	<u>78,900</u>	<u>79,442</u>	<u>(542)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	84,900	84,900	118,438	33,538
Other Financing Sources (Uses):				
Advances Out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(74,450)</u>	<u>550</u>
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(74,450)</u>	<u>550</u>
Net Change in Fund Balance	9,900	9,900	43,988	34,088
Fund Balance at Beginning of Year	<u>25,705</u>	<u>25,705</u>	<u>25,705</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 35,605</u>	<u>\$ 35,605</u>	<u>\$ 69,693</u>	<u>\$ 34,088</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, 2017**

URBAN REDEVELOPMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 95,000	\$ 95,000	\$ 98,760	\$ 3,760
Investment Earnings	2,200	2,200	5,401	3,201
All Other Revenues	4,400	4,400	4,500	100
Total Revenues	<u>101,600</u>	<u>101,600</u>	<u>108,661</u>	<u>7,061</u>
Expenditures:				
General Government:				
Nonpersonnel	6,650	6,650	6,743	(93)
Capital Outlay:				
Nonpersonnel	<u>307,960</u>	<u>307,960</u>	<u>18,000</u>	<u>289,960</u>
Total Expenditures	<u>314,610</u>	<u>314,610</u>	<u>24,743</u>	<u>289,867</u>
Net Change in Fund Balance	(213,010)	(213,010)	83,918	296,928
Fund Balance at Beginning of Year	659,177	659,177	659,177	0
Prior Year Encumbrances	<u>26,960</u>	<u>26,960</u>	<u>26,960</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 473,127</u>	<u>\$ 473,127</u>	<u>\$ 770,055</u>	<u>\$ 296,928</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, 2017**

	<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:				
Capital Outlay:				
Nonpersonnel	<u>6,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>6,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,500,000)	0	0	0
Other Financing Sources (Uses):				
General Obligation Bonds Issued	<u>6,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>6,500,000</u>	<u>0</u>	<u>0</u>	<u>0</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 Permanent Fund
For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 22,200	\$ 22,200	\$ 29,563	\$ 7,363
Investment Earnings	2,500	2,500	4,664	2,164
All Other Revenues	<u>0</u>	<u>0</u>	<u>40</u>	<u>40</u>
Total Revenues	<u>24,700</u>	<u>24,700</u>	<u>34,267</u>	<u>9,567</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	<u>94,200</u>	<u>94,200</u>	<u>25,022</u>	<u>69,178</u>
Total Expenditures	<u>94,200</u>	<u>94,200</u>	<u>25,022</u>	<u>69,178</u>
Net Change in Fund Balance	(69,500)	(69,500)	9,245	78,745
Fund Balance at Beginning of Year	<u>626,955</u>	<u>626,955</u>	<u>626,955</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 557,455</u>	<u>\$ 557,455</u>	<u>\$ 636,200</u>	<u>\$ 78,745</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, 2017**

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
Mayor's Court				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$13,988	\$192,664	(\$197,176)	\$9,476
Total Assets	<u>\$13,988</u>	<u>\$192,664</u>	<u>(\$197,176)</u>	<u>\$9,476</u>
Liabilities:				
Due to Others	\$13,988	\$192,664	(\$197,176)	\$9,476
Total Liabilities	<u>\$13,988</u>	<u>\$192,664</u>	<u>(\$197,176)</u>	<u>\$9,476</u>
Trust Reimbursement				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$172,970	\$56,251	(\$97,934)	\$131,287
Total Assets	<u>\$172,970</u>	<u>\$56,251</u>	<u>(\$97,934)</u>	<u>\$131,287</u>
Liabilities:				
Accounts Payable	\$168,527	\$52,772	(\$94,419)	\$126,880
Intergovernmental Payable	4,443	3,479	(3,515)	4,407
Total Liabilities	<u>\$172,970</u>	<u>\$56,251</u>	<u>(\$97,934)</u>	<u>\$131,287</u>
Unclaimed Monies				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$5,998	\$170	(\$1,216)	\$4,952
Total Assets	<u>\$5,998</u>	<u>\$170</u>	<u>(\$1,216)</u>	<u>\$4,952</u>
Liabilities:				
Due to Others	\$5,998	\$170	(\$1,216)	\$4,952
Total Liabilities	<u>\$5,998</u>	<u>\$170</u>	<u>(\$1,216)</u>	<u>\$4,952</u>
Totals - All Agency Funds				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$5,998	\$170	(\$1,216)	\$4,952
Cash and Cash Equivalents with Fiscal Agent	186,958	248,915	(295,110)	140,763
Total Assets	<u>\$192,956</u>	<u>\$249,085</u>	<u>(\$296,326)</u>	<u>\$145,715</u>
Liabilities:				
Accounts Payable	\$168,527	\$52,772	(\$94,419)	\$126,880
Intergovernmental Payable	4,443	3,479	(3,515)	4,407
Due to Others	19,986	192,834	(198,392)	14,428
Total Liabilities	<u>\$192,956</u>	<u>\$249,085</u>	<u>(\$296,326)</u>	<u>\$145,715</u>



STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue source, the income tax.	
Debt Capacity	S 18 – S 27
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Economic and Demographic Information	S 28 – S 31
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 32 – 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.	

