



**Auditor of State
Betty Montgomery**

**CITY OF MONTGOMERY
HAMILTON COUNTY**

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**Auditor of State
Betty Montgomery**

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

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

To City Council:

We have audited the general purpose financial statements of the City of Montgomery, Hamilton County, Ohio (the City), as of and for the fiscal year ended December 31, 2003, and have issued our report thereon dated June 7, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the City in a separate letter dated June 7, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we noted certain matters involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the City in a separate letter dated June 7, 2004.

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

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

Betty Montgomery
Auditor of State

June 7, 2004

*THE CITY OF
MONTGOMERY, OHIO*



COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2003



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THE CITY OF MONTGOMERY, OHIO

HAMILTON COUNTY

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2003

Prepared by:
Department of Finance
Wayne Davis, Director



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INTRODUCTORY SECTION





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

CITY OF MONTGOMERY, OHIO

10101 MONTGOMERY ROAD
MONTGOMERY, OHIO 45242

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

June 7, 2004

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, 2003. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

The report is comprised of three major sections:

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

The Reporting Entity

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

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

The City of Montgomery

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

City Council

The legislative body of Montgomery consists of a seven-member Council. Each council member is elected by the City at large for overlapping four-year terms, 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 historic preservation efforts, community development and enhancement, and evaluation of the numerous projects carried out each year. All of these boards and commissions are run by volunteers who live in Montgomery. The following is a brief description of their purposes and goals.

Arts Commission

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

Beautification and Tree Commission

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

Board of Tax Review

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

Board of Zoning Appeals

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

Civil Service Commission

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

Community Improvement Corporation (CIC)

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

Landmarks Commission

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

Parks and Recreation Commission

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

Planning Commission

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

Sister Cities Commission

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

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

ECONOMIC CONDITIONS AND OUTLOOK

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

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

The local economy continued its healthy growth in 2003 as evidenced by income tax collections which increased 1.6% over 2002 collections. Likewise, the value of Montgomery residential and commercial property continues to increase. Rising property values and new construction within the City both contributed to increasing property tax collections.

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

MAJOR INITIATIVES

2003 was a very busy and productive year involving City Council, Commission members and staff on a variety of projects. Some highlights of the year include:

The City succeeded in upgrading its Moody's bond rating from the previous rating of Aa2 to Aa1 making it one of eight cities in the State of Ohio with an Aa1 rating or higher. This new rating is a substantial recognition of the City's quality financial position, proactive financial policies and quality approach to doing business.

The aforementioned upgrade to the bond rating in 2003 was a lead-in to the City's planned refinancing of the majority of its long-term debt of \$13.9 million. Through the sale and refinancing of \$7.9 million in long-term debt issues, the City realized cost savings approaching \$1 million. The cost savings will be applied to the City's debt as accelerated payments, eliminating almost three years of debt payments at the end of the issue as a result of lower interest rates.

Staff prepared requests for proposals for the development of the Triangle property located at the south end of the Heritage District late in 2003 and six proposals were received from developers interested in the property. An ad hoc committee of Council, Commission members and staff members was formed in order to review the proposals received and to make a recommendation to Council on the best option for this important gateway property.

Staff continued working on its high performance organization TARGET program in 2003. Special TARGET "task teams" were formed with the purpose of taking on individual "tasks" and finding creative solutions to challenges faced by the City. Task teams worked on such issues as creating a new "job shadow" program whereby employees can experience what it's like to work in a department other than their own. Other task teams took on assignments such as "Special Events" and "Efficiencies" to explore ways of improving processes that are already in place.

The City received notification that it was selected as a presenting agency for the international Innovation Groups Conference in Reno, Nevada in June 2004. The City was selected from more than 75 entities that applied to be presenters and will be presenting a session on its high performance organization philosophy (TARGET) in a joint session with the City of Carlsbad, California. A committee of staff members worked hard in 2003 toward creating a high quality presentation for this conference.

A committee of staff members completed a project to develop a new computerized performance appraisal system for City employees. This project was undertaken to enhance the employee evaluation process and to incorporate principles of high performance organization theory. The new system incorporates a 360 degree feedback process whereby employees are evaluated by a group of their peers from different departments using a standardized set of criteria.

A committee of staff members was formed in 2003 to reevaluate the City website. As a result of the work of this committee, the website was completely redesigned in 2003 in such a way that the site is not only more user-friendly, but also more visually appealing. In 2003 the City website was recognized for these enhancements and was presented with the ZoneFreeOhio Community Excellence Award. Only sites that benefit Ohio communities or families in some way are eligible for this award.

The City was presented with an award for Intergovernmental Cooperation by the Ohio City Management Association. The City was recognized, along with the City of Springdale and the Center for Local Government, for its disaster preparedness training program and model emergency operations plan.

The Blue Ash/Montgomery Symphony Orchestra performed several concerts in and near the City in 2003, including the Memorial Day concert in Blue Ash, the patriotic July 3rd concert in Montgomery Park, and the Haunting Melodies Concert in October at St. Barnabas Church in Montgomery, entertaining music lovers of all ages. The City continued its support of the symphony with its second annual contribution of \$20,000 from the Arts & Amenities Fund.

In conjunction with its many volunteers, the City of Montgomery sponsored a number of successful special events throughout the year including the Arts Commission's annual Photo Contest and Antiques Appraisal events, Trolley Trot, Sensory Sundays, the Bastille Day celebration, the Fourth of July Parade and festival, Kiwanis Art Show, ChiliFest and Harvest Moon festivals, concerts in the park, Ichabod's Tales of Sleepy Hollow, Breakfast with Santa and Holiday in the Village, among others.

For the seventh consecutive year, The National Arbor Day Foundation named Montgomery a Tree City USA. The City has also earned a Tree City USA Growth Award for the sixth consecutive year by demonstrating ongoing progress in its community forestry program in the areas of literature distribution, interpretive program, and improved ordinance standards and specifications.

Finally, in 2003, the City received a number of grants from various sources, including the recycling incentive grant from the Hamilton County Solid Waste District, \$47,000 in Community Development Block Grant funds from Hamilton County to be used for soil remediation on the Triangle property, a bulletproof vest grant for the police department from the Bureau of Justice in the amount of \$856, a grant in the amount of \$10,074 for the Police Department's D.A.R.E. officer, and a grant from the Ohio Emergency Management Agency in the amount of \$1,960 for personal protective equipment for the City's Fire Department.

FINANCIAL HIGHLIGHTS

Accounting Controls

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

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

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

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

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

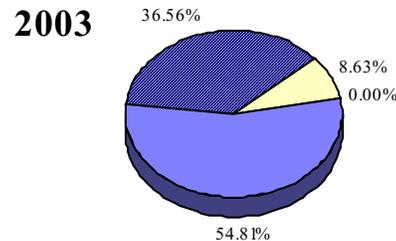
Budgetary Control

Budgetary control is maintained within the personal services, operating expenditures, contractual services, and capital outlay categories within each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Purchase orders which result in an overrun above appropriated balances are not released until additional appropriations are made available via amendments to the annual appropriations ordinance. Open encumbrances as of December 31, 2003 are reported as reservations of fund balances within this report.

General Governmental Revenues

Governmental Fund Revenues (i.e., general, special revenues, debt service and capital projects funds) for the City in 2003 increased by approximately 6% from the amounts received in 2002. This increase occurred due to changes in several revenue sources, including the City's earnings and estate taxes, which had increases of 2% and 22%, respectively. The City's licenses and permits receipts also increased in 2003, due largely to substantial increases in building permit fees resulting from several large development projects within the City. In 2003, the City's investment earnings continued to experience a decline as the City's investments showed small returns in the low interest rate market. These identified revenue sources were the primary contributors to revenue variances from the 2002 fiscal year to the 2003 fiscal year. The City's tax receipts are identified by their tax source in the table below:

2003 Tax Receipts	2003	%
Income Tax	\$5,881,509	54.81
Property Tax	3,922,618	36.56
Estate Tax	925,933	8.63
Miscellaneous Tax	72	0.00
Total Resources	<u>\$10,730,132</u>	<u>100.00</u>



Intergovernmental revenues are comprised of funds from revenue sharing programs with Federal, State and County government entities. In 2003, the revenues for this funding source increased compared to those received during 2002, rising 201% due to the reclassification of certain revenues from taxes to intergovernmental revenues. Funds in this category include various grant funds and funding from the State of Ohio for local government assistance.

Charges for services consist primarily of charges levied by the Recreation Department for various recreational programs, pool fees and lodge rental charges. Also included in this revenue category are cemetery charges for lot sales and interments, as well as transportation fees for emergency medical services (EMS) in the Fire Department. Charges for services decreased 13% in 2003, primarily due to a decrease in the number of cemetery plot sales.

Revenue received for licenses and permits increased by 168% in 2003. The increase in this revenue category can be tied to two revenue sources. The first source with significant increases was building permits, which in 2003 increased by more than 50% due to the on-going construction of the Twin Lakes Retirement Community, and several other larger scale efforts within the City, including the construction of an automobile dealer franchise, and the modification of the Ascension Lutheran Church. This construction also led to increases in the City's environmental impact fees revenue, which are fees assessed on new development in the City and are reflected in the substantial increase in the licenses and permits revenue category.

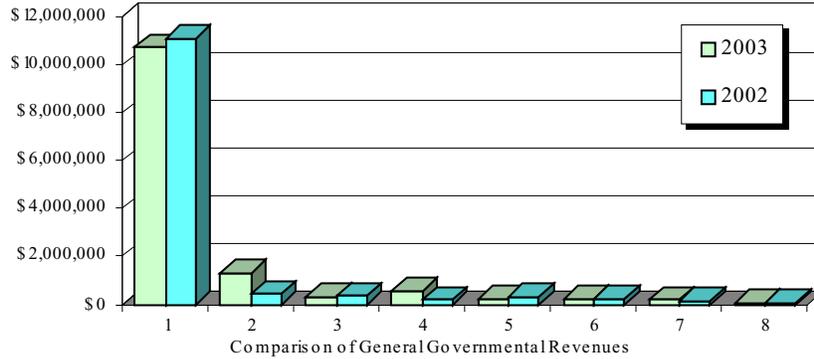
Investment earnings declined significantly in 2003, decreasing by more than 26% from 2002 levels. This decrease was due to the historically low interest rate market that is affecting the investment returns of municipalities and other government entities across the nation. Montgomery, like other public sector investors, experienced the low interest rate marketplace over the course of the entire year, thereby negatively impacting its investment income.

Fines and forfeitures increased by 34% in 2003, which was primarily due to an increase in Mayor's Court activity levels from 2002. Levels of fine receipts are dependent on Mayor's Court caseloads, as well as the nature of the crimes committed in the community, and therefore are subject to annual fluctuations with changes in crime patterns.

All other revenue sources were basically unchanged from 2002 to 2003, increasing by only .11%. The City has little ability to affect the flow of these receipts, which include donations to the City. The absence of change in this revenue category may be tied to the state of the economy in 2003.

A comparison of 2002 and 2003 governmental funds revenue follows:

Revenue Source	2003 Total	Percent of Total	2002 Total	Increase (Decrease) over 2002	Percent of Increase (Decrease)
1. Taxes	\$10,730,132	78.69%	\$11,102,193	(\$372,061)	(3.35%)
2. Intergovernmental Revenues	1,303,807	9.56%	432,545	871,262	201.43%
3. Charges for Services	300,191	2.20%	343,799	(43,608)	(12.68%)
4. Licenses and Permits	550,360	4.04%	205,731	344,629	167.51%
5. Investment Earnings	222,096	1.63%	301,023	(78,927)	(26.22%)
6. Special Assessments	246,398	1.81%	239,645	6,753	2.82%
7. Fines and Forfeitures	203,435	1.49%	152,069	51,366	33.78%
8. All Other Revenues	79,523	0.58%	79,439	84	0.11%
Total	<u>\$13,635,942</u>	<u>100.00%</u>	<u>\$12,856,444</u>	<u>\$779,498</u>	



Expenditures

Governmental fund type expenditures (i.e., general, special revenues, debt service and capital projects funds) for 2003 increased by approximately 20%, excluding capital outlay and debt principal and interest.

Expenditures in the security of persons and property category increased by approximately 28% in 2003 due to the purchase of a one-time capital equipment item, a new “quint” truck for the Fire Department, which totaled \$568,725. This truck performs five different functions, including functioning as an aerial ladder truck, a fire pump, a water tanker, and for hose bed storage and ground ladder transport. This equipment will enhance the City’s operational capabilities and provide more reliable equipment for the City and its fire fighting and EMS staff.

The City’s public health and welfare services function increased by 95% in 2003. This increase was primarily due to several large projects in the City’s cemetery, which included the installation of asphalt paths in sections of the cemetery and the installation of landscaping in the historic Pioneer section of the cemetery.

Community environment expenditures increased by 41% in 2003. The majority of this increase was due to an increase in contractual services for building inspections for the many development projects in the City in 2003, including the Twin Lakes Retirement community.

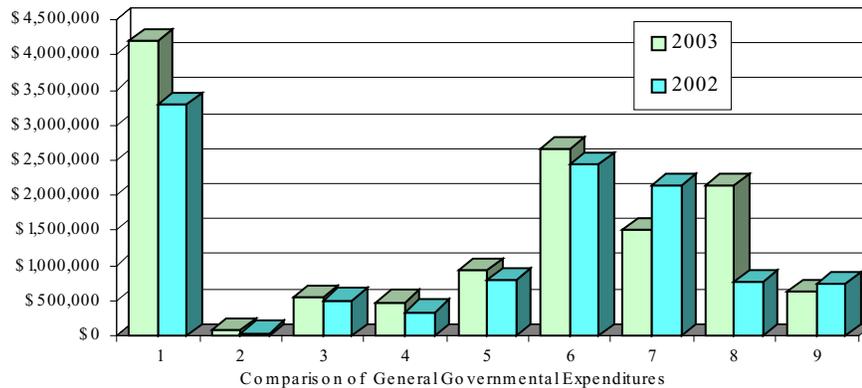
Transportation expenditures increased by 17% in 2003 due to increases in overtime and operating supplies expenditures. These expenditures were needed for additional personnel resources and salt to maintain passable streets during the winter season, which was more severe than the winter of 2002.

