

CITY OF MONTGOMERY

Comprehensive Annual Financial Report



2007
HOMEARAMA



City of Montgomery, Ohio
December 31, 2007



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Montgomery, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 15, 2008

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2007

Issued by:
Department of Finance
James Hanson
Director



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INTRODUCTORY SECTION



June 18, 2008

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, 2007. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

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

The report is comprised of three major sections:

1. *The Introductory Section* includes this Letter of Transmittal which addresses the organization, accomplishments and operational structure of the City, a list of the principal city officials, an organizational chart, and the GFOA Certificate of Achievement.
2. *The Financial Section* contains the Independent Auditors' Report, Management's Discussion and Analysis, basic financial statements and notes that provide an overview of the City's financial position and operating results, the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. *The Statistical Section* presents social, economic and historical data for general information and identifies financial trends.

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.

CITY OF MONTGOMERY, OHIO

Letter of Transmittal For the Year Ended December 31, 2007

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

The City of Montgomery

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

City Council

The legislative body of Montgomery consists of a seven-member Council. Each council member is elected by the City at large for overlapping four-year terms, 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 sister city - to enhance the City. All of these boards and commissions are run by volunteers who live in Montgomery. The following is a brief description of their purposes and goals:

Arts Commission

This Commission was established to foster the visual and performing arts within the City. It was established when a Montgomery resident bequeathed 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 funds allocated to it. Throughout the year, the Commission sponsors events, including the Arbor Day celebration and Beautification Week, when flowers are planted by volunteers in beds throughout the City. The Commission also gives out the Beautification Awards to homes and businesses with outstanding landscaping. Through the Commission's efforts, the City has received the designation of Tree City USA from the National Arbor Day Foundation.

CITY OF MONTGOMERY, OHIO

Letter of Transmittal For the Year Ended December 31, 2007

Board of Tax Review

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

Board of Zoning Appeals

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

Civil Service Commission

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

Environmental Advisory Commission

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

Landmarks Commission

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

Parks and Recreation Commission

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

CITY OF MONTGOMERY, OHIO

Letter of Transmittal For the Year Ended December 31, 2007

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, Neuilly-Plaisance in France. Activities sponsored during the year include an annual Bastille Day Celebration, professional and student exchanges, and a Sister Cities International Art Contest.

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

ECONOMIC CONDITIONS AND OUTLOOK

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

The City's economy is diverse with an ideal mix of residential, office and retail uses. Primary employers include Bethesda North Hospital, the Sycamore Community School District, the world-famous Montgomery Inn, the Ohio National Life Financial Services, and Trihealth, Inc. All of these employers are growing and reflect the economic vitality of the entire Cincinnati region, with its low unemployment and high growth rates. 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.

The year 2007 saw the completion of the City's signature downtown project, the Montgomery Gateway Center. Under development since the City purchased the property in 2004, this 39,000 square foot, mixed use facility with an underground parking garage was initially completed in late winter and ready to start tenant finishes. Since the spring, Peoples Bank has opened in the building by the point, and Stone Creek Dining Company and ten other businesses now call the 'Triangle' home.

The local economy continued to maintain its strength within the region as reflected in more earnings tax collections in 2007 than in 2006. The City, however, took an economic "hit"; the loss of an important top ten employer, Cincinnati Eye Institute. When considering the mixed economic conditions (e.g., rising energy costs; a rising stock market; a housing industry slump), the City has performed well. Even during this period, for example, the value of Montgomery residential and commercial property increased. These rising property values and new construction both contributed to increased property tax collections.

***Letter of Transmittal
For the Year Ended December 31, 2007***

MAJOR INITIATIVES

2007 was a banner year for Montgomery in terms of awards, special events and positive changes in our communications efforts and customer service delivery.

The City embarked on a project to improve the communication mechanisms and opportunities used to educate and communicate with Montgomery residents. One such effort was a collaboration with Mr. Ray Kingsbury, former director of the Sycamore Senior Center, who, in 2007, conducted new resident focus groups and attended neighborhood association meetings in an effort to learn what new residents need and want and what the current resident population regard as important issues. He also helped to coordinate a new “Montgomery Citizen Leadership Academy” designed to provide a community-based experiential learning opportunity to residents. This program, that is designed to turn residents into citizens, also featured partnership with outside groups such as Bethesda North Hospital, Ohio National Financial Services, and the Sycamore School District. The first Academy will be held starting in January, 2008, with a full roster of interested citizens registered

In addition to the normal slate of City events, Montgomery was honored to host the 2007 Homearama showcase at the Vintage Club development. This marks the second Homearama show in Montgomery, and the first in Hamilton County since 1995. The event was a huge success, with over 100,000 visitors to our City over the course of the show. Homearama brought recognition to the viability of this area and the many amenities that our residents enjoy.

During 2007, the City of Montgomery was recognized for achievements in a wide variety of areas and by a diverse group of organizations which included:

- The City of Montgomery won the award for the Best Website in the Country for cities with populations between 4,500 and 65,000, awarded by the Government Webmasters Association.
- The City’s Health Benefits Committee received an “Innovation in Local Government” award from the Ohio City/County Management Association.
- Montgomery won the Frank Ferris Regional Planning Award for the Montgomery Road Corridor Design Guidelines project which was developed with the assistance of a committee that included members of the Planning Commission, Landmarks Commission, a consulting firm and affected property owners.
- The City was once again named as a 2007 Tree City USA and Growth award recipient. The City has now received the Tree City USA designation for 12 years and the Growth Award for 8 years.
- The City’s 2006 Comprehensive Annual Financial Report received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.
- While not actually an award, but certainly a nice recognition, the Cincinnati Business Magazine which “Rated the Burbs,” selected Montgomery for its ranking as #3 Best Suburb in the Greater Cincinnati area and selected the Sycamore Community Schools for their ranking as the #1 public school system in our area.

CITY OF MONTGOMERY, OHIO

Letter of Transmittal For the Year Ended December 31, 2007

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

The City faced a challenge in 2007 from a group of individuals who circulated an Initiative Petition entitled the "Natural Parkland Initiative". The group was successful in obtaining the necessary signatures on the petition to get the issue placed on the November ballot. In August, City Council voted to pass the land acquisition issue to the Board of Elections to be placed on the ballot and at the same time, Council asked that a companion park levy be added to the ballot to be able to fund the anticipated purchase and development cost. City Council put forth the 1.25 mil levy because they did not believe the anticipated cost of the property could be absorbed within the current budget without crippling revenues. A purchase price was never established for these properties as the current owners were not willing to sell their land to the City. Had the initiative passed and the City been forced to acquire the property from unwilling sellers, the City would have to use "eminent domain" authority to "take" the property, an action that would require a court to determine the properties' values. City Council and City staff launched an educational campaign through the City newsletter and City website to educate Montgomery residents about how this issue, if approved by voters, would affect the City from a financial aspect. The initiative was defeated by the voters at the November, 2007 election.

During the November election, voters elected Gerri Harbison, Vicki Hirsch and Todd Steinbrink to Montgomery City Council. Gerri Harbison, Vicki Hirsch and Todd Steinbrink will serve four-year terms through 2011. On December 5, 2007, Council Member Bill Niehaus retired from City Council. City Council elected Gerri Harbison as Mayor and Ken Suer as Vice-Mayor of the City of Montgomery for two-year terms.

FINANCIAL HIGHLIGHTS

Accounting Controls

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

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

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

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

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

CITY OF MONTGOMERY, OHIO

Letter of Transmittal For the Year Ended December 31, 2007

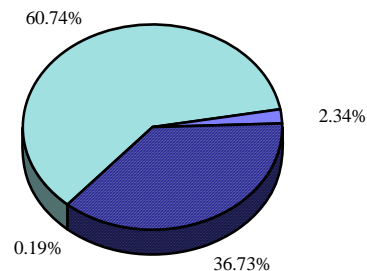
Budgetary Control

Budgetary control is maintained within the personal services, operating expenditures, contractual services, and capital outlay categories within each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Purchase orders which result in an overrun above appropriated balances are not released until additional appropriations are made available via amendments to the annual appropriations ordinance. Open encumbrances as of December 31, 2007 are reported as reservations of fund balances within this report.

Cash Management

Cash that was temporarily idle during the year was invested in interest-bearing demand deposit accounts or in the State Treasurer's investment pool, STAR Ohio. Funds of \$9,384,708 which were determined to be available for longer term investment were invested in U.S. Government Securities. In addition, the City invests in certain special assessment bonds issued by the City of Montgomery. The City's investment policy is to minimize credit and market risks, while obtaining the highest yield possible on its investments. Accordingly, all funds are either insured by federal depository insurance, held in the City's name or are collateralized. All investments meet the State of Ohio's requirements on allowable investments and the City's official investment policy.

<u>Cash Resources</u>	<u>2007</u>	<u>%</u>
Cash	\$597,355	2.34
U S Government Securities	9,384,708	36.73
Investments (City's Debt)	47,879	0.19
STAR Ohio	15,517,670	60.74
Total Resources	<u>\$25,547,612</u>	<u>100.00</u>



Risk Management

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

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

***Letter of Transmittal
For the Year Ended December 31, 2007***

OTHER INFORMATION

Independent Audit

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Montgomery for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Montgomery has received a Certificate of Achievement for the last twelve consecutive years (fiscal years ended December 31, 1995-2006). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments

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

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

Respectfully submitted,



James Hanson
Director of Finance



Cheryl Hilvert
City Manager

CITY OF MONTGOMERY, OHIO

***List of Principal Officials
For the Year Ended December 31, 2007***

Elected Officials

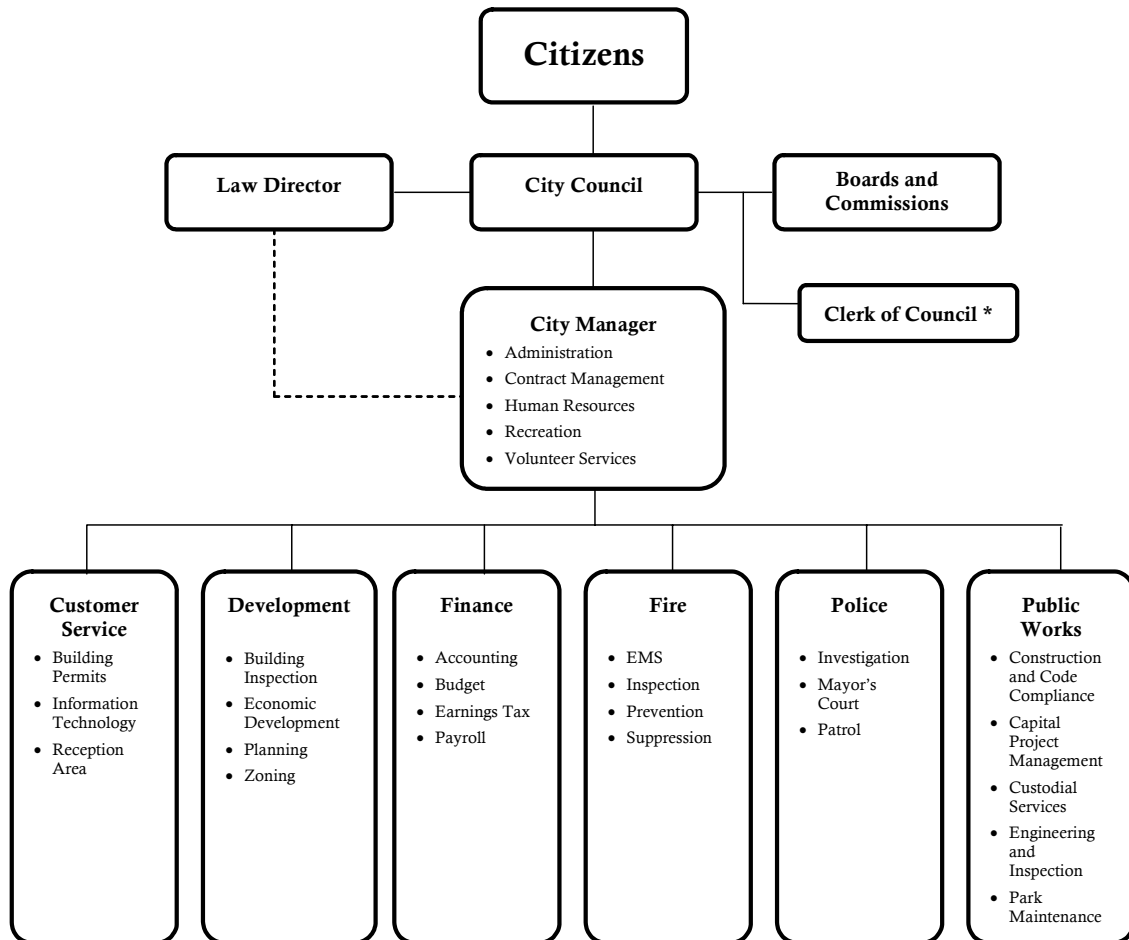
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gerri Harbison	Mayor	December 2011
Ken Suer	Vice Mayor	December 2009
Vicki Hirsch	Council	December 2011
Todd Steinbrink	Council	December 2011
Mark Combs	Council	December 2009
Barry Joffe	Council	December 2009
Lynda Roesch	Council	December 2009

Appointed Officials

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

CITY OF MONTGOMERY, OHIO

**City Organizational Chart
For the Year Ended December 31, 2007**



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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Montgomery
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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



Cherie S. Cox

President

Jeffrey R. Emery

Executive Director



FINANCIAL SECTION



Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Members of City Council
City of Montgomery, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Ohio as of and for the year ended December 31, 2007, which collectively comprise the City of Montgomery, Ohio's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Montgomery, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Ohio, as of December 31, 2007, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General Fund and the Fire Protection/EMS Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2008, on our consideration of the City of Montgomery, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Montgomery, Ohio's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Cincinnati, Ohio
June 18, 2008

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, 2007. 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 2007 are as follows:

- ❑ Net assets of governmental activities increased \$2,875,453, which represents a 5.1% increase from 2006.
- ❑ General revenues accounted for \$14,486,571 in revenue or 90.9% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,454,962 or 9.1% of all revenues.
- ❑ The City had \$13,066,080 in expenses related to governmental activities; only \$1,454,962 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,486,571 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$9,487,803 in revenues and \$7,552,753 in expenditures. The general fund's fund balance decreased \$455,756 to \$12,565,923.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are:

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

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

Government-wide Statements

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

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

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

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

- *Governmental Activities* – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.

Fund Financial Statements

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

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

CITY OF MONTGOMERY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net assets at December 31, 2007 and 2006:

	Governmental Activities	
	2007	Restated 2006
Current and other assets	\$34,943,369	\$34,163,816
Capital assets, Net	37,316,323	36,484,770
Total assets	<u>72,259,692</u>	<u>70,648,586</u>
Long-term debt outstanding	8,475,174	9,380,645
Other liabilities	4,283,148	4,642,024
Total liabilities	<u>12,758,322</u>	<u>14,022,669</u>
Net assets		
Invested in capital assets, net of related debt	29,524,327	27,744,549
Restricted	17,429,659	15,777,842
Unrestricted	12,547,384	13,103,526
Total net assets	<u>\$59,501,370</u>	<u>\$56,625,917</u>

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CITY OF MONTGOMERY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2007 and 2006:

	Governmental Activities	
	2007	2006
Revenues		
Program Revenues:		
Charges for Services and Sales	\$926,166	\$1,016,204
Operating Grants and Contributions	528,796	494,955
General Revenues:		
Property Taxes	4,675,342	4,591,205
Income Taxes	6,744,149	6,363,549
Other Local Taxes	614,607	222,865
General Shared Revenues	846,944	929,626
Investment Earnings	1,350,943	1,118,810
Miscellaneous	254,586	859,808
Total Revenues	<u>15,941,533</u>	<u>15,597,022</u>
Program Expenses		
Public Safety	4,963,698	4,857,414
Parks and Recreation	1,200,793	1,098,032
Community Economic Development	497,739	435,457
Public Works	2,748,023	2,798,249
General Government	3,349,254	2,669,442
Interest and Fiscal Charges	306,573	328,216
Total Expenses	<u>13,066,080</u>	<u>12,186,810</u>
Total Change in Net Assets	2,875,453	3,410,212
Beginning Net Assets	<u>56,625,917</u>	<u>53,215,705</u>
Ending Net Assets	<u>\$59,501,370</u>	<u>\$56,625,917</u>

Governmental Activities

Net assets of the City's governmental activities increased by \$2,875,453 due to a combination of factors. The majority of the increase in the net assets in governmental activities can be attributed to significant increases in several revenue sources that were above projections and/or in excess of receipts collected in 2006. Three of the major revenue increases were income tax collections, general fund property tax collections and investment income which exceeded 2006 collections.

