

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS***  
**(AUDITED)**

FOR THE YEAR ENDED  
DECEMBER 31, 2011

**JANINE COOPER, FINANCE DIRECTOR**





# Dave Yost • Auditor of State

Members of Council  
City of Englewood  
333 W. National Road  
Englewood, Ohio 45322

We have reviewed the *Independent Accountants' Report* of the City of Englewood, Montgomery County, prepared by Julian & Grube, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

June 18, 2012

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**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report

City of Englewood  
333 West National Road  
Englewood, Ohio 45322

To the Members of Council and Mayor:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Englewood, Montgomery County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the City of Englewood's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Englewood's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Englewood, Montgomery County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Fire and Rescue Fund, Police Fund and Street Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2011, the City of Englewood adopted the provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2012, on our consideration of the City of Englewood's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Members of Council and Mayor  
City of Englewood  
Page Two

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.  
May 4, 2012



## CITY OF ENGLEWOOD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

The management's discussion and analysis of the City of Englewood's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

#### Financial Highlights

Key financial highlights for 2011 are as follows:

- The total net assets of the City increased \$188,996. Net assets of governmental activities increased \$413,950 or 0.80% from 2010 and net assets of business-type activities decreased \$224,954 or 0.92% under 2010.
- General revenues accounted for \$8,775,113 or 75.52% of total governmental activities revenue. Program specific revenues accounted for \$2,844,037 or 24.48% of total governmental activities revenue.
- The City had \$11,205,200 in expenses related to governmental activities; \$2,844,037 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$8,361,163 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$8,775,113.
- During 2011, the City's general fund was restated as described in Note 3.B. The general fund had revenues and other financing sources of \$8,067,624 in 2011. This represents an increase of \$99,992, primarily in the sale of capital assets and transfers in, from 2010 restated revenues. The expenditures and other financing uses of the general fund, which totaled \$7,564,268 in 2011, increased \$810,508 from 2010 restated expenditures. An increase in interfund transfers accounted for the majority of this expenditure increase. Expenditures excluding transfers increased \$91,308. The net increase in fund balance for the general fund was \$503,356 or 11.02% over the 2010 restated balance.
- The fire and rescue fund had revenues and other financing sources of \$1,858,437 in 2011. This represents an increase of \$112,839 from 2010 revenues and other sources. The expenditures of the fire and rescue fund, which totaled \$1,886,060 in 2011, increased \$216,680 from 2010. The net decrease in fund balance for the fire and rescue fund was \$27,623 or 4.15%.
- The police fund had revenues and other financing sources of \$2,725,284 in 2011. This represents an increase of \$388,292 from 2010 revenues and other sources. The expenditures of the police fund, which totaled \$2,696,685 in 2011, increased \$123,455 from 2010. The net increase in fund balance for the police fund was \$28,599 or 29.25%.
- The street fund had revenues and other financing sources of \$1,538,772 in 2011. This represents a decrease of \$149,645 from 2010 revenues and other sources. The expenditures of the street fund, which totaled \$1,614,537 in 2011, decreased \$10,212 from 2010. The net decrease in the fund balance for the street fund, including the increase in reserve for inventory, was \$39,908 or 4.24%.
- The capital improvement fund had revenues and other financing sources of \$1,794,188 in 2011. The expenditures and other financing uses of the capital improvement fund totaled \$1,713,997 in 2011. The net increase in the fund balance for the capital improvement fund was \$80,191 or 1.37%.
- Net assets for the business-type activities, which are made up of the water, sewer, and solid waste enterprise funds, decreased in 2011 by \$224,954. This decrease in net assets was due primarily to the decrease in capital grants and contributions related to business-type activities from 2010.

## CITY OF ENGLEWOOD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

- In the general fund, the actual revenues and other financing sources came in \$557,198 greater than they were in the final budget and actual expenditures and other financing uses were \$310,337 less than the amount in the final budget. Budgeted revenues remained the same from original to the final budget and budgeted expenditures increased \$62,800 from original to the final budget.

#### **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

#### **Reporting the City as a Whole**

##### *Statement of Net Assets and the Statement of Activities*

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net *assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net assets and the statement of activities, the City is divided into two distinct kinds of activities:

**Governmental activities** - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

**Business-type activities** - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer, and solid waste operations are reported here.

The City's statement of net assets and statement of activities can be found on pages 18-20 of this report.

## CITY OF ENGLEWOOD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

#### **Reporting the City's Most Significant Funds**

##### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 10.

##### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, fire and rescue fund, police fund, street fund, and capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 21 - 30 of this report.

##### ***Proprietary Funds***

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and solid waste management functions. All of the City's enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages 31 - 34 of this report.

##### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statement can be found on page 35 of this report.

**CITY OF ENGLEWOOD, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 36 - 70 of this report.

**Government-Wide Financial Analysis**

The statement of net assets provides the perspective of the City as a whole. The table below provides a summary of the City's net assets for 2011 compared to 2010:

|  | <b>Net Assets</b>                          |  |   |   |                      |                      |
|--|--|--|---|---|----------------------|----------------------|
|  | 2011<br><u>Governmental<br/>Activities</u> | 2010<br><u>Governmental<br/>Activities</u> | 2011<br><u>Business-type<br/>Activities</u> | 2010<br><u>Business-type<br/>Activities</u> | 2011<br><u>Total</u> | 2010<br><u>Total</u> |
| <u>Assets</u>                                      |  |  |   |   |                      |                      |
| Current and other assets                           | \$ 17,472,341                              | \$ 17,387,717                              | \$ 5,563,320                                | \$ 5,688,772                                | \$ 23,035,661        | \$ 23,076,489        |
| Capital assets, net                                | <u>37,175,066</u>                          | <u>37,319,721</u>                          | <u>19,037,784</u>                           | <u>19,333,326</u>                           | <u>56,212,850</u>    | <u>56,653,047</u>    |
| Total assets                                       | <u>54,647,407</u>                          | <u>54,707,438</u>                          | <u>24,601,104</u>                           | <u>25,022,098</u>                           | <u>79,248,511</u>    | <u>79,729,536</u>    |
| <u>Liabilities</u>                                 |  |  |   |   |                      |                      |
| Long-term liabilities                              | 427,076                                    | 654,256                                    | 135,081                                     | 355,290                                     | 562,157              | 1,009,546            |
| Other liabilities                                  | <u>1,859,254</u>                           | <u>2,106,055</u>                           | <u>217,129</u>                              | <u>192,960</u>                              | <u>2,076,383</u>     | <u>2,299,015</u>     |
| Total liabilities                                  | <u>2,286,330</u>                           | <u>2,760,311</u>                           | <u>352,210</u>                              | <u>548,250</u>                              | <u>2,638,540</u>     | <u>3,308,561</u>     |
| <u>Net Assets</u>                                  |  |  |   |   |                      |                      |
| Invested in capital assets,<br>net of related debt | 37,175,066                                 | 37,136,159                                 | 19,037,784                                  | 19,119,219                                  | 56,212,850           | 56,255,378           |
| Restricted   | 2,780,003                                  | 9,285,574                                  | -   | -   | 2,780,003            | 9,285,574            |
| Unrestricted                                       | <u>12,406,008</u>                          | <u>5,525,394</u>                           | <u>5,211,110</u>                            | <u>5,354,629</u>                            | <u>17,617,118</u>    | <u>10,880,023</u>    |
| Total net assets                                   | <u>\$ 52,361,077</u>                       | <u>\$ 51,947,127</u>                       | <u>\$ 24,248,894</u>                        | <u>\$ 24,473,848</u>                        | <u>\$ 76,609,971</u> | <u>\$ 76,420,975</u> |

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2011, the City's assets exceeded liabilities by \$76,609,971. At year-end, net assets were \$52,361,077 and \$24,248,894 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets net represented 68.03% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment, vehicles, software, and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2011, were \$37,175,066 and \$19,037,784 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. The City did not have any outstanding debt at December 31, 2011.

**CITY OF ENGLEWOOD, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

As of December 31, 2011, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$2,780,003 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$12,406,008 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for years 2011 and 2010. Certain 2010 expenses have been reclassified to conform to the 2011 presentation.

|  | <b>Change in Net Assets</b> |                      |                      |                      |                      |                      |
|--|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2011                        | 2010                 | 2011                 | 2010                 | 2011                 | 2010                 |
|  | <u>Governmental</u>         | <u>Governmental</u>  | <u>Business-Type</u> | <u>Business-Type</u> | <u>Total</u>         | <u>Total</u>         |
|  | Activities                  | Activities           | Activities           | Activities           | Total                | Total                |
| <b>Revenues</b>                        |                             |                      |                      |                      |                      |                      |
| Program revenues:                      |                             |                      |                      |                      |                      |                      |
| Charges for services                   | \$ 1,572,117                | \$ 1,492,587         | \$ 3,244,016         | \$ 3,234,739         | \$ 4,816,133         | \$ 4,727,326         |
| Operating grants and contributions     | 894,159                     | 728,984              | -                    | -                    | 894,159              | 728,984              |
| Capital grants and contributions       | 377,761                     | 548,190              | -                    | 395,104              | 377,761              | 943,294              |
| <b>Total program revenues</b>          | <u>2,844,037</u>            | <u>2,769,761</u>     | <u>3,244,016</u>     | <u>3,629,843</u>     | <u>6,088,053</u>     | <u>6,399,604</u>     |
| General revenues:                      |                             |                      |                      |                      |                      |                      |
| Property taxes                         | 1,591,848                   | 1,540,162            | -                    | -                    | 1,591,848            | 1,540,162            |
| Income taxes                           | 5,765,227                   | 5,888,588            | -                    | -                    | 5,765,227            | 5,888,588            |
| Unrestricted grants and entitlements   | 806,904                     | 936,192              | -                    | -                    | 806,904              | 936,192              |
| Payment in lieu of taxes               | 376,806                     | 357,317              | -                    | -                    | 376,806              | 357,317              |
| Investment earnings                    | 185,679                     | 153,599              | 24,718               | 29,262               | 210,397              | 182,861              |
| Miscellaneous                          | 48,649                      | 30,562               | 48,077               | 47,813               | 96,726               | 78,375               |
| <b>Total general revenues</b>          | <u>8,775,113</u>            | <u>8,906,420</u>     | <u>72,795</u>        | <u>77,075</u>        | <u>8,847,908</u>     | <u>8,983,495</u>     |
| <b>Total revenues</b>                  | <u>11,619,150</u>           | <u>11,676,181</u>    | <u>3,316,811</u>     | <u>3,706,918</u>     | <u>14,935,961</u>    | <u>15,383,099</u>    |
| Expenses:                              |                             |                      |                      |                      |                      |                      |
| General government                     | 1,761,900                   | 1,486,286            | -                    | -                    | 1,761,900            | 1,486,286            |
| Security of persons and property       | 5,440,448                   | 5,111,373            | -                    | -                    | 5,440,448            | 5,111,373            |
| Public health and welfare              | 14,133                      | 16,953               | -                    | -                    | 14,133               | 16,953               |
| Transportation                         | 3,145,562                   | 3,619,759            | -                    | -                    | 3,145,562            | 3,619,759            |
| Community environment                  | 416,109                     | 484,542              | -                    | -                    | 416,109              | 484,542              |
| Leisure time activity                  | 427,048                     | 616,926              | -                    | -                    | 427,048              | 616,926              |
| Water                                  | -                           | -                    | 1,331,252            | 1,329,174            | 1,331,252            | 1,329,174            |
| Sewer                                  | -                           | -                    | 1,399,986            | 1,395,151            | 1,399,986            | 1,395,151            |
| Solid waste                            | -                           | -                    | 810,527              | 667,264              | 810,527              | 667,264              |
| <b>Total expenses</b>                  | <u>11,205,200</u>           | <u>11,335,839</u>    | <u>3,541,765</u>     | <u>3,391,589</u>     | <u>14,746,965</u>    | <u>14,727,428</u>    |
| <b>Change in net assets</b>            | 413,950                     | 340,342              | (224,954)            | 315,329              | 188,996              | 655,671              |
| <b>Net assets at beginning of year</b> | <u>51,947,127</u>           | <u>51,606,785</u>    | <u>24,473,848</u>    | <u>24,158,519</u>    | <u>76,420,975</u>    | <u>75,765,304</u>    |
| <b>Net assets at end of year</b>       | <u>\$ 52,361,077</u>        | <u>\$ 51,947,127</u> | <u>\$ 24,248,894</u> | <u>\$ 24,473,848</u> | <u>\$ 76,609,971</u> | <u>\$ 76,420,975</u> |

## CITY OF ENGLEWOOD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

#### Governmental Activities

Governmental activities net assets increased \$413,950 in 2011. This increase is a result of City revenues being more than expenditures. The City had an increase in income tax revenue attributable to growth in the local economy.

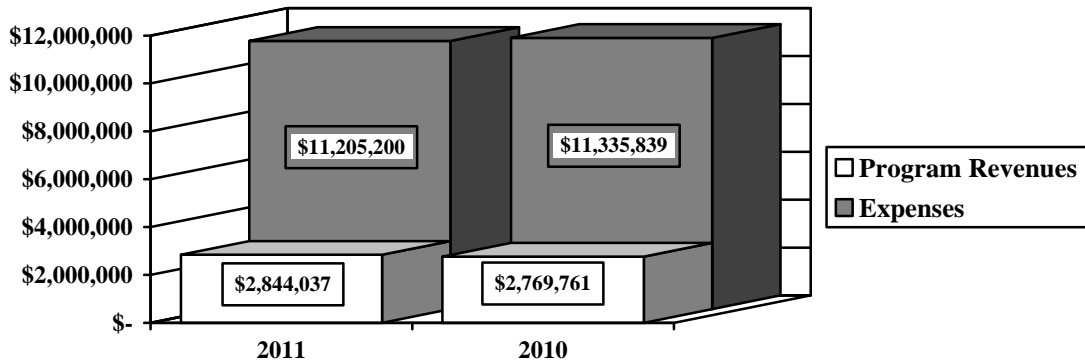
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$5,440,448 of the total expenses of the City. These expenses were partially funded by \$1,126,138 in direct charges to users of the services. Transportation expenses totaled \$3,145,562. Transportation expenses were partially funded by \$705,406 in operating grants and contributions and \$377,761 in capital grants and contributions.

The state and federal government contributed to the City a total of \$894,159 in operating grants and contributions and \$377,761 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total grants and contributions, \$1,083,167 subsidized transportation programs, and \$120,553 subsidized security of persons and property programs.

