

The background of the cover is a photograph of a park. In the foreground, a calm pond reflects the surrounding trees and foliage. The trees are in various stages of autumn, with some showing bright red and orange leaves, while others are still green. A path winds through the trees in the middle ground, and a bench is visible on the right. The overall scene is peaceful and scenic.

2011 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, as well as a host of other City programs.

Montgomery is located in the Sycamore Community Schools 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, Montgomery Chevrolet, and

Camargo Cadillac and many banking institutions. 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 several churches of various denominations and other types of religious institutions.

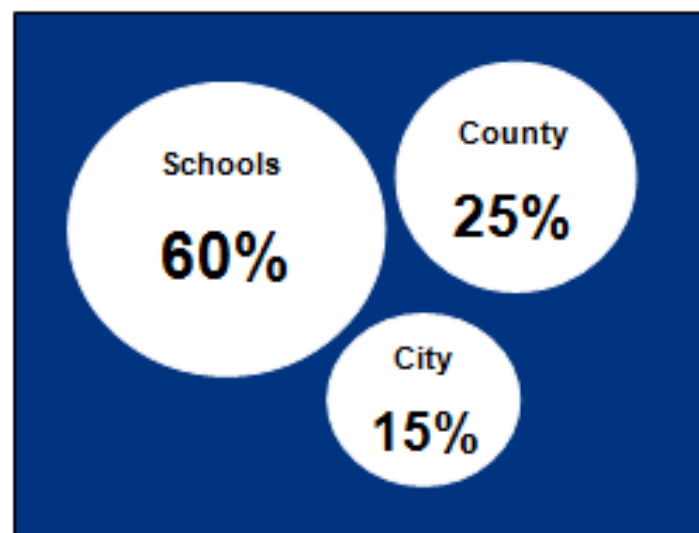


Each year, City Council members and staff, in partnership with Bethesda North Hospital, Ohio National Financial Services, Sycamore Schools and Twin Lakes, host the Montgomery Citizens' Leadership Academy, a program designed to educate and open communications with residents and business stakeholders in the community.

2011 Top 10 Employers

1. Bethesda North Hospital
2. Sycamore Community Schools District
3. Ohio National Financial Services
4. TriHealth, Inc.
5. Montgomery Inn
6. Twin Lakes
7. Meadowbrook Care Center
8. Kroger
9. Montgomery Care Center
10. Columbia Oldsmobile Hyundai, Inc.

Property Tax Breakdown



Administration

In 2011, the City of Montgomery continued on its course of financial stability, community engagement, and innovation in quality service delivery. Changes regarding funding sources enacted at the State level coupled with the continuation of a sluggish economy posed multiple challenges for all local governments in Ohio. Taking a proactive approach, City of Montgomery staff attended trainings and roundtables to keep abreast of legislative action at the State level which resulted in the repeal of Ohio's estate tax, a reduction in the Local Government Fund, and an acceleration of the phase-out of the tangible personal property tax. By taking a proactive approach, along with our well-established practice of maintaining fund balances and making conservative financial forecasts, the City was able to continue to provide quality services despite a reduction in revenues. Similarly, with the Hamilton County Auditor's Office reporting a decrease in property values and tax revenue, in 2011 the City positioned itself for this decrease in revenues by reducing estimates for property tax collections along with expenditures for the 2012 budget.

It should be noted that positive activity began to take place in terms of development/redevelopment projects within the City in 2011. Two significant examples of this activity include plans for the redevelopment of the old Perkins site and the purchase of the old Closson's site by First Financial for a new branch bank location.

Emphasis on community engagement efforts continued to be strong in 2011. In its fourth year, the Montgomery Citizens' Leadership Academy graduated 27 actively engaged citizens in our community. Also in 2011, a new event called Community Connections was launched in partnership with the Sycamore Schools, along with participation from the City of Blue Ash. The event provided newer residents an opportunity to meet each other, connect with their local government representatives, and gather information from local civic organizations, sports groups, schools and faith-based institutions.

A new focus emerged in 2011 when the City of Montgomery, Sycamore Schools, the City of Blue Ash and several neighboring townships began meeting to discuss opportunities for shared services. More than 20 ideas were brainstormed in the first meeting. It is hoped that future discussions will identify tangible services that can be provided efficiently and cost-effectively through collaborative efforts while enhancing already existing service sharing efforts with neighboring and regional communities.

2011 was a significant year in terms of strategic planning for the City of Montgomery. During the first half of the year, staff reviewed data collected for an environmental scan and summarized key points in the residents' survey and input received from citizens, businesses and high school students

during various community input meetings. In March, a strategic planning retreat for City Council and staff resulted in the identification of six key goal areas and some major strategies for addressing each goal. After staff developed implementation/action steps for each goal area, in June City Council adopted the City's new Strategic Plan for the five year period of 2011 – 2016.

The philosophy of a High Performance Organization (HPO) continued to flourish in our work culture in 2011. While we strive to incorporate the principles of HPO in our daily activities, we also had numerous opportunities throughout the year to "spread the word" to other organizations. In June, two staff teams presented information on our citizen engagement efforts, our HPO efforts, and our human resource tools at the Transforming Local Government Conference sponsored by the Alliance for Innovation. In July, a team of City of Montgomery employees presented a training session on the LEAN process improvement approach to gaining efficiencies in operations to the Sycamore Schools business operations team. In September, another training session on the LEAN process and City finances was presented to the Government Finance Officers Association in Columbus, Ohio. Also in September, a presentation on the City's approach to performance appraisals, including the use of pay for performance and merit-based pay, was presented to officials from the State of Ohio Fire Marshal's Office and the Department of Administrative Services. In October and November, a LEAN process improvement class was taught at the Center for Local Government to representatives from several regional jurisdictions. These examples are representative of the partnering efforts the City has undertaken with other communities.

During 2011, the City of Montgomery was formally recognized for a number of achievements. Highlights include the following:

The City of Montgomery was ranked sixth out of 50 communities in City Magazine's annual "Rating the 'Burbs" survey. The survey is based on statistics compiled from sources including the U.S. Census Bureau, FBI Uniform Crime Reporting Statistics, the Cincinnati Area Board of Realtors, property tax data and local school district data.

The City received ICMA's Strategic Leadership in Governance Program Excellence Award for 2011. This is one of 10 awards presented by ICMA annually to governments that demonstrate high quality work in the governance of their organizations. The City's award submission was entitled "Changing the Public (and Internal) Perspective of Local Government through a Quality Work Culture, High Levels of Employee Ownership and Great Service Delivery" and focused on the City's efforts for higher performance over the past decade.

Administration (continued)

The City's Safety Audit Program received one of only three Public Risk Achievement Awards from Miami Valley Risk Management Association (MVRMA).

The City also received the "Standard of Excellence" award from MVRMA for loss year 2010. This award is given to all cities that have losses of \$100 or less per employee. Montgomery's losses for the 2010 loss year were \$72.57 per employee.

The ICMA Center for Performance Measurement awarded the City of Montgomery the 2011 Certificate of Achievement for our continuing efforts in measuring and improving local government performance and commitment to integrating performance measurement into the organization's decision-making process. Two items that were highlighted by the selection committee included Montgomery's commitment to staff training and leadership. The Efficiency and Effectiveness Team was also recognized as an excellent way to demonstrate our dedication to performance measurement and process improvement. The Government Finance Officers Association (GFOA)



awarded the City the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. This is a great honor for the City of Montgomery, as it is the highest form of recognition in governmental accounting and financial reporting.

The Government Finance Officers Association also awarded the City a Popular Annual Financial Report (PAFR) award for its 2009 Annual Report. The PAFR award criteria include creativity, presentation, understandability and reader appeal.

The City was the recipient of the 2011 Best Community Recycling Program Award (10,000+ residents) presented by the Hamilton County Recycling and Solid Waste District.



The Cincinnati Horticultural Society awarded the City a prestigious "Gardener Recognition Award". The City of Montgomery was one of only three cities in the Cincinnati area to receive this recognition.

Once again, the City received a Tree City USA Award and Growth Award for 2011. This marks the 16th consecutive year for the Tree City USA recognition and the 13th Growth Award the City has received since 1998.

The National Association of Government Webmasters (NAGW) awarded the City of Montgomery the Pinnacle Award for small city government websites, the Members Choice Award and the Sponsors Choice Award, a sweep of every award for which Montgomery was eligible!

In addition to the general oversight function performed by the administration department, this department provided core human resource services for the organization, such as administering recruitment/hiring processes, conducting wage rate surveys, coordinating and assisting with trainings, managing a variety of employee relations matters, and monitoring the employee evaluation and goal setting processes. In 2011, the administration department staff also worked with AFSCME to reach another labor agreement between that union and the City.

