

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEAR ENDED
DECEMBER 31, 2016

JANINE COOPER, FINANCE DIRECTOR



Dave Yost • Auditor of State

Members of Council & Mayor
City of Englewood
333 West National Road
Englewood, Ohio 45322

We have reviewed the *Independent Auditor's Report* of the City of Englewood, Montgomery County, prepared by Julian & Grube, Inc., for the audit period January 1, 2016 through December 31, 2016. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 14, 2017

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

City of Englewood
Montgomery County
333 West National Road
Englewood, Ohio 45322

To the Members of Council and Mayor:

Report on the Financial Statements

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, 2016 and the related notes to the financial statements, which collectively comprise the City of Englewood's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2016, 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 thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Englewood's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 12, 2017

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016. 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 2016 are as follows:

- The total net position of the City decreased \$1,119,370. Net position of governmental activities decreased \$634,258 or 1.37% from the 2015 net position and net position of business-type activities decreased \$485,112 or 2.08% from the 2015 net position. The decreases in net position are primarily due to investments in capital projects and acquisitions.
- General revenues accounted for \$9,476,619 or 74.99% of total governmental activities revenue. Program specific revenues accounted for \$3,160,035 or 25.01% of total governmental activities revenue.
- The City had \$13,259,307 in expenses related to governmental activities; \$3,160,035 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$10,099,272 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$9,476,619.
- The general fund had revenues and other financing sources of \$8,766,042 in 2016. This represents a decrease of \$120,618 from 2015. The expenditures and other financing uses of the general fund, which totaled \$8,965,697 in 2016, increased \$101,325 from 2015. Expenditures excluding transfers increased \$212,969. The net decrease in fund balance for the general fund was \$199,655 or 3.16% over the 2015 balance.
- The fire and rescue fund had revenues and other financing sources of \$2,254,684 in 2016. This represents an increase of \$183,155 from 2015 revenues and other sources. The expenditures of the fire and rescue fund, which totaled \$2,219,460 in 2016, increased \$327,271 from 2015. State grant revenue partially offset capital acquisitions, and EMS service revenue offset the cost of increased staffing. The net increase in fund balance for the fire and rescue fund was \$35,224 or 7.11%.
- The police fund had revenues and other financing sources of \$3,101,364 in 2016. This represents an increase of \$194,792 from 2015 revenues and other sources. The expenditures of the police fund, which totaled \$3,015,224 in 2016, decreased \$105,274 from 2015. The net increase in fund balance for the police fund was \$86,140 or 25.08%.
- The street fund had revenues and other financing sources of \$2,060,248 in 2016. This represents an increase of \$247,134 from 2015 revenues and other financing sources. The expenditures of the street fund, which totaled \$1,827,903 in 2016, decreased \$69,342 from 2015. The net increase in the fund balance for the street fund, including the increase in reserve for inventory, was \$257,988 or 19.08%.
- The capital improvement fund had revenues and other financing sources of \$1,417,837 in 2016. The expenditures of the capital improvement fund totaled \$1,397,935 in 2014. The net increase in the fund balance for the capital improvement fund was \$19,902 or 0.24%.
- Net position for the business-type activities, which are made up of the water, sewer, and solid waste enterprise funds, decreased in 2016 by \$472,940. Major upgrades to the City's wastewater treatment plan contributed to the decrease in net position.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

- Budgetary information is presented for the general fund, fire and rescue fund, police fund and street fund. In the general fund, the actual revenues and other financing sources came in \$5,229 more than they were in the final budget and actual expenditures and other financing uses were \$260,835 less than the amount in the final budget. Budgeted revenues and other financing sources decreased \$2,576 from the original to the final budget and budgeted expenditures and other financing uses decreased \$184,400 from the 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 position 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 non-major funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position 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 2016?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, 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 position and changes in net position. This change in net position 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 position 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 position and statement of activities can be found on pages 20-22 of this report.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

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 13.

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 23-32 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 33-36 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 37 of this report.

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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 38-82 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability. The required supplementary information can be found on pages 83-89 of this report.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position for 2016 compared to 2015.

	Net Position					
	2016	2015	2016	2015	2016	2015
	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
<u>Assets</u>						
Current and other assets	\$ 22,819,638	\$ 22,143,652	\$ 5,525,534	\$ 6,516,501	\$ 28,345,172	\$ 28,660,153
Capital assets, net	<u>32,510,861</u>	<u>32,922,972</u>	<u>18,269,642</u>	<u>17,688,246</u>	<u>50,780,503</u>	<u>50,611,218</u>
Total assets	<u>55,330,499</u>	<u>55,066,624</u>	<u>23,795,176</u>	<u>24,204,747</u>	<u>79,125,675</u>	<u>79,271,371</u>
<u>Deferred outflows</u>	<u>2,805,835</u>	<u>1,118,676</u>	<u>381,733</u>	<u>122,568</u>	<u>3,187,568</u>	<u>1,241,244</u>
<u>Liabilities</u>						
Current liabilities	606,187	446,494	261,151	234,865	867,338	681,359
Long-term liabilities:						
Due within one year	325,891	276,548	36,038	35,434	361,929	311,982
Net pension liability	9,463,303	7,220,317	34,811	685,478	9,498,114	7,905,795
Other liabilities	<u>328,293</u>	<u>310,243</u>	<u>990,379</u>	<u>39,069</u>	<u>1,318,672</u>	<u>349,312</u>
Total liabilities	<u>10,723,674</u>	<u>8,253,602</u>	<u>1,322,379</u>	<u>994,846</u>	<u>12,046,053</u>	<u>9,248,448</u>
<u>Deferred inflows</u>	<u>1,588,689</u>	<u>1,473,469</u>	<u>19,215</u>	<u>12,042</u>	<u>1,607,904</u>	<u>1,485,511</u>
<u>Net Position</u>						
Net investment in capital assets	32,510,861	32,922,972	18,269,642	17,688,246	50,780,503	50,611,218
Restricted	1,885,225	1,679,205	-	-	1,885,225	1,679,205
Unrestricted	<u>11,427,885</u>	<u>11,856,052</u>	<u>4,565,673</u>	<u>5,632,181</u>	<u>15,993,558</u>	<u>17,488,233</u>
Total net position	<u>\$ 45,823,971</u>	<u>\$ 46,458,229</u>	<u>\$ 22,835,315</u>	<u>\$ 23,320,427</u>	<u>\$ 68,659,286</u>	<u>\$ 69,778,656</u>

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

In 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2016, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$68,659,286. At year-end, net position was \$45,823,971 and \$22,835,315 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 position. At year-end, capital assets net represented 64.18% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, software, and infrastructure. The City's net investment in capital assets at December 31, 2016, was \$32,510,861 and \$18,269,642 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.

As of December 31, 2016, the City is able to report positive balances in all three categories of net position, 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 position, \$1,885,225 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of \$11,427,885 may be used to meet the government's ongoing obligations to citizens and creditors.

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CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

The table below shows the changes in net position for years 2016 and 2015.

Change in Net Position

	2016 Governmental Activities	2015 Governmental Activities	2016 Business-Type Activities	2015 Business-Type Activities	2016 Total	2015 Total
Revenues						
Program revenues:						
Charges for services	\$ 2,340,991	\$ 2,046,879	\$ 3,490,467	\$ 3,329,982	\$ 5,831,458	\$ 5,376,861
Operating grants and contributions	707,483	800,137	-	-	707,483	800,137
Capital grants and contributions	<u>111,561</u>	<u>11,196</u>	<u>239,773</u>	<u>284,474</u>	<u>351,334</u>	<u>295,670</u>
Total program revenues	<u>3,160,035</u>	<u>2,858,212</u>	<u>3,730,240</u>	<u>3,614,456</u>	<u>6,890,275</u>	<u>6,472,668</u>
General revenues:						
Property taxes	1,633,352	1,616,743	-	-	1,633,352	1,616,743
Income taxes	7,046,920	6,981,332	-	-	7,046,920	6,981,332
Unrestricted grants and entitlements	436,978	399,860	-	-	436,978	399,860
Payment in lieu of taxes	185,119	440,092	-	-	185,119	440,092
Investment earnings	121,581	157,962	23,783	22,112	145,364	180,074
Change in fair market value	-	-	-	-	-	-
Miscellaneous	<u>52,669</u>	<u>49,914</u>	<u>43,155</u>	<u>26,304</u>	<u>95,824</u>	<u>76,218</u>
Total general revenues	<u>9,476,619</u>	<u>9,645,903</u>	<u>66,938</u>	<u>48,416</u>	<u>9,543,557</u>	<u>9,694,319</u>
Total revenues	<u>12,636,654</u>	<u>12,504,115</u>	<u>3,797,178</u>	<u>3,662,872</u>	<u>16,433,832</u>	<u>16,166,987</u>
Expenses:						
General government	1,735,924	1,497,471	-	-	1,735,924	1,497,471
Security of persons and property	6,536,734	5,870,715	-	-	6,536,734	5,870,715
Public health and welfare	6,430	4,331	-	-	6,430	4,331
Transportation	3,865,640	4,019,690	-	-	3,865,640	4,019,690
Community environment	622,656	574,303	-	-	622,656	574,303
Leisure time activity	491,923	592,668	-	-	491,923	592,668
Water	-	-	1,663,452	1,704,129	1,663,452	1,704,129
Sewer	-	-	1,813,407	1,643,088	1,813,407	1,643,088
Solid waste	-	-	817,036	830,305	817,036	830,305
Total expenses	<u>13,259,307</u>	<u>12,559,178</u>	<u>4,293,895</u>	<u>4,177,522</u>	<u>17,553,202</u>	<u>16,736,700</u>
Change in net position before transfers	(622,653)	(55,063)	(496,717)	(514,650)	(1,119,370)	(569,713)
Transfers	<u>(11,605)</u>	<u>-</u>	<u>11,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(634,258)	(55,063)	(485,112)	(514,650)	(1,119,370)	(569,713)
Net position at beginning of year	<u>46,458,229</u>	<u>46,513,292</u>	<u>23,320,427</u>	<u>23,835,077</u>	<u>69,778,656</u>	<u>70,348,369</u>
Net position at end of year	<u>\$ 45,823,971</u>	<u>\$ 46,458,229</u>	<u>\$ 22,835,315</u>	<u>\$ 23,320,427</u>	<u>\$ 68,659,286</u>	<u>\$ 69,778,656</u>

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Governmental Activities

Governmental activities net position decreased 1.37% percent or \$634,258 in 2016.

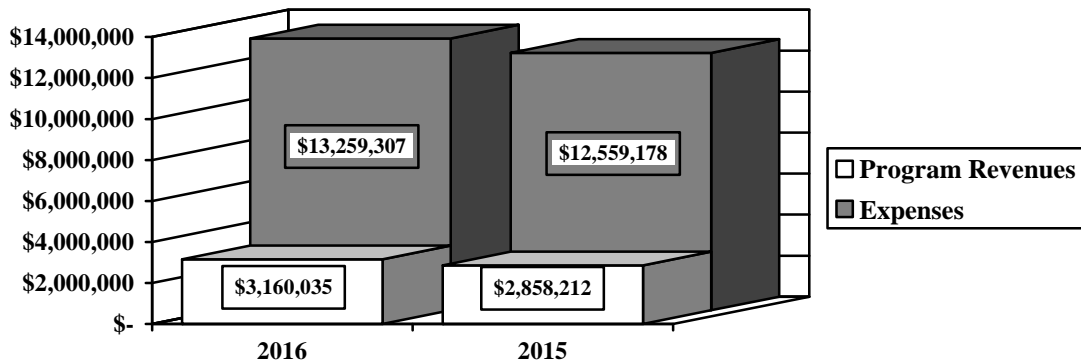
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$6,536,734 of the total governmental expenses of the City. These expenses were partially funded by \$1,877,067 in direct charges to users of the services. Transportation expenses totaled \$3,865,640. Transportation expenses were partially funded by \$14,182 in direct charges to users of the services and \$704,305 in operating grants and contributions.