City of Montgomery

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:				
Net Investment in Capital Assets	\$32,640,506	\$34,123,582	\$34,953,112	\$36,182,645
Restricted	17,492,324	15,106,012	17,430,333	17,561,697
Unrestricted	13,134,935	15,583,740	14,809,621	14,845,473
Total Primary Government Net Position	<u>\$63,267,765</u>	<u>\$64,813,334</u>	<u>\$67,193,066</u>	<u>\$68,589,815</u>

Source: City Finance Director's Office
* As Restated

City of Montgomery

		*			
2012	2013	2014	2015	2016	2017
\$36,128,095	\$35,944,567	\$39,698,707	\$43,262,398	\$42,821,778	\$46,591,291
19,652,718	22,057,822	19,982,948	17,288,242	18,106,169	18,195,161
14,772,666	14,786,678	9,586,759	10,103,260	10,781,407	9,392,945
<u>\$70,553,479</u>	<u>\$72,789,067</u>	<u>\$69,268,414</u>	<u>\$70,653,900</u>	<u>\$71,709,354</u>	<u>\$74,179,397</u>

City of Montgomery

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses			
Governmental Activities:			
Public Safety	\$5,080,065	\$5,875,326	\$5,625,518
Parks and Recreation	1,267,205	1,399,365	1,384,928
Community Economic Development	533,346	453,272	447,491
Public Works	2,594,464	2,883,791	2,700,671
General Government	3,503,099	4,123,097	3,916,652
Interest and Fiscal Charges	273,054	204,343	187,006
<i>Total Primary Government Expenses</i>	<u>\$13,251,233</u>	<u>\$14,939,194</u>	<u>\$14,262,266</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
Public Safety	\$257,297	\$303,233	\$341,109
Parks and Recreation	246,394	231,247	239,140
Community Economic Development	300,079	202,502	212,544
Public Works	26,693	17,595	28,401
General Government	204,644	218,675	306,876
Operating Grants and Contributions	1,152,496	525,090	533,729
Capital Grants and Contributions	141,356	83,050	117,265
<i>Total Primary Government Program Revenues</i>	<u>2,328,959</u>	<u>1,581,392</u>	<u>1,779,064</u>

City of Montgomery

2011	2012	2013	2014	2015	2016	2017
\$6,016,951	\$5,938,453	\$5,526,566	\$5,525,153	\$5,686,783	\$6,155,810	\$6,770,913
1,375,420	1,350,375	1,323,018	1,207,002	1,321,303	1,423,495	1,443,647
483,968	515,765	660,502	683,325	681,284	833,598	896,973
2,322,822	2,368,658	2,457,093	2,528,383	2,494,890	3,037,588	2,895,186
4,396,020	4,435,686	4,797,717	4,535,252	4,953,073	4,318,323	5,047,160
173,463	148,817	421,583	646,377	602,800	582,929	575,223
<u>\$14,768,644</u>	<u>\$14,757,754</u>	<u>\$15,186,479</u>	<u>\$15,125,492</u>	<u>\$15,740,133</u>	<u>\$16,351,743</u>	<u>\$17,629,102</u>
\$327,909	\$389,783	\$379,782	\$330,344	\$346,258	\$334,220	\$451,533
256,030	262,896	279,176	316,669	303,576	329,497	396,922
217,495	389,531	357,126	338,339	310,367	383,667	295,350
38,212	50,612	44,463	44,718	42,864	67,878	59,085
263,899	239,153	276,725	879,472	275,305	267,180	207,852
637,823	503,370	594,658	602,689	710,112	657,398	567,203
0	0	0	361,417	488,849	106,742	1,453,524
<u>1,741,368</u>	<u>1,835,345</u>	<u>1,931,930</u>	<u>2,873,648</u>	<u>2,477,331</u>	<u>2,146,582</u>	<u>3,431,469</u>

(continued)