Finally, it should be noted that two employees reached major milestones in 2011. After 30 years of service with the City of Montgomery, Tax Commissioner Becki Wellbrock retired in July. Also after 30 years of public service, with 14 of these years with the City of Montgomery, City Manager Cheryl Hilvert transitioned to a part-time advisory position with the City in September.

City Council

2011 Elected Officials

Chris Dobrozsi
Gerri Harbison
Barry Joffe
Craig Margolis

Lynda Roesch
Todd Steinbrink
Ken Suer

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 for a two-year term.

Three returning City Council members took their oaths of office during the December 7, 2011 City Council meeting. The City Council then elected a new Mayor and Vice Mayor.



Gerri Harbison, Craig Margolis and Todd Steinbrink were re-elected on November 8 to serve four-year terms. City Council Member Margolis will serve his first full term after having been appointed in June 2010 to fill the unexpired term that was created as a result of a resignation. City Council Member Harbison will serve her fourth term; City Council Member Steinbrink will serve his third term.

The seven seated Montgomery City Council Members elected Ken Suer to serve as Mayor and Todd Steinbrink to serve as Vice Mayor. Mayor Suer has served on City Council since 2000 and served as Vice Mayor since 2007. 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.

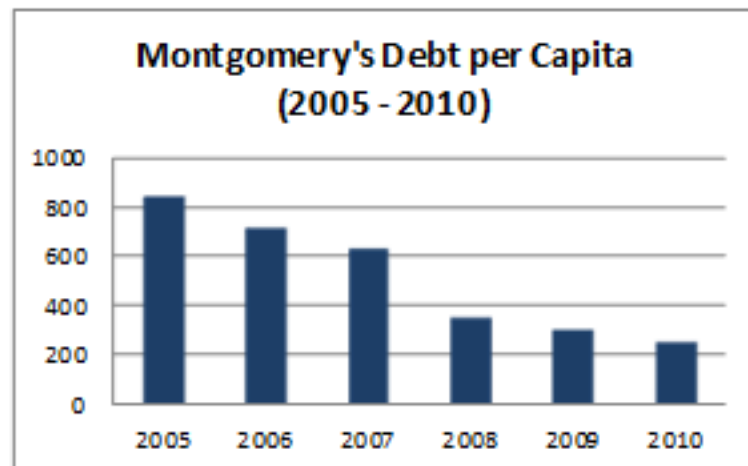
City Council operates with six standing committees: Financial Planning; Government Affairs; Law and Safety; Parks and Recreation; Planning, Zoning, and Landmarks; and Public Works.

While City Council members are very busy in their roles as elected officials, their work is largely centered in determination of policy. During 2011, City Council conducted regular public meetings, special sessions and 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 staff conducted an annual 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 boards and commissions, 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 topic of interest by forum participants.

As part of the City's responsibilities for establishing policies and enacting legislation, City Council oversaw operations and administration of a cash budget of \$19,140,677 and adopted 62 ordinances and resolutions, the highlights of which follow:



City Council (continued)

2011 Council Actions

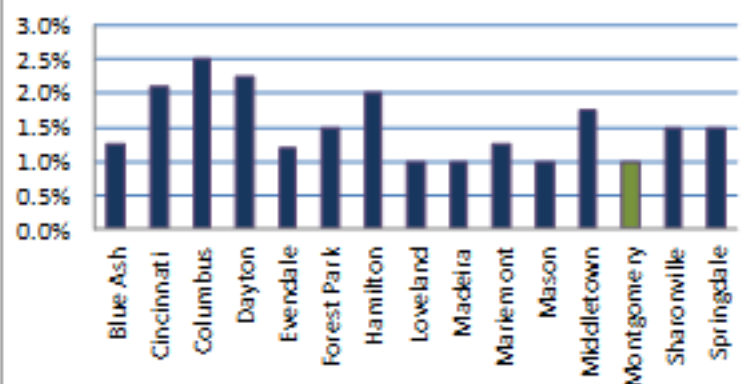
- Adopted a tax budget for 2012
- Adopted a five-year capital improvement program for the City of Montgomery
- Amended the Code of Ordinances regarding speeding and penalties for speeding; regarding parking violations and penalties; governing regulations for temporary or seasonal outdoor sales and displays and related temporary signs; established regulations for temporary storage containers; established an Interim Development Control Overlay District
- Authorized the City Manager to dedicate certain portions of City owned property as right-of-way for the Montgomery Road Corridor Signalization project; for public roadway and utility easements along Pfeiffer Road near Storybook Drive; for certain easement rights from the Sycamore City School District on Cornell Road
- Authorized the City Manager to enter into contracts with CDS Associates, Inc. for professional services related to general engineering and architectural services; with Ray Kingsbury for professional services related to communications, public relations, and citizen outreach; with Frost Brown Todd, LLC to provide special counsel services; with Audio Visual Impact, Inc. for professional services related to the Montgomery Bulletin; with Quality Publishing Company, Inc. for professional services related to printing the Montgomery Bulletin
- Authorized the City Manager to enter into a labor agreements with the American Federation of State, County and Municipal Employees, Ohio Council 8 AFL-CIO for wages and benefits from September 1, 2011 through August 31, 2014
- Authorized the purchase of equipment from Shiver Security Systems, Inc. D/B/A Sonitrol SW Ohio; American Bus and Accessories, Inc. for the purchase of video recording systems through the Community Oriented Policing Services Grant Program
- Authorized the City Manager to enter into a contract with Statewide Ford for the purchase of two police cruisers; with Physio-Control, Inc. for the purchase of Life 15 cardiac monitor/defibrillators; with

Southeastern Equipment Co., Inc. for the purchase of a 2011 John Deere 5101E tractor with hydraulic arm mowing attachment; with Morton International, Inc. for the purchase of de-icing rock salt; with Germain Ford for the purchase of a 2012 Ford F-250 pickup truck

Authorized contracts with A & A Lawncare & Landscaping for the 2011 mowing; Prus Construction Company for the 2011 street resurfacing program; Prus Construction Company for the Cornell Road sidewalk project; Welsh Excavation Company, Inc. for the Pfeiffer Road pond, waterfall and installation of Twinkle Lane waterline; with R.B. Jergens Company, Inc. for the construction of the Pfeiffer Road sidewalk project.



Comparison of Area City Tax Rates



Community Development Department

During the past year, the economy showed some signs of stabilizing and perhaps advancing. In Montgomery, the interest in new business and residential development increased somewhat as the year progressed, and several new projects were submitted for approval by the year's end. However, our largest development projects: the Vintage Club and Twin Lakes Garden Homes continued to be held back by lack of demand.



Camargo Cadillac gets a facelift

It is noteworthy that a number of small businesses felt positive enough to open stores. Nine new retail and service businesses opened during the year, which resulted in a much higher occupancy rate for our multi-tenant commercial properties. Village Corner, at the corner of Montgomery Road and Cooper, became 100% leased for the first time in several years; Montgomery Square Shopping Center was also fully leased.

2011 was a transitional year for some of our larger commercial properties along Montgomery Road. The Honda dealership property, which went vacant when the dealership was sold and relocated in 2010, was purchased by Twin Lakes, which is looking at some long-range options for the property. First Financial Bank, which has a branch in the historic district, received approval of its plans to purchase and redevelop the former ~~Closson~~ property. It is expected that this project will begin in early 2012. Additionally, the old National City Bank building has been sold and will be re-opened with a new use in early 2012. Plans were submitted and approved for the redevelopment of the former Perkins restaurant property. Across the street, the vacant Chevrolet dealership drew interest from several developers, and by year's end was awaiting transfer from the bankruptcy court to a new owner.

While Montgomery has not experienced the decline of its housing market the way other

communities have, the Community Development Department did spend increased time in 2011 trying to ensure that those properties that fell into foreclosure were being maintained. Enforcement of the property maintenance code was a priority, and over 140 letters were sent out advising property owners of violations.



Work on the Neully-Plairance Plaza was finalized in 2011 adding to the ambiance of the Historic District

Residential activity in general stayed level with 2010. The building department issued permits for 14 new single family residences, which was one more than 2010. The estimated value of these permits was \$6.32 million. Thirty-nine permits were issued for additions and remodeling, which was one less than the year before. The total value of these improvements was \$1.27 million. On the commercial side, twelve permits were issued for remodeling, with a value of \$3.47 million. A total of 237 permits were issued in 2011, up from 214 in 2010. The average number of working days to issue a building permit in 2011 was consistent with previous years. (See chart below.)

During the year, department staff continued to monitor and assess the zoning code to determine if the regulations need to be updated. As a result, two ordinances were recommended by the Planning Commission and adopted by City Council: one to adjust the rules for outdoor seasonal sales and displays and the second for a set of guidelines for the use of temporary storage containers on a lot.