The state and federal government contributed to the City a total of \$707,483 in operating grants and contributions and \$111,561 in capital grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$9,476,619, and amounted to 74.99% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$8,680,272. Unrestricted grants and entitlements of \$436,978, which includes local government funds, is the other primary source of general revenues.

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, 2016

Governmental Activities

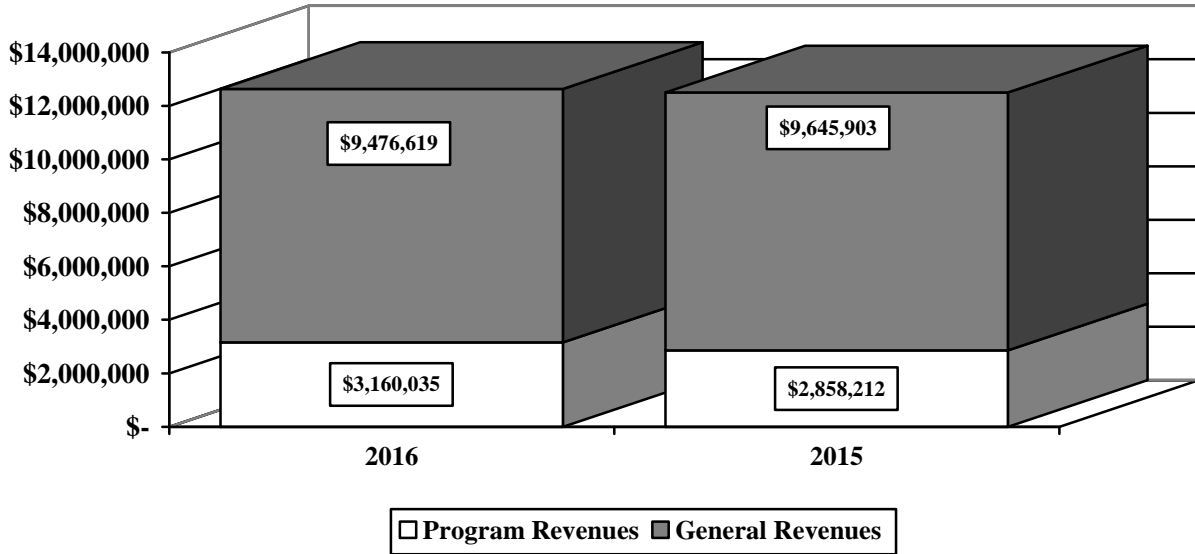
	Total Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2016</u>	Net Cost of Services <u>2015</u>
Program Expenses:				
General government	\$ 1,735,924	\$ 1,497,471	\$ 1,314,577	\$ 1,020,581
Security of persons and property	6,536,734	5,870,715	4,659,050	4,470,179
Public health and welfare	6,430	4,331	5,939	4,049
Transportation	3,865,640	4,019,690	3,147,153	3,240,719
Community environment	622,656	574,303	622,656	463,142
Leisure time activity	<u>491,923</u>	<u>592,668</u>	<u>349,897</u>	<u>502,296</u>
Total Expenses	<u>\$ 13,259,307</u>	<u>\$ 12,559,178</u>	<u>\$10,099,272</u>	<u>\$ 9,700,966</u>

The dependence upon general revenues for governmental activities is apparent, with 74.99% of expenses supported through taxes and other general revenues.

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Governmental Activities - General and Program Revenues

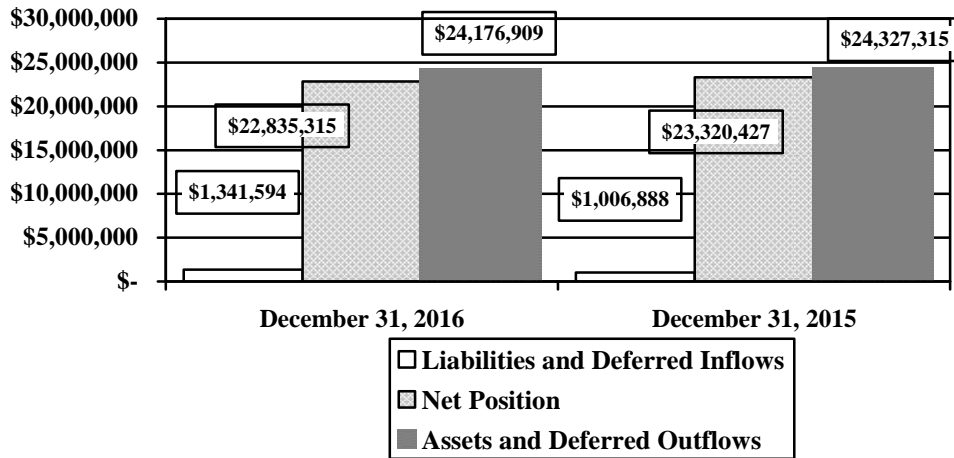


Business-type Activities

Business-type activities include the water, sewer, and solid waste enterprise funds. These programs had program revenues of \$3,730,240, general revenues of \$66,938, and expenses of \$4,293,895 for 2016.

The graph below shows the business-type activities assets, liabilities, and net position at year-end 2016 and 2015.

Net Position in Business - Type Activities



CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 23-24) reported a combined fund balance of \$17,771,805 which is \$154,540 above last year's balance of \$17,617,265. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2016 for all major and nonmajor governmental funds.

	<u>Balances</u> <u>12/31/16</u>	<u>Balances</u> <u>12/31/15</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 6,115,878	\$ 6,315,533	\$ (199,655)
Fire and rescue	530,967	495,743	35,224
Police	429,657	343,517	86,140
Street	1,352,089	1,094,101	257,988
Capital improvement	8,303,042	8,283,140	19,902
Other nonmajor governmental funds	<u>1,040,172</u>	<u>1,085,231</u>	<u>(45,059)</u>
Total	<u>\$ 17,771,805</u>	<u>\$ 17,617,265</u>	<u>\$ 154,540</u>

General Fund

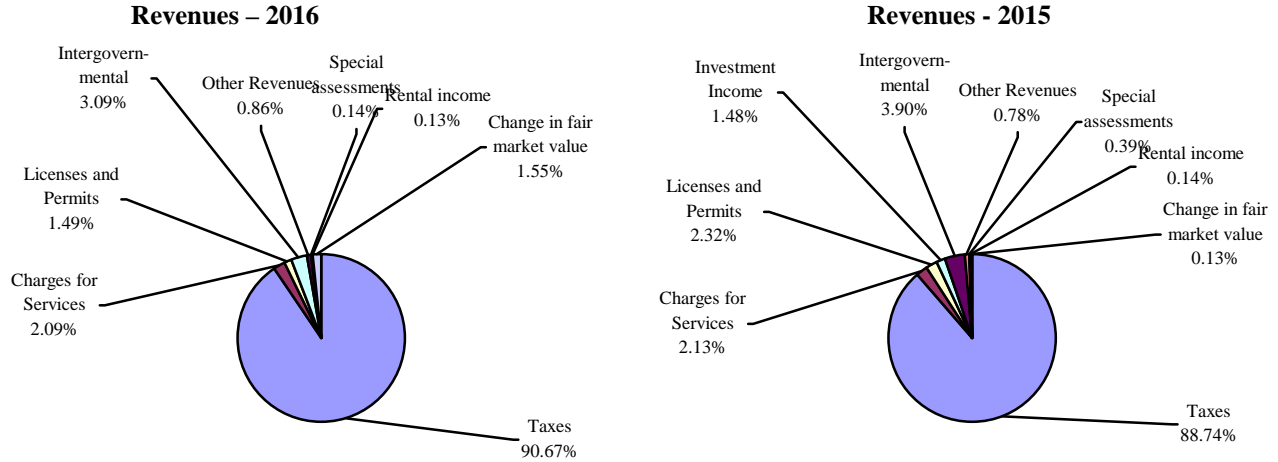
The City's general fund balance decreased \$199,655. The table that follows assists in illustrating the revenues of the general fund.

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 7,898,907	\$ 7,833,838	0.83 %
Charges for services	181,901	187,955	(3.22) %
Licenses and permits	129,851	204,371	(36.46) %
Change in fair market value	(69,497)	(11,692)	(494.40) %
Investment income	204,414	130,930	56.12 %
Rental income	10,964	12,180	(9.98) %
Special assessments	12,082	34,057	(64.52) %
Intergovernmental	268,921	344,416	(21.92) %
Other	<u>74,511</u>	<u>68,626</u>	8.58 %
Total	<u>\$ 8,712,054</u>	<u>\$ 8,804,681</u>	(1.05) %

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Tax revenue represents 90.67% of all general fund revenue. The decrease in fair market value is an indication of fluctuation in the investment market at year end. This is offset by an increase in investment income of over 56%.



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

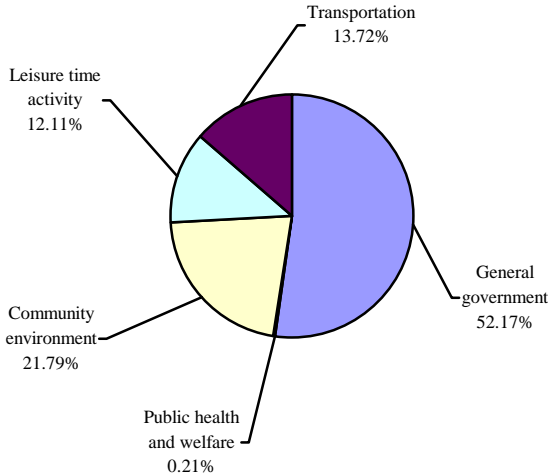
	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 1,414,118	\$ 1,244,927	13.59 %
Public health and welfare	5,685	3,586	58.53 %
Transportation	371,974	229,910	61.79 %
Community environment	590,772	573,192	3.07 %
Leisure time activity	<u>328,148</u>	<u>446,113</u>	(26.44) %
Total	<u>\$ 2,710,697</u>	<u>\$ 2,497,728</u>	8.53 %

Total expenditures increased 8.53% from 2015. The largest expenditure line item, general government, increased 13.59%. In 2015, the City had a capital project at the Earl Heck Community Center. In 2016, the City began an LED street light replacement program, which is reflected in transportation expenses.

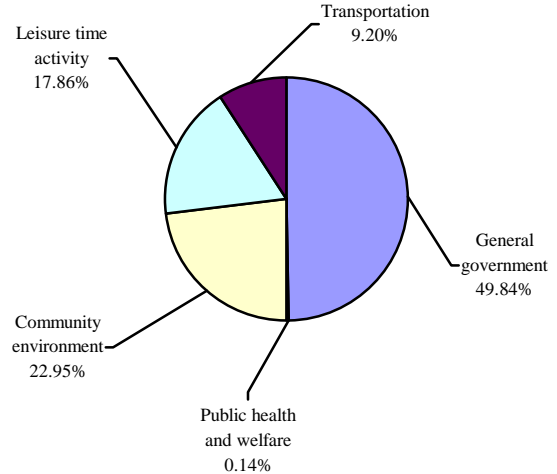
CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Expenditures - 2016



Expenditures - 2015



Fire and Rescue Fund

The fire and rescue fund had revenues and other financing sources of \$2,254,684 in 2016. This represents an increase of \$183,155 from 2015 revenues and other sources; primarily consisting of EMS charges for services. The expenditures of the fire and rescue fund, which totaled \$2,219,460 in 2016, increased \$327,271 from 2015. The City purchased power load system medic cots, with the assistance of a grant from the Ohio Bureau of Workers' Compensation. The net increase in fund balance for the fire and rescue fund was \$35,224 or 7.11%.