CITY OF MONTGOMERY, OHIO

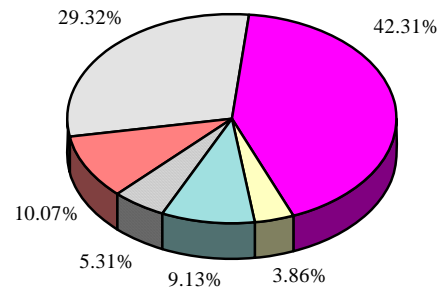
**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

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

Property taxes and income taxes made up 29.32% and 42.31% respectively of revenues for governmental activities for the City in fiscal year 2007. The City's reliance upon tax revenues is demonstrated by the following graph indicating 75.49% of total revenues from general tax revenues:

Revenue Sources	2007	Percent of Total
Property Taxes	\$4,675,342	29.32%
Income Taxes	6,744,149	42.31%
Other Local Taxes	614,607	3.86%
Program Revenues	1,454,962	9.13%
Intergovernmental Unrestricted	846,944	5.31%
General Other	1,605,529	10.07%
Total Revenue	\$15,941,533	100.00%



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$26,256,753, which is an increase from last year's balance of \$24,845,914. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2007 and 2006:

	Fund Balance December 31, 2007	Fund Balance December 31, 2006	Increase (Decrease)
General	\$12,565,923	\$13,021,679	(\$455,756)
Fire Protection / EMS	3,611,793	3,007,531	604,262
Reserve of Montgomery			
Bond Retirement	70,567	61,405	9,162
Capital Improvement	4,439,656	2,566,568	1,873,088
Triangle Tax Increment	(1,159,070)	(322,160)	(836,910)
Other Governmental	6,727,884	6,510,891	216,993
Total	\$26,256,753	\$24,845,914	\$1,410,839

CITY OF MONTGOMERY, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

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

	2007 Revenues	2006 Revenues	Increase (Decrease)
Taxes	\$7,185,647	\$6,288,172	\$897,475
Intergovernmental Revenues	656,947	754,548	(97,601)
Charges for Services	188,830	220,579	(31,749)
Licenses, Permits, and Fees	233,503	267,425	(33,922)
Investment Earnings	955,615	767,317	188,298
Fines and Forfeitures	126,155	102,097	24,058
All Other Revenue	141,106	527,097	(385,991)
Total	\$9,487,803	\$8,927,235	\$560,568

General Fund revenues in 2007 increased 6.3% compared to revenues in fiscal year 2006. The most significant factors leading to the increase were the increases in income and property tax collections and the increases in the City's investment income.

	2007 Expenditures	2006 Expenditures	Increase (Decrease)
Public Safety	\$2,820,149	\$2,566,761	\$253,388
Parks and Recreation	751,913	650,969	100,944
Community Economic Development	441,412	421,068	20,344
Public Works	419,922	336,624	83,298
General Government	3,117,526	2,423,339	694,187
Capital Outlay	1,831	4,441	(2,610)
Total	\$7,552,753	\$6,403,202	\$1,149,551

General Fund expenditures increased by \$1,149,551 over the prior year mostly due to increases in cost associated with salaries and fringe benefits.

Fire Protection EMS Fund - The fund balance of the Fire Protection EMS Fund, a major governmental fund, increased by \$604,262. As part of its five and ten-year financial plans, the department requires the buildup of a relatively large fund balance to finance capital equipment needs throughout the budgeting cycle.

Reserve of Montgomery Bond Retirement Fund - The fund balance of the Reserve of Montgomery Bond Retirement Fund, a major governmental fund, increased by \$9,162 during 2007 due to special assessments that were slightly more than anticipated in the original budgetary projections.

Capital Improvement Fund - The fund balance of the Capital Improvement Fund, a major governmental fund, increased by \$1,873,088 during 2007 mainly due to increased transfers from the General Fund.

CITY OF MONTGOMERY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2007

Unaudited

Triangle Tax Increment Fund - The fund balance of the Triangle Tax Increment Fund, a major governmental fund, decreased by \$836,910 during 2007 due to increased costs associated with the redevelopment of the Triangle.

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

For the General Fund, final budget basis revenue of \$8.8 million changed over the original budget estimates of \$7.9 million. Actual revenues exceeded final budgeted revenues in the General Fund. Revenues exceeded budgeted amounts due to higher income tax collections from increased prosperity in the City. Higher returns on investments also added to the variance in revenues. The City was able to stay below final appropriations mainly by controlling expenditures for materials and supplies. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2007 the City had \$37,316,323 net of accumulated depreciation invested in land, buildings, infrastructure, equipment and vehicles. The following table shows fiscal year 2007 and 2006 balances:

	Governmental Activities		Increase (Decrease)
	2007	Restated 2006	
Land	\$15,181,361	\$15,181,361	\$0
Buildings	4,024,232	4,024,232	0
Improvements Other than Buildings	5,774,437	4,646,798	1,127,639
Infrastructure	23,119,621	22,460,464	659,157
Machinery and Equipment	4,824,400	4,596,274	228,126
Less: Accumulated Depreciation	(15,607,728)	(14,424,360)	(1,183,368)
Totals	<u>\$37,316,323</u>	<u>\$36,484,769</u>	<u>\$831,554</u>

CITY OF MONTGOMERY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2007

Unaudited

The primary increases occurred in infrastructure and improvements other than buildings. The City completed renovations on the safety center.

Additional information on the City's capital assets can be found in Note 9.

Debt

At December 31, 2007, the City had \$7,638,416 in general obligation bonds outstanding, \$830,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Governmental Activities:		
General Obligation Bonds	\$7,638,416	\$8,572,758
Special Assessment Bonds	153,580	167,463
Compensated Absences	<u>683,178</u>	<u>640,424</u>
Total Governmental Activities	<u><u>\$8,475,174</u></u>	<u><u>\$9,380,645</u></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, 2007, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

ECONOMIC FACTORS

In 2007:

- Bethesda North Hospital's new parking garage and the shell of the seven-story, 130 bed tower were completed.
- The Montgomery Gateway Center was completed and the People's Bank will be opened. The adjoining Triangle Plaza Park was completed for the Bastille Day celebration.
- Columbia Chevrolet relocated from its downtown location to the site of its existing used car operation, farther north on Montgomery Road. The move by this dealership will allow for the redevelopment of this important downtown property.
- The City created a new zoning district—the Old Montgomery Gateway district—that extends from the downtown Heritage District to Cross County highway. The OMG guidelines will help promote quality redevelopment on the former Chevrolet site and other properties that

- The Vintage Club—the 70 acre mixed office, retail and residential use project—broke ground and utility work began. Phase I, which consists of 40 estate homes and 22 courtyard homes, was selected by the Home Builders Association of Greater Cincinnati to be the 2007 Homearama® site, showcasing both Montgomery and the new gated community.
- Income tax revenues were \$6.7 million, the highest in City history.

REQUESTS FOR INFORMATION

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

CITY OF MONTGOMERY, OHIO

Statement of Net Assets December 31, 2007

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 15,750,858
Investments	9,432,587
Receivables:	
Taxes	5,339,098
Accounts	93,172
Intergovernmental	675,696
Interest	97,789
Special Assessments	3,528,212
Prepaid Items	25,957
Capital Assets not Being Depreciated	15,181,361
Capital Assets Being Depreciated, net	<u>22,134,962</u>
Total Assets	<u>72,259,692</u>
Liabilities:	
Accounts Payable	256,609
Accrued Wages and Benefits	429,309
Intergovernmental Payable	761
Unearned Revenue	3,582,602
Accrued Interest Payable	13,867
Noncurrent liabilities:	
Due within one year	1,107,300
Due in more than one year	<u>7,367,874</u>
Total Liabilities	<u>12,758,322</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	29,524,327
Restricted For:	
Capital Projects	3,482,465
Debt Service	7,535,649
Public Works	1,720,204
Public Safety	3,825,436
Other Purposes	865,905
Unrestricted	<u>12,547,384</u>
Total Net Assets	<u>\$ 59,501,370</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Activities
For the Year Ended December 31, 2007**

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities:				
Public Safety	\$ 4,963,698	\$ 242,638	\$ 1,850	\$ (4,719,210)
Parks and Recreation	1,200,793	242,400	0	(958,393)
Community Economic Development	497,739	258,821	0	(238,918)
Public Works	2,748,023	19,501	526,946	(2,201,576)
General Government	3,349,254	162,806	0	(3,186,448)
Interest and Fiscal Charges	306,573	0	0	(306,573)
Total Governmental Activities	<u>13,066,080</u>	<u>926,166</u>	<u>528,796</u>	<u>(11,611,118)</u>
Totals	<u>\$ 13,066,080</u>	<u>\$ 926,166</u>	<u>\$ 528,796</u>	<u>(11,611,118)</u>
General Revenues				
Property Taxes Levied for:				
				4,675,342
General Purposes				6,744,149
Income Tax				614,607
Other Local Taxes				846,944
Shared Revenues				1,350,943
Investment Earnings				254,586
Miscellaneous				<u>254,586</u>
Total General Revenues and Transfers				<u>14,486,571</u>
Change in Net Assets				2,875,453
Net Assets Beginning of Year				<u>56,625,917</u>
Net Assets End of Year				<u>\$ 59,501,370</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Balance Sheet
Governmental Funds
December 31, 2007**

	General	Fire Protection / EMS	Reserve of Montgomery Bond Retirement	Capital Improvement
Assets:				
Cash and Cash Equivalents	\$ 5,506,901	\$ 1,739,251	\$ 70,567	\$ 3,132,647
Investments	6,240,070	1,974,405	0	0
Receivables:				
Taxes	3,145,299	1,773,059	0	247,833
Accounts	80,234	5,687	0	0
Intergovernmental	327,716	93,565	0	0
Interest	64,692	20,469	0	0
Special Assessments	0	0	3,297,506	0
Interfund Loans Receivables	85,190	0	0	1,127,500
Prepaid Items	23,393	1,566	0	0
Total Assets	\$ 15,473,495	\$ 5,608,002	\$ 3,368,073	\$ 4,507,980
Liabilities:				
Accounts Payable	\$ 155,783	\$ 5,411	\$ 0	\$ 68,324
Accrued Wages and Benefits Payable	287,999	108,812	0	0
Intergovernmental Payable	329	432	0	0
Interfund Loans Payable	50,000	0	0	0
Deferred Revenue	2,413,461	1,878,252	3,297,506	0
Compensated Absences Payable	0	3,302	0	0
Total Liabilities	2,907,572	1,996,209	3,297,506	68,324
Fund Balances:				
Reserved for Encumbrances	387,895	766	0	240,378
Reserved for Prepaid Items	23,393	1,566	0	0
Reserved for Debt Service	0	0	70,567	0
Undesignated, Unreserved in:				
General Fund	12,154,635	0	0	0
Special Revenue Funds	0	3,609,461	0	0
Capital Projects Funds (Deficit)	0	0	0	4,199,278
Total Fund Balances	12,565,923	3,611,793	70,567	4,439,656
Total Liabilities and Fund Balances	\$ 15,473,495	\$ 5,608,002	\$ 3,368,073	\$ 4,507,980

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

Triangle Tax Increment	Other Governmental Funds	Total Governmental Funds
\$ 63,971	\$ 5,237,521	\$ 15,750,858
0	1,218,112	9,432,587
0	172,907	5,339,098
0	7,251	93,172
0	254,415	675,696
0	12,628	97,789
0	230,706	3,528,212
0	50,000	1,262,690
0	998	25,957
<u>\$ 63,971</u>	<u>\$ 7,184,538</u>	<u>\$ 36,206,059</u>
\$ 19,051	\$ 8,040	\$ 256,609
0	32,498	429,309
0	0	761
1,203,990	8,700	1,262,690
0	407,416	7,996,635
0	0	3,302
<u>1,223,041</u>	<u>456,654</u>	<u>9,949,306</u>
43,185	34,227	706,451
0	998	25,957
0	3,950,737	4,021,304
0	0	12,154,635
0	2,540,043	6,149,504
(1,202,255)	201,879	3,198,902
<u>(1,159,070)</u>	<u>6,727,884</u>	<u>26,256,753</u>
<u>\$ 63,971</u>	<u>\$ 7,184,538</u>	<u>\$ 36,206,059</u>

CITY OF MONTGOMERY, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2007***

Total Governmental Fund Balances		\$ 26,256,753
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		37,316,323
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		4,414,033
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(7,638,416)	
Special Assessment Bonds Payable	(153,580)	
Compensated Absences Payable	(679,876)	
Accrued Interest Payable	(13,867)	(8,485,739)
<i>Net Assets of Governmental Activities</i>		<u><u>\$ 59,501,370</u></u>

See accompanying notes to the basic financial statements



CITY OF MONTGOMERY, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007**

	General	Fire Protection / EMS	Reserve of Montgomery Bond Retirement	Capital Improvement
Revenues:				
Taxes	\$ 7,185,647	\$ 1,826,696	\$ 0	\$ 1,674,957
Intergovernmental Revenues	656,947	175,772	0	0
Charges for Services	188,830	102,632	0	0
Licenses, Permits and Fees	233,503	0	0	0
Investment Earnings	955,615	243,170	0	0
Special Assessments	0	0	188,154	0
Fines and Forfeitures	126,155	0	0	0
All Other Revenue	141,106	12,122	0	0
Total Revenue	9,487,803	2,360,392	188,154	1,674,957
Expenditures:				
Current:				
Public Safety	2,820,149	1,638,422	0	0
Parks and Recreation	751,913	0	0	0
Community Economic Development	441,412	0	0	0
Public Works	419,922	0	0	0
General Government	3,117,526	0	5,962	0
Capital Outlay	1,831	0	0	1,696,869
Debt Service:				
Principal Retirement	0	0	110,000	0
Interest and Fiscal Charges	0	0	63,030	0
Total Expenditures	7,552,753	1,638,422	178,992	1,696,869
Excess (Deficiency) of Revenues Over Expenditures	1,935,050	721,970	9,162	(21,912)
Other Financing Sources (Uses):				
Sale of Capital Assets	4,447	1,292	0	0
Transfers In	0	0	0	1,895,000
Transfers Out	(2,395,253)	(119,000)	0	0
Total Other Financing Sources (Uses)	(2,390,806)	(117,708)	0	1,895,000
Net Change in Fund Balances	(455,756)	604,262	9,162	1,873,088
Fund Balances at Beginning of Year	13,021,679	3,007,531	61,405	2,566,568
Fund Balances End of Year	\$ 12,565,923	\$ 3,611,793	\$ 70,567	\$ 4,439,656

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

Triangle Tax Increment	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 1,356,805	\$ 12,044,105
0	521,434	1,354,153
0	219,947	511,409
0	35,823	269,326
0	172,415	1,371,200
0	80,632	268,786
0	19,276	145,431
24,097	77,261	254,586
24,097	2,483,593	16,218,996
0	109,584	4,568,155
0	225,136	977,049
0	0	441,412
0	1,115,239	1,535,161
0	167,965	3,291,453
861,007	190,327	2,750,034
0	863,883	973,883
0	219,636	282,666
861,007	2,891,770	14,819,813
(836,910)	(408,177)	1,399,183
0	5,917	11,656
0	619,253	2,514,253
0	0	(2,514,253)
0	625,170	11,656
(836,910)	216,993	1,410,839
(322,160)	6,510,891	24,845,914
\$ (1,159,070)	\$ 6,727,884	\$ 26,256,753