General revenues totaled \$8,775,113, and amounted to 75.52% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$7,357,075. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government funds, making up \$806,904.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

**Governmental Activities - Program Revenues vs. Total Expenses**



**CITY OF ENGLEWOOD, OHIO**

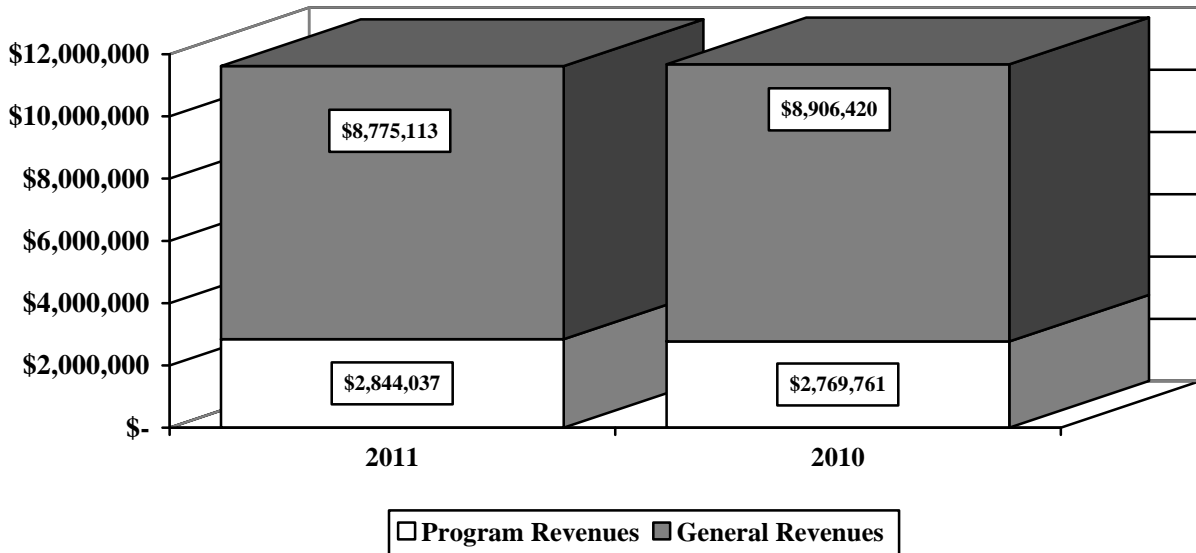
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Governmental Activities**

|                                  | Total Cost of<br>Services<br><u>2011</u> | Total Cost of<br>Services<br><u>2010</u> | Net Cost of<br>Services<br><u>2011</u> | Net Cost of<br>Services<br><u>2010</u> |
|----------------------------------|--|--|--|--|
| Program Expenses:                |  |  |  |  |
| General government               | \$ 1,761,900                             | \$ 1,486,286                             | \$ 1,348,170                           | \$ 1,306,530                           |
| Security of persons and property | 5,440,448                                | 5,111,373                                | 4,193,757                              | 4,076,672                              |
| Public health and welfare        | 14,133                                   | 16,953                                   | 13,909                                 | 16,428                                 |
| Transportation                   | 3,145,562                                | 3,619,759                                | 2,062,395                              | 2,179,327                              |
| Community environment            | 416,109                                  | 622,244                                  | 344,714                                | 529,050                                |
| Leisure time activity            | <u>427,048</u>                           | <u>479,224</u>                           | <u>398,218</u>                         | <u>458,071</u>                         |
| <b>Total Expenses</b>            | <b><u>\$11,205,200</u></b>               | <b><u>\$11,335,839</u></b>               | <b><u>\$ 8,361,163</u></b>             | <b><u>\$ 8,566,078</u></b>             |

The dependence upon general revenues for governmental activities is apparent, with 74.62% of expenses supported through taxes and other general revenues.

**Governmental Activities - General and Program Revenues**

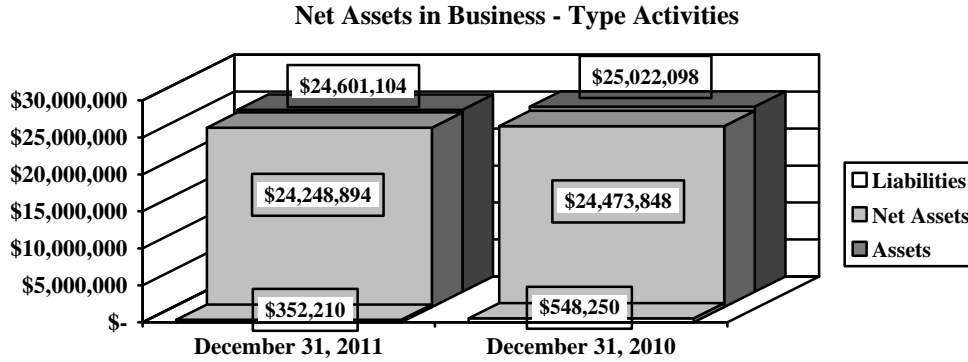


**CITY OF ENGLEWOOD, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Business-type Activities**

Business-type activities include the water, sewer, and solid waste enterprise funds. These programs had program revenues of \$3,244,016, general revenues of \$72,795, and expenses of \$3,541,765 for 2011. The graph below shows the business-type activities assets, liabilities and net assets at year-end 2011 and 2010.



**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds (as presented on the balance sheet on page 21 - 22) reported a combined fund balance of \$13,385,596 which is \$460,245 above last year's restated balance of \$12,925,351. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2011 for all major and nonmajor governmental funds. The City restated December 31, 2010 balances as described in Note 3.B.

|                                   | Fund<br>Balances<br><u>12/31/11</u> | Restated<br>Fund<br>Balances<br><u>12/31/10</u> | Increase<br><u>(Decrease)</u> |
|-----------------------------------|-------------------------------------|---|-------------------------------|
| Major Funds:                      |                                     |   |                               |
| General                           | \$ 5,069,038                        | \$ 4,565,682                                    | \$ 503,356                    |
| Fire and rescue                   | 637,348                             | 664,971   | (27,623)                      |
| Police                            | 126,382                             | 97,783  | 28,599                        |
| Street                            | 901,029                             | 940,937   | (39,908)                      |
| Capital improvement               | 5,939,499                           | 5,859,308                                       | 80,191                        |
| Other nonmajor governmental funds | <u>712,300</u>                      | <u>796,670</u>                                  | <u>(84,370)</u>               |
| Total                             | <u>\$ 13,385,596</u>                | <u>\$ 12,925,351</u>                            | <u>\$ 460,245</u>             |



**CITY OF ENGLEWOOD, OHIO**

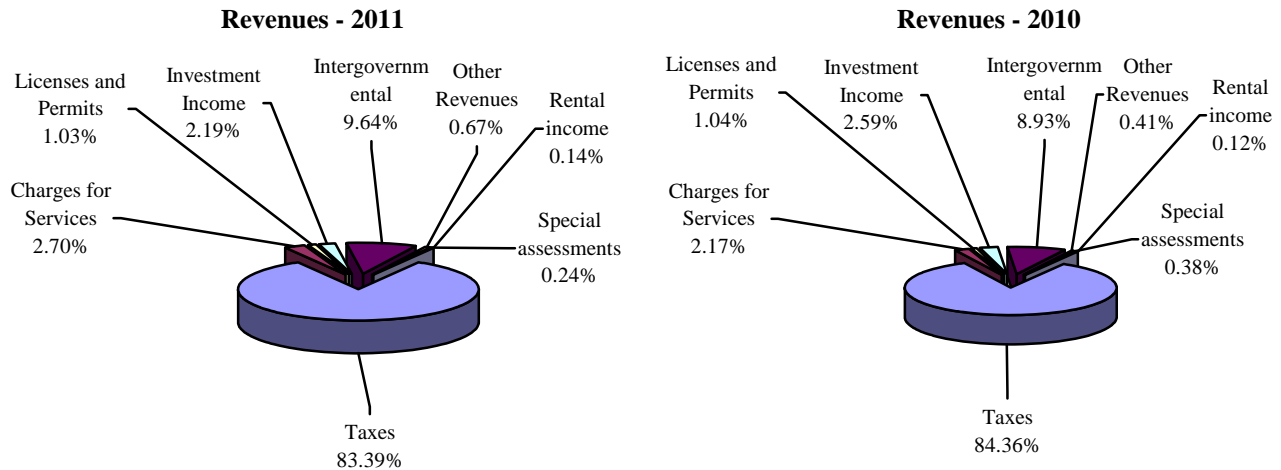
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**General Fund**

The City's general fund balance increased \$503,356. The table that follows assists in illustrating the revenues of the general fund.

|                        | <u>2011<br/>Amount</u>     | <u>Restated<br/>2010<br/>Amount</u> | <u>Percentage<br/>Change</u> |
|------------------------|----------------------------|-------------------------------------|------------------------------|
| <b><u>Revenues</u></b> |                            |                                     |                              |
| Taxes                  | \$ 6,472,584               | \$ 6,720,910                        | (3.69) %                     |
| Charges for services   | 209,851                    | 172,852                             | 21.41 %                      |
| Licenses and permits   | 79,801                     | 83,052                              | (3.91) %                     |
| Fines and forfeitures  | 25,146                     | 220                                 | 100.00 %                     |
| Investment income      | 170,157                    | 206,086                             | (17.43) %                    |
| Rental income          | 10,636                     | 9,461                               | 12.42 %                      |
| Special assessments    | 18,616                     | 30,075                              | (38.10) %                    |
| Intergovernmental      | 748,415                    | 711,474                             | 5.19 %                       |
| Other                  | <u>26,691</u>              | <u>32,832</u>                       | (18.70) %                    |
| <b>Total</b>           | <b><u>\$ 7,761,897</u></b> | <b><u>\$ 7,966,962</u></b>          | <b>(2.57) %</b>              |

Tax revenue represents 83.39% of all general fund revenue. The increase in intergovernmental revenue is the result of the receipt of a \$62,335 Community Development Block Grant (CDBG) during 2011. Special assessment revenue decreased due to a decrease in weed/mowing assessments in 2011. The decrease in investment income is a reflection of reduced interest rates on City investments. The decrease in other revenue relates to refunds on property taxes paid and forfeited landscaping bonds retained.



**CITY OF ENGLEWOOD, OHIO**

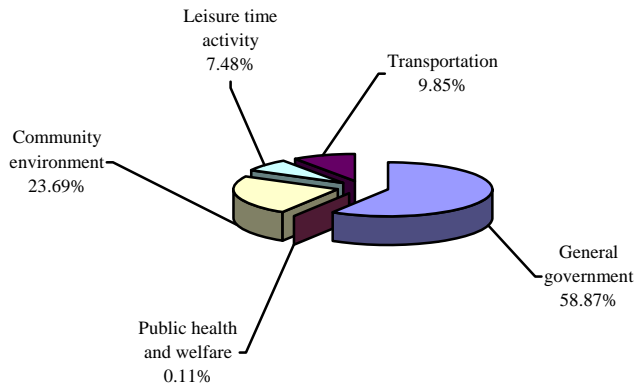
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

The table that follows assists in illustrating the expenditures of the general fund.

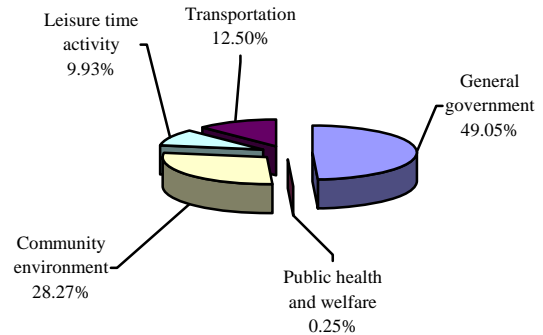
|                            | <u>2011<br/>Amount</u>  | <u>Restated<br/>2010<br/>Amount</u> | <u>Percentage<br/>Change</u> |
|----------------------------|-------------------------|-------------------------------------|------------------------------|
| <b><u>Expenditures</u></b> |                         |                                     |                              |
| General government         | \$ 1,325,477            | \$ 1,059,517                        | 25.10 %                      |
| Public health and welfare  | 2,508                   | 5,328                               | (52.93) %                    |
| Transportation             | 221,738                 | 269,935                             | (17.86) %                    |
| Community environment      | 408,023                 | 473,301                             | (13.79) %                    |
| Leisure time activity      | <u>293,822</u>          | <u>352,179</u>                      | (16.57) %                    |
| <br>Total                  | <br><u>\$ 2,251,568</u> | <br><u>\$ 2,160,260</u>             | <br>4.23 %                   |

Total expenditures increased 4.23% from 2010. The largest expenditure line item, general government, increased 25.10%. Included in general government expenses in 2011 is \$150,000 in land acquisitions.

**Expenditures - 2011**



**Expenditures - 2010**



***Fire and Rescue Fund***

The fire and rescue fund had revenues and other financing sources of \$1,858,437 in 2011. This represents an increase of \$112,839 from 2010 revenues and other sources. The expenditures of the fire and rescue fund, which totaled \$1,886,060 in 2011, increased \$216,680 from 2010. The net decrease in fund balance for the fire and rescue fund was \$27,623 or 4.15%.

***Police Fund***

The police fund had revenues and other financing sources of \$2,725,284 in 2011. This represents an increase of \$388,292 from 2010 revenues and other sources. The expenditures of the police fund, which totaled \$2,696,685 in 2011, increased \$123,455 from 2010. The net increase in fund balance for the police fund was \$28,599 or 29.25%.

## CITY OF ENGLEWOOD, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

#### ***Street Fund***

The street fund had revenues and other financing sources of \$1,538,772 in 2011. This represents a decrease of \$149,645 from 2010 revenues and other sources. The expenditures of the street fund, which totaled \$1,614,537 in 2011, decreased \$10,212 from 2010. The net decrease in the fund balance for the street fund, including the increase in reserve for inventory, was \$39,908 or 4.24%.

#### ***Capital Improvement Fund***

The capital improvement fund had revenues and other financing sources of \$1,794,188 in 2011. The expenditures and other financing uses of the capital improvement fund totaled \$1,713,997 in 2011. The net increase in the fund balance for the capital improvement fund was \$80,191 or 1.37%.

#### ***Budgeting Highlights***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC), as well as the City of Englewood Charter and Administrative Code. Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund, fire and rescue fund, police fund and street fund. In the general fund, budgeted revenues remained the same from original to the final budget. One of the most significant changes was between the final budgeted revenues and actual revenues. Actual budget revenues and other financing sources of \$8,132,918 exceeded final revenues and other financing sources by \$557,198. Income tax revenue exceeded budgeted revenue by \$72,826. The actual expenditures and other financing uses of \$7,754,994 were less than the final appropriations by \$310,337.

#### ***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

**CITY OF ENGLEWOOD, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Capital Assets and Debt Administration**

**Capital Assets**

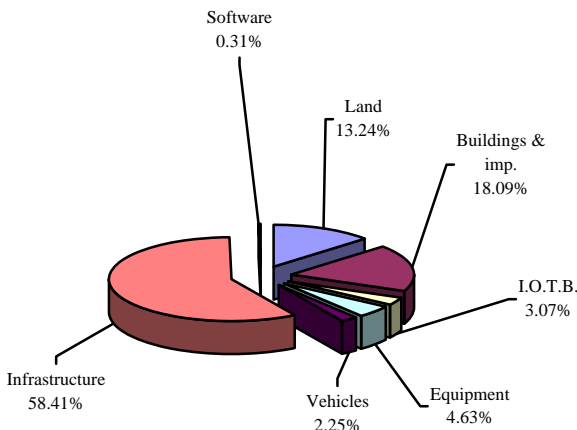
At the end of 2011, the City had \$56,212,850 (net of accumulated depreciation) invested in land, buildings and improvements, improvements other than buildings, equipment, vehicles, software, and infrastructure. Of this total, \$37,175,066 was reported in governmental activities and \$19,037,784 was reported in business-type activities. Certain asset categories have been reclassified for the implementation of GASB Statement No. 54. See Note 10 in the basic financial statements for additional capital asset disclosure. The following table shows 2011 balances compared to 2010:

**Capital Assets at December 31  
(Net of Depreciation)**

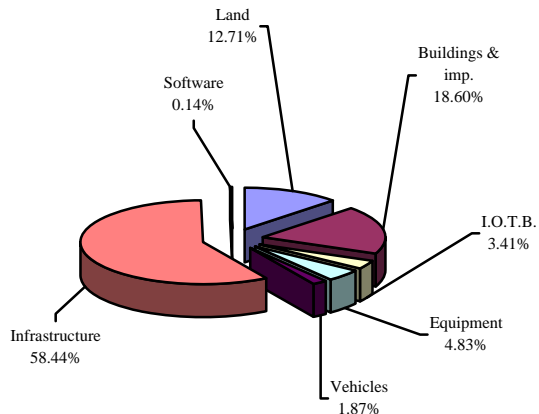
|                              | <u>Governmental Activities</u> |                      | <u>Business-Type Activities</u> |                      | <u>Total</u>         |                      |
|------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
|                              | <u>2011</u>                    | <u>2010</u>          | <u>2011</u>                     | <u>2010</u>          | <u>2011</u>          | <u>2010</u>          |
| Land                         | \$ 4,920,875                   | \$ 4,745,091         | \$ 33,510                       | \$ 33,510            | \$ 4,954,385         | \$ 4,778,601         |
| Land improvements (I.O.T.B.) | 1,140,470                      | 1,273,286            | 754,702                         | 799,086              | 1,895,172            | 2,072,372            |
| Buildings and improvements   | 6,726,147                      | 6,939,836            | 4,056,880                       | 3,799,040            | 10,783,027           | 10,738,876           |
| Equipment                    | 1,722,527                      | 1,803,828            | 2,651,120                       | 2,851,489            | 4,373,647            | 4,655,317            |
| Vehicles                     | 835,860                        | 697,253              | 199,196                         | 20,260               | 1,035,056            | 717,513              |
| Infrastructure               | 21,714,973                     | 21,806,972           | 11,342,376                      | 11,829,941           | 33,057,349           | 33,636,913           |
| Computer software            | 114,214                        | 53,455               | -                               | -                    | 114,214              | 53,455               |
| <b>Totals</b>                | <b>\$ 37,175,066</b>           | <b>\$ 37,319,721</b> | <b>\$ 19,037,784</b>            | <b>\$ 19,333,326</b> | <b>\$ 56,212,850</b> | <b>\$ 56,653,047</b> |

The following graphs show the breakdown of governmental capital assets by category for 2011 and 2010.