Capital outlays in 2003 decreased by more than 29% from expenditures in 2002. This decrease was due to a return to more normal levels of capital expenditures in 2003, following the \$1,000,000 purchase of the Triangle property in 2002.

A 178% increase in debt service principal payments in 2003 was due to payment of \$581,000 for the long-term notes issued for the City’s Triangle property, the early retirement of the City’s debt for Pioneer Park, as well as an increase in scheduled principal payments resulting from the defeasance of general obligation and special assessment debt. The 12% decrease in the City’s debt service interest expenditures in 2003 resulted from the restructuring of debt payments from the debt refinancing, as well as from the retirement of the Pioneer Park debt.

The following table illustrates the distribution of operating costs for the City in 2003, with comparative data for 2002:

Function	2003 Total	Percent of Total	2002 Total	Increase (Decrease) over 2002	Percent of Increase (Decrease)
1. Security of Persons & Property	\$4,207,246	31.92%	\$3,294,040	\$913,206	27.72%
2. Public Health & Welfare Services	71,191	0.54%	36,500	34,691	95.04%
3. Leisure Time Activities	543,956	4.13%	504,812	39,144	7.75%
4. Community Environment	480,298	3.64%	340,702	139,596	40.97%
5. Transportation	931,182	7.06%	794,995	136,187	17.13%
6. General Government	2,654,358	20.14%	2,440,323	214,035	8.77%
7. Capital Outlay	1,512,227	11.47%	2,131,054	(618,827)	(29.04%)
8. Debt Service - Principal	2,141,883	16.25%	770,883	1,371,000	177.85%
9. Debt Service - Interest	638,932	4.85%	729,024	(90,092)	(12.36%)
Total	<u>\$13,181,273</u>	<u>100.00%</u>	<u>\$11,042,333</u>	<u>\$2,138,940</u>	



Proprietary Fund

An enterprise fund records the activities of the municipal pool, which represents the City's only enterprise activity. The value of the fund's fixed assets at December 31, 2003 was \$1,464,135. The depreciation expense for 2003 was \$54,960. In 2003, fixed asset purchases for this fund totaled \$5,000, which included the acquisition of a chemical controller. It is City Council's intention to have the fees charged for the use of the pool, its services and concessions cover the costs of operating and maintaining the facility.

Fiduciary Funds

The fiduciary funds--Historical Trust, Mayor's Court, Trust Reimbursement, and Unclaimed Moneys -- collectively increased their balances by \$23,584. The majority of the increase in fund balance was due to the lapse in time between receipts into the city's Trust Reimbursement Fund and the corresponding disbursement of the related payouts which did not occur prior to year-end. These receipts generally are bond retainers from contractors performing a service for the City, and are not returned until the successful completion of the contracted project or service.

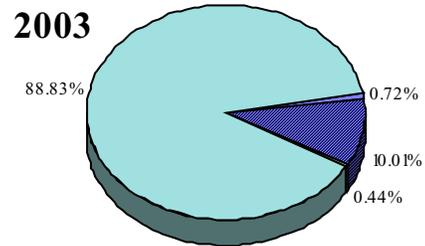
Debt Administration

At the end of December 2003, the City had outstanding general obligation bonds in the amount of \$11,500,000, special assessments bonds of \$204,112, long-term notes of \$419,000, and a long-term compensated absences balance of \$600,080. In 2003, the City paid \$581,000 toward the retirement of the long-term notes that were issued during 2002 for the purchase of the previously mentioned Triangle property in the City’s Heritage District. The payment left the City with an outstanding balance of \$419,000 in long-term notes payable for this issue. Additionally, the City refinanced \$7,895,000 in general obligation and special assessment debt to gain total debt cost savings of \$980,879. These cost savings will be applied to the City’s debt as accelerated payments, eliminating almost three years of debt payments at the end of the debt schedule. Finally, in 2003, the City called the bonds on its Pioneer Park debt for the purpose of retiring the debt early, and terminating the voted levy that was passed by voters for the purpose of funding this debt.

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 \$1,843,271 which were determined to be available for longer term investment were invested in U.S. Government Securities and a special assessment bond issued by the City of Montgomery. The City’s investment policy is to minimize credit and market risks, while obtaining the highest yield possible on its investments. Accordingly, all funds are either insured by federal depository insurance, held in the City’s name or are collateralized. All investments meet the State of Ohio’s requirements on allowable investments and the City’s official investment policy.

<u>Cash Resources</u>	<u>2003</u>	<u>%</u>
Cash	\$126,558	0.72
U S Government Securities	1,765,159	10.01
Investments (City's Debt)	78,112	0.44
STAR Ohio	15,671,846	88.83
Total Resources	\$17,641,675	100.00



Risk Management

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

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

OTHER INFORMATION

Independent Audit

The general purpose financial statements of the City of Montgomery were audited by Auditor of the State of Ohio. The independent auditor's unqualified opinion has been included in this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Montgomery for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2002. 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 eight consecutive years (fiscal years ended December 31, 1995-2002). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

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

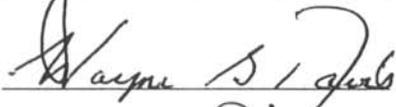
Also, it is important to recognize the continued dedication and support of the Montgomery City Council and its Finance Committee. Their commitment to sound financial practices and reporting is the reason this CAFR is possible.

Respectfully submitted,

The City of Montgomery Finance Department



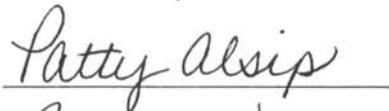
Cheryl Hilvert, City Manager



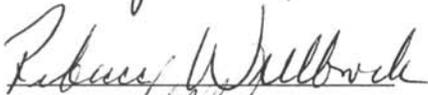
Wayne Davis, Director of Finance



Leah Pittman, Finance/Accounting Assistant



Patty Alsip, Senior Account Clerk



Rebecca Wellbrock, Tax Commissioner



Suzanne Jarman, Tax Account Clerk



Sharon Savitt, Payroll Account Clerk

CITY OF MONTGOMERY, OHIO
PRINCIPAL OFFICIALS
DECEMBER 31, 2003

Elected Officials

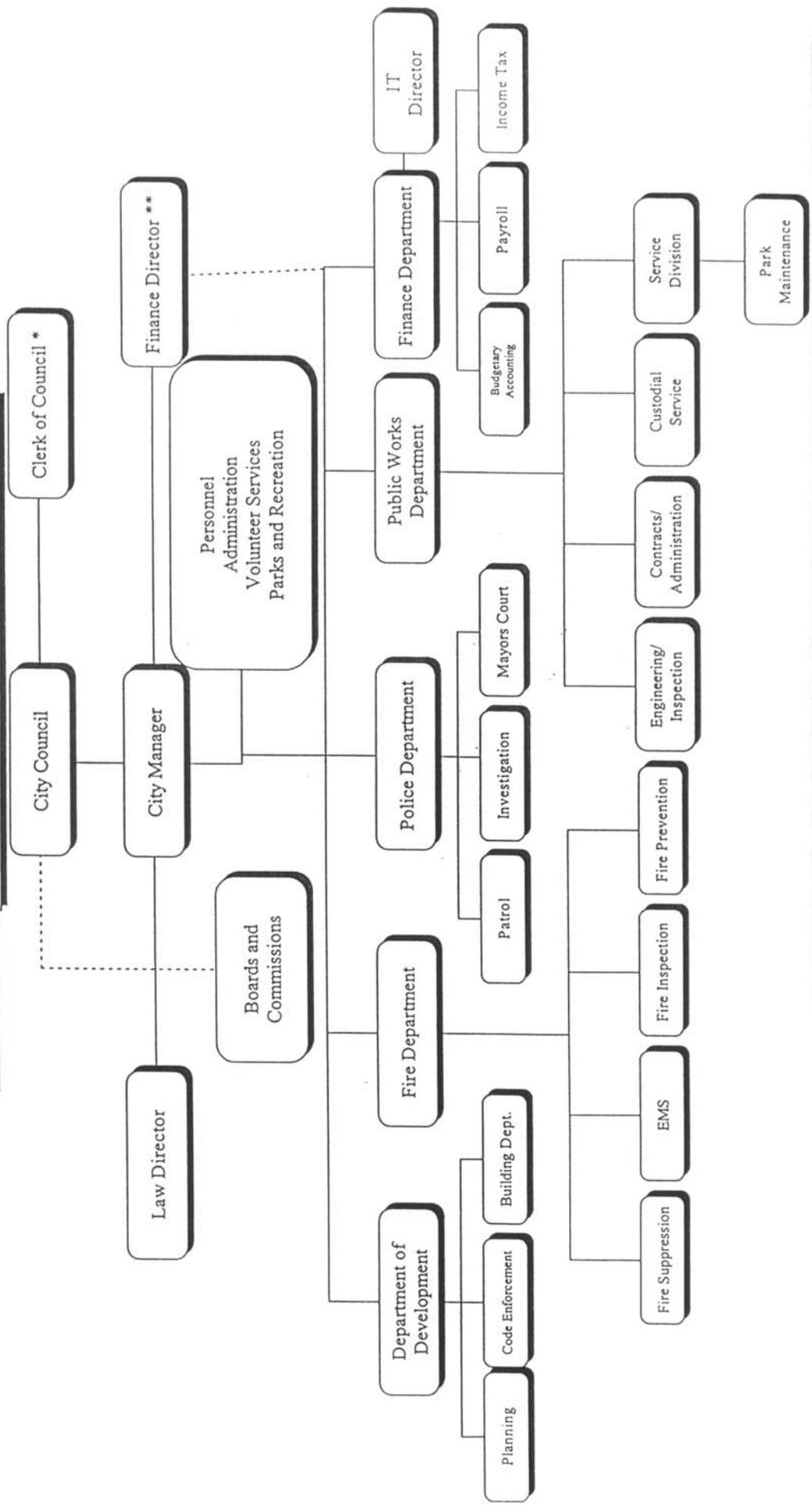
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gary Blomberg	Mayor	December 2005
Gerri Harbison	Vice Mayor	December 2007
Ed Daniel	Council	December 2005
Bill Niehaus	Council	December 2007
Lynda Roesch	Council	December 2005
Todd Steinbrink	Council	December 2007
Ken Suer	Council	December 2005

Appointed Officials

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



City of Montgomery Organizational Chart



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

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

Organizational Chart
(by function)

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Montgomery,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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.



A handwritten signature in cursive script, appearing to read "Edward Haney".

President

A handwritten signature in cursive script, appearing to read "Jeffrey R. Enow".

Executive Director

FINANCIAL SECTION





**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying general-purpose financial statements of the City of Montgomery, Hamilton County, (the City) as of and for the year ended December 31, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Montgomery, Hamilton County, as of December 31, 2003, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2004 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole. We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 7, 2004



GENERAL PURPOSE FINANCIAL STATEMENTS

THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE CITY'S FINANCIAL POSITION AT DECEMBER 31, 2003 AND THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY FUND FOR THE YEAR THEN ENDED.

THE CITY OF MONTGOMERY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2003

Governmental
Fund Types

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$7,406,879	\$3,317,254	\$2,394,373	\$2,493,853
Investments	1,125,114	486,807	222,851	0
Receivables (net of allowance for doubtful accounts):				
Taxes	2,665,283	1,765,023	157,316	225,486
Accounts	1,764	923	0	0
Special Assessments	0	0	4,544,805	0
Due from Other Funds	13,729	1,410	0	0
Interfund Loan Receivable	47,000	0	0	0
Intergovernmental Receivables	327,462	385,444	32,100	3,762
Prepaid Items	36,104	14,617	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Cash with Fiscal Agent	0	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Funds	0	0	0	0
Amount to be Provided for				
General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$11,623,335	\$5,971,478	\$7,351,445	\$2,723,101
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$78,781	\$14,058	\$0	\$128,635
Accrued Wages and Benefits	181,224	105,126	0	0
Due to Other Funds	0	0	0	0
Interfund Loan Payable	0	0	0	47,000
Intergovernmental Payables	14,896	1,456	0	0
Due to Others	0	0	0	0
Deferred Revenue	2,165,116	2,077,704	4,605,128	44,215
Long-Term Bond Anticipation Note Payable	0	0	0	0
Compensated Absences Payable	0	0	0	0
Special Assessment Bonds Payable				
with Governmental Commitment	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	2,440,017	2,198,344	4,605,128	219,850
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Accumulated Deficit	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	190,483	35,349	0	171,339
Reserved for Prepaid Items	36,104	14,617	0	0
Reserved for Debt Service	0	0	2,746,317	0
Unreserved	8,956,731	3,723,168	0	2,331,912
Total Equity and Other Credits	9,183,318	3,773,134	2,746,317	2,503,251
Total Liabilities, Equity and Other Credits	\$11,623,335	\$5,971,478	\$7,351,445	\$2,723,101

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

THE CITY OF MONTGOMERY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2003

<i>Proprietary Fund Type</i>	<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$17,260	\$55,951	\$0	\$0	\$15,685,570
0	8,499	0	0	1,843,271
0	0	0	0	4,813,108
0	0	0	0	2,687
0	0	0	0	4,544,805
0	0	0	0	15,139
0	0	0	0	47,000
0	0	0	0	748,768
0	0	0	0	50,721
0	493	0	0	493
0	112,341	0	0	112,341
1,464,135	0	17,245,926	0	18,710,061
0	0	0	2,746,317	2,746,317
0	0	0	9,976,875	9,976,875
<u>\$1,481,395</u>	<u>\$177,284</u>	<u>\$17,245,926</u>	<u>\$12,723,192</u>	<u>\$59,297,156</u>
\$1,210	\$91,433	\$0	\$0	\$314,117
0	0	0	0	286,350
0	15,139	0	0	15,139
0	0	0	0	47,000
0	3,690	0	0	20,042
0	5,208	0	0	5,208
0	0	0	0	8,892,163
0	0	0	419,000	419,000
0	0	0	600,080	600,080
0	0	0	204,112	204,112
0	0	0	11,500,000	11,500,000
<u>1,210</u>	<u>115,470</u>	<u>0</u>	<u>12,723,192</u>	<u>22,303,211</u>
0	0	17,245,926	0	17,245,926
1,752,327	0	0	0	1,752,327
(272,142)	0	0	0	(272,142)
0	6,620	0	0	403,791
0	0	0	0	50,721
0	0	0	0	2,746,317
0	55,194	0	0	15,067,005
<u>1,480,185</u>	<u>61,814</u>	<u>17,245,926</u>	<u>0</u>	<u>36,993,945</u>
<u>\$1,481,395</u>	<u>\$177,284</u>	<u>\$17,245,926</u>	<u>\$12,723,192</u>	<u>\$59,297,156</u>