City of Montgomery

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net (Expense)/Revenue			
Governmental Activities	(10,922,274)	(13,357,802)	(12,483,202)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(10,922,274)</u>	<u>(13,357,802)</u>	<u>(12,483,202)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes Levied for:			
General Purposes	\$4,744,451	\$4,822,909	\$5,264,702
Income Taxes	7,248,439	6,732,726	7,126,510
Other Local Taxes	703,870	2,208,468	1,070,266
Intergovernmental Revenue, Unrestricted	809,573	667,723	953,694
Investment Earnings	848,844	197,009	275,677
Miscellaneous	333,492	274,536	172,085
<i>Total Primary Government</i>	<u>\$14,688,669</u>	<u>\$14,903,371</u>	<u>\$14,862,934</u>
Change in Net Position			
Governmental Activities	\$3,766,395	\$1,545,569	\$2,379,732
<i>Total Primary Government Change in Net Position</i>	<u>\$3,766,395</u>	<u>\$1,545,569</u>	<u>\$2,379,732</u>

Source: City Finance Director's Office

City of Montgomery

2011	2012	2013	2014	2015	2016	2017
<u>(13,027,276)</u>	<u>(12,922,409)</u>	<u>(13,254,549)</u>	<u>(12,251,844)</u>	<u>(13,262,802)</u>	<u>(14,205,161)</u>	<u>(14,197,633)</u>
<u><u>(\$13,027,276)</u></u>	<u><u>(\$12,922,409)</u></u>	<u><u>(\$13,254,549)</u></u>	<u><u>(\$12,251,844)</u></u>	<u><u>(\$13,262,802)</u></u>	<u><u>(\$14,205,161)</u></u>	<u><u>(\$14,197,633)</u></u>
\$5,067,545	\$4,831,239	\$5,108,938	\$5,032,078	\$5,284,135	\$5,637,621	\$6,126,596
6,829,459	7,163,487	7,564,240	8,438,680	8,368,822	8,627,561	9,209,832
1,096,131	1,686,255	1,651,364	8,205	5,516	8	42,400
1,007,530	672,620	690,532	768,788	795,633	804,732	804,443
116,322	203,020	66,401	353,613	20,625	125,332	243,469
307,038	329,452	408,662	224,708	173,557	65,361	240,936
<u>\$14,424,025</u>	<u>\$14,886,073</u>	<u>\$15,490,137</u>	<u>\$14,826,072</u>	<u>\$14,648,288</u>	<u>\$15,260,615</u>	<u>\$16,667,676</u>
\$1,396,749	\$1,963,664	\$2,235,588	\$2,574,228	\$1,385,486	\$1,055,454	\$2,470,043
<u>\$1,396,749</u>	<u>\$1,963,664</u>	<u>\$2,235,588</u>	<u>\$2,574,228</u>	<u>\$1,385,486</u>	<u>\$1,055,454</u>	<u>\$2,470,043</u>

City of Montgomery

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

	2008	2009	2010	2011
General Fund				
Nonspendable	\$0	\$0	\$0	\$23,350
Restricted	0	0	0	0
Committed	0	0	0	232,456
Assigned	0	0	0	148,421
Unassigned	0	0	0	14,583,500
Reserved	279,644	405,963	317,113	0
Unreserved	12,975,774	13,769,099	14,361,458	0
<i>Total General Fund</i>	<u>13,255,418</u>	<u>14,175,062</u>	<u>14,678,571</u>	<u>14,987,727</u>
All Other Governmental Funds				
Nonspendable	0	0	0	378,911
Restricted	0	0	0	14,737,416
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	(1,028,831)
Reserved	3,882,125	3,499,102	4,032,014	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	5,983,229	6,862,144	7,183,676	0
Capital Projects Funds	3,536,402	2,150,689	2,652,138	0
<i>Total All Other Governmental Funds</i>	<u>13,401,756</u>	<u>12,511,935</u>	<u>13,867,828</u>	<u>14,087,496</u>
<i>Total Governmental Funds</i>	<u>\$26,657,174</u>	<u>\$26,686,997</u>	<u>\$28,546,399</u>	<u>\$29,075,223</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

2012	2013	2014	2015	2016	2017
\$31,759	\$38,762	\$48,297	\$57,050	\$153,093	\$149,637
0	0	0	0	0	0
213,241	241,177	241,965	0	0	275,766
0	14,255	480,495	632,729	1,231,318	1,337,872
14,739,811	14,854,921	14,081,793	13,058,828	13,692,699	13,403,870
0	0	0	0	0	0
0	0	0	0	0	0
<u>14,984,811</u>	<u>15,149,115</u>	<u>14,852,550</u>	<u>13,748,607</u>	<u>15,077,110</u>	<u>15,167,145</u>
386,807	381,214	386,850	385,504	430,879	430,112
14,848,236	21,633,254	19,040,157	15,420,289	15,651,642	15,170,294
0	0	0	0	0	0
2,762,750	4,938,215	0	3,997,738	4,017,131	3,372,027
(1,002,569)	(935,888)	(1,607,986)	(777,518)	(696,585)	(578,147)
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>16,995,224</u>	<u>26,016,795</u>	<u>17,819,021</u>	<u>19,026,013</u>	<u>19,403,067</u>	<u>18,394,286</u>
<u>\$31,980,035</u>	<u>\$41,165,910</u>	<u>\$32,671,571</u>	<u>\$32,774,620</u>	<u>\$34,480,177</u>	<u>\$33,561,431</u>

