

Comprehensive Annual Financial Report City of Montgomery, Ohio

For the year ended December 31, 2018





COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018

Issued by:
Department of Finance
Katie Smiddy
Director



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INTRODUCTORY SECTION



June 20, 2019

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, 2018. This report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

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

The Reporting Entity

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

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

CITY OF MONTGOMERY, OHIO

Letter of Transmittal For the Year Ended December 31, 2018

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 10,746. Montgomery was incorporated as a village in 1910 and became a city in 1971. It is a home-rule city with a Council-Manager form of government. The City's responsibilities and structure are outlined in the City Charter, which was adopted by its citizens in 1981 and was last amended in 2002.

City Council

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

The City Council has established various boards and commissions to help in its many efforts - from arts to a sister city - to enhance the City. The following is a brief description of their purposes and goals:

Arts Commission

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

Beautification and Tree Commission

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

Board of Tax Review

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

***Letter of Transmittal
For the Year Ended December 31, 2018***

Board of Zoning Appeals

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

Civil Service Commission

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

Environmental Advisory Commission

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

Landmarks Commission

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

Parks and Recreation Commission

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

***Letter of Transmittal
For the Year Ended December 31, 2018***

Planning Commission

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

Sister Cities Commission

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

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

ECONOMIC CONDITIONS AND OUTLOOK

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

The City's economy is diverse with an ideal mix of residential, office and retail uses. Primary employers include Bethesda North Hospital, the Sycamore Community School district, the world-famous Montgomery Inn, the Ohio National Financial Services, and TriHealth, Inc. In addition to the economic contributions of those major employers, the City has experienced an expanding medical services sector with a variety of general and specialty medical practitioners and clinics, including the construction of the new Thomas Comprehensive Care Center, a 135,000-square foot medical office building located on the Bethesda North Hospital campus.

As national and regional economic conditions continue to improve, 2018 proved to be another successful year for the City of Montgomery. Thanks to concerted efforts in financial planning, including multi-year budgeting, capital improvement planning, and the use of targeted fund balances, the City remained financially healthy through 2018 and was able to enter 2019 with continued goals of delivering high quality products and services to our citizens, businesses and community visitors and to engage all of these customers in the work of our organization.

***Letter of Transmittal
For the Year Ended December 31, 2018***

MAJOR INITIATIVES

Work at the Vintage Club at the northern end of the City began in earnest in 2018 with the approval of two new condominium buildings, which will be known as The Wicks at the Vintage Club. Construction of a new bank building at the Vintage Club has also begun for GE Credit Union. The Planning Commission also approved plans for the construction of a new retail building, which will be the new home of Orangetheory Fitness.

Twin Lakes Senior Living Community completed work on a building addition to the main campus, 9840 Montgomery Road, in 2018. The addition includes 45 additional independent living apartments and a new club-like dining venue located adjacent to a new auditorium/community room. A retail building was added along Montgomery Road with Stone Creek Dining Company opening at the new location in January of 2018. The building is now fully occupied, with Toast and Berry and Athletico filling out the tenant mix. Twin Lakes also began construction of 22 new villa homes just south of the Safety Center on Montgomery Road. These villa homes are an extension of Twin Lakes North Campus and are accessed from Arborcreek Lane off of Hopewell Road.

Community engagement is the City's effort to organize our greatest resource, the community, in the work we do in service to Montgomery and was a primary activity in 2018. Thirty graduates of the Montgomery Citizens' Leadership Academy joined the Montgomery Citizens' Leadership Academy (MCLA) Alumni in 2018, to bring the total number of MCLA graduates to 317 over the 12 years of this educational program. This program, which is designed to transform residents into active and engaged citizens, also features partnerships with local businesses and organizations, such as Bethesda North Hospital, Ohio National Financial Services, Twin Lakes Senior Living Community, the Hamilton County Emergency Regional Operations Center and the Sycamore Community Schools.

In 2018 the City held a Strategic Plan Review with City Council members and members of staff to map out the vision of City Council for the five-year period from 2018 – 2022. During this session, City Council and staff identified five major goal areas for the City to pursue: Core Services; Economic Development; Housing; Quality of Life; and Finances. In addition to the development of a new Strategic Plan, City staff continued its work in closing out the last year of the City's current 2012-2016 Strategic Plan.

During 2018 the City of Montgomery was recognized for achievements in a wide variety of areas and by a diverse group of organizations which included:

- The Certificate of Achievement for Excellence in Financial Reporting for our 2017 Comprehensive Annual Financial Report (CAFR). The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by our entire City. This is the twenty third consecutive year the City has received this award.

***Letter of Transmittal
For the Year Ended December 31, 2018***

- The Tree City USA and Growth Award for 2018. This represents the twenty third year in a row that the City has received the Tree City USA Award and twenty years that it has received the Growth Award.
- Montgomery was named the top suburb by Cincy Magazine in their 2018 annual “Rating the Burbs” issue. In addition to pulling data from the U.S. Census Bureau, the magazine also examines median sale prices, education ranking, percentage of owner occupied housing, crime statistics and the average commute time to work as criteria for consideration of the prestigious award. This represents the second time since 2008 the City was chosen as the top suburb.
- In June, as presented by Dave Yost, Auditor of the State of Ohio, the “Auditor of State Award with Distinction” award for the fiscal year 2017 financial audit. Fewer than five percent of all Ohio government agencies are eligible for this award.
- The Platinum Award at the 2018 AAA Traffic Safety Awards ceremony. The City of Montgomery was among 16 jurisdictions and police departments in greater Cincinnati that were honored for their exemplary programs that address issues from impaired and distracted driving to teen and senior driver safety.
- Continued positive feedback from its insurance and risk management pool, the Miami Valley Risk Management Association (MVRMA), as the City received a 100% rating on its Safety Performance Evaluation Checklist (SPEC) review in 2018. This is ten years in a row that the City has received this rating.

In 2018, the City continued its work on updates to its park system. The work involved delivered upgrades to the City’s various parks and recreation facilities through infrastructure and facility upgrades. A few of the largest efforts involved the installation and relocation of playground equipment as described in the Strategic Plan. All improvements are necessary to sustain the quality experience enjoyed by users of the parks, to ensure the safety of the facilities and equipment, and to maintain the operational and financial schedules and plans for the upkeep of the parks.

In 2018, the following park improvements were completed:

- Fountain replacement/refurbishment in various parks.
- Resurface basketball courts at Dulle Park.
- Lighting repairs and upgrades to LED as needed in various parks.
- Replacement of safety surfacing material at various playgrounds.
- Resurface, repair and restripe parking lots at various parks.
- Asphalt path improvements various paths throughout the parks.

In 2018, the following capital improvements were completed:

Major infrastructure repairs and rehabilitation of approximately 2.30 centerline miles of roadway resurfacing for all or portions of various streets including Weller Road (Montgomery Road to Bridgewater Lane), Cooper Road (West Corporate Limit to Village Green Drive), Indianwoods Drive, Turtlecreek Lane, Merrick Lane, Brandywine Lane, Wellerwoods Drive, Shadowpoint Court and Hightower Court.

CITY OF MONTGOMERY, OHIO

Letter of Transmittal For the Year Ended December 31, 2018

In 2018, 34 of the 704 fire hydrants were replaced within the City. This work was done in conjunction with the street resurfacing program and was the fifth year of a multi-year comprehensive plan to address the aging fire hydrants in the community.

Coordinated pavement repairs, crack sealing, and Black Onyx pavement surface treatment was performed to approximately 3.85 centerline miles of roadway on Tollgate Lane, Knollbrook Terrace, Shelldale Way, Baywind Drive, Southwind Drive, Trailwind Drive, Westwind Drive, Jolain Drive, Ross Avenue, Campus Lane and Todd Avenue. The asphalt surfacing material is used primarily on Class III roadways within Montgomery and provides four to five years of asphalt preventative maintenance.

The public works department continued work in 2018 on a five-year plan to repair and replace identified sections of guardrail to assure compliance with safety standards set forth by the Ohio Department of Transportation. In 2018, approximately 180 feet of guardrail replacement was completed on Zig Zag Road between I-71 and Ashley Court and approximately 130 feet on the west side of Montgomery Road south of Main Street.

In 2018, the City was again recognized with a Tree City USA Award for the twenty third year and also a Tree City USA Growth Award for the twentieth year for its ongoing commitment and action focused on environmental stewardship through care of public trees in the City's urban forest.

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

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

***Letter of Transmittal
For the Year Ended December 31, 2018***

FINANCIAL HIGHLIGHTS

Accounting Controls

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

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

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

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

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

Budgetary Control

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

FINANCIAL PLANNING AND POLICIES

It is the mission of the City to develop, maintain and implement financial accounting policies and procedures and protect and optimize the financial resources of the City. The City provides a sound accounting system for safeguarding the City's assets through the recording and reporting of financial transactions according to mandated laws and guidelines of the federal law, Ohio Revised Code, generally accepted accounting principles (GAAP), and the City of Montgomery's codified ordinances. The departmental goals are to develop sound fiscal policies, provide solid financial management for the City, maintain reserves and fiscal integrity, and protect the assets of the citizens of Montgomery.

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

***Letter of Transmittal
For the Year Ended December 31, 2018***

OTHER INFORMATION

Independent Audit

Included in this report is the unmodified audit opinion rendered on the City's financial statements for the year ended December 31, 2018, by the State of Ohio Auditor's Office. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. This annual independent audit serves to maintain and strengthen the City's accounting and budgetary controls.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Montgomery for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2017. 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.

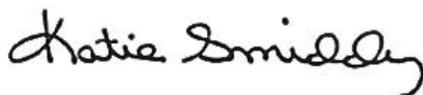
A Certificate of Achievement is valid for a period of one year only. The City of Montgomery has received a Certificate of Achievement for the last twenty-three consecutive years (fiscal years which ended on December 31, 1995-2017). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting this report to the GFOA.

Acknowledgments

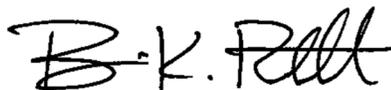
We want to extend sincere appreciation to the many individuals who have contributed their time and effort in gathering data for this report, particularly the various City departmental staff and members of the Hamilton County Auditor's Office.

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

Respectfully submitted,



Katie Smiddy
Finance Director



Brian Riblet
City Manager

CITY OF MONTGOMERY, OHIO

***List of Principal Officials
For the Year Ended December 31, 2018***

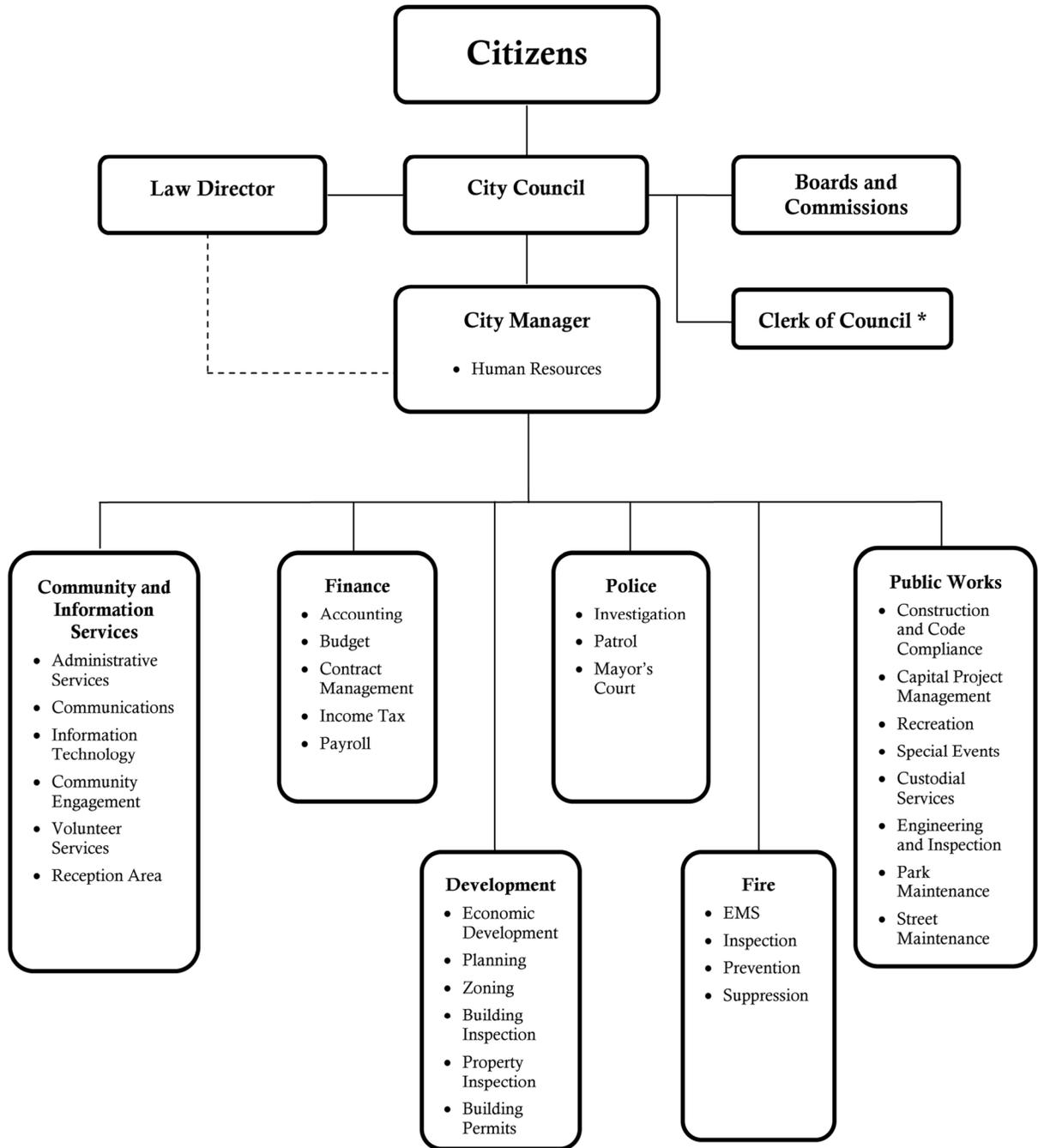
Elected Officials

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

Appointed Officials

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

**City Organizational Chart
For the Year Ended December 31, 2018**



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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Montgomery
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Hamilton County, Ohio, as of December 31, 2018, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Fire Protection/EMS Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

June 20, 2019



The discussion and analysis of the City of Montgomery's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2018. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2018 are as follows:

- ❑ Net position of governmental activities increased \$1,451,558, which represents a 2% increase from 2017.
- ❑ General revenues accounted for \$17,277,672 in revenue or 88% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,457,370 or 12% of total revenues of \$19,735,042.
- ❑ The City had \$18,283,484 in expenses related to governmental activities; only \$2,457,370 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$17,277,672 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$11,687,993 in revenues and other financing sources and \$12,869,034 in expenditures and other financing uses. The general fund's fund balance decreased \$1,181,041 to \$13,986,104.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position at December 31, 2018 and 2017:

	Governmental Activities	
	Restated	
	2018	2017
Current and Other Assets	\$54,251,725	\$45,612,217
Capital Assets, Net	63,451,846	59,806,041
Total Assets	<u>117,703,571</u>	<u>105,418,258</u>
Deferred Outflows of Resources	<u>2,864,796</u>	<u>3,271,103</u>
Net Pension Liability	10,527,459	12,168,817
Net OPEB Liability	8,975,340	7,715,785
Other Long-Term Liabilities	19,776,215	14,131,990
Other Liabilities	1,000,915	1,483,971
Total Liabilities	<u>40,279,929</u>	<u>35,500,563</u>
Deferred Inflows of Resources	<u>12,334,647</u>	<u>6,686,565</u>
Net Position		
Net Investment in Capital Assets	47,555,921	46,591,291
Restricted	21,551,519	18,195,161
Unrestricted (Deficit)	<u>(1,153,649)</u>	<u>1,715,781</u>
Total Net Position	<u>\$67,953,791</u>	<u>\$66,502,233</u>

A 12% increase in assets can mostly be attributed to increases in cash and taxes receivable. The increase in cash was the result of the issuance of bonds, while the increase in taxes receivable can be attributed to the passage of a 6 mil additional levy for fire and EMS.

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017 from \$74,179,397 to \$66,502,233.

CITY OF MONTGOMERY, OHIO**Management's Discussion and Analysis
For the Year Ended December 31, 2018****Unaudited**

Changes in Net Position – The following table shows the changes in net position for 2018 and 2017:

	Governmental Activities	
	2018	2017
Revenues		
Program Revenues:		
Charges for Services and Sales	\$1,603,971	\$1,410,742
Operating Grants and Contributions	459,038	567,203
Capital Grants and Contributions	394,361	1,453,524
Total Program Revenues	2,457,370	3,431,469
General Revenues:		
Property Taxes	6,232,147	6,126,596
Income Taxes	9,528,350	9,209,832
Other Local Taxes	50,803	42,400
Intergovernmental, Unrestricted	823,338	804,443
Investment Earnings	369,190	243,469
Miscellaneous	273,844	240,936
Total General Revenues	17,277,672	16,667,676
Total Revenues	19,735,042	20,099,145
Program Expenses		
Public Safety	7,001,538	6,770,913
Parks and Recreation	1,451,641	1,443,647
Community Economic Development	981,654	896,973
Public Works	2,958,271	2,895,186
General Government	5,085,300	5,047,160
Interest and Fiscal Charges	805,080	575,223
Total Expenses	18,283,484	17,629,102
Total Change in Net Position	1,451,558	2,470,043
Beginning Net Position - Restated	66,502,233	N/A
Ending Net Position - Restated	\$67,953,791	\$66,502,233

Governmental Activities

Overall, revenues remained consistent with the prior year. Reimbursements received in the prior year for traffic signal upgrades, sidewalk improvements, and roundabout installation, resulted in a subsequent decrease in capital grants in 2018. This was offset by minor increases in other revenue categories.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$38,621 for Governmental Activities computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$695,107 for Governmental Activities.