THE CITY OF MONTGOMERY, OHIO
COMBINED STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expendable Trust Fund	
Revenues:						
Taxes	\$6,282,545	\$1,653,303	\$1,462,050	\$1,332,234	\$0	\$10,730,132
Intergovernmental Revenues	565,685	665,869	64,200	8,053	510	1,304,317
Charges for Services	185,537	114,654	0	0	22,722	322,913
Licenses and Permits	291,742	258,618	0	0	0	550,360
Investment Earnings	143,534	59,422	19,140	0	1,066	223,162
Special Assessments	0	0	246,298	100	0	246,398
Fines and Forfeitures	168,072	35,363	0	0	0	203,435
All Other Revenues	39,675	39,423	0	425	0	79,523
Total Revenues	<u>7,676,790</u>	<u>2,826,652</u>	<u>1,791,688</u>	<u>1,340,812</u>	<u>24,298</u>	<u>13,660,240</u>
Expenditures:						
Current:						
Security of Persons and Property	2,086,035	2,121,211	0	0	0	4,207,246
Public Health and Welfare Services	39,680	31,511	0	0	0	71,191
Leisure Time Activities	511,310	32,646	0	0	0	543,956
Community Environment	477,020	3,278	0	0	19,289	499,587
Transportation	0	931,182	0	0	0	931,182
General Government	2,498,173	30,514	121,913	3,758	0	2,654,358
Capital Outlay	0	0	0	1,512,227	12,465	1,524,692
Debt Service:						
Principal Retirement	0	0	2,141,883	0	0	2,141,883
Interest and Fiscal Charges	0	0	638,932	0	0	638,932
Total Expenditures	<u>5,612,218</u>	<u>3,150,342</u>	<u>2,902,728</u>	<u>1,515,985</u>	<u>31,754</u>	<u>13,213,027</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,064,572	(323,690)	(1,111,040)	(175,173)	(7,456)	447,213
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	10,613	6,050	0	0	0	16,663
Proceeds from Bond Anticipation Notes	0	0	0	1,000,000	0	1,000,000
Proceeds from Refunding Bonds	0	0	7,895,000	0	0	7,895,000
Payments to Refunding Bond Escrow Agent	0	0	(7,828,113)	0	0	(7,828,113)
Operating Transfers In	86,865	1,137,736	837,773	450,000	0	2,512,374
Operating Transfers Out	(2,067,891)	(377,618)	(2,029)	(84,836)	0	(2,532,374)
Total Other Financing Sources (Uses)	<u>(1,970,413)</u>	<u>766,168</u>	<u>902,631</u>	<u>1,365,164</u>	<u>0</u>	<u>1,063,550</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	94,159	442,478	(208,409)	1,189,991	(7,456)	1,510,763
Restated Fund Balance at Beginning of Year	9,089,159	3,330,656	2,954,726	1,313,260	69,270	16,757,071
Fund Balance at End of Year	<u>\$9,183,318</u>	<u>\$3,773,134</u>	<u>\$2,746,317</u>	<u>\$2,503,251</u>	<u>\$61,814</u>	<u>\$18,267,834</u>

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

THE CITY OF MONTGOMERY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$6,600,554	\$6,602,263	\$1,709	\$1,669,365	\$1,653,303	(\$16,062)
Intergovernmental Revenues	606,859	566,496	(40,363)	628,134	658,773	30,639
Charges for Services	153,814	185,537	31,723	101,396	114,654	13,258
Licenses and Permits	279,484	291,742	12,258	239,507	258,618	19,111
Investment Earnings	127,109	141,177	14,068	41,220	58,515	17,295
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	166,823	163,434	(3,389)	33,474	35,254	1,780
All Other Revenues	37,016	40,142	3,126	32,921	39,699	6,778
Total Revenues	<u>7,971,659</u>	<u>7,990,791</u>	<u>19,132</u>	<u>2,746,017</u>	<u>2,818,816</u>	<u>72,799</u>
Expenditures:						
Current:						
Security of Persons and Property	2,235,118	2,074,150	160,968	2,287,346	2,130,100	157,246
Public Health and Welfare Services	45,527	40,005	5,522	58,376	33,693	24,683
Leisure Time Activities	652,348	547,446	104,902	73,232	32,632	40,600
Community Environment	554,186	526,458	27,728	6,865	4,229	2,636
Transportation	0	0	0	984,810	964,596	20,214
General Government	3,082,571	2,618,179	464,392	35,137	30,531	4,606
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>6,569,750</u>	<u>5,806,238</u>	<u>763,512</u>	<u>3,445,766</u>	<u>3,195,781</u>	<u>249,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,401,909	2,184,553	782,644	(699,749)	(376,965)	322,784
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	10,613	10,613	0	0	6,050	6,050
Operating Transfers In	86,865	86,865	0	870,500	1,137,736	267,236
Operating Transfers Out	(2,079,077)	(2,067,891)	11,186	(389,000)	(377,618)	11,382
Advances In	0	0	0	0	0	0
Advances Out	(47,000)	(47,000)	0	0	0	0
Total Other Financing Sources (Uses)	<u>(2,028,599)</u>	<u>(2,017,413)</u>	<u>11,186</u>	<u>481,500</u>	<u>766,168</u>	<u>284,668</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(626,690)	167,140	793,830	(218,249)	389,203	607,452
Fund Balance at Beginning of Year	7,866,651	7,866,651	0	2,647,780	2,647,780	0
Prior Year Encumbrances	230,634	230,634	0	722,994	722,994	0
Fund Balance at End of Year	<u>\$7,470,595</u>	<u>\$8,264,425</u>	<u>\$793,830</u>	<u>\$3,152,525</u>	<u>\$3,759,977</u>	<u>\$607,452</u>

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

THE CITY OF MONTGOMERY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

<i>Debt Service Funds</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$1,398,462	\$1,456,595	\$58,133	\$1,241,326	\$1,324,416	\$83,090	\$10,909,707	\$11,036,577	\$126,870
64,200	64,200	0	7,873	8,053	180	1,307,066	1,297,522	(9,544)
0	0	0	0	0	0	255,210	300,191	44,981
0	0	0	0	0	0	518,991	550,360	31,369
19,227	19,064	(163)	0	0	0	187,556	218,756	31,200
246,298	246,298	0	100	100	0	246,398	246,398	0
0	0	0	0	0	0	200,297	198,688	(1,609)
0	0	0	425	425	0	70,362	80,266	9,904
1,728,187	1,786,157	57,970	1,249,724	1,332,994	83,270	13,695,587	13,928,758	233,171
0	0	0	0	0	0	4,522,464	4,204,250	318,214
0	0	0	0	0	0	103,903	73,698	30,205
0	0	0	0	0	0	725,580	580,078	145,502
0	0	0	0	0	0	561,051	530,687	30,364
0	0	0	0	0	0	984,810	964,596	20,214
130,000	121,913	8,087	1,290	3,758	(2,468)	3,248,998	2,774,381	474,617
0	0	0	2,096,799	1,691,092	405,707	2,096,799	1,691,092	405,707
2,142,933	2,141,883	1,050	0	0	0	2,142,933	2,141,883	1,050
609,664	572,045	37,619	0	0	0	609,664	572,045	37,619
2,882,597	2,835,841	46,756	2,098,089	1,694,850	403,239	14,996,202	13,532,710	1,463,492
(1,154,410)	(1,049,684)	104,726	(848,365)	(361,856)	486,509	(1,300,615)	396,048	1,696,663
0	0	0	0	0	0	10,613	16,663	6,050
437,773	837,773	400,000	450,000	450,000	0	1,845,138	2,512,374	667,236
(2,029)	(2,029)	0	(84,836)	(84,836)	0	(2,554,942)	(2,532,374)	22,568
0	0	0	47,000	47,000	0	47,000	47,000	0
0	0	0	0	0	0	(47,000)	(47,000)	0
435,744	835,744	400,000	412,164	412,164	0	(699,191)	(3,337)	695,854
(718,666)	(213,940)	504,726	(436,201)	50,308	486,509	(1,999,806)	392,711	2,392,517
2,831,225	2,831,225	0	1,755,144	1,755,144	0	15,100,800	15,100,800	0
0	0	0	397,309	397,309	0	1,350,937	1,350,937	0
\$2,112,559	\$2,617,285	\$504,726	\$1,716,252	\$2,202,761	\$486,509	\$14,451,931	\$16,844,448	\$2,392,517

THE CITY OF MONTGOMERY, OHIO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN ACCUMULATED DEFICIT
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u><i>Enterprise Fund</i></u>
<u>Operating Revenues:</u>	
Charges for Services	\$149,486
Other Operating Revenues	169
Total Operating Revenues	<u>149,655</u>
<u>Operating Expenses:</u>	
Materials and Supplies	21,938
Contractual Services	145,959
Depreciation Expense	54,960
Total Operating Expenses	<u>222,857</u>
Operating Loss	(73,202)
<u>Nonoperating Revenues (Expenses):</u>	
Investment Earnings	754
Total Nonoperating Revenues	<u>754</u>
Loss Before Operating Transfers	(72,448)
<u>Operating Transfers:</u>	
Operating Transfers In	20,000
Total Operating Transfers	<u>20,000</u>
Net Loss	(52,448)
Restated Accumulated Deficit at Beginning of Year	<u>(219,694)</u>
Accumulated Deficit at End of Year	<u><u>(\$272,142)</u></u>

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

THE CITY OF MONTGOMERY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u><i>Enterprise Fund</i></u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$149,655
Cash Payments for Goods and Services	<u>(166,731)</u>
Net Cash Used for Operating Activities	<u>(17,076)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Transfers In from Other Funds	<u>20,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>20,000</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition and Construction of Assets	<u>(8,175)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(8,175)</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	<u>754</u>
Net Cash Provided by Investing Activities	<u>754</u>
Net Decrease in Cash and Cash Equivalents	(4,497)
Cash and Cash Equivalents at Beginning of Year	<u>21,757</u>
Cash and Cash Equivalents at End of Year	<u><u>\$17,260</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Loss	(\$73,202)
Adjustments to Reconcile Operating Loss to	
Net Cash Used for Operating Activities:	
Depreciation Expense	54,960
Changes in Assets and Liabilities:	
Increase in Accounts Payable	<u>1,166</u>
Total Adjustments	<u>56,126</u>
Net Cash Used for Operating Activities	<u><u>(\$17,076)</u></u>

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

THE CITY OF MONTGOMERY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary fund. The financial statements are presented as of December 31, 2003 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

Blended Component Unit - The Community Improvement Corporation of the City of Montgomery (the "CIC") was created in accordance with Chapter 1702 of the Ohio Revised Code. As a legally separate not-for-profit corporation, the CIC's purpose is to provide economic development loans. The balances and transactions of the CIC have been reported as a special revenue fund of the primary government because the governing board of the corporation is composed of those persons who are serving as members of the City Council of the City of Montgomery. There was no activity in the CIC during 2003, and the CIC did not report any balances at December 31, 2003.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

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

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

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

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

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

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

Proprietary Fund

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

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

Account Groups

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

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

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

C. Basis of Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Revenue considered susceptible to accrual at year end includes income taxes, 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 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, 2003 but which are not intended to finance 2003 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

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

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

D. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is at the fund 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 the fund level without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets.

1. Tax Budget

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed or fall short of current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2003.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund level, and may only be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several supplemental appropriations were necessary to budget contingency funds and intergovernmental grants. The supplemental appropriations increased year end appropriations by approximately 13.6% over the appropriation ordinance approved in January 2003. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
GAAP Basis (as reported)	\$94,159	\$442,478	(\$208,409)	\$1,189,991
Increase (Decrease):				
Accrued Revenues at December 31, 2003 received during 2004	(890,122)	(75,096)	(129,093)	(185,033)
Accrued Revenues at December 31, 2002 received during 2003	1,159,480	68,167	123,638	177,215
Accrued Expenditures at December 31, 2003 paid during 2004	274,901	120,640	0	175,635
Accrued Expenditures at December 31, 2002 paid during 2003	(197,827)	(120,992)	0	(16,408)
2002 Prepays for 2003	32,886	13,747	0	0
2003 Prepays for 2004	(36,104)	(14,617)	0	0
2003 Adjustment to Fair Value	308	133	61	0
2002 Adjustment to Fair Value	(2,665)	(1,040)	(137)	0
Entity Difference	0	0	0	(1,000,000)
Outstanding Encumbrances	(267,876)	(44,217)	0	(291,092)
Budget Basis	\$167,140	\$389,203	(\$213,940)	\$50,308

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

During fiscal year 2003, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the general purpose financial statements.

The City pools its cash for investment and resource management purposes. Each fund's equity in cash and cash equivalents represents the balance on hand as if each had maintained its own cash and cash investment account. For purposes of the statement of cash flows, the proprietary fund considers its share of equity in demand deposits and STAR Ohio to be cash equivalents. See Note 4, "Cash, Cash Equivalents and Investments."

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, the City reports its investments at fair value, except for nonparticipating investment contracts which are reported at cost, which approximates fair value. Fair value is determined by quoted market prices. See Note 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 2003. 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, 2003.

G. Fixed Assets and Depreciation

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

1. Property, Plant and Equipment - General Governmental Purposes

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fixed Assets and Depreciation (Continued)

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

General fixed asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

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

2. Property, Plant and Equipment - Proprietary Fund

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

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

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

H. Long-Term Obligations

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

All full-time City employees earn vacation at varying rates based upon length of service. An employee's vacation time may be carried over and accumulated in subsequent calendar years in an amount not to exceed the amount of vacation earned in a two-year period. Upon separation from the City, the employee (or his estate) is paid for his accumulated unused vacation leave balance.