City of Montgomery

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

	2008	2009	2010	2011
Revenues:				
Taxes	\$12,709,819	\$13,555,648	\$13,447,773	\$13,207,984
Intergovernmental Revenues	1,508,044	1,208,965	1,661,817	1,524,756
Charges for Services	476,130	445,636	567,008	516,638
Rental Revenue	47,040	55,791	49,725	71,567
Licenses, Permits and Fees	316,184	263,693	341,216	329,972
Investment Earnings	879,745	200,366	273,850	118,982
Special Assessments	262,668	251,871	267,745	240,774
Fines and Forfeitures	174,529	176,193	122,657	182,546
All Other Revenue	333,492	285,582	192,519	308,438
Total Revenue	<u>16,707,651</u>	<u>16,443,745</u>	<u>16,924,310</u>	<u>16,501,657</u>
Expenditures:				
Current:				
Public Safety	4,703,274	5,433,316	5,124,108	5,571,856
Parks and Recreation	1,049,966	1,184,945	1,188,511	1,183,413
Community Economic Development	436,377	341,707	338,006	407,163
Public Works	1,644,489	1,688,833	1,573,712	1,553,391
General Government	3,231,860	3,552,386	3,810,968	4,773,477
Capital Outlay	2,225,481	3,443,806	2,261,729	1,750,423
Debt Service:				
Principal Retirement	603,883	618,883	614,883	619,883
Interest and Fiscal Charges	227,057	179,768	162,428	144,521
Total Expenditures	<u>14,122,387</u>	<u>16,443,644</u>	<u>15,074,345</u>	<u>16,004,127</u>
Excess (Deficiency) of Revenues Over Expenditures	2,585,264	101	1,849,965	497,530

City of Montgomery

2012	2013	2014	2015	2016	2017
\$13,772,405	\$14,323,258	\$13,493,807	\$13,723,722	\$14,398,872	\$15,259,447
1,910,352	1,356,908	1,729,466	1,996,610	1,561,357	1,982,883
570,815	590,048	604,663	551,286	623,876	749,257
74,334	82,171	691,149	75,689	72,428	60,890
288,456	463,084	455,962	460,180	540,237	451,332
207,977	68,543	349,700	24,012	124,366	234,005
247,118	239,150	210,214	200,708	198,496	198,624
208,992	197,398	161,109	190,354	146,426	147,642
330,070	408,662	225,331	173,557	65,361	249,936
<u>17,610,519</u>	<u>17,729,222</u>	<u>17,921,401</u>	<u>17,396,118</u>	<u>17,731,419</u>	<u>19,334,016</u>
5,257,367	5,195,970	5,211,409	5,401,500	5,402,597	6,078,022
1,173,520	1,140,568	1,048,008	1,146,011	1,230,746	1,221,808
423,326	558,761	619,162	577,778	727,466	771,107
1,393,153	1,551,869	1,574,078	1,671,168	1,640,058	1,712,620
3,680,703	4,454,948	3,809,334	4,135,877	3,835,298	5,569,589
2,140,335	8,132,369	12,264,416	3,535,968	2,305,739	3,916,443
615,883	486,883	1,282,883	258,883	355,883	465,883
124,949	374,970	624,701	577,715	557,895	550,405
<u>14,809,236</u>	<u>21,896,338</u>	<u>26,433,991</u>	<u>17,304,900</u>	<u>16,055,682</u>	<u>20,285,877</u>
2,801,283	(4,167,116)	(8,512,590)	91,218	1,675,737	(951,861)

(continued)

City of Montgomery

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

	2008	2009	2010	2011
Other Financing Sources (Uses):				
Sale of Capital Assets	15,130	29,722	9,437	31,294
Premium on Bond Issuance	0	0	0	0
Special Obligation Bonds Issued	0	0	0	0
Payment to Refunding Bond Escrow Agent	(2,199,973)	0	0	0
Transfers In	1,645,535	2,196,059	1,461,364	435,962
Transfers Out	(1,645,535)	(2,196,059)	(1,461,364)	(435,962)
Total Other Financing Sources (Uses)	<u>(2,184,843)</u>	<u>29,722</u>	<u>9,437</u>	<u>31,294</u>
Net Change in Fund Balance	<u>\$400,421</u>	<u>\$29,823</u>	<u>\$1,859,402</u>	<u>\$528,824</u>
Debt Service as a Percentage of Noncapital Expenditures	7.22%	6.28%	6.05%	5.53%