Police Fund

The police fund had revenues and other financing sources of \$3,101,364 in 2016. This represents an increase of \$194,792 from 2015 revenues and other sources. This increase in revenues and other financing sources is due to an increase in transfer subsidies from the general fund. The expenditures of the police fund, which totaled \$3,015,224 in 2016, increased \$105,274 from 2015. The net decrease in fund balance for the police fund was \$86,140 or 25.08%.

Street Fund

The street fund had revenues and other financing sources of \$2,060,248 in 2016. This represents an increase of \$247,134 from 2015 revenues and other financing sources. This increase in revenues and other financing sources is a result of an increase in transfer subsidies from the general fund. The expenditures of the street fund, which totaled \$1,827,903 in 2016, decreased \$69,342 from 2015. The net increase in the fund balance for the street fund, including the increase in reserve for inventory, was \$257,988 or 19.08%.

Capital Improvement Fund

The capital improvement fund had revenues and other financing sources of \$1,417,837 in 2016. The expenditures of the capital improvement fund totaled \$1,397,935 in 2016. The net increase in the fund balance for the capital improvement fund was \$19,902 or 0.24%.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

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, the actual revenues and other financing sources came in \$5,229 more than they were in the final budget and actual expenditures and other financing uses were \$260,835 less than the amount in the final budget. Budgeted revenues and other financing sources decreased \$2,576 from the original to the final budget and budgeted expenditures and other financing uses decreased \$184,400 from the original to the final budget.

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.

Capital Assets and Debt Administration

Capital Assets

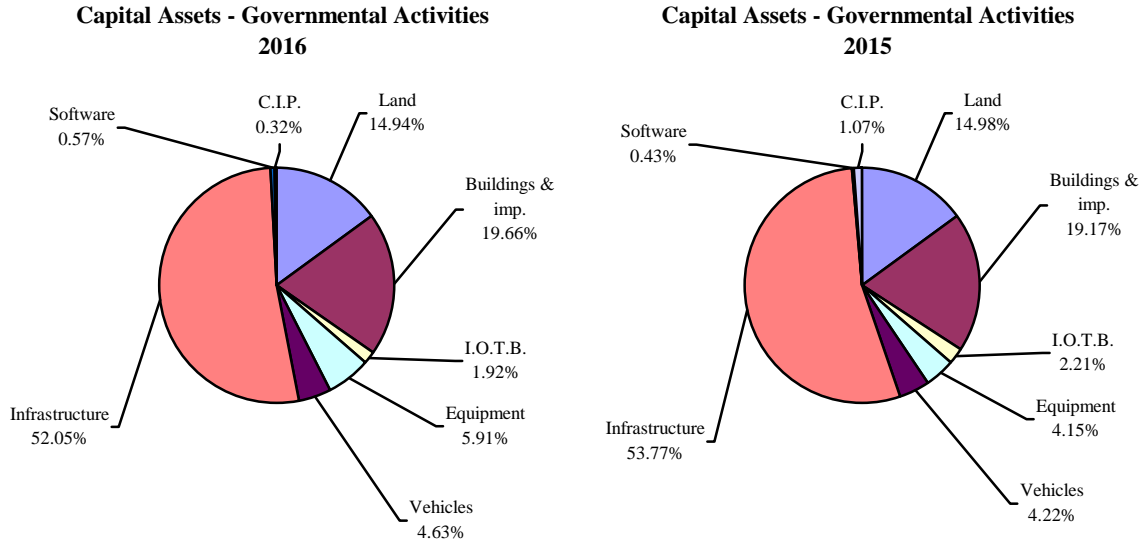
At the end of 2016, the City had \$50,780,503 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, improvements other than buildings, equipment, vehicles, software, and infrastructure. Of this total, \$32,510,861 was reported in governmental activities and \$18,269,642 was reported in business-type activities. See Note 11 in the basic financial statements for additional capital asset disclosure. The following table shows 2016 balances compared to 2015:

	Capital Assets at December 31 (Net of Depreciation)					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 4,857,258	\$ 4,931,726	\$ 136,885	\$ 33,510	\$ 4,994,143	\$ 4,965,236
Land improvements (I.O.T.B.)	624,510	726,120	37,412	815,380	661,922	1,541,500
Buildings and improvements	6,391,482	6,311,249	3,366,637	3,399,780	9,758,119	9,711,029
Equipment	1,920,484	1,365,087	2,359,711	2,224,645	4,280,195	3,589,732
Vehicles	1,505,643	1,390,682	181,835	182,954	1,687,478	1,573,636
Infrastructure	16,922,080	17,702,764	11,475,380	11,012,965	28,397,460	28,715,729
Computer software	184,151	141,868	21,012	19,012	205,163	160,880
Construction in progress	<u>105,253</u>	<u>353,476</u>	<u>690,770</u>	<u>-</u>	<u>796,023</u>	<u>353,476</u>
Totals	<u>\$ 32,510,861</u>	<u>\$ 32,922,972</u>	<u>\$ 18,269,642</u>	<u>\$ 17,688,246</u>	<u>\$ 50,780,503</u>	<u>\$ 50,611,218</u>

CITY OF ENGLEWOOD, OHIO

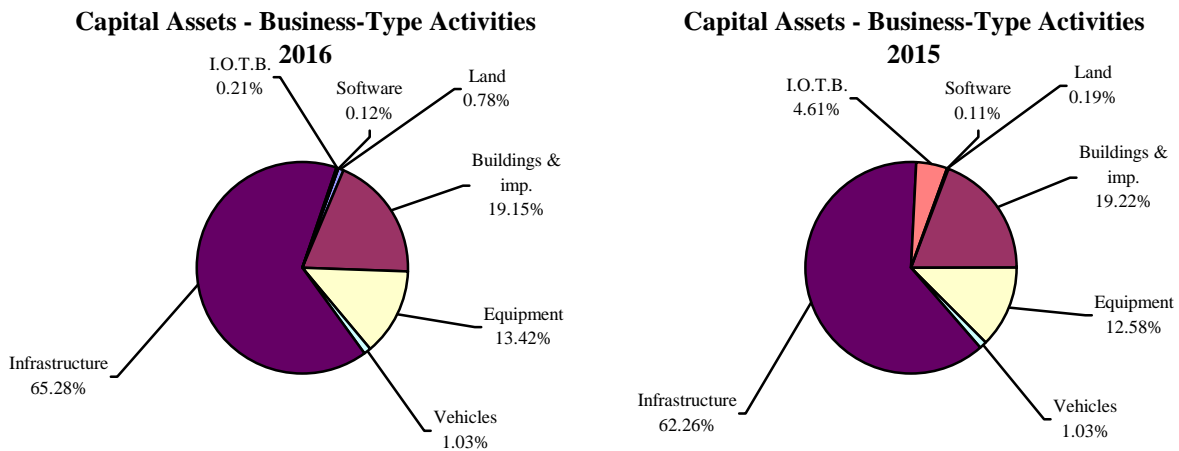
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

The following graphs show the breakdown of governmental capital assets by category for 2016 and 2015.



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 52.05% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2016 and 2015.



CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

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 65.28% of the City's total business-type capital assets.

Debt Administration

The City has had no outstanding loans or long-term debt since 2011.

Economic Conditions and Outlook

The City of Englewood is an attractive southwest Ohio planned community in the northern portion of Montgomery County. The City is located along the I-70 corridor, just 5 miles from Dayton International Airport, offering ease of access to the larger metropolitan cities of Dayton, Columbus, and Cincinnati, as well as 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 also by the citizens of surrounding communities.

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, maintain and improve an extensive municipal infrastructure, and continually improve the overall appearance of the community. Englewood takes pride in its exceptional public thoroughfares, low crime rates, and beautifully maintained green spaces and park systems.

Englewood's tax base includes a good mix of health, government, education, entertainment, retail, commercial, and industrial segments. This diversity in tax base has enabled the City to remain fiscally strong despite cuts in state funding. At present time, the city has over two hundred acres available for development within its industrial parks, ample land available for residential growth and all the necessary resources to provide excellent service to our existing and future residents.

Looking Back

A total of 159 commercial building permits were issued in 2016 at an estimated construction value of \$8.5 million. The bulk of the new construction was focused near the intersection of Interstate 70 and State Route 48. Growth in the housing market was steady where 6 new homes were constructed with an estimated value of \$1.3 million.

Commercial retail activity along the I-70/SR 48 interchange completed in 2016 included a new 50,700 square foot shopping complex, anchored by Aldi Foods, at the site of the former Englewood Truck property. Rapid Fired Pizza, Kay Jewelers, and Firehouse Subs joined the Englewood Gateway Shopping plaza in early 2017. The city also welcomed Panera Bread and Starbucks Coffee to the south in front of Meijer. In addition to these private ventures, the restroom facilities at Centennial Park were replaced with a brand new ADA compliant building. Community Development Block Grant (CDBG) funding subsidized this needed improvement.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

Water and sewer improvements were the highlight of local capital ventures accomplished during 2016. A ultra-violet disinfection system will provide an effective and safe method to meet EPA E-Coli elimination standards at the city's wastewater treatment plant. Additional major equipment replacements at this 40-year-old facility, along with a new power supply building, will help to protect the environment and reduce operational costs. Water main replacements on Hillgrove, Grantham, Rumson, Walnut and Elm were also completed with financial assistance in the form of OPWC grants. The remaining funding was available in reserves set aside for such purposes, so no debt was required for these much needed improvements. As always, annual sidewalk replacement and general roadway resurfacing programs were completed as well.

Looking Forward

In 2017 the city is in the process of completing three industrial projects in its Otterbein Industrial Park; one new company and two expansion projects. In total, an estimated 150 new jobs will be created. Good Sam North will be finishing the remaining 3 floors of its expansion begun in 2015 by adding 5 surgical rooms and 46 inpatient beds – a \$40 million dollar investment. Other retail/restaurant buildings are also under construction, including a new Popeye's Chicken at the Englewood Gateway Shopping plaza.

Along with the annual street resurfacing and sidewalk replacement programs, the City will revitalize the I-70/SR 48 corridor which was demolished during the Ohio Department of Transportation (ODOT) interstate bridge widening project. Recent development in this area flourished despite the inconvenience of this major construction event. ODOT will finish the project in 2017 by resurfacing State Route 48 from I-70 to Phillipsburg-Union Road. Englewood successfully applied for a multi-jurisdictional grant from the Ohio Public Works Commission which will provide 50% of the required local funding match for the cities of Englewood, Union, and Clayton.

City council has authorized the development of a city-wide water softening system at the water treatment plant. Design engineering is underway and construction is anticipated to begin in 2018. Water main replacement projects on Glenmary, Brownstone, and Heather will complete this multi-year infrastructure improvement program in 2017. Once again, OPWC grant funding will provide half the cost of the water main replacements.

Environmental analysis work and final engineering continues for the proposed historic National Road covered bridge across the scenic Stillwater River. This project is designed to improve the attraction of the 2,000 acre Englewood Reserve by connecting the regional bikeway system and improving access for outdoor walking, hiking, jogging and bicycling recreational activities. This multi-year intergovernmental project is anticipated for bid in October, 2019. A federal grant of nearly \$2.2 million will fund 70% of this project, with the remaining costs shared by the city of Englewood and Five Rivers MetroParks.

The City has remained debt free since 2011. 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.