CITY OF MONTGOMERY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2018

Unaudited

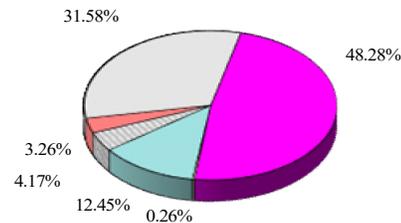
Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities
Total 2018 program expenses under GASB 75	\$18,283,484
OPEB expense under GASB 75	(695,107)
2018 contractually required contribution	14,731
Adjusted 2018 program expenses	17,603,108
Total 2017 program expenses under GASB 45	17,629,102
Change in program expenses not related to OPEB	(\$25,994)

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

Property taxes and income taxes made up 32% and 48% respectively of revenues for governmental activities in fiscal year 2018. The City's reliance upon tax revenues is demonstrated by the following graph indicating 80% of total revenues from general tax revenues:

Revenue Sources	2018	Percent of Total
Property Taxes	\$6,232,147	31.58%
Income Taxes	9,528,350	48.28%
Other Local Taxes	50,803	0.26%
Program Revenues	2,457,370	12.45%
Intergovernmental, Unrestricted	823,338	4.17%
General Other	643,034	3.26%
Total Revenue	<u>\$19,735,042</u>	<u>100.00%</u>



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$39,156,074, which is an increase from last year's balance of \$33,561,431. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2018 and 2017:

	Fund Balance December 31, 2018	Fund Balance December 31, 2017	Increase (Decrease)
General	\$13,986,104	\$15,167,145	(\$1,181,041)
Fire Protection / EMS	3,602,435	3,794,766	(192,331)
Vintage Club Tax Increment	3,560,301	3,482,323	77,978
Vintage Club Capital Improvement	2,932,587	0	2,932,587
Capital Improvement	4,438,089	3,837,465	600,624
Downtown Improvement	5,740,457	3,381,027	2,359,430
Other Governmental	4,896,101	3,898,705	997,396
Total	<u>\$39,156,074</u>	<u>\$33,561,431</u>	<u>\$5,594,643</u>

CITY OF MONTGOMERY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2018

Unaudited

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

	2018 Revenues	2017 Revenues	Increase (Decrease)
Taxes	\$9,889,913	\$9,337,256	\$552,657
Intergovernmental Revenues	457,950	443,927	14,023
Charges for Services	109,889	114,821	(4,932)
Rental Revenue	58,310	60,890	(2,580)
Licenses, Permits and Fees	605,918	419,832	186,086
Investment Earnings	172,028	104,567	67,461
Fines and Forfeitures	115,403	130,743	(15,340)
All Other Revenue	197,345	124,265	73,080
Total	<u>\$11,606,756</u>	<u>\$10,736,301</u>	<u>\$870,455</u>

General Fund revenues in 2018 increased 8% compared to revenues in 2017. An increase in taxes can be attributed to an increase in both property and income taxes. The increase in property taxes was the result of higher property values, while income taxes increased due to increased economic activity. An increase in licenses, permits and fees can be attributed to an increase in building permits. An increase in investment earnings can be attributed to an increase in the amount of City funds placed in investment accounts as compared with the prior year.

	2018 Expenditures	2017 Expenditures	Increase (Decrease)
Public Safety	\$3,408,149	\$3,339,240	\$68,909
Parks and Recreation	1,046,751	969,612	77,139
Community Economic Development	839,459	660,734	178,725
Public Works	507,137	648,453	(141,316)
General Government	3,319,438	4,367,726	(1,048,288)
Total	<u>\$9,120,934</u>	<u>\$9,985,765</u>	<u>(\$864,831)</u>

General Fund expenditures decreased \$864,831 from the prior year. The City purchased two pieces of land in 2017, resulting in an increase in general government in the prior year and a subsequent decrease in 2018. Community economic development increased due to increased costs for building inspections and permits. A decrease in public works can be attributed to a decrease in salaries, which was the result of turnover in the public works department.

Fire Protection/EMS Fund - The fund balance of the Fire Protection/EMS Fund, a major governmental fund, decreased \$192,331. Revenues and expenditures were consistent with the prior year.

Vintage Club Tax Increment Fund – The fund balance of the Vintage Club Tax Increment Fund, a major governmental fund, increased 2% during 2018. An increase in the valuation of parcels within the tax increment financing district resulted in the increase in property tax receipts.

Vintage Club Capital Improvement Fund – The Vintage Club Capital Improvement Fund, a major governmental fund, reported the issuance of \$5,695,000 of special obligation bonds for infrastructure improvements at the Vintage Club housing development.

CITY OF MONTGOMERY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2018

Unaudited

Capital Improvement Fund - The fund balance of the Capital Improvement Fund, a major governmental fund, increased \$600,624 during 2018. This fund reported \$720,000 of grants received for sidewalk and other infrastructure improvements. Expenditures included improvements to the public works building, Montgomery Road sidewalk improvements, and other routine street resurfacing projects.

Downtown Improvement Fund – The fund balance of the Downtown Improvement Fund, a major governmental fund, increased substantially in 2018, which can be attributed to a \$3,000,000 transfer from the General Fund. The balance of this fund will be used toward development costs in the Gateway Redevelopment Area.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. For the General Fund, final budget basis revenue of \$11.3 million did not change from original budget estimates of \$11.3 million. Actual revenues exceeded final budgeted revenues in the General Fund due to increases in permits and investment earnings. Final budgeted expenditures were not significantly different from original estimates. Controlled costs across all General Fund departments resulted in actual expenditures that were 13% less than final budget amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018 the City had \$63,451,846 net of accumulated depreciation invested in land, buildings, improvements, infrastructure, equipment and vehicles. The following table shows 2018 and 2017 balances:

	Governmental Activities		Increase (Decrease)
	2018	2017	
Land	\$23,664,554	\$22,185,891	\$1,478,663
Construction In Progress	2,552,007	2,131,460	420,547
Buildings	16,678,277	16,652,378	25,899
Improvements Other than Buildings	8,307,920	7,122,122	1,185,798
Infrastructure	31,586,299	30,123,792	1,462,507
Machinery and Equipment	6,338,941	5,855,435	483,506
Less: Accumulated Depreciation	(25,676,152)	(24,265,037)	(1,411,115)
Totals	<u>\$63,451,846</u>	<u>\$59,806,041</u>	<u>\$3,645,805</u>

Land purchases included approximately 1.9123 acres (two parcels) for the Vintage Club North project, which is a public and private improvement project. Construction in progress included roundabout installation, sidewalk improvements, and infrastructure improvements at the Vintage Club housing development. Additions to improvements included renovation and expansion of the public works facility. Infrastructure additions included sidewalk improvements on Montgomery Road as well as routine street resurfacing improvements. Machinery and equipment additions included the purchase of an ambulance, as well as other equipment purchases in the police, fire, administration, and street departments. Additional information on the City's capital assets can be found in Note 10.

**Management's Discussion and Analysis
For the Year Ended December 31, 2018****Unaudited****Debt**

At December 31, 2018, the City had \$18.8 million in bonds outstanding, \$629,867 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2018 and 2017:

	2018	Restated 2017
Governmental Activities:		
Special Obligation TIF Bonds	\$18,417,145	\$12,665,000
Special Assessment Bonds	384,867	549,750
Net Pension Liability	10,527,459	12,168,817
Net OPEB Liability	8,975,340	7,715,785
Compensated Absences	974,203	917,240
Total Governmental Activities	<u>\$39,279,014</u>	<u>\$34,016,592</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. At December 31, 2018, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

In 2018:

- The Planning Commission approved a Final Development Plan for Phase 7 of the Vintage Club in May of 2018. The approval was for the public improvements in the village section as well as two of the condominium buildings, which will be known as The Wicks at the Vintage Club. Phase 8 of the development was approved in December of 2018 and included the site work for Buildings A and B along Montgomery Road as well as the building architecture for Building B, which will be the future home of GE Credit Union. The City originally approved the establishment of the Vintage Club Planned Development in 2006 for approximately 15 acres along Montgomery Road north of I-275 to allow the creation of a mixed-use village with residential and commercial uses. The final product will be an attractive mixed-use development with retail, office, restaurants and condominiums that will complement the existing homes and The Christ Hospital Health Network medical office building.
- On the southern end of the City, work continues on the planning of the Montgomery Quarter. This mixed-use project will feature a unique blend of an urban-suburban lifestyle and will include professional office, boutique hotel, condominiums and a restaurant row built around a new community green. As part of the project, the Ohio-Kentucky-Indiana Regional Council of Governments (OKI) approved and awarded funding for a grant application submitted by the City for an interchange modification project at Montgomery Road and Ronald Reagan Cross County Highway. The project includes construction of a modified two-lane roundabout, installation of a traffic signal in and around the interchange, and demolition of the existing bridge at this location. The project would have a safe and positive impact on traffic while opening up more land for redevelopment. The OKI grant of \$6,600,000 represents approximately 75 percent of the total estimated construction cost of \$8,600,000 and the project is currently programmed in the Ohio Department of Transportation (ODOT) fiscal year 2020.

- Twin Lakes Senior Living Community completed work on a building addition to the main campus, 9840 Montgomery Road, in 2018. The addition includes 45 additional independent living apartments and a new club-like dining venue located adjacent to a new auditorium/community room. A retail building was added along Montgomery Road with Stone Creek Dining Company opening at the new location in January of 2018. The building is now fully occupied, with Toast and Berry and Athletico filling out the tenant mix. Twin Lakes also began construction of 22 new villa homes just south of the Safety Center on Montgomery Road. These villa homes are an extension of Twin Lakes North Campus and are accessed from Arborcreek Lane off of Hopewell Road.
- The Planning Commission approved a Final Development Site Plan in March of 2018 to allow TriHealth to construct 135,000 square foot medical office building and associated parking garage on the Bethesda North Campus. The Thomas Comprehensive Care Center will create a patient-centered, multi-disciplinary approach to comprehensive care and consolidate outpatient care services of the TriHealth Cancer Institute, TriHealth Heart Institute, the Mary Jo Cropper Family Center for Breast Care and TriHealth Imaging departments. The existing building at 10498 Montgomery Road was demolished in order to construct a new structured parking deck that will service the existing hospital and the new building. The plans call for additional parking and landscaping with architecture that is complementary to the existing buildings on the Hospital Campus to provide for a welcoming experience for patients and visitors. Work on this exciting project began in May of 2018 and will allow TriHealth to continue to meet the needs of their residents today and for years to come.
- The Planning Commission approved a Final Development Site Plan in October of 2018 to allow Robert Lucke Group to construct 12 new villa homes along Montgomery Road north of the Safety Center. The existing single family homes have been demolished to make way for The Villas of Montgomery, which will include six new single family attached dwellings and open space. The new development will be accessed by a private drive which will be right-in/right-out. The plans call for the addition of a sidewalk along Montgomery Road and well-designed new buildings with landscaping along Montgomery Road and throughout the site.
- Six commercial building permits for new construction and expansion were issued in 2018. Two of these permits were for the Thomas Comprehensive Care Center and the associated parking garage on the Bethesda North Hospital campus. A building permit was issued for the construction of the first condominium buildings and a retail building at the Vintage Club. A building permit was issued for an addition to the clubhouse on the north campus of villa homes for Twin Lakes Senior Living Community off of Hopewell Road. The final commercial building permit for new construction was issued for an addition and renovation for The Country Arts building at 9383 Main Street. The total value of improvements for new commercial construction, expansion and additions was significantly higher in 2018 at \$129 million versus \$4.5 million in 2017 due to the large number of significant projects that were permitted in 2018.

- The residential sector was busy in 2018 with the building department issuing 19 permits for new homes and 75 permits for residential remodeling/room additions. The total value of residential construction was estimated at \$15.6 million. The City issued 21 demolition permits in 2018, which is four less than were issued in 2017. Since 2001, there have been a total of 276 teardowns in the City.

REQUESTS FOR INFORMATION

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

CITY OF MONTGOMERY, OHIO

Statement of Net Position December 31, 2018

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 15,763,817
Investments	20,885,279
Receivables:	
Taxes	13,269,100
Accounts	59,356
Intergovernmental	650,473
Interest	58,124
Special Assessments	1,291,665
Prepaid Items	196,919
Restricted Assets:	
Investments	2,076,992
Non-Depreciable Capital Assets	26,216,561
Depreciable Capital Assets, Net	37,235,285
Total Assets	117,703,571
Deferred Outflows of Resources:	
Pension	1,966,848
OPEB	897,948
Total Deferred Outflows of Resources	2,864,796
Liabilities:	
Accounts Payable	306,844
Accrued Wages and Benefits	378,198
Intergovernmental Payable	145,223
Due to Others	106,969
Accrued Interest Payable	63,681
Noncurrent Liabilities:	
Due Within One Year	1,088,880
Due in More Than One Year:	
Net Pension Liability	10,527,459
Net OPEB Liability	8,975,340
Other Liabilities Due in More Than One Year	18,687,335
Total Liabilities	40,279,929
Deferred Inflows of Resources:	
Property Tax Levy for Next Fiscal Year	10,950,747
Pension	1,103,752
OPEB	280,148
Total Deferred Inflows of Resources	12,334,647

CITY OF MONTGOMERY, OHIO

	Governmental Activities
Net Position:	
Net Investment in Capital Assets	47,555,921
Restricted For:	
Capital Projects	8,477,206
Debt Service	6,463,696
Public Works	1,630,686
Public Safety	3,753,642
Arts and Amenities:	
Expendable	260,490
Nonexpendable	378,733
Other Purposes	587,066
Unrestricted (Deficit)	<u>(1,153,649)</u>
Total Net Position	<u>\$ 67,953,791</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Activities
For the Year Ended December 31, 2018**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Public Safety	\$ 7,001,538	\$ 460,488	\$ 6,074	\$ 184,603
Parks and Recreation	1,451,641	399,223	0	0
Community Economic Development	981,654	460,387	0	0
Public Works	2,958,271	70,870	423,669	209,758
General Government	5,085,300	213,003	29,295	0
Interest and Fiscal Charges	805,080	0	0	0
Total Governmental Activities	\$ 18,283,484	\$ 1,603,971	\$ 459,038	\$ 394,361

General Revenues

Property Taxes Levied for:

General Purposes

Income Taxes

Other Local Taxes

Intergovernmental, Unrestricted

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year - Restated

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities

\$	(6,350,373)
	(1,052,418)
	(521,267)
	(2,253,974)
	(4,843,002)
	(805,080)
\$	<u>(15,826,114)</u>

	6,232,147
	9,528,350
	50,803
	823,338
	369,190
	<u>273,844</u>
	<u>17,277,672</u>
	1,451,558
	<u>66,502,233</u>
\$	<u><u>67,953,791</u></u>

CITY OF MONTGOMERY, OHIO

**Balance Sheet
Governmental Funds
December 31, 2018**

	General	Fire Protection / EMS	Vintage Club Tax Increment	Vintage Club Capital Improvement
Assets:				
Cash and Cash Equivalents	\$ 4,716,711	\$ 1,170,308	\$ 2,096,844	\$ 0
Investments	9,009,060	2,496,524	0	2,932,587
Receivables:				
Taxes	4,549,818	5,311,081	2,710,784	0
Accounts	58,846	0	0	0
Intergovernmental	208,425	102,643	90,969	0
Interest	29,550	7,976	0	0
Special Assessments	0	0	0	0
Interfund Loans Receivable	0	0	0	0
Prepaid Items	147,429	36,170	0	0
Restricted Assets:				
Investments	0	0	1,463,543	0
Total Assets	\$ 18,719,839	\$ 9,124,702	\$ 6,362,140	\$ 2,932,587
Liabilities:				
Accounts Payable	\$ 242,990	\$ 5,529	\$ 0	\$ 0
Accrued Wages and Benefits Payable	248,843	98,357	0	0
Intergovernmental Payable	145,137	0	86	0
Due to Others	106,969	0	0	0
Interfund Loans Payable	0	0	0	0
Compensated Absences Payable	2,037	0	0	0
Total Liabilities	745,976	103,886	86	0
Deferred Inflows of Resources:				
Unavailable Amounts	1,238,400	153,993	101,753	0
Property Tax Levy for Next Fiscal Year	2,749,359	5,264,388	2,700,000	0
Total Deferred Inflows of Resources	3,987,759	5,418,381	2,801,753	0
Fund Balances:				
Nonspendable	147,429	36,170	0	0
Restricted	4,000	3,566,265	3,560,301	2,932,587
Committed	380,872	0	0	0
Assigned	106,421	0	0	0
Unassigned	13,347,382	0	0	0
Total Fund Balances	13,986,104	3,602,435	3,560,301	2,932,587
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,719,839	\$ 9,124,702	\$ 6,362,140	\$ 2,932,587

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

Capital Improvement	Downtown Improvement	Other Governmental Funds	Total Governmental Funds
\$ 1,188,758	\$ 1,833,490	\$ 4,757,706	\$ 15,763,817
2,535,878	3,911,230	0	20,885,279
436,109	0	261,308	13,269,100
0	0	510	59,356
0	0	248,436	650,473
8,102	12,496	0	58,124
0	0	1,291,665	1,291,665
542,840	0	0	542,840
0	0	13,320	196,919
0	0	613,449	2,076,992
<u>\$ 4,711,687</u>	<u>\$ 5,757,216</u>	<u>\$ 7,186,394</u>	<u>\$ 54,794,565</u>
\$ 24,221	\$ 9,463	\$ 24,641	\$ 306,844
0	0	30,998	378,198
0	0	0	145,223
0	0	0	106,969
0	0	542,840	542,840
0	0	0	2,037
<u>24,221</u>	<u>9,463</u>	<u>598,479</u>	<u>1,482,111</u>
249,377	7,296	1,454,814	3,205,633
0	0	237,000	10,950,747
<u>249,377</u>	<u>7,296</u>	<u>1,691,814</u>	<u>14,156,380</u>
0	0	392,053	575,652
4,438,089	0	4,993,987	19,495,229
0	0	0	380,872
0	5,740,457	0	5,846,878
0	0	(489,939)	12,857,443
<u>4,438,089</u>	<u>5,740,457</u>	<u>4,896,101</u>	<u>39,156,074</u>
<u>\$ 4,711,687</u>	<u>\$ 5,757,216</u>	<u>\$ 7,186,394</u>	<u>\$ 54,794,565</u>

CITY OF MONTGOMERY, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2018***

Total Governmental Fund Balances \$ 39,156,074

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 63,451,846

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 3,205,633

The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension	1,966,848	
Deferred Inflows - Pension	(1,103,752)	
Net Pension Liability	(10,527,459)	
Deferred Outflows - OPEB	897,948	
Deferred Inflows - OPEB	(280,148)	
Net OPEB Liability	<u>(8,975,340)</u>	(18,021,903)

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

Special Obligation Bonds Payable	(17,910,000)	
Bond Premium	(507,145)	
Special Assessment Bonds Payable	(384,867)	
Compensated Absences Payable	(972,166)	
Accrued Interest Payable	<u>(63,681)</u>	(19,837,859)

Net Position of Governmental Activities \$ 67,953,791

See accompanying notes to the basic financial statements



CITY OF MONTGOMERY, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018**

	General	Fire Protection / EMS	Vintage Club Tax Increment	Vintage Club Capital Improvement
Revenues:				
Taxes	\$ 9,889,913	\$ 1,786,396	\$ 1,881,600	\$ 0
Intergovernmental Revenues	457,950	208,861	181,938	0
Charges for Services	109,889	198,864	0	0
Rental Revenue	58,310	0	0	0
Licenses, Permits and Fees	605,918	0	0	0
Investment Earnings	172,028	33,691	25,987	26,500
Special Assessments	0	0	0	0
Fines and Forfeitures	115,403	0	0	0
Donations	0	184,603	0	0
All Other Revenue	197,345	47,628	0	0
Total Revenues	11,606,756	2,460,043	2,089,525	26,500
Expenditures:				
Current:				
Public Safety	3,408,149	2,582,614	0	0
Parks and Recreation	1,046,751	0	0	0
Community Economic Development	839,459	0	0	0
Public Works	507,137	0	0	0
General Government	3,319,438	0	1,044,874	0
Capital Outlay	0	0	0	2,443,913
Debt Service:				
Principal Retirement	0	0	450,000	0
Interest and Fiscal Charges	0	0	516,673	142,350
Total Expenditures	9,120,934	2,582,614	2,011,547	2,586,263
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,485,822	(122,571)	77,978	(2,559,763)
Other Financing Sources (Uses):				
Sale of Capital Assets	11,477	0	0	0
Premium on Bond Issuance	0	0	0	507,145
Special Obligation Bonds Issued	0	0	0	5,695,000
Transfers In	69,760	0	0	0
Transfers Out	(3,748,100)	(69,760)	0	(709,795)
Total Other Financing Sources (Uses)	(3,666,863)	(69,760)	0	5,492,350
Net Change in Fund Balances	(1,181,041)	(192,331)	77,978	2,932,587
Fund Balances at Beginning of Year	15,167,145	3,794,766	3,482,323	0
Fund Balances End of Year	\$ 13,986,104	\$ 3,602,435	\$ 3,560,301	\$ 2,932,587