Type	2008	2009	2010	2011
Number of days to process residential permits				
Residential New Construction	7	10	6	5
Residential Addition	8	7	6	6
Residential Remodel	7	7	5	5
Number of days to process commercial permits				
Commercial New Construction	25	N/A	N/A	12
Commercial Tenant Finish/ Remodel	12	9	10	12

Fire Department

Total Incidents



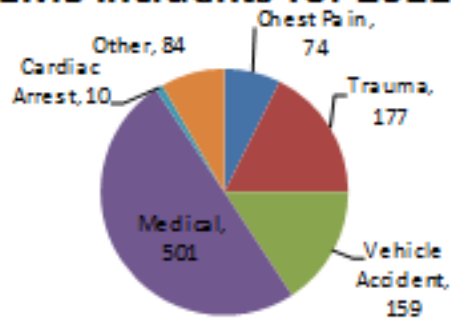
Statistics for the Year

The department handled fire, emergency medical service (EMS) and rescue incidents as depicted in the graphs below. EMS incidents continue to be one of the priorities of the department and account for 67% of the total incident volume. 2011 saw a total value of loss from fire in the City of \$23,100. 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 Incidents for 2011



EMS Incidents for 2011



ISO Rating Improves to a 2!

The department received an Insurance Services Office (ISO) rating of 2 as a result of the review of the department's operations in January. The ISO uses a scale of one to nine for their rating system. If a city has a score of nine, its residents will pay a much higher premium than a municipality with a lower score. The City's previous ISO score was 3. Current data show there are 2,830 communities in the State of Ohio and no community has a score of 1 and only thirty-two have a score of 2. Montgomery should be very proud to be in such elite company. We are very pleased and proud of the work of our department in this important area.

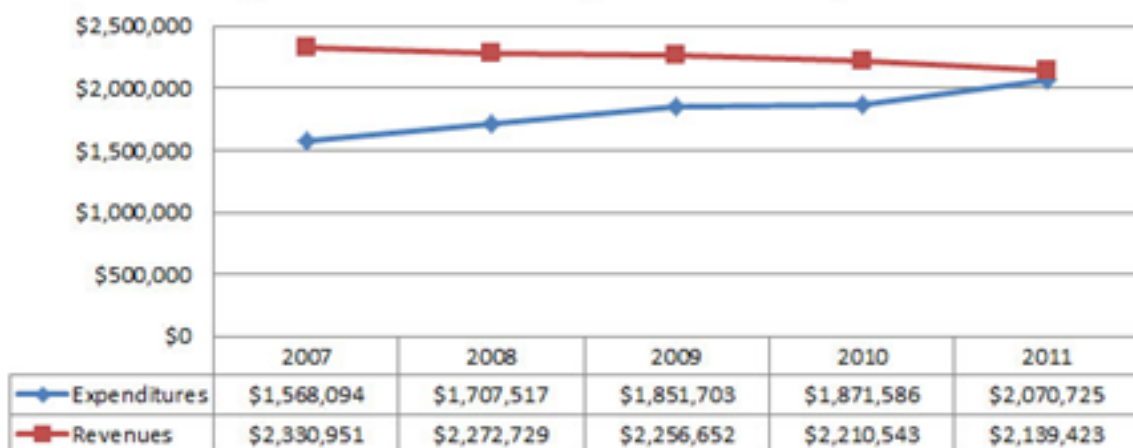
Fire Department (continued)

Fire Department Funding



A 5.5 mil levy was approved by the community in 1999 to fund the operations of the fire department. The levy was projected to last 10 years....or until 2009. Through careful planning and operational and financial management, the department has been able to stretch the funding past 2009. Under current projections, the current levy should fund the department through 2015.....or 6 years beyond the projected life of the levy. The department's only other revenue, aside from other minor revenue sources, comes through the billing of EMS patients that are not property owners in the City of Montgomery. The loss of revenue from the State of Ohio as a result of the elimination of the Tangible Personal Property Tax will be approximately \$115,000 per year.

Fire Levy Revenues and Operational Expenditures



Public Education

Public Education programs, once again, were very successful for the department. Tours of the Safety Center to cardiopulmonary resuscitation (CPR) classes to Fire Prevention Week activities kept all busy with these worthwhile programs. In 2011, 96 individual programs were offered to 1,481 participants, as the department tried to prevent injuries and accidents from occurring in the community. Another program which has been offered for many years is the Child Car Seat Safety Program, where citizens are taught how to properly use and place their children in a car seat. Since the beginning of this program in 1999 the department has instructed over 2,286 individuals in the proper installation of child car seats. During 2011, 153 installations occurred.



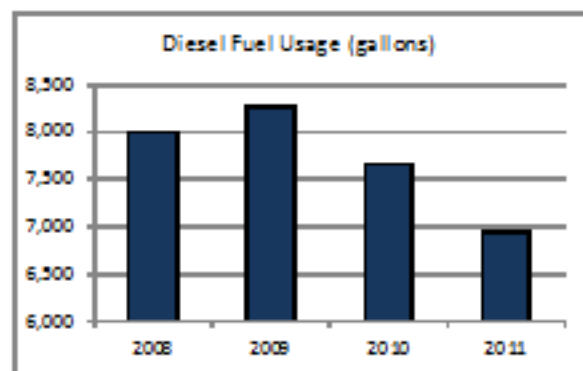
Looking Towards 2012

The year 2011 has been full of many challenges and opportunities for improvement. The fire department continues to mature into a first rate public safety organization. Based on the department's plan for 2012, the future looks equally exciting as well as challenging.

Public Works

As with every year, maintenance and upkeep of our infrastructure is one of our priorities at the City.

The **Annual Street Resurfacing Project** included work on 21 roadways and was completed by Prus Construction, Inc. This project resulted in the resurfacing of 3.7 centerline miles of roadway. The project also included 5,387 linear feet of curb removal and replacement, the repair and rebuild of 90 catch basins, and the adjustment of 68 manholes. The total cost of the project was approximately \$906,000 and was funded through the City's Capital Improvement Program.



Fuel Conservation Policy VII-19 was established July 1, 2008 in an effort to reduce the City's overall fuel usage. The Public Works Department monitors fuel usage and generates monthly reports. This graph depicts the steady reduction in fuel usage as a result of the implementation of this policy.

The **Cornell Road Sidewalk Project** was completed by Prus Construction, Inc. The sidewalk installation began at the main entrance to Sycamore High School and continued west to the I-71 overpass and provides a connection point to the City of Blue Ash. The project also included installation of 226 linear feet of storm drainage pipe, 4 catch basins, and a bio-retention swale. The total cost of the project was approximately \$160,000 and was funded through the City's Capital Improvement Program and is a testament to the great working relationship we have with our partners at the Sycamore Community Schools.

The **Pfeiffer Road at Storybook Drive Improvements Project** was completed by Bansal Construction, Inc. This project included the removal of existing traffic signal poles and span wires, replaced with decorative traffic signal poles with mast arms equipped with video monitoring devices. These devices detect traffic movements at the intersection and activate traffic signal changes to allow for the

most efficient flow of traffic. New pedestrian signals were also installed at this intersection and all four crosswalks were upgraded meeting the requirements of the Americans With Disabilities Act (ADA). One of the most unique aspects of the project was the installation of a natural gas fueled generator that serves as a back-up system for the traffic signal at Pfeiffer Road and Storybook Drive. The benefit of a natural gas generator over the more common battery "back-up" system is that while the battery systems can operate at traffic signals in full operation for three hours after loss of electrical power, the natural gas powered generator will allow traffic signals to remain in operation for an unlimited length of time during electric service interruptions. Approximately 600 linear feet of storm sewer pipe was installed along the south side of Pfeiffer Road east of Storybook Drive and was accompanied by grading of the roadside drainage swale. This work improved drainage, safety and has eliminated undercutting of the eastbound lane of Pfeiffer Road. A new sidewalk was installed beginning at the northwest corner of the intersection and continues west adjacent to the Gateway Falls. The total cost of the project was approximately \$340,000 and was funded through the Ohio National Tax Increment Fund.

The **Pfeiffer Road Pond and Waterfall and Twinkle Waterline Project** was substantially completed in 2011. The project was awarded to Welsh Excavation Company, Inc. and included the removal of approximately three feet of sediment from the upper and lower pond bottoms and replaced with two feet of bentonite treated clay liner. A companion piece of the project included the installation of: 384 linear feet of 8" water main and 256 linear feet of 6" water main on Twinkle Lane; three fire hydrants; four new resident service connections and complete asphalt resurfacing. The contracted amount for the project is \$270,000 with 79% of the project funded through the Ohio National Tax Increment Fund and the remaining 21% funded through the City's Capital Improvement Program. It is anticipated the total project cost will be approximately \$264,000 once completed.



The **Pfeiffer Road Sidewalk Project** from Tri-Health to the east side of I-71 was substantially completed in 2011. The project was awarded to R.B. Jergens Company, Inc.