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, 2007***

Net Change in Fund Balances - Total Governmental Funds \$ 1,410,839

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

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

Capital Outlay	2,095,343	
Depreciation Expense	<u>(1,247,816)</u>	847,527

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. (15,974)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (277,463)

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

General Obligation Bond Principal Payment	934,342	
Special Assessment Bond Principal Payment	<u>13,883</u>	948,225

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,751

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>(39,452)</u>
----------------------	--	-----------------

Change in Net Assets of Governmental Activities \$ 2,875,453

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, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 6,427,100	\$ 7,076,232	\$ 6,984,602	\$ (91,630)
Intergovernmental Revenue	563,394	563,394	563,968	574
Charges for Services	213,650	213,650	210,015	(3,635)
Licenses, Permits and Fees	214,075	214,075	263,408	49,333
Investment Earnings	310,000	625,000	872,782	247,782
Fines and Forfeitures	151,305	151,305	123,486	(27,819)
All Other Revenues	42,705	42,705	74,252	31,547
Total Revenues	<u>7,922,229</u>	<u>8,886,361</u>	<u>9,092,513</u>	<u>206,152</u>
Expenditures:				
Current:				
Public Safety	2,845,684	2,861,086	2,711,116	149,970
Parks and Recreation	1,023,043	1,075,838	799,684	276,154
Community Economic Development	453,834	484,091	448,131	35,960
Public Works	469,718	483,903	429,084	54,819
General Government	3,171,263	4,030,377	3,499,063	531,314
Total Expenditures	<u>7,963,542</u>	<u>8,935,295</u>	<u>7,887,078</u>	<u>1,048,217</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,313)	(48,934)	1,205,435	1,254,369
Other Financing Sources (Uses):				
Sale of Capital Assets	250	250	4,447	4,197
Transfers Out	(576,618)	(2,471,618)	(2,395,253)	76,365
Advances In	0	0	50,000	50,000
Advances Out	0	(76,490)	(76,490)	0
Total Other Financing Sources (Uses):	<u>(576,368)</u>	<u>(2,547,858)</u>	<u>(2,417,296)</u>	<u>130,562</u>
Net Change in Fund Balance	(617,681)	(2,596,792)	(1,211,861)	1,384,931
Fund Balance at Beginning of Year	11,616,576	11,616,576	11,616,576	0
Prior Year Encumbrances	875,753	875,753	875,753	0
Fund Balance at End of Year	<u>\$ 11,874,648</u>	<u>\$ 9,895,537</u>	<u>\$ 11,280,468</u>	<u>\$ 1,384,931</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, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,666,025	\$ 1,753,949	\$ 1,826,696	\$ 72,747
Intergovernmental Revenue	200,800	273,546	175,772	(97,774)
Charges for Services	70,250	97,150	97,051	(99)
Investment Earnings	75,131	189,788	218,126	28,338
All Other Revenues	<u>5,900</u>	<u>5,900</u>	<u>12,016</u>	<u>6,116</u>
Total Revenues	<u>2,018,106</u>	<u>2,320,333</u>	<u>2,329,661</u>	<u>9,328</u>
Expenditures:				
Current:				
Public Safety	<u>1,915,425</u>	<u>2,100,175</u>	<u>1,770,478</u>	<u>329,697</u>
Total Expenditures	<u>1,915,425</u>	<u>2,100,175</u>	<u>1,770,478</u>	<u>329,697</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	102,681	220,158	559,183	339,025
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	1,292	1,292
Transfers Out	<u>(119,000)</u>	<u>(119,000)</u>	<u>(119,000)</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>(119,000)</u>	<u>(119,000)</u>	<u>(117,708)</u>	<u>1,292</u>
Net Change in Fund Balance	(16,319)	101,158	441,475	340,317
Fund Balance at Beginning of Year	3,075,907	3,075,907	3,075,907	0
Prior Year Encumbrances	<u>184,750</u>	<u>184,750</u>	<u>184,750</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,244,338</u>	<u>\$ 3,361,815</u>	<u>\$ 3,702,132</u>	<u>\$ 340,317</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2007**

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 74,514	\$ 0
Receivables:		
Accounts	152	0
Restricted Assets:		
Cash and Cash Equivalents	0	3,479
Cash and Cash Equivalents with Fiscal Agent	0	286,174
Total Assets	<u>74,666</u>	<u>289,653</u>
Liabilities:		
Accounts Payable	5,261	276,965
Intergovernmental Payable	0	8,802
Due to Others	0	3,886
Total Liabilities	<u>5,261</u>	<u>289,653</u>
Net Assets:		
Unrestricted	<u>69,405</u>	<u>0</u>
Total Net Assets	<u>\$ 69,405</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

***Statement of Changes in Net Assets
Fiduciary Fund
For the Year Ended December 31, 2007***

	Private Purpose Trust Special Trust Fund
Additions:	
Contributions:	
Rental Fees	\$ 12,319
Private Donations	600
Total Contributions	<u>12,919</u>
Investment Earnings:	
Interest	<u>5,237</u>
Total Investment Earnings	<u>5,237</u>
Total Additions	<u>18,156</u>
Deductions:	
Administrative Expenses	<u>33,277</u>
Total Deductions	<u>33,277</u>
Change in Net Assets	(15,121)
Net Assets at Beginning of Year	<u>84,526</u>
Net Assets End of Year	<u><u>\$ 69,405</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2007 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. There was no activity in the CIC during 2007, and the CIC did not report any balances at December 31, 2007.

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, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

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

C. Basis of Presentation - Financial Statements

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

D. Basis of Accounting

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Special assessment installments, including related accrued interest, which are measurable but not available at December 31 are recorded as deferred revenue. Property taxes measurable as of December 31, 2007, but which are not intended to finance 2007 operations, and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue. Property taxes are further described in Note 5.

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

E. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is at the fund and department level for the General Fund and at the fund level for all other funds. 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, 2007***

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 2007.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the object level, and may only be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the legal level of control. During the year, several supplemental appropriations were necessary to budget note proceeds, contingency funds and intergovernmental grants. The supplemental appropriations increased year end appropriations by approximately 1.7% over the appropriation ordinance approved in January 2007. 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.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

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)	(\$455,756)	\$604,262
Increase (Decrease):		
Accrued Revenues at December 31, 2007 received during 2008	(1,333,570)	(25,244)
Accrued Revenues at December 31, 2006 received during 2007	861,790	(5,487)
Accrued Expenditures at December 31, 2007 paid during 2008	494,111	117,957
Accrued Expenditures at December 31, 2006 paid during 2007	(343,972)	(248,051)
2006 Prepays for 2007	11,532	412
2007 Prepays for 2008	(23,393)	(1,566)
Outstanding Encumbrances	(422,603)	(808)
Budget Basis	<u>(\$1,211,861)</u>	<u>\$441,475</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2007, 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 4, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts which are reported at cost, which approximates fair value. Fair value is determined by quoted market prices. See Note 4, "Cash, Cash Equivalents and Investments." The City allocates interest among the various funds based upon applicable legal and administrative requirements. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements.

The City has invested funds in the STAR Ohio during 2007. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2007.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

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

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

K. Compensated Absences

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

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

L. Net Assets

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

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

M. Pensions

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

N. Interfund Transactions

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

The City generally eliminates the effect of interfund activity in the government-wide financial statements to remove indirect expenses, except where the elimination would distort the costs and program revenues reported for the various functions.

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, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Interfund Assets/Liabilities

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

Q. Reservations of Fund Balance

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

R. Estimates

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

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

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

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

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

Deferred Tax Revenue	\$218,724
Deferred Investment Earnings	55,551
Intergovernmental Revenue Receivable	611,546
Special Assessments Receivable	3,528,212
	<hr/>
	\$4,414,033

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

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

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

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

Governmental revenues not reported in the funds:

Decrease in Deferred Tax Revenue	(\$10,007)
Increase in Deferred Investment Earnings	(20,257)
Increase in Intergovernmental Revenue	21,587
Decrease in Special Assessments Revenue	(268,786)
	<u>(\$277,463)</u>

NOTE 3 – RESTATEMENT OF FUND BALANCES AND NET ASSETS

During 2007 the City passed an ordinance to start to record the activities of the municipal pool fund as a governmental activity. The City restated the beginning balances of the governmental funds and the net assets of governmental activities for the year ended December 31, 2006 as follows:

	<u>Governmental Funds</u>	<u>Governmental Activities</u>
Net Assets / Fund Balances at December 31, 2006 as reported	\$24,762,075	\$55,234,331
Restate Municipal Pool Fund Balance	83,839	83,839
Restate Capital Assets	0	1,307,747
Net Assets / Fund Balances at December 31, 2006 as restated	<u>\$24,845,914</u>	<u>\$56,625,917</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 4 - CASH AND CASH EQUIVALENTS

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

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

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

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, 2007**

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$597,355 and the bank balance was \$772,343. Federal depository insurance covered \$100,000 of the bank balance and \$672,343 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and uncollateralized	<u>\$672,343</u>
Total Balance	<u><u>\$672,343</u></u>

B. Investments

The City's investments at December 31, 2007 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
STAR Ohio	\$15,517,670	AAAm ¹	\$15,517,670	\$0	\$0
City's Special Assessment Bonds	47,879		0	47,879	0
US Treasury	120,916		120,916	0	0
FHLMC	4,018,277	AAA ¹ / Aaa ²	1,008,367 a	1,000,330 a	2,009,580
FHLB	1,621,932	AAA ¹ / Aaa ²	511,098	1,110,834	0
FNMA	2,236,795	AAA ¹ / Aaa ²	115,076 a	1,121,719 a	1,000,000
FMAC	381,158	AAA ¹ / Aaa ²	259,338	121,820	0
FFCB	1,005,630	AAA ¹ / Aaa ²	0	0	1,005,630
Total Investments	<u>\$24,950,257</u>		<u>\$17,532,465</u>	<u>\$3,402,582</u>	<u>\$4,015,210</u>

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

¹ Standard & Poor's

² Moody's Investor Service

a Callable Dates: January 30, 2008, February 10, 2008, March 12, 15, 2008, November 8, 15, 2008

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

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 62.2% are STAR Ohio, 16.1% are FHLMC, 9.0% are FNMA, and the remaining 12.7% is comprised of other various investments.

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$16,115,025	\$9,432,587
STAR Ohio	<u>(15,517,670)</u>	<u>15,517,670</u>
Per GASB Statement No. 3	<u>\$597,355</u>	<u>\$24,950,257</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes (other than public utility) collected during 2007 were levied after October 1, 2006 on assessed values as of January 1, 2006, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2005. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Tangible personal property tax revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of January 1, 2006. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. The assessment percentage for property, including inventory is 12.5% for 2007. This percentage will be reduced to 6.25% in 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 5 – TAXES (Continued)

A. Property Taxes (Continued)

The full tax rate for all City operations for the year ended December 31, 2007 was \$10.05 per \$1,000 of assessed value. The assessed value upon which the 2007 tax collections were based was \$487,904,770. This amount constitutes \$477,146,790 in real property assessed value, \$4,862,310 in public utility assessed value and \$5,895,670 in tangible personal property assessed value.

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

B. Income Tax

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

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

NOTE 6 - RECEIVABLES

Receivables at December 31, 2007 consisted of taxes, accounts receivable, special assessments, interfund receivables, interest receivables, and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred revenue.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 7 - INTERFUND BALANCES

Individual interfund balances at December 31, 2007 are as follows:

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$85,190	\$50,000
Triangle Tax Increment Fund	0	1,203,990
Capital Improvement Fund	1,127,500	0
Nonmajor Governmental Fund:		
Cemetery Fund	50,000	0
Community Development Grant Fund	0	8,700
Totals	\$1,262,690	\$1,262,690

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

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2007:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$2,395,253
Fire Protection / EMS Fund	0	119,000
Capital Improvement Fund	1,895,000	0
Nonmajor Governmental Funds:		
COPS Grant Fund	41,618	0
Street Construction, Maintenance, & Repair Fund	428,635	0
Municipal Pool Fund	30,000	0
General Obligation Bond Retirement Fund	119,000	0
Total Nonmajor Governmental Funds	619,253	0
Totals	\$2,514,253	\$2,514,253

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.

The City transferred \$119,000 from the Fire Protection / EMS Fund to the General Obligation Bond Retirement Fund according to a City ordinance to help retire debt.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2007:

<i>Historical Cost:</i>	Restated December 31, 2006	Additions	Deletions	December 31, 2007
Class				
<i>Capital assets not being depreciated:</i>				
Land	\$15,181,361	\$0	\$0	\$15,181,361
<i>Capital assets being depreciated:</i>				
Buildings	4,024,232	0	0	4,024,232
Improvements Other than Buildings	4,646,798	1,127,639	0	5,774,437
Infrastructure	22,460,464	695,100	(35,943)	23,119,621
Machinery and Equipment	4,596,274	272,604	(44,478)	4,824,400
Subtotal	<u>35,727,768</u>	<u>2,095,343</u>	<u>(80,421)</u>	<u>37,742,690</u>
Total Cost	<u>\$50,909,129</u>	<u>\$2,095,343</u>	<u>(\$80,421)</u>	<u>\$52,924,051</u>
 <i>Accumulated Depreciation:</i>				
Class	December 31, 2006	Additions	Deletions	December 31, 2007
Buildings	(\$1,095,008)	(\$99,374)	\$0	(\$1,194,382)
Improvements Other than Buildings	(2,978,360)	(247,950)	0	(3,226,310)
Infrastructure	(7,708,157)	(440,246)	19,969	(8,128,434)
Machinery and Equipment	(2,642,835)	(460,246)	44,479	(3,058,602)
Total Depreciation	<u>(\$14,424,360)</u>	<u>(\$1,247,816) *</u>	<u>\$64,448</u>	<u>(\$15,607,728)</u>
<i>Net Value:</i>	<u>\$36,484,769</u>			<u>\$37,316,323</u>

* Depreciation expenses were charged to governmental functions as follows:

Public Safety	\$367,830
Parks and Recreation	223,334
Community Economic Development	54,169
Public Works	545,796
General Government	56,687
Total Depreciation Expense	<u>\$1,247,816</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2007, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 9.5%. The 2007 employer contribution rate for local government employer units was 13.85%, of covered payroll. From January 1 through June 30, 2007, 8.85% was allocated to fund the pension and 5.0% to fund health care and from July 1, 2007 through December 31, 2007, 7.85% was allocated to fund the pension and 6.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2007, 2006, and 2005 were \$285,006, \$278,070 and \$267,952, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2007 employer contribution rate (identified above) that was used to fund health care was 5.0% from January 1 through June 30, 2007 and 6.0% from July 1 through December 31, 2007, of covered payroll which amounted to \$113,179.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2006. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from .50% to 5% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 374,979. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2006 is \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2007, 2006, and 2005 were \$296,053, \$280,700 and \$279,956 for police and \$144,453, \$126,801 and \$141,143 for firefighters, respectively, which were equal to the required contributions for each year.

