



CITY OF
MONTGOMERY



2008 Annual Report

About Montgomery

Contained in a land area of 5.3 square miles, the City of Montgomery is located in northeastern Hamilton County, 12 miles from Cincinnati. The community was settled in 1795-96 by residents from two New York towns, Montgomery and Hopewell.

Since its founding, the community attracted additional residents, leading to its incorporation in 1910. Much of the community's growth has occurred in the last 35 years as development continued its northward advance along the interstate systems of southwest Ohio. Today, Montgomery has approximately 3,800 housing units and is home to 10,163 residents.

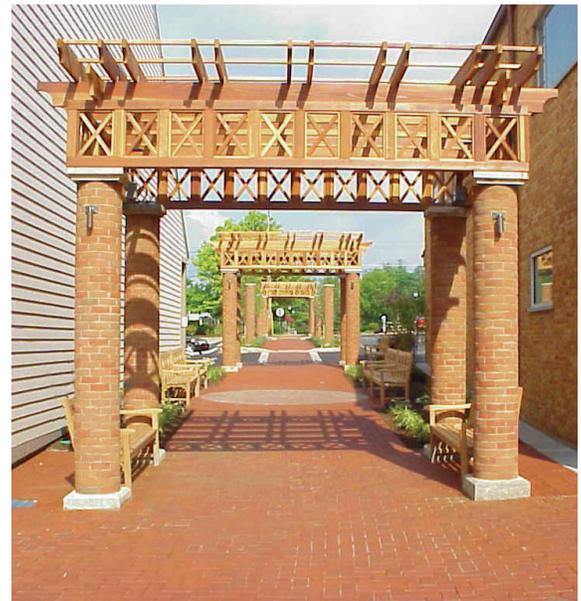
Montgomery derives much of its operating revenue from a one percent (1%) earnings tax to help fund a full range of City services, undertaken by 65 full-time and 40 part-time employees. Services provided by the City of Montgomery include: police and fire protection, development plan review and building inspections, recreational programming, maintenance of seven parks, street maintenance and snow/ice control of 92 lane-miles of roadway, and financial services as well as a host of other City programs.

Montgomery is located in the Sycamore School District, which has drawn national recognition for academic excellence. The district operates four elementary schools, an intermediate school, a junior high school and a high school.

Montgomery is home to a variety of commercial enterprises including: Bethesda North Hospital, Ohio National Financial Services, Century Motors, Montgomery Chevrolet, and Camargo Cadillac. In addition, the historic downtown is a

thriving retail and dining area, including the famous Montgomery Inn Restaurant. The addition of the Triangle/Gateway Center development in 2007 brought several new businesses to the downtown area, including the very popular Stone Creek Dining Company.

The City of Montgomery is also home to institutions serving 13 religious denominations.

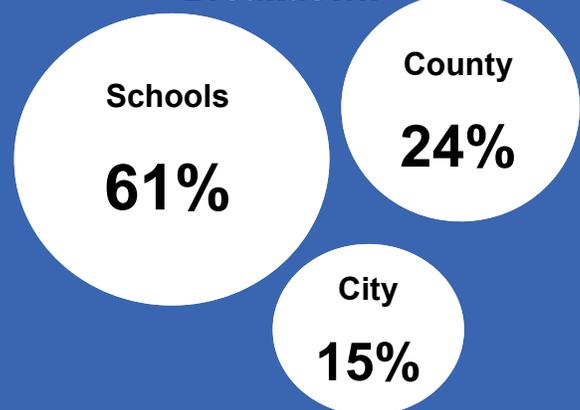


Enhancements to Parrott Alley have helped to make downtown Montgomery more visually welcoming to the many visitors that shop and eat at the many fine establishments in the Historic District.

2008 Top 10 Employers

1. Bethesda North Hospital
2. Sycamore Community School District
3. Ohio National Financial Services
4. Montgomery Inn
5. TriHealth, Inc.
6. Meadowbrook Care Center
7. Twin Towers Retirement Organization
dba Twin Lakes
8. Kroger
9. Montgomery Care Center
10. Camargo Cadillac Co.

Property Tax Breakdown



Administration

In spite of very difficult national and regional economic conditions, 2008 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 2008 and was able to enter 2009 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.

Citizen engagement and outreach was a primary activity in 2008. The first annual Montgomery Citizens' Leadership Academy was conducted and was a huge success with 25 individuals comprising the inaugural class. This program, which is designed to transform residents into active and engaged citizens, also featured partnerships with local businesses and organizations such as Bethesda North Hospital, Ohio National Financial Services, the Hamilton County Emergency Operations Center and the Sycamore School District.

A new group, Prosper Montgomery, comprised of local business people interested in promoting Montgomery as a great place to shop and dine was formed in 2008. This group has been meeting to develop a "brand image" of the Heritage District as a shopping destination and to better connect local businesses and businesspersons in the work of promoting the community.

A project designed to address challenges faced by communities, civic and service organizations, was launched in 2008 in an effort to promote citizen engagement and integration of the work of critical local organizations. Faced with declining membership and participation and the need for effective fundraising and communications, 18 local organizations came together under the working title of the Montgomery Civic Collaborative to begin a dialogue about working jointly toward the "community good," creating "social fabric and capital" and the impact that this work can have on building "community."

On the continuing topic of citizen engagement, the City was selected as one of 8 cities nationwide to be part of a pilot program to develop a blogging tool aimed at expanding citizen access to City Hall. The Open City Hall Forum, created by Peak Democracy, offers a new channel for citizen participation on the City's web site. Questions on issues such as green initiatives, the Heritage District and "new year's resolutions" have been posed to citizens generating hundreds of responses and good ideas. The City will complete the pilot project in early 2009 and it is anticipated that the forum will be continued as an additional outlet for citizen participation and engagement in the community.

Some new and powerful communication pieces were developed for use by staff to promote the community and educate citizens on the City's programs and services. These include a new resident packet, business outreach materials, new service directory and revised city calendar. Additionally, staff has worked diligently on issue management and crisis communications as new tools to communicate effectively.

In the fall of 2008, the City of Montgomery, Rumpke Recycling, Hamilton County Solid Waste Management District, and the Ohio Department of Natural Resources (ODNR) officially launched the RecycleBank pilot project in the City of Montgomery aimed at increasing the City's recycling rate. The pilot project involves the use of a larger, wheeled recycling toter and offers an incentive to Montgomery residents to receive coupons and gift certificates based on the amount of material recycled. City staff was instrumental in the successful kick-off of this pilot program by promoting the project with three informational open houses for residents and disseminating information through the City's newsletter, website, and direct mailings to residents who signed up for the program. Approximately 90% of Montgomery residents are participating in the program which resulted in a 54% recycling rate increase since the start of the program.

The City remained actively involved in the economic development of the community by working cooperatively via public/private partnerships with developers and business owners on projects to benefit the City. This included continued work on the existing tax increment financing district on the Vintage Club, as well as preliminary discussions on a possible TIF district for the proposed Bear Creek Capital development in the Heritage District. Economic conditions at year end have resulted in



The 2008 Montgomery Citizen Leadership Academy graduates donated their time and money to have a scenic seating and overlook installed at Swaim Park

2008 Highlights Cont.

both of these projects being slowed and our work in the TIF postponed.

The City also was involved in negotiations to acquire the Business Club and in the negotiation of a right of first refusal to purchase the Masonic Lodge property that was created as a term of a new parking agreement for the Heritage District. Additionally, the City worked cooperatively with Twin Lakes and property owners along the Montgomery Road corridor to facilitate and plan for a combined access point to service approximately 9 acres of undeveloped property as that property develops in the future.

During 2008, the City of Montgomery was recognized for achievements in a wide variety of areas and by a diverse group of organizations. Highlights include the following:

- In the April edition of *Cincy* magazine, the City of Montgomery was named the Number One suburb in the tri-state area, topping the publication's list of the fifteen best suburbs in the Greater Cincinnati area.
- The City received the Certificate of Achievement for Excellence in Financial Reporting for our 2007 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 13th consecutive year the City has received this award.
- Cindy Rains, the City's Police Department Office Manager, was named the 2008 Public Administrator of the Year in the Support Services category. The award was presented by the local chapter of the American Society for Public Administration.
- The City also received a Tree City USA and Growth Award for 2008. This represents the thirteenth year in a row that the City has received the Tree City USA Award and nine years that it has received the Growth Award.
- The City of Montgomery was recognized as a Standard of Excellence award winner by the Miami Valley Risk Management Association (MVRMA) Awards Committee. (MVRMA is a risk management organization comprised of 20 municipalities in southwest Ohio which have combined resources to create an insurance pool.) The overall loss for the City was only \$15.87 per employee and represents a true commitment to safety from the City's employees.
- In September, Mary Taylor, Auditor of the State of Ohio presented the City of Montgomery with the "Making Your Tax Dollars Count" award for the fiscal year 2007 audit. Fewer than five percent of all Ohio government agencies were eligible for this award.