Public Works (continued)

and included the installation of 710 linear feet of sidewalk which extends from an existing sidewalk at the City of Blue Ash corporation limit and extends east under I-71 connecting to an existing sidewalk near the Pfeiffer Road ponds. This creates another connection point for pedestrians between the City of Montgomery and the City of Blue Ash. The contract amount for the project is \$141,000 and was funded through the Ohio National Tax Increment Fund. It is anticipated that a total project cost will be approximately \$138,000 once completed.



Staff completed final engineering and design for the **Montgomery Signals Project** which is a traffic signal and safety improvement project for eleven signalized intersections. The project was awarded to Complete General Construction, Inc. The project includes computer hardware and software upgrades, vehicle detection systems, traffic signal pre-emption and back up power sources at every intersection that would allow traffic signals to transition to an auxiliary power source during electrical service interruptions. These improvements will allow Montgomery's signal system to operate in a traffic responsive mode in "real" time and will be an enhancement for traffic progression along Montgomery Road and surrounding roadways.

Inspection and repair of all public sidewalks north of Pfeiffer Road to Weller Road was completed in 2011. This marked the eleventh year of the City of Montgomery inspection and repair program, which covers one quadrant of the City each year. The 2011 repair program included 1,000 square feet of concrete sidewalk removal and replacement and 650 square feet of concrete paver sidewalk repairs. Additionally, 22 crosswalk ramps were upgraded in the project focus area now meeting the requirements of the Americans with Disabilities Act (ADA).

Other Highlights in 2011

The City of Montgomery continued work on initiatives established by the Hamilton County Storm Water District permit to operate a storm water district under the federal mandates of the National Pollution Discharge Elimination System Phase II requirements. Work completed in 2011 included participating in the "Saturday Stream Snapshot Program". Water samples were collected at various sites of Sycamore Creek from May through November and delivered to Green Acres River Lab where the samples were analyzed and data was generated providing information on Ph, conductivity, total phosphates, nitrates-nitrites, turbidity and fecal coliforms. This data is used to determine quality problems, protection activities, and future watershed planning.

Projects to improve localized drainage and erosion problems were completed in public easements or right-of-ways in the 10300 and 10600 blocks of Deerfield Road, 900 block of Ross Avenue, 11038 and 11040 Toddlee Lane, 7908 and 7916 Wild Orchard Lane and 11048 Valleystream Drive.

Several projects identified as community priorities in the 2007 Park Study were completed in 2011 including:

- Upgrades to lighting at Weller Park including the replacement of existing poles and fixtures with decorative poles and LED light fixtures. The completion of this project is anticipated to result in an energy usage savings of 40-50%.
- Resurfacing of the basketball court at Weller Park,
- Renovations to Dulle Park ballfield diamonds to improve drainage and turf quality,
- Renovations to Pioneer soccer field to improve drainage and turf quality and
- Installation of a respite area on Montgomery Road at Bethesda North Hospital defined with bench garden elements and a bus shelter.

The City of Montgomery received Tree City USA status for the sixteenth consecutive year as well as receiving the Tree City USA Growth Award for the thirteenth time. The Tree City USA Awards banquet for 2011 was held by the City of Troy for communities in Southwest Ohio on April 28, 2011. We continue to undertake significant work to improve the quality of our urban forest. These efforts included committed volunteers who provide "in-kind" labor that focuses on the planting and care of publicly maintained trees. The collaborative work of City staff and Beautification and Tree Commission members demonstrate a true partnership that recognizes Montgomery as a community that has developed an urban forestry program that is among the best in Ohio and the United States.

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			FINANCIAL POSITION STATEMENT		
For the year ending December 31 (in thousands)			As of December 31 (in thousands)		
SOURCES OF REVENUES	2011	2010	FINANCIAL BENEFITS	2011	2010
Property Taxes	\$ 5,068	\$ 5,265	Cash	\$ 8,476	\$ 10,937
Income Taxes	6,829	7,126	Investments	19,480	16,239
Other Local Taxes	1,096	1,070	Receivables	11,654	11,885
Intergovernmental Revenues	1,645	1,605	Property and Equipment	39,445	38,809
Charges for Services	1,104	1,128	Other Benefits	26	23
Investment Earnings	116	276	TOTAL FINANCIAL BENEFITS	79,081	77,893
All Other Revenues	307	172			
TOTAL SOURCES	16,165	16,641	FINANCIAL DETRIMENTS		
			Amounts Owed to Vendors	353	157
USES AND EXPENSES			Amounts Owed to Employees	418	341
Security of Persons and Property	6,018	5,626	Accrued Interest	10	7
Parks and Recreation	1,375	1,385	Long-Term Debt	3,117	3,696
Community Environment	484	460	Other Liabilities	6,593	6,499
Public Works	2,322	2,701	TOTAL FINANCIAL DETRIMENT	10,491	10,700
General Government	4,396	3,903			
Debt Service	173	187	TOTAL BENEFITS OVER DETRIMENT	\$ 68,590	\$ 67,193
TOTAL USES	14,768	14,261			
			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.		
TOTAL SOURCES OVER USES	\$ 1,397	\$ 2,380			
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.			Benefits over Detriments represents the difference between the financial assets and the 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.

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 2011, Montgomery's operating budget totaled \$14.8 million. In addition to the operating budget and four-year forecast, the City administration prepares a capital budget, with a four-year cash forecast.

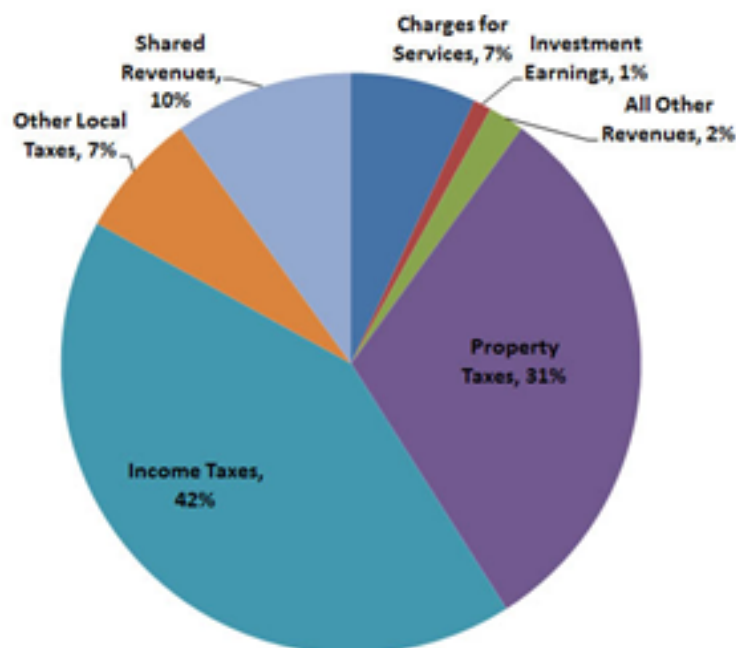
In 2011, the finance department continued its participation in the City's performance measurement process. This effort involves the tracking and collecting of performance measurement data, which will ultimately be used by the department and the City to benchmark our performance against finance departments in other municipalities.

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 2011, the finance department was responsible for the collection of approximately \$6.8 million in earnings tax revenues and \$5.1 in property tax revenues. In addition, the department is responsible for managing an investment portfolio of more than \$19 million, which generated investment income of approximately \$116,322.

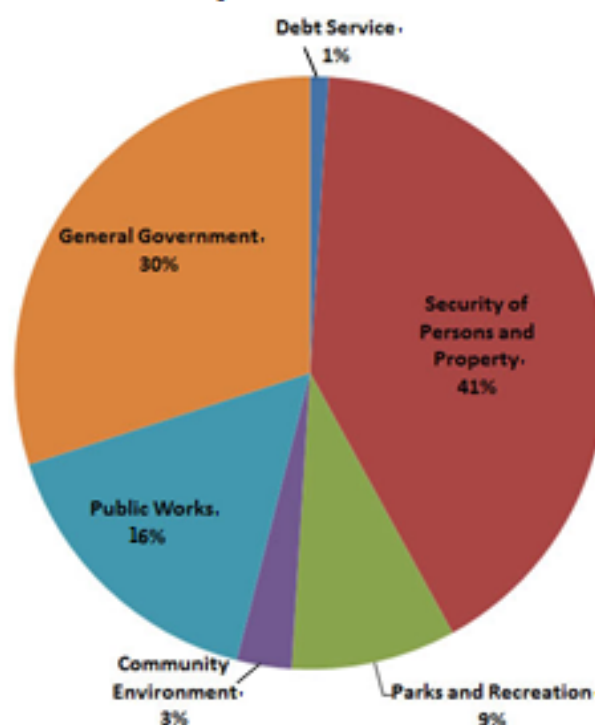
As with most municipalities, public safety, property protection and emergency services are the largest single governmental function. General Government, which includes solid waste collection, capital outlay and public works, accounts for over 46% of the remaining expenditures.