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

The portion of the 2007 covered payroll that was used to fund postemployment health care benefits was \$102,480 representing 6.75% of covered payroll for police and \$40,627 representing 6.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2006, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 14,120 for police and 10,563 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2006 were \$120,373,722, which was net of member contributions of \$58,532,848.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 11 - LONG-TERM OBLIGATIONS

Detail of the changes in the bonds, notes, and compensated absences, of the City for the year ended December 31, 2007 is as follows:

				Balance			Balance	Amount
				December 31,	Issued	(Retired)	December 31,	Due Within
				2006			2007	One Year
Governmental Activities:								
General Obligation Bonds:								
2.00%	Public Improvement Refunding	2004	\$3,420,000	\$0	(\$340,000)	\$3,080,000	\$335,000	
	Deferred Loss on Refunding	2004	(282,242)	0	25,658	(256,584)	(25,658)	
2.00-3.80%	Various Purpose Refunding Bonds	2003	5,435,000	0	(620,000)	4,815,000	495,000	
Total General Obligation Bonds			\$8,572,758	\$0	(\$934,342)	\$7,638,416	\$804,342	
Special Assessment Bonds								
With Governmental Commitment:								
6.00%	Swaim Sidewalk Bonds	1994	30,000	0	(4,000)	26,000	4,000	
6.50%	Street Lighting	1997	21,000	0	(2,000)	19,000	2,000	
6.00%	Montgomery Woods Sidewalk	1997	53,000	0	(3,000)	50,000	3,000	
6.00%	Tanager Woods	1999	63,463	0	(4,883)	58,580	4,883	
Total Special Assessment Bonds								
With Governmental Commitment			167,463	0	(13,883)	153,580	13,883	
Other Long-Term Obligations:								
Compensated Absences			640,424	683,178	(640,424)	683,178	289,075	
Total Governmental Activities			\$9,380,645	\$683,178	(\$1,588,649)	\$8,475,174	\$1,107,300	

The principal amount of the City's special assessment debt outstanding at December 31, 2007 of \$153,580 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 \$110,771 in the Special Assessment Bond Retirement Fund and the balance of \$70,567 in the Reserve of Montgomery Bond Retirement Fund at December 31, 2007 are reserved for the retirement of outstanding special assessment bonds. The Tanager Woods special assessment bond payable is a self-funded debt obligation. The funds used to retire this debt are held in a special assessment bond, which is reported as an investment by the City.

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

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 11 - LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2007 are as follows:

Years	General Obligation Bonds		Special Assessment Bonds	
	Bonds	Interest	Bonds	Interest
2008	\$830,000	\$250,103	\$13,883	\$9,362
2009	860,000	229,772	13,883	8,812
2010	860,000	206,622	14,883	8,262
2011	875,000	182,159	14,883	7,652
2012	890,000	155,096	15,883	7,042
2013-2017	3,040,000	383,406	70,415	29,907
2018-2021	540,000	44,520	9,750	2,308
Totals	<u>\$7,895,000</u>	<u>\$1,451,678</u>	<u>\$153,580</u>	<u>\$73,345</u>

B. Defeasance of General Obligation and Special Assessment Debt

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

The net proceeds of the 2004 Public Improvement General Obligation Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, was and will be used to pay the principal and interest on the refunded bonds. The refunded General Obligation Bonds, which have a balance of \$2,950,000 at December 31, 2007, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advanced refunding.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

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

The net proceeds of the 2003 Various Purpose Refunding General Obligation Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, was and will be used to pay the principal and interest on the refunded bonds. The refunded General Obligation Bonds, which have a balance of \$2,250,000 at December 31, 2007 and are not included in the City's outstanding debt since the City has in-substance, satisfied its obligations through the advance refunding.

NOTE 12 – COMPENSATED ABSENCES

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

As of December 31, 2007, the liability for unpaid compensated absences was \$683,178 for all funds of the City, a net increase of \$42,754 from the amount at December 31, 2006 of \$640,424.

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1992 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2007, the pool has twenty 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 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.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 13 – 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 twenty participating cities and their respective pool contribution factors for the loss year ended December 31, 2007 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	5.43 %	Montgomery	2.36 %
Bellbrook	1.27 %	Piqua	6.61 %
Blue Ash	7.34 %	Sidney	6.66 %
Centerville	4.39 %	Springdale	4.07 %
Englewood	3.82 %	Tipp City	3.28 %
Indian Hill	3.82 %	Troy	6.92 %
Kettering	12.18 %	Vandalia	5.18 %
Madeira	2.05 %	West Carrollton	3.06 %
Mason	6.71 %	Wilmington	5.13 %
Miamisburg	7.36 %	Wyoming	2.36 %
Subtotal	<u>54.37 %</u>	Subtotal	<u>45.63 %</u>
		Total	<u>100.00 %</u>

The 2007 pool contribution of the City of Montgomery was \$104,272 representing 2.36% of the total collected from all members for that year's operating costs and projected loss reserves.

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

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

General/Automobile Liability	\$10,000,000	per occurrence
Public Officials Liability	10,000,000	per occurrence
Property	350,000,000	per occurrence
Boiler and Machinery	100,000,000	per occurrence
Flood (Property in Zone B)	20,000,000	aggregate
Earthquake (Property)	20,000,000	aggregate

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 13 – RISK MANAGEMENT (Continued)

The member deductible per occurrence for most types of claims is \$2,500. The pool's self insured retention (SIR) for property claims is \$2,501 - \$200,000 per occurrence except Boiler and Machinery which is \$5,000. The pool's SIR for liability claims is \$1,000,000 per occurrence. Excess insurance coverage, provided by commercial companies and an excess insurance pool is \$9,000,000 to the limits stated above. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2007, because an actuarial opinion issued as of that date reported actual MVRMA loss reserves of \$10,162,500 an amount in excess of the recommended net reserve of \$4,060,226. MVRMA reported Montgomery's loss experience for most years 2006, 2005 and 2004 (most current available) as \$1,500, \$2,000, and \$6,389 respectively.

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

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

The City continues to carry commercial insurance public officials liability. The City's liability coverage was increased from \$7,000,000 in 2005 to \$10,000,000 per occurrence in 2007. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 14 – COMPLIANCE AND ACCOUNTABILITY

The deficit at December 31, 2007 of \$1,159,070 in the Triangle Tax Increment Fund (major governmental fund) was the result of recognizing expenditures on the modified accrual basis, which result in expenditures greater than those on the cash basis. Deficits did not exist on a cash basis. The General Fund provides transfers, upon City Council's approval, when cash is required, not when accruals occur.

NOTE 15 – CONTINGENCIES

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

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Memorial Fund

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

Parks and Recreation Fundraising Fund

To account for monies received from gifts and donations given to the City to support projects that will enhance the city's parks and gateways. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because there are no assets or liabilities and there was no activity during the year.)

Law Enforcement Fund

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

Drug Law Enforcement Fund

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

DUI Enforcement and Education Fund

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

Mayor's Court Technology Fund

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

Community Oriented Policing Services (COPS) Grant Fund

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

Environmental Impact Tax Fund

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

Street Construction, Maintenance and Repair Fund

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

Arts and Amenities Fund

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

Special Revenue Funds

Municipal Pool Fund

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

Cemetery Fund

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

Debt Service Funds

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

Special Assessment Bond Retirement Fund

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

General Obligation Bond Retirement Fund

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

Ohio National Tax Increment Fund

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

Capital Projects Funds

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

Special Assessment Capital Projects Fund

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

Community Development Block Grant (CDBG) Fund

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

Urban Redevelopment Fund

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

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,249,112	\$ 3,777,830	\$ 210,579	\$ 5,237,521
Investments	1,218,112	0	0	1,218,112
Receivables:				
Taxes	0	172,907	0	172,907
Accounts	7,251	0	0	7,251
Intergovernmental	254,415	0	0	254,415
Interest	12,628	0	0	12,628
Special Assessments	0	230,706	0	230,706
Interfund Loans Receivables	50,000	0	0	50,000
Prepaid Items	998	0	0	998
Total Assets	<u>\$ 2,792,516</u>	<u>\$ 4,181,443</u>	<u>\$ 210,579</u>	<u>\$ 7,184,538</u>
Liabilities:				
Accounts Payable	\$ 8,040	\$ 0	\$ 0	\$ 8,040
Accrued Wages and Benefits Payable	32,498	0	0	32,498
Interfund Loans Payable	0	0	8,700	8,700
Deferred Revenue	176,710	230,706	0	407,416
Total Liabilities	<u>217,248</u>	<u>230,706</u>	<u>8,700</u>	<u>456,654</u>
Fund Balances:				
Reserved for Encumbrances	34,227	0	0	34,227
Reserved for Prepaid Items	998	0	0	998
Reserved for Debt Service	0	3,950,737	0	3,950,737
Undesignated/Unreserved	2,540,043	0	201,879	2,741,922
Total Fund Balances	<u>2,575,268</u>	<u>3,950,737</u>	<u>201,879</u>	<u>6,727,884</u>
Total Liabilities and Fund Balances	<u>\$ 2,792,516</u>	<u>\$ 4,181,443</u>	<u>\$ 210,579</u>	<u>\$ 7,184,538</u>

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 0	\$ 1,266,297	\$ 90,508	\$ 1,356,805
Intergovernmental Revenues	521,434	0	0	521,434
Charges for Services	219,947	0	0	219,947
Licenses, Permits and Fees	35,823	0	0	35,823
Investment Earnings	170,263	2,152	0	172,415
Special Assessments	0	80,632	0	80,632
Fines and Forfeitures	19,276	0	0	19,276
All Other Revenue	74,061	0	3,200	77,261
Total Revenue	1,040,804	1,349,081	93,708	2,483,593
Expenditures:				
Current:				
Public Safety	109,584	0	0	109,584
Parks & Recreation	225,136	0	0	225,136
Public Works	1,115,239	0	0	1,115,239
General Government	0	167,043	922	167,965
Capital Outlay	0	0	190,327	190,327
Debt Service:				
Principal Retirement	0	863,883	0	863,883
Interest and Fiscal Charges	0	219,636	0	219,636
Total Expenditures	1,449,959	1,250,562	191,249	2,891,770
Excess (Deficiency) of Revenues Over Expenditures	(409,155)	98,519	(97,541)	(408,177)
Other Financing Sources (Uses):				
Sale of Capital Assets	5,917	0	0	5,917
Transfers In	500,253	119,000	0	619,253
Total Other Financing Sources (Uses)	506,170	119,000	0	625,170
Net Change in Fund Balances	97,015	217,519	(97,541)	216,993
Fund Balances at Beginning of Year	2,478,253	3,733,218	299,420	6,510,891
Fund Balances End of Year	\$ 2,575,268	\$ 3,950,737	\$ 201,879	\$ 6,727,884

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007**

	Memorial	Law Enforcement	Drug Law Enforcement	DUI Enforcement and Education	Mayor's Court Technology
Assets:					
Cash and Cash Equivalents	\$ 22,771	\$ 4,940	\$ 4,602	\$ 6,048	\$ 56,941
Investments	0	0	0	0	0
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	0	0	0	111	0
Interest	0	0	0	0	0
Interfund Loans Receivables	0	0	0	0	0
Prepaid Items	0	0	0	0	484
Total Assets	<u>\$ 22,771</u>	<u>\$ 4,940</u>	<u>\$ 4,602</u>	<u>\$ 6,159</u>	<u>\$ 57,425</u>
Liabilities:					
Accounts Payable	\$ 0	\$ 91	\$ 0	\$ 0	\$ 38
Accrued Wages and Benefits Payable	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	<u>0</u>	<u>91</u>	<u>0</u>	<u>0</u>	<u>38</u>
Fund Balances:					
Reserved for Encumbrances	985	0	0	0	270
Reserved for Prepaid Items	0	0	0	0	484
Undesignated/Unreserved	21,786	4,849	4,602	6,159	56,633
Total Fund Balances	<u>22,771</u>	<u>4,849</u>	<u>4,602</u>	<u>6,159</u>	<u>57,387</u>
Total Liabilities and Fund Balances	<u>\$ 22,771</u>	<u>\$ 4,940</u>	<u>\$ 4,602</u>	<u>\$ 6,159</u>	<u>\$ 57,425</u>

CITY OF MONTGOMERY, OHIO

<u>COPS Grant</u>	<u>Environmental Impact Tax</u>	<u>Street Construction, Maintenance, and Repair</u>	<u>Arts and Amenities</u>	<u>Municipal Pool</u>	<u>Cemetery</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 29,583	\$ 61,788	\$ 666,663	\$ 281,780	\$ 45,909	\$ 68,087	\$ 1,249,112
0	70,142	698,683	319,878	52,116	77,293	1,218,112
0	7,188	63	0	0	0	7,251
0	0	254,304	0	0	0	254,415
0	727	7,244	3,316	540	801	12,628
0	0	0	0	0	50,000	50,000
0	0	514	0	0	0	998
<u>\$ 29,583</u>	<u>\$ 139,845</u>	<u>\$ 1,627,471</u>	<u>\$ 604,974</u>	<u>\$ 98,565</u>	<u>\$ 196,181</u>	<u>\$ 2,792,516</u>
\$ 0	\$ 0	\$ 7,661	\$ 250	\$ 0	\$ 0	\$ 8,040
726	0	31,772	0	0	0	32,498
0	413	173,651	1,884	307	455	176,710
<u>726</u>	<u>413</u>	<u>213,084</u>	<u>2,134</u>	<u>307</u>	<u>455</u>	<u>217,248</u>
0	0	27,451	370	500	4,651	34,227
0	0	514	0	0	0	998
28,857	139,432	1,386,422	602,470	97,758	191,075	2,540,043
<u>28,857</u>	<u>139,432</u>	<u>1,414,387</u>	<u>602,840</u>	<u>98,258</u>	<u>195,726</u>	<u>2,575,268</u>
<u>\$ 29,583</u>	<u>\$ 139,845</u>	<u>\$ 1,627,471</u>	<u>\$ 604,974</u>	<u>\$ 98,565</u>	<u>\$ 196,181</u>	<u>\$ 2,792,516</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, 2007**

	Memorial	Law Enforcement	Drug Law Enforcement	DUI Enforcement and Education	Mayor's Court Technology
Revenues:					
Intergovernmental Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Charges for Services	0	0	0	0	0
Licenses, Permits and Fees	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	5,425	197	424	1,781	11,449
All Other Revenue	0	0	0	0	0
Total Revenue	5,425	197	424	1,781	11,449
Expenditures:					
Current:					
Public Safety	0	91	0	0	11,259
Parks and Recreation	6,433	0	0	0	0
Public Works	0	0	0	0	0
Total Expenditures	6,433	91	0	0	11,259
Excess (Deficiency) of Revenues Over Expenditures	(1,008)	106	424	1,781	190
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	0	0	0
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	(1,008)	106	424	1,781	190
Fund Balances at Beginning of Year	23,779	4,743	4,178	4,378	57,197
Fund Balances End of Year	\$ 22,771	\$ 4,849	\$ 4,602	\$ 6,159	\$ 57,387

CITY OF MONTGOMERY, OHIO

<u>COPS Grant</u>	<u>Environmental Impact Tax</u>	<u>Street Construction, Maintenance, and Repair</u>	<u>Arts and Amenities</u>	<u>Municipal Pool</u>	<u>Cemetery</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 521,434	\$ 0	\$ 0	\$ 0	\$ 521,434
0	0	0	16,752	183,694	19,501	219,947
0	35,823	0	0	0	0	35,823
0	868	105,250	43,316	8,051	12,778	170,263
0	0	0	0	0	0	19,276
<u>60,846</u>	<u>0</u>	<u>12,520</u>	<u>695</u>	<u>0</u>	<u>0</u>	<u>74,061</u>
<u>60,846</u>	<u>36,691</u>	<u>639,204</u>	<u>60,763</u>	<u>191,745</u>	<u>32,279</u>	<u>1,040,804</u>
98,234	0	0	0	0	0	109,584
0	0	0	11,377	207,326	0	225,136
<u>0</u>	<u>0</u>	<u>1,093,909</u>	<u>0</u>	<u>0</u>	<u>21,330</u>	<u>1,115,239</u>
<u>98,234</u>	<u>0</u>	<u>1,093,909</u>	<u>11,377</u>	<u>207,326</u>	<u>21,330</u>	<u>1,449,959</u>
(37,388)	36,691	(454,705)	49,386	(15,581)	10,949	(409,155)
0	0	5,917	0	0	0	5,917
<u>41,618</u>	<u>0</u>	<u>428,635</u>	<u>0</u>	<u>30,000</u>	<u>0</u>	<u>500,253</u>
<u>41,618</u>	<u>0</u>	<u>434,552</u>	<u>0</u>	<u>30,000</u>	<u>0</u>	<u>506,170</u>
4,230	36,691	(20,153)	49,386	14,419	10,949	97,015
<u>24,627</u>	<u>102,741</u>	<u>1,434,540</u>	<u>553,454</u>	<u>83,839</u>	<u>184,777</u>	<u>2,478,253</u>
<u>\$ 28,857</u>	<u>\$ 139,432</u>	<u>\$ 1,414,387</u>	<u>\$ 602,840</u>	<u>\$ 98,258</u>	<u>\$ 195,726</u>	<u>\$ 2,575,268</u>