In addition to providing general administrative oversight for all of the City's major departments, the city manager's

office provided human resource services for the entire city organization, including the recruitment and hiring processes for all departments, wage adjustments, and employee evaluations and goal setting. The Administration also worked with the AFSCME labor union in the Service Department to successfully reach the first labor agreement between that union and the City.

Montgomery city staff continued to "spread the word" about its great work in 2008, making presentations in Shorewood, Illinois and in Richmond, Virginia on our High Performance Organization (HPO) philosophy and human resource functions. We continue to get positive feedback from these presentations, and they are valuable for our staff, who gain experience in public speaking, networking, and seeing how other communities can benefit from our experiences.

City Council

The City of Montgomery operates under a Council-Manager form of government with seven elected City Council members working with a City Manager appointed by City Council. All City Council members are elected at large by a popular vote of City residents for staggered terms of four years. Once seated, City Council members select the Mayor who serves as such for a two-year term.

Montgomery City Council is responsible for establishing policies and enacting legislation necessary for municipal operations. City Council appoints the City Manager and Law Director. By charter, the City Manager serves as the City's chief executive, administrative and law enforcement officer.

City Council operates with six standing committees: Financial Planning; Government Affairs; Law and Safety; Parks and Recreation; Planning, Zoning, and Landmarks and Public Works.

While City Council members are very busy in their roles as elected officials, their work is largely centered in determination of policy. During 2008, City Council conducted 59 public meetings, including regular meetings, special sessions and 25 committee meetings.

In an effort to improve communications between City Council and the Boards, Commissions and civic organizations, several initiatives were undertaken including:

- Each Board/Commission Chair was invited to attend a discussion meeting to update City Council members on the activities and work of their respective Board/Commission for the previous year.

- City Council and City administration conducted an annual new member Board and Commission orientation session. This training/education session gives new Board and Commission members the tools they need to perform their valuable work and at the same time, enhance communications between the Board and Commission, City Council and staff.
- A Community Leadership Forum was held and represented an opportunity for volunteers, representatives of neighborhood associations and civic groups, elected officials and administration to discuss major issues, activities and suggested topics of interest by forum participants.

As part of the City's responsibility for establishing policies and enacting legislation, City Council oversaw operations and administration of a cash budget of \$34,773,703 and adopted 58 ordinances and resolutions, the highlights of which follow:

- Extended The Montgomery Corridor/Schoolhouse Interim Development Control Overlay District
- Enacted Part Eight, Title XI, Chapter 112 of the Codified Ordinances of the City of Montgomery, Ohio Entitled "Video Service Authorizations" and Added Provisions for Video Service Authorizations, Establishing Fees, Defining Terms, and Authorized the City Manager or Designee to Provide Notice to the Video Service Providers Offering Video Service in the City Pursuant to a State Authorization and Declared an Emergency
- Authorized Defeasance of a Portion of the Various Purpose Refunding Bonds, Series 2003, Agreement and Authorized the Purchase of State and Local Government Securities to Fund an Escrow Fund
- Authorized Termination of a Property Tax Exemption Grant Pursuant to Section 5709.40 of the Ohio Revised Code
- Modified Stormwater Easement and Granted Overhang Easement to Montgomery Gateway Partners, LLC
- Defined the Procedure to Establish a Community Entertainment District
- Adopted Modifications to the Limited Business District Regulations
- Rezoned Five Properties Abutting the East Side of Montgomery Road North of Marketplace Lane to Schoolhouse Lane
- Amended and Adopted the City's Property Maintenance Code
- Amended Portions of Chapter 151 of the Code of Ordinances Governing Signs
- Accepted Real Estate Rights to be Dedicated to a Public Access Road

- Restricted Snow Emergency Parking
- Accepted A Bid and Authorized the City Manager To Enter Into A Contract With Barrett Paving Materials Inc. For The 2008 HAM 22-15.29 Improvements
- Accepted A Bid And Authorized the City Manager To Enter Into A Contract With The Verdin Company For The Bell Tower Improvement Project
- Supported the Drug Abuse Resistance Education (D.A.R.E.) Program and Authorized the Filing and Execution of a Grant Request to the Ohio Attorney General's Office for the Continuing Efforts of the D.A.R.E. Program
- Authorized the City Manager to Enter into a Contract with Vivian Llambi and Associates for Professional Services Related to the Design of Public Improvements at the Neuilly Plaisance Plaza
- Authorized Real Estate Tax Assessments for Hamilton County Storm Water District Administrative Fees and Rescinded Resolution No. 40, 2004
- Accepted A Bid and Authorized the City Manager to Enter into a Contract with Gudenkauf Corporation for the 2008 Fiber Optic Line Project
- Accepted a Bid and Authorized the City Manager to Enter into a Contract With Morton International, Inc., Morton Salt Division For Purchase of De-Icing Rock Salt
- Adopted a Five Year Capital Improvement Program for the City of Montgomery
- Accepted a Bid and Authorized the City Manager to Enter into a Contract with the R.A. Miller Construction Co., Inc. for the Montgomery Road Streetscape Replacement Project
- Authorized a Contract Between the City of Montgomery and City of Cincinnati for Continuing Water Service



*Montgomery City Council
L-R Mark Combs, Barry Joffe, Vicki Hirsch, Vice-Mayor Ken Suer,
Mayor Gerri Harbison, Lynda Roesch and Todd Steinbrink*

Department of Development

As with most of the nation, commercial and residential development slowed in Montgomery, particularly in the second half of the year. Both new construction of single family homes and investments in remodeling and new additions slumped, compared to 2007. Nevertheless, Montgomery fared better than many other communities and the City is not experiencing a level of vacancies and neglect that could seriously impact housing values.



A view of Vintage Park in the Vintage Club development

The Vintage Club, the 67-acre development on Montgomery Road north of Gate of Heaven cemetery, continued to make progress, although the planned start of the 'village' section with condominiums and commercial buildings was delayed. During the year, the clubhouse was constructed and opened for inspection, and in September, an open house was held for the Cincinnati Magazine design home, which offered innovative energy saving features like geo-thermal heat. Sales and development of the courtyard homes remained steady, and there were additional sales of the mid-range 'club' homes. Plans were approved by the Planning Commission for the first phase of the village with one condominium building and a mixed office residential building.

After several years of indecision, Key Bank decided to proceed with building a new branch bank at the corner of Montgomery Road and Mitchell Farm Lane. This \$1.5 million dollar investment was nearly completed at the end of the year, which will allow for the demolition of the old structure next to it.

Also along the Montgomery Road corridor, an architectural/engineering firm purchased the old Bally's building and completely renovated the interior. Planning Commission approved some site improvements, and the firm was moved in by the end of the year.

Unfortunately, two projects which the City worked on extensively in 2008 have been delayed by the economic turmoil. In the spring, Planning Commission approved a revised application from Twin Lakes to construct 23 new garden homes along the east side of Montgomery Road north of Schoolhouse Lane. City Council agreed to provide funding for a common access point for this project and the undeveloped land to the south in response to concerns from residents about the access point onto Montgomery Road. Work has not commenced on this project. The second project was a proposed 9-acre redevelopment of the old Chevrolet and Ford dealership sites on Montgomery Road near Cross County Highway. The Ford dealership closed in the summer, and it appeared that the two sites would be redeveloped into a mixed use residential-office-retail complex that would boost the downtown commercial district. While the Planning Commission approved a preliminary development plan in November, the future of the project is uncertain due to financing and cost issues.

A year-end report prepared by the Planning Department showed that the residential resale market was steady, although there may have been a slowdown at the end of the year. The average number of days that a single family home was on the market in 2008 was ninety one, only four days longer than in 2007. One hundred and three homes were sold, with the average sale price \$470,891, an increase of over \$70,000 from 2007. While some large homes, including estate homes from the 2007 Homearama, impacted sales prices, the data suggest there was an increase in the sale price of newer homes in 2008.

In total, there were 30 building permits issued for new homes in 2008, down from 43 in 2007. The total value of the homes dropped from \$25.6 million to \$14.6 million. Bethesda North Hospital invested an additional \$565,000 in upgrades to the campus, and there was a large spike in commercial renovations (\$20 million). Activity in other permitting for signs and accessory structures declined in both the residential (92) and commercial (59) sectors.