**Capital Assets - Governmental Activities  
2011**



**Capital Assets - Governmental Activities  
2010**

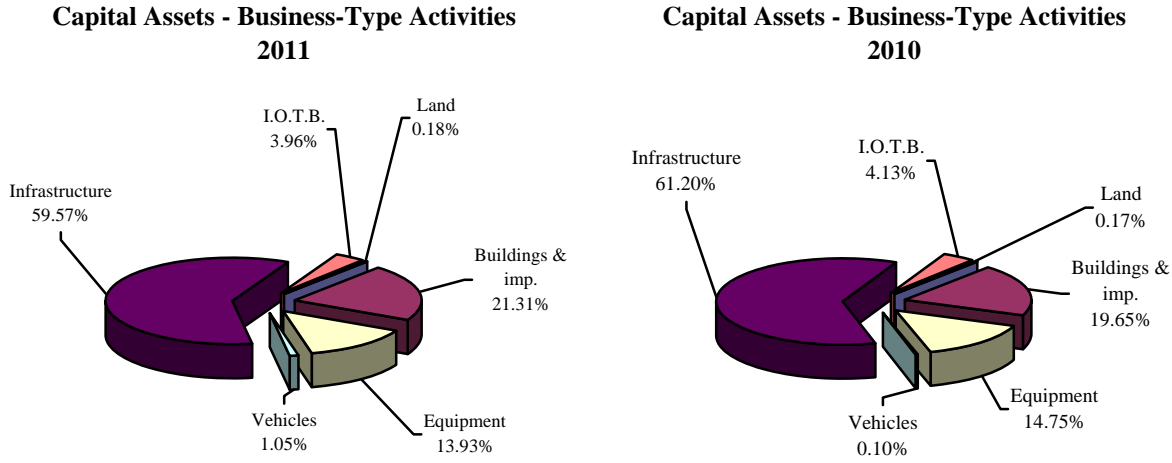


**CITY OF ENGLEWOOD, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

The City's largest capital asset category is infrastructure which includes bridges, thoroughfares, curbs, gutters, sidewalks, storm sewers, traffic signals and street signs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 58.41% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2011 and 2010.



The City's largest business-type capital asset category is infrastructure which primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 59.57% of the City's total business-type capital assets.

***Debt Administration***

The City repaid all outstanding loans during 2011. The City had the following long-term obligations outstanding at December 31, 2011 and 2010:

|                             | <u>Governmental Activities</u>  |             |
|-----------------------------|---------------------------------|-------------|
|                             | <u>2011</u>                     | <u>2010</u> |
| OPWC loans                  | \$ -                            | \$ 183,562  |
| Total long-term obligations | \$ -                            | \$ 183,562  |
|                             | <u>Business-type Activities</u> |             |
|                             | <u>2011</u>                     | <u>2010</u> |
| OPWC loans                  | \$ -                            | \$ 214,107  |
| Total long-term obligations | \$ -                            | \$ 214,107  |

See Note 12 to the basic financial statements for detail on the City's long-term obligations.

## **CITY OF ENGLEWOOD, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011**

#### **Economic Conditions and Outlook**

The City of Englewood is an attractive planned community in the northern portion of Montgomery County in SW Ohio. Located along the I-70 corridor, just 5 miles from Dayton International Airport, it offers ease of access to the larger metropolitan cities of Dayton, Columbus, and Cincinnati, as well as to interstate travel. For those who wish to avoid the congestion of the larger metropolitan areas, Englewood offers many opportunities right within its own borders for first-rate education, health, recreation, and entertainment. These amenities are enjoyed not only by Englewood's diverse population of 13,500, but by the constituents of surrounding communities as well.

A 1.75% local income tax and successful efforts to secure federal, state, and local grants has enabled the City to provide excellent public service to its constituents and to maintain and improve an extensive municipal infrastructure, while continually improving the overall appearance of the community. Englewood takes pride in its pothole-free streets, low crime rates, and beautifully maintained green space and parks systems.

Englewood's tax base includes a good mix of health, government, education, retail, commercial, and industrial segments. Although it has not been immune to the overall economic downturn in Ohio, this diversity in tax base has enabled the City to remain fiscally strong. In addition, as of the end of fiscal year 2011, the City is 100% debt-free! This strong commitment to live within its financial means will enable Englewood to ride out the fiscal crisis that has hit many other government entities in Ohio.

#### ***Looking Back***

In 2011 the City of Englewood experienced growth with both residential and commercial developments. A total of ten new homes were constructed and several new businesses moved into vacant spaces in existing shopping centers. Those centers are now averaging a 96% occupancy rate. In addition, several new jobs were created with the expansion of Ratliff Metal Spinning and construction of the Incenta Federal Credit Union corporate offices. The city's population growth has been explosive over the past decade. According to the 2010 census, the city has experienced a ten percent growth since 2000, increasing the total population to 13,465.

The City was very successful in acquiring Ohio Public Works Issue II funding for projects in 2011. Capital improvements accomplished during the year include: Completion of the drainage channel improvements in the Stillwater Gardens plat; rehabilitation of a 363' culvert under State Route 48 at the Wenger Road intersection; pedestrian access and sidewalk ramp improvement projects; and rehabilitation of the north water tower on Union Road. Of course, annual sidewalk replacement and general roadway resurfacing programs were completed as well. State and federal grant funding subsidized a significant portion of these projects. For the second year in a row, and consistent with the goal of eliminating debt by year's end, over \$375,000 in available OPWC loan funding was avoided.

## **CITY OF ENGLEWOOD, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011**

#### ***Looking Forward***

The city is positioned to continue moderate growth in 2012 as three major construction projects are currently in progress. In the retail/service area, Dollar General opened a newly constructed 9,000 square building in January and a new Chipotle Mexican Grill is under construction with the target opening date in May. In regards to industrial development, SK Tech, an automotive parts supplier, is constructing a 30,000 square foot expansion to its existing building and will be adding twenty new jobs. In addition, the Northmont City Schools will begin construction of a 103,000 square foot elementary school building in the summer. At present time, the city has over eighty shovel ready acres available for development within its industrial park, ample acreage available for residential growth and all of the necessary resources to provide excellent service to our existing and future residents.

Major capital projects for 2012 include the fourth and final phase of rehabilitating the sanitary sewer system; replacement of water mains on Walnut Street in the north end of town and the Lockwood, Savina, and Greenbank areas of the Cedar Knolls subdivision; and installation of a water booster station at the north water tower. Previously approved OPWC grants will provide 50% of the funding for the sanitary sewer rehab and water main replacement projects. Once again, loan assistance will not be necessary.

After decades of outsourcing collection of municipal income taxes, City Council decided to assume administrative control over this important revenue source. As of January 1, 2012, the Englewood Income Tax office is open for business. City administration and the staff of the finance department are very excited to provide personal service in a convenient location for our citizens and businesses.

The City will continue to monitor and adapt to pending reductions in state revenue streams. Because of a long-standing commitment to fiscal stewardship of public funds, Englewood will continue to thrive without compromising a history of excellence in safety, security and public service to the community.

Community safety and security, numerous parks and other quality recreational opportunities, reasonable utility and tax rates, wonderful educational opportunities and an aggressive capital improvements program have all positioned the city to maintain and improve its image as a progressive and inviting community.

#### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the city's finances and to show the city's accountability for the money it receives. If you have questions about this report or need additional information, contact City Manager Eric A. Smith or Finance Director Janine Cooper, City of Englewood, 333 West National Road, Englewood, OH 45322 or visit our website at [www.inglewood.oh.us](http://www.inglewood.oh.us).

**BASIC  
FINANCIAL STATEMENTS**



**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

|  | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|--|------------------------------------|-------------------------------------|----------------------|
| <b>Assets:</b>                                     |                                    |                                     |                      |
| Equity in pooled cash and investments. . . . .     | \$ 13,355,410                      | \$ 5,081,669                        | \$ 18,437,079        |
| Receivables (net of allowance for uncollectibles): |                                    |                                     |                      |
| Income taxes. . . . .                              | 1,324,270                          | -                                   | 1,324,270            |
| Real and other taxes . . . . .                     | 1,335,879                          | -                                   | 1,335,879            |
| Payment in lieu of taxes receivable. . . . .       | 121,807                            | -                                   | 121,807              |
| Accounts. . . . .                                  | 401,188                            | 325,098                             | 726,286              |
| Accrued interest . . . . .                         | 39,493                             | -                                   | 39,493               |
| Special assessments . . . . .                      | 237,585                            | 24,555                              | 262,140              |
| Due from other governments. . . . .                | 499,902                            | -                                   | 499,902              |
| Materials and supplies inventory. . . . .          | 95,786                             | 121,766                             | 217,552              |
| Prepayments . . . . .                              | 52,752                             | 18,501                              | 71,253               |
| Internal balance . . . . .                         | 8,269                              | (8,269)                             | -                    |
| Capital assets:                                    |                                    |                                     |                      |
| Land and construction in progress. . . . .         | 4,920,875                          | 33,510                              | 4,954,385            |
| Depreciable capital assets, net. . . . .           | 32,254,191                         | 19,004,274                          | 51,258,465           |
| Total capital assets, net. . . . .                 | <u>37,175,066</u>                  | <u>19,037,784</u>                   | <u>56,212,850</u>    |
| Total assets . . . . .                             | <u>54,647,407</u>                  | <u>24,601,104</u>                   | <u>79,248,511</u>    |
| <b>Liabilities:</b>                                |                                    |                                     |                      |
| Accounts payable. . . . .                          | 92,293                             | 109,470                             | 201,763              |
| Contracts payable. . . . .                         | -                                  | 11,380                              | 11,380               |
| Accrued wages and benefits payable . . . . .       | 76,341                             | 11,124                              | 87,465               |
| Due to other governments . . . . .                 | 270,461                            | 21,953                              | 292,414              |
| Claims payable. . . . .                            | 10,913                             | -                                   | 10,913               |
| Unearned revenue . . . . .                         | 1,409,246                          | 63,202                              | 1,472,448            |
| Long-term liabilities:                             |                                    |                                     |                      |
| Due within one year . . . . .                      | 256,838                            | 55,200                              | 312,038              |
| Due in more than one year. . . . .                 | 170,238                            | 79,881                              | 250,119              |
| Total liabilities . . . . .                        | <u>2,286,330</u>                   | <u>352,210</u>                      | <u>2,638,540</u>     |
| <b>Net assets:</b>                                 |                                    |                                     |                      |
| Invested in capital assets. . . . .                | 37,175,066                         | 19,037,784                          | 56,212,850           |
| Restricted for:                                    |                                    |                                     |                      |
| Matured bond and interest. . . . .                 | 6,069                              | -                                   | 6,069                |
| Street construction and maintenance . . . . .      | 1,408,479                          | -                                   | 1,408,479            |
| Public safety. . . . .                             | 1,094,892                          | -                                   | 1,094,892            |
| Other purposes. . . . .                            | 270,563                            | -                                   | 270,563              |
| Unrestricted. . . . .                              | <u>12,406,008</u>                  | <u>5,211,110</u>                    | <u>17,617,118</u>    |
| Total net assets . . . . .                         | <u>\$ 52,361,077</u>               | <u>\$ 24,248,894</u>                | <u>\$ 76,609,971</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

|  | <u>Expenses</u>      | <u>Program Revenues</u>                   |   |   |
|--|----------------------|---|---|---|
|  |                      | <u>Charges for<br/>Services and Sales</u> | <u>Operating Grants<br/>and Contributions</u> | <u>Capital Grants<br/>and Contributions</u> |
| <b>Governmental activities:</b>          |                      |   |   |   |
| General government. . . . .              | \$ 1,761,900         | \$ 345,530                                | \$ 68,200                                     | \$ -  |
| Security of persons and property . . .   | 5,440,448            | 1,126,138                                 | 120,553                                       | -   |
| Public health and welfare . . . . .      | 14,133               | 224                                       | -   | -   |
| Transportation. . . . .                  | 3,145,562            | -   | 705,406                                       | 377,761                                     |
| Community environment . . . . .          | 416,109              | 71,395                                    | -   | -   |
| Leisure time activity. . . . .           | 427,048              | 28,830                                    | -   | -   |
| Total governmental activities . . . . .  | <u>11,205,200</u>    | <u>1,572,117</u>                          | <u>894,159</u>                                | <u>377,761</u>                              |
| <b>Business-type activities:</b>         |                      |   |   |   |
| Water. . . . .                           | 1,331,252            | 1,175,612                                 | -   | -   |
| Sewer. . . . .                           | 1,399,986            | 1,284,368                                 | -   | -   |
| Solid waste. . . . .                     | <u>810,527</u>       | <u>784,036</u>                            | -   | -   |
| Total business-type activities . . . . . | <u>3,541,765</u>     | <u>3,244,016</u>                          | -   | -   |
| Total primary government . . . . .       | <u>\$ 14,746,965</u> | <u>\$ 4,816,133</u>                       | <u>\$ 894,159</u>                             | <u>\$ 377,761</u>                           |

**General revenues:**

- Property taxes levied for:
  - General purposes . . . . .
  - Fire and rescue. . . . .
  - Police. . . . .
  - Police pension. . . . .
- Income taxes levied for:
  - General purposes . . . . .
- Payments in lieu of taxes . . . . .
- Grants and entitlements not restricted
  - to specific programs . . . . .
- Investment earnings . . . . .
- Miscellaneous . . . . .

Total general revenues . . . . .

Change in net assets . . . . .