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2007**

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Ohio National Tax Increment	Total Nonmajor Debt Service Funds
Assets:				
Cash and Cash Equivalents	\$ 110,771	\$ 1,022,703	\$ 2,644,356	\$ 3,777,830
Receivables (net of allowance for doubtful accounts):				
Taxes	0	172,907	0	172,907
Special Assessments	230,706	0	0	230,706
Total Assets	<u>\$ 341,477</u>	<u>\$ 1,195,610</u>	<u>\$ 2,644,356</u>	<u>\$ 4,181,443</u>
Liabilities:				
Deferred Revenue	\$ 230,706	\$ 0	\$ 0	\$ 230,706
Total Liabilities	<u>230,706</u>	<u>0</u>	<u>0</u>	<u>230,706</u>
Fund Balances:				
Reserved for Debt Service	110,771	1,195,610	2,644,356	3,950,737
Total Fund Balances	<u>110,771</u>	<u>1,195,610</u>	<u>2,644,356</u>	<u>3,950,737</u>
Total Liabilities and Fund Balances	<u>\$ 341,477</u>	<u>\$ 1,195,610</u>	<u>\$ 2,644,356</u>	<u>\$ 4,181,443</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, 2007**

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Ohio National Tax Increment	Total Nonmajor Debt Service Funds
Revenues:				
Taxes	\$ 0	\$ 561,695	\$ 704,602	\$ 1,266,297
Investment Earnings	0	2,152	0	2,152
Special Assessments	80,632	0	0	80,632
Total Revenue	<u>80,632</u>	<u>563,847</u>	<u>704,602</u>	<u>1,349,081</u>
Expenditures:				
General Government	2,200	0	164,843	167,043
Debt Service:				
Principal Retirement	43,883	595,000	225,000	863,883
Interest and Fiscal Charges	15,750	134,008	69,878	219,636
Total Expenditures	<u>61,833</u>	<u>729,008</u>	<u>459,721</u>	<u>1,250,562</u>
Excess (Deficiency) of Revenues Over Expenditures	18,799	(165,161)	244,881	98,519
Other Financing Sources (Uses):				
Transfers In	0	119,000	0	119,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>119,000</u>	<u>0</u>	<u>119,000</u>
Net Change in Fund Balances	18,799	(46,161)	244,881	217,519
Fund Balances at Beginning of Year	<u>91,972</u>	<u>1,241,771</u>	<u>2,399,475</u>	<u>3,733,218</u>
Fund Balances End of Year	<u>\$ 110,771</u>	<u>\$ 1,195,610</u>	<u>\$ 2,644,356</u>	<u>\$ 3,950,737</u>

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2007**

	Special Assessment Capital Projects	Community Development Block Grant	Urban Redevelopment	Total Nonmajor Capital Projects Funds
Assets:				
Cash and Cash Equivalents	\$ 98,776	\$ 12,390	\$ 99,413	\$ 210,579
Total Assets	<u>\$ 98,776</u>	<u>\$ 12,390</u>	<u>\$ 99,413</u>	<u>\$ 210,579</u>
Liabilities:				
Interfund Loans Payable	\$ 0	\$ 8,700	\$ 0	\$ 8,700
Total Liabilities	<u>0</u>	<u>8,700</u>	<u>0</u>	<u>8,700</u>
Fund Balances:				
Undesignated/Unreserved	98,776	3,690	99,413	201,879
Total Fund Balances	<u>98,776</u>	<u>3,690</u>	<u>99,413</u>	<u>201,879</u>
Total Liabilities and Fund Balances	<u>\$ 98,776</u>	<u>\$ 12,390</u>	<u>\$ 99,413</u>	<u>\$ 210,579</u>

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007**

	Special Assessment Capital Projects	Community Development Block Grant	Urban Redevelopment	Total Nonmajor Capital Project Funds
Revenues:				
Taxes	\$ 0	\$ 0	\$ 90,508	\$ 90,508
All Other Revenue	0	0	3,200	3,200
Total Revenue	<u>0</u>	<u>0</u>	<u>93,708</u>	<u>93,708</u>
Expenditures:				
Current:				
General Government	0	0	922	922
Capital Outlay	0	0	190,327	190,327
Total Expenditures	<u>0</u>	<u>0</u>	<u>191,249</u>	<u>191,249</u>
Net Change in Fund Balances	0	0	(97,541)	(97,541)
Fund Balances at Beginning of Year	<u>98,776</u>	<u>3,690</u>	<u>196,954</u>	<u>299,420</u>
Fund Balances End of Year	<u>\$ 98,776</u>	<u>\$ 3,690</u>	<u>\$ 99,413</u>	<u>\$ 201,879</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, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 6,427,100	\$ 7,076,232	\$ 6,984,602	\$ (91,630)
Intergovernmental Revenues	563,394	563,394	563,968	574
Charges for Services	213,650	213,650	210,015	(3,635)
Licenses, Permits and Fees	214,075	214,075	263,408	49,333
Investment Earnings	310,000	625,000	872,782	247,782
Fines and Forfeitures	151,305	151,305	123,486	(27,819)
All Other Revenues	42,705	42,705	74,252	31,547
Total Revenues	<u>7,922,229</u>	<u>8,886,361</u>	<u>9,092,513</u>	<u>206,152</u>
Expenditures:				
Public Safety:				
Police:				
Personal Services	2,340,155	2,340,362	2,263,515	76,847
Material, Supplies, and Services	311,632	324,127	264,202	59,925
Capital Outlay	127,500	130,200	124,509	5,691
Total Police	<u>2,779,287</u>	<u>2,794,689</u>	<u>2,652,226</u>	<u>142,463</u>
Disaster Service:				
Material, Supplies, and Services	7,250	7,250	7,097	153
Total Disaster Service	<u>7,250</u>	<u>7,250</u>	<u>7,097</u>	<u>153</u>
Public Health and Welfare:				
Personal Services	53,072	53,072	48,848	4,224
Total Public Health and Welfare	<u>53,072</u>	<u>53,072</u>	<u>48,848</u>	<u>4,224</u>
Civil Service:				
Material, Supplies, and Services	6,075	6,075	2,945	3,130
Total Civil Service	<u>6,075</u>	<u>6,075</u>	<u>2,945</u>	<u>3,130</u>
Total Public Safety	<u>2,845,684</u>	<u>2,861,086</u>	<u>2,711,116</u>	<u>149,970</u>
Parks and Recreation:				
Recreation:				
Personal Services	199,348	199,348	125,270	74,078
Material, Supplies, and Services	93,920	100,584	71,130	29,454
Capital Outlay	52,400	56,700	53,969	2,731
Total Recreation	<u>345,668</u>	<u>356,632</u>	<u>250,369</u>	<u>106,263</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, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
City Parks:				
Personal Services	291,475	291,475	200,484	90,991
Materials, Supplies, and Services	141,623	159,712	132,645	27,067
Capital Outlay	33,000	36,574	26,440	10,134
Total City Parks	<u>466,098</u>	<u>487,761</u>	<u>359,569</u>	<u>128,192</u>
Lodges:				
Materials, Supplies, and Services	16,087	18,384	11,065	7,319
Capital Outlay	4,600	4,600	3,083	1,517
Total Lodges	<u>20,687</u>	<u>22,984</u>	<u>14,148</u>	<u>8,836</u>
City Beautiful:				
Material, Supplies, and Services	92,600	105,806	95,670	10,136
Capital Outlay	9,000	10,368	3,209	7,159
Total City Beautiful	<u>101,600</u>	<u>116,174</u>	<u>98,879</u>	<u>17,295</u>
Special Events:				
Material, Supplies, and Services	88,990	92,287	76,719	15,568
Total Special Events	<u>88,990</u>	<u>92,287</u>	<u>76,719</u>	<u>15,568</u>
Total Parks and Recreation	<u>1,023,043</u>	<u>1,075,838</u>	<u>799,684</u>	<u>276,154</u>
Community Economic Development:				
Landmarks Commission:				
Personal Services	1,383	1,383	80	1,303
Material, Supplies, and Services	10,000	12,125	12,125	0
Capital Outlay	2,100	6,286	1,100	5,186
Total Landmarks Commission	<u>13,483</u>	<u>19,794</u>	<u>13,305</u>	<u>6,489</u>
Development				
Personal Services	195,884	190,905	188,867	2,038
Material, Supplies, and Services	213,800	223,585	223,585	0
Total Development	<u>409,684</u>	<u>414,490</u>	<u>412,452</u>	<u>2,038</u>
Planning Commission:				
Personal Services	2,767	2,767	348	2,419
Material, Supplies, and Services	2,900	3,650	2,656	994
Capital Outlay	25,000	43,390	19,370	24,020
Total Planning Commission	<u>30,667</u>	<u>49,807</u>	<u>22,374</u>	<u>27,433</u>
Total Community Economic Development	<u>453,834</u>	<u>484,091</u>	<u>448,131</u>	<u>35,960</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, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Public Works:				
Personal Services	380,553	364,397	312,404	51,993
Material, Supplies, and Services	85,365	112,355	112,355	0
Capital Outlay	3,800	7,151	4,325	2,826
Total Public Works	<u>469,718</u>	<u>483,903</u>	<u>429,084</u>	<u>54,819</u>
General Government:				
Administration:				
Personal Services	463,459	463,459	442,156	21,303
Material, Supplies, and Services	31,550	41,358	37,537	3,821
Capital Outlay	2,200	2,200	0	2,200
Total Administration	<u>497,209</u>	<u>507,017</u>	<u>479,693</u>	<u>27,324</u>
Finance Administration:				
Personal Services	305,890	297,443	210,123	87,320
Material, Supplies, and Services	49,600	80,462	80,462	0
Capital Outlay	8,400	8,400	1,379	7,021
Total Finance Administration	<u>363,890</u>	<u>386,305</u>	<u>291,964</u>	<u>94,341</u>
Legal Administration:				
Material, Supplies, and Services	196,000	321,158	289,540	31,618
Capital Outlay	86,000	86,000	80,861	5,139
Total Legal Administration	<u>282,000</u>	<u>407,158</u>	<u>370,401</u>	<u>36,757</u>
Income Tax:				
Personal Services	160,978	131,211	124,630	6,581
Material, Supplies, and Services	15,550	60,784	60,784	0
Capital Outlay	2,000	2,000	0	2,000
Total Income Tax	<u>178,528</u>	<u>193,995</u>	<u>185,414</u>	<u>8,581</u>
Council:				
Personal Services	20,215	20,215	13,222	6,993
Material, Supplies, and Services	1,750	1,750	1,632	118
Total Council	<u>21,965</u>	<u>21,965</u>	<u>14,854</u>	<u>7,111</u>
Mayor's Court:				
Personal Services	86,128	86,128	82,271	3,857
Material, Supplies, and Services	36,492	39,856	32,147	7,709
Total Mayor's Court	<u>122,620</u>	<u>125,984</u>	<u>114,418</u>	<u>11,566</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, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Volunteer Services:				
Personal Services	41,517	41,517	33,207	8,310
Materials, Supplies, and Services	4,500	5,617	3,373	2,244
Capital Outlay	3,300	5,800	5,431	369
Total Volunteer Services	<u>49,317</u>	<u>52,934</u>	<u>42,011</u>	<u>10,923</u>
Information Technology:				
Materials, Supplies, and Services	0	3,235	1,384	1,851
Capital Outlay	0	6,115	5,889	226
Total Information Technology	<u>0</u>	<u>9,350</u>	<u>7,273</u>	<u>2,077</u>
General Administration:				
Personal Services	231,265	231,265	204,419	26,846
Material, Supplies, and Services	1,355,169	1,518,569	1,226,644	291,925
Capital Outlay	69,300	575,835	561,972	13,863
Total General Administration	<u>1,655,734</u>	<u>2,325,669</u>	<u>1,993,035</u>	<u>332,634</u>
Total General Government	<u>3,171,263</u>	<u>4,030,377</u>	<u>3,499,063</u>	<u>531,314</u>
Total Expenditures	<u>7,963,542</u>	<u>8,935,295</u>	<u>7,887,078</u>	<u>1,048,217</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,313)	(48,934)	1,205,435	1,254,369
Other Financing Sources (Uses):				
Sale of Capital Assets	250	250	4,447	4,197
Transfers Out	(576,618)	(2,471,618)	(2,395,253)	76,365
Advances In	0	0	50,000	50,000
Advances Out	0	(76,490)	(76,490)	0
Total Other Financing Sources (Uses)	<u>(576,368)</u>	<u>(2,547,858)</u>	<u>(2,417,296)</u>	<u>130,562</u>
Net Change in Fund Balance	(617,681)	(2,596,792)	(1,211,861)	1,384,931
Fund Balance at Beginning of Year	11,616,576	11,616,576	11,616,576	0
Prior Year Encumbrances	875,753	875,753	875,753	0
Fund Balance at End of Year	<u>\$ 11,874,648</u>	<u>\$ 9,895,537</u>	<u>\$ 11,280,468</u>	<u>\$ 1,384,931</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund
For the Year Ended December 31, 2007**

FIRE PROTECTION / EMS FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,666,025	\$ 1,753,949	\$ 1,826,696	\$ 72,747
Intergovernmental Revenues	200,800	273,546	175,772	(97,774)
Charges for Services	70,250	97,150	97,051	(99)
Investment Earnings	75,131	189,788	218,126	28,338
All Other Revenues	5,900	5,900	12,016	6,116
Total Revenues	<u>2,018,106</u>	<u>2,320,333</u>	<u>2,329,661</u>	<u>9,328</u>
Expenditures:				
Public Works:				
Personal Services	1,650,434	1,650,434	1,380,641	269,793
Material, Supplies, and Services	224,995	230,445	188,263	42,182
Capital Outlay	39,996	219,296	201,574	17,722
Total Expenditures	<u>1,915,425</u>	<u>2,100,175</u>	<u>1,770,478</u>	<u>329,697</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	102,681	220,158	559,183	339,025
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	1,292	1,292
Transfers Out	(119,000)	(119,000)	(119,000)	0
Total Other Financing Sources (Uses)	<u>(119,000)</u>	<u>(119,000)</u>	<u>(117,708)</u>	<u>1,292</u>
Net Change in Fund Balance	(16,319)	101,158	441,475	340,317
Fund Balance at Beginning of Year	3,075,907	3,075,907	3,075,907	0
Prior Year Encumbrances	184,750	184,750	184,750	0
Fund Balance at End of Year	<u>\$ 3,244,338</u>	<u>\$ 3,361,815</u>	<u>\$ 3,702,132</u>	<u>\$ 340,317</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2007**

RESERVE OF MONTGOMERY BOND RETIREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 182,456	\$ 188,154	\$ 188,154	\$ 0
Total Revenues	<u>182,456</u>	<u>188,154</u>	<u>188,154</u>	<u>0</u>
Expenditures:				
General Government:				
Material, Supplies, and Services	6,380	6,380	5,962	418
Debt Service:				
Principal Retirement	110,000	110,000	110,000	0
Interest and Fiscal Charges	<u>63,230</u>	<u>63,230</u>	<u>63,030</u>	<u>200</u>
Total Expenditures	<u>179,610</u>	<u>179,610</u>	<u>178,992</u>	<u>618</u>
Net Change in Fund Balance	2,846	8,544	9,162	618
Fund Balance at Beginning of Year	<u>61,405</u>	<u>61,405</u>	<u>61,405</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 64,251</u>	<u>\$ 69,949</u>	<u>\$ 70,567</u>	<u>\$ 618</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund
For the Year Ended December 31, 2007**