While the economy struggled, City staff completed a number of significant planning and zoning initiatives. After establishing an Interim Control District over a portion of Montgomery Road to study the long range development trends, City Council passed an ordinance rezoning a portion of the study area from General Business to Limited Business. Council also approved changes to the zoning code recommended by a joint committee of the Planning and Environmental Commissions, and also addressed some needed changes to the temporary, window, and outdoor display sign regulations.

Fire Department

For the year 2008, the department handled 626 fire incidents and 1,032 emergency medical service incidents for a total of 1,658 incidents. Emergency medical service incidents continue to be one of the priorities of the department and are responsible for 62% of the total incident volume. 2008 saw a total value of loss from fire of \$6,700 in the City. The department attributes the low number of fire incidents to our fire prevention efforts and the inspections conducted by our staff. In a modern fire service, preventing the outbreak and serious spread of fire is considered as essential to public safety as proficiency in fighting fires. Fire inspections within the jurisdiction are carried out on a regular, systematic basis by a certified fire safety inspector. The program requires all occupancies, except residential properties, to be inspected at least once per year. Total fire inspections for the year were 996. The results of the effort can be seen in the low number of incidents, which allows the department to be available for other emergencies and activities.

New equipment that was purchased as part of the Capital Improvement Program included the replacement of some of the firefighters' protective coats and pants. A major capital improvement for the department was the ordering of a new fire engine. This replaces an older 1989 fire engine and will make a nice improvement to the department's response capabilities. The new engine is scheduled to be delivered in mid-2009 from the Summit Fire Apparatus Company.

Public Education programs, once again, were very successful for the department. Everything from tours of the Safety Center to CPR classes to Fire Prevention Week activities kept all busy with these very worthwhile programs. A total of 56 individual programs were offered to 2,002 participants, as the department tries to prevent injuries and accidents from occurring in the community. The CPR program called "CPR for Family and Friends" continues to be successful. This program is offered quarterly and is intended to provide participants with enough information and practical skills to assist a loved one in an emergency situation until help arrives.

An Open House occurred on April 26th and was a success with a good number of residents stopping by to see the different exhibits. Police and fire vehicles were on display as well as units from the Police SWAT team and the University Air Care helicopter. Many opportunities for education occurred as people were able to talk with police officers and firefighters first-hand and learn from their experience.

The Child Car Seat Safety Program has assisted a number of citizens in learning how to properly use and place their children in a car seat. Technicians have received their certifications through Children's Hospital.

Since the beginning of this program in 1999, the department has instructed over 1,800 individuals in the proper installation of child car seats. A total of 178 installations occurred during 2008. The department continues to offer this program as another service available to our citizens.

The Address Sign Program has received a number of calls for orders for the green and white reflective signs. Under this program, firefighters manufacture and install the signs at the request of the property owner for a nominal fee. This system assists personnel in finding residences quickly in emergency situations.

In October, the eleventh annual Chili Festival was held at Swaim Park. This event allows the fire department to show off their equipment and talk to residents. The weather was perfect, attendance was great and additional funds were collected in our efforts to purchase additional equipment for the department.

Training continued to be a high priority in the department. All personnel are required to document 60 hours of training per year in addition to what is required to maintain their certifications. A total of 2,972 training hours were logged by our employees this year to maintain their skills.

EMS billing of non-property owners transported to the hospital yielded \$196,500. This is the twelfth year of this revenue-generating program. Any person transported by our ambulance, who is not a property owner in Montgomery, is billed for services to assist in defraying the cost of the transport.

The Southwest Ohio Fire Department Benchmarking project completed the eighth year of gathering information that compares services with thirteen similar communities in the Greater Cincinnati area. These data assist in seeing how the department's services measure up to services at a local, regional and national level.

The year 2008 was a full year with many new challenges and changes. The fire department continues to mature into a first rate public safety organization. Based on the department's plan for 2009, the future looks equally exciting as well as challenging.



Firefighters were on hand at the Safety Center Open House to demonstrate some of the tools they use on accident scenes.

Finance Department

Financial Activity and Position Statements

Readers of the City of Montgomery's Financial Activity Statement and Financial Position Statement should keep in mind that both statements are presented in conformance with Generally Accepted Accounting Principles or (GAAP) basis. The amounts shown employ the same method of accounting and are summarized from the audited financial statements within each respective Comprehensive Annual Financial Report.

FINANCIAL ACTIVITY STATEMENT

For the year ending December 31
(in thousands)

SOURCES OF REVENUES	2008	2007
Property Taxes	\$ 4,744	\$ 4,675
Income Taxes	7,248	6,744
Other Local Taxes	704	615
Intergovernment Revenues	2,103	1,376
Charges for Services	1,035	926
Investment Earnings	848	1,350
All Other Revenues	334	255
TOTAL SOURCES	17,016	15,941
USES AND EXPENSES		
Security of Persons and Property	5,080	4,964
Parks and Recreation	1,267	1,201
Community Environment	533	497
Public Works	2,595	2,748
General Government	3,502	3,349
Debt Service	273	307
TOTAL USES	13,250	13,066
TOTAL SOURCES OVER USES	\$ 3,766	\$ 2,875

The Financial Activity Statement, known in accounting terms as the "Income Statement", provides a summary of the sources (revenues) and services (expenditures/expenses) of the City.

FINANCIAL POSITION STATEMENT

As of December 31
(in thousands)

FINANCIAL BENEFITS	2008	2007
Cash	\$ 19,291	\$ 15,751
Investments	6,510	9,433
Receivables	9,866	9,733
Property and Equipment	37,679	37,316
Other Benefits	4	26
TOTAL FINANCIAL BENEFITS	73,350	72,259
FINANCIAL DETRIMENTS		
Amounts Owed to Vendors	263	257
Amounts Owed to Employees	517	429
Accrued Interest	9	14
Long-Term Debt	5,783	8,475
Other Liabilities	3,511	3,583
TOTAL FINANCIAL DETRIMENT	10,083	12,758
TOTAL BENEFITS OVER DETRIMENT	\$ 63,267	\$ 59,501

The Financial Position Statement, known in accounting terms as the "Balance Sheet", reports the benefits (assets) available to provide services while detriments (liabilities) are the amounts for which the City must pay in the future.

Benefits over Detriments represents the difference between the financial assets and liabilities of the City providing the net worth of Montgomery.

Those desiring to review full-disclosure GAAP basis financial statements should refer to the City's audited financial statements, which are contained in the Comprehensive Annual Financial Report (CAFR) which is available from the City's Finance Department. The City of Montgomery publishes a Comprehensive Annual Financial Report (CAFR) in conformance with GAAP, which is inclusive of all funds. The CAFR can be obtained by contacting the Department of Finance, 10101 Montgomery Road, Montgomery, Ohio 45242.

Finance Department

The Finance Department is responsible for preparing and maintaining the operating and capital budgets, cash management and investments, purchasing, payroll and earnings tax collections. The Finance Department consists of two offices: Earnings Tax and Accounting.

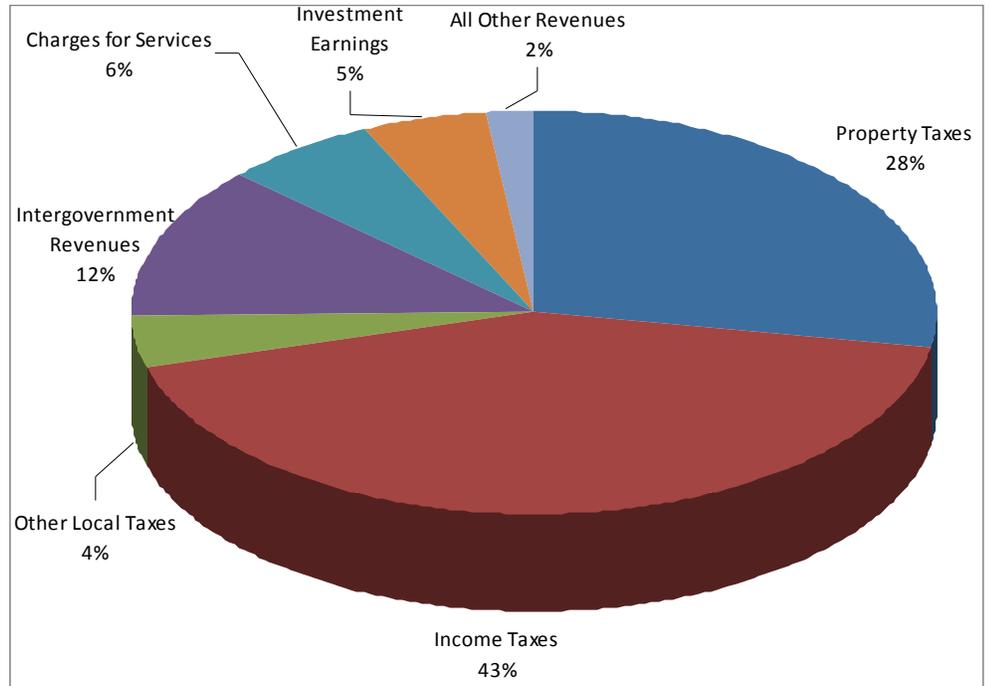
In 2008, the Finance Department continued its participation in the City's performance measurement process. This effort involves the tracking and collecting of performance measurement data, which will ultimately be used by the department and the City to benchmark our performance against Finance Departments in other municipalities.