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

Capital Improvement	Downtown Improvement	Other Governmental Funds	Total Governmental Funds
\$ 1,897,485	\$ 0	\$ 295,512	\$ 15,750,906
930,098	0	458,615	2,237,462
0	0	473,456	782,209
0	0	0	58,310
0	0	21,000	626,918
29,761	31,074	40,528	359,569
0	0	190,584	190,584
0	0	11,619	127,022
0	0	0	184,603
0	0	28,871	273,844
<u>2,857,344</u>	<u>31,074</u>	<u>1,520,185</u>	<u>20,591,427</u>
0	0	147,821	6,138,584
0	0	248,585	1,295,336
0	0	86,074	925,533
0	0	1,090,870	1,598,007
0	0	90,456	4,454,768
2,260,698	671,644	28,969	5,405,224
0	0	164,883	614,883
0	0	126,960	785,983
<u>2,260,698</u>	<u>671,644</u>	<u>1,984,618</u>	<u>21,218,318</u>
596,646	(640,570)	(464,433)	(626,891)
3,978	0	3,934	19,389
0	0	0	507,145
0	0	0	5,695,000
0	3,000,000	1,457,895	4,527,655
0	0	0	(4,527,655)
<u>3,978</u>	<u>3,000,000</u>	<u>1,461,829</u>	<u>6,221,534</u>
600,624	2,359,430	997,396	5,594,643
3,837,465	3,381,027	3,898,705	33,561,431
<u>\$ 4,438,089</u>	<u>\$ 5,740,457</u>	<u>\$ 4,896,101</u>	<u>\$ 39,156,074</u>

CITY OF MONTGOMERY, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Year Ended December 31, 2018***

Net Change in Fund Balances - Total Governmental Funds		\$ 5,594,643
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay	5,433,221	
Depreciation Expense	<u>(1,682,559)</u>	3,750,662
The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.		
		(104,857)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	943,590	
OPEB	<u>14,731</u>	958,321
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:		
Pension	(1,534,434)	
OPEB	<u>(695,107)</u>	(2,229,541)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		(856,385)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Special Obligation Bond Principal Payment	450,000	
Special Assessment Bond Principal Payment	164,883	
Special Obligation Bond Issuance	(5,695,000)	
Premium on Bond Issuance	<u>(507,145)</u>	(5,587,262)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		(19,097)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated Absences		<u>(54,926)</u>
<i>Change in Net Position of Governmental Activities</i>		<u>\$ 1,451,558</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 9,710,007	\$ 9,710,007	\$ 9,766,816	\$ 56,809
Intergovernmental Revenue	490,465	490,465	458,099	(32,366)
Charges for Services	121,793	121,793	112,591	(9,202)
Rental Revenue	76,900	76,900	58,310	(18,590)
Licenses, Permits and Fees	507,600	507,600	603,155	95,555
Investment Earnings	137,000	137,000	224,067	87,067
Fines and Forfeitures	169,500	169,500	116,123	(53,377)
All Other Revenues	78,580	78,580	300,561	221,981
Total Revenues	<u>11,291,845</u>	<u>11,291,845</u>	<u>11,639,722</u>	<u>347,877</u>
Expenditures:				
Current:				
Public Safety	3,646,033	3,703,533	3,439,901	263,632
Parks and Recreation	1,225,138	1,252,638	1,127,790	124,848
Community Economic Development	933,916	933,916	793,304	140,612
Public Works	699,343	699,343	529,881	169,462
General Government	3,988,178	4,050,178	3,315,812	734,366
Total Expenditures	<u>10,492,608</u>	<u>10,639,608</u>	<u>9,206,688</u>	<u>1,432,920</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	799,237	652,237	2,433,034	1,780,797
Other Financing Sources (Uses):				
Sale of Capital Assets	7,500	7,500	11,477	3,977
Transfers In	51	51	51	0
Transfers Out	(748,100)	(3,748,100)	(3,748,100)	0
Total Other Financing Sources (Uses):	<u>(740,549)</u>	<u>(3,740,549)</u>	<u>(3,736,572)</u>	<u>3,977</u>
Net Change in Fund Balance	58,688	(3,088,312)	(1,303,538)	1,784,774
Fund Balance at Beginning of Year	14,582,265	14,582,265	14,582,265	0
Prior Year Encumbrances	181,595	181,595	181,595	0
Fund Balance at End of Year	<u>\$ 14,822,548</u>	<u>\$ 11,675,548</u>	<u>\$ 13,460,322</u>	<u>\$ 1,784,774</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Fire Protection / EMS Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,804,584	\$ 1,804,584	\$ 1,786,396	\$ (18,188)
Intergovernmental Revenue	215,488	215,488	208,861	(6,627)
Charges for Services	138,200	138,200	198,864	60,664
Investment Earnings	24,000	24,000	34,736	10,736
Donations	200	200	184,603	184,403
All Other Revenues	190,602	190,602	52,568	(138,034)
Total Revenues	<u>2,373,074</u>	<u>2,373,074</u>	<u>2,466,028</u>	<u>92,954</u>
Expenditures:				
Current:				
Public Safety	<u>2,959,052</u>	<u>2,959,052</u>	<u>2,684,516</u>	<u>274,536</u>
Total Expenditures	<u>2,959,052</u>	<u>2,959,052</u>	<u>2,684,516</u>	<u>274,536</u>
Net Change in Fund Balance	(585,978)	(585,978)	(218,488)	367,490
Fund Balance at Beginning of Year	3,622,266	3,622,266	3,622,266	0
Prior Year Encumbrances	<u>226,942</u>	<u>226,942</u>	<u>226,942</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,263,230</u>	<u>\$ 3,263,230</u>	<u>\$ 3,630,720</u>	<u>\$ 367,490</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Net Position
Fiduciary Funds
December 31, 2018**

	Private Purpose	
	Trust	
	Special Trust	Agency
Assets:		
Cash and Cash Equivalents	\$ 36,667	\$ 0
Restricted Assets:		
Cash and Cash Equivalents	0	4,884
Cash and Cash Equivalents with Fiscal Agent	0	156,729
Total Assets	<u>36,667</u>	<u>161,613</u>
Liabilities:		
Accounts Payable	0	140,154
Intergovernmental Payable	0	6,285
Due to Others	0	15,174
Total Liabilities	<u>0</u>	<u>161,613</u>
Net Position:		
Restricted For:		
Historical Site Preservation	36,667	0
Total Net Position	<u>\$ 36,667</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF MONTGOMERY, OHIO

**Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2018**

	Private Purpose Trust <u>Special Trust</u>
Additions:	
Contributions:	
Rental Fees	\$ 695
Private Donations	841
Total Additions	<u>1,536</u>
Deductions:	
Administrative Expenses	853
Total Deductions	<u>853</u>
Change in Net Position	683
Net Position at Beginning of Year	<u>35,984</u>
Net Position End of Year	<u>\$ 36,667</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2018 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

Blended Component Unit - The Community Improvement Corporation of the City of Montgomery (the "CIC") was created in accordance with Chapter 1702 of the Ohio Revised Code. As a legally separate not-for-profit corporation, the CIC's purpose is to provide economic development loans. The balances and transactions of the CIC have been reported as a special revenue fund of the primary government because the governing board of the corporation is composed of those persons who are serving as members of the City Council of the City of Montgomery, the City has a history of providing financial support to the CIC, and any long term debt of the CIC would be paid by the City. Separately issued financial statements for the CIC can be obtained by contacting the City of Montgomery Finance Department, 10101 Montgomery Rd, Montgomery, Ohio 45242, or at the City's website at <http://montgomeryohio.org>.

B. Basis of Presentation - Fund Accounting

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

Vintage Club Capital Improvement Fund - To account for infrastructure improvements at the Vintage Club housing development to be financed by tax increment financing bonds.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Special assessment installments, including related accrued interest, which are measurable but not available at December 31, are recorded as deferred inflows of resources. Property taxes measurable as of December 31, 2018, but which are not intended to finance 2018 operations, and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 6.

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

E. Budgetary Process

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

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

1. Tax Budget

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process, the City receives an official certificate of estimated resources, which states that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed or fall short of current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2018.

3. Appropriations

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

4. Lapsing of Appropriations

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

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

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

	Net Change in Fund Balance	
	General Fund	Fire Protection / EMS Fund
GAAP Basis (as reported)	(\$1,181,041)	(\$192,331)
Increase (Decrease):		
Accrued Revenues at December 31, 2018 received during 2019	(618,663)	(3,319)
Accrued Revenues at December 31, 2017 received during 2018	544,711	9,304
Accrued Expenditures at December 31, 2018 paid during 2019	745,976	103,886
Accrued Expenditures at December 31, 2017 paid during 2018	(566,829)	(100,360)
2017 Prepaids for 2018	149,637	36,614
2018 Prepaids for 2019	(147,429)	(36,170)
Outstanding Encumbrances	(124,794)	(36,112)
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	(105,106)	0
Budget Basis	<u>(\$1,303,538)</u>	<u>(\$218,488)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2018, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

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

G. Investments

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

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

The City's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

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

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

K. Compensated Absences

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

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

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

M. Pension/OPEB

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

N. Interfund Transactions

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

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

O. Intergovernmental Revenues

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Interfund Assets/Liabilities

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

Q. Fund Balances

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Estimates

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

S. Restricted Assets

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

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows for deferred pension/OPEB amounts on the government-wide statement of net position. See Notes 11 and 12.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. See Notes 11 and 12.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” Statement No. 85, “Omnibus 2017,” and Statement No. 86, “Certain Debt Extinguishment Issues.”

GASB Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The implementation of GASB 75 had the following effect on net position as reported December 31, 2017:

	Governmental Activities
Net position December 31, 2017	<u>\$74,179,397</u>
Adjustments:	
Net OPEB Liability	(7,715,785)
Deferred Outflow - Payments Subsequent to the Measurement Date	<u>38,621</u>
Restated Net Position December 31, 2017	<u><u>\$66,502,233</u></u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General	Fire Protection/ EMS	Vintage Club Tax Increment	Vintage Club		Downtown Improvement	Other Governmental Funds	Total Governmental Funds
				Capital Improvement	Capital Improvement			
Nonspendable:								
Prepaid Items	\$147,429	\$36,170	\$0	\$0	\$0	\$0	\$13,320	\$196,919
Permanent Fund Corpus	0	0	0	0	0	0	378,733	378,733
Total Nonspendable	147,429	36,170	0	0	0	0	392,053	575,652
Restricted:								
Fire Protection/EMS	0	3,566,265	0	0	0	0	0	3,566,265
Parks and Recreation	0	0	0	0	0	0	44,540	44,540
Law Enforcement and Education	0	0	0	0	0	0	159,455	159,455
Court Computerization	0	0	0	0	0	0	48,756	48,756
Environmental Impact Mitigation	0	0	0	0	0	0	148,429	148,429
Street Improvements	0	0	0	0	0	0	1,103,317	1,103,317
Municipal Pool Operations	0	0	0	0	0	0	315,888	315,888
Cemetery Maintenance	0	0	0	0	0	0	411,388	411,388
Economic Development	0	0	0	0	0	0	78,209	78,209
Debt Service Payments	0	0	3,560,301	0	0	0	1,573,658	5,133,959
Capital Improvements	0	0	0	2,932,587	4,438,089	0	849,857	8,220,533
Diversity Programs	4,000	0	0	0	0	0	0	4,000
Arts and Amenities	0	0	0	0	0	0	260,490	260,490
Total Restricted	4,000	3,566,265	3,560,301	2,932,587	4,438,089	0	4,993,987	19,495,229
Committed:								
Compensated Absences	380,872	0	0	0	0	0	0	380,872
Total Committed	380,872	0	0	0	0	0	0	380,872
Assigned:								
Supplies and Services	106,421	0	0	0	0	0	0	106,421
Capital Improvements	0	0	0	0	0	5,740,457	0	5,740,457
Total Assigned	106,421	0	0	0	0	5,740,457	0	5,846,878
Unassigned (Deficits):	13,347,382	0	0	0	0	0	(489,939)	12,857,443
Total Fund Balances	\$13,986,104	\$3,602,435	\$3,560,301	\$2,932,587	\$4,438,089	\$5,740,457	\$4,896,101	\$39,156,074

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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

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

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

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

Deferred Tax Revenue	\$1,352,934
Deferred Investment Earnings	33,938
Intergovernmental Revenue Receivable	527,096
Special Assessments Receivable	1,291,665
	<u>\$3,205,633</u>

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

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

Governmental revenues not reported in the funds:

Increase in Deferred Tax Revenue	\$60,394
Increase in Deferred Investment Earnings	9,621
Decrease in Intergovernmental Revenue	(745,328)
Decrease in Special Assessment Revenue	(181,072)
	<u>(\$856,385)</u>

NOTE 5 - CASH AND CASH EQUIVALENTS

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

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

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

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

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

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

CITY OF MONTGOMERY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

A. Deposits

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

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

At year end the carrying amount of the City's deposits was \$16,980,478 and the bank balance was \$17,100,815. Federal depository insurance covered \$5,988,683 of the bank balance and \$11,112,132 was collateralized with securities held in the Ohio Pooled Collateral System.

B. Investments

The City's investments at December 31, 2018 were as follows:

	Fair Value	Credit Rating	Fair Value Hierarchy	Concentration of Credit Risk	Investment Maturities (in Years)		
					less than 1	1-3	3-5
STAR Ohio ⁴	\$1,680	AAAm ¹	NA	0.01%	\$1,680	\$0	\$0
Marketable CD's	4,366,812	AAA ³	Level 2	19.90%	244,689	2,429,715	1,692,408
US Treasury Notes	971,003	Aaa ²	Level 2	4.42%	971,003	0	0
US Money Market ⁴	4,038,576	AA+ ¹ /Aaa ²	NA	18.40%	4,038,576	0	0
FHLB	1,987,420	AA+ ¹ /Aaa ²	Level 2	9.06%	0	1,987,420	0
FHLMC	2,983,800	AA+ ¹ /Aaa ²	Level 2	13.60%	0	1,984,680	999,120
FFCB	4,315,171	AA+ ¹ /Aaa ²	Level 2	19.67%	390,351	3,924,820	0
FNMA	3,279,428	AAA ¹ /Aaa ²	Level 2	14.94%	986,880	2,292,548	0
Total Investments	<u>\$21,943,890</u>			<u>100.00%</u>	<u>\$6,633,179</u>	<u>\$12,619,183</u>	<u>\$2,691,528</u>

¹ Standard & Poor's

² Moody's Investor Service

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

⁴ Reported at amortized cost

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

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

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

Concentration of Credit Risk – The City places no limit on the amount it may invest in any one issuer.

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$15,962,097	\$22,962,271
Certificates of Deposit (with maturities of more than 3 months)	1,020,061	(1,020,061)
STAR Ohio	(1,680)	1,680
Per GASB Statement No. 3	<u>\$16,980,478</u>	<u>\$21,943,890</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2018 were levied after October 1, 2017 on assessed values as of January 1, 2017, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2017. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

The full tax rate for all City operations for the year ended December 31, 2018 was \$10.05 per \$1,000 of assessed value. The assessed value upon which the 2018 tax collections were based was \$576,634,020. This amount constitutes \$567,542,040 in real property assessed value and \$9,091,980 in public utility assessed value.

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 6 – TAXES (Continued)

B. Income Tax

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

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

NOTE 7 - RECEIVABLES

Receivables at December 31, 2018 consisted of taxes, accounts receivable, special assessments, interfund receivables, interest receivables, and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred inflows of resources.

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CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 8 - INTERFUND BALANCES

Individual interfund balances at December 31, 2018 are as follows:

Fund	Interfund Loan Receivable	Interfund Loan Payable
Capital Improvement Fund	\$542,840	\$0
Other Governmental Funds	0	542,840
Totals	<u>\$542,840</u>	<u>\$542,840</u>

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

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2018:

Fund	Transfer In	Transfer Out
General Fund	\$69,760	\$3,748,100
Fire Protection/EMS Fund	0	69,760
Vintage Club Capital Improvement Fund	0	709,795
Downtown Improvement Fund	3,000,000	0
Other Governmental Funds	1,457,895	0
Totals	<u>\$4,527,655</u>	<u>\$4,527,655</u>

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

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CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 10 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at December 31, 2018:

Historical Cost:

Class	December 31, 2017	Additions	Deletions	December 31, 2018
Capital assets not being depreciated:				
Land	\$22,185,891	\$1,478,663	\$0	\$23,664,554
Construction in Progress	2,131,460	2,056,088	(1,635,541)	2,552,007
Subtotal	24,317,351	3,534,751	(1,635,541)	26,216,561
Capital assets being depreciated:				
Buildings	16,652,378	25,899	0	16,678,277
Improvements Other than Buildings	7,122,122	1,185,798	0	8,307,920
Infrastructure	30,123,792	1,737,599	(275,092)	31,586,299
Machinery and Equipment	5,855,435	584,715	(101,209)	6,338,941
Subtotal	59,753,727	3,534,011	(376,301)	62,911,437
Total Cost	\$84,071,078	\$7,068,762	(\$2,011,842)	\$89,127,998

Accumulated Depreciation:

Class	December 31, 2017	Additions	Deletions	December 31, 2018
Buildings	(\$2,539,236)	(\$417,679)	\$0	(\$2,956,915)
Improvements Other than Buildings	(6,184,990)	(184,483)	0	(6,369,473)
Infrastructure	(10,983,083)	(747,734)	172,145	(11,558,672)
Machinery and Equipment	(4,557,728)	(332,663)	99,299	(4,791,092)
Total Depreciation	(\$24,265,037)	(\$1,682,559) *	\$271,444	(\$25,676,152)
Net Value:	\$59,806,041			\$63,451,846

* Depreciation expenses were charged to governmental functions as follows:

Public Safety	\$247,379
Parks and Recreation	103,938
Community Economic Development	18,160
Public Works	1,288,627
General Government	24,455
Total Depreciation Expense	\$1,682,559

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

	<u>State and Local</u>
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$340,615 for 2018. Of this amount, \$40,631 is reported as an intergovernmental payable.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2018 through December 31, 2018	12.25 %	12.25 %
2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2018 through December 31, 2018	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$602,975 for 2018. Of this amount, \$89,743 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,924,875	\$7,602,584	\$10,527,459
Proportion of the Net Pension Liability-2018	0.018644%	0.123872%	
Proportion of the Net Pension Liability-2017	<u>0.019403%</u>	<u>0.122559%</u>	
Percentage Change	<u>(0.000759%)</u>	<u>0.001313%</u>	
Pension Expense	\$595,047	\$939,387	\$1,534,434

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$349,540	\$331,287	\$680,827
Differences between expected and actual experience	2,988	115,374	118,362
Change in proportionate share	27,488	196,581	224,069
City contributions subsequent to the measurement date	<u>340,615</u>	<u>602,975</u>	<u>943,590</u>
Total Deferred Outflows of Resources	<u>\$720,631</u>	<u>\$1,246,217</u>	<u>\$1,966,848</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$627,930	\$262,993	\$890,923
Differences between expected and actual experience	57,641	13,754	71,395
Change in proportionate share	<u>82,246</u>	<u>59,188</u>	<u>141,434</u>
Total Deferred Inflows of Resources	<u>\$767,817</u>	<u>\$335,935</u>	<u>\$1,103,752</u>

\$943,590 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2019	\$243,864	\$224,547	\$468,411
2020	(97,135)	155,405	58,270
2021	(276,506)	(116,993)	(393,499)
2022	(258,024)	(76,642)	(334,666)
2023	0	97,722	97,722
2024	<u>0</u>	<u>23,268</u>	<u>23,268</u>
Total	<u>(\$387,801)</u>	<u>\$307,307</u>	<u>(\$80,494)</u>

Actuarial Assumptions - OPERS

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$5,193,834	\$2,924,875	\$1,033,248

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below:

Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Increases	3.25 percent
Inflation Assumptions	2.75 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent for increases based on the lesser of the increase in CPI and 3%.