Source: City Finance Director's Office

City of Montgomery

2012	2013	2014	2015	2016	2017
103,529	66,903	18,251	11,831	29,820	33,115
0	21,088	0	0	0	0
0	13,265,000	0	0	0	0
0	0	0	0	0	0
2,482,510	2,647,980	2,928,911	5,321,922	1,369,222	721,887
(2,482,510)	(2,647,980)	(2,928,911)	(5,321,922)	(1,369,222)	(721,887)
<u>103,529</u>	<u>13,352,991</u>	<u>18,251</u>	<u>11,831</u>	<u>29,820</u>	<u>33,115</u>
<u>\$2,904,812</u>	<u>\$9,185,875</u>	<u>(\$8,494,339)</u>	<u>\$103,049</u>	<u>\$1,705,557</u>	<u>(\$918,746)</u>
5.31%	6.13%	12.84%	5.84%	6.33%	6.55%

City of Montgomery

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Income Tax Rate	1.00%	1.00%	1.00%	1.00%
Estimated Personal Income	\$477,559	\$446,339	\$458,743	\$480,577
Total Tax Collected	\$7,514,726	\$6,749,754	\$6,670,824	\$7,135,086
Income Tax Receipts				
Withholding	5,404,643	4,711,462	4,871,941	5,166,841
Percentage	72.0%	69.8%	73.1%	72.4%
Corporate	588,505	510,358	421,386	490,950
Percentage	7.8%	7.6%	6.3%	6.9%
Individuals	1,521,578	1,527,934	1,377,497	1,477,295
Percentage	20.2%	22.6%	20.6%	20.7%

Source: City Finance Department

City of Montgomery

2012	2013	2014	2015	2016	2017
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
\$506,533	\$506,533	\$514,959	\$525,148	\$552,416	\$565,671
\$7,266,418	\$7,791,153	\$8,108,709	\$8,453,212	\$8,840,826	\$9,172,224
5,132,899	5,492,994	5,682,726	6,095,746	6,411,256	6,580,924
70.7%	70.5%	70.1%	72.1%	72.5%	71.7%
519,450	531,787	558,753	592,503	571,288	586,815
7.1%	6.8%	6.9%	7.0%	6.5%	6.4%
1,614,069	1,766,372	1,867,230	1,764,963	1,858,282	2,004,485
22.2%	22.7%	23.0%	20.9%	21.0%	21.9%



City of Montgomery

Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2017

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,448	32.67%	\$66,637	1.02%
20,000 - 49,999	497	11.21%	165,962	2.55%
50,000 - 74,999	323	7.29%	198,151	3.05%
75,000 - 99,999	271	6.11%	237,162	3.64%
Over 100,000	1,893	42.72%	5,838,604	89.74%
Total	4,432	100.00%	\$6,506,516	100.00%

Local Taxes Paid by Residents

Taxes Credited to Other Municipalities

Tax Dollars

\$3,733,060

\$3,733,060

Calendar Year 2008

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,434	33.80%	\$62,868	1.32%
20,000 - 49,999	530	12.49%	182,442	3.84%
50,000 - 74,999	376	8.86%	233,513	4.92%
75,000 - 99,999	365	8.60%	316,814	6.67%
Over 100,000	1,538	36.25%	3,953,037	83.25%
Total	4,243	100.00%	\$4,748,674	100.00%

Local Taxes Paid by Residents

Taxes Credited to Other Municipalities

Tax Dollars

\$3,378,997

\$3,378,997

Source: City Finance Director's Office

City of Montgomery

Ratios of Outstanding Debt By Type Last Ten Years

	2008	2009	2010	2011
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$3,395,000	\$2,905,000	\$2,425,000	\$1,890,000
Special Assessment Bonds	1,874,697	1,745,814	1,610,931	1,526,048
Special Obligation TIF Bonds	0	0	0	0
Total Primary Government	<u>\$5,269,697</u>	<u>\$4,650,814</u>	<u>\$4,035,931</u>	<u>\$3,416,048</u>
Population ⁽²⁾				
City of Montgomery	10,163	10,163	10,251	10,251
Outstanding Debt Per Capita	\$519	\$458	\$394	\$333
Income ⁽³⁾				
Personal (in thousands)	477,559	446,339	458,743	480,577
Percentage of Personal Income	1.10%	1.04%	0.88%	0.71%

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

2012	2013	2014	2015	2016	2017
\$1,450,000	\$1,130,000	\$0	\$0	\$0	\$0
1,350,165	1,183,282	1,030,399	871,516	715,633	549,750
0	13,265,000	13,265,000	13,165,000	12,965,000	12,665,000
<u>\$2,800,165</u>	<u>\$15,578,282</u>	<u>\$14,295,399</u>	<u>\$14,036,516</u>	<u>\$13,680,633</u>	<u>\$13,214,750</u>
10,251	10,251	10,251	10,251	10,251	10,582
\$273	\$1,520	\$1,395	\$1,369	\$1,335	\$1,249
506,533	506,533	514,959	525,148	552,416	565,671
0.55%	3.08%	2.78%	2.67%	2.48%	2.34%

