

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEAR ENDED
DECEMBER 31, 2008

JANINE COOPER, FINANCE DIRECTOR



Mary Taylor, CPA
Auditor of State

Members of Council and 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, 2008 through December 31, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 11, 2009

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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

Independent Auditor's Report

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

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, 2008, which collectively comprise the City of Englewood's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Englewood's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

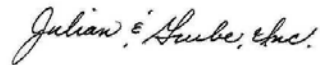
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Englewood, Montgomery County, Ohio, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue funds: fire and rescue, police and street for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the City has restated its Capital Improvement Fund and Nonmajor Governmental Funds at January 1, 2008 due to fund reclassifications.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2009 on our consideration of the City of Englewood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of Council and Mayor
City of Englewood
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The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Julian & Grube, Inc.
May 22, 2009

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

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, 2008. 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 2008 are as follows:

- The total net assets of the City increased \$1,601,067. Net assets of governmental activities increased \$1,025,659 or 2.01% over 2007 and net assets of business-type activities increased \$575,408 or 2.45% over 2007.
- General revenues accounted for \$9,227,141 or 77.22% of total governmental activities revenue. Program specific revenues accounted for \$2,721,910 or 22.78% of total governmental activities revenue.
- The City had \$10,923,392 in expenses related to governmental activities; \$2,721,910 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$8,201,482 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$9,227,141.
- The general fund had revenues and other financing sources of \$8,333,264 in 2008. This represents a decrease of \$615,422 from 2007 revenues. The expenditures and other financing uses of the general fund, which totaled \$7,509,844 in 2008, decreased \$518,421 from 2007. The net increase in fund balance for the general fund was \$823,420 or 27.02%.
- The fire and rescue fund had revenues and other financing sources of \$1,600,152 in 2008. This represents a decrease of \$93,134 from 2007 revenues and other sources. The expenditures of the fire and rescue fund, which totaled \$1,606,118 in 2008, increased \$174,060 from 2007. The net decrease in fund balance for the fire and rescue fund was \$5,966 or 1.48%.
- The police fund had revenues and other financing sources of \$2,366,533 in 2008. This represents a decrease of \$324,235 from 2007 revenues and other sources. The expenditures and other financing sources of the police fund, which totaled \$2,495,266 in 2008, increased \$112,293 from 2007. The net decrease in fund balance for the police fund was \$128,733 or 58.93%.
- The street fund had revenues and other financing sources of \$2,041,252 in 2008. This represents a decrease of \$267,655 from 2007 revenues and other sources. The expenditures of the street fund, which totaled \$1,966,859 in 2008, decreased \$397,947 from 2007. The net increase in the fund balance for the street fund was \$51,109 or 11.02%.
- The capital improvement fund had revenues and other financing sources of \$1,524,080 in 2008. The expenditures of the capital improvement fund totaled \$1,751,222 in 2008. The net decrease in the fund balance for the capital improvement fund was \$227,142 or 4.89%.
- Net assets for the business-type activities, which are made up of the water, sewer, and solid waste enterprise funds, increased in 2008 by \$575,408. This increase in net assets was due primarily to the \$519,953 decrease in expenditures related to business-type activities from 2007.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

- In the general fund, the actual revenues and other financing sources came in \$420,782 higher than they were in the final budget and actual expenditures and other financing uses were \$265,247 less than the amount in the final budget. Budgeted revenues decreased \$694,206 from original to the final budget primarily due to the decrease in municipal income taxes and intergovernmental revenues. Budgeted expenditures decreased \$226,000 from original to the final budget.

Using this Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

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

Proprietary Funds

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

Fiduciary Funds

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

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 36 - 64 of this report.

Government-Wide Financial Analysis

The statement of net assets provides the perspective of the City as a whole. The table below provides a summary of the City's net assets for 2008 compared to 2007:

	Net Assets					
	2008	2007	2008	2007	2008	2007
	<u>Governmental</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Business-type</u>	<u>Total</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Assets						
Current and other assets	\$ 15,043,009	\$ 14,330,968	\$ 5,105,116	\$ 4,863,420	\$ 20,148,125	\$ 19,194,388
Capital assets, net	<u>39,349,708</u>	<u>38,818,169</u>	<u>19,354,893</u>	<u>19,010,231</u>	<u>58,704,601</u>	<u>57,828,400</u>
Total assets	<u>54,392,717</u>	<u>53,149,137</u>	<u>24,460,009</u>	<u>23,873,651</u>	<u>78,852,726</u>	<u>77,022,788</u>
Liabilities						
Long-term liabilities	382,463	372,614	337,620	297,239	720,083	669,853
Other liabilities	<u>2,037,576</u>	<u>1,829,504</u>	<u>61,142</u>	<u>90,573</u>	<u>2,098,718</u>	<u>1,920,077</u>
Total liabilities	<u>2,420,039</u>	<u>2,202,118</u>	<u>398,762</u>	<u>387,812</u>	<u>2,818,801</u>	<u>2,589,930</u>
Net Assets						
Invested in capital assets, net of related debt	39,349,708	38,818,169	19,156,393	18,866,880	58,506,101	57,685,049
Restricted	7,095,770	7,114,989	-	-	7,095,770	7,114,989
Unrestricted	<u>5,527,200</u>	<u>5,013,861</u>	<u>4,904,854</u>	<u>4,618,959</u>	<u>10,432,054</u>	<u>9,632,820</u>
Total net assets	<u>\$ 51,972,678</u>	<u>\$ 50,947,019</u>	<u>\$ 24,061,247</u>	<u>\$ 23,485,839</u>	<u>\$ 76,033,925</u>	<u>\$ 74,432,858</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2008, the City's assets exceeded liabilities by \$76,033,925. At year-end, net assets were \$51,972,678 and \$24,061,247 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets net represented 74.45% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2008, were \$39,349,708 and \$19,156,393 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

As of December 31, 2008, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$7,095,770 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$5,527,200 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for years 2008 and 2007.