The finance department prepares quarterly and annual reports including the Comprehensive Annual Financial Report (CAFR). In 2011, for the fifteenth consecutive year, the City was awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's 2010 CAFR. The Moody's Investor Services continues to recognize the City's credit worthiness by assigning an Aaa credit rating to our debt. Montgomery is one of only sixteen communities in the State of Ohio to be rated in this category.

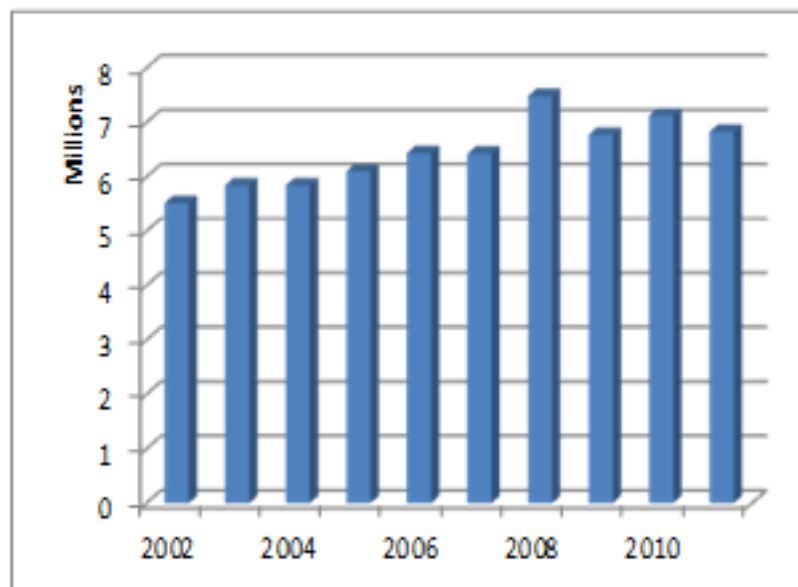
Where the Money Comes From:



Where the Money Goes:



Earnings Tax Revenues 2002-2011



Earnings Tax Revenues

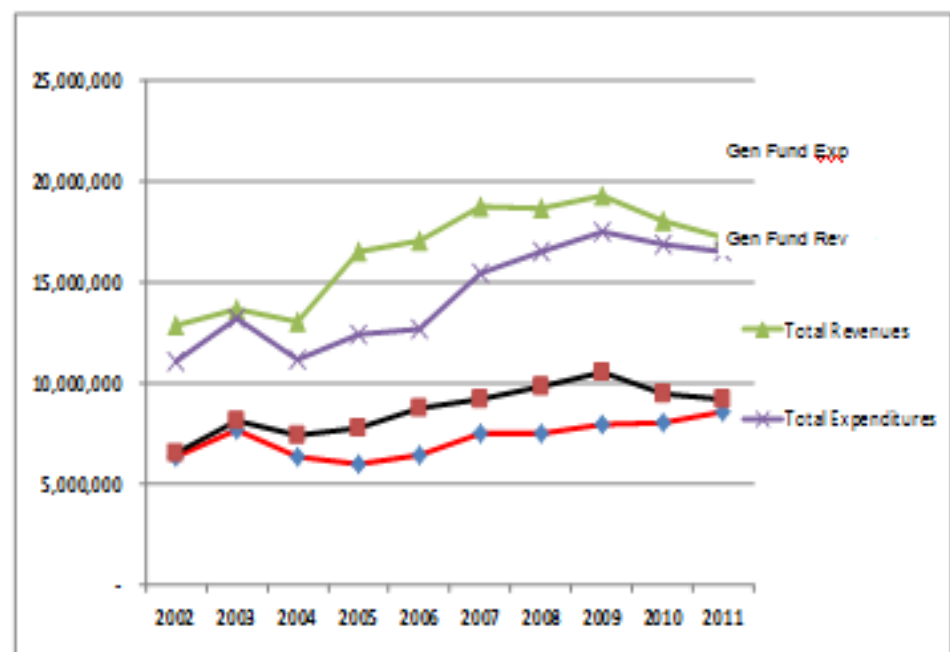
As depicted in the graph titled "Earnings Tax Revenue 2002-2011", earnings tax collections rose dramatically in 2008 from 2007, as a result of construction activity with one of the City's major employers. However in 2009, earnings tax revenues decreased 10% from the amount collected in 2008.

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. In the future there may be a need for City Council to consider adjustments to this allocation to further balance the City's budget.

Total Revenues and Expenditures including the General Fund 2002-2011

Total Revenues and Expenditures including the General Fund

The line chart titled "Total Revenues and Expenditures including General Fund 2002-2011" 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

The graph titled "Investment Income" reflects revenues which range from \$282,737 in 2004 to \$116,322 in 2011.

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 City Council. The primary objective of the City's investment activities is the preservation of capital and liquidity, while maximizing investment income and conforming to state laws governing the investment of public funds.

Fund Balance Policy

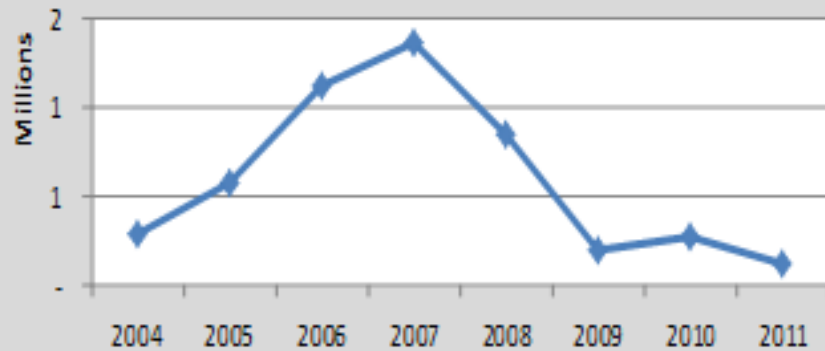
The fund balance is a key measure of the City's overall financial health. City Council adopted a policy requiring maintenance of a six- to twelve-month reserve of operating expenditures for the General Fund, a minimum cash balance of \$1,000,000 in the Capital Improvement Fund and one year of debt service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

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

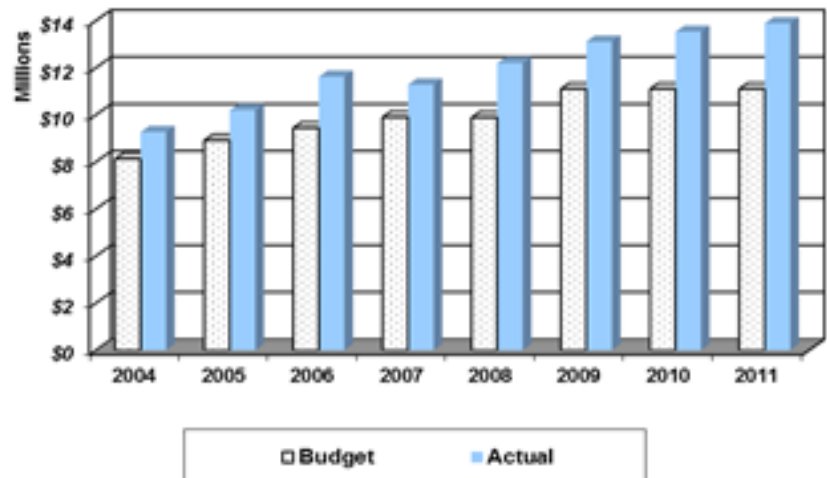
Long-Term Debt

On December 31, 2011, the City had \$3,411,165 of bonded debt; of this amount, \$3,320,000 is general obligation debt and \$91,165 is special assessment debt. In 2008, the City ~~defeased~~ \$2,175,000 of general obligation debt from tax increment financing (TIF) which financed the public improvements at the Ohio National Financial Services Headquarters. The defeasance of these bonds seven years prior to their maturity was funded 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 \$321 in 2011. The chart to the right depicts the total outstanding debt for the City over the last eight years.

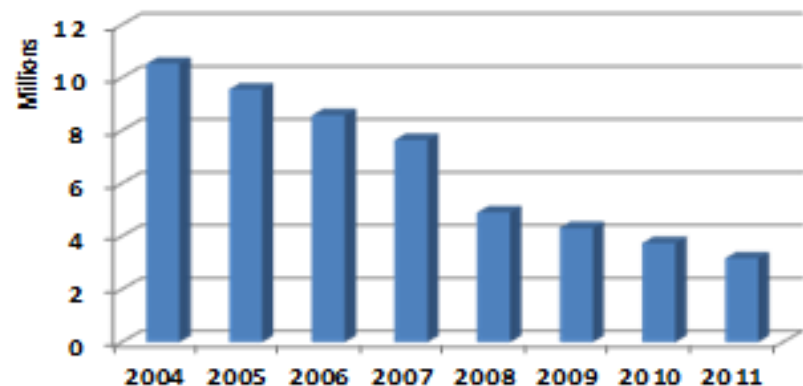
Investment Income



General Fund Balance-Budget and Actual



Total Outstanding Debt



Police Department

The Montgomery police department's 2011 annual report provides a summary of the department's activities during the year. Reported crime data, traffic related statistics and enforcement data, along with a summary of our community relations activities provides a sense of the overall work of the department.