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments.	\$ 17,850,835	\$ 4,758,920	\$ 22,609,755
Receivables:			
Income taxes.	1,554,689	-	1,554,689
Real and other taxes	1,361,388	-	1,361,388
Payments in lieu of taxes	177,045	-	177,045
Accounts.	690,087	403,955	1,094,042
Special assessments	419,403	32,454	451,857
Accrued interest	27,636	-	27,636
Due from other governments.	484,649	239,773	724,422
Materials and supplies inventory.	150,414	81,765	232,179
Prepayments	93,263	18,864	112,127
Net pension asset.	25	7	32
Internal balance	10,204	(10,204)	-
Capital assets:			
Land.	4,962,511	827,655	5,790,166
Depreciable capital assets, net.	27,548,350	17,441,987	44,990,337
Total capital assets, net.	32,510,861	18,269,642	50,780,503
Total assets	55,330,499	23,795,176	79,125,675
Deferred outflows of resources:			
Pension.	2,805,835	381,733	3,187,568
Total deferred outflows of resources	2,805,835	381,733	3,187,568
Liabilities:			
Accounts payable.	258,314	152,323	410,637
Accrued wages and benefits payable	196,281	26,179	222,460
Due to other governments	151,592	11,869	163,461
Unearned revenue	-	70,780	70,780
Long-term liabilities:			
Due within one year	325,891	36,038	361,929
Due in more than one year.	328,293	34,811	363,104
Net pension liability.	9,463,303	990,379	10,453,682
Total liabilities	10,723,674	1,322,379	12,046,053
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	1,328,122	-	1,328,122
Pension.	83,522	19,215	102,737
Payments in lieu of taxes levied for the next fiscal year.	177,045	-	177,045
Total deferred inflows of resources	1,588,689	19,215	1,607,904
Net position:			
Investment in capital assets.	32,510,861	18,269,642	50,780,503
Restricted for:			
Matured bond and interest.	6,069	-	6,069
Street construction and maintenance.	1,605,807	-	1,605,807
Public safety.	3,659	-	3,659
Other purposes.	269,690	-	269,690
Unrestricted.	11,427,885	4,565,673	15,993,558
Total net position	\$ 45,823,971	\$ 22,835,315	\$ 68,659,286

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government.	\$ 1,735,924	\$ 421,347	\$ -	\$ -
Security of persons and property . . .	6,536,734	1,877,067	617	-
Public health and welfare	6,430	491	-	-
Transportation.	3,865,640	14,182	704,305	-
Community environment	622,656	-	-	-
Leisure time activity.	491,923	27,904	2,561	111,561
Total governmental activities	<u>13,259,307</u>	<u>2,340,991</u>	<u>707,483</u>	<u>111,561</u>
Business-type activities:				
Water.	1,663,452	1,348,993	-	239,773
Sewer.	1,813,407	1,348,758	-	-
Solid waste.	817,036	792,716	-	-
Total business-type activities	<u>4,293,895</u>	<u>3,490,467</u>	<u>-</u>	<u>239,773</u>
Total primary government	<u>\$ 17,553,202</u>	<u>\$ 5,831,458</u>	<u>\$ 707,483</u>	<u>\$ 351,334</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

Transfers

Total general revenues,
and transfers.

Change in net position

Net position at beginning of year.

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (1,314,577)	\$ -	\$ (1,314,577)
(4,659,050)	-	(4,659,050)
(5,939)	-	(5,939)
(3,147,153)	-	(3,147,153)
(622,656)	-	(622,656)
(349,897)	-	(349,897)
<u>(10,099,272)</u>	<u>-</u>	<u>(10,099,272)</u>
-	(74,686)	(74,686)
-	(464,649)	(464,649)
-	(24,320)	(24,320)
<u>-</u>	<u>(563,655)</u>	<u>(563,655)</u>
<u>(10,099,272)</u>	<u>(563,655)</u>	<u>(10,662,927)</u>
864,808	-	864,808
484,874	-	484,874
217,482	-	217,482
66,188	-	66,188
7,046,920	-	7,046,920
185,119	-	185,119
436,978	-	436,978
121,581	23,783	145,364
52,669	43,155	95,824
<u>9,476,619</u>	<u>66,938</u>	<u>9,543,557</u>
<u>(11,605)</u>	<u>11,605</u>	<u>-</u>
<u>9,465,014</u>	<u>78,543</u>	<u>9,543,557</u>
(634,258)	(485,112)	(1,119,370)
46,458,229	23,320,427	69,778,656
<u>\$ 45,823,971</u>	<u>\$ 22,835,315</u>	<u>\$ 68,659,286</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	<u>General</u>	<u>Fire & Rescue</u>	<u>Police</u>	<u>Street</u>
Assets:				
Equity in pooled cash and investments	\$ 5,522,436	\$ 533,471	\$ 562,398	\$ 1,224,383
Receivables:				
Income taxes	1,554,689	-	-	-
Real and other taxes	620,384	461,409	214,820	-
Payments in lieu of taxes	-	-	-	-
Accounts	66,846	612,155	-	11,056
Special assessments	137,328	-	-	-
Accrued interest	27,636	-	-	-
Due from other governments	120,055	42,261	20,414	250,231
Advances to other funds	250,000	-	-	-
Materials and supplies inventory	-	-	-	126,362
Prepayments	16,775	22,075	30,859	10,803
Total assets	<u>\$ 8,316,149</u>	<u>\$ 1,671,371</u>	<u>\$ 828,491</u>	<u>\$ 1,622,835</u>
Liabilities:				
Accounts payable	\$ 135,513	\$ 10,829	\$ 31,180	\$ 8,322
Accrued wages and benefits payable	35,183	46,272	66,327	23,253
Compensated absences payable	-	-	27,764	5,553
Advances from other funds	-	-	-	-
Due to other governments	57,665	28,516	43,784	10,432
Total liabilities	<u>228,361</u>	<u>85,617</u>	<u>169,055</u>	<u>47,560</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	605,493	450,468	208,861	-
Delinquent property tax revenue not available	14,891	10,941	5,959	-
Payments in lieu of taxes levied for the next fiscal year	-	-	-	-
Accrued interest not available	27,636	-	-	-
Special assessments revenue not available	137,328	-	-	-
Miscellaneous revenue not available	48,760	551,117	-	11,056
Income tax revenue not available	1,031,118	-	-	-
Intergovernmental revenue not available	106,684	42,261	14,959	212,130
Total deferred inflows of resources	<u>1,971,910</u>	<u>1,054,787</u>	<u>229,779</u>	<u>223,186</u>
Fund balances:				
Nonspendable	266,775	22,075	30,859	137,165
Restricted	-	508,892	398,798	1,214,924
Committed	-	-	-	-
Assigned	1,099,791	-	-	-
Unassigned	4,749,312	-	-	-
Total fund balances	<u>6,115,878</u>	<u>530,967</u>	<u>429,657</u>	<u>1,352,089</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,316,149</u>	<u>\$ 1,671,371</u>	<u>\$ 828,491</u>	<u>\$ 1,622,835</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 8,600,155	\$ 1,032,150	\$ 17,474,993
-	-	1,554,689
-	64,775	1,361,388
-	177,045	177,045
-	30	690,087
3,952	278,123	419,403
-	-	27,636
-	46,692	479,653
-	-	250,000
-	-	126,362
-	8,895	89,407
<u>\$ 8,604,107</u>	<u>\$ 1,607,710</u>	<u>\$ 22,650,663</u>
\$ 47,113	\$ 3,288	\$ 236,245
-	16,232	187,267
-	-	33,317
250,000	-	250,000
-	7,114	147,511
<u>297,113</u>	<u>26,634</u>	<u>854,340</u>
-	63,300	1,328,122
-	1,475	33,266
-	177,045	177,045
-	-	27,636
3,952	262,358	403,638
-	14,615	625,548
-	-	1,031,118
-	22,111	398,145
<u>3,952</u>	<u>540,904</u>	<u>4,024,518</u>
-	8,895	465,769
-	1,031,277	3,153,891
2,814,691	-	2,814,691
5,488,351	-	6,588,142
-	-	4,749,312
<u>8,303,042</u>	<u>1,040,172</u>	<u>17,771,805</u>
<u>\$ 8,604,107</u>	<u>\$ 1,607,710</u>	<u>\$ 22,650,663</u>

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016

Total governmental fund balances	\$	17,771,805
<i>Amounts reported for governmental activities on the statement of net position 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.		31,278,288
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income taxes receivable	\$ 1,031,118	
Real and other taxes receivable	33,266	
Accounts receivable	625,548	
Intergovernmental receivable	398,145	
Special assessments receivable	403,638	
Accrued interest receivable	27,636	
Total		2,519,351
The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.		23
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		(6,527,983)
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 position. The net position of the internal service funds, including internal balances of \$10.204, are:		1,357,792
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(575,305)
Net position of governmental activities	\$	45,823,971

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, 2016

	<u>General</u>	<u>Fire & Rescue</u>	<u>Police</u>	<u>Street</u>
Revenues:				
Municipal income taxes	\$ 7,032,509	\$ -	\$ -	\$ -
Property and other taxes.	866,398	486,564	217,650	-
Charges for services.	181,901	1,003,500	-	-
Licenses and permits	129,851	-	-	-
Fines and forfeitures	-	-	14,787	-
Intergovernmental.	268,921	119,009	34,839	509,028
Special assessments	12,082	-	-	-
Investment income.	204,414	-	-	10,148
Rental income	10,964	-	-	-
Contributions and donations.	3,861	-	-	-
Payment in lieu of taxes.	-	-	-	-
Decrease in fair market value of investments	(69,497)	-	-	-
Other	70,650	40,611	33,655	41,072
Total revenues	8,712,054	1,649,684	300,931	560,248
Expenditures:				
Current:				
General government	1,414,118	-	-	-
Security of persons and property	-	2,219,460	3,015,224	-
Public health and welfare.	5,685	-	-	-
Transportation	371,974	-	-	1,827,903
Community environment	590,772	-	-	-
Leisure time activity	328,148	-	-	-
Capital outlay	-	-	-	-
Total expenditures	2,710,697	2,219,460	3,015,224	1,827,903
Excess (deficiency) of revenues over (under) expenditures.	6,001,357	(569,776)	(2,714,293)	(1,267,655)
Other financing sources (uses):				
Sale of capital assets.	53,988	-	433	-
Transfers in	-	605,000	2,800,000	1,500,000
Transfers (out).	(6,255,000)	-	-	-
Total other financing sources (uses)	(6,201,012)	605,000	2,800,433	1,500,000
Net change in fund balances	(199,655)	35,224	86,140	232,345
Fund balances at beginning of year	6,315,533	495,743	343,517	1,094,101
Increase in reserve for inventory	-	-	-	25,643
Fund balances at end of year	\$ 6,115,878	\$ 530,967	\$ 429,657	\$ 1,352,089

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 7,032,509
-	66,424	1,637,036
-	416,186	1,601,587
-	-	129,851
-	555	15,342
111,151	212,539	1,255,487
-	153,812	165,894
-	941	215,503
4,376	-	15,340
410	-	4,271
-	185,119	185,119
-	-	(69,497)
-	17,604	203,592
<u>115,937</u>	<u>1,053,180</u>	<u>12,392,034</u>
-	2,293	1,416,411
-	699,563	5,934,247
-	-	5,685
-	133,048	2,332,925
-	-	590,772
-	-	328,148
<u>1,397,935</u>	<u>311,435</u>	<u>1,709,370</u>
<u>1,397,935</u>	<u>1,146,339</u>	<u>12,317,558</u>
<u>(1,281,998)</u>	<u>(93,159)</u>	<u>74,476</u>
-	-	54,421
1,301,900	350,000	6,556,900
-	(301,900)	(6,556,900)
<u>1,301,900</u>	<u>48,100</u>	<u>54,421</u>
19,902	(45,059)	128,897
8,283,140	1,085,231	17,617,265
-	-	25,643
<u>\$ 8,303,042</u>	<u>\$ 1,040,172</u>	<u>\$ 17,771,805</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, 2016