In 2008, Montgomery's operating budget totaled \$18 million. In addition to the operating budget, the City Administration prepares a capital budget, with a four-year cash forecast.

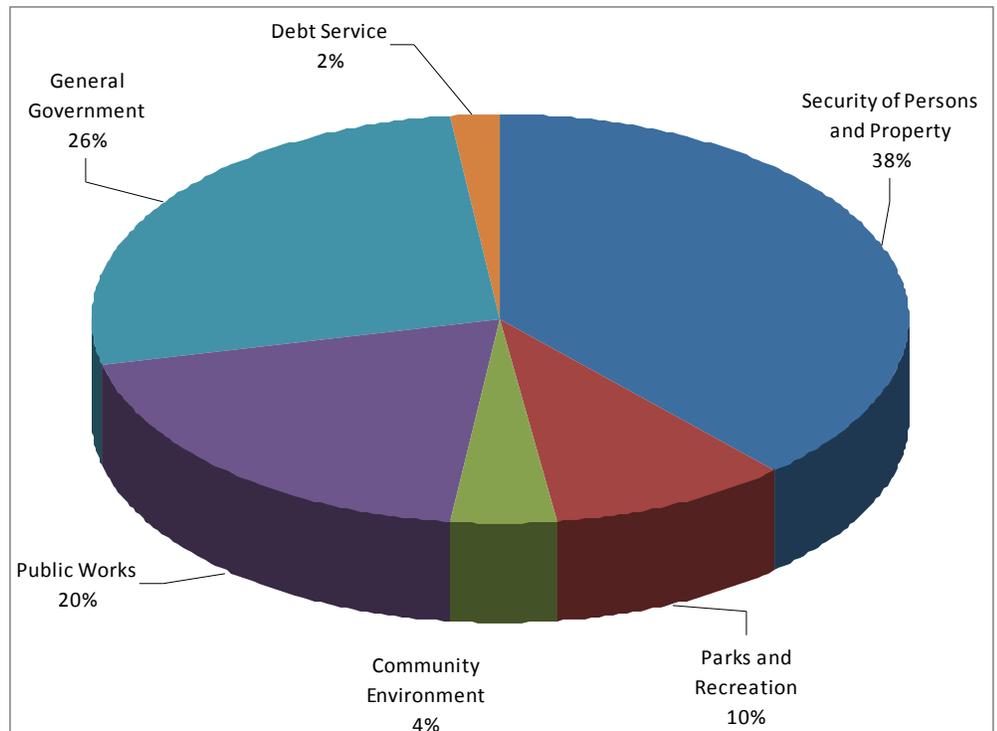
The charts titled "Where the Money Comes From" and "Where the Money Goes" provide a snapshot of how resources are collected and programmed for expenditures. In 2008, the Finance Department was responsible for the collection of approximately \$7.5 million in earnings tax revenues and \$5.6 in property tax revenues. In addition, the department is responsible for managing an investment portfolio of more than \$24 million, which generated investment income of approximately \$900,000.

As with most municipalities, public safety, property protection and emergency services are the largest single governmental function. General Government, which includes solid waste collection, capital outlay and Public Works, accounts for over 51% of the remaining expenditures.

Where the Money Comes From:

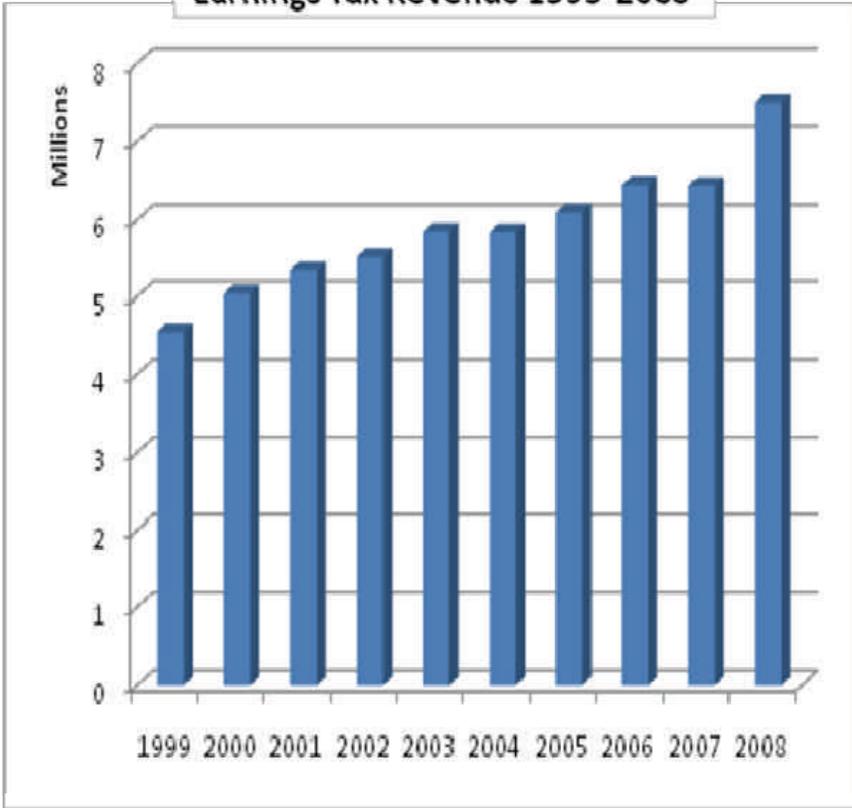


Where the Money Goes:



The Finance Department prepares quarterly and annual reports including the Comprehensive Annual Financial Report (CAFR). In 2008, for the thirteenth consecutive year, the City was awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's 2007 CAFR. The Moody's Investor Services continues to recognize the City's credit worthiness by assigning an Aa1 credit rating to our debt. Montgomery is one of only eight communities in the State of Ohio to be rated in this category.