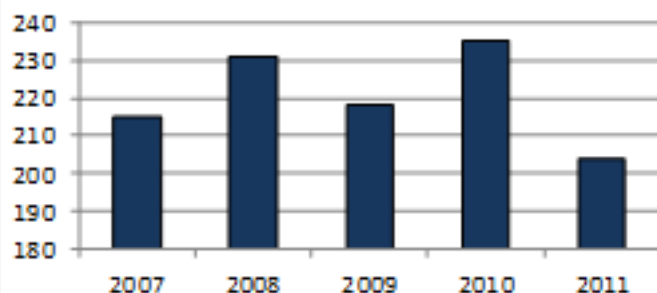
Staffing

The police department staffing levels have remained constant for the past several years at 21 full-time officers, two police clerks, one office manager, and one mayor's court clerk. Of the 21 full-time officers, there is one chief, one lieutenant, four sergeants, two detectives, one Drug Abuse Resistance Education (DARE) officer, one School Resource Officer (SRO), one traffic safety officer, and ten patrol officers.

Calls for Service

The majority of our calls for police service are generated through the Hamilton County Communications Center. The types of calls for service vary widely but in 2011 the department was dispatched to 5,131 incidents. In addition to these numbers the department receives calls for service on our non-emergency line which are not recorded as dispatched calls.

Part One Crimes Over 5 Years



Reported Crimes

The FBI collects crime data from police departments across the United States using a system known as Unified Crime Reports. In 2011, the police department recorded a total of 204 "Part One" crimes. Part One crimes are defined and tracked by the U.S. Department of Justice. They include: Homicide, Rape, Robbery, Assault, Burglary, Theft and Auto Theft. The 2011 total marks the lowest level of reported crime in the past 10 years! With the reduction in crime our total number of arrests also declined to a total of 212.

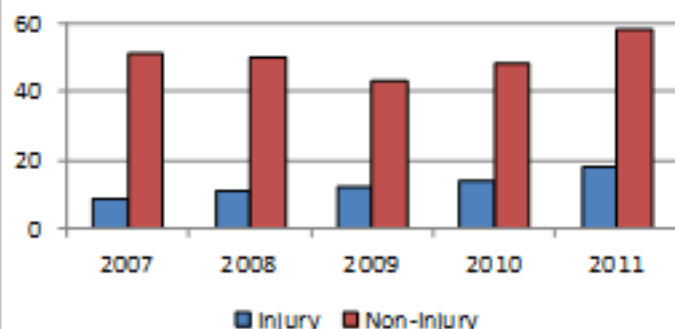
Traffic Safety

During 2011 the department was recognized as a "Platinum" level award winner in traffic safety efforts by AAA. This is the highest level awarded by the association and Montgomery was one of five cities in Hamilton County to receive the award. The award criteria include measures of accident data as well as prevention and education efforts by the department. Roughly 60% of reported traffic accidents occurred on the interstate highways and ramps. Due to a high volume of crashes on the ramps the police department worked with the Ohio Department of Transportation to identify contributing factors in an effort to enhance traffic safety. As one part of the solution, the State used a grinding process on the pavement to increase the friction of the roadway. This process, combined with public education and speed enforcement, has managed to reduce accidents and injuries on the ramps.

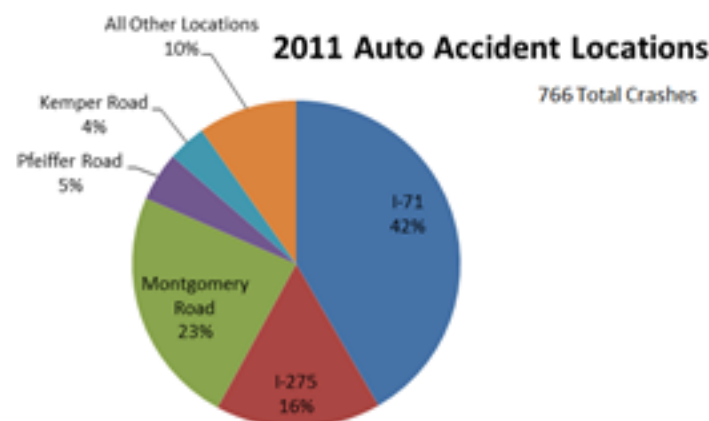
Youth Activities and Public Relations

The police department continued its public education efforts by conducting the annual Safety Village program for five and six year old children. Officer Pat Giblin instructs the children about school bus safety, animal safety, stranger safety and other safety related topics. The program is offered over a two-week period in the month of June, and the children attend a morning or afternoon session for a period of one week. Other public education programs included crime prevention training, Internet safety, and addressing neighborhood associations and other groups on a variety of other issues. Additionally, our third grade seat belt program taught by Officer Giblin instructs children on the importance of wearing seat belts to save lives. This program is grant funded through the Ohio Department of Public Safety.

Auto Accidents per 1000 Capita



Police Department (continued)



Our active participation in the Northeast Communities Challenge Coalition (NECCC) continued during 2011. The goal of the coalition is to prevent alcohol and drug use among the youth of our community. Lieutenant Jerry Beitman served on the community board as an advisor and was instrumental in organizing Server/Seller training for restaurants and businesses in the City.

In an effort to expand our positive contacts with the youth of our community we participated in a number of youth related summer programs sponsored by the City. Officers participated in a "paintball challenge" fieldtrip, a horseback riding adventure and a trip to the Great Wolf Lodge for water park fun. Other events included our annual Safety Center open house and the Weller Park "Touch a Truck."

For the fourth year in a row, officers and staff from the police department volunteered their time at the City car show serving refreshments and food. Proceeds from the event are donated to the Holiday family fund for those who are less fortunate.

Regional Partnerships and Collaboration

D.A.R.T (Drug Abuse Reduction Task Force)

The department continued to support the Drug Abuse Reduction Task Force (DART) during 2011. Chief Simpson continued to serve on the executive board for the sixth consecutive year. Montgomery is a founding member of the task force that was formed in 1988, and periodically assigns officers to the task force. DART is comprised of approximately 16 local law enforcement agencies that primarily address drug enforcement at the local level. This regional partnership among local jurisdictions allows us to pool our limited resources to combat drug trafficking which frequently occurs across jurisdictional lines.

Hamilton County Police Association (HCPA)

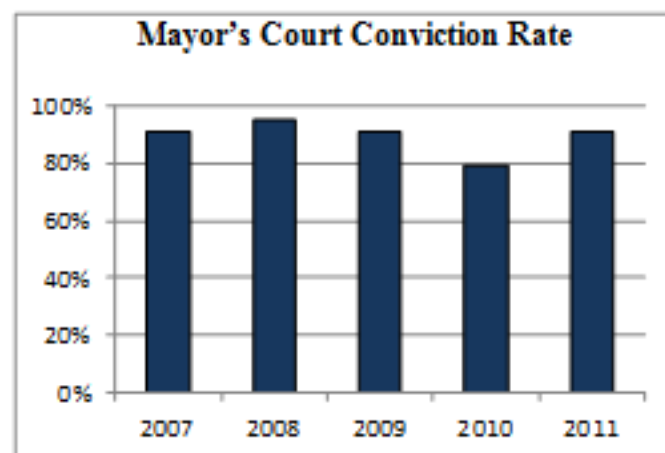
Montgomery Police officers take an active role in the HCPA. This association provides a number of services and resources to the residents of Montgomery and is a model for collaboration among regional communities. Montgomery

Sergeant John Crowell and Officer Bob Otte serve on the S.W.A.T team as team leaders and are a valuable part of this highly trained unit. Chief Don Simpson served on the HCPA Executive Board and he and Lieutenant Jerry Beitman served on the training committee as co-chairs. In addition to the SWAT team the association provides a highly trained and equipped Underwater Search and Recovery Team. The association also sponsors a regional drug awareness and prevention rock band named "Most Wanted" who travel to our local schools delivering an anti drug and alcohol message.

Mayor's / Juvenile Court

The Montgomery Mayor's Court, which is held two 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 2011, the Court heard cases resulting in \$213,975 in fines, fees and court costs. After assessing the required State fees, the City's portion of the fund was \$158,342.