Net change in fund balances - total governmental funds	\$	128,897
 <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 depreciation exceeds capital outlays in the current period.		
Capital asset additions	\$ 1,889,890	
Current year depreciation	<u>(2,029,556)</u>	
Total		(139,666)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(211,921)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	14,411	
Delinquent property taxes	(5,924)	
Intergovernmental revenues	(1,774)	
Special assessments	(44,308)	
Investment income	(13,336)	
Other	295,551	
Total		<u>244,620</u>
Governmental funds report expenditures for inventory when purchased; however in the statement of activities, they are reported as an expense when consumed.		
		25,643
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.		
		(30,003)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		708,507
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,283,440)
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>(76,895)</u>
Change in net position of governmental activities	\$	<u>(634,258)</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)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 7,015,000	\$ 7,015,000	\$ 7,052,753	\$ 37,753
Property and other taxes.	849,927	849,927	863,804	13,877
Charges for services.	182,250	182,250	181,156	(1,094)
Licenses and permits	183,325	183,325	129,893	(53,432)
Intergovernmental.	260,128	260,128	269,662	9,534
Special assessments	32,500	32,500	12,082	(20,418)
Investment income.	165,000	165,000	192,657	27,657
Donations.	1,500	1,500	1,300	(200)
Other	18,576	16,000	53,564	37,564
Total revenues	<u>8,708,206</u>	<u>8,705,630</u>	<u>8,756,871</u>	<u>51,241</u>
Expenditures:				
Current:				
General government	1,561,357	1,427,042	1,302,399	124,643
Public health and welfare.	21,647	19,785	9,327	10,458
Community environment	711,042	649,875	619,603	30,272
Leisure time activity	316,833	289,577	194,115	95,462
Total expenditures	<u>2,610,879</u>	<u>2,386,279</u>	<u>2,125,444</u>	<u>260,835</u>
Excess of revenues over expenditures.	<u>6,097,327</u>	<u>6,319,351</u>	<u>6,631,427</u>	<u>312,076</u>
Other financing sources (uses):				
Sale of capital assets.	100,000	100,000	53,988	(46,012)
Advances out.	(250,000)	-	-	-
Transfers out.	(6,814,000)	(6,655,000)	(6,655,000)	-
Total other financing sources (uses)	<u>(6,964,000)</u>	<u>(6,555,000)</u>	<u>(6,601,012)</u>	<u>(46,012)</u>
Net change in fund balances	(866,673)	(235,649)	30,415	266,064
Fund balances at beginning of year	3,316,832	3,316,832	3,316,832	-
Prior year encumbrances appropriated	22,924	22,924	22,924	-
Fund balance at end of year	<u>\$ 2,473,083</u>	<u>\$ 3,104,107</u>	<u>\$ 3,370,171</u>	<u>\$ 266,064</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes.	\$ 485,705	\$ 487,848	\$ 486,564	\$ (1,284)
Charges for services.	779,500	978,000	1,005,557	27,557
Intergovernmental.	78,300	118,300	119,009	709
Other	4,743	1,100	40,547	39,447
Total revenues	<u>1,348,248</u>	<u>1,585,248</u>	<u>1,651,677</u>	<u>66,429</u>
Expenditures:				
Current:				
Security of persons and property	2,076,724	2,308,499	2,265,810	42,689
Total expenditures	<u>2,076,724</u>	<u>2,308,499</u>	<u>2,265,810</u>	<u>42,689</u>
Excess of expenditures over revenues.	<u>(728,476)</u>	<u>(723,251)</u>	<u>(614,133)</u>	<u>109,118</u>
Other financing sources:				
Transfers in	614,000	614,000	605,000	(9,000)
Total other financing sources.	<u>614,000</u>	<u>614,000</u>	<u>605,000</u>	<u>(9,000)</u>
Net change in fund balances	(114,476)	(109,251)	(9,133)	100,118
Fund balances at beginning of year	452,946	452,946	452,946	-
Prior year encumbrances appropriated	43,474	43,474	43,474	-
Fund balance at end of year	<u>\$ 381,944</u>	<u>\$ 387,169</u>	<u>\$ 487,287</u>	<u>\$ 100,118</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 336,037	\$ 218,633	\$ 217,650	\$ (983)
Fines and forfeitures	30,740	20,000	15,207	(4,793)
Intergovernmental.	48,262	31,400	35,241	3,841
Other	11,220	7,300	33,655	26,355
Total revenues	<u>426,259</u>	<u>277,333</u>	<u>301,753</u>	<u>24,420</u>
Expenditures:				
Current:				
Security of persons and property	3,285,169	3,161,169	3,017,385	143,784
Total expenditures	<u>3,285,169</u>	<u>3,161,169</u>	<u>3,017,385</u>	<u>143,784</u>
Excess of expenditures over revenues.	<u>(2,858,910)</u>	<u>(2,883,836)</u>	<u>(2,715,632)</u>	<u>168,204</u>
Other financing sources:				
Sale of capital assets.	3,074	2,000	433	(1,567)
Transfers in	2,800,000	2,800,000	2,800,000	-
Total other financing sources.	<u>2,803,074</u>	<u>2,802,000</u>	<u>2,800,433</u>	<u>(1,567)</u>
Net change in fund balances	(55,836)	(81,836)	84,801	166,637
Fund balances at beginning of year	394,482	394,482	394,482	-
Prior year encumbrances appropriated	40,519	40,519	40,519	-
Fund balance at end of year	<u>\$ 379,165</u>	<u>\$ 353,165</u>	<u>\$ 519,802</u>	<u>\$ 166,637</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental.	\$ 523,525	\$ 523,525	\$ 512,661	\$ (10,864)
Investment income.	10,000	10,000	10,148	148
Other	6,000	6,000	41,072	35,072
Total revenues	<u>539,525</u>	<u>539,525</u>	<u>563,881</u>	<u>24,356</u>
Expenditures:				
Current:				
Transportation	2,046,201	1,994,201	1,856,435	137,766
Total expenditures	<u>2,046,201</u>	<u>1,994,201</u>	<u>1,856,435</u>	<u>137,766</u>
Excess of expenditures over revenues.	<u>(1,506,676)</u>	<u>(1,454,676)</u>	<u>(1,292,554)</u>	<u>162,122</u>
Other financing sources:				
Transfers in	1,500,000	1,500,000	1,500,000	-
Total other financing sources.	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Net change in fund balances	(6,676)	45,324	207,446	162,122
Fund balances at beginning of year	926,229	926,229	926,229	-
Prior year encumbrances appropriated	51,776	51,776	51,776	-
Fund balance at end of year	<u>\$ 971,329</u>	<u>\$ 1,023,329</u>	<u>\$ 1,185,451</u>	<u>\$ 162,122</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
Assets:					
Current assets:					
Equity in pooled cash and investments.	\$ 2,082,804	\$ 2,215,627	\$ 460,489	\$ 4,758,920	\$ 375,842
Receivables:					
Accounts.	199,434	204,521	-	403,955	-
Special assessments	4,588	4,588	23,278	32,454	-
Due from other governments.	239,773	-	-	239,773	4,996
Materials and supplies inventory.	73,790	7,975	-	81,765	24,052
Prepayments	13,357	5,168	339	18,864	3,856
Net pension asset.	4	3	-	7	2
Total current assets	<u>2,613,750</u>	<u>2,437,882</u>	<u>484,106</u>	<u>5,535,738</u>	<u>408,748</u>
Noncurrent assets:					
Capital assets:					
Land and construction in progress.	187,640	640,015	-	827,655	130,849
Depreciable capital assets, net.	9,825,847	7,422,035	194,105	17,441,987	1,101,724
Total capital assets, net.	<u>10,013,487</u>	<u>8,062,050</u>	<u>194,105</u>	<u>18,269,642</u>	<u>1,232,573</u>
Total noncurrent assets	<u>10,013,487</u>	<u>8,062,050</u>	<u>194,105</u>	<u>18,269,642</u>	<u>1,232,573</u>
Total assets	<u>12,627,237</u>	<u>10,499,932</u>	<u>678,211</u>	<u>23,805,380</u>	<u>1,641,321</u>
Deferred outflows of resources:					
Pension - OPERS.	193,988	166,871	20,874	381,733	129,505
Total deferred outflows of resources	<u>193,988</u>	<u>166,871</u>	<u>20,874</u>	<u>381,733</u>	<u>129,505</u>
Liabilities:					
Current liabilities:					
Accounts payable.	19,703	132,014	606	152,323	22,069
Accrued wages and benefits payable	13,429	11,447	1,303	26,179	9,014
Due to other governments	6,045	5,209	615	11,869	4,081
Compensated absences payable - current.	20,398	15,023	617	36,038	12,028
Unearned revenue.	-	-	70,780	70,780	-
Total current liabilities	<u>59,575</u>	<u>163,693</u>	<u>73,921</u>	<u>297,189</u>	<u>47,192</u>
Long-term liabilities:					
Compensated absences payable	16,626	15,008	3,177	34,811	33,534
Net pension liability.	503,288	432,936	54,155	990,379	335,993
Total long-term liabilities	<u>519,914</u>	<u>447,944</u>	<u>57,332</u>	<u>1,025,190</u>	<u>369,527</u>
Total liabilities	<u>579,489</u>	<u>611,637</u>	<u>131,253</u>	<u>1,322,379</u>	<u>416,719</u>
Deferred inflows of resources:					
Pension - OPERS.	9,765	8,400	1,050	19,215	6,519
Total deferred inflows of resources	<u>9,765</u>	<u>8,400</u>	<u>1,050</u>	<u>19,215</u>	<u>6,519</u>
Net position:					
Investment in capital assets.	10,013,487	8,062,050	194,105	18,269,642	1,232,573
Unrestricted	2,218,484	1,984,716	372,677	4,575,877	115,015
Total net position.	<u>\$ 12,231,971</u>	<u>\$ 10,046,766</u>	<u>\$ 566,782</u>	<u>22,845,519</u>	<u>\$ 1,347,588</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				(10,204)	
Net position of business-type activities				<u>\$ 22,835,315</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
Operating revenues:					
Charges for services	\$ 1,341,357	\$ 1,341,093	\$ 792,716	\$ 3,475,166	\$ 841,878
Tap-in fees.	7,636	7,665	-	15,301	-
Other operating revenues	29,110	13,955	-	43,065	16,389
Total operating revenues.	<u>1,378,103</u>	<u>1,362,713</u>	<u>792,716</u>	<u>3,533,532</u>	<u>858,267</u>
Operating expenses:					
Personal services	542,982	440,309	45,082	1,028,373	356,943
Contract services.	512,351	620,679	740,630	1,873,660	245,443
Materials and supplies.	91,262	173,542	1,565	266,369	256,428
Depreciation.	512,366	456,272	28,620	997,258	88,520
Other	-	115,408	-	115,408	-
Total operating expenses.	<u>1,658,961</u>	<u>1,806,210</u>	<u>815,897</u>	<u>4,281,068</u>	<u>947,334</u>
Operating loss.	<u>(280,858)</u>	<u>(443,497)</u>	<u>(23,181)</u>	<u>(747,536)</u>	<u>(89,067)</u>
Nonoperating revenues (expenses):					
Gain (loss) on sale of assets.	90	(655)	-	(565)	-
Interest income.	10,150	13,633	-	23,783	-
Total nonoperating revenues (expenses).	<u>10,240</u>	<u>12,978</u>	<u>-</u>	<u>23,218</u>	<u>-</u>
Loss before contributions.	(270,618)	(430,519)	(23,181)	(724,318)	(89,067)
Capital contributions.	<u>239,773</u>	<u>11,605</u>	<u>-</u>	<u>251,378</u>	<u>-</u>
Change in net position	(30,845)	(418,914)	(23,181)	(472,940)	(89,067)
Net position at beginning of year.	<u>12,262,816</u>	<u>10,465,680</u>	<u>589,963</u>		<u>1,436,655</u>
Net position at end of year	<u>\$ 12,231,971</u>	<u>\$ 10,046,766</u>	<u>\$ 566,782</u>		<u>\$ 1,347,588</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				<u>(12,172)</u>	
Change in net position of business-type activities				<u>\$ (485,112)</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, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 1,321,522	\$ 1,325,692	\$ 805,095	\$ 3,452,309	\$ 839,352
Cash received from tap-in fees	7,636	7,665	-	15,301	-
Cash received from other operations	29,110	13,955	-	43,065	16,389
Cash payments for personal services	(496,815)	(425,766)	(52,834)	(975,415)	(330,550)
Cash payments for contractual services	(617,025)	(511,589)	(740,630)	(1,869,244)	(240,798)
Cash payments for materials and supplies	(96,660)	(169,605)	(1,595)	(267,860)	(256,840)
Cash payments for other expenses	-	(115,408)	-	(115,408)	-
Net cash provided by operating activities	<u>147,768</u>	<u>124,944</u>	<u>10,036</u>	<u>282,748</u>	<u>27,553</u>
Cash flows from capital and related financing activities:					
Sale of capital assets	530	896	-	1,426	-
Acquisition of capital assets	(538,747)	(1,030,293)	-	(1,569,040)	(27,996)
Net cash used in capital and related financing activities	<u>(538,217)</u>	<u>(1,029,397)</u>	<u>-</u>	<u>(1,567,614)</u>	<u>(27,996)</u>
Cash flows from investing activities:					
Interest received	10,150	13,633	-	23,783	-
Net cash provided by investing activities	<u>10,150</u>	<u>13,633</u>	<u>-</u>	<u>23,783</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(380,299)	(890,820)	10,036	(1,261,083)	(443)
Cash and cash equivalents at beginning of year	<u>2,463,103</u>	<u>3,106,447</u>	<u>450,453</u>	<u>6,020,003</u>	<u>376,285</u>
Cash and cash equivalents at end of year	<u>\$ 2,082,804</u>	<u>\$ 2,215,627</u>	<u>\$ 460,489</u>	<u>\$ 4,758,920</u>	<u>\$ 375,842</u>