	Change in Net Assets					
	2008 Governmental Activities	2007 Governmental Activities	2008 Business-Type Activities	2007 Business-Type Activities	2008 Total	2007 Total
Revenues						
Program revenues:						
Charges for services	\$ 1,406,114	\$ 1,263,562	\$ 3,266,011	\$ 3,265,279	\$ 4,672,125	\$ 4,528,841
Operating grants and contributions	834,905	949,193	-	-	834,905	949,193
Capital grants and contributions	480,891	658,575	237,440	91,071	718,331	749,646
Total program revenues	<u>2,721,910</u>	<u>2,871,330</u>	<u>3,503,451</u>	<u>3,356,350</u>	<u>6,225,361</u>	<u>6,227,680</u>
General revenues:						
Property taxes	1,624,674	1,617,828	-	-	1,624,674	1,617,828
Income taxes	5,484,543	6,306,195	-	-	5,484,543	6,306,195
Unrestricted grants and entitlements	1,101,526	1,307,943	-	-	1,101,526	1,307,943
Payment in lieu of taxes	368,541	366,242	-	-	368,541	366,242
Investment earnings	540,851	840,878	110,218	102,035	651,069	942,913
Gain on sale of capital assets	-	172,779	-	-	-	172,779
Miscellaneous	107,006	28,017	28,263	19,736	135,269	47,753
Total general revenues	<u>9,227,141</u>	<u>10,639,882</u>	<u>138,481</u>	<u>121,771</u>	<u>9,365,622</u>	<u>10,761,653</u>
Total revenues	<u>11,949,051</u>	<u>13,511,212</u>	<u>3,641,932</u>	<u>3,478,121</u>	<u>15,590,983</u>	<u>16,989,333</u>
Expenses:						
General government	1,605,945	1,652,040	-	-	1,605,945	1,652,040
Security of persons and property	4,402,200	4,235,790	-	-	4,402,200	4,235,790
Public health and welfare	18,757	16,335	-	-	18,757	16,335
Transportation	3,929,055	3,908,779	-	-	3,929,055	3,908,779
Community environment	745,402	560,701	-	-	745,402	560,701
Leisure time activity	222,033	279,416	-	-	222,033	279,416
Interest and fiscal charges	-	2,475	-	-	-	2,475
Water	-	-	996,266	1,558,792	996,266	1,558,792
Sewer	-	-	1,348,157	1,207,905	1,348,157	1,207,905
Solid waste	-	-	722,101	819,780	722,101	819,780
Total expenses	<u>10,923,392</u>	<u>10,655,536</u>	<u>3,066,524</u>	<u>3,586,477</u>	<u>13,989,916</u>	<u>14,242,013</u>
Change in net assets	1,025,659	2,855,676	575,408	(108,356)	1,601,067	2,747,320
Net assets at beginning of year	<u>50,947,019</u>	<u>48,091,343</u>	<u>23,485,839</u>	<u>23,594,195</u>	<u>74,432,858</u>	<u>71,685,538</u>
Net assets at end of year	<u>\$ 51,972,678</u>	<u>\$ 50,947,019</u>	<u>\$ 24,061,247</u>	<u>\$ 23,485,839</u>	<u>\$ 76,033,925</u>	<u>\$ 74,432,858</u>

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Governmental Activities

Governmental activities net assets increased \$1,025,659 in 2008. This increase is a result of City revenues being higher than expenditures along with capital contributions related to developer donated infrastructure. Overall, the national economic downturn led to a decrease in income tax revenues from prior year and very little growth in property tax revenues.

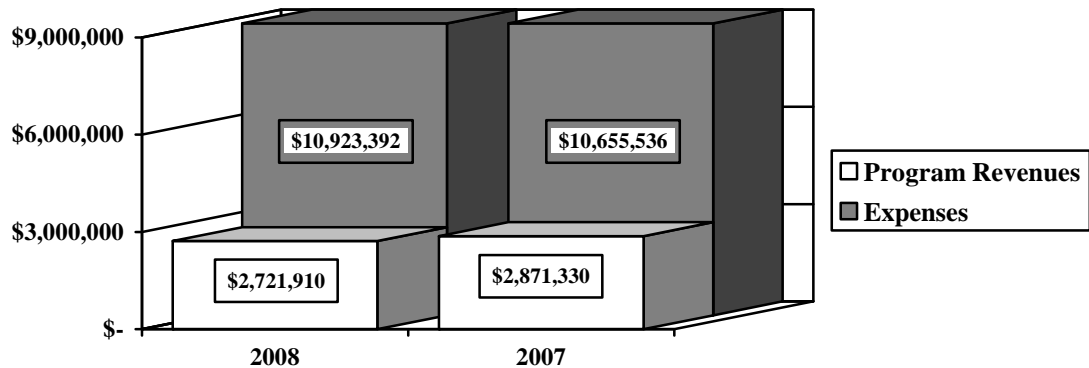
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$4,402,200 of the total expenses of the City. These expenses were partially funded by \$1,001,047 in direct charges to users of the services. Transportation expenses totaled \$3,929,055. Transportation expenses were partially funded by \$123,666 in direct charges to users of the services, \$774,863 in operating grants and contributions and \$480,891 in capital grants and contributions.

The state and federal government contributed to the City a total of \$834,905 in operating grants and contributions and \$480,891 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total grants and contributions, \$1,255,754 subsidized transportation programs, and \$60,042 subsidized security of persons and property programs.

General revenues totaled \$9,227,141, and amounted to 77.22% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$7,109,217. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$1,101,526.