CAPITAL IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 1,633,685	\$ 1,633,685	\$ 1,606,886	\$ (26,799)
Total Revenues	<u>1,633,685</u>	<u>1,633,685</u>	<u>1,606,886</u>	<u>(26,799)</u>
Expenditures:				
Capital Outlay	1,483,800	2,349,412	2,158,239	191,173
Total Expenditures	<u>1,483,800</u>	<u>2,349,412</u>	<u>2,158,239</u>	<u>191,173</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	149,885	(715,727)	(551,353)	164,374
Other Financing Sources (Uses):				
Transfers In	0	1,792,509	1,895,000	102,491
Advances Out	0	(75,000)	(75,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,717,509</u>	<u>1,820,000</u>	<u>102,491</u>
Net Change in Fund Balance	149,885	1,001,782	1,268,647	266,865
Fund Balance at Beginning of Year	941,181	941,181	941,181	0
Prior Year Encumbrances	615,612	615,612	615,612	0
Fund Balance at End of Year	<u>\$ 1,706,678</u>	<u>\$ 2,558,575</u>	<u>\$ 2,825,440</u>	<u>\$ 266,865</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund
For the Year Ended December 31, 2007**

TRIANGLE TAX INCREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
All Other Revenues	\$ 0	\$ 25,587	\$ 24,097	\$ (1,490)
Total Revenues	<u>0</u>	<u>25,587</u>	<u>24,097</u>	<u>(1,490)</u>
Expenditures:				
Capital Outlay	15,000	1,108,440	1,106,705	1,735
Total Expenditures	<u>15,000</u>	<u>1,108,440</u>	<u>1,106,705</u>	<u>1,735</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(1,082,853)	(1,082,608)	245
Other Financing Sources (Uses):				
Advances In	0	150,000	151,490	1,490
Total Other Financing Sources (Uses)	<u>0</u>	<u>150,000</u>	<u>151,490</u>	<u>1,490</u>
Net Change in Fund Balance	(15,000)	(932,853)	(931,118)	1,735
Fund Balance at Beginning of Year	255,680	255,680	255,680	0
Prior Year Encumbrances	677,173	677,173	677,173	0
Fund Balance at End of Year	<u>\$ 917,853</u>	<u>\$ 0</u>	<u>\$ 1,735</u>	<u>\$ 1,735</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, 2007**

	MEMORIAL FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 5,000	\$ 5,425	\$ 5,425	\$ 0
Total Revenues	5,000	5,425	5,425	0
Expenditures:				
Community Economic Development:				
Material, Supplies, and Services	5,200	8,006	7,418	588
Total Expenditures	5,200	8,006	7,418	588
Net Change in Fund Balance	(200)	(2,581)	(1,993)	588
Fund Balance at Beginning of Year	23,473	23,473	23,473	0
Prior Year Encumbrances	306	306	306	0
Fund Balance at End of Year	\$ 23,579	\$ 21,198	\$ 21,786	\$ 588

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, 2007**

	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	\$ 0	\$ 0	\$ 0
Total Revenues	<u>500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
Parks and Recreation:				
Capital Outlay	500	0	0	0
Total Expenditures	<u>500</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	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007**

LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 800	\$ 305	\$ 305	\$ 0
All Other Revenues	400	0	0	0
Total Revenues	<u>1,200</u>	<u>305</u>	<u>305</u>	<u>0</u>
Expenditures:				
Public Safety:				
Material, Supplies, and Services	500	500	0	500
Capital Outlay	600	600	0	600
Total Expenditures	<u>1,100</u>	<u>1,100</u>	<u>0</u>	<u>1,100</u>
Net Change in Fund Balance	100	(795)	305	1,100
Fund Balance at Beginning of Year	4,635	4,635	4,635	0
Fund Balance at End of Year	<u>\$ 4,735</u>	<u>\$ 3,840</u>	<u>\$ 4,940</u>	<u>\$ 1,100</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, 2007**

DRUG LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Fines and Forfeitures	\$ 300	\$ 424	\$ 424	\$ 0
Total Revenues	<u>300</u>	<u>424</u>	<u>424</u>	<u>0</u>
Expenditures:				
General Government:				
Material, Supplies, and Services	<u>300</u>	<u>300</u>	<u>0</u>	<u>300</u>
Total Expenditures	<u>300</u>	<u>300</u>	<u>0</u>	<u>300</u>
Net Change in Fund Balance	0	124	424	300
Fund Balance at Beginning of Year	<u>4,178</u>	<u>4,178</u>	<u>4,178</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,178</u>	<u>\$ 4,302</u>	<u>\$ 4,602</u>	<u>\$ 300</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, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 1,000	\$ 1,797	\$ 1,797	\$ 0
Total Revenues	<u>1,000</u>	<u>1,797</u>	<u>1,797</u>	<u>0</u>
Expenditures:				
General Government:				
Material, Supplies, and Services	<u>600</u>	<u>600</u>	<u>0</u>	<u>600</u>
Total Expenditures	<u>600</u>	<u>600</u>	<u>0</u>	<u>600</u>
Net Change in Fund Balance	400	1,197	1,797	600
Fund Balance at Beginning of Year	<u>4,251</u>	<u>4,251</u>	<u>4,251</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,651</u>	<u>\$ 5,448</u>	<u>\$ 6,048</u>	<u>\$ 600</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, 2007**

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	\$ 14,000	\$ 12,266	\$ 12,265	\$ (1)
Total Revenues	<u>14,000</u>	<u>12,266</u>	<u>12,265</u>	<u>(1)</u>
Expenditures:				
General Government:				
Material, Supplies, and Services	16,841	16,841	10,785	6,056
Capital Outlay	<u>3,700</u>	<u>3,700</u>	<u>1,184</u>	<u>2,516</u>
Total Expenditures	<u>20,541</u>	<u>20,541</u>	<u>11,969</u>	<u>8,572</u>
Net Change in Fund Balance	(6,541)	(8,275)	296	8,571
Fund Balance at Beginning of Year	<u>56,337</u>	<u>56,337</u>	<u>56,337</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 49,796</u>	<u>\$ 48,062</u>	<u>\$ 56,633</u>	<u>\$ 8,571</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, 2007**

	COPS GRANT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 62,429	\$ 60,846	\$ 60,846	\$ 0
Total Revenues	62,429	60,846	60,846	0
Expenditures:				
Public Works:				
Personal Services	100,347	100,347	95,142	5,205
Material, Supplies, and Services	3,700	3,700	2,753	947
Total Expenditures	104,047	104,047	97,895	6,152
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,618)	(43,201)	(37,049)	6,152
Other Financing Sources (Uses):				
Transfers In	41,618	41,618	41,618	0
Total Other Financing Sources (Uses)	41,618	41,618	41,618	0
Net Change in Fund Balance	0	(1,583)	4,569	6,152
Fund Balance at Beginning of Year	25,014	25,014	25,014	0
Fund Balance at End of Year	\$ 25,014	\$ 23,431	\$ 29,583	\$ 6,152

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, 2007**

ENVIRONMENTAL IMPACT TAX FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Licenses, Permits and Fees	\$ 100,000	\$ 32,260	\$ 28,635	\$ (3,625)
Investment Earnings	2,428	2,428	0	(2,428)
Total Revenues	<u>102,428</u>	<u>34,688</u>	<u>28,635</u>	<u>(6,053)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	102,428	34,688	28,635	(6,053)
Other Financing Sources (Uses):				
Transfers In	100,000	31,000	28,635	(2,365)
Transfers Out	<u>(200,000)</u>	<u>(150,000)</u>	<u>(28,635)</u>	<u>121,365</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(119,000)</u>	<u>0</u>	<u>119,000</u>
Net Change in Fund Balance	2,428	(84,312)	28,635	112,947
Fund Balance at Beginning of Year	<u>102,914</u>	<u>102,914</u>	<u>102,914</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 105,342</u>	<u>\$ 18,602</u>	<u>\$ 131,549</u>	<u>\$ 112,947</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, 2007**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 518,895	\$ 514,593	\$ 518,679	\$ 4,086
Investment Earnings	32,987	32,133	96,030	63,897
All Other Revenues	0	0	12,457	12,457
Total Revenues	<u>551,882</u>	<u>546,726</u>	<u>627,166</u>	<u>80,440</u>
Expenditures:				
Public Works:				
Personal Services	842,987	843,682	774,451	69,231
Material, Supplies, and Services	278,838	322,735	313,488	9,247
Capital Outlay	<u>36,400</u>	<u>63,084</u>	<u>52,041</u>	<u>11,043</u>
Total Expenditures	<u>1,158,225</u>	<u>1,229,501</u>	<u>1,139,980</u>	<u>89,521</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(606,343)	(682,775)	(512,814)	169,961
Other Financing Sources (Uses):				
Sale of Capital Assets	4,500	4,500	5,917	1,417
Transfers In	<u>600,000</u>	<u>479,000</u>	<u>428,635</u>	<u>(50,365)</u>
Total Other Financing Sources (Uses)	<u>604,500</u>	<u>483,500</u>	<u>434,552</u>	<u>(48,948)</u>
Net Change in Fund Balance	(1,843)	(199,275)	(78,262)	121,013
Fund Balance at Beginning of Year	1,336,948	1,336,948	1,336,948	0
Prior Year Encumbrances	<u>71,276</u>	<u>71,276</u>	<u>71,276</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,406,381</u>	<u>\$ 1,208,949</u>	<u>\$ 1,329,962</u>	<u>\$ 121,013</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, 2007**

ARTS AND AMENITIES FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 11,000	\$ 18,200	\$ 16,752	\$ (1,448)
Investment Earnings	15,076	35,742	39,216	3,474
All Other Revenues	1,000	1,000	695	(305)
Total Revenues	<u>27,076</u>	<u>54,942</u>	<u>56,663</u>	<u>1,721</u>
Expenditures:				
Parks and Recreation:				
Material, Supplies, and Services	17,500	19,610	11,747	7,863
Capital Outlay	5,000	5,000	0	5,000
Total Expenditures	<u>22,500</u>	<u>24,610</u>	<u>11,747</u>	<u>12,863</u>
Net Change in Fund Balance	4,576	30,332	44,916	14,584
Fund Balance at Beginning of Year	552,276	552,276	552,276	0
Prior Year Encumbrances	2,110	2,110	2,110	0
Fund Balance at End of Year	<u>\$ 558,962</u>	<u>\$ 584,718</u>	<u>\$ 599,302</u>	<u>\$ 14,584</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, 2007**

MUNICIPAL POOL FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 600	\$ 600	\$ 0	\$ (600)
Charges for Services	167,850	199,850	183,694	(16,156)
Investment Earnings	550	7,550	7,535	(15)
All Other Revenues	200	200	0	(200)
Total Revenues	<u>169,200</u>	<u>208,200</u>	<u>191,229</u>	<u>(16,971)</u>
Expenditures:				
Parks and Recreation:				
Material, Supplies, and Services	192,650	197,049	197,049	0
Capital Outlay	20,100	15,701	10,777	4,924
Total Expenditures	<u>212,750</u>	<u>212,750</u>	<u>207,826</u>	<u>4,924</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,550)	(4,550)	(16,597)	(12,047)
Other Financing Sources (Uses):				
Transfers In	61,334	99,432	30,000	(69,432)
Total Other Financing Sources (Uses)	<u>61,334</u>	<u>99,432</u>	<u>30,000</u>	<u>(69,432)</u>
Net Change in Fund Balance	17,784	94,882	13,403	(81,479)
Fund Balance at Beginning of Year	83,839	83,839	83,839	0
Fund Balance at End of Year	<u>\$ 101,623</u>	<u>\$ 178,721</u>	<u>\$ 97,242</u>	<u>\$ (81,479)</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, 2007**

CEMETERY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 32,000	\$ 26,254	\$ 19,501	\$ (6,753)
Investment Earnings	4,545	4,545	11,701	7,156
Total Revenues	<u>36,545</u>	<u>30,799</u>	<u>31,202</u>	<u>403</u>
Expenditures:				
Public Works:				
Material, Supplies, and Services	30,005	33,509	20,981	12,528
Capital Outlay	7,000	7,000	5,000	2,000
Total Expenditures	<u>37,005</u>	<u>40,509</u>	<u>25,981</u>	<u>14,528</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(460)	(9,710)	5,221	14,931
Other Financing Sources (Uses):				
Advances Out	(50,000)	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Net Change in Fund Balance	(50,460)	(59,710)	(44,779)	14,931
Fund Balance at Beginning of Year	181,584	181,584	181,584	0
Prior Year Encumbrances	3,504	3,504	3,504	0
Fund Balance at End of Year	<u>\$ 134,628</u>	<u>\$ 125,378</u>	<u>\$ 140,309</u>	<u>\$ 14,931</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, 2007**

SPECIAL ASSESSMENT BOND RETIREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 72,568	\$ 80,631	\$ 80,632	\$ 1
Total Revenues	<u>72,568</u>	<u>80,631</u>	<u>80,632</u>	<u>1</u>
Expenditures:				
General Government:				
Material, Supplies, and Services	2,000	2,200	2,200	0
Debt Service:				
Principal Retirement	43,883	43,883	43,883	0
Interest and Fiscal Charges	<u>15,950</u>	<u>15,750</u>	<u>15,750</u>	<u>0</u>
Total Expenditures	<u>61,833</u>	<u>61,833</u>	<u>61,833</u>	<u>0</u>
Net Change in Fund Balance	10,735	18,798	18,799	1
Fund Balance at Beginning of Year	<u>91,972</u>	<u>91,972</u>	<u>91,972</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 102,707</u>	<u>\$ 110,770</u>	<u>\$ 110,771</u>	<u>\$ 1</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, 2007**

GENERAL OBLIGATION BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 522,779	\$ 489,982	\$ 514,204	\$ 24,222
Total Revenues	<u>522,779</u>	<u>489,982</u>	<u>514,204</u>	<u>24,222</u>
Expenditures:				
General Government:				
Material, Supplies, and Services	8,200	8,001	0	8,001
Debt Service:				
Principal Retirement	595,000	595,000	595,000	0
Interest and Fiscal Charges	<u>133,809</u>	<u>134,008</u>	<u>134,008</u>	<u>0</u>
Total Expenditures	<u>737,009</u>	<u>737,009</u>	<u>729,008</u>	<u>8,001</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(214,230)	(247,027)	(214,804)	32,223
Other Financing Sources (Uses):				
Transfers In	<u>119,000</u>	<u>119,000</u>	<u>119,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>119,000</u>	<u>119,000</u>	<u>119,000</u>	<u>0</u>
Net Change in Fund Balance	(95,230)	(128,027)	(95,804)	32,223
Fund Balance at Beginning of Year	<u>1,118,507</u>	<u>1,118,507</u>	<u>1,118,507</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,023,277</u>	<u>\$ 990,480</u>	<u>\$ 1,022,703</u>	<u>\$ 32,223</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, 2007**

OHIO NATIONAL TAX INCREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 705,549	\$ 704,602	\$ 704,602	\$ 0
Total Revenues	<u>705,549</u>	<u>704,602</u>	<u>704,602</u>	<u>0</u>
Expenditures:				
General Government:				
Material, Supplies, and Services	157,400	180,400	164,843	15,557
Total General Government	<u>157,400</u>	<u>180,400</u>	<u>164,843</u>	<u>15,557</u>
Debt Service:				
Principal Retirement	225,000	225,000	225,000	0
Interest and Fiscal Charges	70,878	70,878	69,878	1,000
Total Expenditures	<u>453,278</u>	<u>476,278</u>	<u>459,721</u>	<u>16,557</u>
Net Change in Fund Balance	252,271	228,324	244,881	16,557
Fund Balance at Beginning of Year	<u>2,399,475</u>	<u>2,399,475</u>	<u>2,399,475</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,651,746</u>	<u>\$ 2,627,799</u>	<u>\$ 2,644,356</u>	<u>\$ 16,557</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, 2007**

SPECIAL ASSESSMENT CAPITAL PROJECTS FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Special Assessments	\$ 20,836	\$ 0	\$ 0	\$ 0
Total Revenues	<u>20,836</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	20,836	0	0	0
Fund Balance at Beginning of Year	<u>98,776</u>	<u>98,776</u>	<u>98,776</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 119,612</u></u>	<u><u>\$ 98,776</u></u>	<u><u>\$ 98,776</u></u>	<u><u>\$ 0</u></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, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>12,390</u>	<u>12,390</u>	<u>12,390</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,390</u>	<u>\$ 12,390</u>	<u>\$ 12,390</u>	<u>\$ 0</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007**