City of Montgomery

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2008	2009	2010	2011
Population ⁽¹⁾	10,163	10,163	10,251	10,251
Personal Income ⁽²⁾	\$477,559,370	\$446,338,634	\$458,742,501	\$480,577,131
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$3,395,000	\$2,905,000	\$2,425,000	\$1,890,000
Resources Available to Pay Principal	\$1,243,975	\$1,213,067	\$1,236,599	\$1,267,621
Net General Bonded Debt	\$2,151,025	\$1,691,933	\$1,188,401	\$622,379
Ratio of Net Bonded Debt to Personal Income	0.45%	0.38%	0.26%	0.13%
Net Bonded Debt per Capita	\$211.65	\$166.48	\$115.93	\$60.71

Source:

(1) U.S. Bureau of Census of Population

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

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

(3) Includes all general obligation bonded debt supported by property taxes.

City of Montgomery

2012	2013	2014	2015	2016	2017
10,251	10,251	10,251	10,251	10,251	10,582
\$506,532,663	\$506,532,663	\$514,958,985	\$525,148,479	\$552,416,139	\$565,671,392
\$1,450,000	\$1,130,000	\$0	\$0	\$0	\$0
\$1,289,798	\$1,215,803	\$2,845,453	\$347,977	\$657,016	\$695,342
\$160,202	(\$85,803)	NA	NA	NA	NA
0.03%	-0.02%	NA	NA	NA	NA
\$15.63	(\$8.37)	NA	NA	NA	NA



City of Montgomery

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2017*

<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	\$13,214,750	100.00%	\$13,214,750
Overlapping:			
Sycamore Community School District	30,030,000	30.90%	9,279,270
Great Oaks Joint Vocational School District	6,070,000	2.80%	169,960
Hamilton County	133,845,000	2.85%	<u>3,814,583</u>
		Subtotal	<u>13,263,813</u>
		Total	<u><u>\$26,478,563</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$520,027,750	\$522,227,380	\$523,512,940	\$481,043,250
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	54,602,914	54,833,875	54,968,859	50,509,541
City Debt Outstanding (2)	3,395,000	2,905,000	2,425,000	1,890,000
Less: Applicable Debt Service Fund Amounts	<u>(1,243,975)</u>	<u>(1,213,067)</u>	<u>(1,236,599)</u>	<u>(1,267,621)</u>
Net Indebtedness Subject to Limitation	<u>2,151,025</u>	<u>1,691,933</u>	<u>1,188,401</u>	<u>622,379</u>
Overall Legal Debt Margin	<u>\$52,451,889</u>	<u>\$53,141,942</u>	<u>\$53,780,458</u>	<u>\$49,887,162</u>
Debt Margin as a Percentage of Debt Limit	96.06%	96.91%	97.84%	98.77%
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$520,027,750	\$522,227,380	\$523,512,940	\$481,043,250
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	28,601,526	28,722,506	28,793,212	26,457,379
City Debt Outstanding (2)	3,395,000	2,905,000	2,425,000	1,890,000
Less: Applicable Debt Service Fund Amounts	<u>(1,243,975)</u>	<u>(1,213,067)</u>	<u>(1,236,599)</u>	<u>(1,267,621)</u>
Net Indebtedness Subject to Limitation	<u>2,151,025</u>	<u>1,691,933</u>	<u>1,188,401</u>	<u>622,379</u>
Overall Legal Debt Margin	<u>\$26,450,501</u>	<u>\$27,030,573</u>	<u>\$27,604,811</u>	<u>\$25,835,000</u>

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

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.

Source: City Finance Director's Office

City of Montgomery

2012	2013	2014	2015	2016	2017
\$481,049,290	\$484,129,440	\$516,228,830	\$521,032,070	\$525,380,800	\$576,634,020
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
50,510,175	50,833,591	54,204,027	54,708,367	55,164,984	60,546,572
1,450,000	1,130,000	2,800,000	0	0	0
(1,289,798)	(1,215,803)	(2,845,453)	(347,977)	(657,016)	(695,342)
160,202	(85,803)	(45,453)	(347,977)	(657,016)	(695,342)
<u>\$50,349,973</u>	<u>\$50,919,394</u>	<u>\$54,249,480</u>	<u>\$55,056,344</u>	<u>\$55,822,000</u>	<u>\$61,241,914</u>
99.68%	100.17%	100.08%	100.64%	101.19%	101.15%
\$481,049,290	\$484,129,440	\$516,228,830	\$521,032,070	\$525,380,800	\$576,634,020
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
26,457,711	26,627,119	28,392,586	28,656,764	28,895,944	31,714,871
1,450,000	1,130,000	2,800,000	0	0	0
(1,289,798)	(1,215,803)	(2,845,453)	(347,977)	(657,016)	(695,342)
160,202	(85,803)	(45,453)	(347,977)	(657,016)	(695,342)
<u>\$26,297,509</u>	<u>\$26,712,922</u>	<u>\$28,438,039</u>	<u>\$29,004,741</u>	<u>\$29,552,960</u>	<u>\$32,410,213</u>