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%. Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

	Age	Police	Fire
Healthy Mortality			
	67 or less	77%	68%
	68-77	105%	87%
	78 and up	115%	120%
Disabled Mortality			
	59 or less	35%	35%
	60-69	60%	45%
	70-79	75%	70%
	80 and up	100%	90%

The most recent experience study was completed for the five year period ended December 31, 2016.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2017 are summarized below:

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

* levered 2x

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

Discount Rate The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$10,539,176	\$7,602,584	\$5,207,526

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2018.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$14,731 for 2018. Of this amount, \$2,188 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,956,925	\$7,018,415	\$8,975,340
Proportion of the Net OPEB Liability-2018	0.018021%	0.123872%	
Proportion of the Net OPEB Liability-2017	0.018793%	0.122559%	
Percentage Change	<u>(0.000772%)</u>	<u>0.001313%</u>	
OPEB Expense	\$137,938	\$557,169	\$695,107

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$142,485	\$684,848	\$827,333
Differences between expected and actual experience	1,524	0	1,524
Change in proportionate share	0	54,360	54,360
City contributions subsequent to the measurement date	0	14,731	14,731
Total Deferred Outflows of Resources	<u>\$144,009</u>	<u>\$753,939</u>	<u>\$897,948</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$145,778	\$46,198	\$191,976
Differences between expected and actual experience	0	35,398	35,398
Change in proportionate share	52,774	0	52,774
Total Deferred Inflows of Resources	<u>\$198,552</u>	<u>\$81,596</u>	<u>\$280,148</u>

\$14,731 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2019	\$7,175	\$91,347	\$98,522
2020	7,175	91,347	98,522
2021	(32,446)	91,347	58,901
2022	(36,447)	91,347	54,900
2023	0	102,897	102,897
2024	0	102,897	102,897
2025	0	86,430	86,430
Total	<u>(\$54,543)</u>	<u>\$657,612</u>	<u>\$603,069</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$2,599,860	\$1,956,925	\$1,436,798

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$1,872,361	\$1,956,925	\$2,044,279

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016. The prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

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

Note: Assumptions are geometric.

* levered 2x

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$8,773,103	\$7,018,415	\$5,668,259

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$5,452,031	\$7,018,415	\$9,129,370

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City’s NOL is not known.

CITY OF MONTGOMERY, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2018

NOTE 13 - LONG-TERM OBLIGATIONS

Detail of the changes in the long-term obligations of the City for the year ended December 31, 2018 is as follows:

		Restated Balance December 31, 2017	Issued	(Retired)	Balance December 31, 2018	Amount Due Within One Year
Governmental Activities:						
Special Obligation TIF Bonds:						
0.75-4.80% Vintage Club Improvements	2013	\$12,665,000	\$0	(\$450,000)	\$12,215,000	\$460,000
3.38-5.00% Vintage Club Improvements Phase II	2018	0	5,695,000	0	5,695,000	0
		12,665,000	5,695,000	(450,000)	17,910,000	460,000
Bond Premium		0	507,145	0	507,145	0
Total Special Obligation TIF Bonds		12,665,000	6,202,145	(450,000)	18,417,145	460,000
Special Assessment Bonds						
With Governmental Commitment:						
6.00% Tanager Woods	1999	9,750	0	(4,883)	4,867	4,867
2.00-3.80% Public Improvement Refunding	2003	540,000	0	(160,000)	380,000	165,000
Total Special Assessment Bonds		549,750	0	(164,883)	384,867	169,867
With Governmental Commitment						
		549,750	0	(164,883)	384,867	169,867
Net Pension Liability:						
Ohio Public Employees Retirement System		4,406,031	0	(1,481,156)	2,924,875	0
Ohio Police and Fire Pension Fund		7,762,786	0	(160,202)	7,602,584	0
Total Net Pension Liability		12,168,817	0	(1,641,358)	10,527,459	0
Net OPEB Liability:						
Ohio Public Employees Retirement System		1,898,168	58,757	0	1,956,925	0
Ohio Police and Fire Pension Fund		5,817,617	1,200,798	0	7,018,415	0
Total Net OPEB Liability		7,715,785	1,259,555	0	8,975,340	0
Compensated Absences						
		917,240	487,767	(430,804)	974,203	459,013
Total Governmental Activities		\$34,016,592	\$7,949,467	(\$2,687,045)	\$39,279,014	\$1,088,880

The principal amount of the City's special assessment debt outstanding at December 31, 2018 of \$384,867 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 \$172,357 in the Special Assessment Bond Retirement Fund and the balance of \$86,455 in the Reserve of Montgomery Bond Retirement Fund at December 31, 2018 are restricted for the retirement of outstanding special assessment bonds. The Tanager Woods special assessment bond payable is a self-funded debt obligation.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2018 are as follows:

Years	Special Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2019	\$460,000	\$749,732	\$169,867	\$18,023
2020	495,000	740,304	170,000	8,170
2021	520,000	728,176	45,000	1,710
2022	530,000	713,616	0	0
2023	605,000	697,562	0	0
2024-2028	4,335,000	3,016,950	0	0
2029-2033	5,575,000	1,953,640	0	0
2034-2037	5,390,000	630,887	0	0
Totals	<u>\$17,910,000</u>	<u>\$9,230,867</u>	<u>\$384,867</u>	<u>\$27,903</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 14 – COMPENSATED ABSENCES

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

As of December 31, 2018, the liability for unpaid compensated absences was \$974,203 for all funds of the City, a net increase of \$56,963 from the amount at December 31, 2017 of \$917,240.

NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1992 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2018, the pool has twenty one members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty one member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote.

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 15 – RISK MANAGEMENT (Continued)

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

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

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

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

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

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

Settled claims have not exceeded coverage in any of the past three years. There have been no significant reductions in insurance from the prior year.

NOTE 16 – ACCOUNTABILITY

The fund deficit at December 31, 2018 of \$489,939 in the Triangle Tax Increment Fund was the result of recognizing interfund loans payable on the modified accrual basis, which result in expenditures greater than those on the cash basis. A deficit does not exist on a cash basis. The General Fund provides transfers, upon City Council's approval, when cash is required, not when accruals occur.

CITY OF MONTGOMERY, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 17 – CONTINGENCIES

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

NOTE 18 – SIGNIFICANT COMMITMENTS

At December 31, 2018 the City had encumbrance commitments in the Governmental Funds as follows:

Fund	Encumbrances
General Fund	\$124,795
Fire Protection/EMS Fund	36,113
Vintage Club Capital Improvement Fund	2,813,175
Capital Improvement Fund	537,409
Downtown Improvement Fund	568,185
Other Governmental Funds	108,493
Total Governmental Funds	<u>\$4,188,170</u>

The City had the following contractual commitments at December 31, 2018:

Project	Remaining Contractual Commitment	Expected Date of Completion
Building Repair/Maintenance	\$13,337	2019
Fleet Study	20,000	2019
GRA Design	42,075	2019
GRA Roundabout Design	378,439	2019
Greenhouse	46,904	2019
Guardrail replacement	20,000	2019
Miscellaneous Maintenance and Repair	13,501	2019
Park Equipment/Maintenance	33,515	2019
Paving	20,770	2019
Pool Repairs	53,258	2019
Retaining wall & Pavers	5,000	2019
Sidewalk replacement	24,433	2019
Space Study	40,000	2019
Supplies	5,781	2019
Vehicle	146,110	2019
Vintage Club Construction	2,624,204	2019
	<u>\$3,487,327</u>	



REQUIRED SUPPLEMENTAL INFORMATION

CITY OF MONTGOMERY, OHIO

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

Ohio Public Employees Retirement System

Fiscal Year	2014	2015	2016	2017	2018
City's proportion of the net pension liability (asset)	0.019235%	0.019235%	0.018781%	0.019403%	0.018644%
City's proportionate share of the net pension liability (asset)	\$2,267,556	\$2,319,956	\$3,253,093	\$4,406,031	\$2,924,875
City's covered payroll	\$2,484,715	\$2,378,800	\$2,409,608	\$2,508,225	\$2,463,823
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	91.26%	97.53%	135.01%	175.66%	118.71%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%	84.66%

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

Ohio Police and Fire Pension Fund

Fiscal Year	2014	2015	2016	2017	2018
City's proportion of the net pension liability (asset)	0.120189%	0.120189%	0.121738%	0.122559%	0.123872%
City's proportionate share of the net pension liability (asset)	\$5,853,615	\$6,226,327	\$7,831,504	\$7,762,786	\$7,602,584
City's covered payroll	\$2,416,973	\$2,468,266	\$2,599,662	\$2,644,822	\$2,796,625
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	242.19%	252.26%	301.25%	293.51%	271.85%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%	70.91%

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

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2014 is not available. The schedule is reported as of the measurement date of the Net Pension Liability, which is the prior year end.

CITY OF MONTGOMERY, OHIO

Schedule of City Pension Contributions Last Six Years

Ohio Public Employees Retirement System

Fiscal Year	2013	2014	2015	2016	2017	2018
Contractually required contribution	\$323,013	\$285,456	\$289,153	\$300,987	\$320,297	\$340,615
Contributions in relation to the contractually required contribution	323,013	285,456	289,153	300,987	320,297	340,615
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
City's covered payroll	\$2,484,715	\$2,378,800	\$2,409,608	\$2,508,225	\$2,463,823	\$2,432,964
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%	13.00%	14.00%

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

Ohio Police and Fire Pension Fund

Fiscal Year	2013	2014	2015	2016	2017	2018
Contractually required contribution	\$412,819	\$502,539	\$522,272	\$541,043	\$572,262	\$602,975
Contributions in relation to the contractually required contribution	412,819	502,539	522,272	541,043	572,262	602,975
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
City's covered payroll	\$2,416,973	\$2,468,266	\$2,599,662	\$2,644,822	\$2,796,625	\$2,946,123
Contributions as a percentage of covered payroll	17.08%	20.36%	20.09%	20.46%	20.46%	20.47%

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

Notes: The City implemented GASB Statement 68 in 2015.

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

CITY OF MONTGOMERY, OHIO

**Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability
Last Two Years**

Ohio Public Employees Retirement System

Year	2017	2018
City's proportion of the net OPEB liability (asset)	0.018793%	0.018021%
City's proportionate share of the net OPEB liability (asset)	\$1,898,168	\$1,956,925
City's covered payroll	\$2,508,225	\$2,463,823
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	75.68%	79.43%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%

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

Ohio Police and Fire Pension Fund

Year	2017	2018
City's proportion of the net OPEB liability (asset)	0.122559%	0.123872%
City's proportionate share of the net OPEB liability (asset)	\$5,817,617	\$7,018,415
City's covered payroll	\$2,644,822	\$2,796,625
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	219.96%	250.96%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%

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

Notes: The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2016 is not available. The schedule is reported as of the measurement date of the Net OPEB Liability, which is the prior year end.

CITY OF MONTGOMERY, OHIO

**Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Six Years**

Ohio Public Employees Retirement System

Year	2013	2014	2015	2016	2017	2018
Contractually required contribution	\$24,847	\$47,576	\$48,192	\$50,165	\$24,638	\$0
Contributions in relation to the contractually required contribution	24,847	47,576	48,192	50,165	24,638	0
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
City's covered payroll	\$2,484,715	\$2,378,800	\$2,409,608	\$2,508,225	\$2,463,823	\$2,432,964
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%	2.00%	1.00%	0.00%

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

Ohio Police and Fire Pension Fund

Year	2013	2014	2015	2016	2017	2018
Contractually required contribution	\$86,355	\$12,341	\$12,998	\$13,224	\$13,983	\$14,731
Contributions in relation to the contractually required contribution	86,355	12,341	12,998	13,224	13,983	14,731
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
City's covered payroll	\$2,416,973	\$2,468,266	\$2,599,662	\$2,644,822	\$2,796,625	\$2,946,123
Contributions as a percentage of covered payroll	3.57%	0.50%	0.50%	0.50%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

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

***Notes to the Required Supplemental Information
For the Year Ended December 31, 2018***

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

***Notes to the Required Supplemental Information
For the Year Ended December 31, 2018***

NET OPEB LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 3.79% to 3.24%.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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



Nonmajor Governmental Funds

Special Revenue Funds

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

Compensated Absences Fund

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

Memorial Fund

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

Parks and Recreation Fundraising Fund

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

Law Enforcement Fund

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

Drug Law Enforcement Fund

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

DUI Enforcement and Education Fund

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

Mayor's Court Technology Fund

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

Community Oriented Policing Services (COPS) Grant Fund

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

Law Enforcement Assistance Fund

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

Environmental Impact Tax Fund

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

(Continued)

Special Revenue Funds

Street Construction, Maintenance and Repair Fund

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

State Highway Fund

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

Permissive Motor Vehicle License Fund

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

Municipal Pool Fund

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

Cemetery Fund

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

Montgomery Community Improvement Corporation (CIC) Fund

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

Debt Service Funds

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

Special Assessment Bond Retirement Fund

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

General Obligation Bond Retirement Fund

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

Vintage Club North Tax Increment Fund

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

Debt Service Funds

Reserve of Montgomery Bond Retirement Fund

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

Capital Projects Funds

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

Triangle Tax Increment Fund

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

Urban Redevelopment Fund

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

Permanent Fund

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

Arts and Amenities Fund

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

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 2,255,516	\$ 960,209	\$ 902,758	\$ 639,223	\$ 4,757,706
Receivables:					
Taxes	24,308	0	237,000	0	261,308
Accounts	510	0	0	0	510
Intergovernmental	248,436	0	0	0	248,436
Special Assessments	0	1,291,665	0	0	1,291,665
Prepaid Items	13,320	0	0	0	13,320
Restricted Assets:					
Investments	0	613,449	0	0	613,449
Total Assets	\$ 2,542,090	\$ 2,865,323	\$ 1,139,758	\$ 639,223	\$ 7,186,394
Liabilities:					
Accounts Payable	\$ 24,641	\$ 0	\$ 0	\$ 0	\$ 24,641
Accrued Wages and Benefits Payable	30,998	0	0	0	30,998
Interfund Loans Payable	0	0	542,840	0	542,840
Total Liabilities	55,639	0	542,840	0	598,479
Deferred Inflows of Resources:					
Unavailable Amounts	163,149	1,291,665	0	0	1,454,814
Property Tax Levy for Next Fiscal Year	0	0	237,000	0	237,000
Total Deferred Inflows of Resources	163,149	1,291,665	237,000	0	1,691,814
Fund Balances:					
Nonspendable	13,320	0	0	378,733	392,053
Restricted	2,309,982	1,573,658	849,857	260,490	4,993,987
Unassigned	0	0	(489,939)	0	(489,939)
Total Fund Balances	2,323,302	1,573,658	359,918	639,223	4,896,101
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,542,090	\$ 2,865,323	\$ 1,139,758	\$ 639,223	\$ 7,186,394

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 51,817	\$ 0	\$ 243,695	\$ 0	\$ 295,512
Intergovernmental Revenues	458,615	0	0	0	458,615
Charges for Services	451,093	0	0	22,363	473,456
Licenses, Permits and Fees	21,000	0	0	0	21,000
Investment Earnings	11,277	16,469	7,270	5,512	40,528
Special Assessments	0	190,584	0	0	190,584
Fines and Forfeitures	11,619	0	0	0	11,619
All Other Revenue	16,211	0	12,660	0	28,871
Total Revenues	1,021,632	207,053	263,625	27,875	1,520,185
Expenditures:					
Current:					
Public Safety	147,821	0	0	0	147,821
Parks and Recreation	223,719	0	0	24,866	248,585
Community Economic Development	86,074	0	0	0	86,074
Public Works	1,090,870	0	0	0	1,090,870
General Government	0	5,810	84,646	0	90,456
Capital Outlay	0	0	28,969	0	28,969
Debt Service:					
Principal Retirement	0	164,883	0	0	164,883
Interest and Fiscal Charges	0	126,960	0	0	126,960
Total Expenditures	1,548,484	297,653	113,615	24,866	1,984,618
Excess (Deficiency) of Revenues Over (Under) Expenditures	(526,852)	(90,600)	150,010	3,009	(464,433)
Other Financing Sources (Uses):					
Sale of Capital Assets	3,934	0	0	0	3,934
Transfers In	748,100	709,795	0	0	1,457,895
Total Other Financing Sources (Uses)	752,034	709,795	0	0	1,461,829
Net Change in Fund Balances	225,182	619,195	150,010	3,009	997,396
Fund Balances at Beginning of Year	2,098,120	954,463	209,908	636,214	3,898,705
Fund Balances End of Year	\$ 2,323,302	\$ 1,573,658	\$ 359,918	\$ 639,223	\$ 4,896,101

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018**

	Memorial	Parks and Recreation Fundraising	Law Enforcement	Drug Law Enforcement
Assets:				
Cash and Cash Equivalents	\$ 34,595	\$ 10,335	\$ 35,981	\$ 5,289
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 34,595	\$ 10,335	\$ 35,981	\$ 5,289
Liabilities:				
Accounts Payable	\$ 390	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Total Liabilities	390	0	0	0
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	34,205	10,335	35,981	5,289
Total Fund Balances	34,205	10,335	35,981	5,289
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 34,595	\$ 10,335	\$ 35,981	\$ 5,289