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
Reconciliation of operating loss to net cash provided by operating activities:					
Operating loss.	\$ (280,858)	\$ (443,497)	\$ (23,181)	\$ (747,536)	\$ (89,067)
Adjustments:					
Depreciation.	512,366	456,272	28,620	997,258	88,520
Changes in assets and liabilities:					
Decrease (increase) in materials and supplies inventory.	(2,932)	5,446	-	2,514	536
Increase in accounts receivable.	(20,422)	(15,988)	-	(36,410)	-
Increase in net pension asset.	(4)	(3)	-	(7)	(2)
Decrease (increase) in special assessments receivable.	603	603	(5,460)	(4,254)	-
Increase in intergovernmental receivable.	-	-	-	-	(2,526)
Decrease (increase) in prepayments.	(2,298)	(2,283)	223	(4,358)	(823)
Increase in deferred outflows - OPERS.	(134,779)	(112,278)	(12,108)	(259,165)	(88,964)
Increase (decrease) in accounts payable.	(99,801)	107,565	443	8,207	3,697
Increase in accrued wages and benefits.	3,050	1,712	148	4,910	1,736
Decrease in intergovernmental payable.	(1,858)	(1,825)	(514)	(4,197)	(1,419)
Increase (decrease) in compensated absences payable.	(1,399)	(1,432)	(823)	(3,654)	4,073
Increase in deferred inflows - OPERS.	3,948	3,036	189	7,173	2,536
Increase in net pension liability.	172,152	127,616	5,133	304,901	109,256
Increase in unearned revenue.	-	-	17,366	17,366	-
Net cash provided by operating activities.	<u>\$ 147,768</u>	<u>\$ 124,944</u>	<u>\$ 10,036</u>	<u>\$ 282,748</u>	<u>\$ 27,553</u>

Non-cash transactions:

The sewer fund received a transfer of a capital asset with a cost of \$20,853 and accumulated depreciation of \$9,248.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
DECEMBER 31, 2016

	Agency
Assets:	
Current assets:	
Equity in pooled cash and investments.	\$ 5,682
Total assets	\$ 5,682
Liabilities:	
Undistributed monies.	\$ 3,475
Accounts payable.	30
Intergovernmental payable.	2,177
Total liabilities	\$ 5,682

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, 2016

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 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.

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 14 for additional information.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

B. Basis of Presentation

The City's (BFS) consist of government-wide statements, including a statement of net position 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 position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. 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 position 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.

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 plus deferred outflows and liabilities plus deferred inflows is reported as fund balance. The following are the City's major governmental funds:

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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 position, 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.

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 and the service center.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. 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.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of the City are included on the statement of net position.

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 deferred outflows of resources and current liabilities and deferred inflows of resources 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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.

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 inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues 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.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, See Note 15 for deferred outflows of resources related the City's net pension liability.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, See Note 15 for deferred inflows of resources related to the City's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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 2016.

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 January 1, 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 2016.

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, 2016

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 2016, the City invested in STAR Ohio and federal agency securities. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2016 amounted to \$204,414, which included \$152,604 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the statement of net position, 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, 2016, 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, 2016

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 position, 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 position 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, construction in progress 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 Activities Estimated Lives</u>	<u>Business-type Activities 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	n/a
Thoroughfares/Curbs/Gutters/Sidewalks/Street Lights	30 years	n/a
Storm Sewers	25 years	25 years
Traffic Signals and Controls and Meters	15 years	15 years
Street Signs	10 years	n/a
Software	5 - 10 years	5 - 10 years

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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.

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 position, 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, 2016

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, 2016**

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 Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets 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 position 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 position 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 position is 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 2016.

S. Pensions

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

T. Fair Value Measurements

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2016, the City has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City incorporated the corresponding GASB 72 guidance into its 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the City.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the City.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The City incorporated the corresponding GASB 77 guidance into its 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 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, 2016

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The City participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The City incorporated the corresponding GASB 79 guidance into its 2016 financial statements; however, there was no effect on beginning net position/fund balance.

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.

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 in accordance with the City's investment policy:

- A. Bonds, notes or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest thereon;
- B. Bonds, notes, debentures or any other obligations or securities issued by any Federal Government agency, instrumentality, or Government Sponsored Enterprise;
- C. Deposits in eligible financial institutions;
- D. Bankers' acceptances issued by banks ranked within the top 100 banks, based upon asset size, or issued by banks within the State of Ohio with at least two billion dollars (\$2,000,000,000) in assets;
- E. Commercial paper which, when purchased, is rated at least P-1 by Moody's Investor Services and A-1 by Standard and Poor's, and corporate notes and other debt which, when purchased, is rated AA or better by Moody's Investor Services and/or Standard and Poor's;
- F. Bonds, notes or other obligations of the State of Ohio and its political subdivisions;
- G. The State Treasury Assets Reserve of Ohio (STAR Ohio);
- H. No-load money market mutual funds consisting exclusively of obligations described in paragraphs A. and B. hereof; and,

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

- I. Repurchase agreements with institutions which have executed a master repurchase agreement, entered into between the City and that particular institution. Each master repurchase agreement will provide for:
 1. Collateralization of each repurchase agreement consisting exclusively of obligations described in paragraphs A. and B. hereof, the market value of which shall not be less than 102 percent of the principal amount of each repurchase agreement plus accrued interest;
 2. Safekeeping of the collateral by the City's third-party safekeeping agent; and,
 3. Settlement of each repurchase agreement on a delivery-versus-payment basis. Master repurchase agreements may provide for substitution of collateral by the broker/dealer with the agreement of the City.

Securities which are specifically prohibited for investment include interest-only, mortgage-backed securities or other securities for which there exists a hypothetical mathematical possibility of a negative yield, excluding default risk, if the security is held to maturity.

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.

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.

A. Cash on hand

At year end, the City had \$1,100 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, 2016, the carrying amount of all City deposits was \$1,387,533. As of December 31, 2016, \$831,234 of the City's bank balance of \$1,998,508 was exposed to custodial risk as discussed below, while \$1,167,274 was covered by the FDIC.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

C. Investments

As of December 31, 2016, the City had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	<u>Investment Maturities</u>			<u>Total</u>
		<u>6 months or less</u>	<u>7 to 24 months</u>	<u>Greater than 24 months</u>	
Amortized Cost:					
STAR Ohio	\$ 2,517,767	\$ 2,517,767	\$ -	\$ -	\$ 2,517,767
Fair Value:					
FHLMC	11,220,930	-	-	11,220,930	11,220,930
FNMA	3,489,920	-	-	3,489,920	3,489,920
FHLB	<u>3,998,187</u>	<u>-</u>	<u>-</u>	<u>3,998,187</u>	<u>3,998,187</u>
Total	<u>\$ 21,226,804</u>	<u>\$ 2,517,767</u>	<u>\$ -</u>	<u>\$ 18,709,037</u>	<u>\$ 21,226,804</u>

The City’s investments in federal agency securities (FHLMC, FNMA, FHLB) are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). The weighted average maturity of investments is 4.13 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. Unless matched to a specific cash flow requirement, the City will not directly invest in securities maturing more than ten years from the month of settlement.

Credit Risk: The City’s investments, except for corporate notes and STAR Ohio, were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. The City’s investment policy limits its investments to those authorized by Englewood Codified Ordinance 236.07. 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 requires commercial paper, when purchased, to be rated at least P-1 by Moody’s Investor Services and A-1 by Standard & Poor’s and corporate notes and other debt which, when purchased, is rated AA or better by Moody’s Investor Services and/or Standard & Poor’s.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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's investment policy requires government securities, commercial paper, bankers' acceptances and money market securities to be settled in a delivery-versus-payment method. Book entry or physical securities shall be safekept by a third-party safekeeping agent, in the agent's Federal Reserve customer account, correspondent money center bank customer custody account or Depository Trust Corporation (DTC) customer custody account. Each delivery and safekeeping shall be evidenced by a safekeeping receipt.

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, 2016:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
Amortized Cost:		
STAR Ohio	\$ 2,517,767	11.86%
Fair Value:		
FHLMC	11,220,930	52.86%
FNMA	3,489,920	16.44%
FHLB	<u>3,998,187</u>	<u>18.84%</u>
Total	<u>\$ 21,226,804</u>	<u>100%</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position

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 position as of December 31, 2016:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,387,533
Investments	21,226,804
Cash on hand	1,100
Total	<u>\$ 22,615,437</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 17,850,835
Business type activities	4,758,920
Agency funds	5,682
Total	<u>\$ 22,615,437</u>

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 5 - INTERFUND ACTIVITY

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2016, 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>	Nonmajor <u>Governmental Funds</u>	
Fire and rescue	\$ 605,000	\$ -	\$ 605,000
Police	2,800,000	-	2,800,000
Street	1,500,000	-	1,500,000
Capital improvement	1,000,000	301,900	1,301,900
Nonmajor governmental	<u>350,000</u>	-	<u>350,000</u>
Total	<u>\$ 6,255,000</u>	<u>\$ 301,900</u>	<u>\$ 6,556,900</u>

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 tax incremental financing fund (a nonmajor governmental fund) transferred \$250,000 to the capital improvement fund to fund improvements made in the TIF District (See Note 8). The permissive tax fund (a nonmajor governmental fund) transferred \$51,900 to the capital improvement fund to fund road resurfacing projects and culvert replacement projects. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

In addition, the governmental activities transferred capital assets with a net book value of \$11,605 to the sewer fund.

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

B. Advances To/From Other Funds

In a prior year, the general fund advanced \$250,000 to the capital improvement fund for the Main Street TIF project. This fund is not expected to be repaid within one year.

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.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 6 - PROPERTY TAXES - (Continued)

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. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 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, 2016 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2016 operations and the collection of delinquent taxes has been offset by deferred inflow of resources 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 a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2016 was \$10.59 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2016 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 186,355,120
Commercial/industrial/mineral	63,037,520
<u>Public utility</u>	
Personal	<u>4,636,130</u>
Total assessed value	<u>\$ 254,028,770</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 2016 was \$7,032,509 as reported in the fund financial statements.

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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 \$185,119 in 2016 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.

NOTE 9 - TAX ABATEMENTS

As of December 31, 2016, the City provides property tax abatements through Community Reinvestment Area (CRA). Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA’s are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity’s property tax bill.