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

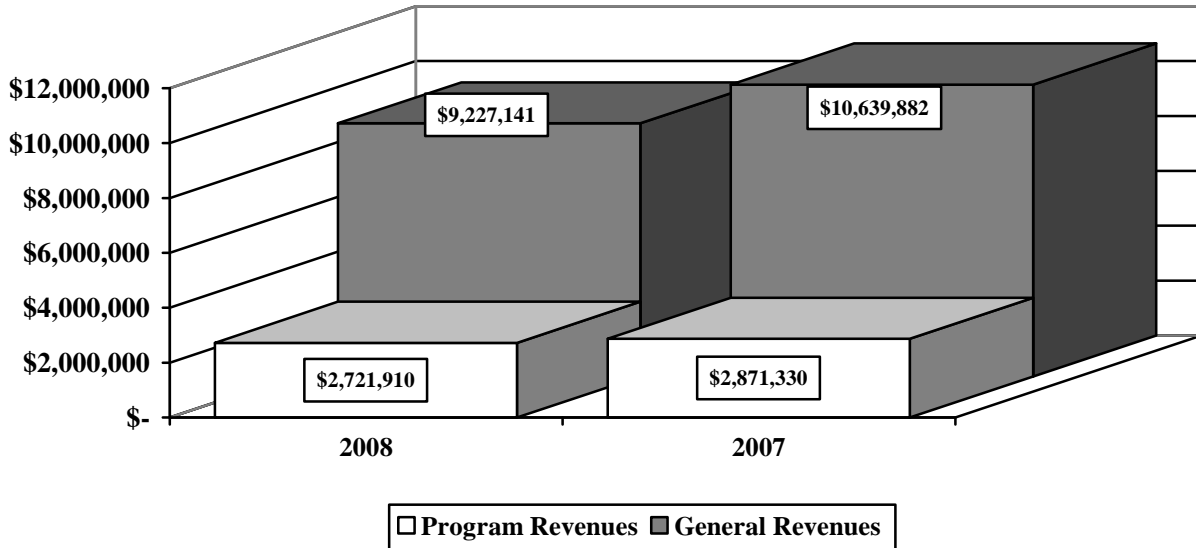
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Governmental Activities

	Total Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2008</u>	Net Cost of Services <u>2007</u>
Program Expenses:				
General government	\$ 1,605,945	\$ 1,652,040	\$ 1,431,353	\$ 1,412,832
Security of persons and property	4,402,200	4,235,790	3,341,111	3,403,590
Public health and welfare	18,757	16,335	18,032	13,558
Transportation	3,929,055	3,908,779	2,549,635	2,284,867
Community environment	745,402	560,701	655,629	447,995
Leisure time activity	222,033	279,416	205,722	218,889
Interest and fiscal charges	-	2,475	-	2,475
Total Expenses	<u>\$10,923,392</u>	<u>\$10,655,536</u>	<u>\$ 8,201,482</u>	<u>\$ 7,784,206</u>

The dependence upon general revenues for governmental activities is apparent, with 75.08% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues

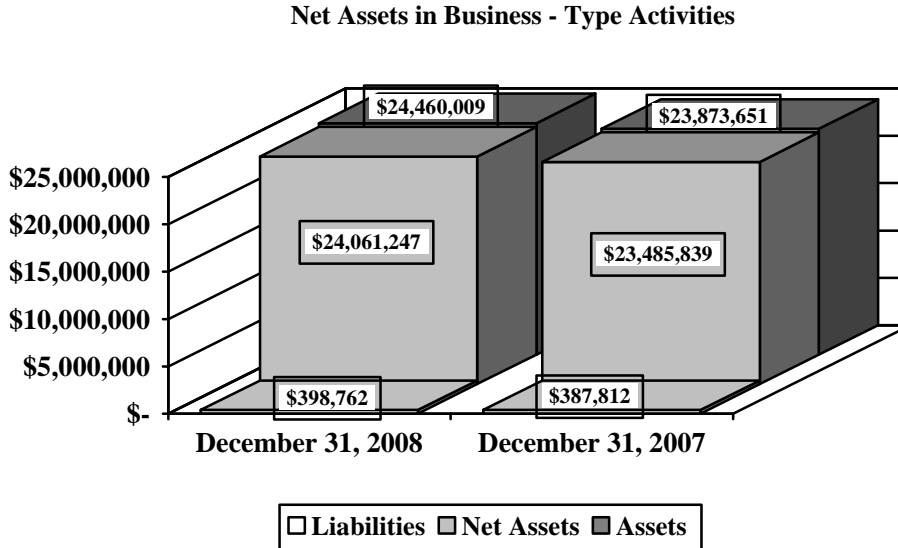


CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Business-type Activities

Business-type activities include the water, sewer, and solid waste enterprise funds. These programs had program revenues of \$3,503,451, general revenues of \$138,481 and expenses of \$3,066,524 for 2008. The graph below shows the business-type activities assets, liabilities and net assets at year-end 2008 and 2007.



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 were restated (as described in Note 3A) to reclassify funds. The City's governmental funds (as presented on the balance sheet on page 21 - 22) reported a combined fund balance of \$10,512,496 which is \$714,708 above last year's total of \$9,797,788. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2008 for all major and nonmajor governmental funds.

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Fund Balances <u>12/31/08</u>	(Restated) Fund Balances <u>12/31/07</u>	Increase (Decrease) <u></u>
Major Funds:			
General	\$ 3,870,499	\$ 3,047,079	\$ 823,420
Fire and rescue	397,268	403,234	(5,966)
Police	89,714	218,447	(128,733)
Street	515,056	463,947	51,109
Capital improvement	4,418,398	4,645,540	(227,142)
Other nonmajor governmental funds	<u>1,221,561</u>	<u>1,019,541</u>	<u>202,020</u>
Total	<u>\$ 10,512,496</u>	<u>\$ 9,797,788</u>	<u>\$ 714,708</u>