The Montgomery Juvenile Court, with Referee Terry Donnellon presiding, is considered an unofficial court for first time offenders. The disposition of these cases often results in community service being performed by juvenile offenders. 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. Juveniles can be referred for counseling and intervention programs through the unofficial court.



Looking ahead to 2012 and beyond

Changes at the State level and reduced funding for local government will result in reduced resources for all departments. Regional partnerships and sharing of resources will be an important part of our efforts in the years to come. As we begin 2012, we will focus efforts towards maintaining and improving our services while embracing new and creative ideas for working collaboratively.

Customer Service

The Customer Service Department provides assistance to citizens on matters related to living in, working in, and visiting Montgomery. Citizens can reserve a lodge or park shelter, sign up for the latest event or class being offered, apply for building, zoning or sign permits and receive assistance on zoning questions. The customer service department also manages the technology infrastructure of the City which includes the website, e-government services, employee appraisal software system, and technical support to all City staff. The customer service department is managed by Matthew Vanderhorst, Customer Service Director, and is staffed by two full-time customer service representatives, Evelyn Dumont and Chelsey Degenhardt.



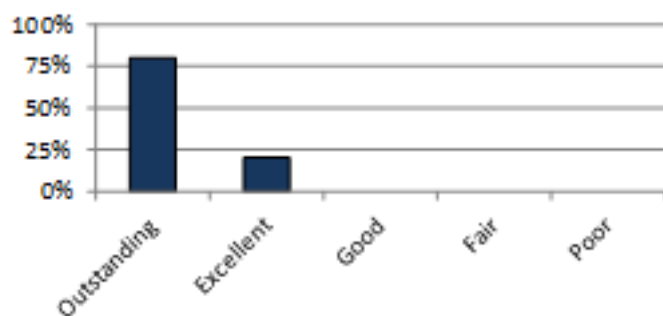
The year 2011 was one of great accomplishment and recognition for the Customer Service Department. Most notably, the department, through collaboration of all three department members, successfully developed a new City

website, incorporating design elements that were hand-rendered by Chelsey Degenhardt. The new site features a new, user-friendly interface with an enhanced search function that allows users to quickly and easily find information. The website was also developed with many handicap accessible features that allow users of all abilities access to the information. The new website was recognized with three national awards in 2011 from the National Association of Government Webmasters (NAGW) in the category of cities with populations under 50,000: the NAGW Pinnacle Award, the NAGW People's Choice Award, and the NAGW Sponsors Choice Award. This is the second Pinnacle Award the City has received for its website in the past several years, but this was the first year the City swept all three categories.

In addition to the new website, other customer-related enhancements included the continued use of the online chat feature on the website that allows users to get real-time, live answers to questions during office hours. The second year of our on-line shelter reservation systems was quite successful, and as a result of survey responses we received, we have created some ideas for improvements for the 2012 season.

One large undertaking that took place in 2011 was the task of developing a request for proposal (RFP) for a

Usefulness of Chat Tool



records management system to address the need for secure, organized storage of electronic records, including email, to ensure compliance with the record retention and public record retrieval requirements of the State of Ohio. This project was conducted by a team of employees which included both Matthew and Evelyn from the Customer Service Department. The group performed a significant amount of investigatory work and published a comprehensive RFP, but unfortunately, all proposals received for such a system far exceeded the allotted budget. As a result of this, Matthew conducted research on his own and found a cloud solution at a much lower cost that should achieve our desired outcomes.

Matthew, as representative of the City of Montgomery, partnered with the Sycamore Community Schools District to give a presentation about how the two organizations have partnered to share resources and services. The presentation was given during a regional innovation summit about shared service opportunities for schools and local governments. The summit was sponsored by the Alliance for Innovation, the Ohio City/County Management Association, Wittenberg University and the Ohio Educational Service Center.

Matthew and Brian Riblet volunteered time and talent to teach a class about LEAN process improvement and how the City of Montgomery has improved services and reduced cost by implementing the principles of LEAN. The class was taught in partnership with the Center for Local Government and was attended by several local communities.

Several improvements in the area of technological enhancements were achieved in 2011, including:

- Installed an antenna that provides mobile data service and more reliable cell phone service inside the Safety Center.
- Computer network equipment was moved to a climate controlled protective environment to save money by extending the life of the hardware and increasing the availability of network services to emergency response personnel.
- Saved over \$2,000 per year and increased service capabilities by switching from Blackberry devices to iPhones and Android smart phones.

Montgomery Citizens' Leadership Academy

2011 marked the fourth year for the Montgomery Citizen's Leadership Academy, MCLA, since the program's inception in 2008. This program's main objective is to transform residents to engaged and energized citizens with a passion for involvement in, and the betterment of, our community.

The success of the program is due to the dedication of City Council and City staff in the preparation of presentations designed to create connections amongst facilitators and participants and between participants by using dialogue to share ideas, opinions and information. Also, the support and commitment of the community partners involved in MCLA emphasizes that this program is about shared responsibility for building a great community. The partners involved in the MCLA program are: Ohio National Financial Services, Sycamore Schools, Twin Lakes Retirement Community, and the Bethesda North Hospital

The alumni of MCLA are taking this message to heart with 76% acting as ambassadors in the community, 92% volunteering at least once per year in the community and 84% volunteering more than once per year. Truly, this program is transforming!



The Montgomery Farmer's Market is a very successful example of an MCLA class project.



Class of 2011 at Public Works facility for Parks and Public Works Session.

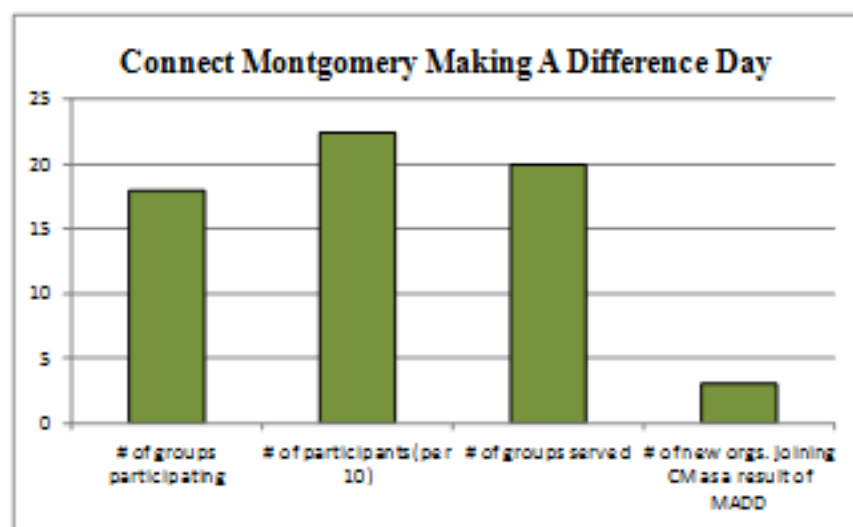


The 2009 MCLA Class chose to install a rain garden at Swaim Park for their class project



2009 class on historic walking tour led by Frank Davis

Community Engagement



Connect Montgomery's inaugural Making a Difference Day event, held on October 22, 2011, involved over eighteen community groups joined to make a unified impact in Montgomery and surrounding communities.

Connect Montgomery, the civic collaborative composed of community organizations serving Montgomery, was established to address the following challenges faced by local service or non-profit organizations.

- Communication/Awareness challenges
- Lack of new and younger membership
- Decline in funds/fundraising profitability
- Decrease of volunteerism as a societal value

By working collaboratively, the individual organizations work to support the activities of other organizations, network to share resources and finally open communication across the groups and individuals and share their activities with interested community members through the ConnectMontgomery.org website.

The group realized it was important to share a common goal and activity to build the awareness of Connect Montgomery and their member organizations. When that idea evolved, Connect Montgomery chose to sponsor a day of service that was scheduled on the national Make a Difference Day and resulted in the following successes: involved 18 different organizations, over 250 participants and provided service to 20 different entities.

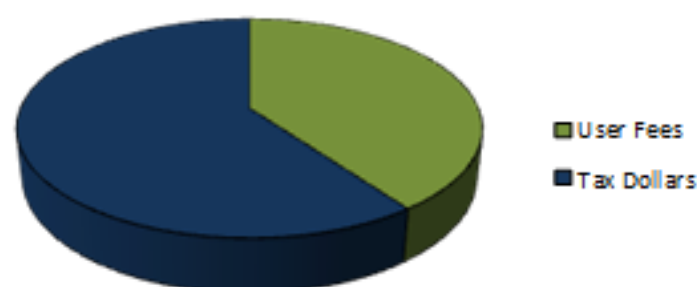
The design of the day focused on linking local participating organizations with individuals and groups that have identified needs. Connect Montgomery's Making a Difference Day evolved to be much more than the connections made between servant and recipient to include an engaging experience where many of the participating "servant" organizations collaborated on projects and individuals from the public were invited to join in and work alongside these organizations. These synergies that evolved naturally were what made this day a huge success in that it built connections and relationships that strengthened the community fabric but also went back to addressing some of the four areas of concern for the Connect Montgomery organizations - giving them an answer to "what's in it for me?".