**Net assets at beginning of year. . . . .**

**Net assets at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue  
and Changes in Net Assets**

| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|------------------------------------|-------------------------------------|----------------------|
| \$ (1,348,170)                     | \$ -                                | \$ (1,348,170)       |
| (4,193,757)                        | -                                   | (4,193,757)          |
| (13,909)                           | -                                   | (13,909)             |
| (2,062,395)                        | -                                   | (2,062,395)          |
| (344,714)                          | -                                   | (344,714)            |
| (398,218)                          | -                                   | (398,218)            |
| <u>(8,361,163)</u>                 | <u>-</u>                            | <u>(8,361,163)</u>   |
| -                                  | (155,640)                           | (155,640)            |
| -                                  | (115,618)                           | (115,618)            |
| -                                  | (26,491)                            | (26,491)             |
| -                                  | (297,749)                           | (297,749)            |
| <u>(8,361,163)</u>                 | <u>(297,749)</u>                    | <u>(8,658,912)</u>   |
| 849,520                            | -                                   | 849,520              |
| 464,641                            | -                                   | 464,641              |
| 206,618                            | -                                   | 206,618              |
| 71,069                             | -                                   | 71,069               |
| 5,765,227                          | -                                   | 5,765,227            |
| 376,806                            | -                                   | 376,806              |
| 806,904                            | -                                   | 806,904              |
| 185,679                            | 24,718                              | 210,397              |
| 48,649                             | 48,077                              | 96,726               |
| <u>8,775,113</u>                   | <u>72,795</u>                       | <u>8,847,908</u>     |
| 413,950                            | (224,954)                           | 188,996              |
| <u>51,947,127</u>                  | <u>24,473,848</u>                   | <u>76,420,975</u>    |
| <u>\$ 52,361,077</u>               | <u>\$ 24,248,894</u>                | <u>\$ 76,609,971</u> |

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011

|  | <u>General</u>      | <u>Fire and<br/>Rescue</u> | <u>Police</u>     | <u>Street</u>       |
|--|---------------------|----------------------------|-------------------|---------------------|
| <b>Assets:</b>                                     |                     |                            |                   |                     |
| Equity in pooled cash and investments . . . . .    | \$ 4,611,053        | \$ 666,837                 | \$ 259,947        | \$ 814,423          |
| Receivables (net of allowance for uncollectibles): |                     |                            |                   |                     |
| Income taxes. . . . .                              | 1,324,270           | -                          | -                 | -                   |
| Real and other taxes . . . . .                     | 605,506             | 459,469                    | 204,706           | -                   |
| Payments in lieu of taxes receivable. . . . .      | -                   | -                          | -                 | -                   |
| Accounts. . . . .                                  | 55,462              | 333,838                    | 1,000             | 10,858              |
| Special assessments . . . . .                      | 155,910             | -                          | -                 | -                   |
| Accrued interest . . . . .                         | 39,493              | -                          | -                 | -                   |
| Due from other governments. . . . .                | 164,816             | 33,050                     | 14,050            | 247,770             |
| Materials and supplies inventory. . . . .          | -                   | -                          | -                 | 71,904              |
| Prepayments . . . . .                              | 10,493              | 3,996                      | 15,693            | 8,641               |
| Total assets . . . . .                             | <u>\$ 6,967,003</u> | <u>\$ 1,497,190</u>        | <u>\$ 495,396</u> | <u>\$ 1,153,596</u> |
| <b>Liabilities:</b>                                |                     |                            |                   |                     |
| Accounts payable. . . . .                          | \$ 48,765           | \$ 9,110                   | \$ 5,629          | \$ 3,043            |
| Accrued wages and benefits payable . . . . .       | 16,232              | 16,088                     | 26,282            | 9,542               |
| Compensated absences payable . . . . .             | 1,126               | 3,311                      | 188               | 1,198               |
| Due to other governments . . . . .                 | 55,123              | 56,770                     | 118,124           | 23,494              |
| Claims payable . . . . .                           | 1,058               | 7,480                      | -                 | 2,375               |
| Deferred revenue . . . . .                         | 1,192,474           | 323,747                    | 21,645            | 212,915             |
| Unearned revenue . . . . .                         | 583,187             | 443,336                    | 197,146           | -                   |
| Total liabilities . . . . .                        | <u>1,897,965</u>    | <u>859,842</u>             | <u>369,014</u>    | <u>252,567</u>      |
| <b>Fund balances:</b>                              |                     |                            |                   |                     |
| Nonspendable . . . . .                             | 10,493              | 3,996                      | 15,693            | 80,545              |
| Restricted. . . . .                                | -                   | 633,352                    | 110,689           | 820,484             |
| Committed . . . . .                                | -                   | -                          | -                 | -                   |
| Assigned . . . . .                                 | 663,113             | -                          | -                 | -                   |
| Unassigned . . . . .                               | 4,395,432           | -                          | -                 | -                   |
| Total fund balances. . . . .                       | <u>5,069,038</u>    | <u>637,348</u>             | <u>126,382</u>    | <u>901,029</u>      |
| Total liabilities and fund balances . . . . .      | <u>\$ 6,967,003</u> | <u>\$ 1,497,190</u>        | <u>\$ 495,396</u> | <u>\$ 1,153,596</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

| <b>Capital<br/>Improvement</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--------------------------------|---|---|
| \$ 5,934,570                   | \$ 709,356                              | \$ 12,996,186                           |
| -                              | -                                       | 1,324,270                               |
| -                              | 66,198                                  | 1,335,879                               |
| -                              | 121,807                                 | 121,807                                 |
| -                              | 30                                      | 401,188                                 |
| 2,263                          | 79,412                                  | 237,585                                 |
| -                              | -                                       | 39,493                                  |
| -                              | 37,667                                  | 497,353                                 |
| -                              | -                                       | 71,904                                  |
| 8,900                          | 2,774                                   | 50,497                                  |
| <u>\$ 5,945,733</u>            | <u>\$ 1,017,244</u>                     | <u>\$ 17,076,162</u>                    |
| <br>                           |   |   |
| \$ 3,971                       | \$ 2,268                                | \$ 72,786                               |
| -                              | 4,850                                   | 72,994                                  |
| -                              | 188                                     | 6,011                                   |
| -                              | 10,168                                  | 263,679                                 |
| -                              | -                                       | 10,913                                  |
| 2,263                          | 101,893                                 | 1,854,937                               |
| -                              | 185,577                                 | 1,409,246                               |
| <u>6,234</u>                   | <u>304,944</u>                          | <u>3,690,566</u>                        |
| <br>                           |   |   |
| 8,900                          | 2,774                                   | 122,401                                 |
| -                              | 709,526                                 | 2,274,051                               |
| 2,252,816                      | -                                       | 2,252,816                               |
| 3,677,783                      | -                                       | 4,340,896                               |
| -                              | -                                       | 4,395,432                               |
| <u>5,939,499</u>               | <u>712,300</u>                          | <u>13,385,596</u>                       |
| <br>                           |   |   |
| <u>\$ 5,945,733</u>            | <u>\$ 1,017,244</u>                     | <u>\$ 17,076,162</u>                    |

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**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2011

|  |            |                   |
|--|------------|-------------------|
| <b>Total governmental fund balances</b>  | \$         | 13,385,596        |
| <br><i>Amounts reported for governmental activities on the statement of net assets are different because:</i>  |            |                   |
| Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds.  |            | 35,908,623        |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.   |            |                   |
| Income taxes receivable  | \$ 841,272 |                   |
| Real and other taxes receivable  | 48,440     |                   |
| Accounts receivable  | 284,641    |                   |
| Intergovernmental receivable   | 411,034    |                   |
| Special assessments receivable   | 235,584    |                   |
| Accrued interest receivable  | 33,966     |                   |
| Total  | 1,854,937  | 1,854,937         |
| An internal service fund is used by management to charge the costs of the government center and service center to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets. The net assets of the internal service funds, including internal balances of \$8,269, are: |            | 1,594,153         |
| Compensated absences are not due and payable in the current period and therefore are not reported in the funds.  |            | (382,232)         |
| <b>Net assets of governmental activities</b>   | <b>\$</b>  | <b>52,361,077</b> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

|   | <u>General</u>      | <u>Fire and<br/>Rescue</u> | <u>Police</u>      | <u>Street</u>      |
|---|---------------------|----------------------------|--------------------|--------------------|
| <b>Revenues:</b>  |                     |                            |                    |                    |
| Municipal income taxes . . . . .                                      | \$ 5,626,416        | \$ -                       | \$ -               | \$ -               |
| Property and other taxes. . . . .                                     | 846,168             | 462,107                    | 205,434            | -                  |
| Charges for services. . . . .   | 209,851             | 779,449                    | -                  | -                  |
| Licenses and permits . . . . .  | 79,801              | -                          | -                  | -                  |
| Fines and forfeitures . . . . .                                       | 25,146              | -                          | 18,220             | -                  |
| Intergovernmental. . . . .  | 748,415             | 194,579                    | 32,012             | 498,892            |
| Special assessments . . . . .   | 18,616              | -                          | -                  | -                  |
| Investment income. . . . .  | 170,157             | -                          | -                  | 8,232              |
| Rental income . . . . .   | 10,636              | -                          | -                  | -                  |
| Contributions and donations. . . . .                                  | -                   | 300                        | -                  | -                  |
| Payment in lieu of taxes. . . . .                                     | -                   | -                          | -                  | -                  |
| Other . . . . .   | 26,691              | 14,302                     | 19,288             | 31,648             |
| Total revenues . . . . .  | <u>7,761,897</u>    | <u>1,450,737</u>           | <u>274,954</u>     | <u>538,772</u>     |
| <b>Expenditures:</b>  |                     |                            |                    |                    |
| Current:  |                     |                            |                    |                    |
| General government . . . . .  | 1,325,477           | -                          | -                  | -                  |
| Security of persons and property . . . . .                            | -                   | 1,886,060                  | 2,696,685          | -                  |
| Public health and welfare. . . . .                                    | 2,508               | -                          | -                  | -                  |
| Transportation . . . . .  | 221,738             | -                          | -                  | 1,614,537          |
| Community environment . . . . .                                       | 408,023             | -                          | -                  | -                  |
| Leisure time activity . . . . .                                       | 293,822             | -                          | -                  | -                  |
| Capital outlay . . . . .  | -                   | -                          | -                  | -                  |
| Debt service:   |                     |                            |                    |                    |
| Principal retirement. . . . .   | -                   | -                          | -                  | -                  |
| Total expenditures . . . . .  | <u>2,251,568</u>    | <u>1,886,060</u>           | <u>2,696,685</u>   | <u>1,614,537</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures. . . . . | <u>5,510,329</u>    | <u>(435,323)</u>           | <u>(2,421,731)</u> | <u>(1,075,765)</u> |
| <b>Other financing sources (uses):</b>                                |                     |                            |                    |                    |
| Sale of capital assets. . . . .                                       | 152,103             | -                          | 330                | -                  |
| Transfers in . . . . .  | 153,624             | 407,700                    | 2,450,000          | 1,000,000          |
| Transfers (out). . . . .  | (5,312,700)         | -                          | -                  | -                  |
| Total other financing sources (uses) . . . . .                        | <u>(5,006,973)</u>  | <u>407,700</u>             | <u>2,450,330</u>   | <u>1,000,000</u>   |
| Net change in fund balances . . . . .                                 | 503,356             | (27,623)                   | 28,599             | (75,765)           |
| <b>Fund balances at beginning of year (restated).</b>                 | 4,565,682           | 664,971                    | 97,783             | 940,937            |
| <b>Increase in reserve for inventory . . . . .</b>                    | -                   | -                          | -                  | 35,857             |
| <b>Fund balances at end of year . . . . .</b>                         | <u>\$ 5,069,038</u> | <u>\$ 637,348</u>          | <u>\$ 126,382</u>  | <u>\$ 901,029</u>  |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



| <b>Capital<br/>Improvement</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--------------------------------|---|---|
| \$ -                           | \$ -                                    | \$ 5,626,416                            |
| -                              | 70,711                                  | 1,584,420                               |
| -                              | 226,108                                 | 1,215,408                               |
| -                              | 20                                      | 79,821                                  |
| -                              | 1,083                                   | 44,449                                  |
| 377,761                        | 330,948                                 | 2,182,607                               |
| -                              | 134,037                                 | 152,653                                 |
| -                              | 1,276                                   | 179,665                                 |
| 4,376                          | -                                       | 15,012                                  |
| -                              | -                                       | 300                                     |
| -                              | 390,205                                 | 390,205                                 |
| -                              | 10,558                                  | 102,487                                 |
| <u>382,137</u>                 | <u>1,164,946</u>                        | <u>11,573,443</u>                       |
| -                              | 259,565                                 | 1,585,042                               |
| -                              | 581,091                                 | 5,163,836                               |
| -                              | -                                       | 2,508                                   |
| -                              | 157,172                                 | 1,993,447                               |
| -                              | -                                       | 408,023                                 |
| -                              | -                                       | 293,822                                 |
| 1,530,435                      | 294,437                                 | 1,824,872                               |
| -                              | 183,562                                 | 183,562                                 |
| <u>1,530,435</u>               | <u>1,475,827</u>                        | <u>11,455,112</u>                       |
| <u>(1,148,298)</u>             | <u>(310,881)</u>                        | <u>118,331</u>                          |
| -                              | -                                       | 152,433                                 |
| 1,412,051                      | 388,562                                 | 5,811,937                               |
| (183,562)                      | (162,051)                               | (5,658,313)                             |
| <u>1,228,489</u>               | <u>226,511</u>                          | <u>306,057</u>                          |
| 80,191                         | (84,370)                                | 424,388                                 |
| 5,859,308                      | 796,670                                 | 12,925,351                              |
| -                              | -                                       | 35,857                                  |
| <u>\$ 5,939,499</u>            | <u>\$ 712,300</u>                       | <u>\$ 13,385,596</u>                    |

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

|   |                    |                       |
|---|--------------------|-----------------------|
| <b>Net change in fund balances - total governmental funds</b>   | \$                 | 424,388               |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i>   |                    |                       |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.  |                    |                       |
| Capital asset additions   | \$ 2,078,632       |                       |
| Current year depreciation   | <u>(1,967,464)</u> |                       |
| Total   |                    | 111,168               |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.   |                    |                       |
|   |                    | (207,434)             |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  |                    |                       |
| Income taxes receivable   | 138,811            |                       |
| Property taxes receivable   | 7,428              |                       |
| Payments in lieu of taxes receivable  | (13,399)           |                       |
| Intergovernmental receivable  | (71,092)           |                       |
| Special assessments receivable  | 16,941             |                       |
| Accrued interest receivable   | 15,522             |                       |
| Charges for services  | (58,546)           |                       |
| Other   | 10,042             |                       |
| Total   | <u>45,707</u>      | 45,707                |
| Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.  |                    |                       |
|   |                    | 183,562               |
| Governmental funds report expenditures for inventory when purchased; however in the statement of activities, they are reported as an expense when consumed.   |                    |                       |
|   |                    | 35,857                |
| Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.  |                    |                       |
|   |                    | 24,168                |
| The internal service fund used by management to charge the costs of the government center and service center to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. |                    |                       |
|   |                    | <u>(203,466)</u>      |
| <b>Change in net assets of governmental activities</b>  | <b>\$</b>          | <b><u>413,950</u></b> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

|   | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------------|---------------------|---|
|   | <u>Original</u>         | <u>Final</u>        |                     |   |
| <b>Revenues:</b>  |                         |                     |                     |   |
| Municipal income taxes . . . . .                                      | \$ 5,626,250            | \$ 5,626,250        | \$ 5,699,076        | \$ 72,826   |
| Property and other taxes. . . . .                                     | 806,600                 | 806,600             | 854,085             | 47,485  |
| Charges for services. . . . .   | 165,520                 | 165,520             | 170,042             | 4,522   |
| Licenses and permits . . . . .  | 89,300                  | 89,300              | 81,074              | (8,226)   |
| Fines and forfeitures . . . . .                                       | -                       | -                   | 25,146              | 25,146  |
| Intergovernmental. . . . .  | 647,031                 | 647,031             | 799,097             | 152,066   |
| Special assessments . . . . .   | 30,000                  | 30,000              | 18,616              | (11,384)  |
| Investment income. . . . .  | 180,000                 | 180,000             | 162,199             | (17,801)  |
| Other . . . . .   | 21,019                  | 21,019              | 17,856              | (3,163)   |
| <b>Total revenues . . . . .</b>                                       | <u>7,565,720</u>        | <u>7,565,720</u>    | <u>7,827,191</u>    | <u>261,471</u>  |
| <b>Expenditures:</b>  |                         |                     |                     |   |
| Current:  |                         |                     |                     |   |
| General government . . . . .  | 1,482,178               | 1,523,735           | 1,357,893           | 165,842   |
| Public health and welfare. . . . .                                    | 16,666                  | 17,133              | 8,292               | 8,841   |
| Community environment . . . . .                                       | 503,893                 | 518,021             | 434,910             | 83,111  |
| Leisure time activity . . . . .                                       | 237,094                 | 243,742             | 191,199             | 52,543  |
| <b>Total expenditures . . . . .</b>                                   | <u>2,239,831</u>        | <u>2,302,631</u>    | <u>1,992,294</u>    | <u>310,337</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures. . . . . | <u>5,325,889</u>        | <u>5,263,089</u>    | <u>5,834,897</u>    | <u>571,808</u>  |
| <b>Other financing sources (uses):</b>                                |                         |                     |                     |   |
| Sale of capital assets. . . . .                                       | 10,000                  | 10,000              | 152,103             | 142,103   |
| Transfers in . . . . .  | -                       | -                   | 153,624             | 153,624   |
| Transfers (out). . . . .  | (5,762,700)             | (5,762,700)         | (5,762,700)         | -   |
| <b>Total other financing sources (uses) . . . . .</b>                 | <u>(5,752,700)</u>      | <u>(5,752,700)</u>  | <u>(5,456,973)</u>  | <u>295,727</u>  |
| Net change in fund balances . . . . .                                 | (426,811)               | (489,611)           | 377,924             | 867,535   |
| <b>Fund balances at beginning of year (restated).</b>                 | 2,324,193               | 2,324,193           | 2,324,193           | -   |
| <b>Prior year encumbrances appropriated . . . . .</b>                 | 65,845                  | 65,845              | 65,845              | -   |
| <b>Fund balance at end of year . . . . .</b>                          | <u>\$ 1,963,227</u>     | <u>\$ 1,900,427</u> | <u>\$ 2,767,962</u> | <u>\$ 867,535</u>   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FIRE AND RESCUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