CITY OF MONTGOMERY, OHIO

DUI Enforcement and Education	Mayor's Court Technology	COPS Grant	Law Enforcement Assistance	Environmental Impact Tax	Street Construction Maintenance and Repair
\$ 15,300	\$ 48,272	\$ 62,096	\$ 15,520	\$ 148,429	\$ 805,658
0	0	0	0	0	0
0	510	0	0	0	0
0	0	28,020	0	0	192,302
0	163	2,232	0	0	10,925
<u>\$ 15,300</u>	<u>\$ 48,945</u>	<u>\$ 92,348</u>	<u>\$ 15,520</u>	<u>\$ 148,429</u>	<u>\$ 1,008,885</u>
\$ 0	\$ 26	\$ 0	\$ 0	\$ 0	\$ 18,608
0	0	2,751	0	0	28,247
<u>0</u>	<u>26</u>	<u>2,751</u>	<u>0</u>	<u>0</u>	<u>46,855</u>
0	0	0	0	0	128,201
0	0	0	0	0	128,201
0	163	2,232	0	0	10,925
15,300	48,756	87,365	15,520	148,429	822,904
<u>15,300</u>	<u>48,919</u>	<u>89,597</u>	<u>15,520</u>	<u>148,429</u>	<u>833,829</u>
<u>\$ 15,300</u>	<u>\$ 48,945</u>	<u>\$ 92,348</u>	<u>\$ 15,520</u>	<u>\$ 148,429</u>	<u>\$ 1,008,885</u>

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018**

	State Highway	Permissive Motor Vehicle License	Municipal Pool	Cemetery
Assets:				
Cash and Cash Equivalents	\$ 89,511	\$ 174,711	\$ 316,255	\$ 412,355
Receivables:				
Taxes	0	24,308	0	0
Accounts	0	0	0	0
Intergovernmental	15,592	12,522	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 105,103	\$ 211,541	\$ 316,255	\$ 412,355
Liabilities:				
Accounts Payable	\$ 1,283	\$ 0	\$ 367	\$ 967
Accrued Wages and Benefits Payable	0	0	0	0
Total Liabilities	1,283	0	367	967
Deferred Inflows of Resources:				
Unavailable Amounts	10,395	24,553	0	0
Total Deferred Inflows of Resources	10,395	24,553	0	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	93,425	186,988	315,888	411,388
Total Fund Balances	93,425	186,988	315,888	411,388
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 105,103	\$ 211,541	\$ 316,255	\$ 412,355

CITY OF MONTGOMERY, OHIO

<u>Montgomery CIC</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 81,209	\$ 2,255,516
0	24,308
0	510
0	248,436
0	13,320
<u>\$ 81,209</u>	<u>\$ 2,542,090</u>
\$ 3,000	\$ 24,641
0	30,998
<u>3,000</u>	<u>55,639</u>
0	163,149
0	163,149
0	13,320
78,209	2,309,982
<u>78,209</u>	<u>2,323,302</u>
<u>\$ 81,209</u>	<u>\$ 2,542,090</u>

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	Memorial	Parks and Recreation Fundraising	Law Enforcement	Drug Law Enforcement
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	35	40
All Other Revenue	2,140	0	0	0
Total Revenues	<u>2,140</u>	<u>0</u>	<u>35</u>	<u>40</u>
Expenditures:				
Current:				
Public Safety	0	0	3,319	0
Parks and Recreation	602	0	0	0
Community Economic Development	0	0	0	0
Public Works	0	0	0	0
Total Expenditures	<u>602</u>	<u>0</u>	<u>3,319</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,538	0	(3,284)	40
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	1,538	0	(3,284)	40
Fund Balances at Beginning of Year	<u>32,667</u>	<u>10,335</u>	<u>39,265</u>	<u>5,249</u>
Fund Balances End of Year	<u>\$ 34,205</u>	<u>\$ 10,335</u>	<u>\$ 35,981</u>	<u>\$ 5,289</u>

CITY OF MONTGOMERY, OHIO

DUI Enforcement and Education	Mayor's Court Technology	COPS Grant	Law Enforcement Assistance	Environmental Impact Tax	Street Construction Maintenance and Repair
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	2,499	0	0	397,216
0	0	117,838	0	0	0
0	0	0	0	21,000	0
0	0	0	0	0	4,982
1,204	10,340	0	0	0	0
0	0	189	0	0	13,132
<u>1,204</u>	<u>10,340</u>	<u>120,526</u>	<u>0</u>	<u>21,000</u>	<u>415,330</u>
92	9,477	134,933	0	0	0
0	0	0	0	0	0
0	0	0	0	47,920	0
0	0	0	0	0	968,104
<u>92</u>	<u>9,477</u>	<u>134,933</u>	<u>0</u>	<u>47,920</u>	<u>968,104</u>
1,112	863	(14,407)	0	(26,920)	(552,774)
0	0	0	0	0	3,934
0	0	57,600	0	25,500	650,000
<u>0</u>	<u>0</u>	<u>57,600</u>	<u>0</u>	<u>25,500</u>	<u>653,934</u>
1,112	863	43,193	0	(1,420)	101,160
14,188	48,056	46,404	15,520	149,849	732,669
<u>\$ 15,300</u>	<u>\$ 48,919</u>	<u>\$ 89,597</u>	<u>\$ 15,520</u>	<u>\$ 148,429</u>	<u>\$ 833,829</u>

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	State Highway	Permissive Motor Vehicle License	Municipal Pool	Cemetery
Revenues:				
Taxes	\$ 0	\$ 51,817	\$ 0	\$ 0
Intergovernmental Revenues	32,207	26,693	0	0
Charges for Services	0	0	262,385	70,870
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	686	1,450	0	3,420
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	750	0
Total Revenues	32,893	79,960	263,135	74,290
Expenditures:				
Current:				
Public Safety	0	0	0	0
Parks and Recreation	0	0	223,117	0
Community Economic Development	0	0	0	0
Public Works	33,862	50,298	0	38,606
Total Expenditures	33,862	50,298	223,117	38,606
Excess (Deficiency) of Revenues Over (Under) Expenditures	(969)	29,662	40,018	35,684
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	15,000	0
Total Other Financing Sources (Uses)	0	0	15,000	0
Net Change in Fund Balances	(969)	29,662	55,018	35,684
Fund Balances at Beginning of Year	94,394	157,326	260,870	375,704
Fund Balances End of Year	\$ 93,425	\$ 186,988	\$ 315,888	\$ 411,388

CITY OF MONTGOMERY, OHIO

Montgomery CIC	Total Nonmajor Special Revenue Funds
\$ 0	\$ 51,817
0	458,615
0	451,093
0	21,000
739	11,277
0	11,619
0	16,211
739	1,021,632
0	147,821
0	223,719
38,154	86,074
0	1,090,870
38,154	1,548,484
(37,415)	(526,852)
0	3,934
0	748,100
0	752,034
(37,415)	225,182
115,624	2,098,120
\$ 78,209	\$ 2,323,302

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2018**

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Vintage Club North Tax Increment	Reserve of Montgomery Bond Retirement	Total Nonmajor Debt Service Funds
Assets:					
Cash and Cash Equivalents	\$ 172,357	\$ 701,397	\$ 0	\$ 86,455	\$ 960,209
Receivables:					
Special Assessments	3,498	0	0	1,288,167	1,291,665
Restricted Assets:					
Investments	0	0	613,449	0	613,449
Total Assets	\$ 175,855	\$ 701,397	\$ 613,449	\$ 1,374,622	\$ 2,865,323
Liabilities:					
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Deferred Inflows of Resources:					
Unavailable Amounts	3,498	0	0	1,288,167	1,291,665
Total Deferred Inflows of Resources	3,498	0	0	1,288,167	1,291,665
Fund Balances:					
Restricted	172,357	701,397	613,449	86,455	1,573,658
Total Fund Balances	172,357	701,397	613,449	86,455	1,573,658
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 175,855	\$ 701,397	\$ 613,449	\$ 1,374,622	\$ 2,865,323

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018**

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Vintage Club North Tax Increment	Reserve of Montgomery Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:					
Investment Earnings	\$ 3,567	\$ 6,055	\$ 6,847	\$ 0	\$ 16,469
Special Assessments	8,722	0	0	181,862	190,584
Total Revenues	<u>12,289</u>	<u>6,055</u>	<u>6,847</u>	<u>181,862</u>	<u>207,053</u>
Expenditures:					
Current:					
General Government	265	0	0	5,545	5,810
Debt Service:					
Principal Retirement	4,883	0	0	160,000	164,883
Interest and Fiscal Charges	3,567	0	103,193	20,200	126,960
Total Expenditures	<u>8,715</u>	<u>0</u>	<u>103,193</u>	<u>185,745</u>	<u>297,653</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,574	6,055	(96,346)	(3,883)	(90,600)
Other Financing Sources (Uses):					
Transfers In	0	0	709,795	0	709,795
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>709,795</u>	<u>0</u>	<u>709,795</u>
Net Change in Fund Balances	3,574	6,055	613,449	(3,883)	619,195
Fund Balances at Beginning of Year	<u>168,783</u>	<u>695,342</u>	<u>0</u>	<u>90,338</u>	<u>954,463</u>
Fund Balances End of Year	<u>\$ 172,357</u>	<u>\$ 701,397</u>	<u>\$ 613,449</u>	<u>\$ 86,455</u>	<u>\$ 1,573,658</u>

CITY OF MONTGOMERY, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2018**

	Triangle Tax Increment	Urban Redevelopment	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 52,901	\$ 849,857	\$ 902,758
Receivables:			
Taxes	237,000	0	237,000
Total Assets	\$ 289,901	\$ 849,857	\$ 1,139,758
Liabilities:			
Interfund Loans Payable	\$ 542,840	\$ 0	\$ 542,840
Total Liabilities	542,840	0	542,840
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	237,000	0	237,000
Total Deferred Inflows of Resources	237,000	0	237,000
Fund Balances:			
Restricted	0	849,857	849,857
Unassigned	(489,939)	0	(489,939)
Total Fund Balances	(489,939)	849,857	359,918
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 289,901	\$ 849,857	\$ 1,139,758

CITY OF MONTGOMERY, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018**

	<u>Triangle Tax Increment</u>	<u>Urban Redevelopment</u>	<u>Total Nonmajor Capital Project Funds</u>
Revenues:			
Taxes	\$ 157,305	\$ 86,390	\$ 243,695
Investment Earnings	0	7,270	7,270
All Other Revenue	<u>10,410</u>	<u>2,250</u>	<u>12,660</u>
Total Revenues	<u>167,715</u>	<u>95,910</u>	<u>263,625</u>
Expenditures:			
Current:			
General Government	79,507	5,139	84,646
Capital Outlay	<u>0</u>	<u>28,969</u>	<u>28,969</u>
Total Expenditures	<u>79,507</u>	<u>34,108</u>	<u>113,615</u>
Net Change in Fund Balances	88,208	61,802	150,010
Fund Balances at Beginning of Year	<u>(578,147)</u>	<u>788,055</u>	<u>209,908</u>
Fund Balances End of Year	<u>\$ (489,939)</u>	<u>\$ 849,857</u>	<u>\$ 359,918</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 9,710,007	\$ 9,710,007	\$ 9,766,816	\$ 56,809
Intergovernmental Revenues	490,465	490,465	458,099	(32,366)
Charges for Services	121,793	121,793	112,591	(9,202)
Rental Revenue	76,900	76,900	58,310	(18,590)
Licenses, Permits and Fees	507,600	507,600	603,155	95,555
Investment Earnings	137,000	137,000	224,067	87,067
Fines and Forfeitures	169,500	169,500	116,123	(53,377)
All Other Revenues	78,580	78,580	300,561	221,981
Total Revenues	<u>11,291,845</u>	<u>11,291,845</u>	<u>11,639,722</u>	<u>347,877</u>
Expenditures:				
Public Safety:				
Police:				
Personal Services	3,144,569	3,194,569	3,023,409	171,160
Nonpersonnel	435,574	435,574	358,241	77,333
Total Police	<u>3,580,143</u>	<u>3,630,143</u>	<u>3,381,650</u>	<u>248,493</u>
Disaster Service:				
Nonpersonnel	9,300	9,300	5,000	4,300
Total Disaster Service	<u>9,300</u>	<u>9,300</u>	<u>5,000</u>	<u>4,300</u>
Public Health and Welfare:				
Personal Services	52,440	52,440	43,783	8,657
Total Public Health and Welfare	<u>52,440</u>	<u>52,440</u>	<u>43,783</u>	<u>8,657</u>
Civil Service:				
Nonpersonnel	4,150	11,650	9,468	2,182
Total Civil Service	<u>4,150</u>	<u>11,650</u>	<u>9,468</u>	<u>2,182</u>
Total Public Safety	<u>3,646,033</u>	<u>3,703,533</u>	<u>3,439,901</u>	<u>263,632</u>
Parks and Recreation:				
Recreation:				
Personal Services	234,073	246,073	211,239	34,834
Nonpersonnel	110,480	110,480	86,851	23,629
Total Recreation	<u>344,553</u>	<u>356,553</u>	<u>298,090</u>	<u>58,463</u>
City Parks:				
Personal Services	327,302	327,302	324,697	2,605
Nonpersonnel	254,555	269,555	255,776	13,779
Total City Parks	<u>581,857</u>	<u>596,857</u>	<u>580,473</u>	<u>16,384</u>

(Continued)

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Lodges:				
Nonpersonnel	<u>46,875</u>	<u>46,875</u>	<u>42,608</u>	<u>4,267</u>
Total Lodges	<u>46,875</u>	<u>46,875</u>	<u>42,608</u>	<u>4,267</u>
City Beautiful:				
Nonpersonnel	<u>127,682</u>	<u>128,182</u>	<u>118,911</u>	<u>9,271</u>
Total City Beautiful	<u>127,682</u>	<u>128,182</u>	<u>118,911</u>	<u>9,271</u>
Special Events:				
Nonpersonnel	<u>124,171</u>	<u>124,171</u>	<u>87,708</u>	<u>36,463</u>
Total Special Events	<u>124,171</u>	<u>124,171</u>	<u>87,708</u>	<u>36,463</u>
Total Parks and Recreation	<u>1,225,138</u>	<u>1,252,638</u>	<u>1,127,790</u>	<u>124,848</u>
Community Economic Development:				
Landmarks Commission:				
Nonpersonnel	<u>16,500</u>	<u>16,500</u>	<u>6,085</u>	<u>10,415</u>
Total Landmarks Commission	<u>16,500</u>	<u>16,500</u>	<u>6,085</u>	<u>10,415</u>
Historical Building Operations:				
Nonpersonnel	<u>93,950</u>	<u>93,950</u>	<u>86,343</u>	<u>7,607</u>
Total Historical Building Operations	<u>93,950</u>	<u>93,950</u>	<u>86,343</u>	<u>7,607</u>
Development:				
Personal Services	<u>381,905</u>	<u>381,905</u>	<u>352,713</u>	<u>29,192</u>
Nonpersonnel	<u>429,661</u>	<u>429,661</u>	<u>343,994</u>	<u>85,667</u>
Total Development	<u>811,566</u>	<u>811,566</u>	<u>696,707</u>	<u>114,859</u>
Planning Commission:				
Nonpersonnel	<u>11,900</u>	<u>11,900</u>	<u>4,169</u>	<u>7,731</u>
Total Planning Commission	<u>11,900</u>	<u>11,900</u>	<u>4,169</u>	<u>7,731</u>
Total Community Economic Development	<u>933,916</u>	<u>933,916</u>	<u>793,304</u>	<u>140,612</u>
Public Works:				
Personal Services	<u>549,711</u>	<u>549,711</u>	<u>394,355</u>	<u>155,356</u>
Nonpersonnel	<u>149,632</u>	<u>149,632</u>	<u>135,526</u>	<u>14,106</u>
Total Public Works	<u>699,343</u>	<u>699,343</u>	<u>529,881</u>	<u>169,462</u>
General Government:				
Administration:				
Personal Services	<u>467,924</u>	<u>467,924</u>	<u>287,223</u>	<u>180,701</u>
Nonpersonnel	<u>25,200</u>	<u>25,200</u>	<u>18,031</u>	<u>7,169</u>
Total Administration	<u>493,124</u>	<u>493,124</u>	<u>305,254</u>	<u>187,870</u>

(Continued)

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Finance Administration:				
Personal Services	575,574	575,574	436,692	138,882
Nonpersonnel	109,725	109,725	104,216	5,509
Total Finance Administration	685,299	685,299	540,908	144,391
Legal Administration:				
Nonpersonnel	230,500	230,500	178,274	52,226
Total Legal Administration	230,500	230,500	178,274	52,226
Council:				
Personal Services	17,834	17,834	14,308	3,526
Nonpersonnel	4,050	4,050	1,832	2,218
Total Council	21,884	21,884	16,140	5,744
Mayor's Court:				
Personal Services	88,353	88,353	84,985	3,368
Nonpersonnel	76,841	76,841	74,907	1,934
Total Mayor's Court	165,194	165,194	159,892	5,302
Citizen Engagement and Outreach:				
Personal Services	488,796	488,796	471,677	17,119
Nonpersonnel	159,120	159,120	106,001	53,119
Total Citizen Engagement and Outreach	647,916	647,916	577,678	70,238
General Administration:				
Personal Services	10,000	10,000	0	10,000
Nonpersonnel	1,734,261	1,796,261	1,537,666	258,595
Total General Administration	1,744,261	1,806,261	1,537,666	268,595
Total General Government	3,988,178	4,050,178	3,315,812	734,366
Total Expenditures	10,492,608	10,639,608	9,206,688	1,432,920
Excess (Deficiency) of Revenues Over (Under) Expenditures	799,237	652,237	2,433,034	1,780,797

(Continued)

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	7,500	7,500	11,477	3,977
Transfers In	51	51	51	0
Transfers Out	<u>(748,100)</u>	<u>(3,748,100)</u>	<u>(3,748,100)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(740,549)</u>	<u>(3,740,549)</u>	<u>(3,736,572)</u>	<u>3,977</u>
Net Change in Fund Balance	58,688	(3,088,312)	(1,303,538)	1,784,774
Fund Balance at Beginning of Year	14,582,265	14,582,265	14,582,265	0
Prior Year Encumbrances	<u>181,595</u>	<u>181,595</u>	<u>181,595</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,822,548</u>	<u>\$ 11,675,548</u>	<u>\$ 13,460,322</u>	<u>\$ 1,784,774</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund – Fire Protection / EMS Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,804,584	\$ 1,804,584	\$ 1,786,396	\$ (18,188)
Intergovernmental Revenues	215,488	215,488	208,861	(6,627)
Charges for Services	138,200	138,200	198,864	60,664
Investment Earnings	24,000	24,000	34,736	10,736
Donations	200	200	184,603	184,403
All Other Revenues	190,602	190,602	52,568	(138,034)
Total Revenues	2,373,074	2,373,074	2,466,028	92,954
Expenditures:				
Public Safety:				
Personal Services	2,303,052	2,303,052	2,126,234	176,818
Nonpersonnel	656,000	656,000	558,282	97,718
Total Expenditures	2,959,052	2,959,052	2,684,516	274,536
Net Change in Fund Balance	(585,978)	(585,978)	(218,488)	367,490
Fund Balance at Beginning of Year	3,622,266	3,622,266	3,622,266	0
Prior Year Encumbrances	226,942	226,942	226,942	0
Fund Balance at End of Year	\$ 3,263,230	\$ 3,263,230	\$ 3,630,720	\$ 367,490