General Fund

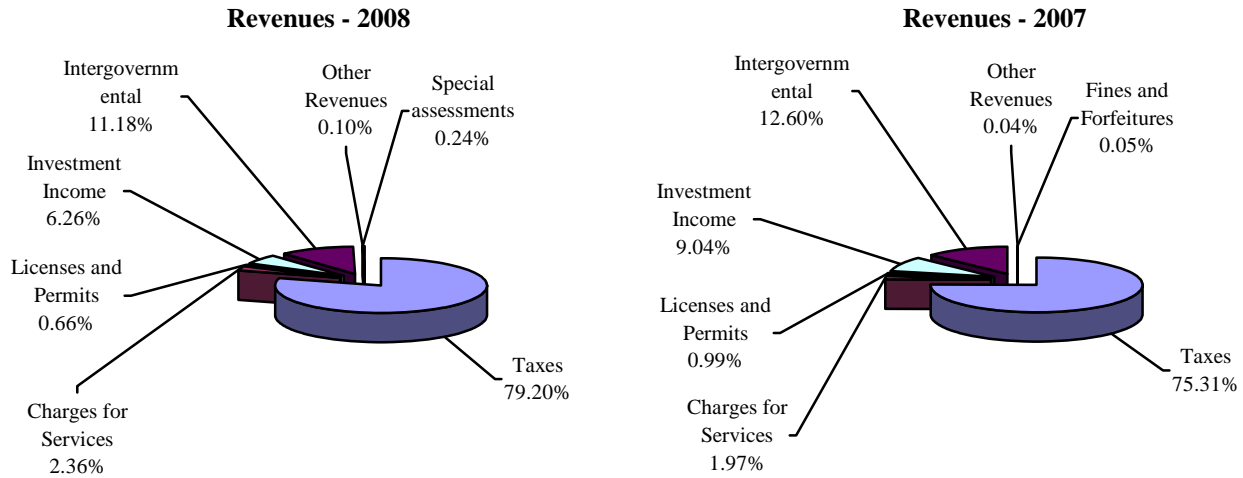
The City's general fund balance increased \$823,420 primarily due to revenues that exceeded expenditures. The table that follows assists in illustrating the revenues of the general fund.

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 6,597,585	\$ 6,737,682	(2.08) %
Charges for services	196,944	175,941	11.94 %
Licenses and permits	54,823	88,284	(37.90) %
Fines and forfeitures	-	4,448	(100.00) %
Investment income	521,351	809,029	(35.56) %
Special assessments	19,615	-	100.00 %
Intergovernmental	931,760	1,127,703	(17.38) %
Other	<u>8,261</u>	<u>3,590</u>	130.11 %
Total	<u>\$ 8,330,339</u>	<u>\$ 8,946,677</u>	(6.89) %

Tax revenue represents 79.20% of all general fund revenue. Tax revenue decreased slightly by 2.08% over prior year. The decrease in investment income is due primarily to the fair market value adjustment required to adjust the City's federal agency securities from the book value to the fair market value. This gain or loss on value is not received on a cash basis until the maturity of the investment. The decrease in intergovernmental revenue is due to the receipt of ED/GE funds in 2007. Licenses and permit revenue decreased in 2008 due to a decrease in license and permit applications.

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**



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

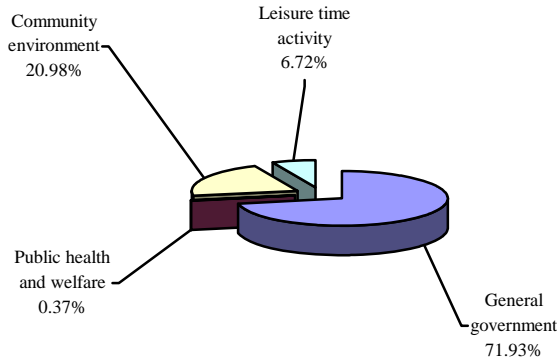
	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 1,521,940	\$ 1,249,680	21.79 %
Public health and welfare	7,790	6,149	26.69 %
Community environment	443,845	399,009	11.24 %
Leisure time activity	<u>142,164</u>	<u>143,880</u>	(1.19) %
Total	<u>\$ 2,115,739</u>	<u>\$ 1,798,718</u>	17.62 %

Total expenditures increased 17.62% from 2007. The largest expenditure line item, general government, increased 21.79% primarily due to land acquisitions and cleanup costs associated with the City's continued efforts to abate nuisance properties and enhance the image of the downtown area. Community environment expenditures increased due to an increase in legal services due to pending lawsuits.

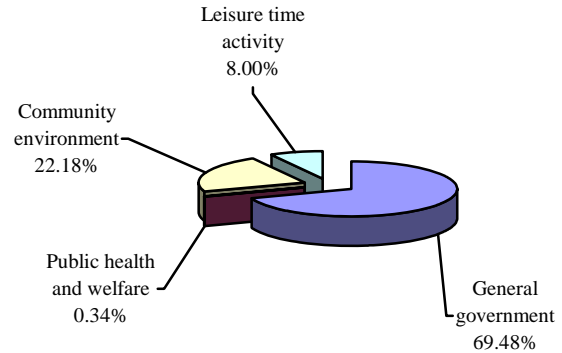
CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Expenditures - 2008



Expenditures - 2007



Fire and Rescue Fund

The fire and rescue fund had revenues and other financing sources of \$1,600,152 in 2008. This represents a decrease of \$93,134 from 2007 revenues and other sources. The expenditures of the fire and rescue fund, which totaled \$1,606,118 in 2008, increased \$174,060 from 2007. The net decrease in fund balance for the fire and rescue fund was \$5,966 or 1.48%.

Police Fund

The police fund had revenues and other financing sources of \$2,366,533 in 2008. This represents a decrease of \$324,235 from 2007 revenues and other sources. The expenditures and other financing sources of the police fund, which totaled \$2,495,266 in 2008, increased \$112,293 from 2007. The net decrease in fund balance for the police fund was \$128,733 or 58.93%.

Street Fund

The street fund had revenues and other financing sources of \$2,041,252 in 2008. This represents a decrease of \$267,655 from 2007 revenues and other sources. The expenditures of the street fund, which totaled \$1,966,859 in 2008, decreased \$397,947 from 2007. The street fund also had a decrease in the reserve for inventory in the amount of \$23,284. The net increase in the fund balance for the street fund was \$51,109 or 11.02%.