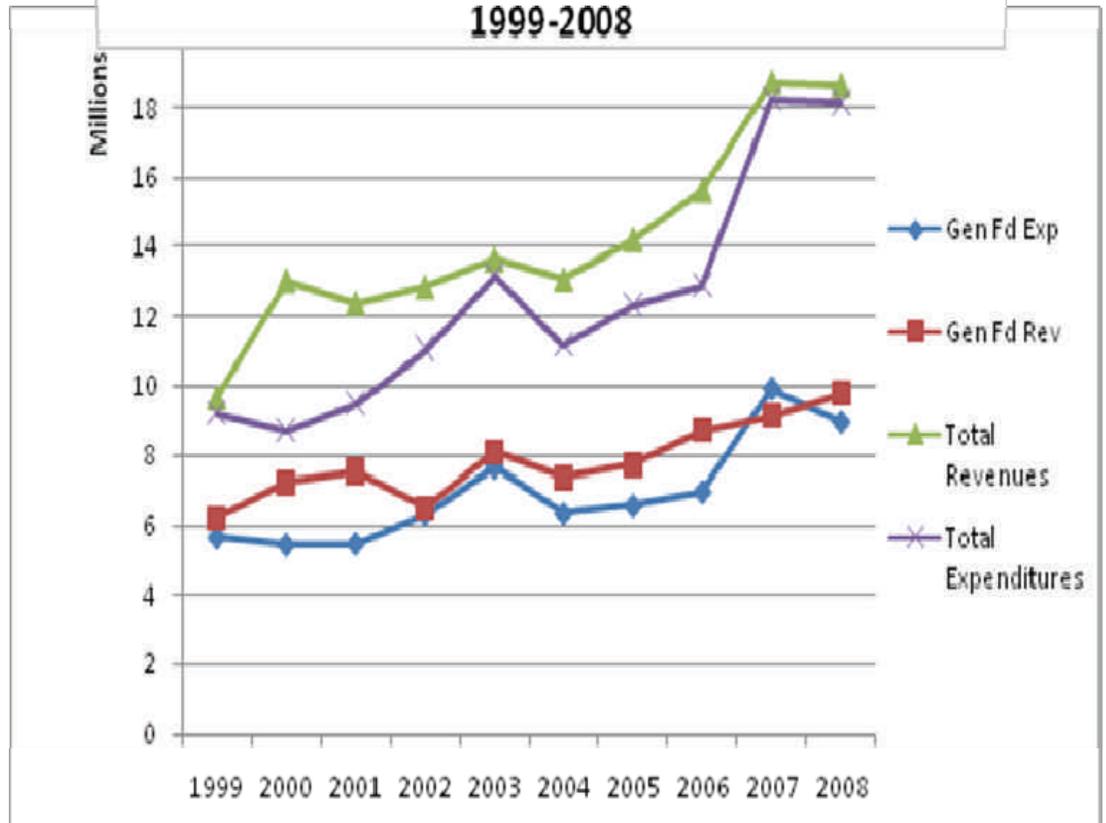
Earnings Tax Revenue 1999-2008



Earnings Tax

As depicted in the graph titled “Earnings Tax Revenue 1999-2008”, earnings tax collections rose dramatically in 2008 from 2007, as a result of increases in employment levels with two of the City’s major employers. For purposes of balancing operations with capital investments and related debt service, City Council passed Ordinance Number 21, 2006 which distributes the earnings tax revenues into three funds according to the following allocation: 67% to the General Fund; 25% to the Capital Projects Fund; and 8% to the General Bond Retirement Fund.

Total Revenues and Expenditures including General Fund 1999-2008



The line chart titled “Total Revenues and Expenditures including General Fund 1999-2008” provides an historical perspective of the City’s ability to program and budget services, capital improvements and related debt service within the resources provided through the annual budget process.

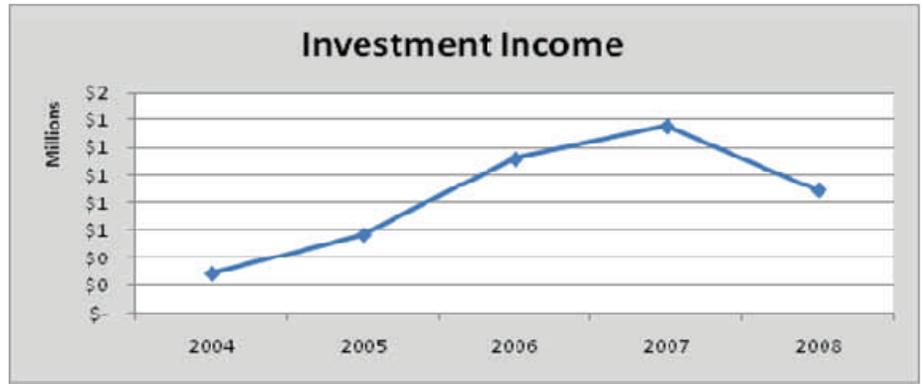
Sound Financial Policies

In order to maintain a sound fiscal environment, City Council has adopted an array of financial policies:

Investment Policy

City Council adopted an investment policy which applies to cash management and investment activities of the City of Montgomery. The policy is reviewed periodically and updates are adopted by Council. The primary objective of the City's investment activities is the preservation of capital and liquidity, maximizing investment income and conforming to state laws governing the investment of public funds.

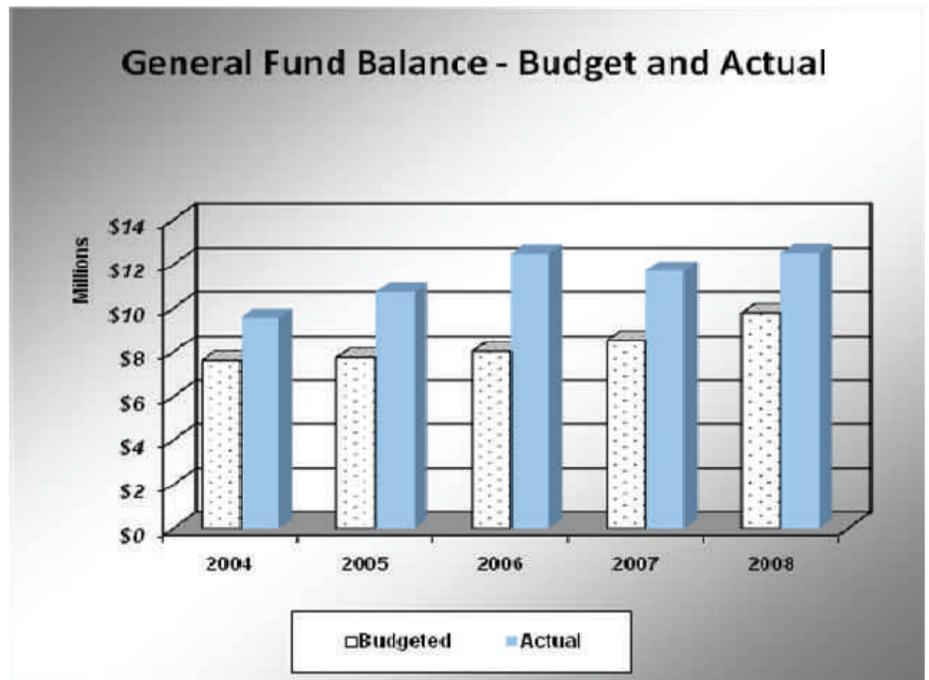
The graph titled "Investment Income" reflects revenues which range from \$282,737 in 2004 to \$890,000 in 2008.



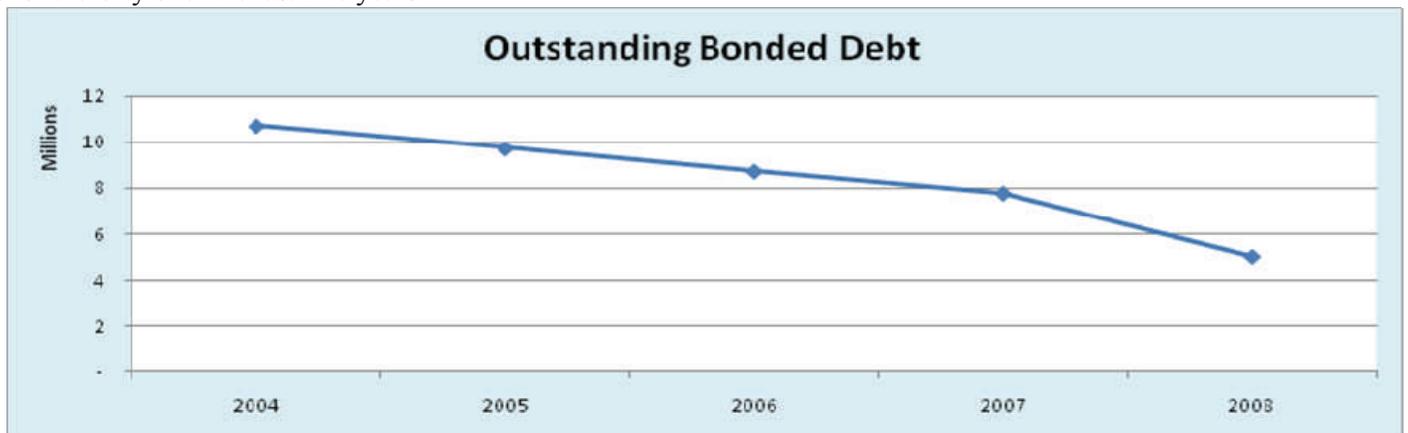
Fund Balance Policy

The fund balance is a key measure of the City's overall financial health. City Council adopted a policy requiring maintenance of a six to twelve month reserve of operating expenditures for the General Fund, a minimum cash balance of \$1,000,000 in the Capital Improvement Fund and one year of debt service payments in the General Bond Retirement Fund.

The graph titled "General Fund Balance - Budget and Actual" depicts that actual fund balances have exceeded budget estimates.



Long-Term Debt - On December 31, 2008, the City had \$5,038,771 of bonded debt; of this amount \$4,899,074 is general obligation debt and \$139,697 is special assessment debt. In August of 2008, the City defeased \$2,175,000 of general obligation debt associated with a tax increment financing associated with the public improvements made at the Ohio National Financial Services Headquarters. The defeasance of these bonds seven years prior to their maturity was financed with cash reserves that had accumulated in the tax increment debt service fund. As a result, the City has reduced its outstanding debt per capita from \$1,074 in 2004 down to \$496 in 2008. The chart below depicts the total outstanding debt for the City over the last five years.



Volunteer Department

2008 Highlights

Recreation Department

29 Teens and 7 Adults shared 144 hours to help make the following events a success!

- *Sensory Sundays*
- *Harvest Moon*
- *Pumpkin Walk*
- *Haunted Tales*
- *Holiday in the Village*
- *Breakfast with Santa*

Service Department

Holiday Decorating Project

Workshops, Decorating Day and Take-Down Day

123 adult volunteers contributed 400 hours to help produce a festively decorated Heritage District for the holidays.