|   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-------------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Revenues:</b>                                      |                         |                   |                   |   |
| Property and other taxes. . . . .                     | \$ 398,652              | \$ 434,650        | \$ 462,107        | \$ 27,457   |
| Charges for services. . . . .                         | 642,943                 | 701,000           | 797,012           | 96,012  |
| Intergovernmental. . . . .                            | 210,994                 | 230,047           | 194,579           | (35,468)  |
| Donations. . . . .                                    | -                       | -                 | 300               | 300   |
| Other . . . . .                                       | 9,884                   | 10,776            | 14,302            | 3,526   |
| Total revenues . . . . .                              | <u>1,262,473</u>        | <u>1,376,473</u>  | <u>1,468,300</u>  | <u>91,827</u>   |
| <b>Expenditures:</b>                                  |                         |                   |                   |   |
| Current:  |                         |                   |                   |   |
| Security of persons and property . . . . .            | <u>1,774,003</u>        | <u>2,001,503</u>  | <u>1,920,088</u>  | <u>81,415</u>   |
| Total expenditures . . . . .                          | <u>1,774,003</u>        | <u>2,001,503</u>  | <u>1,920,088</u>  | <u>81,415</u>   |
| Excess of expenditures over revenues. . . . .         | <u>(511,530)</u>        | <u>(625,030)</u>  | <u>(451,788)</u>  | <u>173,242</u>  |
| <b>Other financing sources:</b>                       |                         |                   |                   |   |
| Transfers in . . . . .                                | <u>407,700</u>          | <u>407,700</u>    | <u>407,700</u>    | <u>-</u>  |
| Total other financing sources. . . . .                | <u>407,700</u>          | <u>407,700</u>    | <u>407,700</u>    | <u>-</u>  |
| Net change in fund balances . . . . .                 | (103,830)               | (217,330)         | (44,088)          | 173,242   |
| <b>Fund balances at beginning of year . . . . .</b>   | 635,566                 | 635,566           | 635,566           | -   |
| <b>Prior year encumbrances appropriated . . . . .</b> | 51,748                  | 51,748            | 51,748            | -   |
| <b>Fund balance at end of year . . . . .</b>          | <u>\$ 583,484</u>       | <u>\$ 469,984</u> | <u>\$ 643,226</u> | <u>\$ 173,242</u>   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
POLICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

|   | <u>Budgeted Amounts</u> |                    | <u>Actual</u>      | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|--------------------|--------------------|---|
|   | <u>Original</u>         | <u>Final</u>       |                    |   |
| <b>Revenues:</b>                                      |                         |                    |                    |   |
| Property and other taxes . . . . .                    | \$ 193,250              | \$ 193,250         | \$ 205,434         | \$ 12,184   |
| Fines and forfeitures . . . . .                       | 35,000                  | 35,000             | 18,535             | (16,465)  |
| Intergovernmental. . . . .                            | 84,534                  | 84,534             | 32,472             | (52,062)  |
| Other . . . . .                                       | 9,145                   | 9,145              | 19,288             | 10,143  |
| <b>Total revenues . . . . .</b>                       | <u>321,929</u>          | <u>321,929</u>     | <u>275,729</u>     | <u>(46,200)</u>   |
| <b>Expenditures:</b>                                  |                         |                    |                    |   |
| Current:  |                         |                    |                    |   |
| Security of persons and property . . . . .            | 2,754,547               | 2,809,547          | 2,728,573          | 80,974  |
| <b>Total expenditures . . . . .</b>                   | <u>2,754,547</u>        | <u>2,809,547</u>   | <u>2,728,573</u>   | <u>80,974</u>   |
| Excess of expenditures over revenues. . . . .         | <u>(2,432,618)</u>      | <u>(2,487,618)</u> | <u>(2,452,844)</u> | <u>34,774</u>   |
| <b>Other financing sources:</b>                       |                         |                    |                    |   |
| Sale of capital assets. . . . .                       | 3,000                   | 3,000              | 330                | (2,670)   |
| Transfers in . . . . .                                | 2,450,000               | 2,450,000          | 2,450,000          | -   |
| <b>Total other financing sources. . . . .</b>         | <u>2,453,000</u>        | <u>2,453,000</u>   | <u>2,450,330</u>   | <u>(2,670)</u>  |
| Net change in fund balances . . . . .                 | 20,382                  | (34,618)           | (2,514)            | 32,104  |
| <b>Fund balances at beginning of year . . . . .</b>   | 204,346                 | 204,346            | 204,346            | -   |
| <b>Prior year encumbrances appropriated . . . . .</b> | 32,667                  | 32,667             | 32,667             | -   |
| <b>Fund balance at end of year . . . . .</b>          | <u>\$ 257,395</u>       | <u>\$ 202,395</u>  | <u>\$ 234,499</u>  | <u>\$ 32,104</u>  |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
STREET FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

|   | <u>Budgeted Amounts</u> |                    | <u>Actual</u>      | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|--------------------|--------------------|---|
|   | <u>Original</u>         | <u>Final</u>       |                    |   |
| <b>Revenues:</b>                                      |                         |                    |                    |   |
| Intergovernmental. . . . .                            | \$ 510,000              | \$ 510,000         | \$ 500,358         | \$ (9,642)  |
| Investment income. . . . .                            | 10,000                  | 10,000             | 8,232              | (1,768)   |
| Other . . . . .                                       | 2,000                   | 2,000              | 26,754             | 24,754  |
| <b>Total revenues</b> . . . . .                       | <u>522,000</u>          | <u>522,000</u>     | <u>535,344</u>     | <u>13,344</u>   |
| <b>Expenditures:</b>                                  |                         |                    |                    |   |
| Current:  |                         |                    |                    |   |
| Transportation . . . . .                              | 1,874,494               | 1,910,494          | 1,690,767          | 219,727   |
| <b>Total expenditures</b> . . . . .                   | <u>1,874,494</u>        | <u>1,910,494</u>   | <u>1,690,767</u>   | <u>219,727</u>  |
| Excess of expenditures over revenues. . . . .         | <u>(1,352,494)</u>      | <u>(1,388,494)</u> | <u>(1,155,423)</u> | <u>233,071</u>  |
| <b>Other financing sources:</b>                       |                         |                    |                    |   |
| Sale of capital assets. . . . .                       | 5,000                   | 5,000              | -                  | (5,000)   |
| Transfers in . . . . .                                | 1,000,000               | 1,000,000          | 1,000,000          | -   |
| <b>Total other financing sources</b> . . . . .        | <u>1,005,000</u>        | <u>1,005,000</u>   | <u>1,000,000</u>   | <u>(5,000)</u>  |
| Net change in fund balances . . . . .                 | (347,494)               | (383,494)          | (155,423)          | 228,071   |
| <b>Fund balances at beginning of year</b> . . . . .   | 859,834                 | 859,834            | 859,834            | -   |
| <b>Prior year encumbrances appropriated</b> . . . . . | 70,854                  | 70,854             | 70,854             | -   |
| <b>Fund balance at end of year</b> . . . . .          | <u>\$ 583,194</u>       | <u>\$ 547,194</u>  | <u>\$ 775,265</u>  | <u>\$ 228,071</u>   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2011

|   | <u>Business-type Activities - Enterprise Funds</u> |                      |                        |                      | <b>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</b> |
|---|--|----------------------|------------------------|----------------------|---|
|   | <b>Water</b>                                       | <b>Sewer</b>         | <b>Solid<br/>Waste</b> | <b>Total</b>         |   |
| <b>Assets:</b>  |  |                      |                        |                      |   |
| Current assets:   |  |                      |                        |                      |   |
| Equity in pooled cash and investments. . . . .  | \$ 2,337,585                                       | \$ 2,030,337         | \$ 713,747             | \$ 5,081,669         | \$ 359,224  |
| Receivables (net of allowance for uncollectibles):  |  |                      |                        |                      |   |
| Accounts. . . . .   | 159,230  | 165,868              | -                      | 325,098              | -   |
| Special assessments . . . . .   | 1,446  | 1,543                | 21,566                 | 24,555               | -   |
| Due from other governments. . . . .   | -  | -                    | -                      | -                    | 2,549   |
| Prepayments . . . . .   | 10,530   | 7,971                | -                      | 18,501               | 2,255   |
| Materials and supplies inventory. . . . .   | 97,841   | 23,925               | -                      | 121,766              | 23,882  |
| Total current assets . . . . .  | <u>2,606,632</u>                                   | <u>2,229,644</u>     | <u>735,313</u>         | <u>5,571,589</u>     | <u>387,910</u>  |
| Noncurrent assets:  |  |                      |                        |                      |   |
| Capital assets:   |  |                      |                        |                      |   |
| Land and construction in progress. . . . .  | 24,486   | 9,024                | -                      | 33,510               | 130,849   |
| Depreciable capital assets, net. . . . .  | 9,912,938  | 8,949,586            | 141,750                | 19,004,274           | 1,135,594   |
| Total capital assets, net. . . . .  | <u>9,937,424</u>                                   | <u>8,958,610</u>     | <u>141,750</u>         | <u>19,037,784</u>    | <u>1,266,443</u>  |
| Total noncurrent assets . . . . .   | <u>9,937,424</u>                                   | <u>8,958,610</u>     | <u>141,750</u>         | <u>19,037,784</u>    | <u>1,266,443</u>  |
| Total assets . . . . .  | <u>12,544,056</u>                                  | <u>11,188,254</u>    | <u>877,063</u>         | <u>24,609,373</u>    | <u>1,654,353</u>  |
| <b>Liabilities:</b>   |  |                      |                        |                      |   |
| Current liabilities:  |  |                      |                        |                      |   |
| Accounts payable. . . . .   | 18,126   | 32,284               | 59,060                 | 109,470              | 19,507  |
| Contracts payable. . . . .  | 11,380   | -                    | -                      | 11,380               | -   |
| Accrued wages and benefits payable . . . . .  | 5,555  | 5,569                | -                      | 11,124               | 3,347   |
| Due to other governments . . . . .  | 10,288   | 11,665               | -                      | 21,953               | 6,782   |
| Compensated absences payable - current. . . . .   | 27,056   | 25,129               | 3,015                  | 55,200               | 13,708  |
| Unearned revenue. . . . .   | -  | -                    | 63,202                 | 63,202               | -   |
| Total current liabilities . . . . .   | <u>72,405</u>                                      | <u>74,647</u>        | <u>125,277</u>         | <u>272,329</u>       | <u>43,344</u>   |
| Long-term liabilities:  |  |                      |                        |                      |   |
| Compensated absences payable . . . . .  | 38,413   | 38,101               | 3,367                  | 79,881               | 25,125  |
| Total long-term liabilities . . . . .   | <u>38,413</u>                                      | <u>38,101</u>        | <u>3,367</u>           | <u>79,881</u>        | <u>25,125</u>   |
| Total liabilities . . . . .   | <u>110,818</u>                                     | <u>112,748</u>       | <u>128,644</u>         | <u>352,210</u>       | <u>68,469</u>   |
| <b>Net assets:</b>  |  |                      |                        |                      |   |
| Invested in capital assets. . . . .   | 9,937,424  | 8,958,610            | 141,750                | 19,037,784           | 1,266,443   |
| Unrestricted . . . . .  | 2,495,814  | 2,116,896            | 606,669                | 5,219,379            | 319,441   |
| Total net assets . . . . .  | <u>\$ 12,433,238</u>                               | <u>\$ 11,075,506</u> | <u>\$ 748,419</u>      | <u>24,257,163</u>    | <u>\$ 1,585,884</u>   |
| Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds. |  |                      |                        | <u>(8,269)</u>       |   |
| Net assets of business-type activities  |  |                      |                        | <u>\$ 24,248,894</u> |   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

|   | <u>Business-type Activities - Enterprise Funds</u> |                      |                        |                     | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</u> |
|---|--|----------------------|------------------------|---------------------|---|
|   | <u>Water</u>                                       | <u>Sewer</u>         | <u>Solid<br/>Waste</u> | <u>Total</u>        |   |
| <b>Operating revenues:</b>  |  |                      |                        |                     |   |
| Charges for services . . . . .  | \$ 1,169,424                                       | \$ 1,271,108         | \$ 784,036             | \$ 3,224,568        | \$ 832,762  |
| Tap-in fees. . . . .  | 6,188  | 13,260               | -                      | 19,448              | -   |
| Other operating revenues . . . . .  | 9,249  | 4,314                | 14,306                 | 27,869              | 7,042   |
| Total operating revenues. . . . .   | <u>1,184,861</u>                                   | <u>1,288,682</u>     | <u>798,342</u>         | <u>3,271,885</u>    | <u>839,804</u>  |
| <b>Operating expenses:</b>  |  |                      |                        |                     |   |
| Personal services . . . . .   | 449,426  | 413,322              | 6,382                  | 869,130             | 269,301   |
| Contract services. . . . .  | 207,446  | 200,521              | 790,318                | 1,198,285           | 210,184   |
| Materials and supplies. . . . .   | 89,518   | 218,592              | -                      | 308,110             | 326,987   |
| Depreciation. . . . .   | 449,480  | 444,069              | 11,500                 | 905,049             | 72,402  |
| Other . . . . .   | -  | 130,836              | -                      | 130,836             | -   |
| Total operating expenses. . . . .   | <u>1,195,870</u>                                   | <u>1,407,340</u>     | <u>808,200</u>         | <u>3,411,410</u>    | <u>878,874</u>  |
| Operating loss. . . . .   | <u>(11,009)</u>                                    | <u>(118,658)</u>     | <u>(9,858)</u>         | <u>(139,525)</u>    | <u>(39,070)</u>   |
| <b>Nonoperating revenues (expenses):</b>  |  |                      |                        |                     |   |
| Gain (loss) on sale of capital assets . . . . .   | (141,127)  | 20,208               | -                      | (120,919)           | -   |
| Interest income. . . . .  | 14,419   | 10,299               | -                      | 24,718              | -   |
| Total nonoperating revenues (expenses). . . . .   | <u>(126,708)</u>                                   | <u>30,507</u>        | <u>-</u>               | <u>(96,201)</u>     | <u>-</u>  |
| Loss before transfers. . . . .  | (137,717)  | (88,151)             | (9,858)                | (235,726)           | (39,070)  |
| Transfer out . . . . .  | -  | -                    | -                      | -                   | (153,624)   |
| Change in net assets . . . . .  | (137,717)  | (88,151)             | (9,858)                | (235,726)           | (192,694)   |
| <b>Net assets at beginning of year. . . . .</b>   | <u>12,570,955</u>                                  | <u>11,163,657</u>    | <u>758,277</u>         |                     | <u>1,778,578</u>  |
| <b>Net assets at end of year . . . . .</b>  | <u>\$ 12,433,238</u>                               | <u>\$ 11,075,506</u> | <u>\$ 748,419</u>      |                     | <u>\$ 1,585,884</u>   |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds. |  |                      |                        | 10,772              |   |
| Change in net assets of business-type activities  |  |                      |                        | <u>\$ (224,954)</u> |   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