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund – Vintage Club Tax Increment Fund
For the Year Ended December 31, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,397,270	\$ 2,397,270	\$ 1,881,600	\$ (515,670)
Intergovernmental Revenues	217,102	217,102	181,938	(35,164)
Investment Earnings	5,000	5,000	21,499	16,499
Total Revenues	<u>2,619,372</u>	<u>2,619,372</u>	<u>2,085,037</u>	<u>(534,335)</u>
Expenditures:				
General Government:				
Nonpersonnel	1,473,819	1,473,819	1,044,171	429,648
Debt Service:				
Principal Retirement	450,000	450,000	450,000	0
Interest and Fiscal Charges	695,553	695,553	516,673	178,880
Total Expenditures	<u>2,619,372</u>	<u>2,619,372</u>	<u>2,010,844</u>	<u>608,528</u>
Net Change in Fund Balance	0	0	74,193	74,193
Fund Balance at Beginning of Year	<u>3,481,706</u>	<u>3,481,706</u>	<u>3,481,706</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,481,706</u>	<u>\$ 3,481,706</u>	<u>\$ 3,555,899</u>	<u>\$ 74,193</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund – Vintage Club Capital Improvement Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 26,500	\$ 26,500
Total Revenues	0	0	26,500	26,500
Expenditures:				
Capital Outlay:				
Nonpersonnel	0	5,350,000	5,257,088	92,912
Debt Service:				
Interest and Fiscal Charges	0	142,350	142,350	0
Total Expenditures	0	5,492,350	5,399,438	92,912
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(5,492,350)	(5,372,938)	119,412
Other Financing Sources (Uses):				
Special Obligation Bonds Issued	6,000,000	6,223,846	5,695,000	(528,846)
Premium on Bond Issuance	0	0	507,145	507,145
Transfers Out	0	(709,796)	(709,795)	1
Total Other Financing Sources (Uses)	6,000,000	5,514,050	5,492,350	(21,700)
Net Change in Fund Balance	6,000,000	21,700	119,412	97,712
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 6,000,000	\$ 21,700	\$ 119,412	\$ 97,712

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund – Capital Improvement Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,804,039	\$ 1,804,039	\$ 1,866,711	\$ 62,672
Intergovernmental Revenues	747,760	747,760	720,340	(27,420)
Investment Earnings	24,165	24,165	30,370	6,205
All Other Revenues	200	200	209,758	209,558
Total Revenues	<u>2,576,164</u>	<u>2,576,164</u>	<u>2,827,179</u>	<u>251,015</u>
Expenditures:				
Capital Outlay:				
Nonpersonnel	<u>3,542,278</u>	<u>3,549,278</u>	<u>3,259,688</u>	<u>289,590</u>
Total Expenditures	<u>3,542,278</u>	<u>3,549,278</u>	<u>3,259,688</u>	<u>289,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(966,114)	(973,114)	(432,509)	540,605
Other Financing Sources (Uses):				
Sale of Capital Assets	1,000	1,000	3,978	2,978
Advances In	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>106,000</u>	<u>106,000</u>	<u>108,978</u>	<u>2,978</u>
Net Change in Fund Balance	(860,114)	(867,114)	(323,531)	543,583
Fund Balance at Beginning of Year	2,250,652	2,250,652	2,250,652	0
Prior Year Encumbrances	<u>1,260,107</u>	<u>1,260,107</u>	<u>1,260,107</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,650,645</u>	<u>\$ 2,643,645</u>	<u>\$ 3,187,228</u>	<u>\$ 543,583</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund – Downtown Improvement Fund
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 388,980	\$ 388,980
Investment Earnings	24,500	24,500	29,934	5,434
Total Revenues	<u>24,500</u>	<u>24,500</u>	<u>418,914</u>	<u>394,414</u>
Expenditures:				
Capital Outlay:				
Nonpersonnel	463,680	2,199,762	1,823,677	376,085
Total Expenditures	<u>463,680</u>	<u>2,199,762</u>	<u>1,823,677</u>	<u>376,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(439,180)	(2,175,262)	(1,404,763)	770,499
Other Financing Sources (Uses):				
Transfers In	0	0	3,000,000	3,000,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>3,000,000</u>	<u>3,000,000</u>
Net Change in Fund Balance	(439,180)	(2,175,262)	1,595,237	3,770,499
Fund Balance at Beginning of Year	3,117,618	3,117,618	3,117,618	0
Prior Year Encumbrances	463,680	463,680	463,680	0
Fund Balance at End of Year	<u>\$ 3,142,118</u>	<u>\$ 1,406,036</u>	<u>\$ 5,176,535</u>	<u>\$ 3,770,499</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	<u>\$ 1,300</u>	<u>\$ 1,300</u>	<u>\$ 0</u>	<u>\$ (1,300)</u>
Total Revenues	<u>1,300</u>	<u>1,300</u>	<u>0</u>	<u>(1,300)</u>
Expenditures:				
General Government:				
Personal Services	<u>30,000</u>	<u>30,000</u>	<u>23,065</u>	<u>6,935</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>23,065</u>	<u>6,935</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,700)	(28,700)	(23,065)	5,635
Other Financing Sources (Uses):				
Transfers In	<u>121,274</u>	<u>121,274</u>	<u>128,171</u>	<u>6,897</u>
Total Other Financing Sources (Uses)	<u>121,274</u>	<u>121,274</u>	<u>128,171</u>	<u>6,897</u>
Net Change in Fund Balance	92,574	92,574	105,106	12,532
Fund Balance at Beginning of Year	<u>275,766</u>	<u>275,766</u>	<u>275,766</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 368,340</u>	<u>\$ 368,340</u>	<u>\$ 380,872</u>	<u>\$ 12,532</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	MEMORIAL FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 3,000	\$ 3,000	\$ 2,390	\$ (610)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>2,390</u>	<u>(610)</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	4,000	4,000	1,312	2,688
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>1,312</u>	<u>2,688</u>
Net Change in Fund Balance	(1,000)	(1,000)	1,078	2,078
Fund Balance at Beginning of Year	32,667	32,667	32,667	0
Fund Balance at End of Year	<u>\$ 31,667</u>	<u>\$ 31,667</u>	<u>\$ 33,745</u>	<u>\$ 2,078</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

PARKS AND RECREATION FUNDRAISING FUND

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

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

LAW ENFORCEMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 800	\$ 800	\$ 35	\$ (765)
All Other Revenues	400	400	0	(400)
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>35</u>	<u>(1,165)</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>10,875</u>	<u>10,875</u>	<u>7,872</u>	<u>3,003</u>
Total Expenditures	<u>10,875</u>	<u>10,875</u>	<u>7,872</u>	<u>3,003</u>
Net Change in Fund Balance	(9,675)	(9,675)	(7,837)	1,838
Fund Balance at Beginning of Year	<u>43,818</u>	<u>43,818</u>	<u>43,818</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 34,143</u>	<u>\$ 34,143</u>	<u>\$ 35,981</u>	<u>\$ 1,838</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 40</u>	<u>\$ (960)</u>
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>40</u>	<u>(960)</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>400</u>	<u>400</u>	<u>0</u>	<u>400</u>
Total Expenditures	<u>400</u>	<u>400</u>	<u>0</u>	<u>400</u>
Net Change in Fund Balance	600	600	40	(560)
Fund Balance at Beginning of Year	<u>5,249</u>	<u>5,249</u>	<u>5,249</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,849</u>	<u>\$ 5,849</u>	<u>\$ 5,289</u>	<u>\$ (560)</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

DUI ENFORCEMENT AND EDUCATION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 1,000	\$ 1,000	\$ 1,204	\$ 204
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,204</u>	<u>204</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>1,000</u>	<u>1,000</u>	<u>125</u>	<u>875</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>125</u>	<u>875</u>
Net Change in Fund Balance	0	0	1,079	1,079
Fund Balance at Beginning of Year	<u>14,221</u>	<u>14,221</u>	<u>14,221</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,221</u>	<u>\$ 14,221</u>	<u>\$ 15,300</u>	<u>\$ 1,079</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 16,138</u>	<u>\$ 16,138</u>	<u>\$ 10,390</u>	<u>\$ (5,748)</u>
Total Revenues	<u>16,138</u>	<u>16,138</u>	<u>10,390</u>	<u>(5,748)</u>
Expenditures:				
Public Safety:				
Nonpersonnel	<u>14,315</u>	<u>14,315</u>	<u>9,485</u>	<u>4,830</u>
Total Expenditures	<u>14,315</u>	<u>14,315</u>	<u>9,485</u>	<u>4,830</u>
Net Change in Fund Balance	1,823	1,823	905	(918)
Fund Balance at Beginning of Year	<u>47,367</u>	<u>47,367</u>	<u>47,367</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 49,190</u>	<u>\$ 49,190</u>	<u>\$ 48,272</u>	<u>\$ (918)</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

	COPS GRANT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 126,400	\$ 126,400	\$ 124,014	\$ (2,386)
All Other Revenues	334	334	189	(145)
Total Revenues	126,734	126,734	124,203	(2,531)
Expenditures:				
Public Safety:				
Personal Services	177,963	177,963	135,377	42,586
Nonpersonnel	3,600	3,600	50	3,550
Total Expenditures	181,563	181,563	135,427	46,136
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,829)	(54,829)	(11,224)	43,605
Other Financing Sources (Uses):				
Transfers In	57,600	57,600	57,600	0
Total Other Financing Sources (Uses)	57,600	57,600	57,600	0
Net Change in Fund Balance	2,771	2,771	46,376	43,605
Fund Balance at Beginning of Year	15,720	15,720	15,720	0
Fund Balance at End of Year	\$ 18,491	\$ 18,491	\$ 62,096	\$ 43,605

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

LAW ENFORCEMENT ASSISTANCE FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 9,600	\$ 9,600	\$ 8,000	\$ (1,600)
Total Revenues	<u>9,600</u>	<u>9,600</u>	<u>8,000</u>	<u>(1,600)</u>
Expenditures:				
Public Safety:				
Nonpersonnel	1,600	9,600	0	9,600
Total Expenditures	<u>1,600</u>	<u>9,600</u>	<u>0</u>	<u>9,600</u>
Net Change in Fund Balance	8,000	0	8,000	8,000
Fund Balance at Beginning of Year	<u>7,520</u>	<u>7,520</u>	<u>7,520</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,520</u>	<u>\$ 7,520</u>	<u>\$ 15,520</u>	<u>\$ 8,000</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

ENVIRONMENTAL IMPACT TAX FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses, Permits and Fees	\$ 25,500	\$ 25,500	\$ 21,000	\$ (4,500)
Total Revenues	<u>25,500</u>	<u>25,500</u>	<u>21,000</u>	<u>(4,500)</u>
Expenditures:				
Community Economic Development:				
Nonpersonnel	73,040	73,040	47,920	25,120
Total Expenditures	<u>73,040</u>	<u>73,040</u>	<u>47,920</u>	<u>25,120</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,540)	(47,540)	(26,920)	20,620
Other Financing Sources (Uses):				
Transfers In	25,500	25,500	25,500	0
Total Other Financing Sources (Uses)	<u>25,500</u>	<u>25,500</u>	<u>25,500</u>	<u>0</u>
Net Change in Fund Balance	(22,040)	(22,040)	(1,420)	20,620
Fund Balance at Beginning of Year	121,809	121,809	121,809	0
Prior Year Encumbrances	28,040	28,040	28,040	0
Fund Balance at End of Year	<u>\$ 127,809</u>	<u>\$ 127,809</u>	<u>\$ 148,429</u>	<u>\$ 20,620</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 410,483	\$ 410,483	\$ 399,299	\$ (11,184)
Investment Earnings	3,750	3,750	4,982	1,232
All Other Revenues	<u>1,336</u>	<u>1,336</u>	<u>13,321</u>	<u>11,985</u>
Total Revenues	<u>415,569</u>	<u>415,569</u>	<u>417,602</u>	<u>2,033</u>
Expenditures:				
Public Works:				
Personal Services	756,677	756,677	664,575	92,102
Nonpersonnel	<u>335,374</u>	<u>345,874</u>	<u>329,643</u>	<u>16,231</u>
Total Expenditures	<u>1,092,051</u>	<u>1,102,551</u>	<u>994,218</u>	<u>108,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(676,482)	(686,982)	(576,616)	110,366
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	3,934	3,934
Transfers In	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>650,000</u>	<u>650,000</u>	<u>653,934</u>	<u>3,934</u>
Net Change in Fund Balance	(26,482)	(36,982)	77,318	114,300
Fund Balance at Beginning of Year	663,613	663,613	663,613	0
Prior Year Encumbrances	<u>33,320</u>	<u>33,320</u>	<u>33,320</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 670,451</u>	<u>\$ 659,951</u>	<u>\$ 774,251</u>	<u>\$ 114,300</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 32,650	\$ 32,650	\$ 32,376	\$ (274)
Investment Earnings	500	500	686	186
Total Revenues	<u>33,150</u>	<u>33,150</u>	<u>33,062</u>	<u>(88)</u>
Expenditures:				
Public Works:				
Nonpersonnel	<u>68,030</u>	<u>68,030</u>	<u>56,710</u>	<u>11,320</u>
Total Expenditures	<u>68,030</u>	<u>68,030</u>	<u>56,710</u>	<u>11,320</u>
Net Change in Fund Balance	(34,880)	(34,880)	(23,648)	11,232
Fund Balance at Beginning of Year	56,129	56,129	56,129	0
Prior Year Encumbrances	<u>34,030</u>	<u>34,030</u>	<u>34,030</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 55,279</u>	<u>\$ 55,279</u>	<u>\$ 66,511</u>	<u>\$ 11,232</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

PERMISSIVE MOTOR VEHICLE LICENSE FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 54,000	\$ 54,000	\$ 52,323	\$ (1,677)
Intergovernmental Revenues	27,000	27,000	26,954	(46)
Investment Earnings	750	750	1,450	700
Total Revenues	<u>81,750</u>	<u>81,750</u>	<u>80,727</u>	<u>(1,023)</u>
Expenditures:				
Public Works:				
Nonpersonnel	<u>105,995</u>	<u>105,995</u>	<u>89,798</u>	<u>16,197</u>
Total Expenditures	<u>105,995</u>	<u>105,995</u>	<u>89,798</u>	<u>16,197</u>
Net Change in Fund Balance	(24,245)	(24,245)	(9,071)	15,174
Fund Balance at Beginning of Year	117,287	117,287	117,287	0
Prior Year Encumbrances	<u>26,995</u>	<u>26,995</u>	<u>26,995</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 120,037</u>	<u>\$ 120,037</u>	<u>\$ 135,211</u>	<u>\$ 15,174</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

MUNICIPAL POOL FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 221,100	\$ 221,100	\$ 262,385	\$ 41,285
All Other Revenues	500	500	750	250
Total Revenues	<u>221,600</u>	<u>221,600</u>	<u>263,135</u>	<u>41,535</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	284,724	285,224	226,556	58,668
Total Expenditures	<u>284,724</u>	<u>285,224</u>	<u>226,556</u>	<u>58,668</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,124)	(63,624)	36,579	100,203
Other Financing Sources (Uses):				
Transfers In	15,000	15,000	15,000	0
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Net Change in Fund Balance	(48,124)	(48,624)	51,579	100,203
Fund Balance at Beginning of Year	249,050	249,050	249,050	0
Prior Year Encumbrances	15,461	15,461	15,461	0
Fund Balance at End of Year	<u>\$ 216,387</u>	<u>\$ 215,887</u>	<u>\$ 316,090</u>	<u>\$ 100,203</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018**

CEMETERY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 40,000	\$ 40,000	\$ 70,870	\$ 30,870
Investment Earnings	<u>2,500</u>	<u>2,500</u>	<u>3,420</u>	<u>920</u>
Total Revenues	<u>42,500</u>	<u>42,500</u>	<u>74,290</u>	<u>31,790</u>
Expenditures:				
Public Works:				
Nonpersonnel	<u>52,350</u>	<u>52,350</u>	<u>44,976</u>	<u>7,374</u>
Total Expenditures	<u>52,350</u>	<u>52,350</u>	<u>44,976</u>	<u>7,374</u>
Net Change in Fund Balance	(9,850)	(9,850)	29,314	39,164
Fund Balance at Beginning of Year	374,741	374,741	374,741	0
Prior Year Encumbrances	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 365,891</u>	<u>\$ 365,891</u>	<u>\$ 405,055</u>	<u>\$ 39,164</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018***

SPECIAL ASSESSMENT BOND RETIREMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 3,567	\$ 3,567
Special Assessments	<u>7,550</u>	<u>7,550</u>	<u>8,722</u>	<u>1,172</u>
Total Revenues	<u>7,550</u>	<u>7,550</u>	<u>12,289</u>	<u>4,739</u>
Expenditures:				
General Government:				
Nonpersonnel	500	500	265	235
Debt Service:				
Principal Retirement	4,883	4,883	4,883	0
Interest and Fiscal Charges	<u>3,767</u>	<u>3,767</u>	<u>3,567</u>	<u>200</u>
Total Expenditures	<u>9,150</u>	<u>9,150</u>	<u>8,715</u>	<u>435</u>
Net Change in Fund Balance	(1,600)	(1,600)	3,574	5,174
Fund Balance at Beginning of Year	<u>168,783</u>	<u>168,783</u>	<u>168,783</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 167,183</u>	<u>\$ 167,183</u>	<u>\$ 172,357</u>	<u>\$ 5,174</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	<u>\$ 4,410</u>	<u>\$ 4,410</u>	<u>\$ 6,055</u>	<u>\$ 1,645</u>
Total Revenues	<u>4,410</u>	<u>4,410</u>	<u>6,055</u>	<u>1,645</u>
Expenditures:				
General Government:				
Nonpersonnel	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Net Change in Fund Balance	(590)	(590)	6,055	6,645
Fund Balance at Beginning of Year	<u>695,342</u>	<u>695,342</u>	<u>695,342</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 694,752</u>	<u>\$ 694,752</u>	<u>\$ 701,397</u>	<u>\$ 6,645</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018**

VINTAGE CLUB NORTH TAX INCREMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 6,847	\$ 6,847
Total Revenues	<u>0</u>	<u>0</u>	<u>6,847</u>	<u>6,847</u>
Expenditures:				
General Government:				
Nonpersonnel	0	3,000	0	3,000
Debt Service:				
Interest and Fiscal Charges	0	103,193	103,193	0
Total Expenditures	<u>0</u>	<u>106,193</u>	<u>103,193</u>	<u>3,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(106,193)	(96,346)	9,847
Other Financing Sources (Uses):				
Transfers In	0	0	709,795	709,795
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>709,795</u>	<u>709,795</u>
Net Change in Fund Balance	0	(106,193)	613,449	719,642
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (106,193)</u>	<u>\$ 613,449</u>	<u>\$ 719,642</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	<u>\$ 213,101</u>	<u>\$ 213,101</u>	<u>\$ 181,862</u>	<u>\$ (31,239)</u>
Total Revenues	<u>213,101</u>	<u>213,101</u>	<u>181,862</u>	<u>(31,239)</u>
Expenditures:				
General Government:				
Nonpersonnel	6,000	6,000	5,545	455
Debt Service:				
Principal Retirement	160,000	160,000	160,000	0
Interest and Fiscal Charges	<u>20,200</u>	<u>20,200</u>	<u>20,200</u>	<u>0</u>
Total Expenditures	<u>186,200</u>	<u>186,200</u>	<u>185,745</u>	<u>455</u>
Net Change in Fund Balance	26,901	26,901	(3,883)	(30,784)
Fund Balance at Beginning of Year	<u>90,338</u>	<u>90,338</u>	<u>90,338</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 117,239</u>	<u>\$ 117,239</u>	<u>\$ 86,455</u>	<u>\$ (30,784)</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018**