Basket Planting Project

28 Adult Volunteers shared 76 hours to “dig in” and plant 260 hanging baskets to enhance the Heritage District’s streetscape.

Beautification Day Flower Planting Project

13 organizations (civic, school, church, neighborhood, City Commissions, City Council and City Employees) “dug-in” to help plant thousands of flowers in the Montgomery Road medians

Adult Volunteers also assisted the Service Department with the following hands-on projects:

- *Daffodil Bulb Planting (1,250 bulbs)*
- *Pansy and Chrysanthemum Container and Streetscape Plantings*
- *Litter Removal from Ramps*
- *Preparation of Holiday Tree Lights*
- *Saturday Cardboard Drop-Offs*
- *Pioneer Park Butterfly Garden Maintenance*

Police Department

Safety Village Program

29 teens shared their summer vacation time to work as Teacher Assistants at the 2008 program. They contributed a total of 601 hours helping to make the program a fun and safe one for the children in our community.

Community Events Spearheaded by Volunteer Teams

Fine Arts Fund Sampler Weekend

65 community members visited City Hall to view our priceless collection of original Ansel Adams photographs while enjoying the musical element provided by the Blue Ash Montgomery Symphony Orchestra trio.

21st Annual Photography Competition and Exhibit



Students, representing 15 Cincinnati area schools, and numerous adults participated in the competition. The exhibit drew an attendance surpassing 200 to view the 150 juried photographs on exhibit and to hear the professional critiques shared by the internationally renowned juror, Corson Hirschfeld.

Master Photography Class

Community members had the opportunity to attend the first annual photography workshop conducted by nationally renowned photographer, Corson Hirschfeld.

Arbor Day Tree Seedling Project

One thousand tree seedlings were “bagged and tagged” by 14 volunteers who shared 21 hours of their time for this endeavor. Children in kindergarten, first and second grades received the seedlings in honor of Arbor Day.

Spring and Fall Plant Swaps

Approximately 40 garden lovers “swapped” perennials at these unique events while obtaining new tidbits of information for their gardening prowess.

Antique Appraisals

29 guests attended this event to have their family treasures verbally appraised for a nominal fee by a professional appraiser.

Beautification Awards

12 property owners were acknowledged for their beautifying efforts with a *Certificate of Appreciation*, a landscape rock and an 8” x 10” photograph.

Emerald Ash Borer Workshop

60 community members, representing 12 zip codes, attended the informative program sponsored by the

City of Montgomery and the City of Wyoming with members of our Beautification and Tree Commission coordinating the program.

July 4th Pet Show

23 dogs entered the ring to be the recipient of a coveted ribbon awarded by the two volunteer event coordinators.

July 4th Festival in Montgomery Park

An adult volunteer coordinated and supervised various aspects of the annual event (food booths, children's game booths, prizes) to help produce a special family event with a "home town" flavor. 13 teens were on hand to manage the children's game booth area.

July 4th Independence Day Parade



Despite the rainy day, 100 parade units participated in this long time Montgomery tradition. Thirty adult community members volunteered their time to make the parade event a success by working in five different parking lot locations to assign line-up numbers and to judge the entries; by serving as the official parade announcer or by sharing their convertible to transport city officials along the parade route.

Bastille Day Celebration in Downtown Montgomery

The Bastille Day Committee Members met monthly commencing in January to coordinate this annual, 11 hour event that attracts 10,000 community members.

Event features under the jurisdiction of the committee members included:

- Restaurant Recruitment
- Publicity and Marketing
- Art Exhibit
- Wine Booth
- Diaper Derby
- Mayor's Taste Award
- Event Chair

75 additional, adult volunteers provided event assistance on event day while 27 teens managed game booths in the Kids' Cabaret.

Recyclebank Education Sessions

Volunteers shared valuable information with our community members about the debut of the 2008

Recyclebank project. Six educational sessions were conducted for our residents to provide specific information about the "acceptable" items for recycling and to encourage folks to register for the pilot program.

International Reception



75 guests representing 13 countries attended this annual event that featured an international buffet comprised of ethnic specialties. The event epitomizes the Sister Cities Commission's motto of - "Bringing the World Together One Friendship at a Time"

Children's Marigold Project

300 second graders were afforded the opportunity to plant marigold seeds and nurture their plants before planting them in a Swaim Park flowerbed.

E-Waste Project

Thanks to the efforts of volunteers, 8,755 pounds of electronic equipment were recycled by our community members at the September program.

In total, approximately 500 episodic volunteers demonstrated their community spirit by sharing 2,500 hours of their time to "Make a Difference" in our community! Using a value of \$19.60 per hour (based on the Independent Sector), Montgomery's episodic volunteers provided an estimated \$49,000 in services to enhance our community.

In addition to the hours contributed by episodic volunteers, the following ten volunteer teams, comprised of 63 members, expended an enormous amount of time to attend monthly meetings and to work on assignments under their purview.

*Arts Commission
Beautification and Tree Commission
Board of Tax Review
Board of Zoning Appeals
Civil Service Commission
Environmental Advisory Commission
Landmarks Commission
Parks and Recreation Commission
Planning Commission
Sister Cities Commission*

Police Department

The Montgomery Police Department's 2008 annual report is designed to provide information about the department's activities during the year. While informative, it doesn't necessarily represent the magnitude of the effort by the department's employees and auxiliary officers.

The police department is comprised of 21 full-time officers, two clerks, one office manager, one mayor's court clerk and three auxiliary police officers. Of the 21 full-time officers, there is one chief, one lieutenant, four sergeants, two detectives, one drug abuse resistance education (D.A.R.E.) officer, one school resource officer (SRO), one traffic safety officer, and ten patrol officers.

Officers on the department made 313 arrests and sent 52 juveniles to our local unofficial court during 2008. A total of 639 auto accidents were filed in 2008 with one accident resulting in a fatality. Surprisingly, Tuesday was the day of the week with the highest accident rate with 127 accidents. Friday was a close second with 118.

A comparison of crime statistics for the last five years shows our 2008 totals just slightly above our 2007 numbers. The trend over the last 10 years has been an overall drop in reported crimes. There are reasons why we have lower crime rates and improved quality of life conditions. We believe it's a reflection of a lot of hard work, not just by members of the police department but from our co-workers in other city departments, political representatives and most importantly, from citizens.

The quality of life and its incumbent reductions in reported crime is related to the City's mission statement, our core values and vision statement and our partnership with the community. Montgomery is a thriving, safe community because each of us shares responsibility for what our community is. There is value in the collaborative effort to keep our city clean and safe. The reduction in crime and the fear of crime reflects a dedication to maintaining a partnership, a joint effort united in a common cause, to make Montgomery a great place to live, work and play. As your police department, we are proud to be a contributing partner in such a worthy cause.

The police department continued its successful safety camp for five and six-year old children. The summer camp has become a favorite of residents and fills to capacity each year. Other educational efforts included our first crime scene investigation class. The department presented a dynamic action-oriented class for a local Girl Scout troop. The multi-week program focused on the importance of crime scene evidence in the investigation of crimes.



Members of the Hamilton County Special Weapons and Tactics (SWAT) Team were on hand at the Safety Center Open House to display their vehicle and equipment. This event, which is hosted by the Montgomery Police and Fire Departments, is always well attended by interested residents.

Our successful partnership with the Sycamore Community School District continued with the assignment of officers in the D.A.R.E. and SRO programs. Officer Pat Giblin and Officer Paul Payne worked diligently to maintain the positive working relationship between the school district and the police department. The Sycamore Junior High School staff expressed interest in extending the SRO position to include time at the junior high. The idea of sharing an SRO between the schools will most likely be discussed by the school board as the popularity of the program continues.

The police department continued its membership in Drug Abuse Reduction Task Force (D.A.R.T.) D.A.R.T. is comprised of approximately 15 local law enforcement agencies that primarily address drug trafficking at the local level. The task force also has a pharmaceutical diversion unit that investigates physicians, nursing staff, and pharmacy staff suspected of abusing drugs, forging, altering, or writing illegal prescriptions, or trafficking in drugs. The task force worked several cases during the year that had ties to Montgomery.