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

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "compensated absences payable." The remaining portion of the liability is reported in the General Long-Term Obligations Account Group.

J. Pensions

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

K. Contributed Capital

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions

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

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Residual equity transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers during 2003.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

M. Reservations of Fund Balance

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

N. Total Columns on Combined Financial Statements - Overview

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

NOTE 2 – RESTATEMENT OF FUND BALANCE/ACCUMULATED DEFICIT

The beginning of year balance in the capital projects funds has been restated to correct an accounting error in the reporting of accrued interest payable. The reclassification has required the restatement of fund balance at December 31, 2002 in the following amount:

Fund Name	Fund Balance as Reported 12/31/02	Correction of Accounting Error	Fund Balance as Restated 12/31/02
Capital Projects Funds	\$1,304,868	\$8,392	\$1,313,260

NOTE 2 – RESTATEMENT OF FUND BALANCE/ACCUMULATED DEFICIT (Continued)

In addition to the above noted change to fund balance, the restatement had the following effect on prior year excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses:

Fund Name	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses as Reported 12/31/02	Correction of Accounting Error	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses as Restated 12/31/02
Capital Projects Funds	(\$254,125)	\$8,392	(\$245,733)

Also an adjustment was made to the beginning accumulated deficit balance of the enterprise fund due to the reduction of the December 31, 2002 fixed asset balance. This resulted in the following change to the beginning accumulated deficit balance in the enterprise fund:

Fund Name	Accumulated Deficit as Reported 12/31/02	Reduction of Fixed Assets	Accumulated Deficit as Restated 12/31/02
Enterprise Fund	(\$214,262)	(\$5,432)	(\$219,694)

In addition to the above noted change to the accumulated deficit, the restatement had the following effect on prior year net loss:

Fund Name	Net Loss as Reported 12/31/02	Reduction of Fixed Assets	Net Loss as Restated 12/31/02
Enterprise Fund	(\$24,390)	(\$5,432)	(\$29,822)

Also, the December 31, 2002 balance of the General Long-Term Obligations Account Group was restated to correct the overstatement of the Swaim Sidewalk special assessment bond liability. The December 31, 2002 balance of the General Long-Term Obligations Account Group was reduced by \$2,000, from \$14,447,598 to \$14,445,598. Finally, the December 31, 2002 balance of the General Fixed Assets Account Group was restated after the removal of fixed assets. The balance of the General Fixed Assets Account Group was reduced by \$40,962, from \$16,512,171 to \$16,471,209.

NOTE 3 – ACCOUNTABILITY

Fund Deficits - The fund deficit at December 31, 2003 of \$33,226 in the Community Development Block Grant (CDBG) Fund arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the cash basis. The accumulated deficit of \$272,142 in the Municipal Pool Fund (enterprise fund) arose from the recognition of expenses on the accrual basis of accounting which are greater than expenses on the cash basis of accounting. Deficits did not exist under the cash basis of accounting. The general fund provides operating transfers when cash is required, not when accruals occur.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Ohio law requires the classification of funds held by the City into three categories.

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

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

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

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3 "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

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

Deposits:

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

Investments:

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

A. Deposits

At year end, the carrying amount of the City's deposits and petty cash on hand was \$126,558 and the depository balance was \$635,461. Of the depository balance, \$100,000 was covered by federal depository insurance; the remainder was covered by collateral held by third party trustees in single financial institution collateral pools, but not in the City's name, collateralizing all public funds on deposit with the specific depository institution. In accordance with Section 135.18 of the Ohio Revised Code, all deposits with eligible financial institutions must be collateralized in an amount equal to 105% of uninsured deposits. A qualified trustee as defined by state law must hold the collateral. The City held \$1,500 in petty cash on hand.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2003 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
City of Montgomery			
Special Assessment Bond	\$78,112	\$0	\$78,112
US Government Securities	N/A	1,765,159	1,765,159
Total Categorized Investments	78,112	1,765,159	1,843,271
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	15,671,846
Total Investments	<u>\$78,112</u>	<u>\$1,765,159</u>	<u>\$17,515,117</u>

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

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

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$15,798,404	\$1,843,271
Investments:		
STAR Ohio	(15,671,846)	15,671,846
Per GASB Statement No. 3	<u>\$126,558</u>	<u>\$17,515,117</u>

* Includes Cash with Fiscal Agent and cash on hand.

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 2003 were levied after October 1, 2002 on assessed values as of January 1, 2002, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 1999. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually. The first payment is due April 30, with the remainder payable by September 20.

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

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

The full tax rate for all City operations for the year ended December 31, 2002 was \$10.05 per \$1,000 of assessed value. The assessed value upon which the 2003 levy was based was \$404,624,600. This amount constitutes \$378,397,970 in real property assessed value, \$6,598,690 in public utility assessed value and \$19,627,940 in tangible personal property assessed value.

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

NOTE 5 – TAXES (Continued)

B. Income Tax

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

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

NOTE 6 – RECEIVABLES

Receivables at December 31, 2003 consisted of taxes, accounts receivable, special assessments, interfund receivables and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred revenue.

NOTE 7 – INTERFUND BALANCES

Individual interfund balances at December 31, 2003 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$13,729	\$0
Special Revenue Fund:		
Mayor's Court Technology Fund	1,410	0
Agency Fund:		
Mayor's Court Fund	0	15,139
Totals	\$15,139	\$15,139
	Interfund Loan Receivable	Interfund Loan Payable
Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$47,000	\$0
Capital Projects Fund:		
Community Development Block Grant Fund	0	47,000
Totals	\$47,000	\$47,000

NOTE 8 – OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2003:

Fund	Transfer In	Transfer Out
General Fund	\$86,865	\$2,067,891
Special Revenue Funds:		
COPS Grant Fund	25,000	0
Fire Protection - EMS Fund	0	119,000
Fire FEMA Fund	5,500	0
Environmental Impact Tax Fund	258,618	258,618
Street Construction, Maintenance and Repair Fund	848,618	0
Total Special Revenue Funds	<u>1,137,736</u>	<u>377,618</u>
Debt Service Fund:		
General Obligation Bond Retirement Fund	519,000	0
Pioneer Park Bond Retirement Fund	318,773	2,029
Total Debt Service Funds	<u>837,773</u>	<u>2,029</u>
Capital Projects Funds:		
Capital Improvement Fund	400,000	0
Federal Emergency Management Agency Fund	0	84,836
Special Assessment Capital Projects Fund	50,000	0
Total Capital Projects Funds	<u>450,000</u>	<u>84,836</u>
Enterprise Fund:		
Municipal Pool Fund	20,000	0
Totals	<u><u>\$2,532,374</u></u>	<u><u>\$2,532,374</u></u>

NOTE 9 – FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets:

Category	Restated December 31, 2002	Additions	Deletions	December 31, 2003
Land	\$6,480,512	\$0	\$0	\$6,480,512
Buildings	3,291,743	0	0	3,291,743
Improvements Other than Buildings	3,971,878	0	0	3,971,878
Machinery and Equipment	2,727,076	997,818	(223,101)	3,501,793
Totals	<u><u>\$16,471,209</u></u>	<u><u>\$997,818</u></u>	<u><u>(\$223,101)</u></u>	<u><u>\$17,245,926</u></u>

NOTE 9 – FIXED ASSETS (Continued)

B. Proprietary Fixed Assets

Summary by category at December 31, 2003:

Category	Historical Cost	Accumulated Depreciation	Book Value
Land	\$405,576	\$0	\$405,576
Buildings	683,109	(132,868)	550,241
Improvements Other than Buildings	724,324	(236,055)	488,269
Machinery and Equipment	69,063	(49,014)	20,049
Property, Plant and Equipment	\$1,882,072	(\$417,937)	\$1,464,135

Contributed Capital in the Proprietary Fund did not change during 2003. The balance at December 31, 2003 is \$1,752,327.

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. 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. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)**

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2003 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. Total required employer contributions for all plans (TP, MD and CO) are equal to 100% of employer charges and must be extracted from employer's records. The City's contributions to the Ohio PERS for the years ending December 31, 2003, 2002 and 2001 were \$244,465, \$223,086 and \$197,867, respectively; 92% has been contributed for 2003 and 100% for 2002 and 2001.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5.0% of covered payroll which amounted to \$90,209.

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, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2002 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 364,881. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2002 is \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

In December 2001, the Board adopted the Health Care “Choices” Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year “cliff” eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

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, 2003, 2002 and 2001 were \$246,947, \$225,957 and \$212,795 for police and \$134,666, \$125,632 and \$125,238 for firefighters, respectively. The full amount has been contributed for 2002 and 2001. 75% has been contributed for police for 2003 and 74% has been contributed for firefighters for 2003 with the remainder being reported as a liability.

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.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The portion of the 2003 covered payroll that was used to fund postemployment health care benefits was \$98,146 representing 7.75% of covered payroll for police and \$43,486 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2002, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,527 for police and 10,396 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, 2002 were \$141,028,006, which was net of member contributions of \$12,623,875.

NOTE 11 – LONG-TERM OBLIGATIONS

Activity in the General Long-Term Obligations Account Group in 2003 was as follows:

			Restated Balance December 31, 2002	Issued (Retired)	Balance December 31, 2003
General Long-Term Debt:					
General Obligation Bonds:					
5.00 - 7.50%	Pioneer Park Improvement Bonds	1991	\$730,000	(\$730,000)	\$0
5.20 - 7.50%	Recreation Bonds	1992	885,000	(885,000)	0
5.00 - 7.50%	Parking Lot Bonds	1992	95,000	(95,000)	0
6.25%	Park and Recreation Bonds	1993	1,030,000	(1,030,000)	0
5.05 - 6.75%	TIF Duke Realty Bonds	1995	2,965,000	(2,965,000)	0
4.85%	Public Improvement	1997	4,425,000	(295,000)	4,130,000
2.00 - 3.80%	Various Purpose Refunding Bonds	2003	0	7,895,000	
				(525,000)	7,370,000
	Total General Obligation Bonds		10,130,000	1,370,000	11,500,000
Special Assessment Bonds					
With Governmental Commitment:					
5.25 - 5.70%	Acomb Sewer Bonds	1993	300,000	(300,000)	0
6.25%	Public Improvement Bonds	1993	2,250,000	(2,250,000)	0
6.00%	Swaim Sidewalk Bonds	1994	40,000	(2,000)	38,000
6.50%	Street Lighting	1997	27,000	(1,000)	26,000
6.00%	Montgomery Woods Sidewalk	1997	65,000	(3,000)	62,000
6.00%	Tanager Woods	1999	82,995	(4,883)	78,112
	Total Special Assessment Bonds With Governmental Commitment		2,764,995	(2,560,883)	204,112
Long-Term Bond Anticipation Note:					
4.00%	Real Estate Acquisition		1,000,000	(581,000)	419,000
	Total General Long-Term Debt		13,894,995	(1,771,883)	12,123,112
Other Long-Term Obligations:					
	Compensated Absences		550,603	49,477	600,080
	Total Other Long-Term Obligations		550,603	49,477	600,080
	Total General Long-Term Debt and Other Long-Term Obligations		\$14,445,598	(\$1,722,406)	\$12,723,192

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's special assessment debt outstanding at December 31, 2003 of \$204,112, 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 \$63,990 in the Special Assessment Bond Retirement Fund and the balance of \$45,255 in the Reserve of Montgomery Bond Retirement Fund at December 31, 2003 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.

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2003 are as follows:

Years	General Obligation Bonds		Special Assessment Bonds	
	Bonds	Interest	Bonds	Interest
2004	\$920,000	\$397,984	\$10,883	\$11,257
2005	940,000	372,652	12,883	10,892
2006	960,000	346,624	12,883	10,402
2007	915,000	320,049	13,883	9,912
2008	790,000	292,676	13,883	9,362
2009-2013	4,115,000	1,045,016	76,415	38,140
2014-2018	2,480,000	328,542	58,415	22,260
2019-2021	380,000	24,320	4,867	3,583
Totals	<u>\$11,500,000</u>	<u>\$3,127,863</u>	<u>\$204,112</u>	<u>\$115,808</u>

B. Defeasance of General Obligation and Special Assessment Debt

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").

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 and the refunded Special Assessment Bonds are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the current and advance refunding.

The City reduced its aggregate debt service payments over the life of the refunded General Obligation Bonds by \$717,493 and obtained an economic gain of \$589,461. The City reduced its aggregate debt service payments over the life of the refunded Special Assessment Bonds by \$606,111 and obtained an economic gain of \$409,865.

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.

Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. As of December 31, 2003, the liability for unpaid compensated absences was \$600,080 for all funds of the City, a net increase of \$49,477 from the amount at December 31, 2002 of \$550,603.

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, 2003, the pool has seventeen members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a seventeen 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.

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 seventeen participating cities and their respective pool contribution factors for the loss year ended December 31, 2003 are:

Entity	Percentage	Entity	Percentage
Beavercreek	7.34 %	Sidney	7.19 %
Blue Ash	6.46 %	Springdale	4.68 %
Indian Hill	2.67 %	Tipp City	2.55 %
Kettering	16.80 %	Troy	6.83 %
Madeira	1.79 %	Vandalia	5.07 %
Mason	10.56 %	West Carrollton	3.55 %
Miamisburg	6.27 %	Wilmington	5.96 %
Montgomery	3.01 %	Wyoming	3.41 %
Piqua	5.86 %	Subtotal	<u>39.24 %</u>
Subtotal	<u>60.76 %</u>	Total	<u>100.00 %</u>

The 2003 pool contribution of the City of Montgomery was \$104,106 representing 3.01% of the total collected from all members for that year's operating costs and projected loss reserves.