|   | <b>Business-type Activities - Enterprise Funds</b> |                     |                        |                     | <b>Governmental</b>                                |
|---|--|---------------------|------------------------|---------------------|--|
|   | <b>Water</b>                                       | <b>Sewer</b>        | <b>Solid<br/>Waste</b> | <b>Total</b>        | <b>Activities -<br/>Internal<br/>Service Funds</b> |
| <b>Cash flows from operating activities:</b>                        |  |                     |                        |                     |  |
| Cash received from customers . . . . .                              | \$ 1,204,086                                       | \$ 1,322,572        | \$ 768,154             | \$ 3,294,812        | \$ 834,799   |
| Cash received from tap-in fees . . . . .                            | 6,188  | 13,260              | -                      | 19,448              | -  |
| Cash received from other operations . . . . .                       | 9,249  | 4,314               | 14,306                 | 27,869              | 7,042  |
| Cash payments for personal services . . . . .                       | (459,151)  | (423,080)           | -                      | (882,231)           | (267,661)  |
| Cash payments for contractual services . . . . .                    | (223,598)  | (207,290)           | (731,258)              | (1,162,146)         | (200,119)  |
| Cash payments for materials and supplies . . . . .                  | (56,800)   | (215,340)           | -                      | (272,140)           | (318,049)  |
| Cash payments for other expenses . . . . .                          | -  | (130,836)           | -                      | (130,836)           | -  |
| Net cash provided by operating activities . . . . .                 | <u>479,974</u>                                     | <u>363,600</u>      | <u>51,202</u>          | <u>894,776</u>      | <u>56,012</u>                                      |
| <b>Cash flows from noncapital financing activities:</b>             |  |                     |                        |                     |  |
| Cash used in transfers out . . . . .                                | -  | -                   | -                      | -                   | (111,961)  |
| Net cash used in noncapital financing activities . . . . .          | <u>-</u>   | <u>-</u>            | <u>-</u>               | <u>-</u>            | <u>(111,961)</u>                                   |
| <b>Cash flows from capital and related financing activities:</b>    |  |                     |                        |                     |  |
| Sale of capital assets . . . . .                                    | 4,060  | 20,208              | -                      | 24,268              | -  |
| Acquisition of capital assets . . . . .                             | (641,586)  | (120,800)           | -                      | (762,386)           | (24,013)   |
| Principal retirement on loans . . . . .                             | (84,963)   | (129,144)           | -                      | (214,107)           | -  |
| Net cash used in capital and related financing activities . . . . . | <u>(722,489)</u>                                   | <u>(229,736)</u>    | <u>-</u>               | <u>(952,225)</u>    | <u>(24,013)</u>                                    |
| <b>Cash flows from investing activities:</b>                        |  |                     |                        |                     |  |
| Interest received . . . . .   | 14,419   | 10,299              | -                      | 24,718              | -  |
| Net cash provided by investing activities . . . . .                 | <u>14,419</u>                                      | <u>10,299</u>       | <u>-</u>               | <u>24,718</u>       | <u>-</u>   |
| Net increase (decrease) in cash and cash equivalents . . . . .      | (228,096)  | 144,163             | 51,202                 | (32,731)            | (79,962)   |
| <b>Cash and cash equivalents at beginning of year . . .</b>         | <u>2,565,681</u>                                   | <u>1,886,174</u>    | <u>662,545</u>         | <u>5,114,400</u>    | <u>439,186</u>                                     |
| <b>Cash and cash equivalents at end of year . . . . .</b>           | <u>\$ 2,337,585</u>                                | <u>\$ 2,030,337</u> | <u>\$ 713,747</u>      | <u>\$ 5,081,669</u> | <u>\$ 359,224</u>                                  |

- - Continued

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2011

|   | <u>Business-type Activities - Enterprise Funds</u> |                   |                        |                   | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</u> |
|---|--|-------------------|------------------------|-------------------|---|
|   | <u>Water</u>                                       | <u>Sewer</u>      | <u>Solid<br/>Waste</u> | <u>Total</u>      |   |
| <b>Reconciliation of operating loss to net cash provided by operating activities:</b> |  |                   |                        |                   |   |
| Operating loss. . . . .   | \$ (11,009)  | \$ (118,658)      | \$ (9,858)             | \$ (139,525)      | \$ (39,070)   |
| Adjustments:  |  |                   |                        |                   |   |
| Depreciation. . . . .   | 449,480  | 444,069           | 11,500                 | 905,049           | 72,402  |
| Changes in assets and liabilities:  |  |                   |                        |                   |   |
| Decrease (increase) in materials and supplies inventory . . .                         | 30,150   | 882               | -                      | 31,032            | (504)   |
| Decrease in accounts receivable. . . . .  | 32,905   | 48,536            | -                      | 81,441            | -   |
| Decrease (increase) in special assessments receivable. . . .                          | 1,757  | 2,928             | (7,694)                | (3,009)           | -   |
| Decrease in due from other governments. . . . .                                       | -  | -                 | -                      | -                 | 2,037   |
| Increase in prepayments. . . . .  | (3,200)  | (2,771)           | -                      | (5,971)           | (2,255)   |
| Increase (decrease) in accounts payable . . . . .                                     | (13,584)   | (4,399)           | 59,060                 | 41,077            | 19,507  |
| Increase in accrued wages and benefits. . . . .                                       | 967  | 986               | -                      | 1,953             | 617   |
| Decrease in intergovernmental payable. . . . .  | (1,423)  | (1,558)           | -                      | (2,981)           | (731)   |
| Increase (decrease) in compensated absences payable. . . .                            | (6,069)  | (6,415)           | 6,382                  | (6,102)           | 4,009   |
| Decrease in unearned revenue. . . . .   | -  | -                 | (8,188)                | (8,188)           | -   |
| Net cash provided by operating activities. . . . .                                    | <u>\$ 479,974</u>                                  | <u>\$ 363,600</u> | <u>\$ 51,202</u>       | <u>\$ 894,776</u> | <u>\$ 56,012</u>  |

**Non-cash capital transactions:**

During 2011 and 2010, the water fund purchased capital assets on account of \$11,380 and \$19,072, respectively.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
DECEMBER 31, 2011

|   | <b>Agency</b> |
|---|---------------|
| <b>Assets:</b>                                    |               |
| Equity in pooled cash<br>and investments. . . . . | \$ 1,411      |
| Total assets . . . . .                            | \$ 1,411      |
| <b>Liabilities:</b>                               |               |
| Intergovernmental payable. . . . .                | \$ 83         |
| Undistributed monies. . . . .                     | 1,328         |
| Total liabilities. . . . .                        | \$ 1,411      |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## **CITY OF ENGLEWOOD, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011**

#### **NOTE 1 - DESCRIPTION OF THE CITY**

The City of Englewood (the "City") is a charter municipal corporation operating under the laws of the State of Ohio. The City was incorporated as a village in 1914 and became a City on February 12, 1971, after adopting the charter on November 3, 1970.

The municipal government provided by the charter is known as a Council-Manager form of government. Legislative power is vested in a seven-member council, each elected to four-year terms. One of the members shall be known as the Mayor and the remaining six members as Councilmen. The Council appoints the City Manager and the Clerk of Council. The City Manager is the chief executive officer and the head of the administrative agencies of the City. He appoints all department heads and employees, except as otherwise provided in the charter.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply these FASB Statements and Interpretations. The most significant of the City's accounting policies are described below.

##### **A. Reporting Entity**

For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The City has no component units.

The primary government consists of all funds and departments which provide various services including public safety services, street maintenance and repair, parks, recreation, water, sewer and refuse services. Council and the City Manager are directly responsible for these activities.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Insurance Purchasing Pool*

The Miami Valley Risk Management Association, Inc. (MVRMA) is a risk sharing insurance pool established for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. The members formed a not-for-profit corporation known as Miami Valley Risk Management Association, Inc. for the purpose of administering the pool. The subscribing members of the self-insurance pool include the Cities of Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming, and the Village of Indian Hill. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. See Note 13 for additional information.

**B. Basis of Presentation**

The City's (BFS) consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-wide Financial Statements*** - The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

***Fund Financial Statements*** - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

***Governmental Funds*** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

*General fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Fire and rescue* - The fire and rescue fund accounts for all transactions relating to fire and emergency services.

*Police* - The police fund accounts for all transactions relating to the police department.

*Street* - The street fund accounts for all transactions relating to street maintenance and construction.

*Capital improvement* - To account for resources used to purchase equipment and construct capital assets.

Other governmental funds of the City are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (b) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

***Proprietary Funds*** - Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

*Enterprise funds* - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

*Water* - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

*Sewer* - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

*Solid waste* - This fund accounts for the operations providing solid waste removal to the residents and commercial users located within the City.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Internal service funds* - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds report on the operations of the government center, service center and health insurance. The City discontinued use of the health insurance internal service fund during 2011, see Note 5 for additional information.

*Fiduciary Funds* - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds. The Agency funds hold monies for contractor and insurance bond deposits, hydrant meter deposits, and building assessment fees collected on behalf of the State of Ohio.

**D. Measurement Focus and Basis of Accounting**

*Government-wide Financial Statements* - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets.

*Fund Financial Statements* - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise activities and operating expenses for the internal service fund include personnel costs and administrative expenses incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.



## CITY OF ENGLEWOOD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

##### **E. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and agency funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Nonexchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

**Unearned Revenue and Deferred Revenue** - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes and payments in lieu of taxes due at December 31, 2011, are recorded as deferred revenue on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**F. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The legal level of budgetary control is at the department level of each fund and within each department personal services. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

***Tax Budget*** - During the first Council meeting in July, the City Manager presents the following year's annual operating budget to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The Montgomery County Budget Commission waived the tax budget filing requirement for 2011.

***Estimated Resources*** - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2011.

***Appropriations*** - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the department level of each fund and within each department personal services. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The appropriations at the legal level of control for a fund may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect the final appropriation amounts, including all amendments and modifications legally enacted by Council.

***Lapsing of Appropriations*** - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. Cash and Cash Equivalents**

Cash balances of the City's funds are pooled and invested in investments maturing within ten years in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the balance sheet as "equity in pooled cash and investments" on the financial statements.

During 2011, investments were limited to certificates of deposit, federal agency securities, a General Electric (GE) Interest Plus account, corporate notes and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on December 31, 2011.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2011 amounted to \$170,157, which included \$128,914 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

An analysis of the City's investment account at year end is provided in Note 4.

**H. Inventories of Materials and Supplies**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

**I. Prepayments**

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**J. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of thoroughfares, street lights, curbs, gutters, sidewalks, storm sewers, bridges, street signs, traffic signals and controls, meters and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land and easements with an indefinite useful life. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u>                                  | <u>Governmental<br/>Activities<br/>Estimated Lives</u> | <u>Business-type<br/>Activities<br/>Estimated Lives</u> |
|---|--|---|
| Improvements to land                                | 15 - 20 years  | 15 - 20 years   |
| Buildings   | 20 - 45 years  | 20 - 45 years   |
| Equipment   | 5 - 30 years   | 5 - 30 years  |
| Vehicles  | 3 - 10 years   | 3 - 10 years  |
| Infrastructure:                                     |  |   |
| Water and Sewer Lines                               | 50 years   | 50 years  |
| Bridges   | 40 years   | 40 years  |
| Thoroughfares/Curbs/Gutters/Sidewalks/Street Lights | 30 years   | 30 years  |
| Storm Sewers  | 25 years   | 25 years  |
| Traffic Signals and Controls                        | 15 years   | 15 years  |
| Street Signs  | 10 years   | 10 years  |
| Software  | 5 - 10 years   | 5 - 10 years  |

**K. Compensated Absences**

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**L. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences, and that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

**M. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

**O. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the Finance Director the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**P. Estimates**

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

**Q. Net Assets**

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

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2011.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2011, the City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the City.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the City's governmental fund balances as previously reported:

|  | <u>General</u>      | <u>Fire and<br/>Rescue</u> | <u>Police</u>    | <u>Street</u>     | <u>Capital<br/>Improvement</u> | <u>Nonmajor<br/>Governmental</u> | <u>Total<br/>Governmental</u> |
|--|---------------------|----------------------------|------------------|-------------------|--------------------------------|----------------------------------|-------------------------------|
| Fund balance as previously reported      | \$ 4,052,858        | \$ 664,971                 | \$ 97,783        | \$ 940,937        | \$ 5,859,308                   | \$ 1,309,494                     | \$ 12,925,351                 |
| Fund reclassifications:                  |                     |                            |                  |                   |                                |                                  |                               |
| Earl Heck Community Center               | 86,673              | -                          | -                | -                 | -                              | (86,673)                         | -                             |
| Street lighting                          | <u>426,151</u>      | <u>-</u>                   | <u>-</u>         | <u>-</u>          | <u>-</u>                       | <u>(426,151)</u>                 | <u>-</u>                      |
| Total fund reclassifications             | <u>512,824</u>      | <u>-</u>                   | <u>-</u>         | <u>-</u>          | <u>-</u>                       | <u>(512,824)</u>                 | <u>-</u>                      |
| Restated fund balance at January 1, 2011 | <u>\$ 4,565,682</u> | <u>\$ 664,971</u>          | <u>\$ 97,783</u> | <u>\$ 940,937</u> | <u>\$ 5,859,308</u>            | <u>\$ 796,670</u>                | <u>\$ 12,925,351</u>          |

The fund reclassifications did not have an effect on net assets as previously reported.

**C. Budgetary Prior Period Adjustment**

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The City has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at December 31, 2010 is as follows:

**Budgetary Basis**

|                                     | <u>General Fund</u> |
|-------------------------------------|---------------------|
| Balance at December 31, 2010        | \$ 3,178,573        |
| Funds budgeted elsewhere            | <u>(854,380)</u>    |
| Restated balance at January 1, 2011 | <u>\$ 2,324,193</u> |

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.



**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits in interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and,
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

**CITY OF ENGLEWOOD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on hand**

At year end, the City had \$500 in undeposited cash on hand which is included on the financial statements of the City as part of "equity in pooled cash and investments".

**B. Deposits with Financial Institutions**

At December 31, 2011, the carrying amount of all City deposits was \$3,960,534. As of December 31, 2011, \$3,516,330 of the City's bank balance of \$4,281,206 was exposed to custodial risk as discussed below, while \$764,876 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As permitted by Ohio Revised Code, the City's deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of December 31, 2011, the City had the following investments and maturities:

| <u>Investment type</u>   | <u>Fair Value</u>    | <u>Investment Maturities</u> |                           |                            |                            |                                   | <u>Total</u>         |
|--------------------------|----------------------|------------------------------|---------------------------|----------------------------|----------------------------|-----------------------------------|----------------------|
|                          |                      | <u>6 months<br/>or less</u>  | <u>7 to 12<br/>months</u> | <u>13 to 18<br/>months</u> | <u>19 to 24<br/>months</u> | <u>Greater than<br/>24 months</u> |                      |
| STAR Ohio                | \$ 1,199             | \$ 1,199                     | \$ -                      | \$ -                       | \$ -                       | \$ -                              | \$ 1,199             |
| GE Interest Plus Account | 4,944,168            | 4,944,168                    | -                         | -                          | -                          | -                                 | 4,944,168            |
| FFCB                     | 1,511,735            | -                            | -                         | -                          | -                          | 1,511,735                         | 1,511,735            |
| FHLB                     | 7,015,360            | -                            | -                         | -                          | -                          | 7,015,360                         | 7,015,360            |
| FHLMC REMIC              | 1,654                | -                            | -                         | -                          | -                          | 1,654                             | 1,654                |
| Corporate Notes          | 1,003,340            | -                            | -                         | 1,003,340                  | -                          | -                                 | 1,003,340            |
| <b>Total</b>             | <b>\$ 14,477,456</b> | <b>\$ 4,945,367</b>          | <b>\$ -</b>               | <b>\$ 1,003,340</b>        | <b>\$ -</b>                | <b>\$ 8,528,749</b>               | <b>\$ 14,477,456</b> |

The weighted average maturity of investments is 4.02 years.