Mayors/Juvenile Court

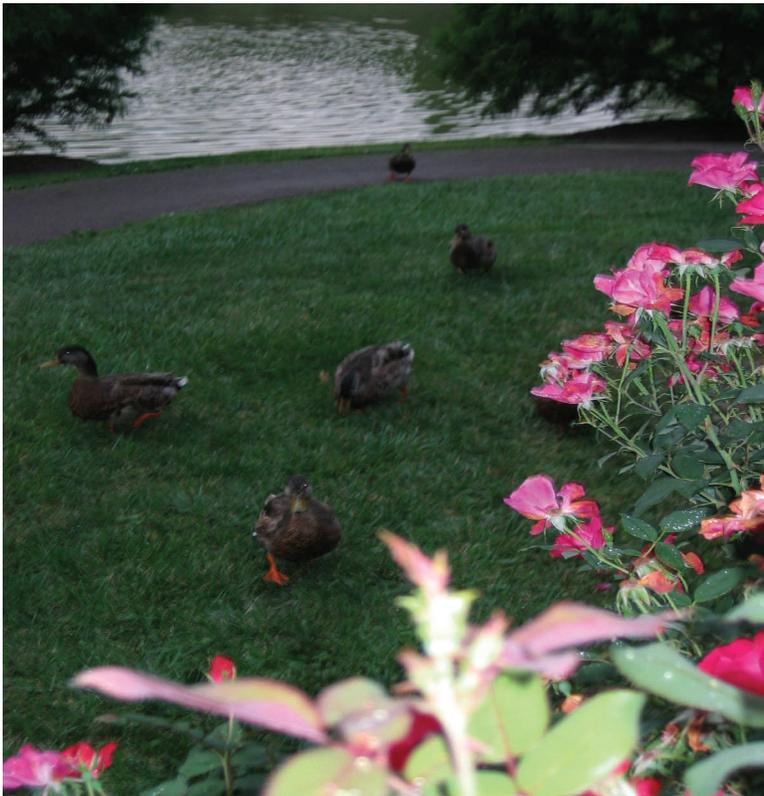
The Montgomery Mayor's Court, which is held three times each month, hears most of the City's misdemeanor and traffic cases, including first offenses of driving under the influence of alcohol and driving under suspension. In 2008, the Court heard cases resulting in \$205,736 in fines, fees and court costs. After assessing the required state fees, the City's portion of the fund was \$164,053.

Police continued...

The Montgomery Juvenile Court, with Referee Terry Donnellon presiding, heard 52 criminal cases. The disposition of these cases often resulted in community service being performed by the juvenile offender. Serious criminal cases, second offenders, and all juvenile traffic cases are sent directly to the Hamilton County Juvenile Court system and are heard by a Juvenile Court Judge.

Training

The ever-increasing police mandate requires additional hours of training each year. With the expansion of less-lethal force options, annual training hours have increased significantly. Bean bag shotgun, Taser, Asp baton, OC spray (chemical mace), rifle and handgun training must be coordinated for each officer. Add policy and procedure training, specialized training such as radar/laser enforcement, crime scene processing, advanced photography, pursuit driving training etc. and the training requirements become difficult to manage. In total, outside training hours for 2008 were over 1,500 hours. Also, our commitment to the HPO philosophy necessitates in-house training and coaching to constantly improve our focus on customer service. The cumulative total of all training and mentoring results in a well-trained and dedicated police department committed to the mission of the City.



Swaim Park, which is maintained by Montgomery Service Crews, is home to many species of wildlife and waterfowl.

Public Works

The annual street resurfacing project was completed by the John R. Jurgensen Company. Resurfacing was completed on 17 roadways throughout the community on approximately 3.50 centerline miles of roadway. The project included curb removal and replacement as well as inspection and repair to storm sewer pipes, catch basins and manholes. The project was funded through the City's Capital Improvement Program.

A project to align left turn lanes on Montgomery Road at the main entrance to Bethesda Hospital was completed by Barrett Paving Materials Inc. The project included removal and replacement of a portion of landscaped medians along Montgomery Road, allowing the left turn lanes on Montgomery Road to be realigned, thereby improving sight distance for motorists turning left off of Montgomery Road. A protected left turn phase (left turn arrow) was installed for northbound traffic at the intersection. Other work included the installation of a freestanding overhead lane usage sign at Shakerdale Lane. This overhead sign provides southbound motorists advance warning about the restricted lane use south of the Bethesda North intersection. The total project cost of approximately \$130,000 was funded through the City's Capital Improvement Program. The City will be reimbursed for a portion of the project through a grant of \$60,000 from the Ohio Department of Transportation.

The installation of a thin layer of micro-surfacing was completed on a portion of Weller Road between the intersection of Indian Woods Drive and Convo Court and on Deerfield Road from Hartford Hill Lane to the Montgomery/Blue Ash corporation line. This product has been found to be a cost effective maintenance tool with an average life-cycle cost slightly lower than traditional hot mix asphalt pavement resurfacing. Micro surfacing is particularly effective on roadways with higher traffic volumes and little, if any pedestrian "use". This product is installed quickly and with the shortened time of construction, there is a reduction in inconvenience and delays generally associated with resurfacing projects. The surface texture of the material is designed to provide additional skid resistance and has a greater resistance to oxidation or color "fading" compared with traditional hot mix asphalt overlays. The project was funded through the City's Capital Improvement Program.

Projects to improve localized drainage and erosion problems were completed in public easements or right-of-ways at 8024 Deersadow Lane, Zig Zag Road near Mitchell Farm Lane, Curt Lane, 9873 Forestglen Drive and on Creeknoll Court. These projects were funded through the City's Capital Improvement Program.

Public Works Continued...

The City of Montgomery continued work on projects outlined in the Hamilton County Storm Water District permit to operate a storm water district under the federal mandates of the National Pollution Discharge Elimination System (NPDES) Phase II requirements. Work completed during 2008 focused on public education through the installation of labels on storm drain catch basins with an accompanying door hanger at all homes on streets where the new storm drain labels were installed. The door hanger provides information about how every property owner can protect local waterways from the introduction of harmful pollutants or pathogens that can adversely impact water quality in local streams, creeks and rivers. The City also focused efforts on the enforcement of standards and regulations regarding construction site erosion and sediment controls through regular site inspections of single family and other construction sites in the community.

A new five-foot wide concrete sidewalk was constructed along Jolain Drive from 450 feet west of Knollbrook Terrace to Zig Zag Road. The project was approximately 1,500 feet in length. This sidewalk construction project was funded through the City's Capital Improvement Program and is part of a multi-year sidewalk installation program established by legislation adopted by Montgomery City Council in 2000.

Work at two signalized intersections in the Montgomery Heritage District to replace decorative traffic signal poles began in 2008 and will be completed in the first quarter of 2009. Both traffic signal pole replacements were necessitated by accidents caused by vehicles striking the poles and causing structural damage. Locations included the southeast corner of Montgomery Road and Cooper Road and the southeast corner of Main Street and Remington Road.

Inspection and repair of all public sidewalks east and north of the Weller Road overpass over I-275 was completed in 2008. This was the eighth year of the City of Montgomery inspection and repair program, which covers one quadrant of the City each year. The 2008 City-funded repair program included concrete sidewalk removal and replacement, paver sidewalk repairs and seal coating asphalt sidewalks along Weller Road. The entire cost of repairs, replacements and asphalt sidewalk seal coating was funded through the City's Capital Improvement Program in accordance with legislation adopted by Montgomery City Council in 2000.

The City of Montgomery received Tree City USA status for the thirteenth consecutive year as well as receiving the Tree City USA Growth award for the tenth time. The prestigious Growth award is earned by communities that

make significant efforts in improving its urban forests and/or make a committed effort to make incremental increases of funding or "in-kind" labor dedicated to the planting and care of publicly maintained trees. Another determining factor in receiving the growth award is a community that fosters and engages citizen participation in managing and caring for its urban forests. The collaborative efforts by citizens during 2008 included sponsoring and hosting two (2) tree care workshops regarding the Emerald Ash borer. Additionally, City staff, along with Dr. Theresa Culley of the University of Cincinnati, completed an inventory and DNA sampling analysis of all ash trees within the City of Montgomery that are publicly maintained. The Beautification and Tree Commission and citizen and service group volunteers served in a support and leadership role that was complemented by the work of city staff and once again allowed the City to be recognized as a community that has grown an urban forestry program that is among the best in Ohio and the United States.

Staff submitted a grant application for \$540,000 in funding to the Ohio-Kentucky-Indiana Regional Council of Governments (OKI) for a traffic signal and safety improvement project for 12 signalized intersections in Montgomery. The locations include two intersections on Main Street and ten signalized intersections along Montgomery Road from Weller Road to Kennedy Lane. The funding request for 80% of the total estimated project cost includes hardware and software upgrades, vehicle detection systems, signal pre-emption and a back-up power source at every intersection that would allow traffic signals to transition to an auxiliary power source during electrical service interruptions. These improvements will allow additional timing programs to be implemented into the signal system and permit the traffic signal system to operate in a traffic responsive mode in "real" time and conditions. These improvements will improve traffic progression along Montgomery Road and are scheduled for grant funding and construction in 2012 with the City's cost for the project currently estimated at \$135,000.