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

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

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

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 - \$1,000,000 per occurrence except Boiler and Machinery which is \$2,500 - \$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 \$1,000,000 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, 2003, because an actuarial opinion issued as of that date reported actual MVRMA loss reserves of \$5,514,783 an amount in excess of the recommended net reserve of \$3,690,583. MVRMA reported Montgomery's loss experience for years 2002 (most recent information available), 2001 and 2000 as \$96,458, \$52,991, and \$38,991 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 for other risks of loss, including employee health and life insurance. Other than a reduction in aggregate coverage limits of \$500,000 in Flood Zone B (from \$100,000,000 in 2000), there has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 14 – CONTINGENCIES

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



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

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

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GENERAL FUND

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

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$6,600,554	\$6,602,263	\$1,709
Intergovernmental Revenues	606,859	566,496	(40,363)
Charges for Services	153,814	185,537	31,723
Licenses and Permits	279,484	291,742	12,258
Investment Earnings	127,109	141,177	14,068
Fines and Forfeitures	166,823	163,434	(3,389)
All Other Revenues	37,016	40,142	3,126
Total Revenues	7,971,659	7,990,791	19,132
<u>Expenditures:</u>			
Security of Persons and Property:			
Police:			
Personal Services	1,894,626	1,775,355	119,271
Material, Supplies, and Services	244,752	208,886	35,866
Capital Outlay	94,240	88,409	5,831
Total Police	2,233,618	2,072,650	160,968
Disaster Service:			
Material, Supplies, and Services	1,500	1,500	0
Total Disaster Service	1,500	1,500	0
Total Security of Persons and Property	2,235,118	2,074,150	160,968
Public Health and Welfare:			
Public Health and Welfare:			
Personal Services	45,527	40,005	5,522
Total Public Health and Welfare	45,527	40,005	5,522
Leisure Time Activities:			
Recreation:			
Personal Services	96,200	96,200	0
Material, Supplies, and Services	94,072	69,809	24,263
Capital Outlay	6,050	3,182	2,868
Total Recreation	196,322	169,191	27,131
City Parks:			
Personal Services	181,277	148,258	33,019
Material, Supplies, and Services	131,893	121,505	10,388
Capital Outlay	12,000	9,445	2,555
Total City Parks	325,170	279,208	45,962

(Continued)

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Lodges:			
Material, Supplies, and Services	18,871	14,360	4,511
Capital Outlay	2,200	741	1,459
Total Lodges	21,071	15,101	5,970
Volunteer Services:			
Personal Services	32,314	32,314	0
Material, Supplies, and Services	5,744	4,947	797
Total Volunteer Services	38,058	37,261	797
Special Events:			
Material, Supplies, and Services	71,727	46,685	25,042
Total Special Events	71,727	46,685	25,042
Total Leisure Time Activities	652,348	547,446	104,902
Community Environment:			
Landmarks Commission:			
Personal Services	2,070	736	1,334
Material, Supplies, and Services	21,913	20,663	1,250
Total Landmarks Commission	23,983	21,399	2,584
City Beautiful:			
Material, Supplies, and Services	84,743	80,836	3,907
Capital Outlay	5,950	3,231	2,719
Total City Beautiful	90,693	84,067	6,626
Development:			
Personal Services	200,216	199,789	427
Material, Supplies, and Services	224,044	211,563	12,481
Capital Outlay	2,000	1,628	372
Total Development	426,260	412,980	13,280
Planning Commission:			
Personal Services	5,750	1,574	4,176
Material, Supplies, and Services	7,500	6,438	1,062
Total Planning Commission	13,250	8,012	5,238
Total Community Environment	554,186	526,458	27,728

(Continued)

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
General Government:			
Administration:			
Personal Services	414,699	396,059	18,640
Material, Supplies, and Services	25,513	24,246	1,267
Capital Outlay	2,500	2,383	117
Total Administration	<u>442,712</u>	<u>422,688</u>	<u>20,024</u>
Finance Administration:			
Personal Services	206,884	193,921	12,963
Material, Supplies, and Services	68,669	59,495	9,174
Capital Outlay	8,500	6,714	1,786
Total Finance Administration	<u>284,053</u>	<u>260,130</u>	<u>23,923</u>
Legal Administration:			
Material, Supplies, and Services	178,703	99,777	78,926
Total Legal Administration	<u>178,703</u>	<u>99,777</u>	<u>78,926</u>
Income Tax:			
Personal Services	131,718	128,713	3,005
Material, Supplies, and Services	17,310	12,377	4,933
Capital Outlay	2,000	1,672	328
Total Income Tax	<u>151,028</u>	<u>142,762</u>	<u>8,266</u>
Council:			
Personal Services	18,613	11,516	7,097
Material, Supplies, and Services	2,200	1,288	912
Capital Outlay	4,600	4,600	0
Total Council	<u>25,413</u>	<u>17,404</u>	<u>8,009</u>
Mayor's Court:			
Personal Services	75,709	71,516	4,193
Material, Supplies, and Services	35,770	13,890	21,880
Total Mayor's Court	<u>111,479</u>	<u>85,406</u>	<u>26,073</u>
Civil Service:			
Material, Supplies, and Services	6,050	1,640	4,410
Total Civil Service	<u>6,050</u>	<u>1,640</u>	<u>4,410</u>
Central Services:			
Personal Services	228,539	209,440	19,099
Material, Supplies, and Services	75,650	62,550	13,100
Capital Outlay	9,000	7,109	1,891
Total Central Services	<u>313,189</u>	<u>279,099</u>	<u>34,090</u>

(Continued)

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Information Technology:			
Personal Services	82,539	81,982	557
Material, Supplies, and Services	31,456	31,456	0
Capital Outlay	11,899	11,771	128
Total Information Technology	<u>125,894</u>	<u>125,209</u>	<u>685</u>
General Administration:			
Personal Services	6,494	5,363	1,131
Material, Supplies, and Services	1,434,408	1,175,553	258,855
Capital Outlay	3,148	3,148	0
Total General Administration	<u>1,444,050</u>	<u>1,184,064</u>	<u>259,986</u>
Total General Government	<u>3,082,571</u>	<u>2,618,179</u>	<u>464,392</u>
Total Expenditures	<u>6,569,750</u>	<u>5,806,238</u>	<u>763,512</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,401,909	2,184,553	782,644
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	10,613	10,613	0
Operating Transfers In	86,865	86,865	0
Operating Transfers Out	(2,079,077)	(2,067,891)	11,186
Advances Out	(47,000)	(47,000)	0
Total Other Financing Sources (Uses)	<u>(2,028,599)</u>	<u>(2,017,413)</u>	<u>11,186</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(626,690)	167,140	793,830
Fund Balance at Beginning of Year	7,866,651	7,866,651	0
Prior Year Encumbrances	<u>230,634</u>	<u>230,634</u>	<u>0</u>
Fund Balance at End of Year	<u>\$7,470,595</u>	<u>\$8,264,425</u>	<u>\$793,830</u>

SPECIAL REVENUE FUNDS

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

Memorial Fund

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

Law Enforcement Fund

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

Drug Law Enforcement Fund

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

DUI Enforcement and Education Fund

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

Mayor's Court Technology Fund

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

Community Oriented Policing Services (COPS) Grant Fund

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

Fire Protection / EMS Fund

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

Federal Emergency Management Agency (FEMA) Fire Fund

To account for grant monies received from the Federal Emergency Management Agency for the purchase of equipment. (The Balance Sheet is not presented because there were no assets or liabilities at year end.)

Environmental Impact Tax Fund

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

(Continued)

SPECIAL REVENUE FUNDS

Street Construction, Maintenance and Repair Fund

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

Arts and Amenities Fund

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

Cemetery Fund

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

THE CITY OF MONTGOMERY, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2003

	Memorial	Law Enforcement	Drug Law Enforcement	DUI Enforcement and Education	Mayor's Court Technology
<u>Assets:</u>					
Cash and Cash Equivalents	\$3,878	\$4,898	\$2,957	\$7,298	\$52,003
Investments	0	0	0	0	0
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Due from Other Funds	0	0	0	0	1,410
Intergovernmental Receivables	0	0	52	150	0
Prepaid Items	0	0	0	0	42
Total Assets	\$3,878	\$4,898	\$3,009	\$7,448	\$53,455
<u>Liabilities:</u>					
Accounts Payable	\$289	\$0	\$0	\$0	\$102
Accrued Wages and Benefits	0	0	0	0	0
Intergovernmental Payables	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	289	0	0	0	102
<u>Fund Equity:</u>					
Fund Balances:					
Reserved for Encumbrances	976	0	0	0	117
Reserved for Prepaid Items	0	0	0	0	42
Unreserved - Undesignated	2,613	4,898	3,009	7,448	53,194
Total Fund Equity	3,589	4,898	3,009	7,448	53,353
Total Liabilities and Fund Equity	\$3,878	\$4,898	\$3,009	\$7,448	\$53,455

THE CITY OF MONTGOMERY, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2003

COPS Grant	Fire Protection/ EMS	Environmental Impact Tax	Street Construction, Maintenance and Repair	Arts and Amenities	Cemetery	Totals
\$41,459	\$1,860,586	\$285,900	\$592,102	\$364,243	\$101,930	\$3,317,254
0	282,626	43,428	89,941	55,329	15,483	486,807
0	1,765,023	0	0	0	0	1,765,023
53	442	0	428	0	0	923
0	0	0	0	0	0	1,410
75,948	102,996	0	206,298	0	0	385,444
747	6,941	0	6,887	0	0	14,617
<u>\$118,207</u>	<u>\$4,018,614</u>	<u>\$329,328</u>	<u>\$895,656</u>	<u>\$419,572</u>	<u>\$117,413</u>	<u>\$5,971,478</u>
\$11	\$1,566	\$0	\$10,625	\$0	\$1,465	\$14,058
681	78,993	0	25,452	0	0	105,126
0	1,456	0	0	0	0	1,456
72,153	1,868,019	0	137,532	0	0	2,077,704
<u>72,845</u>	<u>1,950,034</u>	<u>0</u>	<u>173,609</u>	<u>0</u>	<u>1,465</u>	<u>2,198,344</u>
0	17,210	0	14,619	296	2,131	35,349
747	6,941	0	6,887	0	0	14,617
44,615	2,044,429	329,328	700,541	419,276	113,817	3,723,168
<u>45,362</u>	<u>2,068,580</u>	<u>329,328</u>	<u>722,047</u>	<u>419,572</u>	<u>115,948</u>	<u>3,773,134</u>
<u>\$118,207</u>	<u>\$4,018,614</u>	<u>\$329,328</u>	<u>\$895,656</u>	<u>\$419,572</u>	<u>\$117,413</u>	<u>\$5,971,478</u>

THE CITY OF MONTGOMERY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Memorial	Law Enforcement	Drug Law Enforcement	DUI Enforcement and Education	Mayor's Court Technology
<u>Revenues:</u>					
Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	14,500	68	918	19,877
All Other Revenues	1,803	0	0	0	0
Total Revenues	<u>1,803</u>	<u>14,500</u>	<u>68</u>	<u>918</u>	<u>19,877</u>
<u>Expenditures:</u>					
Current:					
Security of Persons and Property	0	13,477	0	0	0
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	3,278	0	0	0	0
Transportation	0	0	0	0	0
General Government	0	0	0	0	30,514
Total Expenditures	<u>3,278</u>	<u>13,477</u>	<u>0</u>	<u>0</u>	<u>30,514</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,475)	1,023	68	918	(10,637)
<u>Other Financing Sources (Uses):</u>					
Proceeds from Sale of Fixed Assets	0	0	0	0	0
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,475)	1,023	68	918	(10,637)
Fund Balance at Beginning of Year	<u>5,064</u>	<u>3,875</u>	<u>2,941</u>	<u>6,530</u>	<u>63,990</u>
Fund Balance at End of Year	<u><u>\$3,589</u></u>	<u><u>\$4,898</u></u>	<u><u>\$3,009</u></u>	<u><u>\$7,448</u></u>	<u><u>\$53,353</u></u>

THE CITY OF MONTGOMERY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

COPS Grant	Fire Protection/EMS	FEMA Fire	Environmental Impact Tax	Street Construction, Maintenance and Repair	Arts and Amenities	Cemetery	Totals
\$0	\$1,653,303	\$0	\$0	\$0	\$0	\$0	\$1,653,303
42,000	207,208	49,500	0	367,061	100	0	665,869
0	69,392	0	0	0	12,327	32,935	114,654
0	0	0	258,618	0	0	0	258,618
0	38,533	0	3,127	10,448	6,651	663	59,422
0	0	0	0	0	0	0	35,363
19,442	10,457	0	0	7,721	0	0	39,423
61,442	1,978,893	49,500	261,745	385,230	19,078	33,598	2,826,652
70,922	1,981,812	55,000	0	0	0	0	2,121,211
0	0	0	0	0	0	31,511	31,511
0	0	0	0	0	32,646	0	32,646
0	0	0	0	0	0	0	3,278
0	0	0	0	931,182	0	0	931,182
0	0	0	0	0	0	0	30,514
70,922	1,981,812	55,000	0	931,182	32,646	31,511	3,150,342
(9,480)	(2,919)	(5,500)	261,745	(545,952)	(13,568)	2,087	(323,690)
0	6,050	0	0	0	0	0	6,050
25,000	0	5,500	258,618	848,618	0	0	1,137,736
0	(119,000)	0	(258,618)	0	0	0	(377,618)
25,000	(112,950)	5,500	0	848,618	0	0	766,168
15,520	(115,869)	0	261,745	302,666	(13,568)	2,087	442,478
29,842	2,184,449	0	67,583	419,381	433,140	113,861	3,330,656
\$45,362	\$2,068,580	\$0	\$329,328	\$722,047	\$419,572	\$115,948	\$3,773,134

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

MEMORIAL FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenue	<u>\$1,803</u>	<u>\$1,803</u>	<u>\$0</u>
Total Revenues	<u>1,803</u>	<u>1,803</u>	<u>0</u>
<u>Expenditures:</u>			
Community Environment:			
Material, Supplies, and Services	<u>6,865</u>	<u>4,229</u>	<u>2,636</u>
Total Expenditures	<u>6,865</u>	<u>4,229</u>	<u>2,636</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,062)	(2,426)	2,636
Fund Balance at Beginning of Year	<u>5,064</u>	<u>5,064</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$2</u></u>	<u><u>\$2,638</u></u>	<u><u>\$2,636</u></u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