Capital Improvement Fund

The capital improvement fund had revenues and other financing sources of \$1,524,080 in 2008. The expenditures of the capital improvement fund totaled \$1,751,222 in 2008. The net increase in the fund balance for the capital improvement fund was \$227,142 or 4.89%.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

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, one of the most significant changes was between the original and final budgeted amount in the area of revenues which decreased \$694,206 from \$9,169,860 to \$8,475,654. The other significant change was between the final budgeted revenues and actual revenues. Final budget revenues and other financing sources of \$8,475,654 exceeded actual revenues and other financing sources by \$420,782. The final appropriations of \$8,284,429 exceeded actual expenditures and other financing uses by \$265,247.

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 2008, the City had \$58,704,601 (net of accumulated depreciation) invested in land, buildings and improvements, improvements other than buildings, equipment, vehicles, infrastructure and construction in progress. Of this total, \$39,349,708 was reported in governmental activities and \$19,354,893 was reported in business-type activities. See Note 10 in the basic financial statements for additional capital asset disclosure. The following table shows 2008 balances compared to 2007:

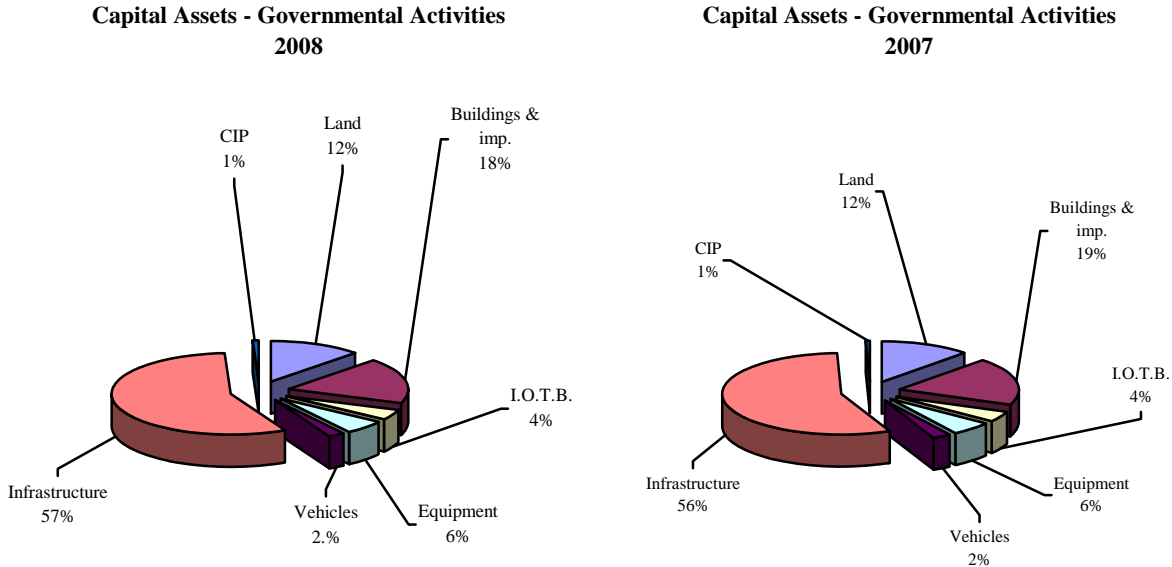
**Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 4,867,321	\$ 4,705,749	\$ 33,510	\$ 33,510	\$ 4,900,831	\$ 4,739,259
Land improvements (I.O.T.B.)	1,567,930	1,615,770	390,256	411,640	1,958,186	2,027,410
Buildings and improvements	7,184,262	7,347,600	3,926,750	4,069,651	11,111,012	11,417,251
Equipment	2,233,522	2,207,880	2,339,915	1,794,193	4,573,437	4,002,073
Vehicles	881,486	906,271	31,111	1,103	912,597	907,374
Infrastructure	22,331,124	21,815,236	12,454,510	12,647,902	34,785,634	34,463,138
Construction in progress	284,063	219,663	178,841	52,232	462,904	271,895
Totals	<u>\$ 39,349,708</u>	<u>\$ 38,818,169</u>	<u>\$19,354,893</u>	<u>\$19,010,231</u>	<u>\$58,704,601</u>	<u>\$57,828,400</u>

CITY OF ENGLEWOOD, OHIO

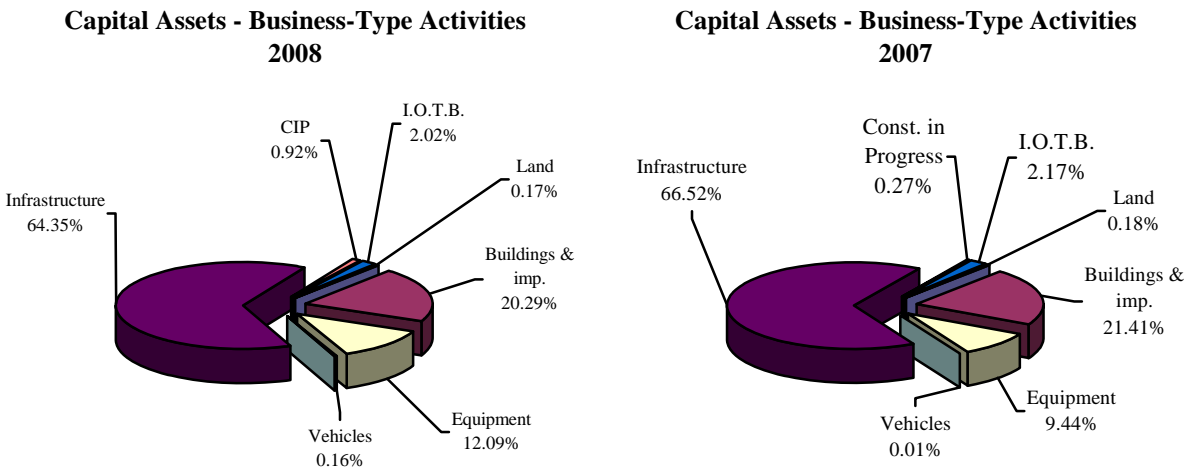
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

The following graphs show the breakdown of governmental capital assets by category for 2008 and 2007.