URBAN REDEVELOPMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 79,481	\$ 90,508	\$ 90,508	\$ 0
All Other Revenues	3,200	3,200	3,200	0
Total Revenues	<u>82,681</u>	<u>93,708</u>	<u>93,708</u>	<u>0</u>
Expenditures:				
General Government:				
Material, Supplies, and Services	828	922	922	0
Total General Government	<u>828</u>	<u>922</u>	<u>922</u>	<u>0</u>
Capital Outlay:				
Capital Outlay	202,100	202,006	190,327	11,679
Total Capital Outlay	<u>202,100</u>	<u>202,006</u>	<u>190,327</u>	<u>11,679</u>
Total Expenditures	<u>202,928</u>	<u>202,928</u>	<u>191,249</u>	<u>11,679</u>
Net Change in Fund Balance	(120,247)	(109,220)	(97,541)	11,679
Fund Balance at Beginning of Year	196,954	196,954	196,954	0
Fund Balance at End of Year	<u>\$ 76,707</u>	<u>\$ 87,734</u>	<u>\$ 99,413</u>	<u>\$ 11,679</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, 2007**

	Balance December 31, 2006	Additions	Deductions	Balance December 31, 2007
<u>Mayor's Court</u>				
Assets:				
Restricted Assets:				
Cash with Fiscal Agent	\$824	\$150,613	(\$151,030)	\$407
Total Assets	<u>\$824</u>	<u>\$150,613</u>	<u>(\$151,030)</u>	<u>\$407</u>
Liabilities:				
Due to Others	\$824	\$150,613	(\$151,030)	\$407
Total Liabilities	<u>\$824</u>	<u>\$150,613</u>	<u>(\$151,030)</u>	<u>\$407</u>
<u>Trust Reimbursement</u>				
Assets:				
Restricted Assets:				
Cash with Fiscal Agent	\$239,956	\$210,731	(\$164,920)	\$285,767
Total Assets	<u>\$239,956</u>	<u>\$210,731</u>	<u>(\$164,920)</u>	<u>\$285,767</u>
Liabilities:				
Accounts Payable	\$232,565	\$204,240	(\$159,840)	\$276,965
Intergovernmental Payables	7,391	6,491	(5,080)	8,802
Total Liabilities	<u>\$239,956</u>	<u>\$210,731</u>	<u>(\$164,920)</u>	<u>\$285,767</u>
<u>Unclaimed Monies</u>				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$4,066	\$0	(\$587)	\$3,479
Total Assets	<u>\$4,066</u>	<u>\$0</u>	<u>(\$587)</u>	<u>\$3,479</u>
Liabilities:				
Due to Others	\$4,066	\$0	(\$587)	\$3,479
Total Liabilities	<u>\$4,066</u>	<u>\$0</u>	<u>(\$587)</u>	<u>\$3,479</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$4,066	\$0	(\$587)	\$3,479
Cash with Fiscal Agent	240,780	361,344	(315,950)	286,174
Total Assets	<u>\$244,846</u>	<u>\$361,344</u>	<u>(\$316,537)</u>	<u>\$289,653</u>
Liabilities:				
Accounts Payable	\$232,565	\$204,240	(\$159,840)	\$276,965
Intergovernmental Payables	7,391	6,491	(5,080)	8,802
Due to Others	4,890	150,613	(151,617)	3,886
Total Liabilities	<u>\$244,846</u>	<u>\$361,344</u>	<u>(\$316,537)</u>	<u>\$289,653</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF MONTGOMERY, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2007***

Capital Assets:

Land	\$15,181,361
Buildings	4,024,232
Improvements Other than Buildings	5,774,437
Infrastructure	23,119,621
Machinery and Equipment	4,824,400
Total Capital Assets	<u>\$52,924,051</u>

Investment in Capital Assets from:

General Fund	\$11,854,580
Special Revenue Funds	4,738,077
Capital Projects Funds	36,215,201
Private Purpose Trust Funds	116,193
Total Investment in Capital Assets	<u>\$52,924,051</u>

CITY OF MONTGOMERY, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2007**

Function and Activity	Land	Buildings	Improvements Other than Buildings	Infrastructure
<u>General Government:</u>				
Administration	\$0	\$286,177	\$417,493	\$0
Finance	0	0	0	0
Mayor's Court	0	0	0	0
Total	<u>0</u>	<u>286,177</u>	<u>417,493</u>	<u>0</u>
<u>Public Safety</u>				
Police	278,400	1,799,140	154,217	0
Fire/EMS	0	0	157,867	0
Communications	0	0	0	0
Total	<u>278,400</u>	<u>1,799,140</u>	<u>312,084</u>	<u>0</u>
<u>Public Works</u>				
Street/Service	8,685,273	795,875	133,563	23,119,621
Cemetery	274,743	0	4,313	0
Total	<u>8,960,016</u>	<u>795,875</u>	<u>137,876</u>	<u>23,119,621</u>
<u>Parks and Recreation</u>				
Municipal Swimming Pool	405,576	683,109	726,142	0
Parks/Recreation	4,284,640	189,567	3,223,680	0
Total	<u>4,690,216</u>	<u>872,676</u>	<u>3,949,822</u>	<u>0</u>
<u>Community Economic Development:</u>				
Development	1,252,729	270,364	854,970	0
Historic Trust	0	0	102,192	0
Total	<u>1,252,729</u>	<u>270,364</u>	<u>957,162</u>	<u>0</u>
Total Capital Assets	<u><u>\$15,181,361</u></u>	<u><u>\$4,024,232</u></u>	<u><u>\$5,774,437</u></u>	<u><u>\$23,119,621</u></u>

CITY OF MONTGOMERY, OHIO

<u>Machinery and Equipment</u>	<u>Total</u>
\$278,376	\$982,046
67,314	67,314
47,052	47,052
<u>392,742</u>	<u>1,096,412</u>
686,472	2,918,229
2,099,635	2,257,502
22,214	22,214
<u>2,808,321</u>	<u>5,197,945</u>
1,151,663	33,885,995
6,814	285,870
<u>1,158,477</u>	<u>34,171,865</u>
86,829	1,901,656
301,969	7,999,856
<u>388,798</u>	<u>9,901,512</u>
71,242	2,449,305
4,820	107,012
<u>76,062</u>	<u>2,556,317</u>
<u>\$4,824,400</u>	<u>\$52,924,051</u>

CITY OF MONTGOMERY, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2007***

Function and Activity	December 31, 2006	Additions	Deletions	December 31, 2007
<u>General Government:</u>				
Administration	\$975,195	\$6,851	\$0	\$982,046
Finance	67,314	0	0	67,314
Mayor's Court	47,052	0	0	47,052
Total	<u>1,089,561</u>	<u>6,851</u>	<u>0</u>	<u>1,096,412</u>
<u>Public Safety</u>				
Police	2,661,585	268,444	(11,800)	2,918,229
Fire/EMS	2,080,543	176,959	0	2,257,502
Fire/EMS	17,161	5,053	0	22,214
Total	<u>4,759,289</u>	<u>450,456</u>	<u>(11,800)</u>	<u>5,197,945</u>
<u>Public Works</u>				
Street/Service	33,127,579	806,083	(47,667)	33,885,995
Cemetery	285,870	0	0	285,870
Total	<u>33,413,449</u>	<u>806,083</u>	<u>(47,667)</u>	<u>34,171,865</u>
<u>Leisure Time Activities:</u>				
Municipal Pool Fund	1,883,890	17,766	0	1,901,656
Parks/Recreation	7,967,472	32,384	0	7,999,856
Total	<u>9,851,362</u>	<u>50,150</u>	<u>0</u>	<u>9,901,512</u>
<u>Community Environment:</u>				
Development	1,688,456	781,803	(20,954)	2,449,305
Historic Trust	107,012	0	0	107,012
Total	<u>1,795,468</u>	<u>781,803</u>	<u>(20,954)</u>	<u>2,556,317</u>
Total Capital Assets	<u><u>\$50,909,129</u></u>	<u><u>\$2,095,343</u></u>	<u><u>(\$80,421)</u></u>	<u><u>\$52,924,051</u></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 3 – S 11
These schedules contain trend information to help the reader understand how the city's financial position has changed over time.	
Revenue Capacity	S 12 – S 15
These schedules contain information to help the reader understand and assess the factors affecting the city's ability to generate its most significant local revenue sources, the property tax and the income tax.	
Debt Capacity	S 16 – S 23
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Economic and Demographic Information	S 24 – S 27
These schedules offer economic and demographic indicators to help the reader understand the environment within which the city's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 28 – S 33
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	

Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.



City of Montgomery

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

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

Source: City Finance Director's Office

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

City of Montgomery

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

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

(continued)

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

City of Montgomery

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

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

Source: City Finance Director's Office

City of Montgomery

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund				
Reserved	\$45,945	\$249,859	\$142,976	\$194,681
Unreserved	<u>3,964,482</u>	<u>4,090,218</u>	<u>6,521,080</u>	<u>8,034,076</u>
<i>Total General Fund</i>	<u>4,010,427</u>	<u>4,340,077</u>	<u>6,664,056</u>	<u>8,228,757</u>
All Other Governmental Funds				
Reserved	1,290,917	1,808,258	2,693,666	3,004,244
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,182,147	927,724	1,623,952	2,305,831
Capital Projects Funds	<u>146,709</u>	<u>438,137</u>	<u>877,359</u>	<u>1,354,460</u>
Total All Other Governmental Funds	<u>2,619,773</u>	<u>3,174,119</u>	<u>5,194,977</u>	<u>6,664,535</u>
<i>Total Governmental Funds</i>	<u><u>\$6,630,200</u></u>	<u><u>\$7,514,196</u></u>	<u><u>\$11,859,033</u></u>	<u><u>\$14,893,292</u></u>

Source: City Finance Director's Office

City of Montgomery

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$232,441	\$226,587	\$303,486	\$369,159	\$848,817	\$411,288
<u>8,856,718</u>	<u>8,956,731</u>	<u>9,784,276</u>	<u>10,634,063</u>	<u>12,172,862</u>	<u>12,154,635</u>
<u>9,089,159</u>	<u>9,183,318</u>	<u>10,087,762</u>	<u>11,003,222</u>	<u>13,021,679</u>	<u>12,565,923</u>
4,052,400	2,967,622	4,007,598	3,889,218	4,761,597	4,342,424
2,628,647	3,723,168	3,901,646	4,679,988	5,397,618	6,149,504
<u>909,203</u>	<u>2,331,912</u>	<u>2,151,261</u>	<u>2,462,286</u>	<u>1,665,020</u>	<u>3,198,902</u>
<u>7,590,250</u>	<u>9,022,702</u>	<u>10,060,505</u>	<u>11,031,492</u>	<u>11,824,235</u>	<u>13,690,830</u>
<u>\$16,679,409</u>	<u>\$18,206,020</u>	<u>\$20,148,267</u>	<u>\$22,034,714</u>	<u>\$24,845,914</u>	<u>\$26,256,753</u>

City of Montgomery

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

	1998	1999	2000	2001
Revenues:				
Taxes	\$7,815,545	\$7,998,679	\$10,921,055	\$10,511,251
Intergovernmental Revenues	314,739	529,898	122,067	362,873
Charges for Services	253,453	212,272	236,043	279,623
Licenses, Permits and Fees	162,761	159,297	214,031	149,867
Investment Earnings	368,884	298,124	614,128	540,132
Special Assessments	855,887	264,124	244,251	239,639
Fines and Forfeitures	297,359	153,457	173,629	163,973
All Other Revenue	280,898	78,324	525,916	141,268
Total Revenue	10,349,526	9,694,175	13,051,120	12,388,626
Expenditures:				
Current:				
Public Safety	2,406,355	3,322,830	3,024,669	3,086,716
Public Health and Welfare Services	59,926	62,852	47,900	61,217
Parks and Recreation	326,311	431,869	507,291	539,682
Community Economic Development	373,941	310,787	350,474	322,334
Basic Utility Services	328,556	1,152	0	0
Public Works	734,320	965,784	1,029,656	907,814
General Government	1,368,527	1,985,387	1,924,549	2,156,817
Capital Outlay	507,448	562,123	301,955	926,712
Debt Service:				
Principal Retirement	1,291,481	683,000	714,883	734,883
Interest and Fiscal Charges	947,125	858,454	811,141	764,383
Total Expenditures	8,343,990	9,184,238	8,712,518	9,500,558
Excess (Deficiency) of Revenues Over Expenditures	2,005,536	509,937	4,338,602	2,888,068

City of Montgomery

2002	2003	2004	2005	(1) 2006	2007
\$11,102,193	\$10,730,132	\$10,234,237	\$10,629,284	\$11,200,882	\$12,044,105
432,545	1,303,807	1,360,965	1,343,674	1,422,911	1,354,153
343,799	300,191	337,765	328,218	548,004	511,409
205,731	550,360	237,850	611,953	319,408	269,326
301,023	222,096	249,354	563,496	1,085,849	1,371,200
239,645	246,398	247,410	280,046	262,538	268,786
152,069	203,435	166,726	148,433	144,110	145,431
79,439	79,523	241,942	293,656	829,855	254,586
<u>12,856,444</u>	<u>13,635,942</u>	<u>13,076,249</u>	<u>14,198,760</u>	<u>15,813,557</u>	<u>16,218,996</u>
3,294,040	4,207,246	3,772,691	4,521,403	4,518,043	4,568,155
36,500	71,191	63,370	0	0	0
504,812	543,956	547,032	636,971	864,631	977,049
340,702	480,298	474,413	468,000	421,068	441,412
0	0	0	0	0	0
794,995	931,182	923,703	1,300,709	1,334,110	1,535,161
2,440,323	2,654,358	2,655,321	2,416,707	2,578,840	3,291,453
2,131,054	1,512,227	1,147,304	1,418,266	2,062,710	2,750,034
770,883	2,141,883	1,234,883	1,207,883	1,022,883	973,883
729,024	638,932	360,787	329,594	304,218	282,666
<u>11,042,333</u>	<u>13,181,273</u>	<u>11,179,504</u>	<u>12,299,533</u>	<u>13,106,503</u>	<u>14,819,813</u>
1,814,111	454,669	1,896,745	1,899,227	2,707,054	1,399,183

(Continued)

City of Montgomery

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

	1998	1999	2000	2001
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	212,312	276,415	6,235	26,470
Proceeds from Capital Leases	0	0	0	0
Proceeds from Special Assessment Bonds	0	97,644	0	0
Proceeds from the Sale of Bonds	0	0	0	0
Proceeds from Bond Anticipation Notes	0	0	0	0
Proceeds from Refunding Bonds	0	0	0	0
Payment to Refunding Bond Escrow Agent	0	0	0	0
Transfers In	1,899,896	1,416,631	987,150	979,820
Transfers Out	(1,772,921)	(1,416,631)	(987,150)	(979,820)
Total Other Financing Sources (Uses)	<u>339,287</u>	<u>374,059</u>	<u>6,235</u>	<u>26,470</u>
Net Change in Fund Balance	<u>\$2,344,823</u>	<u>\$883,996</u>	<u>\$4,344,837</u>	<u>\$2,914,538</u>

Debt Service as a Percentage of Noncapital Expenditures	39.99%	21.56%	22.63%	19.92%
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Source: City Finance Director's Office

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

City of Montgomery

2002	2003	2004	2005	(1) 2006	2007
2,006	16,663	24,060	19,220	51,610	11,656
0	0	0	0	0	0
0	0	0	0	0	0
0	0	4,495,000	0	0	0
0	1,000,000	0	0	0	0
0	7,895,000	0	0	0	0
0	(7,828,113)	(4,463,558)	0	0	0
1,373,817	2,512,374	937,510	1,300,443	690,086	2,514,253
(1,403,817)	(2,532,374)	(947,510)	(1,332,443)	(720,086)	(2,514,253)
(27,994)	1,063,550	45,502	(12,780)	21,610	11,656
<u>\$1,786,117</u>	<u>\$1,518,219</u>	<u>\$1,942,247</u>	<u>\$1,886,447</u>	<u>\$2,728,664</u>	<u>\$1,410,839</u>