*Interest Rate Risk:* Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

*Credit Risk:* The City's investments, except for the corporate notes and STAR Ohio, were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The corporate notes were rated AA+ and Aa2 by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The City limits its investments to those authorized by State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by state statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the City at December 31, 2011:

| <u>Investment type</u>   | <u>Fair Value</u>    | <u>% of Total</u> |
|--------------------------|----------------------|-------------------|
| STAR Ohio                | \$ 1,199             | 0.01              |
| GE Interest Plus Account | 4,944,168            | 34.15             |
| FFCB                     | 1,511,735            | 10.44             |
| FHLB                     | 7,015,360            | 48.46             |
| FHLMC REMIC              | 1,654                | 0.01              |
| Corporate Notes          | 1,003,340            | 6.93              |
| Total                    | <u>\$ 14,477,456</u> | <u>100.00</u>     |

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2011:

| <u>Cash and investments per note</u>                    |                      |
|---|----------------------|
| Carrying amount of deposits                             | \$ 3,960,534         |
| Investments   | 14,477,456           |
| Cash on hand  | 500                  |
| Total   | <u>\$ 18,438,490</u> |
| <u>Cash and investments per statement of net assets</u> |                      |
| Governmental activities                                 | \$ 13,355,410        |
| Business type activities                                | 5,081,669            |
| Agency funds  | 1,411                |
| Total   | <u>\$ 18,438,490</u> |

**NOTE 5 - INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2011, consisted of the following, as reported in the fund financial statements:

| <u>Transfers to</u>         | <u>Transfers from</u> |                            |                                    |                               | <u>Total</u>        |
|-----------------------------|-----------------------|----------------------------|------------------------------------|-------------------------------|---------------------|
|                             | <u>General</u>        | <u>Capital Improvement</u> | <u>Nonmajor Governmental Funds</u> | <u>Internal Service Funds</u> |                     |
| General                     | \$ -                  | \$ -                       | \$ -                               | \$ 153,624                    | \$ 153,624          |
| Fire and rescue             | 407,700               | -                          | -                                  | -                             | 407,700             |
| Police                      | 2,450,000             | -                          | -                                  | -                             | 2,450,000           |
| Street                      | 1,000,000             | -                          | -                                  | -                             | 1,000,000           |
| Capital improvement         | 1,250,000             | -                          | 162,051                            | -                             | 1,412,051           |
| Nonmajor governmental funds | <u>205,000</u>        | <u>183,562</u>             | <u>-</u>                           | <u>-</u>                      | <u>388,562</u>      |
| Total                       | <u>\$ 5,312,700</u>   | <u>\$ 183,562</u>          | <u>\$ 162,051</u>                  | <u>\$ 153,624</u>             | <u>\$ 5,811,937</u> |

**CITY OF ENGLEWOOD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 5 - INTERFUND TRANSFERS - (Continued)**

Transfers are made to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The \$153,624 transfer from the health insurance internal service fund to the general fund was a residual equity transfer made to close-out the fund. The capital improvement fund transferred \$183,562 to the debt service fund (a nonmajor governmental fund) for payment of the OPWC loan. The tax incremental financing fund (a nonmajor governmental fund) transferred \$162,051 to the capital improvement fund to fund improvements made in the TIF District (See Note 8). All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County collects property taxes on behalf of all taxing districts in the County, including the City of Englewood. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2011 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 6 - PROPERTY TAXES - (Continued)**

The full tax rate for all City operations for the year ended December 31, 2011 was \$10.59 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2011 property tax receipts were based are as follows:

|                               |                       |
|-------------------------------|-----------------------|
| <u>Real property</u>          |                       |
| Residential/agricultural      | \$ 198,913,570        |
| Commercial/industrial/mineral | 57,972,750            |
| <u>Public utility</u>         |                       |
| Personal                      | <u>3,709,460</u>      |
| Total assessed value          | <u>\$ 260,595,780</u> |

**NOTE 7 - LOCAL INCOME TAX**

The City levies a municipal income tax of one and three-quarters percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100% of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax. All remaining income tax revenue is then initially placed in the general fund. The use of all income tax proceeds is determined by City Council. Income tax revenue for 2011 was \$5,626,416 as reported in the fund financial statements.

**NOTE 8 - TAX INCREMENT FINANCING DISTRICT (TIF)**

The City, pursuant to the Ohio Revised Code and City ordinances, has established a TIF. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as "payments in lieu of taxes (PILOT)", as though the TIF had not been established. These "PILOTS" are then dedicated to the payments for various public improvements within or adjacent to the TIF area. Property values existing before the commencement date of a TIF continue to be subjected to property taxes.

PILOT revenue was \$390,205 in 2011 as reported in the fund financial statements. The TIF has a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT's cease and property taxes then apply to the increased property values.

**CITY OF ENGLEWOOD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 9 - RECEIVABLES**

Receivables at December 31, 2011, consisted of taxes, accounts (billings for user charged services), special assessments, accrued interest and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2011.

A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

|                            |              |
|----------------------------|--------------|
| Income taxes               | \$ 1,324,270 |
| Real and other taxes       | 1,335,879    |
| Payments in lieu of taxes  | 121,807      |
| Accounts                   | 401,188      |
| Accrued interest           | 39,493       |
| Special assessments        | 237,585      |
| Due from other governments | 499,902      |

**Business-type activities:**

|                     |         |
|---------------------|---------|
| Accounts            | 325,098 |
| Special assessments | 24,555  |

Receivables have been disaggregated on the face of the BFS. The only receivables not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 10 - CAPITAL ASSETS**

A. Capital asset activity for the governmental activities for the year ended December 31, 2011, was as follows:

|   | <u>Balance</u>       |                    |                     | <u>Balance</u>       |
|---|----------------------|--------------------|---------------------|----------------------|
|   | <u>12/31/10</u>      | <u>Additions</u>   | <u>Disposals</u>    | <u>12/31/11</u>      |
| <b>Governmental activities:</b>               |                      |                    |                     |                      |
| <i>Capital assets, not being depreciated:</i> |                      |                    |                     |                      |
| Land  | \$ 4,745,091         | \$ 175,784         | \$ -                | \$ 4,920,875         |
| Total capital assets, not being depreciated   | <u>4,745,091</u>     | <u>175,784</u>     | <u>-</u>            | <u>4,920,875</u>     |
| <i>Capital assets, being depreciated:</i>     |                      |                    |                     |                      |
| Land improvements                             | 2,913,354            | -                  | -                   | 2,913,354            |
| Buildings and improvements                    | 9,730,694            | 5,389              | -                   | 9,736,083            |
| Furniture and equipment                       | 3,596,532            | 276,208            | (325,753)           | 3,546,987            |
| Vehicles                                      | 2,857,295            | 400,655            | (340,692)           | 2,917,258            |
| Infrastructure                                | 34,305,546           | 1,173,033          | -                   | 35,478,579           |
| Computer software                             | 88,919               | 71,576             | (27,919)            | 132,576              |
| Total capital assets, being depreciated       | <u>53,492,340</u>    | <u>1,926,861</u>   | <u>(694,364)</u>    | <u>54,724,837</u>    |
| <i>Less: accumulated depreciation</i>         |                      |                    |                     |                      |
| Land improvements                             | (1,640,068)          | (132,816)          | -                   | (1,772,884)          |
| Buildings                                     | (2,790,858)          | (219,078)          | -                   | (3,009,936)          |
| Furniture and equipment                       | (1,792,704)          | (255,779)          | 224,023             | (1,824,460)          |
| Vehicles                                      | (2,160,042)          | (158,006)          | 236,650             | (2,081,398)          |
| Infrastructure                                | (12,498,574)         | (1,265,032)        | -                   | (13,763,606)         |
| Computer software                             | (35,464)             | (9,155)            | 26,257              | (18,362)             |
| Total accumulated depreciation                | <u>(20,917,710)</u>  | <u>(2,039,866)</u> | <u>486,930</u>      | <u>(22,470,646)</u>  |
| Total capital assets, being depreciated       | <u>32,574,630</u>    | <u>(113,005)</u>   | <u>(207,434)</u>    | <u>32,254,191</u>    |
| Governmental activities capital assets, net   | <u>\$ 37,319,721</u> | <u>\$ 62,779</u>   | <u>\$ (207,434)</u> | <u>\$ 37,175,066</u> |

Depreciation expense was charged to functions/programs of the City as follows:

**Governmental activities:**

|                                  |            |
|----------------------------------|------------|
| General government               | \$ 164,171 |
| Security of persons and property | 260,037    |
| Public health and welfare        | 11,625     |
| Transportation                   | 1,385,600  |
| Community environment            | 5,753      |
| Leisure time activity            | 140,278    |

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets

72,402

Total depreciation expense - governmental activities

\$ 2,039,866



**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 10 - CAPITAL ASSETS - (Continued)**

**B.** Capital asset activity for the business-type activities for the year ended December 31, 2011 was as follows:

| <b><u>Business-type activities:</u></b>       | <u>Balance</u>       |                     |                     | <u>Balance</u>       |
|---|----------------------|---------------------|---------------------|----------------------|
|   | <u>12/31/10</u>      | <u>Additions</u>    | <u>Disposals</u>    | <u>12/31/11</u>      |
| <i>Capital assets, not being depreciated:</i> |                      |                     |                     |                      |
| Land  | \$ 33,510            | \$ -                | \$ -                | \$ 33,510            |
| Total capital assets, not being depreciated   | <u>33,510</u>        | <u>-</u>            | <u>-</u>            | <u>33,510</u>        |
| <i>Capital assets, being depreciated:</i>     |                      |                     |                     |                      |
| Improvements other than buildings             | 887,687              | -                   | -                   | 887,687              |
| Buildings and improvements                    | 7,495,924            | 552,380             | (218,853)           | 7,829,451            |
| Equipment                                     | 4,251,966            | 5,867               | -                   | 4,257,833            |
| Vehicles                                      | 63,308               | 192,000             | -                   | 255,308              |
| Infrastructure                                | <u>22,714,770</u>    | <u>4,447</u>        | <u>(1,119)</u>      | <u>22,718,098</u>    |
| Total capital assets, being depreciated       | <u>35,413,655</u>    | <u>754,694</u>      | <u>(219,972)</u>    | <u>35,948,377</u>    |
| <i>Less: accumulated depreciation:</i>        |                      |                     |                     |                      |
| Improvements other than buildings             | (88,601)             | (44,384)            | -                   | (132,985)            |
| Buildings and improvements                    | (3,696,884)          | (149,989)           | 74,302              | (3,772,571)          |
| Equipment                                     | (1,400,477)          | (206,236)           | -                   | (1,606,713)          |
| Vehicles                                      | (43,048)             | (13,064)            | -                   | (56,112)             |
| Infrastructure                                | <u>(10,884,829)</u>  | <u>(491,376)</u>    | <u>483</u>          | <u>(11,375,722)</u>  |
| Total accumulated depreciation                | <u>(16,113,839)</u>  | <u>(905,049)</u>    | <u>74,785</u>       | <u>(16,944,103)</u>  |
| Total capital assets, being depreciated, net  | <u>19,299,816</u>    | <u>(150,355)</u>    | <u>(145,187)</u>    | <u>19,004,274</u>    |
| Business-type activities capital assets, net  | <u>\$ 19,333,326</u> | <u>\$ (150,355)</u> | <u>\$ (145,187)</u> | <u>\$ 19,037,784</u> |

Depreciation expense was charged to business-type activities as follows:

| <b><u>Business-type activities:</u></b>               |                   |
|---|-------------------|
| Water   | \$ 449,480        |
| Sewer   | 444,069           |
| Solid waste   | <u>11,500</u>     |
| Total depreciation expense - business-type activities | <u>\$ 905,049</u> |

**CITY OF ENGLEWOOD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

Deferred Compensation Plans

City employees and elected officials may participate in a statewide deferred compensation plan or a plan offered by ING and sponsored by the Ohio Municipal League. Both plans were created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Compensated Absences

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the City as a whole amounted to \$296,768 at December 31, 2011. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

Accumulated Unpaid Sick Leave

City employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement an employee is paid for one-third of his accumulated sick leave within various limits. The total obligation for sick leave accrual for the City as a whole amounted to \$256,984 at December 31, 2011. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

Overtime Pay

City employees earn overtime pay at varying rates based on when the employee works the overtime. The total obligation for overtime pay for the City as a whole amounted to \$8,405 at December 31, 2011. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 12 - LONG-TERM OBLIGATIONS**

A. The changes in the City's governmental activities long-term obligations during the year consist of the following:

|  | <u>Maturity Date</u> | Balance           |                   |                     | Balance           | Amounts           |
|--|----------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
|  |                      | <u>12/31/10</u>   | <u>Additions</u>  | <u>Reductions</u>   | <u>12/31/11</u>   | <u>Due in</u>     |
| <b><u>Governmental activities:</u></b>                 |                      |                   |                   |                     |                   | <u>One Year</u>   |
| <b><u>Other long-term obligations:</u></b>             |                      |                   |                   |                     |                   |                   |
| Compensated absences                                   | N/A                  | \$ 470,694        | \$ 255,865        | \$ (299,483)        | \$ 427,076        | \$ 256,838        |
| Total other long-term obligations                      |                      | <u>470,694</u>    | <u>255,865</u>    | <u>(299,483)</u>    | <u>427,076</u>    | <u>256,838</u>    |
| <b><u>OPWC loans:</u></b>                              |                      |                   |                   |                     |                   |                   |
| 0% drainage channel improvements                       | 7/1/2013             | 90,636            | -                 | (90,636)            | -                 | -                 |
| 0% Taywood Road resurfacing                            | 7/1/2013             | <u>92,926</u>     | <u>-</u>          | <u>(92,926)</u>     | <u>-</u>          | <u>-</u>          |
| Total OPWC loans                                       |                      | <u>183,562</u>    | <u>-</u>          | <u>(183,562)</u>    | <u>-</u>          | <u>-</u>          |
| Total governmental activities<br>long-term obligations |                      | <u>\$ 654,256</u> | <u>\$ 255,865</u> | <u>\$ (483,045)</u> | <u>\$ 427,076</u> | <u>\$ 256,838</u> |

Compensated absences consisting of sick leave (severance), vacation benefits and compensatory time will be paid from the fund from which the employee is paid which, for the City are primarily the general, fire and rescue, police and street funds.

During 2010, the City received two loans in the governmental activities from the Ohio Public Works Commission for drainage channel improvements and road resurfacing. Repayments of the loans are due semi-annually at an interest rate of 0%. The City paid the remaining loan balances on both loans during 2011.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

**B.** The changes in the City's business-type activities long-term obligations during the year consist of the following:

| <u>Business-type activities:</u>                        | Maturity<br>Date | Balance<br><u>12/31/10</u> | <u>Additions</u> | <u>Reductions</u>   | Balance<br><u>12/31/11</u> | Amounts<br>Due in<br><u>One Year</u> |
|---|------------------|----------------------------|------------------|---------------------|----------------------------|--------------------------------------|
| <u>Other long-term obligations</u>                      |                  |                            |                  |                     |                            |                                      |
| Compensated absences                                    | N/A              | \$ 141,183                 | \$ 47,032        | \$ (53,134)         | \$ 135,081                 | \$ 55,200                            |
| Total other long-term obligations                       |                  | <u>141,183</u>             | <u>47,032</u>    | <u>(53,134)</u>     | <u>135,081</u>             | <u>55,200</u>                        |
| <u>OPWC Loans</u>                                       |                  |                            |                  |                     |                            |                                      |
| 0% - Sanitary sewer rehab (Phase III)                   | 7/1/2012         | 66,150                     | -                | (66,150)            | -                          | -                                    |
| 0% - Sanitary sewer rehab (Phase I)                     | 1/1/2013         | 62,994                     | -                | (62,994)            | -                          | -                                    |
| 0% - Water main replacement                             | 12/31/2016       | 84,963                     | -                | (84,963)            | -                          | -                                    |
| Total OPWC Loans  |                  | <u>214,107</u>             | <u>-</u>         | <u>(214,107)</u>    | <u>-</u>                   | <u>-</u>                             |
| Total business-type activities<br>long-term obligations |                  | <u>\$ 355,290</u>          | <u>\$ 47,032</u> | <u>\$ (267,241)</u> | <u>\$ 135,081</u>          | <u>\$ 55,200</u>                     |

During 2009 and 2010, the City received three loans from the Ohio Public Works Commission for sanitary sewer repairs and replacements and a water main replacement. Repayment of the loans is due semi-annually at an interest rate of 0%. The City paid the remaining loan balances during 2011.