Community Engagement (continued)

The community engagement department offers much value to the community in the areas of engaging our residents, businesses, schools and neighbors in providing services that add to the quality of life and richness of experience in Montgomery. For every \$100 in general fund dollars, \$2.50 is used to provide engagement services: recreation, events, volunteer coordination and community engagement. Engagement services also generate \$1 of revenue per every \$100 dollars. So, for every \$100 paid in taxes, \$1.50 goes to pay for engagement services. The other \$1.08 of the \$2.50 in costs for engagement services is generated by user fees.

Percent of Money Sources for Engagement Services



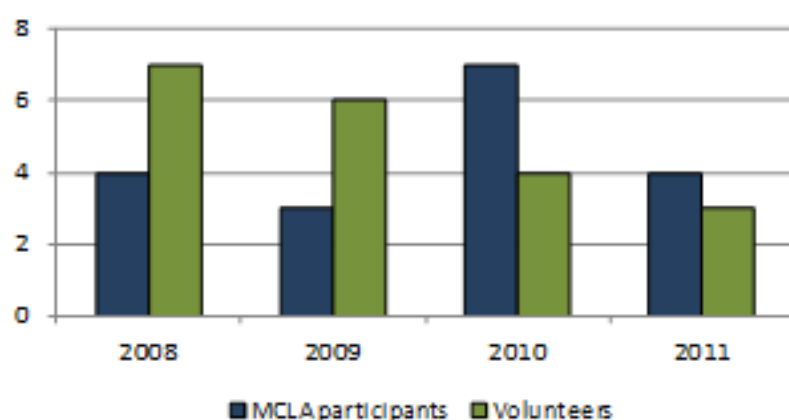
In 2011, the City partnered with Sycamore Schools and the City of Blue Ash to create a new resident welcome event in order to build relationships with our newest community members and invite them to get involved in their community. The New Resident Welcome Event was held for the first time in May and then again in October with over 65 new residents attending these venues. Our efforts, starting with a mailed welcome packet, followed by a personalized note from the New Resident Welcome Team, and then an invitation to a welcome event, has helped to engage these residents through our leadership academy and as volunteers for our City programs and commissions.



- There were 129 new residents in 2008: seven volunteered with the City and four participated in MCLA
- There were 142 new residents in 2009: six volunteered with the City and three participated in MCLA
- There were 143 new residents in 2010: four volunteered with the City and seven participated in MCLA
- There were 123 new residents in 2011: three volunteered with the City and none participated in MCLA

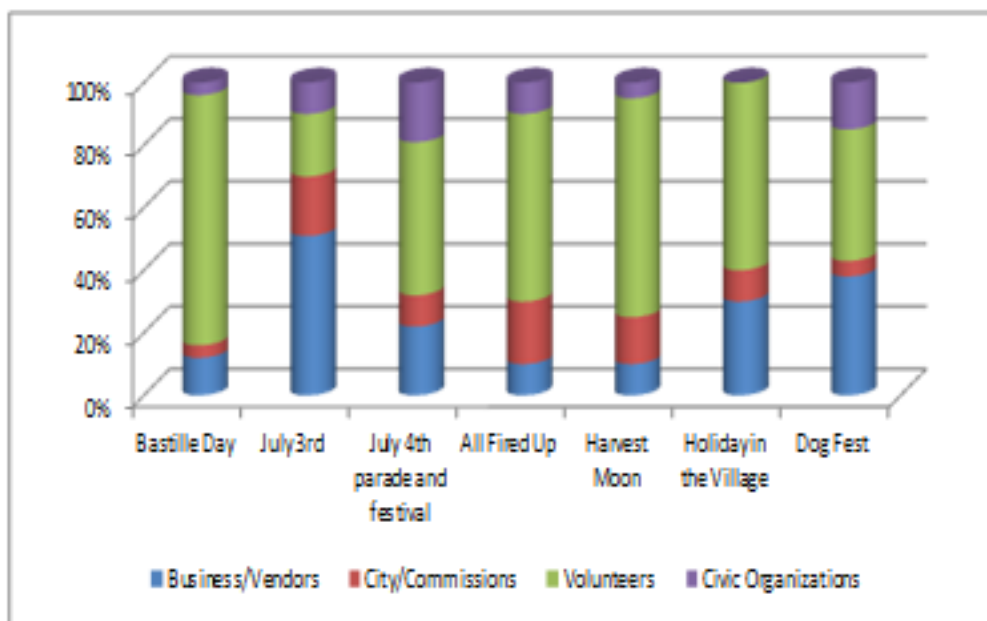


New Resident Engagement



Community Engagement (continued)

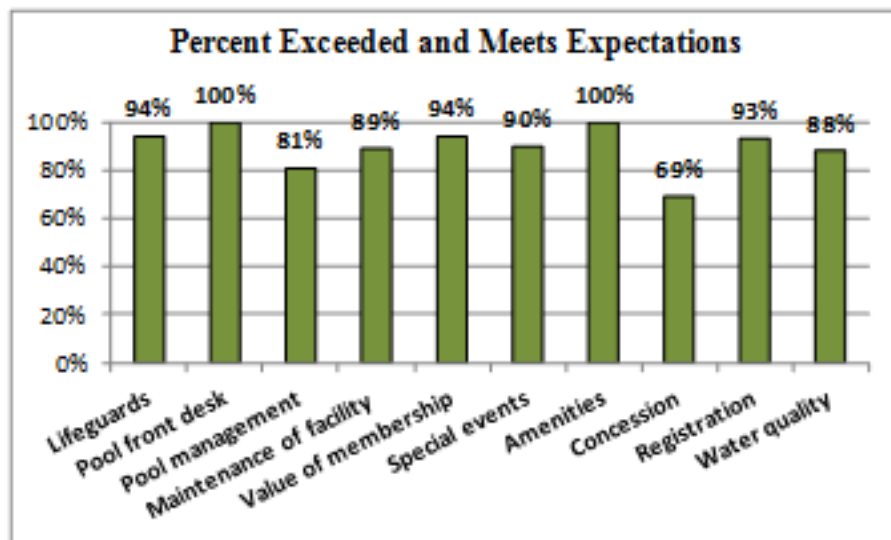
City of Montgomery events are not only fun for everyone but are designed to bring our community together and offer a gateway to becoming involved! Events provide an opportunity for residents, businesses, civic organizations, the City government and guests to interact and get to know each other and find out what each has to offer the other, thereby strengthening the community through collaboration. Below is a chart that shows the makeup of community involvement in our larger City events.



Montgomery Community Pool Member Survey Results

An annual survey of members is conducted at the Montgomery Community Pool and results from the 2011 season are displayed in the chart to the right. Members rated questions using "Exceeds Expectations", "Meets Expectations" and "Needs Improvement" rating criteria.

To address the items with the lowest scores on our survey, staff will be evaluating concession sales to better supply popular items and will continue the contract with Donatos to be able to offer fresh meal options from salads to pizza. In 2011, the pool management company was changed to Swim Safe, Inc. To address the issues put forth in the survey regarding the management company, staff will better promote the new swim lesson hotline.



Community Engagement (continued)

Volunteers are a precious resource for the City of Montgomery. They make a difference in Montgomery and their contributions make Montgomery a community.

The Value of Volunteer Service to the City of Montgomery

VOLUNTEER AREA	NUMBER OF VOLUNTEER POSITIONS	NUMBER OF HOURS:MINUTES	VALUE OF SERVICE
BOARDS/ COMMISSIONS	439	2,452:35	\$ 49,057.68
EVENTS/PROGRAMS	258	2,161:25	\$ 43,228.35
OFFICE SUPPORT	5	52:35	\$ 1,051.67
OTHER	80	455:00	\$ 9,100.00
TOTAL	782	5,121:53	\$ 102,437.70

Note: **Boards/Commissions** include Art, Beautification & Tree, Board of Tax Review, Board of Zoning Appeals, Civil Service, Environmental Advisory, Landmarks, Parks & Recreation (does not include 20 volunteers at 30 hours for \$600.00 for working concessions at various events already allocated), Planning and Sister Cities (includes Bastille Day). **Events/Programs** include Breakfast w/ Santa, Car Show, DogFest, Harvest Moon, Holiday in the Village, Pumpkin Walk, School's Out Trips, July 3-4th, Safety Center Open House, Safety Village and Swim Team Parents. **Office Support** includes tax help, front desk support and packet stuffing. **Other** includes Adopt-A-Spot/Road, Connect Montgomery Making Difference Day, holiday decorating and public works assistance.





The City of Montgomery

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