18.15%	29.57%	15.62%	16.07%	12.45%	10.96%
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City of Montgomery

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	1998	1999	2000	2001
Income Tax Rate	1.00%	1.00%	1.00%	1.00%
Estimated Personal Income	\$309,287	\$314,651	\$341,141	\$353,083
Total Tax Collected	\$4,270,756	\$4,557,744	\$5,041,316	\$5,345,954
Income Tax Receipts				
Withholding	2,980,247	3,039,358	3,361,445	3,619,820
Percentage	69.8%	66.7%	66.7%	67.7%
Corporate	292,022	339,915	366,462	426,785
Percentage	6.8%	7.5%	7.3%	8.0%
Individuals	998,487	1,178,471	1,313,409	1,299,349
Percentage	23.4%	25.9%	26.1%	24.3%

Source: City Income Tax Department

City of Montgomery

2002	2003	2004	2005	2006	2007
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
\$367,453	\$378,633	\$401,103	\$405,880	\$405,880	\$405,880
\$5,516,114	\$5,846,363	\$5,841,251	\$6,100,942	\$6,434,747	\$6,425,182
3,753,456	4,146,652	4,194,245	4,317,030	4,519,322	4,502,641
68.0%	70.9%	71.8%	70.8%	70.2%	70.1%
415,531	427,923	439,111	466,028	555,189	501,854
7.5%	7.3%	7.5%	7.6%	8.6%	7.8%
1,347,127	1,271,788	1,207,895	1,317,884	1,360,236	1,420,687
24.4%	21.8%	20.7%	21.6%	21.1%	22.1%



City of Montgomery

Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2007				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,412	33.44%	\$65,536	1.44%
20,000 - 49,999	564	13.36%	190,205	4.19%
50,000 - 74,999	365	8.65%	228,616	5.04%
75,000 - 99,999	372	8.81%	324,388	7.15%
Over 100,000	1,509	35.74%	3,728,934	82.18%
Total	4,222	100.00%	\$4,537,679	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Credited to Other Municipalities	\$3,225,389
	\$3,225,389

Calendar Year 1998				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,113	28.05%	\$71,742	2.36%
20,000 - 49,999	685	17.26%	231,664	7.63%
50,000 - 74,999	564	14.21%	351,319	11.57%
75,000 - 99,999	472	11.90%	41,192	1.36%
Over 100,000	1,134	28.58%	2,340,580	77.08%
Total	3,968	100.00%	\$3,036,497	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Credited to Other Municipalities	\$2,540,007
	\$2,540,007

Source: City Finance Director's Office

City of Montgomery

Ratio of Outstanding Debt By Type Last Ten Years

	1998	1999	2000	2001
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$12,745,000	\$12,125,000	\$11,480,000	\$10,820,000
Special Assessment Bonds	2,958,000	2,992,644	2,922,761	2,847,878
Long-Term Notes Payable	0	0	0	0
Capital Leases	65,195	0	0	0
Total Primary Government	<u>\$15,768,195</u>	<u>\$15,117,644</u>	<u>\$14,402,761</u>	<u>\$13,667,878</u>
Population ⁽²⁾				
City of Montgomery	9,753	9,753	10,163	10,163
Outstanding Debt Per Capita	\$1,617	\$1,550	\$1,417	\$1,345
Income ⁽³⁾				
Personal (in thousands)	309,287	314,651	341,141	353,083
Percentage of Personal Income	5.10%	4.80%	4.22%	3.87%

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

2002	2003	2004	2005	2006	2007
\$10,130,000	\$11,500,000	\$10,526,442	\$9,557,100	\$8,572,758	\$7,638,416
2,766,995	204,112	193,229	180,346	167,463	153,580
0	419,000	200,000	0	0	0
0	0	0	0	0	0
<u>\$12,896,995</u>	<u>\$12,123,112</u>	<u>\$10,919,671</u>	<u>\$9,737,446</u>	<u>\$8,740,221</u>	<u>\$7,791,996</u>

10,163	10,163	10,163	10,163	10,163	10,163
\$1,269	\$1,193	\$1,074	\$958	\$860	\$767

367,453	378,633	401,103	405,880	405,880	421,531
3.51%	3.20%	2.72%	2.40%	2.15%	1.85%

City of Montgomery

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	1998	1999	2000	2001
Population (1)	9,753	9,753	10,163	10,163
Assessed Value (2)	\$307,260,770	\$346,452,860	\$354,008,780	\$360,441,670
General Bonded Debt (3)				
General Obligation Bonds	\$12,745,000	\$12,125,000	\$11,480,000	\$10,820,000
Resources Available to Pay Principal (4)	\$1,236,819	\$1,387,485	\$2,426,477	\$1,456,375
Net General Bonded Debt	\$11,508,181	\$10,737,515	\$9,053,523	\$9,363,625
Ratio of Net Bonded Debt to Estimated Assessed Value	3.75%	3.10%	2.56%	2.60%
Net Bonded Debt per Capita	\$1,179.96	\$1,100.94	\$890.83	\$921.34

Source:

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

City of Montgomery

2002	2003	2004	2005	2006	2007
10,163	10,163	10,163	10,163	10,163	10,163
\$406,581,220	\$404,624,600	\$413,822,990	\$481,924,300	\$486,557,560	\$487,904,770
\$10,130,000	\$11,500,000	\$10,526,442	\$9,557,100	\$8,572,758	\$7,638,416
\$1,475,475	\$1,011,136	\$951,899	\$967,900	\$1,241,771	\$1,195,610
\$8,654,525	\$10,488,864	\$9,574,543	\$8,589,200	\$7,330,987	\$6,442,806
2.13%	2.59%	2.31%	1.78%	1.51%	1.32%
\$851.57	\$1,032.06	\$942.10	\$845.14	\$721.34	\$633.95



City of Montgomery

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2007*

<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	\$7,791,996	100.00%	\$7,791,996
Overlapping:			
Sycamore Community School District	34,930,337	27.43%	9,581,391
Great Oaks Joint Vocational School District	9,070,000	2.48%	224,936
Hamilton County	115,887,000	2.28%	2,642,224
		Subtotal	12,448,551
		Total	<u>\$20,240,547</u>

Source: Ohio Municipal Advisory Council

City of Montgomery

Debt Limitations Last Ten Years

	1998	1999	2000	2001
<u>Total Debt</u>				
Net Assessed Valuation	\$307,260,770	\$346,452,860	\$354,008,780	\$360,441,670
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	32,262,381	36,377,550	37,170,922	37,846,375
City Debt Outstanding (2)	9,400,000	8,860,000	8,310,000	7,750,000
Less: Applicable Debt Service Fund Amounts	(1,158,782)	(608,266)	(1,316,308)	(1,456,375)
Net Indebtedness Subject to Limitation	<u>8,241,218</u>	<u>8,251,734</u>	<u>6,993,692</u>	<u>6,293,625</u>
Overall Legal Debt Margin	<u>\$24,021,163</u>	<u>\$28,125,816</u>	<u>\$30,177,230</u>	<u>\$31,552,750</u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$307,260,770	\$346,452,860	\$354,008,780	\$360,441,670
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	16,899,342	19,054,907	19,470,483	19,824,292
City Debt Outstanding (2)	8,420,000	7,940,000	7,450,000	6,950,000
Less: Applicable Debt Service Fund Amounts	(888,871)	(291,902)	(901,633)	(935,324)
Net Indebtedness Subject to Limitation	<u>7,531,129</u>	<u>7,648,098</u>	<u>6,548,367</u>	<u>6,014,676</u>
Overall Legal Debt Margin	<u>\$9,368,213</u>	<u>\$11,406,809</u>	<u>\$12,922,116</u>	<u>\$13,809,616</u>

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

Source: City Finance Director's Office

City of Montgomery

2002	2003	2004	2005	2006	2007
\$406,581,220	\$404,624,600	\$413,822,990	\$481,924,300	\$486,557,560	\$487,904,770
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
42,691,028	42,485,583	43,451,414	50,602,052	51,088,544	51,230,001
7,165,000	11,500,000	10,860,000	9,865,000	8,855,000	7,895,000
(1,475,475)	(1,011,136)	(951,899)	(967,900)	(1,241,771)	(1,195,610)
5,689,525	10,488,864	9,908,101	8,897,100	7,613,229	6,699,390
\$37,001,503	\$31,996,719	\$33,543,313	\$41,704,952	\$43,475,315	\$44,530,611

\$406,581,220	\$404,624,600	\$413,822,990	\$481,924,300	\$486,557,560	\$487,904,770
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
22,361,967	22,254,353	22,760,264	26,505,837	26,760,666	26,834,762
6,433,000	11,500,000	10,860,000	9,865,000	8,855,000	7,895,000
(1,059,386)	(1,011,136)	(951,899)	(967,900)	(1,241,771)	(1,195,610)
5,373,614	10,488,864	9,908,101	8,897,100	7,613,229	6,699,390
\$16,988,353	\$11,765,489	\$12,852,163	\$17,608,737	\$19,147,437	\$20,135,372

City of Montgomery

Demographic and Economic Statistics Last Ten Years

Calendar Year	1998	1999	2000	2001
Population (1)				
City of Montgomery	9,753	9,753	10,163	10,163
Hamilton County	866,228	866,228	845,303	845,303
Income (2) (a)				
Total Personal (in thousands)	309,287	314,651	341,141	353,083
Hamilton County Per Capita	31,712	32,262	33,567	34,742
Unemployment Rate (3)				
Federal	4.9%	4.5%	4.2%	3.8%
State	4.6%	4.3%	4.3%	3.7%
Hamilton County	3.3%	3.4%	3.5%	6.3%
Civilian Work Force Estimates (3)				
State	5,678,000	5,749,000	5,900,400	5,857,000
Hamilton County	439,400	439,400	436,300	444,100

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) State Department of Labor Statistics

City of Montgomery

2002	2003	2004	2005	2006	2007
10,163	10,163	10,163	10,163	10,163	10,163
845,303	845,303	845,303	786,982	786,982	786,982
367,453	378,633	401,103	405,880	405,880	421,531
36,156	37,256	39,467	39,937	39,937	41,477
4.8%	5.8%	6.0%	5.5%	5.0%	4.6%
4.3%	5.7%	6.1%	6.0%	5.9%	5.6%
4.8%	4.5%	5.1%	5.6%	3.5%	5.0%
5,828,000	5,915,000	5,875,300	5,900,400	5,934,000	5,976,500
435,200	437,900	422,200	426,800	423,500	431,200



City of Montgomery

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2007		
		Number of Employees	Rank	Percentage of Total Employment
Bethesda North Hospital	Medical	3,149	1	19%
Sycamore Schools	Education	879	2	5%
Ohio National Financial Services	Financial	758	3	4%
Montgomery Inn	Restaurant	374	4	2%
Tri-Health, Inc.	Medical	294	5	2%
Meadowbrook Care Center	Medical	257	6	2%
Twin Lakes	Medical	232	7	1%
Kroger	Retail	229	8	1%
Montgomery Care Center	Medical	193	9	1%
Camargo Cadillac Company	Retail	125	10	1%
Total		<u>6,490</u>		
Total Employment within the City		<u><u>16,912</u></u>		

Employer	Nature of Business	1998		
		Number of Employees	Rank	Percentage of Total Employment
Bethesda North Hospital	Medical	2,113	1	13%
Sycamore Schools	Education	836	2	5%
Montgomery Inn	Restaurant	603	3	4%
Bethesda Health Care	Medical	385	4	2%
Meadowbrook Care Center	Medical	296	5	2%
Kroger	Retail	237	6	1%
Williams Ford Sales	Retail	203	7	1%
Columbia Oldsmobile	Retail	158	8	1%
City of Montgomery	Government	149	9	1%
Chester's Roadhouse	Restaurant	142	10	1%
Total		<u>5,122</u>		
Total Employment within the City		<u><u>16,552</u></u>		

Sources:

City Income Tax Department

City of Montgomery

Full Time Equivalent Employees by Function Last Ten Years

	1998	1999	2000	2001	2002
Governmental Activities					
General Government					
Finance	5.50	5.50	5.00	6.00	6.00
Legal/Court	1.50	1.50	1.50	1.50	1.50
Administration	4.50	4.50	4.50	5.50	5.75
Maintenance	1.00	1.00	1.00	1.00	1.00
Public Safety					
Police	22.00	22.00	22.00	22.00	23.00
Fire	22.50	22.50	24.50	24.50	24.50
Public Works					
Street	9.00	12.25	12.25	12.50	12.50
Parks and Recreation					
Parks and Recreation	6.00	6.00	6.00	6.00	6.00
Community Environment					
Service	6.00	3.00	3.00	3.00	3.00
Business-Type Activities					
Municipal Pool	4.50	4.75	4.75	0.00	0.00
<i>Total Employees</i>	<u>82.50</u>	<u>83.00</u>	<u>84.50</u>	<u>82.00</u>	<u>83.25</u>

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

Source: City Finance Director's Office

City of Montgomery

2003	2004	2005	2006	2007
6.00	6.00	6.00	6.00	5.50
1.50	1.50	1.50	1.50	1.50
5.50	5.50	5.50	5.50	7.50
1.00	1.50	1.50	1.50	1.50
23.00	23.00	23.00	24.00	24.00
24.50	24.50	25.00	25.00	25.00
12.75	12.50	12.50	12.50	13.50
6.00	6.00	5.25	5.25	4.50
3.00	3.00	3.00	3.00	2.00
0.00	0.00	0.00	0.00	0.00
<u>83.25</u>	<u>83.50</u>	<u>83.25</u>	<u>84.25</u>	<u>85.00</u>

City of Montgomery

Operating Indicators by Function Last Six Years

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

Source: City Finance Director's Office

City of Montgomery

<u>2006</u>	<u>2007</u>
1,759	1,695
453	335
986	1,362
209,293	165,455
903	1,909
\$12.00	\$3.72
1,151	1,772
363	392
19	27
129	177
106	77
92	75
536	612
482	609
860	991
143	166
334	742
1.97	1.35
443	575
600	2,000
138	150
137	139
556	518
4,900	5,445

City of Montgomery

Capital Asset Statistics by Function Last Ten Years

	1998	1999	2000	2001	2002
Governmental Activities					
General Government					
Public Land and Buildings					
Land (acres)	24	23	23	23	23
Buildings	9	8	8	8	8
Public Safety					
Police					
Stations	1	1	1	1	1
Vehicles	7	7	7	7	11
Fire					
Stations	1	1	1	1	1
Vehicles	2	2	4	5	6
Public Works					
Street					
Streets (lane miles)	45	46	46	46	46
Street Lights	207	207	207	207	207
Vehicles	7	7	9	11	12
Parks and Recreation					
Parks and Recreation					
Land (acres)	80	80	80	80	80
Buildings	3	3	3	3	3
Parks	5	6	6	7	7
Playgrounds	5	6	6	6	6
Tennis Courts	6	10	10	10	10
Baseball/Softball Diamonds	10	13	13	13	13
Business-Type Activities					
Municipal Pool					
Land (acres)	2	2	2	2	2
Buildings	1	1	1	1	2

Source: City Finance Director's Office

City of Montgomery

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
23	23	23	23	23
8	8	8	8	8
1	1	1	1	1
11	12	12	12	12
1	1	1	1	1
6	6	7	9	9
46	46	46	46	46
207	233	23	233	247
15	15	15	16	16
80	81	81	81	81
3	3	3	3	3
7	7	7	7	7
6	6	6	6	6
10	10	10	10	10
13	13	13	13	13
2	2	2	2	2
2	2	2	2	2



Bastin & Company, LLC

Certified Public Accountants

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

The Honorable Members of City Council
City of Montgomery, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the City of Montgomery, Ohio's basic financial statements, and have issued our report thereon dated June 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Montgomery, Ohio's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Montgomery, Ohio's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Montgomery, Ohio's internal control.

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

Compliance and Other Matters

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

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

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

Cincinnati, Ohio
June 18, 2008



Mary Taylor, CPA
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 29, 2008**