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 57% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2008 and 2007.



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 64.35% of the City's total business-type capital assets.

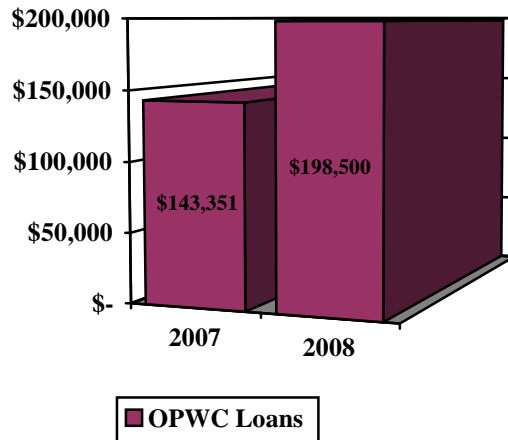
CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Debt Administration

The City's only long-term debt outstanding at December 31, 2008 and 2007 were OPWC loans in the business-type activities. Of the \$198,500 balance of OPWC loans outstanding at December 31, 2008 \$105,333 is due in one year and \$93,167 is due in more than one year. Below is the comparison of the OPWC loans outstanding at December 31, 2008 and the loan balance at December 31, 2007.

**Long-term obligations -
Business-Type Activities**



Economic Conditions and Outlook

The City of Englewood continues to prosper, thriving as a small and attractive planned community of approximately 13,000 residents. A comfortable and secure residential environment, combined with a healthy and expanding business community, enables the City to retain a strong financial standing with minimal debt.

Using revenues primarily generated from its 1.75% income tax, combined with aggressive and successful efforts to secure federal, state and local grants, the City has been able to fund a capital improvements program ranging from three to five million dollars a year. These funds have been used to maintain and improve an extensive municipal infrastructure, while continually improving the overall appearance and attractiveness of the community.

Major capital improvements completed in 2008 include the third and final phase of the Main Street Enhancement project and installation of the Secondary Sedimentation Tank at the Wastewater Treatment Plant. Grants from the Ohio Department of Transportation and the Ohio Public Works Commission contributed nearly \$450,000 to the cost of these capital improvements. The Earl Heck Community Center was improved for handicap accessibility with the help of a \$40,000 Community Development Block Grant. Other projects of interest include the renovation of the Ward Field concession stand, including the addition of new restroom facilities; further expansion of the traffic and security camera system which is designed to increase safety and security in our community; and installation of new lights at Centennial Park. The Englewood Little League donated \$36,000 toward the cost of the Centennial Park ball field lights.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

An upgrade of the filtration system at the water treatment plant, begun in 2008, should be completed in 2009. This \$250,000 project will result in more reliable water supply treatment. A backup generator will insure storm outage protection. Additionally, a \$436,700 Supervisory Control and Data Acquisition (SCADA) system will be installed in 2009. This automated process control system will provide a communication link between various booster stations, lift stations, well houses, and treatment facilities to maximize operational efficiency. Finally, the second phase of the sanitary sewer rehabilitation project will be completed in 2009. OPWC funding will contribute over \$400,000 to these projects.

In conjunction with the annual neighborhood street resurfacing program, the City was able to secure \$200,000 in American Recovery and Reinvestment Act (ARRA) funding to resurface Union Boulevard from I-70 North to Herr Street. This heavily travelled section of roadway provides sole access to Centennial Park and intersects with Wenger Road and State Route 40 to provide access to numerous commercial, retail, and recreational activities in the City. The City has continued acquiring properties along the Main Street corridor and demolishing dilapidated structures to preserve green space and provide visual appeal to residents and visitors alike. Rounding out the 2009 capital improvement projects is the replacement of the 50-year old metal culvert on Arcadia Boulevard, a major portion of which is funded by the Ohio Public Works Commission.

The average Englewood Fire & Rescue response time in 2008 was a new low of 3.64 minutes, despite an all-time high of 3,219 calls for service - a 21% jump over 2007! A new medic was added to the fleet in 2008. Updated auto extrication tools and new self contained breathing apparatus are slated for 2009, the latter to be funded with an \$85,000 FEMA Grant. A second federal grant was awarded to Englewood which will expand its current weather siren system into underserved areas of the City.

In spite of struggling economic conditions nationally, the City is prudently optimistic in its long-term economic outlook. A \$12 million Trilogy Health Care Campus, creating 130 new jobs in Englewood, is slated to open in late 2009. A new Walgreens, a new Hometown Urgent Care facility, and new commercial facilities in the Otterbein Industrial Park will generate more than 300 additional new jobs by the end of 2009.