LAW ENFORCEMENT FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$14,500	\$14,500	\$0
Total Revenues	<u>14,500</u>	<u>14,500</u>	<u>0</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Material, Supplies, and Services	13,500	13,477	23
Total Expenditures	<u>13,500</u>	<u>13,477</u>	<u>23</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,023	23
Fund Balance at Beginning of Year	<u>3,875</u>	<u>3,875</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$4,875</u></u>	<u><u>\$4,898</u></u>	<u><u>\$23</u></u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

DRUG LAW ENFORCEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$256	\$256	\$0
Total Revenues	256	256	0
<u>Expenditures:</u>			
Security of Persons and Property:			
Material, Supplies, and Services	500	0	500
Total Expenditures	500	0	500
Excess (Deficiency) of Revenues Over (Under) Expenditures	(244)	256	500
Fund Balance at Beginning of Year	2,701	2,701	0
Fund Balance at End of Year	\$2,457	\$2,957	\$500

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

DUI ENFORCEMENT AND EDUCATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$693	\$793	\$100
Total Revenues	693	793	100
<u>Expenditures:</u>			
Security of Persons and Property:			
Material, Supplies, and Services	1,000	0	1,000
Total Expenditures	1,000	0	1,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(307)	793	1,100
Fund Balance at Beginning of Year	6,505	6,505	0
Fund Balance at End of Year	\$6,198	\$7,298	\$1,100

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

MAYOR'S COURT TECHNOLOGY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$18,025	\$19,705	\$1,680
Total Revenues	18,025	19,705	1,680
<u>Expenditures:</u>			
General Government:			
Material, Supplies, and Services	12,187	8,912	3,275
Capital Outlay	22,950	21,619	1,331
Total Expenditures	35,137	30,531	4,606
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,112)	(10,826)	6,286
Fund Balance at Beginning of Year	62,711	62,711	0
Fund Balance at End of Year	\$45,599	\$51,885	\$6,286

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

COPS GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$42,000	\$49,052	\$7,052
All Other Revenues	23,918	19,457	(4,461)
Total Revenues	65,918	68,509	2,591
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	80,286	68,703	11,583
Material, Supplies, and Services	1,875	1,805	70
Total Expenditures	82,161	70,508	11,653
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,243)	(1,999)	14,244
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	25,000	25,000	0
Total Other Financing Sources (Uses)	25,000	25,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	8,757	23,001	14,244
Fund Balance at Beginning of Year	18,458	18,458	0
Fund Balance at End of Year	\$27,215	\$41,459	\$14,244

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

FIRE PROTECTION / EMS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$1,669,365	\$1,653,303	(\$16,062)
Intergovernmental Revenues	202,784	207,208	4,424
Charges for Services	61,055	69,392	8,337
Investment Earnings	26,929	37,869	10,940
All Other Revenues	4,700	10,506	5,806
Total Revenues	1,964,833	1,978,278	13,445
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	1,267,281	1,163,314	103,967
Material, Supplies, and Services	193,105	158,787	34,318
Capital Outlay	674,799	669,014	5,785
Total Expenditures	2,135,185	1,991,115	144,070
Excess (Deficiency) of Revenues Over (Under) Expenditures	(170,352)	(12,837)	157,515
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	6,050	6,050
Operating Transfers Out	(119,000)	(119,000)	0
Total Other Financing Sources (Uses)	(119,000)	(112,950)	6,050
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(289,352)	(125,787)	163,565
Fund Balance at Beginning of Year	1,609,775	1,609,775	0
Prior Year Encumbrances	641,288	641,288	0
Fund Balance at End of Year	\$1,961,711	\$2,125,276	\$163,565

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FIRE FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$49,500	\$49,500	\$0
Total Revenues	<u>49,500</u>	<u>49,500</u>	<u>0</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Capital Outlay	55,000	55,000	0
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,500)	(5,500)	0
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	5,500	5,500	0
Total Other Financing Sources (Uses)	<u>5,500</u>	<u>5,500</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

ENVIRONMENTAL IMPACT TAX FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Licenses and Permits	\$239,507	\$258,618	\$19,111
Investment Earnings	383	3,117	2,734
Total Revenues	239,890	261,735	21,845
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	239,890	261,735	21,845
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	250,000	258,618	8,618
Operating Transfers Out	(270,000)	(258,618)	11,382
Total Other Financing Sources (Uses)	(20,000)	0	20,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	219,890	261,735	41,845
Fund Balance at Beginning of Year	67,605	67,605	0
Fund Balance at End of Year	\$287,495	\$329,340	\$41,845

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$333,750	\$352,913	\$19,163
Investment Earnings	3,955	10,339	6,384
All Other Revenues	2,500	7,933	5,433
Total Revenues	340,205	371,185	30,980
<u>Expenditures:</u>			
Transportation:			
Personal Services	675,880	667,594	8,286
Material, Supplies, and Services	287,380	280,452	6,928
Capital Outlay	21,550	16,550	5,000
Total Expenditures	984,810	964,596	20,214
Excess (Deficiency) of Revenues Over (Under) Expenditures	(644,605)	(593,411)	51,194
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	590,000	848,618	258,618
Total Other Financing Sources (Uses)	590,000	848,618	258,618
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(54,605)	255,207	309,812
Fund Balance at Beginning of Year	329,384	329,384	0
Prior Year Encumbrances	76,523	76,523	0
Fund Balance at End of Year	\$351,302	\$661,114	\$309,812

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

ARTS AND AMENITIES FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$100	\$100	\$0
Charges for Services	9,000	12,327	3,327
Investment Earnings	9,408	6,523	(2,885)
Total Revenues	18,508	18,950	442
<u>Expenditures:</u>			
Leisure Time Activities:			
Material, Supplies, and Services	73,232	32,632	40,600
Total Expenditures	73,232	32,632	40,600
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,724)	(13,682)	41,042
Fund Balance at Beginning of Year	430,636	430,636	0
Prior Year Encumbrances	2,337	2,337	0
Fund Balance at End of Year	\$378,249	\$419,291	\$41,042

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

CEMETERY FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$31,341	\$32,935	\$1,594
Investment Earnings	545	667	122
Total Revenues	<u>31,886</u>	<u>33,602</u>	<u>1,716</u>
<u>Expenditures:</u>			
Public Health and Welfare:			
Material, Supplies, and Services	32,739	18,841	13,898
Capital Outlay	<u>25,637</u>	<u>14,852</u>	<u>10,785</u>
Total Expenditures	<u>58,376</u>	<u>33,693</u>	<u>24,683</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,490)	(91)	26,399
Fund Balance at Beginning of Year	111,066	111,066	0
Prior Year Encumbrances	<u>2,846</u>	<u>2,846</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$87,422</u></u>	<u><u>\$113,821</u></u>	<u><u>\$26,399</u></u>

DEBT SERVICE FUNDS

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

Special Assessment Bond Retirement Fund

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

General Obligation Bond Retirement Fund

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

Pioneer Park Bond Retirement Fund

To account for the 0.7 mil levy, voted for the retirement of debt on the purchase and development of Pioneer Park. (The Balance Sheet is not presented because there were no assets or liabilities at year end.)

Reserve of Montgomery Bond Retirement Fund

To account for accumulation of resources set up to fund the community improvement district that is part of the Great Traditions project and will be paid back as part of a thirty year special assessment.

Ohio National Tax Increment Fund

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

THE CITY OF MONTGOMERY, OHIO
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
DECEMBER 31, 2003

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Reserve of Montgomery Bond Retirement	Ohio National Tax Increment	Totals
Assets:					
Cash and Cash Equivalents	\$55,551	\$882,043	\$45,255	\$1,411,524	\$2,394,373
Investments	8,439	0	0	214,412	222,851
Receivables (net of allowance for doubtful accounts):					
Taxes	0	157,316	0	0	157,316
Special Assessments	515,048	0	4,029,757	0	4,544,805
Intergovernmental Receivables	0	0	0	32,100	32,100
Total Assets	<u>\$579,038</u>	<u>\$1,039,359</u>	<u>\$4,075,012</u>	<u>\$1,658,036</u>	<u>\$7,351,445</u>
Liabilities:					
Deferred Revenue	\$515,048	\$28,223	\$4,029,757	\$32,100	\$4,605,128
Total Liabilities	<u>515,048</u>	<u>28,223</u>	<u>4,029,757</u>	<u>32,100</u>	<u>4,605,128</u>
Fund Equity:					
Fund Balances:					
Reserved for Debt Service	63,990	1,011,136	45,255	1,625,936	2,746,317
Total Fund Equity	<u>63,990</u>	<u>1,011,136</u>	<u>45,255</u>	<u>1,625,936</u>	<u>2,746,317</u>
Total Liabilities and Fund Equity	<u>\$579,038</u>	<u>\$1,039,359</u>	<u>\$4,075,012</u>	<u>\$1,658,036</u>	<u>\$7,351,445</u>

CITY OF MONTGOMERY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Pioneer Park Bond Retirement	Reserve of Montgomery Bond Retirement	Ohio National Tax Increment	Totals
Revenues:						
Taxes	\$0	\$882,227	\$2,027	\$0	\$577,796	\$1,462,050
Intergovernmental Revenues	0	0	0	0	64,200	64,200
Investment Earnings	722	4,837	718	5,468	7,395	19,140
Special Assessments	57,735	0	0	188,563	0	246,298
Total Revenues	<u>58,457</u>	<u>887,064</u>	<u>2,745</u>	<u>194,031</u>	<u>649,391</u>	<u>1,791,688</u>
Expenditures:						
General Government	0	0	0	0	121,913	121,913
Debt Service:						
Principal Retirement	30,883	1,146,000	730,000	75,000	160,000	2,141,883
Interest and Fiscal Charges	27,898	319,199	5,578	134,724	151,533	638,932
Total Expenditures	<u>58,781</u>	<u>1,465,199</u>	<u>735,578</u>	<u>209,724</u>	<u>433,446</u>	<u>2,902,728</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(324)	(578,135)	(732,833)	(15,693)	215,945	(1,111,040)
Other Financing Sources (Uses):						
Proceeds from Refunding Bonds	310,000	2,055,000	0	2,340,000	3,190,000	7,895,000
Payments to Refunding Bond Escrow Agent	(308,003)	(2,044,115)	0	(2,305,435)	(3,170,560)	(7,828,113)
Operating Transfers In	0	519,000	318,773	0	0	837,773
Operating Transfers Out	0	0	(2,029)	0	0	(2,029)
Total Other Financing Sources (Uses)	<u>1,997</u>	<u>529,885</u>	<u>316,744</u>	<u>34,565</u>	<u>19,440</u>	<u>902,631</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,673	(48,250)	(416,089)	18,872	235,385	(208,409)
Fund Balance at Beginning of Year	<u>62,317</u>	<u>1,059,386</u>	<u>416,089</u>	<u>26,383</u>	<u>1,390,551</u>	<u>2,954,726</u>
Fund Balance at End of Year	<u>\$63,990</u>	<u>\$1,011,136</u>	<u>\$0</u>	<u>\$45,255</u>	<u>\$1,625,936</u>	<u>\$2,746,317</u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

SPECIAL ASSESSMENT BOND RETIREMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$724	\$724	\$0
Special Assessments	57,735	57,735	0
Total Revenues	58,459	58,459	0
<u>Expenditures:</u>			
Debt Service:			
Principal Retirement	31,933	30,883	1,050
Interest and Fiscal Charges	29,427	25,901	3,526
Total Expenditures	61,360	56,784	4,576
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,901)	1,675	4,576
Fund Balance at Beginning of Year	62,317	62,317	0
Fund Balance at End of Year	\$59,416	\$63,992	\$4,576

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL OBLIGATION BOND RETIREMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$818,639	\$876,772	\$58,133
Investment Earnings	5,000	4,837	(163)
Total Revenues	823,639	881,609	57,970
<u>Expenditures:</u>			
Debt Service:			
Principal Retirement	1,146,000	1,146,000	0
Interest and Fiscal Charges	333,927	308,314	25,613
Total Debt Service	1,479,927	1,454,314	25,613
Total Expenditures	1,479,927	1,454,314	25,613
Excess (Deficiency) of Revenues Over (Under) Expenditures	(656,288)	(572,705)	83,583
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	119,000	519,000	400,000
Total Other Financing Sources (Uses)	119,000	519,000	400,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(537,288)	(53,705)	483,583
Fund Balance at Beginning of Year	935,748	935,748	0
Fund Balance at End of Year	\$398,460	\$882,043	\$483,583

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

PIONEER PARK BOND RETIREMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$2,027	\$2,027	\$0
Investment Earnings	581	581	0
Total Revenues	2,608	2,608	0
<u>Expenditures:</u>			
Debt Service:			
Principal Retirement	730,000	730,000	0
Interest and Fiscal Charges	5,578	5,578	0
Total Expenditures	735,578	735,578	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(732,970)	(732,970)	0
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	318,773	318,773	0
Operating Transfers Out	(2,029)	(2,029)	0
Total Other Financing Sources (Uses)	316,744	316,744	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(416,226)	(416,226)	0
Fund Balance at Beginning of Year	416,226	416,226	0
Fund Balance at End of Year	\$0	\$0	\$0

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

RESERVE OF MONTGOMERY BOND RETIREMENT FUND

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Investment Earnings	\$5,468	\$5,468	\$0
Special Assessments	188,563	188,563	0
Total Revenues	<u>194,031</u>	<u>194,031</u>	<u>0</u>
<u>Expenditures:</u>			
Debt Service:			
Principal Retirement	75,000	75,000	0
Interest and Fiscal Charges	103,314	100,159	3,155
Total Expenditures	<u>178,314</u>	<u>175,159</u>	<u>3,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,717	18,872	3,155
Fund Balance at Beginning of Year	<u>26,383</u>	<u>26,383</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$42,100</u></u>	<u><u>\$45,255</u></u>	<u><u>\$3,155</u></u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

OHIO NATIONAL TAX INCREMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$577,796	\$577,796	\$0
Intergovernmental Revenues	64,200	64,200	0
Investment Earnings	7,454	7,454	0
Total Revenues	649,450	649,450	0
<u>Expenditures:</u>			
General Government:			
Materials, Supplies, and Services	130,000	121,913	8,087
Total General Government	130,000	121,913	8,087
Debt Service:			
Principal Retirement	160,000	160,000	0
Interest and Fiscal Charges	137,418	132,093	5,325
Total Debt Service	297,418	292,093	5,325
Total Expenditures	427,418	414,006	13,412
Excess (Deficiency) of Revenues Over (Under) Expenditures	222,032	235,444	13,412
Fund Balance at Beginning of Year	1,390,551	1,390,551	0
Fund Balance at End of Year	\$1,612,583	\$1,625,995	\$13,412

CAPITAL PROJECTS FUNDS

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

Capital Improvement Fund

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

Federal Emergency Management Agency (FEMA) Fund

To account for grant monies received from the Federal Emergency Management Agency for assistance with public or individual restoration of disaster-damaged projects. (The Balance Sheet is not presented because there were no assets or liabilities at year end.)