The City had 28 parcels of land that received tax abatements through the CRA program. The total City property taxes abated during 2016 were \$55,490. The City also entered into an income tax sharing agreement with Northmont City School District (“School District”) for land situated in the Otterbein Commerce Park that is part of the CRA program. For all tax-abated projects located within the Otterbein Commerce Park, the City will provide 50% of the income taxes to the School District for businesses with annual payrolls exceeding \$1,000,000. In 2016, the City paid the School District \$135,136, in accordance with the tax sharing agreement.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 10 - RECEIVABLES

Receivables at December 31, 2016, 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, 2016.

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

Governmental activities:

Income taxes	\$ 1,554,689
Real and other taxes	1,361,388
Payments in lieu of taxes	177,045
Accounts	690,087
Accrued interest	27,636
Special assessments	419,403
Due from other governments	484,649

Business-type activities:

Accounts	403,955
Special assessments	32,454

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, 2016

NOTE 11 - CAPITAL ASSETS

- A. Capital asset activity for the governmental activities for the year ended December 31, 2016, was as follows:

	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/16</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 4,931,726	\$ -	\$ (74,468)	\$ 4,857,258
Construction-in-progress	<u>353,476</u>	<u>621,847</u>	<u>(870,070)</u>	<u>105,253</u>
Total capital assets, not being depreciated	<u>5,285,202</u>	<u>621,847</u>	<u>(944,538)</u>	<u>4,962,511</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	3,036,060	35,637	(16,300)	3,055,397
Buildings and improvements	10,235,851	324,538	(17,350)	10,543,039
Furniture and equipment	3,679,353	812,535	(583,464)	3,908,424
Vehicles	3,277,241	358,668	(164,135)	3,471,774
Infrastructure	36,042,296	561,814	(293,575)	36,310,535
Computer software	<u>249,386</u>	<u>72,917</u>	<u>-</u>	<u>322,303</u>
Total capital assets, being depreciated	<u>56,520,187</u>	<u>2,166,109</u>	<u>(1,074,824)</u>	<u>57,611,472</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(2,309,940)	(137,247)	16,300	(2,430,887)
Buildings	(3,924,602)	(241,188)	14,233	(4,151,557)
Furniture and equipment	(2,314,266)	(242,102)	568,428	(1,987,940)
Vehicles	(1,886,559)	(204,618)	125,046	(1,966,131)
Infrastructure	(18,339,532)	(1,262,287)	213,364	(19,388,455)
Computer software	<u>(107,518)</u>	<u>(30,634)</u>	<u>-</u>	<u>(138,152)</u>
Total accumulated depreciation	<u>(28,882,417)</u>	<u>(2,118,076)</u>	<u>937,371</u>	<u>(30,063,122)</u>
Total capital assets, being depreciated	<u>27,637,770</u>	<u>48,033</u>	<u>(137,453)</u>	<u>27,548,350</u>
Governmental activities capital assets, net	<u>\$ 32,922,972</u>	<u>\$ 669,880</u>	<u>\$ (1,081,991)</u>	<u>\$ 32,510,861</u>

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 11 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$	209,963
Security of persons and property		247,182
Public health		745
Transportation		1,413,408
Community environment		10,704
Leisure time activity		147,554
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>88,520</u>
Total depreciation expense - governmental activities	\$	<u><u>2,118,076</u></u>

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CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 11 - CAPITAL ASSETS - (Continued)

B. There were reclassifications of beginning balances between asset classes of improvements other than buildings and infrastructure. These reclassifications did not affect beginning net position. Capital asset activity for the business-type activities for the year ended December 31, 2016 was as follows:

	Balance			Balance
<u>Business-type activities:</u>	<u>12/31/15</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/16</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 33,510	\$ 103,375	\$ -	\$ 136,885
Construction in Progress	-	690,770	-	690,770
Total capital assets, not being depreciated	<u>33,510</u>	<u>794,145</u>	<u>-</u>	<u>827,655</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	41,313	-	-	41,313
Buildings and improvements	7,784,787	151,063	(120,812)	7,815,038
Equipment	4,395,915	367,226	(511,231)	4,251,910
Vehicles	272,149	27,784	-	299,933
Software	19,012	6,162	-	25,174
Infrastructure	<u>25,502,119</u>	<u>243,513</u>	<u>(2,687)</u>	<u>25,742,945</u>
Total capital assets, being depreciated	<u>38,015,295</u>	<u>795,748</u>	<u>(634,730)</u>	<u>38,176,313</u>
<i>Less: accumulated depreciation:</i>				
Improvements other than buildings	(18,852)	(2,066)	17,017	(3,901)
Buildings and improvements	(4,385,007)	(184,196)	120,802	(4,448,401)
Equipment	(2,171,270)	(213,592)	492,663	(1,892,199)
Vehicles	(89,195)	(28,903)	-	(118,098)
Software	-	(4,162)	-	(4,162)
Infrastructure	<u>(13,696,235)</u>	<u>(573,587)</u>	<u>2,257</u>	<u>(14,267,565)</u>
Total accumulated depreciation	<u>(20,360,559)</u>	<u>(1,006,506)</u>	<u>632,739</u>	<u>(20,734,326)</u>
Total capital assets, being depreciated, net	<u>17,654,736</u>	<u>(210,758)</u>	<u>(1,991)</u>	<u>17,441,987</u>
Business-type activities capital assets, net	<u>\$ 17,688,246</u>	<u>\$ 583,387</u>	<u>\$ (1,991)</u>	<u>\$ 18,269,642</u>

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

Business-type activities

Water	\$ 512,366
Sewer	456,272
Solid Waste	<u>28,620</u>

Total depreciation expense - business-type activities \$ 997,258

The governmental activities transferred an asset to the sewer fund with a cost of \$20,853 and accumulated depreciation of \$9,248.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 12 - 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 \$352,601 at December 31, 2016. 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 \$317,183 at December 31, 2016. 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 \$18,229 at December 31, 2016. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

NOTE 13 - LONG-TERM OBLIGATIONS

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

	Balance			Balance	Amounts
	12/31/15	Additions	Reductions	12/31/16	Due in
<u>Governmental activities:</u>					<u>One Year</u>
<u>Other long-term obligations:</u>					
Compensated absences	\$ 586,791	\$ 467,941	\$ (400,548)	\$ 654,184	\$ 325,891
Net pension liability	<u>7,220,317</u>	<u>2,242,986</u>	<u>-</u>	<u>9,463,303</u>	<u>-</u>
Total other long-term obligations	<u>\$ 7,807,108</u>	<u>\$ 2,710,927</u>	<u>\$ (400,548)</u>	<u>\$ 10,117,487</u>	<u>\$ 325,891</u>

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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.

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

	Balance				Balance	Amounts
	12/31/15	Additions	Reductions	12/31/16	Due in	
<u>Business-type activities:</u>					One Year	
<u>Other long-term obligations</u>						
Compensated absences	\$ 74,500	\$ -	\$ (3,651)	\$ 70,849	\$ 36,038	
Net pension liability	<u>685,478</u>	<u>304,901</u>	<u>-</u>	<u>990,379</u>	<u>-</u>	
Total other long-term obligations	<u>\$ 759,978</u>	<u>\$ 304,901</u>	<u>\$ (3,651)</u>	<u>\$ 1,061,228</u>	<u>\$ 36,038</u>	

As of December 31, 2016, the City's overall legal debt margin (the ability to issue general obligation bonded debt) was \$26,679,090 and the unvoted debt margin was \$13,971,582.

NOTE 14 - 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

1. Liability:

- Personal Injury Liability
- Property Damage Liability
- Public Officials Errors and Omissions
- Employment Practices Liability
- Employee Benefits Liability

Limits: \$12,000,000 per occurrence. \$12,000,000 annual aggregate per member for Employment Practices Liability; Public Officials Errors and Omissions and Employee Benefits Liability combined; and Products/Completed Operations.

MVRMA self-insured \$500,000 per occurrence and obtained reinsurance from Government Entities Mutual, Inc. (GEM) for \$4.5 million excess of \$500,000, from Genesis for \$7 million excess of \$3 million.

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 14 - RISK MANAGEMENT - (Continued)

2. Property:
\$1,000,000,000/occurrence
MVRMA Self-Insured Retention (SIR): \$250,000/occurrence

Coverage excess of SIR provided by Alliant Property Insurance Program (APIP). List of carriers underwriting the coverage provided upon request.
3. Flood - included in Property Policy

\$25 million/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
4. Earthquake - included in Property Policy

\$25 million/occurrence and annual aggregate
MVRMA SIR: \$100,000/occurrence
5. Boiler & Machinery - included in Property Policy

\$100,000/occurrence
MVRMA SIR: \$10,000 - \$350,000/occurrence
6. Cyber Liability - included in Property Policy

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

Third Party Liability:
\$2 million/occurrence and annual aggregate, but sublimited to:
\$1,000,000/occurrence and annual aggregate for Privacy Notification Costs

First Party Computer Liability:
\$2 million/occurrence and annual aggregate subject to policy sublimits
7. Pollution Liability - Claims Made and Reported Policy

\$1 million/pollution condition and aggregation
Retroactive Date: Policy inception
Coverage excess SIR provided by ACE - Illinois Union Insurance Co.

MVRMA SIR: \$75,000/pollution condition; \$750,000 underground
Storage tanks 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.

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 14 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

In 2016, the City participated in the Ohio Bureau of Workers' Compensation (Bureau) Group Rating Plan. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

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 2016, the City's contribution to unemployment benefits was immaterial.

D. Health, Dental and Life Insurance

The City is a member of 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. OBC entered into an administrative agreement on September 1, 2015 with the Jefferson Health Plan for stop loss insurance, pooling, administration and other benefit services to provide medical benefits to City employees.

The City offers a High Deductible Health Plan combined with a Health Savings Account (HSA Plan). For the plan year effective 9/1/16 - 8/31/17, the City pays 100% of the HSA Plan monthly premium of \$454 for single coverage and \$1,394 for family coverage. The City also makes quarterly contributions to the employee health savings accounts. The annual amount of City contributions to the health savings account is \$750.00 for single coverage and \$1,500.00 for family coverage. As required by a collective bargaining agreement with the Ohio Patrolmen's Benevolent Association (OPBA), the City also offers a PPO. The monthly premium is \$627 for single coverage and \$1,928 for family coverage. The employee portion of the monthly premium is \$43 for single coverage and \$134 for family coverage. No members of OPBA participated in the PPO plan during 2016.

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 \$27 for single coverage and \$83 for family coverage. The City also provides a minimum of \$25,000 life and AD&D insurance at no cost to the employees. 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, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

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

The proportionate share of each plan's unfunded benefits or overfunded benefits is presented as a long-term *net pension liability* or *net pension asset*, respectively, on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *due to other governments* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

	State and Local	Public Safety	Law Enforcement
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0 %	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City’s contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$389,502 for 2016. Of this amount, \$49,762 is reported as due to other governments.