TRIANGLE TAX INCREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 181,527	\$ 181,527	\$ 157,305	\$ (24,222)
All Other Revenues	44,280	44,280	10,410	(33,870)
Total Revenues	<u>225,807</u>	<u>225,807</u>	<u>167,715</u>	<u>(58,092)</u>
Expenditures:				
General Government:				
Nonpersonnel	80,400	80,400	79,507	893
Total Expenditures	<u>80,400</u>	<u>80,400</u>	<u>79,507</u>	<u>893</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	145,407	145,407	88,208	(57,199)
Other Financing Sources (Uses):				
Advances Out	(105,000)	(105,000)	(105,000)	0
Total Other Financing Sources (Uses)	<u>(105,000)</u>	<u>(105,000)</u>	<u>(105,000)</u>	<u>0</u>
Net Change in Fund Balance	40,407	40,407	(16,792)	(57,199)
Fund Balance at Beginning of Year	69,693	69,693	69,693	0
Fund Balance at End of Year	<u>\$ 110,100</u>	<u>\$ 110,100</u>	<u>\$ 52,901</u>	<u>\$ (57,199)</u>

CITY OF MONTGOMERY, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018***

URBAN REDEVELOPMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 114,071	\$ 114,071	\$ 86,390	\$ (27,681)
Investment Earnings	4,250	4,250	7,270	3,020
All Other Revenues	<u>4,400</u>	<u>4,400</u>	<u>2,250</u>	<u>(2,150)</u>
Total Revenues	<u>122,721</u>	<u>122,721</u>	<u>95,910</u>	<u>(26,811)</u>
Expenditures:				
General Government:				
Nonpersonnel	6,650	6,650	5,139	1,511
Capital Outlay:				
Nonpersonnel	<u>299,000</u>	<u>299,000</u>	<u>35,240</u>	<u>263,760</u>
Total Expenditures	<u>305,650</u>	<u>305,650</u>	<u>40,379</u>	<u>265,271</u>
Net Change in Fund Balance	(182,929)	(182,929)	55,531	238,460
Fund Balance at Beginning of Year	770,055	770,055	770,055	0
Prior Year Encumbrances	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 605,126</u>	<u>\$ 605,126</u>	<u>\$ 843,586</u>	<u>\$ 238,460</u>

CITY OF MONTGOMERY, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 24,450	\$ 24,450	\$ 22,377	\$ (2,073)
Investment Earnings	<u>3,850</u>	<u>3,850</u>	<u>5,512</u>	<u>1,662</u>
Total Revenues	<u>28,300</u>	<u>28,300</u>	<u>27,889</u>	<u>(411)</u>
Expenditures:				
Parks and Recreation:				
Nonpersonnel	<u>95,300</u>	<u>95,300</u>	<u>24,866</u>	<u>70,434</u>
Total Expenditures	<u>95,300</u>	<u>95,300</u>	<u>24,866</u>	<u>70,434</u>
Net Change in Fund Balance	(67,000)	(67,000)	3,023	70,023
Fund Balance at Beginning of Year	<u>636,200</u>	<u>636,200</u>	<u>636,200</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 569,200</u>	<u>\$ 569,200</u>	<u>\$ 639,223</u>	<u>\$ 70,023</u>

Fiduciary Funds

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

Agency Funds

Mayor's Court Fund

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

Trust Reimbursement Fund

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

Unclaimed Monies Fund

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

CITY OF MONTGOMERY, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2018**

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
Mayor's Court				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$9,476	\$161,533	(\$160,719)	\$10,290
Total Assets	\$9,476	\$161,533	(\$160,719)	\$10,290
Liabilities:				
Due to Others	\$9,476	\$161,533	(\$160,719)	\$10,290
Total Liabilities	\$9,476	\$161,533	(\$160,719)	\$10,290
Trust Reimbursement				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$131,287	\$83,016	(\$67,864)	\$146,439
Total Assets	\$131,287	\$83,016	(\$67,864)	\$146,439
Liabilities:				
Accounts Payable	\$126,880	\$74,274	(\$61,000)	\$140,154
Intergovernmental Payable	4,407	8,742	(6,864)	6,285
Total Liabilities	\$131,287	\$83,016	(\$67,864)	\$146,439
Unclaimed Monies				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$4,952	\$83	(\$151)	\$4,884
Total Assets	\$4,952	\$83	(\$151)	\$4,884
Liabilities:				
Due to Others	\$4,952	\$83	(\$151)	\$4,884
Total Liabilities	\$4,952	\$83	(\$151)	\$4,884
Totals - All Agency Funds				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$4,952	\$83	(\$151)	\$4,884
Cash and Cash Equivalents with Fiscal Agent	140,763	244,549	(228,583)	156,729
Total Assets	\$145,715	\$244,632	(\$228,734)	\$161,613
Liabilities:				
Accounts Payable	\$126,880	\$74,274	(\$61,000)	\$140,154
Intergovernmental Payable	4,407	8,742	(6,864)	6,285
Due to Others	14,428	161,616	(160,870)	15,174
Total Liabilities	\$145,715	\$244,632	(\$228,734)	\$161,613

STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue source, the income tax.	
Debt Capacity	S 18 – S 27
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Economic and Demographic Information	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 32 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

City of Montgomery

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities:				
Net Investment in Capital Assets	\$34,123,582	\$34,953,112	\$36,182,645	\$36,128,095
Restricted	15,106,012	17,430,333	17,561,697	19,652,718
Unrestricted	15,583,740	14,809,621	14,845,473	14,772,666
Total Primary Government Net Position	<u>\$64,813,334</u>	<u>\$67,193,066</u>	<u>\$68,589,815</u>	<u>\$70,553,479</u>

Source: City Finance Director's Office

* As Restated

City of Montgomery

2013	*	2015	2016	*	2018
\$35,944,567	\$39,698,707	\$43,262,398	\$42,821,778	\$46,591,291	\$47,555,921
22,057,822	19,982,948	17,288,242	18,106,169	18,195,161	21,551,519
14,786,678	9,586,759	10,103,260	10,781,407	1,715,781	(1,153,649)
<u>\$72,789,067</u>	<u>\$69,268,414</u>	<u>\$70,653,900</u>	<u>\$71,709,354</u>	<u>\$66,502,233</u>	<u>\$67,953,791</u>

City of Montgomery

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses				
Governmental Activities:				
Public Safety	\$5,875,326	\$5,625,518	\$6,016,951	\$5,938,453
Parks and Recreation	1,399,365	1,384,928	1,375,420	1,350,375
Community Economic Development	453,272	447,491	483,968	515,765
Public Works	2,883,791	2,700,671	2,322,822	2,368,658
General Government	4,123,097	3,916,652	4,396,020	4,435,686
Interest and Fiscal Charges	204,343	187,006	173,463	148,817
<i>Total Primary Government Expenses</i>	<u>\$14,939,194</u>	<u>\$14,262,266</u>	<u>\$14,768,644</u>	<u>\$14,757,754</u>
 Program Revenues				
Governmental Activities:				
Charges for Services				
Public Safety	\$303,233	\$341,109	\$327,909	\$389,783
Parks and Recreation	231,247	239,140	256,030	262,896
Community Economic Development	202,502	212,544	217,495	389,531
Public Works	17,595	28,401	38,212	50,612
General Government	218,675	306,876	263,899	239,153
Operating Grants and Contributions	525,090	533,729	637,823	503,370
Capital Grants and Contributions	83,050	117,265	0	0
<i>Total Primary Government Program Revenues</i>	<u>1,581,392</u>	<u>1,779,064</u>	<u>1,741,368</u>	<u>1,835,345</u>

City of Montgomery

2013	2014	2015	2016	2017	2018
\$5,526,566	\$5,525,153	\$5,686,783	\$6,155,810	\$6,770,913	\$7,001,538
1,323,018	1,207,002	1,321,303	1,423,495	1,443,647	1,451,641
660,502	683,325	681,284	833,598	896,973	981,654
2,457,093	2,528,383	2,494,890	3,037,588	2,895,186	2,958,271
4,797,717	4,535,252	4,953,073	4,318,323	5,047,160	5,085,300
421,583	646,377	602,800	582,929	575,223	805,080
<u>\$15,186,479</u>	<u>\$15,125,492</u>	<u>\$15,740,133</u>	<u>\$16,351,743</u>	<u>\$17,629,102</u>	<u>\$18,283,484</u>
\$379,782	\$330,344	\$346,258	\$334,220	\$451,533	\$460,488
279,176	316,669	303,576	329,497	396,922	399,223
357,126	338,339	310,367	383,667	295,350	460,387
44,463	44,718	42,864	67,878	59,085	70,870
276,725	879,472	275,305	267,180	207,852	213,003
594,658	602,689	710,112	657,398	567,203	459,038
0	361,417	488,849	106,742	1,453,524	394,361
<u>1,931,930</u>	<u>2,873,648</u>	<u>2,477,331</u>	<u>2,146,582</u>	<u>3,431,469</u>	<u>2,457,370</u>

(continued)

City of Montgomery

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net (Expense)/Revenue				
Governmental Activities	(13,357,802)	(12,483,202)	(13,027,276)	(12,922,409)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(13,357,802)</u>	<u>(12,483,202)</u>	<u>(13,027,276)</u>	<u>(12,922,409)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$4,822,909	\$5,264,702	\$5,067,545	\$4,831,239
Income Taxes	6,732,726	7,126,510	6,829,459	7,163,487
Other Local Taxes	2,208,468	1,070,266	1,096,131	1,686,255
Intergovernmental Revenue, Unrestricted	667,723	953,694	1,007,530	672,620
Investment Earnings	197,009	275,677	116,322	203,020
Miscellaneous	274,536	172,085	307,038	329,452
<i>Total Primary Government</i>	<u>\$14,903,371</u>	<u>\$14,862,934</u>	<u>\$14,424,025</u>	<u>\$14,886,073</u>
Change in Net Position				
Governmental Activities	\$1,545,569	\$2,379,732	\$1,396,749	\$1,963,664
<i>Total Primary Government Change in Net Position</i>	<u>\$1,545,569</u>	<u>\$2,379,732</u>	<u>\$1,396,749</u>	<u>\$1,963,664</u>

Source: City Finance Director's Office

City of Montgomery

2013	2014	2015	2016	2017	2018
(13,254,549)	(12,251,844)	(13,262,802)	(14,205,161)	(14,197,633)	(15,826,114)
<u>(\$13,254,549)</u>	<u>(\$12,251,844)</u>	<u>(\$13,262,802)</u>	<u>(\$14,205,161)</u>	<u>(\$14,197,633)</u>	<u>(\$15,826,114)</u>
\$5,108,938	\$5,032,078	\$5,284,135	\$5,637,621	\$6,126,596	\$6,232,147
7,564,240	8,438,680	8,368,822	8,627,561	9,209,832	9,528,350
1,651,364	8,205	5,516	8	42,400	50,803
690,532	768,788	795,633	804,732	804,443	823,338
66,401	353,613	20,625	125,332	243,469	369,190
408,662	224,708	173,557	65,361	240,936	273,844
<u>\$15,490,137</u>	<u>\$14,826,072</u>	<u>\$14,648,288</u>	<u>\$15,260,615</u>	<u>\$16,667,676</u>	<u>\$17,277,672</u>
\$2,235,588	\$2,574,228	\$1,385,486	\$1,055,454	\$2,470,043	\$1,451,558
<u>\$2,235,588</u>	<u>\$2,574,228</u>	<u>\$1,385,486</u>	<u>\$1,055,454</u>	<u>\$2,470,043</u>	<u>\$1,451,558</u>

City of Montgomery

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

	2009	2010	2011	2012
General Fund				
Nonspendable	\$0	\$0	\$23,350	\$31,759
Restricted	0	0	0	0
Committed	0	0	232,456	213,241
Assigned	0	0	148,421	0
Unassigned	0	0	14,583,500	14,739,811
Reserved	405,963	317,113	0	0
Unreserved	13,769,099	14,361,458	0	0
<i>Total General Fund</i>	<u>14,175,062</u>	<u>14,678,571</u>	<u>14,987,727</u>	<u>14,984,811</u>
All Other Governmental Funds				
Nonspendable	0	0	378,911	386,807
Restricted	0	0	14,737,416	14,848,236
Committed	0	0	0	0
Assigned	0	0	0	2,762,750
Unassigned	0	0	(1,028,831)	(1,002,569)
Reserved	3,499,102	4,032,014	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	6,862,144	7,183,676	0	0
Capital Projects Funds	2,150,689	2,652,138	0	0
<i>Total All Other Governmental Funds</i>	<u>12,511,935</u>	<u>13,867,828</u>	<u>14,087,496</u>	<u>16,995,224</u>
<i>Total Governmental Funds</i>	<u><u>\$26,686,997</u></u>	<u><u>\$28,546,399</u></u>	<u><u>\$29,075,223</u></u>	<u><u>\$31,980,035</u></u>

Source: City Finance Director's Office

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

City of Montgomery

2013	2014	2015	2016	2017	2018
\$38,762	\$48,297	\$57,050	\$153,093	\$149,637	\$147,429
0	0	0	0	0	4,000
241,177	241,965	0	0	275,766	380,872
14,255	480,495	632,729	1,231,318	1,337,872	106,421
14,854,921	14,081,793	13,058,828	13,692,699	13,403,870	13,347,382
0	0	0	0	0	0
0	0	0	0	0	0
<u>15,149,115</u>	<u>14,852,550</u>	<u>13,748,607</u>	<u>15,077,110</u>	<u>15,167,145</u>	<u>13,986,104</u>
381,214	386,850	385,504	430,879	430,112	428,223
21,633,254	19,040,157	15,420,289	15,651,642	15,170,294	19,491,229
0	0	0	0	0	0
4,938,215	0	3,997,738	4,017,131	3,372,027	5,740,457
(935,888)	(1,607,986)	(777,518)	(696,585)	(578,147)	(489,939)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>26,016,795</u>	<u>17,819,021</u>	<u>19,026,013</u>	<u>19,403,067</u>	<u>18,394,286</u>	<u>25,169,970</u>
<u>\$41,165,910</u>	<u>\$32,671,571</u>	<u>\$32,774,620</u>	<u>\$34,480,177</u>	<u>\$33,561,431</u>	<u>\$39,156,074</u>

City of Montgomery

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

	2009	2010	2011	2012
Revenues:				
Taxes	\$13,555,648	\$13,447,773	\$13,207,984	\$13,772,405
Intergovernmental Revenues	1,208,965	1,661,817	1,524,756	1,910,352
Charges for Services	445,636	567,008	516,638	570,815
Rental Revenue	55,791	49,725	71,567	74,334
Licenses, Permits and Fees	263,693	341,216	329,972	288,456
Investment Earnings	200,366	273,850	118,982	207,977
Special Assessments	251,871	267,745	240,774	247,118
Fines and Forfeitures	176,193	122,657	182,546	208,992
Donations	0	0	0	0
All Other Revenue	285,582	192,519	308,438	330,070
Total Revenue	16,443,745	16,924,310	16,501,657	17,610,519
Expenditures:				
Current:				
Public Safety	5,433,316	5,124,108	5,571,856	5,257,367
Parks and Recreation	1,184,945	1,188,511	1,183,413	1,173,520
Community Economic Development	341,707	338,006	407,163	423,326
Public Works	1,688,833	1,573,712	1,553,391	1,393,153
General Government	3,552,386	3,810,968	4,773,477	3,680,703
Capital Outlay	3,443,806	2,261,729	1,750,423	2,140,335
Debt Service:				
Principal Retirement	618,883	614,883	619,883	615,883
Interest and Fiscal Charges	179,768	162,428	144,521	124,949
Total Expenditures	16,443,644	15,074,345	16,004,127	14,809,236
Excess (Deficiency) of Revenues Over Expenditures	101	1,849,965	497,530	2,801,283

City of Montgomery

2013	2014	2015	2016	2017	2018
\$14,323,258	\$13,493,807	\$13,723,722	\$14,398,872	\$15,259,447	\$15,750,906
1,356,908	1,729,466	1,996,610	1,561,357	1,982,883	2,237,462
590,048	604,663	551,286	623,876	749,257	782,209
82,171	691,149	75,689	72,428	60,890	58,310
463,084	455,962	460,180	540,237	451,332	626,918
68,543	349,700	24,012	124,366	234,005	359,569
239,150	210,214	200,708	198,496	198,624	190,584
197,398	161,109	190,354	146,426	147,642	127,022
0	0	0	0	0	184,603
408,662	225,331	173,557	65,361	249,936	273,844
17,729,222	17,921,401	17,396,118	17,731,419	19,334,016	20,591,427
5,195,970	5,211,409	5,401,500	5,402,597	6,078,022	6,138,584
1,140,568	1,048,008	1,146,011	1,230,746	1,221,808	1,295,336
558,761	619,162	577,778	727,466	771,107	925,533
1,551,869	1,574,078	1,671,168	1,640,058	1,712,620	1,598,007
4,454,948	3,809,334	4,135,877	3,835,298	5,569,589	4,454,768
8,132,369	12,264,416	3,535,968	2,305,739	3,916,443	5,405,224
486,883	1,282,883	258,883	355,883	465,883	614,883
374,970	624,701	577,715	557,895	550,405	785,983
21,896,338	26,433,991	17,304,900	16,055,682	20,285,877	21,218,318
(4,167,116)	(8,512,590)	91,218	1,675,737	(951,861)	(626,891)

(continued)

City of Montgomery

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	29,722	9,437	31,294	103,529
Premium on Bond Issuance	0	0	0	0
Special Obligation Bonds Issued	0	0	0	0
Transfers In	2,196,059	1,461,364	435,962	2,482,510
Transfers Out	<u>(2,196,059)</u>	<u>(1,461,364)</u>	<u>(435,962)</u>	<u>(2,482,510)</u>
Total Other Financing Sources (Uses)	<u>29,722</u>	<u>9,437</u>	<u>31,294</u>	<u>103,529</u>
Net Change in Fund Balance	<u><u>\$29,823</u></u>	<u><u>\$1,859,402</u></u>	<u><u>\$528,824</u></u>	<u><u>\$2,904,812</u></u>
Debt Service as a Percentage of Noncapital Expenditures	6.28%	6.05%	5.53%	5.31%