City of Montgomery

Pledged Revenue Coverage Last Ten Years

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

Source: City Finance Director's Office

City of Montgomery

2013	2014	2015	2016	2017
\$239,150	\$210,214	\$200,708	\$198,496	\$198,624
166,883	152,883	158,883	155,883	165,883
50,840	45,230	40,182	34,842	29,552
1.10	1.06	1.01	1.04	1.02

City of Montgomery

Demographic and Economic Statistics Last Ten Years

Calendar Year	2008	2009	2010	2011
Population (1)				
City of Montgomery	10,163	10,163	10,251	10,251
Hamilton County	845,303	845,303	802,374	802,374
Income (2) (a)				
Total Personal (in thousands)	477,559	446,339	458,743	480,577
Hamilton County Per Capita	46,990	43,918	44,751	46,881
Unemployment Rate (3)				
Federal	5.8%	9.3%	9.6%	8.9%
State	6.6%	10.2%	10.0%	8.6%
Hamilton County	5.6%	8.8%	9.5%	8.6%
Civilian Work Force Estimates (3)				
State	5,940,000	5,923,000	5,858,000	5,805,000
Hamilton County	435,900	433,200	411,000	405,100

Sources:

(1) US Bureau of Census of Population

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

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

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

City of Montgomery

2012	2013	2014	2015	2016	2017
10,251	10,251	10,251	10,251	10,251	10,582
802,374	802,374	802,374	802,374	807,598	809,099
506,533	506,533	514,959	525,148	552,416	565,671
49,413	49,413	50,235	51,229	53,889	53,456
8.1%	7.4%	5.4%	5.3%	4.9%	3.9%
7.2%	7.4%	4.7%	4.9%	4.9%	4.5%
7.0%	7.1%	4.3%	4.4%	4.4%	4.0%
5,748,000	5,704,000	5,704,300	5,719,500	5,663,000	5,724,000
400,000	399,800	400,500	404,100	403,900	410,000



City of Montgomery

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2017		
		Number of Employees	Rank	Percentage of Total Employment
Bethesda Hospital	Medical	3,055	1	17%
Ohio National Financial Institution	Financial	1,051	2	6%
Sycamore School District	Educational	966	3	5%
TriHealth G LLC.	Medical	605	4	3%
Montgomery Inn	Restaurant	322	5	2%
Meadowbrook Care Center	Senior Community	316	6	2%
Twin Lakes	Medical	295	7	2%
Kroger	Retail	274	8	2%
Bethesda Health Care	Medical	186	9	1%
Christ Hospital Health	Medical	175	10	1%
Total		<u>7,245</u>		
Total Employment within the City		<u><u>17,876</u></u>		

Employer	Nature of Business	2008		
		Number of Employees	Rank	Percentage of Total Employment
Bethesda Hospital	Medical	3,161	1	19%
Sycamore School District	Educational	1,099	2	7%
Ohio National Financial Services	Financial	834	3	5%
Montgomery Inn, Inc.	Restaurant	354	4	2%
TriHealth, Inc.	Medical	278	5	2%
Meadowbrook Care Center	Medical	278	6	2%
Kroger	Retail	254	7	2%
Twin Lakes	Medical	247	8	2%
Montgomery Care Center	Medical	225	9	1%
Columbia Oldsmobile, Inc.	Retail	132	10	1%
Total		<u>6,862</u>		
Total Employment within the City		<u><u>16,398</u></u>		

Source: City Finance Director's Office

City of Montgomery

Full Time Equivalent Employees by Function Last Ten Years

	2008	2009	2010	2011	2012
Governmental Activities					
General Government					
Finance	5.50	5.50	5.50	5.00	5.50
Legal/Court	1.50	1.50	1.50	1.50	1.50
Administration	7.50	7.50	7.50	7.00	6.50
Maintenance	1.50	1.00	1.00	1.00	0.00
Public Safety					
Police	24.00	24.00	24.00	24.00	24.00
Fire	25.00	25.00	25.00	25.00	25.00
Public Works					
Street	13.50	13.50	11.50	11.50	11.50
Parks and Recreation					
Parks and Recreation	4.50	5.50	7.00	7.50	7.00
Community Environment					
Service	2.00	2.00	2.00	2.00	2.00
Total Employees	<u>85.00</u>	<u>85.50</u>	<u>85.00</u>	<u>84.50</u>	<u>83.00</u>