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

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

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

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

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

	Police	Firefighters
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
 Total Employer	 19.50 %	 24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$435,828 for 2016. Of this amount \$68,354 is reported as due to other governments.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15- DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2015, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportion of the net pension liability prior measurement date	0.02530000%	0.09370540%	
Proportion of the net pension liability current measurement date	<u>0.02553100%</u>	<u>0.09375600%</u>	
Change in proportionate share	<u>0.00023100%</u>	<u>0.00005060%</u>	
Proportion of the net pension asset prior measurement date	0.00000000%		
Proportion of the net pension asset current measurement date	<u>0.00864000%</u>		
Change in proportionate share	<u>0.00864000%</u>		
Proportionate share of the net pension liability	\$ 4,422,291	\$ 6,031,391	\$ 10,453,682
Proportionate share of the net pension asset	32	-	32
Pension expense	633,577	842,414	1,475,991

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 227	\$ -	\$ 227
Net difference between projected and actual earnings on pension plan investments	1,299,930	981,678	2,281,608
Changes in employer's proportionate percentage/ difference between employer contributions	14,875	65,528	80,403
City contributions subsequent to the measurement date	389,502	435,828	825,330
Total deferred outflows of resources	\$ 1,704,534	\$ 1,483,034	\$ 3,187,568
Deferred inflows of resources			
Differences between expected and actual experience	85,445	16,936	102,381
Changes in employer's proportionate percentage/ difference between employer contributions	356	-	356
Total deferred inflows of resources	\$ 85,801	\$ 16,936	\$ 102,737

\$825,330 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2017	\$ 290,896	\$ 276,504	\$ 567,400
2018	311,938	276,504	588,442
2019	332,082	276,502	608,584
2020	294,202	203,699	497,901
2021	31	(2,470)	(2,439)
Thereafter	83	(468)	(385)
Total	\$ 1,229,232	\$ 1,030,271	\$ 2,259,503

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75 percent
Future salary increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.80% simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 401 (h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.31 %
Domestic equities	20.70	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 8 percent for both the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City’s proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 7,045,790	\$ 4,422,291	\$ 2,209,453
Member-Directed Plan	86	(33)	(86)

Changes between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8.25 percent
Projected salary increases	4.25 percent to 11 percent
Payroll increases	3.75 percent
Inflation assumptions	3.25 percent
Cost of living adjustments	2.60 and 3.00 percent simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five-year period ended December 31, 2011. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2012 actuarial valuation.

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2015 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	6.50 %	7.80 %
Non-US Equity	16.00	6.70	8.00
Core Fixed Income *	20.00	3.50	5.35
Global Inflation			
Protected Securities *	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
Total	120.00 %		

* levered 2x

** numbers include inflation

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

Discount Rate - The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease (7.25%)	Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 7,954,594	\$ 6,031,391	\$ 4,402,245

NOTE 16 - 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 Plan and the Combined Plan. 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/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered 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.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, 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 and Combined Plan for 2016 was 2.00%.

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, 2016, 2015, and 2014 were \$65,221, \$63,690, and \$62,045, respectively; 89.06% has been contributed for 2016 and 100% has been contributed for 2015 and 2014. The remaining 2016 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

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 health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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 or by visiting the website at www.op-f.org.

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.

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is 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. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2016 thru December 31, 2016. 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).

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 \$7,821 and \$3,116 for the year ended December 31, 2016, \$7,716 and \$2,533 for the year ended December 31, 2015, and \$7,346 and \$2,395, for the year ended December 31, 2014. 100% has been contributed for 2015 and 2014. 86.37% has been contributed for police and 81.38% has been contributed for firefighters for 2016. The remaining 2016 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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, 2016

NOTE 17 - 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	\$ 30,415	\$ (9,133)	\$ 84,801	\$ 207,446
Net adjustment for revenue accruals	(84,341)	(1,993)	(822)	(3,633)
Net adjustment for expenditure accruals	(541,899)	166	(40,435)	(10,400)
Net adjustment for other sources/uses	400,000	-	-	-
Funds budgeted elsewhere	(68,786)	-	-	-
Adjustment for encumbrances	<u>64,956</u>	<u>46,184</u>	<u>42,596</u>	<u>38,932</u>
GAAP basis	<u>\$ (199,655)</u>	<u>\$ 35,224</u>	<u>\$ 86,140</u>	<u>\$ 232,345</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.

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CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 18 - 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 Fund	Police Fund	Street Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Materials and supplies inventory	\$ -	\$ -	\$ -	\$ 126,362	\$ -	\$ -	\$ 126,362
Prepays	16,775	22,075	30,859	10,803	-	8,895	89,407
Long-term advances	250,000	-	-	-	-	-	250,000
Total nonspendable	<u>266,775</u>	<u>22,075</u>	<u>30,859</u>	<u>137,165</u>	<u>-</u>	<u>8,895</u>	<u>465,769</u>
Restricted:							
Street construction and maintenance	-	-	-	1,214,924	-	448,992	1,663,916
Public safety	-	508,892	398,798	-	-	306,526	1,214,216
Other purposes	-	-	-	-	-	275,759	275,759
Total restricted	<u>-</u>	<u>508,892</u>	<u>398,798</u>	<u>1,214,924</u>	<u>-</u>	<u>1,031,277</u>	<u>3,153,891</u>
Committed:							
Capital improvements	-	-	-	-	2,814,691	-	2,814,691
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,814,691</u>	<u>-</u>	<u>2,814,691</u>
Assigned:							
Street lighting	703,753	-	-	-	-	-	703,753
Earl Heck Community Center	211,147	-	-	-	-	-	211,147
General government	11,827	-	-	-	-	-	11,827
Public health	3,642	-	-	-	-	-	3,642
Community environment	15,420	-	-	-	-	-	15,420
Leisure time activities	2,507	-	-	-	-	-	2,507
Capital projects	-	-	-	-	5,488,351	-	5,488,351
Subsequent appropriations	151,495	-	-	-	-	-	151,495
Total assigned	<u>1,099,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,488,351</u>	<u>-</u>	<u>6,588,142</u>
Unassigned	<u>4,749,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,749,312</u>
Total fund balances	<u>\$ 6,115,878</u>	<u>\$ 530,967</u>	<u>\$ 429,657</u>	<u>\$ 1,352,089</u>	<u>\$ 8,303,042</u>	<u>\$ 1,040,172</u>	<u>\$ 17,771,805</u>

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 19 - COMMITMENTS

A. Contractual Commitments

As of December 31, 2016, the City had the following contractual commitments outstanding related to various City projects and purchases:

<u>Vendor</u>	<u>Amount of Contract</u>	<u>Amount Paid as of 12/31/2016</u>	<u>Remaining Commitment 12/31/2016</u>
Henderson Truck Equipment - Ohio	\$ 49,430	\$ -	\$ 49,430
Witmer Public Safety Group	11,800	-	11,800
Topos Studio	41,400	(33,120)	8,280
Buckeye State Pipe & Supply Co.	8,507	-	8,507
Badger Meter Inc	6,500	-	6,500
Xylem Water Solutions	145,000	(108,750)	36,250
Duperon Corporation	257,100	(192,825)	64,275
Delta Control	12,000	(5,483)	6,517
Jones & Henry Engineers LTD	15,000	(6,875)	8,125
Golden Harvest	11,500	-	11,500
Reese Electric, Inc.	21,690	-	21,690
Delta Control	10,080	-	10,080
Doll-Layman, LTD	44,928	-	44,928
USA Bluebook	10,772	-	10,772
Coate Construction, LLC	348,819	(139,773)	209,046
Corrpro	13,000	-	13,000
Creative Microsystems	10,007	-	10,007
Smolen Engineering, LTD	95,650	(62,173)	33,477
Total	<u>\$ 1,113,183</u>	<u>\$ (548,999)</u>	<u>\$ 564,184</u>

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 19 - COMMITMENTS- (Continued)

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 Encumbrances</u>
General fund	\$ 38,653
Fire and rescue	35,770
Police	26,202
Street	31,205
Capital improvement	188,884
Nonmajor governmental	<u>10,667</u>
 Total	 <u>\$ 331,381</u>

NOTE 20 - 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, 2016.

B. Litigation

The City is currently involved in no litigation for which there is a risk of financial liability.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF ENGLEWOOD, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST THREE YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>			
City's proportion of the net pension liability	0.025531%	0.025300%	0.025300%
City's proportionate share of the net pension liability	\$ 4,422,291	\$ 3,051,464	\$ 2,982,540
City's covered-employee payroll	\$ 3,184,508	\$ 3,109,367	\$ 2,954,423
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	138.87%	98.14%	100.95%
Plan fiduciary net position as a percentage of the total pension liability	81.08%	86.45%	86.36%
<i>Member Directed Plan:</i>			
City's proportion of the net pension asset	0.008640%	n/a	n/a
City's proportionate share of the net pension asset	\$ 33	n/a	n/a
City's covered-employee payroll	\$ 48,117	n/a	n/a
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	0.07%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	103.91%	n/a	n/a

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ENGLEWOOD, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST THREE YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.09375600%	0.09370540%	0.09370540%
City's proportionate share of the net pension liability	\$ 6,031,391	\$ 4,854,331	\$ 4,563,747
City's covered-employee payroll	\$ 2,009,053	\$ 2,454,379	\$ 1,906,928
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	300.21%	197.78%	239.32%
Plan fiduciary net position as a percentage of the total pension liability	66.77%	72.20%	73.00%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ENGLEWOOD, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 388,515	\$ 382,141	\$ 373,124	\$ 384,075
Contributions in relation to the contractually required contribution	<u>(388,515)</u>	<u>(382,141)</u>	<u>(373,124)</u>	<u>(384,075)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 3,237,625	\$ 3,184,508	\$ 3,109,367	\$ 2,954,423
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	13.00%
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 987	\$ 5,774		
Contributions in relation to the contractually required contribution	<u>(987)</u>	<u>(5,774)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
City's covered-employee payroll	\$ 10,389	\$ 60,779		
Contributions as a percentage of covered-employee payroll	9.50%	9.50%		

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 278,238	\$ 259,157	\$ 226,822	\$ 210,787	\$ 175,742	\$ 199,575
<u>(278,238)</u>	<u>(259,157)</u>	<u>(226,822)</u>	<u>(210,787)</u>	<u>(175,742)</u>	<u>(199,575)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,782,380	\$ 2,591,570	\$ 2,543,798	\$ 2,594,302	\$ 2,510,600	\$ 2,390,120
10.00%	10.00%	8.92%	8.13%	7.00%	8.35%

CITY OF ENGLEWOOD, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Police:</i>				
Contractually required contribution	\$ 289,374	\$ 285,479	\$ 347,329	\$ 230,055
Contributions in relation to the contractually required contribution	<u>(289,374)</u>	<u>(285,479)</u>	<u>(347,329)</u>	<u>(230,055)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,523,021	\$ 1,502,521	\$ 1,828,047	\$ 1,448,405
Contributions as a percentage of covered-employee payroll	19.00%	19.00%	19.00%	15.88%
<i>Fire:</i>				
Contractually required contribution	\$ 146,454	\$ 119,035	\$ 147,188	\$ 93,385
Contributions in relation to the contractually required contribution	<u>(146,454)</u>	<u>(119,035)</u>	<u>(147,188)</u>	<u>(93,385)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 623,209	\$ 506,532	\$ 626,332	\$ 458,144
Contributions as a percentage of covered-employee payroll	23.50%	23.50%	23.50%	20.38%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 179,155	\$ 172,795	\$ 167,070	\$ 163,817	\$ 158,627	\$ 147,956
<u>(179,155)</u>	<u>(172,795)</u>	<u>(167,070)</u>	<u>(163,817)</u>	<u>(158,627)</u>	<u>(147,956)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,405,137	\$ 1,355,255	\$ 1,310,353	\$ 1,284,839	\$ 1,244,133	\$ 1,160,439
12.75%	12.75%	12.75%	12.75%	12.75%	12.75%
\$ 77,284	\$ 79,663	\$ 79,867	\$ 76,905	\$ 73,798	\$ 70,779
<u>(77,284)</u>	<u>(79,663)</u>	<u>(79,867)</u>	<u>(76,905)</u>	<u>(73,798)</u>	<u>(70,779)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 448,023	\$ 461,814	\$ 462,997	\$ 445,826	\$ 427,814	\$ 410,313
17.25%	17.25%	17.25%	17.25%	17.25%	17.25%

CITY OF ENGLEWOOD, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.



Julian & Grube, Inc.
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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

City of Englewood
Montgomery County
333 West National Road
Englewood, Ohio 45322

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2016, and the related notes to the financial statements, which collectively comprise the City of Englewood's basic financial statements and have issued our report thereon dated June 12, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City of Englewood's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City of Englewood's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City of Englewood's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City of Englewood's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City of Englewood's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Julian & Grube, Inc.
June 12, 2017



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
AUGUST 24, 2017**