Source: City Finance Director's Office

City of Montgomery

2013	2014	2015	2016	2017	2018
66,903	18,251	11,831	29,820	33,115	19,389
21,088	0	0	0	0	507,145
13,265,000	0	0	0	0	5,695,000
2,647,980	2,928,911	5,321,922	1,369,222	721,887	4,527,655
(2,647,980)	(2,928,911)	(5,321,922)	(1,369,222)	(721,887)	(4,527,655)
13,352,991	18,251	11,831	29,820	33,115	6,221,534
<u>\$9,185,875</u>	<u>(\$8,494,339)</u>	<u>\$103,049</u>	<u>\$1,705,557</u>	<u>(\$918,746)</u>	<u>\$5,594,643</u>
6.13%	12.84%	5.84%	6.33%	6.55%	8.87%

City of Montgomery

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	2009	2010	2011	2012
Income Tax Rate	1.00%	1.00%	1.00%	1.00%
Estimated Personal Income	\$446,339	\$458,743	\$480,577	\$506,533
Total Tax Collected	\$6,749,754	\$6,670,824	\$7,135,086	\$7,266,418
Income Tax Receipts				
Withholding	4,711,462	4,871,941	5,166,841	5,132,899
Percentage	69.8%	73.1%	72.4%	70.7%
Corporate	510,358	421,386	490,950	519,450
Percentage	7.6%	6.3%	6.9%	7.1%
Individuals	1,527,934	1,377,497	1,477,295	1,614,069
Percentage	22.6%	20.6%	20.7%	22.2%

Source: City Finance Department

City of Montgomery

2013	2014	2015	2016	2017	2018
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
\$506,533	\$514,959	\$525,148	\$552,416	\$565,671	\$608,643
\$7,791,153	\$8,108,709	\$8,453,212	\$8,840,826	\$9,172,224	\$9,333,556
5,492,994	5,682,726	6,095,746	6,411,256	6,580,924	6,740,749
70.5%	70.1%	72.1%	72.5%	71.7%	72.2%
531,787	558,753	592,503	571,288	586,815	637,066
6.8%	6.9%	7.0%	6.5%	6.4%	6.8%
1,766,372	1,867,230	1,764,963	1,858,282	2,004,485	1,955,741
22.7%	23.0%	20.9%	21.0%	21.9%	21.0%



City of Montgomery

Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2018

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,678	34.11%	\$79,222	1.11%
20,000 - 49,999	552	11.22%	187,450	2.63%
50,000 - 74,999	356	7.24%	219,438	3.08%
75,000 - 99,999	302	6.14%	264,814	3.71%
Over 100,000	2,032	41.29%	6,382,321	89.47%
Total	4,920	100.00%	\$7,133,245	100.00%

Local Taxes Paid by Residents

Taxes Credited to Other Municipalities

Tax Dollars

\$4,130,470

\$4,130,470

Calendar Year 2009

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,472	34.33%	\$64,007	1.31%
20,000 - 49,999	493	11.50%	167,807	3.43%
50,000 - 74,999	397	9.26%	247,021	5.04%
75,000 - 99,999	356	8.30%	308,851	6.31%
Over 100,000	1,570	36.61%	4,109,331	83.91%
Total	4,288	100.00%	\$4,897,017	100.00%

Local Taxes Paid by Residents

Taxes Credited to Other Municipalities

Tax Dollars

\$3,418,684

\$3,418,684

Source: City Finance Director's Office

City of Montgomery

Ratios of Outstanding Debt By Type Last Ten Years

	2009	2010	2011	2012
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$2,905,000	\$2,425,000	\$1,890,000	\$1,450,000
Special Assessment Bonds	1,745,814	1,610,931	1,526,048	1,350,165
Special Obligation TIF Bonds	0	0	0	0
Total Primary Government	<u>\$4,650,814</u>	<u>\$4,035,931</u>	<u>\$3,416,048</u>	<u>\$2,800,165</u>
Population ⁽²⁾				
City of Montgomery	10,163	10,251	10,251	10,251
Outstanding Debt Per Capita	\$458	\$394	\$333	\$273
Income ⁽³⁾				
Personal (in thousands)	446,339	458,743	480,577	506,533
Percentage of Personal Income	1.04%	0.88%	0.71%	0.55%

Sources:

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

City of Montgomery

2013	2014	2015	2016	2017	2018
\$1,130,000	\$0	\$0	\$0	\$0	\$0
1,183,282	1,030,399	871,516	715,633	549,750	384,867
<u>13,265,000</u>	<u>13,265,000</u>	<u>13,165,000</u>	<u>12,965,000</u>	<u>12,665,000</u>	<u>18,417,145</u>
<u>\$15,578,282</u>	<u>\$14,295,399</u>	<u>\$14,036,516</u>	<u>\$13,680,633</u>	<u>\$13,214,750</u>	<u>\$18,802,012</u>
10,251	10,251	10,251	10,251	10,582	10,746
\$1,520	\$1,395	\$1,369	\$1,335	\$1,249	\$1,750
506,533	514,959	525,148	552,416	565,671	608,643
3.08%	2.78%	2.67%	2.48%	2.34%	3.09%

City of Montgomery

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2009	2010	2011	2012
Population (1)	10,163	10,251	10,251	10,251
Personal Income (2)	\$446,338,634	\$458,742,501	\$480,577,131	\$506,532,663
General Bonded Debt (3)				
General Obligation Bonds	\$2,905,000	\$2,425,000	\$1,890,000	\$1,450,000
Resources Available to Pay Principal	\$1,213,067	\$1,236,599	\$1,267,621	\$1,289,798
Net General Bonded Debt	\$1,691,933	\$1,188,401	\$622,379	\$160,202
Ratio of Net Bonded Debt to Personal Income	0.38%	0.26%	0.13%	0.03%
Net Bonded Debt per Capita	\$166.48	\$115.93	\$60.71	\$15.63

Source:

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

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

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

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

City of Montgomery

2013	2014	2015	2016	2017	2018
10,251	10,251	10,251	10,251	10,582	10,746
\$506,532,663	\$514,958,985	\$525,148,479	\$552,416,139	\$565,671,392	\$608,642,694
\$1,130,000	\$0	\$0	\$0	\$0	\$0
\$1,215,803	\$2,845,453	\$347,977	\$657,016	\$695,342	\$701,397
(\$85,803)	NA	NA	NA	NA	NA
-0.02%	NA	NA	NA	NA	NA
(\$8.37)	NA	NA	NA	NA	NA



City of Montgomery

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2018*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Montgomery</u>	<u>Amount Applicable to the City of Montgomery</u>
Direct:			
City of Montgomery	\$18,802,012	100.00%	\$18,802,012
Overlapping:			
Sycamore Community School District	29,968,779	31.43%	9,419,187
Great Oaks Joint Vocational School District	3,105,000	2.92%	90,666
Hamilton County	126,870,000	2.98%	3,780,726
		Subtotal	13,290,579
		Total	\$32,092,591

Source: Ohio Municipal Advisory Council

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

City of Montgomery

Debt Limitations Last Ten Years

	2009	2010	2011	2012
<u>Total Debt</u>				
Net Assessed Valuation	\$522,227,380	\$523,512,940	\$481,043,250	\$481,049,290
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	54,833,875	54,968,859	50,509,541	50,510,175
City Debt Outstanding (2)	2,905,000	2,425,000	1,890,000	1,450,000
Less: Applicable Debt Service Fund Amounts	(1,213,067)	(1,236,599)	(1,267,621)	(1,289,798)
Net Indebtedness Subject to Limitation	<u>1,691,933</u>	<u>1,188,401</u>	<u>622,379</u>	<u>160,202</u>
Overall Legal Debt Margin	<u>\$53,141,942</u>	<u>\$53,780,458</u>	<u>\$49,887,162</u>	<u>\$50,349,973</u>
Debt Margin as a Percentage of Debt Limit	96.91%	97.84%	98.77%	99.68%
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$522,227,380	\$523,512,940	\$481,043,250	\$481,049,290
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	28,722,506	28,793,212	26,457,379	26,457,711
City Debt Outstanding (2)	2,905,000	2,425,000	1,890,000	1,450,000
Less: Applicable Debt Service Fund Amounts	(1,213,067)	(1,236,599)	(1,267,621)	(1,289,798)
Net Indebtedness Subject to Limitation	<u>1,691,933</u>	<u>1,188,401</u>	<u>622,379</u>	<u>160,202</u>
Overall Legal Debt Margin	<u>\$27,030,573</u>	<u>\$27,604,811</u>	<u>\$25,835,000</u>	<u>\$26,297,509</u>

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

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

Source: City Finance Director's Office

City of Montgomery

2013	2014	2015	2016	2017	2018
\$484,129,440	\$516,228,830	\$521,032,070	\$525,380,800	\$576,634,020	\$585,606,670
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
50,833,591	54,204,027	54,708,367	55,164,984	60,546,572	61,488,700
1,130,000	2,800,000	0	0	0	0
(1,215,803)	(2,845,453)	(347,977)	(657,016)	(695,342)	(701,397)
(85,803)	(45,453)	(347,977)	(657,016)	(695,342)	(701,397)
<u>\$50,919,394</u>	<u>\$54,249,480</u>	<u>\$55,056,344</u>	<u>\$55,822,000</u>	<u>\$61,241,914</u>	<u>\$62,190,097</u>
100.17%	100.08%	100.64%	101.19%	101.15%	101.14%
\$484,129,440	\$516,228,830	\$521,032,070	\$525,380,800	\$576,634,020	\$585,606,670
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
26,627,119	28,392,586	28,656,764	28,895,944	31,714,871	32,208,367
1,130,000	2,800,000	0	0	0	0
(1,215,803)	(2,845,453)	(347,977)	(657,016)	(695,342)	(701,397)
(85,803)	(45,453)	(347,977)	(657,016)	(695,342)	(701,397)
<u>\$26,712,922</u>	<u>\$28,438,039</u>	<u>\$29,004,741</u>	<u>\$29,552,960</u>	<u>\$32,410,213</u>	<u>\$32,909,764</u>

City of Montgomery

Pledged Revenue Coverage Last Ten Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Special Assessment Bonds					
Special Assessment Collections	\$251,871	\$267,745	\$240,774	\$247,118	\$239,150
Debt Service					
Principal	128,883	134,883	139,883	175,883	166,883
Interest	70,830	66,839	59,282	56,710	50,840
Coverage	1.26	1.33	1.21	1.06	1.10

Source: City Finance Director's Office

City of Montgomery

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$210,214	\$200,708	\$198,496	\$198,624	\$190,584
152,883	158,883	155,883	165,883	164,883
45,230	40,182	34,842	29,552	23,767
1.06	1.01	1.04	1.02	1.01

City of Montgomery

Demographic and Economic Statistics Last Ten Years

Calendar Year	2009	2010	2011	2012
Population (1)				
City of Montgomery	10,163	10,251	10,251	10,251
Hamilton County	845,303	802,374	802,374	802,374
Income (2) (a)				
Total Personal (in thousands)	446,339	458,743	480,577	506,533
Hamilton County Per Capita	43,918	44,751	46,881	49,413
Unemployment Rate (3)				
Federal	9.3%	9.6%	8.9%	8.1%
State	10.2%	10.0%	8.6%	7.2%
Hamilton County	8.8%	9.5%	8.6%	7.0%
Civilian Work Force Estimates (3)				
State	5,923,000	5,858,000	5,805,000	5,748,000
Hamilton County	433,200	411,000	405,100	400,000

Sources:

(1) US Bureau of Census of Population

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

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

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

City of Montgomery

2013	2014	2015	2016	2017	2018
10,251	10,251	10,251	10,251	10,582	10,746
802,374	802,374	802,374	807,598	809,099	813,822
506,533	514,959	525,148	552,416	565,671	608,643
49,413	50,235	51,229	53,889	53,456	56,639
7.4%	5.4%	5.3%	4.9%	3.9%	3.9%
7.4%	4.7%	4.9%	4.9%	4.5%	4.6%
7.1%	4.3%	4.4%	4.4%	4.0%	4.4%
5,704,000	5,704,300	5,719,500	5,663,000	5,724,000	5,724,000
399,800	400,500	404,100	403,900	410,000	413,100



City of Montgomery

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2018		
		Number of Employees	Rank	Percentage of Total Employment
Bethesda Hospital	Medical	3,219	1	16%
Sycamore School District	Educational	1,216	2	6%
Ohio National Financial Services	Financial	1,127	3	6%
TriHealth G LLC.	Medical	626	4	3%
Montgomery Inn	Restaurant	383	5	2%
Meadowbrook Care Center	Senior Community	305	6	2%
Twin Lakes	Medical	299	7	2%
Kroger	Retail	255	8	1%
Good Samaritan Hospital	Medical	213	9	1%
Christ Hospital Health	Medical	181	10	1%
Total		<u>7,824</u>		
Total Employment within the City		<u><u>19,583</u></u>		

Employer	Nature of Business	2009		
		Number of Employees	Rank	Percentage of Total Employment
Bethesda Hospital	Medical	3,009	1	20%
Sycamore School District	Educational	1,144	2	7%
Ohio National Financial Services	Financial	824	3	5%
TriHealth, Inc.	Medical	381	4	2%
Montgomery Inn, Inc.	Restaurant	274	5	2%
Twin Lakes	Medical	268	6	2%
Meadowbrook Care Center	Medical	255	7	2%
Kroger	Retail	246	8	2%
Montgomery Care Center	Medical	202	9	1%
Columbia Oldsmobile, Inc.	Retail	135	10	1%
Total		<u>6,738</u>		
Total Employment within the City		<u><u>15,373</u></u>		

Source: City Finance Director's Office

City of Montgomery

Full Time Equivalent Employees by Function Last Ten Years

	2009	2010	2011	2012	2013
Governmental Activities					
General Government					
Finance	5.50	5.50	5.00	5.50	5.50
Legal/Court	1.50	1.50	1.50	1.50	1.50
Administration	7.50	7.50	7.00	6.50	6.50
Maintenance	1.00	1.00	1.00	0.00	0.00
Public Safety					
Police	24.00	24.00	24.00	24.00	24.00
Fire	25.00	25.00	25.00	25.00	25.00
Public Works					
Street	13.50	11.50	11.50	11.50	11.50
Parks and Recreation					
Parks and Recreation	5.50	7.00	7.50	7.00	7.00
Community Environment					
Service	2.00	2.00	2.00	2.00	2.00
Total Employees	<u>85.50</u>	<u>85.00</u>	<u>84.50</u>	<u>83.00</u>	<u>83.00</u>

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

Source: City Finance Director's Office

City of Montgomery

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
5.50	5.50	5.50	5.50	5.50
1.00	1.00	1.00	1.00	1.00
6.50	6.50	6.50	6.50	6.50
0.00	0.00	0.00	0.00	0.00
24.00	24.00	24.00	24.00	24.00
25.00	25.00	25.00	25.00	25.00
11.50	11.50	11.50	11.50	11.50
7.00	7.00	7.25	7.25	7.25
2.00	2.00	2.50	2.50	2.50
<u>82.50</u>	<u>82.50</u>	<u>83.25</u>	<u>83.25</u>	<u>83.25</u>

City of Montgomery

Operating Indicators by Function Last Ten Years

	2009	2010	2011	2012
Governmental Activities				
General Government				
Court				
Number of Traffic Cases	1,741	1,262	1,529	1,742
Licenses and Permits				
Number of Building Permits	160	218	253	250
Number of Building Inspections	538	649	733	1,195
Information Technology				
Number of Website Visitors	204,887	293,593	220,001	269,439
Number of Online Transactions	2,618	2,873	2,972	2,914
Average Cost per Online Transactions*	\$2.71	\$1.00	\$0.97	\$0.99
Public Safety				
Police				
Number of Moving Citations Issued	1,479	1,517	1,883	1,929
Number of Non-moving Citations Issued	376	246	271	261
Number of Felony Arrests	38	31	38	59
Number of Misdemeanor Arrests	208	193	233	326
Number of Juvenile Arrests	85	53	83	105
Number of DUI/OVI Arrests	31	23	38	88
Number of Auto Accident Reports	564	629	766	609
Fire				
Number of Fire Calls	483	510	490	467
Number of EMS Runs	1,029	1,047	1,005	998
Number of Car Seat Inspections	148	170	151	151
Number of Inspections	983	1,031	1,103	1,008
Public Works				
Street				
Centerline Miles of Streets Resurfaced	3.67	7.50	3.70	2.43
Number of Public Trees Trimmed	405	317	135	65
Number of Households Receiving Curbside Brush Chipping	1,100	677	825	803
Number of Sidewalk Locations Required	160	85	65	71
Parks and Recreation				
Parks and Recreation				
Number of Classes / Events	101	97	82	60
Number of Pool Passes Sold	490	453	518	546
Number of Pool Daily Patrons	11,000	13,585	11,237	9,873

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

Source: City Finance Director's Office

City of Montgomery

2013	2014	2015	2016	2017	2018
2,066	1,829	1,496	1,219	1,368	1,099
337	423	384	427	393	484
1,186	1,603	1,711	1,583	1,486	1,819
292,845	309,065	334,014	308,981	331,109	338,846
2,883	2,024	2,796	3,152	2,458	2,712
\$1.08	\$1.54	\$1.12	\$0.99	\$5.44	\$5.28
1,765	1,549	1,589	1,353	1,809	1,217
301	280	148	66	103	18
39	42	32	49	57	N/A
541	371	384	334	346	174
97	104	49	62	47	N/A
91	49	80	76	48	41
727	516	546	567	497	726
490	577	471	437	443	623
972	949	1,125	1,091	1,099	1,135
191	214	217	157	143	141
613	906	894	590	976	925
2.27	2.34	2.05	2.17	2.48	2.37
154	48	33	61	88	55
669	785	796	722	548	1,933
82	77	127	78	86	26
61	73	73	94	96	92
587	666	652	684	736	726
10,382	19,763	20,573	23,070	27,424	28,659

City of Montgomery

Capital Asset Statistics by Function Last Ten Years

	2009	2010	2011	2012	2013
Governmental Activities					
General Government					
Public Land and Buildings					
Land (acres)	23	23	23	23	23
Buildings	8	8	8	8	8
Public Safety					
Police					
Stations	1	1	1	1	1
Vehicles	12	16	16	13	14
Fire					
Stations	1	1	1	1	1
Vehicles	9	8	10	11	10
Public Works					
Street					
Streets (lane miles)	46	46	46	46	46
Street Lights	246	206	316	246	246
Vehicles	18	16	17	16	16
Parks and Recreation					
Parks and Recreation					
Land (acres)	81	81	81	81	81
Buildings	3	3	3	3	3
Parks	7	7	7	7	7
Playgrounds	6	6	6	6	6
Tennis Courts	10	10	10	10	10
Baseball/Softball Diamonds	12	11	9	9	9
Municipal Pool Land (acres)	2	2	2	2	2
Municipal Pool Buildings	2	2	2	2	2

Source: City Finance Director's Office

City of Montgomery

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
32	32	32	43	45
8	8	8	8	9
1	1	1	1	1
14	15	11	13	11
1	1	1	1	1
10	9	11	12	14
46	46	46	46	46
246	246	246	246	246
16	15	15	14	15
81	81	81	81	81
3	3	3	3	3
7	7	7	7	7
6	6	6	6	6
10	10	10	10	10
9	9	9	9	9
2	2	2	2	2
2	2	2	2	2