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

Source: City Finance Director's Office

City of Montgomery

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
5.50	5.50	5.50	5.50	5.50
1.50	1.00	1.00	1.00	1.00
6.50	6.50	6.50	6.50	6.50
0.00	0.00	0.00	0.00	0.00
24.00	24.00	24.00	24.00	24.00
25.00	25.00	25.00	25.00	25.00
11.50	11.50	11.50	11.50	11.50
7.00	7.00	7.00	7.25	7.25
<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.50</u>	<u>2.50</u>
<u>83.00</u>	<u>82.50</u>	<u>82.50</u>	<u>83.25</u>	<u>83.25</u>

City of Montgomery

Operating Indicators by Function Last Ten Years

	2008	2009	2010	2011
Governmental Activities				
General Government				
Court				
Number of Traffic Cases	1,757	1,741	1,262	1,529
Licenses and Permits				
Number of Building Permits	241	160	218	253
Number of Building Inspections	1,181	538	649	733
Information Technology				
Number of Website Visitors	181,978	204,887	293,593	220,001
Number of Online Transactions	4,152	2,618	2,873	2,972
Average Cost per Online Transactions*	\$1.71	\$2.71	\$1.00	\$0.97
Public Safety				
Police				
Number of Moving Citations Issued	1,674	1,479	1,517	1,883
Number of Non-moving Citations Issued	258	376	246	271
Number of Felony Arrests	35	38	31	38
Number of Misdemeanor Arrests	251	208	193	233
Number of Juvenile Arrests	67	85	53	83
Number of DUI/OVI Arrests	18	31	23	38
Number of Auto Accident Reports	534	564	629	766
Fire				
Number of Fire Calls	626	483	510	490
Number of EMS Runs	1,032	1,029	1,047	1,005
Number of Car Seat Inspections	178	148	170	151
Number of Inspections	996	983	1,031	1,103
Public Works				
Street				
Centerline Miles of Streets Resurfaced	4.39	3.67	7.50	3.70
Number of Public Trees Trimmed	383	405	317	135
Number of Households Receiving Curbside Brush Chipping	2,500	1,100	677	825
Number of Sidewalk Locations Required	210	160	85	65
Parks and Recreation				
Parks and Recreation				
Number of Classes / Events	178	101	97	82
Number of Pool Passes Sold	449	490	453	518
Number of Pool Daily Patrons	8,614	11,000	13,585	11,237

*Beginning in 2017, these figures include credit card fees.

Source: City Finance Director's Office

City of Montgomery

2012	2013	2014	2015	2016	2017
1,742	2,066	1,829	1,496	1,219	1,368
250	337	423	384	427	393
1,195	1,186	1,603	1,711	1,583	1,486
269,439	292,845	309,065	334,014	308,981	331,109
2,914	2,883	2,024	2,796	3,152	2,458
\$0.99	\$1.08	\$1.54	\$1.12	\$0.99	\$5.44
1,929	1,765	1,549	1,589	1,353	1,809
261	301	280	148	66	103
59	39	42	32	49	57
326	541	371	384	334	346
105	97	104	49	62	47
88	91	49	80	76	48
609	727	516	546	567	497
467	490	577	471	437	443
998	972	949	1,125	1,091	1,099
151	191	214	217	157	143
1,008	613	906	894	590	976
2.43	2.27	2.34	2.05	2.17	2.48
65	154	48	33	61	88
803	669	785	796	722	548
71	82	77	127	78	86
60	61	73	73	94	96
546	587	666	652	684	736
9,873	10,382	19,763	20,573	23,070	27,424

City of Montgomery

Capital Asset Statistics by Function Last Ten Years

	2008	2009	2010	2011	2012
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	12	12	16	16	13
Fire					
Stations	1	1	1	1	1
Vehicles	9	9	8	10	11
Public Works					
Street					
Streets (lane miles)	46	46	46	46	46
Street Lights	247	246	206	316	246
Vehicles	17	18	16	17	16
Parks and Recreation					
Parks and Recreation					
Land (acres)	81	81	81	81	81
Buildings	3	3	3	3	3
Parks	7	7	7	7	7
Playgrounds	6	6	6	6	6
Tennis Courts	10	10	10	10	10
Baseball/Softball Diamonds	13	12	11	9	9
Municipal Pool Land (acres)	2	2	2	2	2
Municipal Pool Buildings	2	2	2	2	2

Source: City Finance Director's Office

City of Montgomery

2013	2014	2015	2016	2017
23	32	32	32	43
8	8	8	8	8
1	1	1	1	1
14	14	15	11	13
1	1	1	1	1
10	10	9	11	12
46	46	46	46	46
246	246	246	246	246
16	16	15	15	14
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
9	9	9	9	9
2	2	2	2	2
2	2	2	2	2





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 10, 2018**