Community Development Block Grant (CDBG) Fund

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

Urban Redevelopment Fund

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

Special Assessment Capital Projects Fund

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

THE CITY OF MONTGOMERY, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2003

	<u>Capital Improvement</u>	<u>Community Development Block Grant</u>	<u>Urban Redevelopment</u>	<u>Special Assessment Capital Projects</u>	<u>Totals</u>
Assets:					
Cash and Cash Equivalents	\$2,024,959	\$13,774	\$265,020	\$190,100	\$2,493,853
Receivables (net of allowance for doubtful accounts):					
Taxes	225,486	0	0	0	225,486
Intergovernmental Receivables	<u>0</u>	<u>0</u>	<u>3,762</u>	<u>0</u>	<u>3,762</u>
Total Assets	<u>\$2,250,445</u>	<u>\$13,774</u>	<u>\$268,782</u>	<u>\$190,100</u>	<u>\$2,723,101</u>
Liabilities:					
Accounts Payable	\$128,635	\$0	\$0	\$0	\$128,635
Interfund Loan Payable	0	47,000	0	0	47,000
Deferred Revenue	<u>40,453</u>	<u>0</u>	<u>3,762</u>	<u>0</u>	<u>44,215</u>
Total Liabilities	<u>169,088</u>	<u>47,000</u>	<u>3,762</u>	<u>0</u>	<u>219,850</u>
Fund Equity:					
Fund Balances:					
Reserved for Encumbrances	140,116	1,385	29,838	0	171,339
Unreserved - Undesignated	<u>1,941,241</u>	<u>(34,611)</u>	<u>235,182</u>	<u>190,100</u>	<u>2,331,912</u>
Total Fund Equity	<u>2,081,357</u>	<u>(33,226)</u>	<u>265,020</u>	<u>190,100</u>	<u>2,503,251</u>
Total Liabilities and Fund Equity	<u>\$2,250,445</u>	<u>\$13,774</u>	<u>\$268,782</u>	<u>\$190,100</u>	<u>\$2,723,101</u>

THE CITY OF MONTGOMERY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Capital Improvement	Federal Emergency Management Agency	Community Development Block Grant	Urban Redevelopment	Special Assessment Capital Projects	Totals
Revenues:						
Taxes	\$1,264,524	\$0	\$0	\$67,710	\$0	\$1,332,234
Intergovernmental Revenues	0	0	0	8,053	0	8,053
Special Assessments	0	0	0	0	100	100
All Other Revenues	0	0	0	425	0	425
Total Revenues	<u>1,264,524</u>	<u>0</u>	<u>0</u>	<u>76,188</u>	<u>100</u>	<u>1,340,812</u>
Expenditures:						
Current:						
General Government	0	0	0	3,758	0	3,758
Capital Outlay	1,473,865	0	33,226	5,136	0	1,512,227
Total Expenditures	<u>1,473,865</u>	<u>0</u>	<u>33,226</u>	<u>8,894</u>	<u>0</u>	<u>1,515,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(209,341)	0	(33,226)	67,294	100	(175,173)
Other Financing Sources (Uses):						
Proceeds from Bond Anticipation Notes	1,000,000	0	0	0	0	1,000,000
Operating Transfers In	400,000	0	0	0	50,000	450,000
Operating Transfers Out	0	(84,836)	0	0	0	(84,836)
Total Other Financing Sources (Uses)	<u>1,400,000</u>	<u>(84,836)</u>	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>1,365,164</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,190,659	(84,836)	(33,226)	67,294	50,100	1,189,991
Restated Fund Balance at Beginning of Year	890,698	84,836	0	197,726	140,000	1,313,260
Fund Balance (Deficit) at End of Year	<u>\$2,081,357</u>	<u>\$0</u>	<u>(\$33,226)</u>	<u>\$265,020</u>	<u>\$190,100</u>	<u>\$2,503,251</u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

CAPITAL IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$1,173,616	\$1,256,706	\$83,090
Total Revenues	1,173,616	1,256,706	83,090
<u>Expenditures:</u>			
Capital Outlay	1,869,244	1,619,708	249,536
Total Expenditures	1,869,244	1,619,708	249,536
Excess (Deficiency) of Revenues Over (Under) Expenditures	(695,628)	(363,002)	332,626
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	400,000	400,000	0
Total Other Financing Sources (Uses)	400,000	400,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(295,628)	36,998	332,626
Fund Balance at Beginning of Year	1,366,337	1,366,337	0
Prior Year Encumbrances	361,754	361,754	0
Fund Balance at End of Year	\$1,432,463	\$1,765,089	\$332,626

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(84,836)	(84,836)	0
Total Other Financing Sources (Uses)	(84,836)	(84,836)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(84,836)	(84,836)	0
Fund Balance at Beginning of Year	84,836	84,836	0
Prior Year Encumbrances	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Expenditures:</u>			
Capital Outlay:			
Capital Outlay	<u>47,000</u>	<u>34,610</u>	<u>12,390</u>
Total Expenditures	<u>47,000</u>	<u>34,610</u>	<u>12,390</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,000)	(34,610)	12,390
<u>Other Financing Sources (Uses):</u>			
Advances In	<u>47,000</u>	<u>47,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>47,000</u>	<u>47,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	12,390	12,390
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$12,390</u></u>	<u><u>\$12,390</u></u>

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

URBAN REDEVELOPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$67,710	\$67,710	\$0
Intergovernmental Revenues	7,873	8,053	180
All Other Revenues	425	425	0
Total Revenues	76,008	76,188	180
<u>Expenditures:</u>			
General Government:			
Materials, Supplies, and Services	1,290	3,758	(2,468)
Total General Government	1,290	3,758	(2,468)
Capital Outlay:			
Capital Outlay	130,555	36,774	93,781
Total Capital Outlay	130,555	36,774	93,781
Total Expenditures	131,845	40,532	91,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,837)	35,656	91,493
Fund Balance at Beginning of Year	163,971	163,971	0
Prior Year Encumbrances	35,555	35,555	0
Fund Balance at End of Year	\$143,689	\$235,182	\$91,493

CITY OF MONTGOMERY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

SPECIAL ASSESSMENT CAPITAL PROJECTS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Special Assessments	\$100	\$100	\$0
Total Revenues	100	100	0
<u>Expenditures:</u>			
Capital Outlay	50,000	0	50,000
Total Expenditures	50,000	0	50,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,900)	100	50,000
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	50,000	50,000	0
Total Other Financing Sources (Uses)	50,000	50,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	100	50,100	50,000
Fund Balance at Beginning of Year	140,000	140,000	0
Fund Balance at End of Year	\$140,100	\$190,100	\$50,000

FIDUCIARY FUND TYPES

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

EXPENDABLE TRUST FUND

Historical Trust Fund

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

AGENCY FUNDS

Mayor's Court Fund

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

Trust Reimbursement Fund

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

Unclaimed Moneys Fund

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

THE CITY OF MONTGOMERY, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2003

	Expendable Trust Fund	Agency Funds			Totals
	Historical Trust	Mayor's Court	Trust Reimbursement	Unclaimed Moneys	
<u>Assets:</u>					
Cash and Cash Equivalents	\$55,951	\$0	\$0	\$0	\$55,951
Investments	8,499	0	0	0	8,499
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	493	493
Cash with Fiscal Agent	0	19,854	92,487	0	112,341
Total Assets	\$64,450	\$19,854	\$92,487	\$493	\$177,284
<u>Liabilities and Fund Equity:</u>					
Liabilities:					
Accounts Payable	\$2,636	\$0	\$88,797	\$0	\$91,433
Due to Other Funds	0	15,139	0	0	15,139
Intergovernmental Payables	0	0	3,690	0	3,690
Due to Others	0	4,715	0	493	5,208
Total Liabilities	2,636	19,854	92,487	493	115,470
Fund Equity:					
Reserved for Encumbrances	6,620	0	0	0	6,620
Unreserved	55,194	0	0	0	55,194
Total Equity	61,814	0	0	0	61,814
Total Liabilities and Fund Equity	\$64,450	\$19,854	\$92,487	\$493	\$177,284

THE CITY OF MONTGOMERY, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003
<u>Mayor's Court</u>				
Assets:				
Restricted Assets:				
Cash with Fiscal Agent	\$14,053	\$235,672	(\$229,871)	\$19,854
Total Assets	<u>\$14,053</u>	<u>\$235,672</u>	<u>(\$229,871)</u>	<u>\$19,854</u>
Liabilities:				
Due to Other Funds	\$10,374	\$230,957	(\$226,192)	\$15,139
Intergovernmental Payables	2,545	0	(2,545)	0
Due to Others	1,134	4,715	(1,134)	4,715
Total Liabilities	<u>\$14,053</u>	<u>\$235,672</u>	<u>(\$229,871)</u>	<u>\$19,854</u>
<u>Trust Reimbursement</u>				
Assets:				
Restricted Assets:				
Cash with Fiscal Agent	\$67,248	\$134,550	(\$109,311)	\$92,487
Total Assets	<u>\$67,248</u>	<u>\$134,550</u>	<u>(\$109,311)</u>	<u>\$92,487</u>
Liabilities:				
Accounts Payable	\$63,232	\$130,199	(\$104,634)	\$88,797
Intergovernmental Payables	4,016	4,351	(4,677)	3,690
Total Liabilities	<u>\$67,248</u>	<u>\$134,550</u>	<u>(\$109,311)</u>	<u>\$92,487</u>
<u>Unclaimed Moneys</u>				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$493	\$0	\$0	\$493
Total Assets	<u>\$493</u>	<u>\$0</u>	<u>\$0</u>	<u>\$493</u>
Liabilities:				
Due to Others	\$493	\$0	\$0	\$493
Total Liabilities	<u>\$493</u>	<u>\$0</u>	<u>\$0</u>	<u>\$493</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$493	\$0	\$0	\$493
Cash with Fiscal Agent	81,301	370,222	(339,182)	112,341
Total Assets	<u>\$81,794</u>	<u>\$370,222</u>	<u>(\$339,182)</u>	<u>\$112,834</u>
Liabilities:				
Accounts Payable	\$63,232	\$130,199	(\$104,634)	\$88,797
Due to Other Funds	10,374	230,957	(226,192)	15,139
Intergovernmental Payables	6,561	4,351	(7,222)	3,690
Due to Others	1,627	4,715	(1,134)	5,208
Total Liabilities	<u>\$81,794</u>	<u>\$370,222</u>	<u>(\$339,182)</u>	<u>\$112,834</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

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

THE CITY OF MONTGOMERY, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2003

General Fixed Assets:

Land	\$6,480,512
Buildings	3,291,743
Improvements Other than Buildings	3,971,878
Machinery and Equipment	3,501,793
	<hr/>
Total General Fixed Assets	\$17,245,926
	<hr/>

Investment in General Fixed Assets from:

General Fund	\$11,974,812
Special Revenue Funds	3,748,793
Capital Projects Funds	1,412,942
Expendable Trust Funds	109,379
	<hr/>
Total Investment in General Fixed Assets	\$17,245,926
	<hr/>

THE CITY OF MONTGOMERY, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2003

Function and Activity	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Total
<u>General Government:</u>					
Administration	\$0	\$286,177	\$417,493	\$213,821	\$917,491
Mayor's Court	0	0	0	38,635	38,635
Finance	0	0	0	65,597	65,597
Total	0	286,177	417,493	318,053	1,021,723
<u>Security of Persons and Property:</u>					
Police	278,400	1,799,140	0	458,930	2,536,470
Fire/EMS	0	0	0	1,635,842	1,635,842
Total	278,400	1,799,140	0	2,094,772	4,172,312
<u>Transportation:</u>					
Street/Service	390,000	795,875	101,409	859,388	2,146,672
<u>Leisure Time Activities:</u>					
Parks/Recreation	4,284,640	140,187	3,273,304	134,281	7,832,412
<u>Community Environment:</u>					
Development	1,252,729	270,364	73,167	90,479	1,686,739
Historic Trust	0	0	102,192	4,820	107,012
Total	1,252,729	270,364	175,359	95,299	1,793,751
<u>Public Health and Welfare:</u>					
Cemetery	274,743	0	4,313	0	279,056
Total General Fixed Assets	\$6,480,512	\$3,291,743	\$3,971,878	\$3,501,793	\$17,245,926



STATISTICAL SECTION



STATISTICAL TABLE

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

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

Year	Security of Persons and Property	Public Health and Welfare Services	Leisure Time Activities	Community Environment	Basic Utility Services		Trans-portation	General Government	Capital Outlay	Debt Service		Total
					Trans- portation	General Government				Capital Outlay	Debt Service	
1994	\$1,919,030	\$57,988	\$247,578	\$297,830	\$263,262	\$545,886	\$1,147,563	\$0	\$1,295,945	\$5,775,082		
1995	2,044,241	48,541	693,648	622,199	266,594	780,217	1,360,634	0	1,311,580	7,127,654		
1996	2,194,986	54,461	464,171	363,793	411,842	788,858	1,506,270	0	1,432,095	7,216,476		
1997	2,674,436	54,003	599,505	357,371	358,415	750,492	1,251,736	2,644,681	2,163,053	10,853,692		
1998	2,406,355	59,926	326,311	373,941	328,556	734,320	1,368,527	507,448	2,238,606	8,343,990		
1999	3,322,830	62,852	431,869	310,787	1,152	965,784	1,985,387	562,123	1,541,454	9,184,238		
2000	3,024,669	47,900	507,291	350,474	0	1,029,656	1,924,549	301,955	1,526,024	8,712,518		
2001	3,086,716	61,217	539,682	322,334	0	907,814	2,156,817	926,712	1,499,266	9,500,558		
2002	3,294,040	36,500	504,812	340,702	0	794,995	2,440,323	2,131,054	1,499,907	11,042,333		
2003	4,207,246	71,191	543,956	480,298	0	931,182	2,654,358	1,512,227	2,780,815	13,181,273		

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

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

Year	Taxes	Inter-Governmental Revenue	Charges for Service	Licenses and Permits	Investment Earnings	Fines and Forfeitures	(2) All Other	Total
1994	\$4,865,515	\$978,020	\$148,889	\$135,985	\$162,400	\$184,175	\$224,258	\$6,699,242
1995	4,914,488	909,336	217,503	116,300	329,023	161,763	232,869	6,881,282
1996	5,709,941	712,552	318,774	152,904	353,987	145,321	324,389	7,717,868
1997	6,955,554	549,159	350,962	179,103	354,618	202,904	647,170	9,239,470
1998	7,815,545	314,739	253,453	162,761	368,884	297,359	1,136,785	10,349,526
1999	7,998,679	529,898	212,272	159,297	298,124	153,457	342,448	9,694,175
2000	10,921,055	122,067	236,043	214,031	614,128	173,629	770,167	13,051,120
2001	10,511,251	362,873	279,623	149,867	540,132	163,973	380,907	12,388,626
2002	11,102,193	432,545	343,799	205,731	301,023	152,069	319,084	12,856,444
2003	10,730,132	1,303,807	300,191	550,360	222,096	203,435	325,921	13,635,942

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

(2) Special Assessments are included in All Other.