As of December 31, 2011, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$27,368,626 and the unvoted debt margin was \$14,332,768.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 13 - RISK MANAGEMENT**

**A. Comprehensive**

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City is a member of the Miami Valley Risk Management Association, Inc. (MVRMA), a joint insurance pool. The pool consists of twenty municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability. The City pays an annual premium for this coverage. The agreement provides that the MVRMA will be self-sustaining through member premiums and the purchase of excess and stoploss insurance. The deductible per occurrence for all types of claims is \$2,500. The type of coverage and deductible for each is as follows:

Type of Coverage

|                      |                         |
|----------------------|-------------------------|
| General Liability    | \$10,000,000/occurrence |
| Automobile Liability | \$10,000,000/occurrence |

MVRMA self-insured \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual, Inc. (GEM) for \$1.5 million excess \$500,000 and from General Reinsurance Corporate for \$8 million excess \$2 million.

|                               |                         |
|-------------------------------|-------------------------|
| Police Professional Liability | \$10,000,000/occurrence |
|-------------------------------|-------------------------|

MVRMA self-insured \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual, Inc. (GEM) for \$1.5 million excess \$500,000 and from General Reinsurance Corporation for \$8 million excess \$2 million.

Employment Practices Liability and Public Officials Liability, including Employee Benefit Liability

MVRMA self-insured \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual, Inc. (GEM) for \$1.5 million excess \$500,000 and from General Reinsurance Corporation for \$8 million excess \$2 million - annual aggregate \$10 million per member

|                                       |                            |
|---------------------------------------|----------------------------|
| Property (effective 7/1/09 - 7/1/12): | \$1,000,000,000/occurrence |
|---------------------------------------|----------------------------|

MVRMA SIR: \$250,000/occurrence  
Coverage excess SIR provided by PEPPIP USA as follows:  
Lexington Insurance Company (Primary \$25 million)  
List of carriers for Layers excess of \$25 million provided upon request

|                                   |   |
|-----------------------------------|---|
| Flood (effective 7/1/09 - 7/1/12) | \$25million/occurrence and annual aggregate |
|-----------------------------------|---|

Sublimit: (Flood Zone A & V - \$5 million/occurrence and annual aggregate)  
MVRMA SIR: \$100,000/occurrence excluding Flood Zones A & V  
MVRMA SIR: \$250,000/occurrence Flood Zones A & V

|  |  |
|--|--|
| Earthquake (effective 7/1/09 - 7/1/12) | \$25 million/occurrence and annual aggregate |
| MVRMA SIR: \$100,000/occurrence        |  |

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 13 - RISK MANAGEMENT - (Continued)**

Boiler & Machinery (effective 7/1/09 - 7/1/12)                      \$100,000,000/occurrence  
MVRMA SIR: \$5,000/occurrence  
Coverage excess SIR provided by PEPiP USA as follows:  
Lexington Insurance Company - (Primary \$25 million)  
List of carriers for Layer excess of \$25 million provided upon request

Cyber Coverage (effective 7/1/10 - 7/1/12)

MVRMA SIR: \$100,000/occurrence  
Coverage excess SIR provided by Lloyd's of London-Beazley Syndicate

Third Party Liability:

\$2 million/occurrence and annual aggregate, but sublimited to:  
\$500,000/occurrence and annual aggregate for Privacy Notification Costs

First Party Computer Liability:

\$2 million/occurrence and annual aggregate subject to policy sublimits

Pollution Liability (effective 7/1/11 - 7/1/12)

\$1 million/pollution condition and aggregate with a \$200,000 sublimit for Fungi and Legionella  
MVRMA SIR: \$100,000/pollution condition; \$750,000 underground storage tank specific

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

MVRMA issues a stand-alone Comprehensive Annual Financial Report. Interested parties may obtain a copy by making a written request to 4625 Presidential Way, Kettering, OH 45429-5706.

**B. Workers' Compensation**

In 2011, the City participated in the Ohio Bureau of Workers' Compensation (Bureau) Group Retrospective Rating Plan through the Ohio Municipal League. The alternative rating program requires the City to pay Group administrative charges to the Bureau, and in turn the City assumes the responsibility of paying all claims incurred during the policy period for up to ten years. After the tenth year, the Bureau will assume any existing claim for its duration. The City will be charged an actuarial amount for the claims transferred to the Bureau. The City's stop-loss coverage through the plan is limited to \$100,000 per claim stop-loss coverage with an annual aggregate.

The City's Workers' Compensation program is accounted for in the general fund which pays for all premiums and administrative costs of the program. The general fund generates revenues by charging each fund a percentage rate determined by the Bureau for the payroll during the reporting period.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 13 - RISK MANAGEMENT - (Continued)**

The claims liability is recorded based on an actuarial determination of future claims, review of five years of claim liabilities and claim payment trends including the settlement to the Bureau after the tenth year. Changes in claims activity for 2011 (the first year of participation in the retrospective rating plan) is as follows:

| <u>Fiscal<br/>Year</u> | <u>Beginning<br/>Balance</u> | <u>Current<br/>Year Claims</u> | <u>Claims<br/>Payments</u> | <u>Ending<br/>Balance</u> |
|------------------------|------------------------------|--------------------------------|----------------------------|---------------------------|
| 2011                   | \$ -                         | \$ 10,913                      | \$ -                       | \$ 10,913                 |

**C. Unemployment**

The City is a reimbursing employer with the Ohio Department of Job and Family Services. This means that, in lieu of unemployment taxes, the City pays unemployment claims to the State of Ohio as incurred. Claims may be incurred when an employee experiences the loss of employment other than with the City of Englewood. In 2011, the City's contribution to unemployment benefits was immaterial.

**D. Health, Dental and Life Insurance**

In May 2010, the City joined the Ohio Benefits Cooperative (OBC), a consortium of political subdivisions in the greater Miami Valley area. The purpose of the OBC is to pool risk and collectively purchase health insurance. The cooperative currently has a contract with Anthem Blue Cross and Blue Shield. The City pays a premium to Anthem, which handles all claims and benefit processing and assumes all risks.

The City offers a High Deductible Health Plan combined with a Health Savings Account (HSA Plan). For the plan year effective 9/1/11 - 8/31/12, the City pays 100% of the HSA Plan monthly premium of \$317.14 for single coverage and \$979.01 for family coverage. The City also makes quarterly contributions to the employee health savings accounts equal to 40% of the annual plan deductible. The annual deductibles for the HSA Plan are \$2,500/single and \$5,000/family, and the annual out-of-pocket maximums are \$3,500 and \$7,000 respectively. Employees may contribute to their health savings account via payroll deduction up to the maximum IRS contribution limits per year.

Dental insurance is offered through Superior Dental Care with a deductible of \$50 for single coverage and up to \$150 for family coverage. The City pays the majority of the monthly premium of \$25.50 for single coverage and \$80.05 for family coverage. The City also provides a minimum of \$25,000 life and AD&D insurance at no cost to the employees. The monthly premium paid to the Standard Insurance Company is \$243.60 on a total insured volume of \$1.74 million. Employees have the opportunity to purchase additional group rated health and life insurance benefits, with the full cost of the premiums paid by the employee via payroll deduction.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 14 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2011 member contribution rates were 10.00% for members in State and local classifications. The City's contribution rate for 2011 was 14.00%, except for those plan members in law enforcement or public safety.

The City's contribution rate for pension benefits for members in the Traditional Plan for 2011 was 10.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2011 was 7.95%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$259,157, \$226,822, and \$210,787, respectively; 91.88% has been contributed for 2011 and 100% has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$12,843 made by the City and \$9,174 made by the plan members.



**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 14 - PENSION PLANS - (Continued)**

**B. Ohio Police and Fire Pension Fund**

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2011, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$172,795 and \$79,663 for the year ended December 31, 2011, \$167,070 and \$79,867 for the year ended December 31, 2010, and \$163,817 and \$76,905, for the year ended December 31, 2009. The full amount has been contributed for 2010 and 2009. 70.84% has been contributed for police and 72.12% has been contributed for firefighters for 2011.

**NOTE 15 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

## CITY OF ENGLEWOOD, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

#### **NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, local government employers contributed 14.00% of covered payroll. Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2011 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2011 was 6.05%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$103,663, \$129,310, and \$152,416, respectively; 91.88% has been contributed for 2011 and 100% has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

#### **B. Ohio Police and Fire Pension Fund**

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

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

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

OP&F maintains funds for health care in two separate accounts, one for health care benefits under an Internal Revenue Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$91,479 and \$31,173 for the year ended December 31, 2011, \$88,449 and \$31,252 for the year ended December 31, 2010, and \$86,727 and \$30,093, for the year ended December 31, 2009. The full amount has been contributed for 2010 and 2009. 70.84% has been contributed for police and 72.12% has been contributed for firefighters for 2011.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, fire and rescue fund, police fund and street fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

**Net Change in Fund Balance**

|   | <u>General fund</u> | <u>Fire and Rescue</u> | <u>Police</u>    | <u>Street fund</u> |
|---|---------------------|------------------------|------------------|--------------------|
| Budget basis                            | \$ 377,924          | \$ (44,088)            | \$ (2,514)       | \$ (155,423)       |
| Net adjustment for revenue accruals     | (96,257)            | (17,563)               | (775)            | 3,428              |
| Net adjustment for expenditure accruals | (455,825)           | 10,417                 | 6,440            | 37,072             |
| Net adjustment for other sources/uses   | 450,000             | -                      | -                | -                  |
| Funds budgeted elsewhere                | 133,761             | -                      | -                | -                  |
| Adjustment for encumbrances             | <u>93,753</u>       | <u>23,611</u>          | <u>25,448</u>    | <u>39,158</u>      |
| GAAP basis                              | <u>\$ 503,356</u>   | <u>\$ (27,623)</u>     | <u>\$ 28,599</u> | <u>\$ (75,765)</u> |

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the Earl Heck Community Center fund, the street lighting fund and the debt service investment trust fund.

**CITY OF ENGLEWOOD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 17 - FUND BALANCE**

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

| Fund balance                        | General             | Fire and Rescue<br>Fund | Police<br>Fund    | Street<br>Fund    | Capital<br>Improvement<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------|---------------------|-------------------------|-------------------|-------------------|--------------------------------|-----------------------------------|--------------------------------|
| <b>Nonspendable:</b>                |                     |                         |                   |                   |                                |                                   |                                |
| Materials and supplies inventory    | \$ -                | \$ -                    | \$ -              | \$ 71,904         | \$ -                           | \$ -                              | \$ 71,904                      |
| Prepays                             | <u>10,493</u>       | <u>3,996</u>            | <u>15,693</u>     | <u>8,641</u>      | <u>8,900</u>                   | <u>2,774</u>                      | <u>50,497</u>                  |
| <b>Total nonspendable</b>           | <u>10,493</u>       | <u>3,996</u>            | <u>15,693</u>     | <u>80,545</u>     | <u>8,900</u>                   | <u>2,774</u>                      | <u>122,401</u>                 |
| <b>Restricted:</b>                  |                     |                         |                   |                   |                                |                                   |                                |
| Street construction and maintenance | -                   | -                       | -                 | 820,484           | -                              | 364,236                           | 1,184,720                      |
| Public safety                       | -                   | 633,352                 | 110,689           | -                 | -                              | 171,205                           | 915,246                        |
| Other purposes                      | -                   | -                       | -                 | -                 | -                              | 174,085                           | 174,085                        |
| <b>Total restricted</b>             | <u>-</u>            | <u>633,352</u>          | <u>110,689</u>    | <u>820,484</u>    | <u>-</u>                       | <u>709,526</u>                    | <u>2,274,051</u>               |
| <b>Committed:</b>                   |                     |                         |                   |                   |                                |                                   |                                |
| Capital improvements                | -                   | -                       | -                 | -                 | 2,252,816                      | -                                 | 2,252,816                      |
| <b>Total committed</b>              | <u>-</u>            | <u>-</u>                | <u>-</u>          | <u>-</u>          | <u>2,252,816</u>               | <u>-</u>                          | <u>2,252,816</u>               |
| <b>Assigned:</b>                    |                     |                         |                   |                   |                                |                                   |                                |
| Street lighting                     | 510,060             | -                       | -                 | -                 | -                              | -                                 | 510,060                        |
| Earl Heck Community Center          | 124,965             | -                       | -                 | -                 | -                              | -                                 | 124,965                        |
| Community environment               | 18,299              | -                       | -                 | -                 | -                              | -                                 | 18,299                         |
| Leisure time activities             | 9,789               | -                       | -                 | -                 | -                              | -                                 | 9,789                          |
| Capital projects                    | -                   | -                       | -                 | -                 | 3,677,783                      | -                                 | 3,677,783                      |
| <b>Total assigned</b>               | <u>663,113</u>      | <u>-</u>                | <u>-</u>          | <u>-</u>          | <u>3,677,783</u>               | <u>-</u>                          | <u>4,340,896</u>               |
| <b>Unassigned</b>                   | <u>4,395,432</u>    | <u>-</u>                | <u>-</u>          | <u>-</u>          | <u>-</u>                       | <u>-</u>                          | <u>4,395,432</u>               |
| <b>Total fund balances</b>          | <u>\$ 5,069,038</u> | <u>\$ 637,348</u>       | <u>\$ 126,382</u> | <u>\$ 901,029</u> | <u>\$ 5,939,499</u>            | <u>\$ 712,300</u>                 | <u>\$ 13,385,596</u>           |

**CITY OF ENGLEWOOD, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 18 - COMMITMENTS**

**A. Contractual Commitments**

As of December 31, 2011, the City had the following contractual commitments outstanding related to various City projects and purchases:

| <u>Vendor</u>                 | <u>Amount of<br/>Contract</u> | <u>Amount Paid<br/>as of<br/>12/31/2011</u> | <u>Remaining<br/>Commitment<br/>12/31/2011</u> |
|-------------------------------|-------------------------------|---|--|
| Duogard                       | \$ 12,076                     | \$ -  | \$ 12,076                                      |
| K.E. Rose Co.                 | 25,190                        | -   | 25,190   |
| Moody's of Dayton             | 22,761                        | -   | 22,761   |
| Edwin F. Nickol, Inc.         | 2,853                         | -   | 2,853  |
| Norfleet, Brown and Petkewicz | 5,000                         | -   | 5,000  |
| Worldwide Industries Corp.    | 470,900                       | (463,810)                                   | 7,090  |
| Bob Evans Excavating          | <u>105,670</u>                | <u>(99,965)</u>                             | <u>5,705</u>                                   |
| Total                         | <u>\$ 644,450</u>             | <u>\$ (563,775)</u>                         | <u>\$ 80,675</u>                               |

**B. Other Commitments**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

| <u>Fund</u>           | <u>Year-End<br/>Encumbrances</u> |
|-----------------------|----------------------------------|
| General fund          | \$ 32,318                        |
| Fire and rescue       | 4,924                            |
| Police                | 18,138                           |
| Street                | 33,561                           |
| Capital improvement   | 64,554                           |
| Nonmajor governmental | <u>6,807</u>                     |
| Total                 | <u>\$ 160,302</u>                |

**NOTE 19 - CONTINGENCIES**

**A. Grants**

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2011.

**CITY OF ENGLEWOOD, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 19 - CONTINGENCIES - (Continued)**

**B. Litigation**

The City is currently involved in litigation for which the City's legal counsel can not reasonably predict the outcome.

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Required by *Government Auditing Standards***

City of Englewood  
333 West National Road  
Englewood, Ohio 45322

To the Members of Council and Mayor:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Englewood, Montgomery County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the City of Englewood's basic financial statements and have issued our report thereon dated May 4, 2012. We noted the City of Englewood adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Englewood's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City of Englewood's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City of Englewood's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City of Englewood's financial statements will not be prevented, or detected and timely corrected.

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

Members of Council and Mayor  
City of Englewood

Compliance and Other Matters

As part of reasonably assuring whether the City of Englewood's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management and Members of Council and Mayor of the City of Englewood and others within the City of Englewood. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
May 4, 2012



# Dave Yost • Auditor of State

**CITY OF ENGLEWOOD**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 28, 2012**