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 and 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 Eric A. Smith, City Manager or Janine Cooper, Finance Director, City of Englewood, 333 West National Road, Englewood, OH 45322 or visit our website at www.inglewood.oh.us.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF ENGLEWOOD, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2008

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments.	\$ 10,997,660	\$ 4,462,941	\$ 15,460,601
Receivables (net of allowances for uncollectibles):			
Income taxes	1,139,831	-	1,139,831
Real and other taxes	1,484,358	-	1,484,358
Accounts	385,964	391,291	777,255
Accrued interest	113,064	-	113,064
Special assessments	126,730	29,200	155,930
Internal balances	15,027	(15,027)	-
Due from other governments	641,802	-	641,802
Prepayments	59,430	6,276	65,706
Materials and supplies inventory.	79,143	230,435	309,578
Capital assets:			
Land and construction in progress.	5,151,384	212,351	5,363,735
Depreciable capital assets, net	34,198,324	19,142,542	53,340,866
Total capital assets.	<u>39,349,708</u>	<u>19,354,893</u>	<u>58,704,601</u>
Total assets.	<u>54,392,717</u>	<u>24,460,009</u>	<u>78,852,726</u>
Liabilities:			
Accounts payable.	107,146	5,843	112,989
Contracts payable.	86,202	-	86,202
Accrued wages and benefits	193,982	27,553	221,535
Due to other governments	294,949	27,746	322,695
Unearned revenue.	1,355,297	-	1,355,297
Long-term liabilities:			
Due within one year	243,930	143,357	387,287
Due in more than one year	138,533	194,263	332,796
Total liabilities	<u>2,420,039</u>	<u>398,762</u>	<u>2,818,801</u>
Net assets:			
Invested in capital assets, net of related debt	39,349,708	19,156,393	58,506,101
Restricted for:			
Capital projects.	4,419,183	-	4,419,183
Matured bond and interest	6,069	-	6,069
Street construction and maintenance	689,912	-	689,912
Public safety	759,956	-	759,956
Other purposes	1,220,650	-	1,220,650
Unrestricted.	<u>5,527,200</u>	<u>4,904,854</u>	<u>10,432,054</u>
Total net assets	<u>\$ 51,972,678</u>	<u>\$ 24,061,247</u>	<u>\$ 76,033,925</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF ENGLEWOOD, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 1,605,945	\$ 174,592	\$ -	\$ -
Security of persons and property	4,402,200	1,001,047	60,042	-
Public health and welfare	18,757	725	-	-
Transportation	3,929,055	123,666	774,863	480,891
Community environment	745,402	89,773	-	-
Leisure time activity	222,033	16,311	-	-
Total governmental activities	10,923,392	1,406,114	834,905	480,891
Business-type Activities:				
Water	996,266	1,212,408	-	45,106
Sewer	1,348,157	1,263,413	-	192,334
Solid waste	722,101	790,190	-	-
Total business-type activities	3,066,524	3,266,011	-	237,440
Total primary government	\$ 13,989,916	\$ 4,672,125	\$ 834,905	\$ 718,331

General Revenues:

Property taxes levied for:
General purposes
Fire and rescue
Police
Police pension
Income taxes levied for:
General purposes
Grants and entitlements not restricted to specific programs
Payment in lieu of taxes
Investment earnings
Miscellaneous
Total general revenues
 Change in net assets
 Net assets at beginning of year
 Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (1,431,353)	\$ -	\$ (1,431,353)
(3,341,111)	-	(3,341,111)
(18,032)	-	(18,032)
(2,549,635)	-	(2,549,635)
(655,629)	-	(655,629)
(205,722)	-	(205,722)
<u>(8,201,482)</u>	<u>-</u>	<u>(8,201,482)</u>
-	261,248	261,248
-	107,590	107,590
-	68,089	68,089
<u>-</u>	<u>436,927</u>	<u>436,927</u>
<u>(8,201,482)</u>	<u>436,927</u>	<u>(7,764,555)</u>
863,835	-	863,835
470,312	-	470,312
217,667	-	217,667
72,860	-	72,860
5,484,543	-	5,484,543
1,101,526	-	1,101,526
368,541	-	368,541
540,851	110,218	651,069
107,006	28,263	135,269
<u>9,227,141</u>	<u>138,481</u>	<u>9,365,622</u>
1,025,659	575,408	1,601,067
<u>50,947,019</u>	<u>23,485,839</u>	<u>74,432,858</u>
<u>\$ 51,972,678</u>	<u>\$ 24,061,247</u>	<u>\$ 76,033,925</u>

CITY OF ENGLEWOOD, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	<u>General</u>	<u>Fire and Rescue</u>	<u>Police</u>
Assets:			
Equity in pooled cash and investments	\$ 3,446,929	\$ 464,506	\$ 282,484
Receivables (net of allowance for uncollectibles):			
Income taxes.	1,139,831	-	-
Real and other taxes.	687,272	492,386	229,406
Accounts	55,602	326,320	2,810
Accrued interest	113,064	-	-
Special assessments.	115,789	1,000	-
Due from other governments	236,351	32,781	69,735
Prepayments.	2,268	1,570	-
Materials and supplies inventory	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 5,797,106</u>	<u>\$ 1,318,563</u>	<u>\$ 584,435</u>
Liabilities:			
Accounts payable	\$ 22,195	\$ 15,799	\$ 2,584
Contracts payable	-	-	-
Accrued wages and benefits.	28,813	41,970	66,352
Compensated absences payable.	7,592	-	-
Due to other governments.	45,775	64,280	126,644
Deferred revenue	1,193,865	345,356	96,031
Unearned revenue	628,367	453,890	203,110
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1,926,607</u>	<u>921,295</u>	<u>494,721</u>
Fund Balances:			
Reserved for encumbrances.	9,852	99,818	4,791
Reserved for prepayments	2,268	1,570	-
Reserved for materials and supplies inventory	-	-	-
Reserved for matured bond and interest.	-	-	-
Unreserved, undesignated, reported in:			
General fund.	3,858,379	-	-
Special revenue funds.	-	295,880	84,923
Capital projects funds.	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances.	<u>3,870,499</u>	<u>397,268</u>	<u>89,714</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances.	<u>\$ 5,797,106</u>	<u>\$ 1,318,563</u>	<u>\$ 584,435</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Street</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 491,504	\$ 4,519,464	\$ 1,256,827	\$ 10,461,714
-	-	-	1,139,831
-	-	75,294	1,484,358
1,042	-	190	385,964
-	-	-	113,064
-	785	9,156	126,730
260,200	-	40,573	639,640
3,255	-	-	7,093
49,475	-	-	49,475
<u>\$ 805,476</u>	<u>\$ 4,520,249</u>	<u>\$ 1,382,040</u>	<u>\$ 14,407,869</u>
\$ 11,395	\$ 14,864	\$ 15,698	\$ 82,535
-	86,202	-	86,202
28,637	-	19,398	185,170
-	-	-	7,592
31,444	-	18,132	286,275
218,944	785	37,321	1,892,302
-	-	69,930	1,355,297
<u>290,420</u>	<u>101,851</u>	<u>160,479</u>	<u>3,895,373</u>
141,254	500,745	71,046	827,506
3,255	-	-	7,093
49,475	-	-	49,475
-	-	6,069	6,069
-	-	-	3,858,379
321,072	-	1,144,446	1,846,321
-	3,917,653	-	3,917,653
<u>515,056</u>	<u>4,418,398</u>	<u>1,221,561</u>	<u>10,512,496</u>
<u>\$ 805,476</u>	<u>\$ 4,520,249</u>	<u>\$ 1,382,040</u>	<u>\$ 14,407,869</u>