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

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes To Total Tax Levy
1994	\$1,910,908	\$1,876,653	\$44,580	\$1,921,233	100.54%	\$89,536	4.69%
1995	2,036,861	1,995,021	31,385	2,026,406	99.49%	76,847	3.77%
1996	2,101,898	1,989,010	37,680	2,026,690	96.42%	162,551	7.73%
1997	2,263,997	2,135,574	34,309	2,169,883	95.84%	261,402	11.55%
1998	2,425,338	2,181,724	44,045	2,225,769	91.77%	195,163	8.05%
1999	2,499,219	2,423,510	124,006	2,547,516	101.93%	140,242	5.61%
2000	3,530,615	3,436,936	80,766	3,517,702	99.63%	224,721	6.36%
2001	3,832,239	3,497,696	79,276	3,576,972	93.34%	257,224	6.71%
2002	3,760,268	3,378,287	101,909	3,480,196	92.55%	283,959	7.55%
2003	4,001,811	3,561,230	92,010	3,653,240	91.29%	330,694	8.26%

Source: Hamilton County Auditor

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

<u>Year Paid</u>	<u>Amount</u>
1994	\$160,208
1995	71,551
1996	152,856
1997	152,790
1998	179,461
1999	180,620
2000	224,196
2001	244,982
2002	253,322
2003	212,774

Source: Hamilton County Auditor

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

Tax Year	Real Property (a)		Public Utility Personal (a)		Tangible Personal Property (b)		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1994	\$224,699,070	\$641,997,343	\$8,526,450	\$8,689,148	\$14,688,980	\$58,755,920	\$247,914,500	\$709,442,411	34.94%
1995	237,235,850	677,816,714	9,738,620	11,066,614	14,700,000	58,800,000	261,674,470	747,683,328	35.00%
1996	249,290,140	712,257,543	8,405,930	9,552,193	15,019,050	60,076,200	272,715,120	781,885,936	34.88%
1997	277,592,030	793,120,086	8,603,800	9,777,045	16,508,900	66,035,600	302,704,730	868,932,731	34.84%
1998	281,025,200	802,929,142	7,851,570	8,922,238	18,384,000	73,536,000	307,260,770	885,387,380	34.70%
1999	319,012,100	911,463,143	8,024,660	8,024,660	19,416,100	77,664,400	346,452,860	997,152,203	34.74%
2000	324,262,130	926,463,229	7,580,120	7,580,120	22,166,530	88,666,120	354,008,780	1,022,709,469	34.61%
2001	330,550,770	944,430,771	6,384,560	6,384,560	23,506,340	94,025,360	360,441,670	1,044,840,691	34.50%
2002	376,870,340	1,076,772,400	6,742,770	6,742,770	22,968,110	91,872,440	406,581,220	1,175,387,610	34.59%
2003	378,397,970	1,081,137,057	6,598,690	6,598,690	19,627,940	78,511,760	404,624,600	1,166,247,507	34.69%

(a) Assessed taxes are collected in subsequent year

(b) Assessed taxes are collected in same year

Source: Hamilton County Auditor

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

Collection Year	City of Montgomery					Total	Sycamore	Hamilton	Special	Total
	General Fund	Fire / EMS Fund	Pioneer Park				School District	County	Taxing Districts	
1994	\$4.50	\$3.95	\$0.70			\$9.15	\$54.14	\$18.33	\$2.70	\$84.32
1995	4.50	3.95	0.70			9.15	54.14	18.30	2.70	84.29
1996	4.50	3.95	0.70			9.15	54.14	19.44	2.70	85.43
1997	4.50	3.95	0.70			9.15	54.14	19.44	2.70	85.43
1998	4.50	3.95	0.70			9.15	54.14	19.01	2.70	85.00
1999	4.50	3.95	0.70			9.15	61.53	18.51	3.73	92.92
2000	4.50	5.55	0.70			10.75	60.84	19.80	3.73	95.12
2001	4.50	5.55	0.70			10.75	60.84	19.92	2.70	94.21
2002	4.50	5.55	0.00			10.05	60.84	21.47	2.70	95.06
2003	4.50	5.55	0.00			10.05	60.49	21.87	2.70	95.11

Source: Hamilton County Auditor

City of Montgomery
Special Assessment Billings and Collections
Last Ten Years

Collection Year	Amount Billed	Amount Collected	Percent Collected
1994	\$37,426	\$36,175	96.66%
1995	44,099	42,701	96.83%
1996	42,233	40,124	95.01%
1997	239,812	236,539	98.64%
1998	237,481	232,371	97.85%
1999	239,020	234,251	98.00%
2000	247,820	244,584	98.69%
2001	246,639	239,871	97.26%
2002	249,836	239,646	95.92%
2003	254,351	246,298	96.83%

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

Source: Hamilton County Auditor

City of Montgomery
Computation of Legal Debt Margin
December 31, 2003

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$404,624,600	\$404,624,600
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (2)	42,485,583	22,254,353
Applicable City Debt Outstanding	11,500,000	11,500,000
Less: Applicable Debt Service Fund Amounts	(1,011,136)	(1,011,136)
Net Indebtedness Subject to Limitation	10,488,864	10,488,864
Legal Debt Margin	\$31,996,719	\$11,765,489

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

(2) Special Assessment Debt is not considered in the computation of the legal debt margin

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

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

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of	
						Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1994	9,753 (a)	\$261,663,450	\$6,725,000	\$115,262	\$6,609,738	2.53%	\$678
1995	9,753 (a)	272,396,070	9,550,000	271,467	9,278,533	3.41%	951
1996	9,753 (a)	301,214,880	8,845,000	460,625	8,384,375	2.78%	860
1997	9,753 (a)	302,704,750	15,905,958	1,158,782	14,747,176	4.87%	1,512
1998	9,753 (a)	307,261,570	15,703,000	1,236,819	14,466,181	4.71%	1,483
1999	9,753 (a)	346,452,860	8,860,000	1,387,485	7,472,515	2.16%	766
2000	10,163 (b)	354,008,780	8,310,000	2,426,477	5,883,523	1.66%	579
2001	10,163 (b)	360,441,670	7,750,000	1,456,375	6,293,625	1.75%	619
2002	10,163 (b)	406,581,220	7,165,000	1,475,475	5,689,525	1.40%	560
2003	10,163 (b)	404,624,600	11,500,000	1,011,136	10,488,864	2.59%	1,032

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

(b) U.S. Bureau of Census; 2000 Federal Census

(2) Source: Hamilton County Auditor

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

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

Year	Debt Principal	Interest and Fiscal Charges	Total Bonded Debt Service (1)	General Governmental Expenditures	Debt Service to General Governmental Expenditures
1994	\$615,000	\$460,206	\$1,075,206	\$5,775,082	18.62%
1995	665,000	417,019	1,082,019	7,127,654	15.18%
1996	705,000	587,513	1,292,513	7,216,476	17.91%
1997	830,000	521,301	1,351,301	10,853,692	12.45%
1998	1,170,000	754,760	1,924,760	8,343,990	23.07%
1999	540,000	482,356	1,022,356	9,184,238	11.13%
2000	550,000	447,139	997,139	8,712,518	11.44%
2001	560,000	413,124	973,124	9,500,558	10.24%
2002	585,000	383,094	968,094	11,042,333	8.77%
2003	3,305,000	324,777	3,629,777	13,181,273	27.54%

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

City of Montgomery
Computation of All Direct and Overlapping Governmental Debt
December 31, 2003

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Montgomery (1)	Amount Applicable to City of Montgomery
Direct:			
City of Montgomery	\$11,500,000	100.00%	\$11,500,000
Overlapping Subdivisions:			
Sycamore School District	40,903,599	24.99%	10,221,809
Great Oaks Career Center School District	6,240,000	2.40%	149,760
Hamilton County	121,095,000	2.15%	2,603,543
		Subtotal	12,975,112
		Total	\$24,475,112

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

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

Source: Ohio Municipal Advisory Council.

**City of Montgomery
Demographic Statistics**

Last Ten Years

Year	Population (1)	School Enrollment (2)	Unemployment Rate Cincinnati Metropolitan Area (3)
1994	9,753 (a)	5,933	4.4%
1995	9,753 (a)	6,073	4.2%
1996	9,753 (a)	6,240	4.5%
1997	9,753 (a)	6,259	3.3%
1998	9,753 (a)	6,279	2.8%
1999	9,753 (a)	6,079	4.9%
2000	10,163 (b)	6,309	3.1%
2001	10,163 (b)	5,677	3.9%
2002	10,163 (b)	5,891	4.7%
2003	10,163 (b)	5,667	4.6%

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

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

(3) Source: Greater Cincinnati Chamber of Commerce.

City of Montgomery
Property Value and Construction Permits
Last Ten Years

Year	Residential		Commercial	
	Number of Permits	Property Value	Number of Permits	Property Value
1994	229	\$10,838,049	91	\$3,777,947
1995	217	13,156,019	96	18,023,060
1996	186	14,047,725	145	32,927,295
1997	209	7,355,986	126	7,345,788
1998	217	11,401,916	168	19,505,009
1999	392	13,642,941	106	7,253,005
2000	187	6,200,000	136	38,000,000
2001	165	4,472,228	89	3,613,290
2002	451	8,751,420	101	25,699,225
2003	105	10,485,527	39	6,029,341

Source: City of Montgomery Building Department

**City of Montgomery
Principal Taxpayers (Property Tax)
December 31, 2003**

Taxpayer	Type of Business	2003 Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
Bethesda Properties, Inc.	Real Estate Development	\$5,492,450	1.36%
Bethesda Healthcare, Inc.	Health Care	4,036,280	1.00%
Cinergy	Public Utility	3,632,440	0.90%
Bethesda Hospital, Inc.	Hospital	3,444,420	0.85%
Coopers Myers Co.	Real Estate Management	3,382,940	0.84%
Wolf Investment Group II	Financial Services	3,009,970	0.74%
High Country Health Care	Health Care	2,012,080	0.50%
Montgomery Swim	Recreation	1,941,110	0.48%
Cooper Realty, LLC	Real Estate Management	1,932,420	0.48%
Cincinnati Bell	Public Utility	1,432,100	0.34%
	Sub-Total	30,316,210	7.49%
	All Others	374,308,390	92.51%
	Total	\$404,624,600	100.00%

Source: Hamilton County, Ohio: County Auditor.

**City of Montgomery
Principal Taxpayers (Income Tax)
December 31, 2003**

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

Source: City of Montgomery Income Tax Department

**CITY OF MONTGOMERY
PRINCIPAL EMPLOYERS
DECEMBER 31, 2003**

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
1. Bethesda Hospital	Hospital	2,362
2. Sycamore Community School District	Education	1,249
3. Ohio National Financial Services	Insurance and Financial Services	743
4. Montgomery Inn, Inc.	Restaurant	409
5. CEI Physicians PSC, Inc.	Health Care	320
6. Bethesda Healthcare, Inc.	Health Care	228
7. Montgomery Care Center	Health Care	205
8. Kroger Limited Partnership	Grocery Retail	178
9. Steak N' Shake	Restaurant	157
10. Camargo Cadillac	Automobile Dealership	148

Source: City of Montgomery Income Tax Department

City of Montgomery
Miscellaneous Statistics
December 31, 2003

Date of Incorporation	1910
Form of Government	Council/Manager
Area	5.3 Square Miles
Miles of Streets	46
Number of Street Lights (per Light bill)	207
Police Protection:	Fire/Emergency Medical Services:
Number of Stations	Number of Stations
Number of Uniformed Personnel	Number of Full-time
Number of Civilian Personnel	Officers and Firefighter/Paramedics
Number of Patrol Units	Number of Part-time
Marked	Officers and Firefighter/Paramedics
Unmarked	Number of Calls Answered:
Number of Law Violations:	Fire Run Calls
Criminal/Juvenile Citations and Charge	Emergency Medical Calls
Citations Issued	Recreation and Culture:
Calls for Police	Number of Parks
Volunteer Hours	Nature Preserve
(excluding committees, boards & commissions)	Park Area (acres)
	Number of Ball Fields
	Number of Tennis Courts
	Summer Camp Attendance



**Auditor of State
Betty Montgomery**

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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 13, 2004**