Staff was notified in late 2008 that a project to resurface a portion of Montgomery Road between Main Street and Schoolhouse Lane was approved for partial funding through the Urban Paving Program administered by the Ohio Department of Transportation (ODOT). The partial funding by ODOT is estimated at \$245,000 with the City of Montgomery responsible to fund the remainder of the project cost estimated at \$200,000. Construction will be completed during the first half of 2010.

Customer Service

The customer service department is located in city hall and is the place for residents and businesses to receive assistance on many matters related to living, and working in Montgomery. Residents can reserve a lodge or park shelter and sign up for the varied events and classes offered by the City. Businesses and builders can apply for building and sign permits and get assistance on zoning questions. The Customer Service Department also manages the technology infrastructure of the City to include the web site, www.montgomeryohio.org, building permits, and all of the e-government services and provides support to all City staff. The customer service department is staffed by two full-time customer service representatives and is managed by the customer service director.

In December, Evelyn Dumont joined the customer service department. Evelyn has worked for the City of Montgomery for over seven years as a secretary and has over 18 years experience in local government.

The City operates two lodges: Terwilliger Lodge in Dulle Park and Swaim Lodge in Swaim Park. The lodges host several local non-profit group activities and meetings as well as City events and functions. Also, the majority of weekend dates were rented for private weddings, receptions, retirements and other celebrations with revenue totaling \$57,200. More information on our parks and lodges, or the online lodge reservations can be found at www.montgomeryohio.org.

In an effort to continuously improve lodge rental services, the Customer Service Department regularly surveys customers on many aspects of the lodge rental experience. Over 1,110 lodge and shelter reservations

were made during 2008. Based on survey feedback, Montgomery lodges have been rated as an "Excellent" value by over 85% of renters and 99% indicated they would refer their friends.



The year 2008 marked the introduction of the Montgomery E-Store. The E-Store features a variety of items such as coffee mugs, pens, history books, clothing, holiday ornaments, and a custom-designed afghan depicting the Montgomery bicentennial quilt. Many of the items are emblazoned with the City of Montgomery logo and provide an opportunity for residents to show their community pride.

The City of Montgomery computer network was recently upgraded with a fiber optic line between the safety center and city hall. This will save the City over \$58,000 over the next 10 years by eliminating approximately \$48,000 in lease costs and \$10,000 in capital costs. The fiber optic line will also create efficiencies by giving the City the capability to automatically backup and secure network data at off-site locations and allow the City to take advantage of virtual server technologies. Virtual network servers will also reduce the amount of cooling that is required and reduce electricity needs by nearly forty percent.



Taking Responsibility Together to Provide Superior Services

The City of Montgomery continued its work toward a culture of high performance in 2008 through many avenues of opportunity for mentoring employees throughout the organization. This was accomplished through leadership training at monthly department meetings, monthly Public Employees, Education, Resources and Successes (PEERS) meetings, quarterly discussion group meetings, bi-monthly managers' forums and through one-on-one conversations between mentors and fellow employees. In 2008, the City hosted Mr. Tony Gardner, a nationally recognized authority on high performance cultures, to spend a few days at the City and share his expertise with employees throughout the entire organization, including Council members. He conducted sessions with front line employees and also spent a day with mid-level and senior managers doing leadership training exercises and conducting discussions among the managers on ways to cultivate the values set forth in the City's Mission Vision and Values statement.

2008 was a particularly difficult year for many jurisdictions across the nation during the financial downturn of the nation's economy, and many less fortunate organizations were forced to eliminate staff positions due to budget cuts. This has created a renewed sense of appreciation among City employees for being part of such a fortunate, fiscally responsible and well-run organization.

Recreation/Community Relations

The **Montgomery Recreation Department** offered a variety of programs throughout 2008 for toddlers, youth, teens, adults and seniors. More than 11,000 people of all ages participated in these programs and special events as participants, volunteers or spectators, not including the almost 11,500 people that attend our Sister City celebration, Bastille Day. The highest daily attendance at the pool was 352 patrons and the season ended with 100 four-legged patrons at the K-9 Kerplunk! The variety of activities provided for the community included adventure trips, sports lessons, art or drawing classes, fitness classes, school's out trips, specialty camps, cultural arts, festivals, concerts and many others.

The department also went through a major change with the hiring of a full-time assistant recreation director responsible for pool oversight, management of diverse programming and development of partnerships for events. This expansion of responsibilities and hours for the assistant director position enhanced programming output for the community and allowed for community relation duties to be added to the areas of responsibility for the department director. Both of these staff changes were done to further the goal of engaged citizenry and two-way dialogue in the City Strategic Plan and fulfill the City's mission of providing superior services by working together.

This year, the recreation department's web-based services listed all of our programming and event information online for ease of customer use and convenient registration on the City web site. This service continues to be well used for its convenience and up-to-date information, as well as increased communications with participants. Over 19,000 people per month go to the City web site for information and services and the recreation department was excited to enhance these convenient services with full-scale registration opportunities for almost all fee-based activities and programs.

All program participants receive an on-line survey to ask for feedback on the quality, value and convenience of the service which allows us to continually adjust to meet the needs of our audience. On a scale of 1 (needs improvement) to 5 (excellent), the Program Surveys averaged a 4.2 from participants who continually rate the recreation programs as quality activities that are of a great value. The Pool Survey had over 150 responses indicating that the top three areas users rank highly are the swim team, the site amenities and the friendliness of staff. All survey groups are used to identify which areas of service we should promote and exemplify and where we can make changes to better meet the expectations of our customers.

Revenue for recreation programming was \$62,355, pool operations were \$251,894 and special events were \$30,543, which totaled **\$344,792**. Expenditures for recreations programming were \$71,674, pool operations were \$247,345 and special events were \$73,797, which totaled **\$392,816**.

Montgomery Community Relations is a new department area that has evolved from a strategic goal in the City Strategic Plan that identified the need to expand two-way dialogue with the community in an effort to build ownership and responsibility among residents to act as "citizens" engaged in the work of community. A number of outreach activities have developed as part of this initiative, including the addition of management responsibilities in this service area for the expanded role of the recreation director as community relations director as well. This is in addition to a contract with Ray Kingsbury as Director of Citizen Engagement, contract support with a public relations firm, the Impact Group, and the addition of a new staff position, Communications Coordinator, which is yet to be filled.

The work of this "team" in 2008 included a number of new initiatives. There is a multi-pronged approach to building engagement including elevating the awareness and education of the general public on roles of government, building relationships among existing organizations that support the success of the community, engaging the business community as a partner and expanding the leadership capacity in the community by harvesting the experience dividend of our citizenry. What has evolved out of these efforts is evidenced in the following projects that started and evolved throughout 2008:

Montgomery Citizen Leadership Academy – The "coolest civic class you'll ever take" started by transforming 25 residents into truly engaged and responsible leaders in the community.

Open City Hall Blog – An on-line blog engaging the community to provide input to City Council and staff on topics that impact the future of the community.

Civic Collaborative – A group arranged to build relationships between area representatives from civic organizations, faith-based groups, neighborhood associations and school groups, all of which are interested in building community and adding to the success of Montgomery, who realized they could do more together than each could manage alone.

Prosper Montgomery – A group arranged to build relationships between area businesses so as to enhance their viability as a whole through their active engagement in the community.

New Resident Packets – A packet of resource materials that extends a welcoming hand to our newest community members and aids them in their efforts to find where they fit in and how they can contribute to their new community.

Montgomery Bulletin – The number one source of information according to our 2005 community survey included purposeful education articles to prompt awareness of city-wide issues and related topics beyond the announcements of dates and times for meetings and events and to follow-up on citizen feedback.



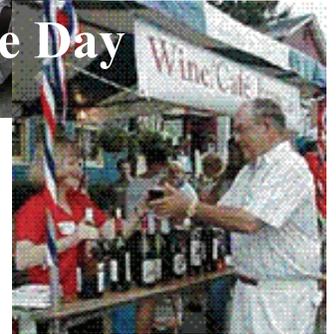
Pool Activities



Concerts



Bastille Day



Special Events



Fitness & Sports



Kids Activities



Graph of attendance distribution in Recreation Programs and Activities

*“Suddenly, you come to the startling realization
that the ‘they’ in government, is me!”*

- Quote From a Montgomery Citizen Leadership Academy Graduate



The City of Montgomery

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