CITY OF ENGLEWOOD, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008

Total governmental fund balances		\$ 10,512,496
 <i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
 Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds.		
		37,849,809
 Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 129,061	
Income taxes receivable	717,585	
Charges for services	311,213	
Special assessments receivable	126,730	
Intergovernmental receivable	536,818	
Accrued interest receivable	<u>70,895</u>	
Total		1,892,302
 Internal service funds are used by management to charge the costs of the government center, service center and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net assets of the internal service funds, including internal balances of \$15,027, are:		
		2,037,626
 Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities (excluding amounts reported in the internal service funds) consisting of compensated absences are as follows:		
		<u>(319,555)</u>
 Net assets of governmental activities		 <u><u>\$ 51,972,678</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF ENGLEWOOD, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>General</u>	<u>Fire and Rescue</u>	<u>Police</u>
Revenues:			
Municipal income taxes	\$ 5,736,899	\$ -	\$ -
Property and other taxes	860,686	466,918	217,866
Charges for services	196,944	709,278	7,876
Licenses and permits	54,823	-	-
Fines and forfeitures	-	-	41,558
Intergovernmental	931,760	106,987	82,693
Special assessments	19,615	-	-
Investment income	521,351	-	-
Rental income	-	-	-
Payment in lieu of taxes.	-	-	-
Other	8,261	3,524	3,107
Total revenues	<u>8,330,339</u>	<u>1,286,707</u>	<u>353,100</u>
Expenditures:			
Current:			
General government	1,521,940	-	-
Security of persons and property	-	1,606,118	2,495,266
Public health and welfare	7,790	-	-
Transportation.	-	-	-
Community environment	443,845	-	-
Leisure time activity	142,164	-	-
Capital outlay.	-	-	-
Total expenditures	<u>2,115,739</u>	<u>1,606,118</u>	<u>2,495,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,214,600</u>	<u>(319,411)</u>	<u>(2,142,166)</u>
Other financing sources (uses):			
Sale of capital assets.	2,925	45	13,433
Transfers in	-	313,400	2,000,000
Transfers out	<u>(5,394,105)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,391,180)</u>	<u>313,445</u>	<u>2,013,433</u>
Net change in fund balances	823,420	(5,966)	(128,733)
Fund balances at beginning of year (restated).	3,047,079	403,234	218,447
Decrease in reserve for inventory	-	-	-
Fund balances at end of year.	<u>\$ 3,870,499</u>	<u>\$ 397,268</u>	<u>\$ 89,714</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Street</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 5,736,899
-	-	72,307	1,617,777
-	-	-	914,098
-	-	-	54,823
-	-	1,195	42,753
527,309	309,154	463,459	2,421,362
-	-	123,666	143,281
25,274	-	5,694	552,319
-	3,836	8,075	11,911
-	-	368,541	368,541
32,847	55,385	3,882	107,006
<u>585,430</u>	<u>368,375</u>	<u>1,046,819</u>	<u>11,970,770</u>
-	-	216,209	1,738,149
-	-	183,388	4,284,772
-	-	-	7,790
1,966,859	-	524,835	2,491,694
-	-	240,447	684,292
-	-	-	142,164
-	1,751,222	154,920	1,906,142
<u>1,966,859</u>	<u>1,751,222</u>	<u>1,319,799</u>	<u>11,255,003</u>
<u>(1,381,429)</u>	<u>(1,382,847)</u>	<u>(272,980)</u>	<u>715,767</u>
55,822	-	-	72,225
1,400,000	1,155,705	475,000	5,344,105
-	-	-	(5,394,105)
<u>1,455,822</u>	<u>1,155,705</u>	<u>475,000</u>	<u>22,225</u>
74,393	(227,142)	202,020	737,992
463,947	4,645,540	1,019,541	9,797,788
(23,284)	-	-	(23,284)
<u>\$ 515,056</u>	<u>\$ 4,418,398</u>	<u>\$ 1,221,561</u>	<u>\$ 10,512,496</u>

CITY OF ENGLEWOOD, 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, 2008

Net change in fund balances - total governmental funds \$ 737,992

Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 2,485,244	
Current year depreciation	<u>(1,857,975)</u>	
Total		627,269

The effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.

Capital contributions	171,737	
Disposals, net	<u>(230,149)</u>	
Total		(58,412)

Governmental funds report expenditures for inventory when purchased. However in the statement of activities, they are reported as an expense when consumed. (23,284)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Income taxes	(252,356)	
Delinquent property taxes	6,897	
Charges for services	(6,624)	
Intergovernmental	40,026	
Special assessments	30,069	
Interest	<u>(11,468)</u>	
Total		(193,456)

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. These expenses are exclusive of internal service funds activity. (28,395)

Internal service funds are used by management to charge the costs of the government center, service center and health insurance to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service funds revenues are eliminated. The net revenue (expense) of the internal service funds, including internal balances is allocated among the governmental activities. (36,055)

Change in net assets of governmental activities \$ 1,025,659

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ENGLEWOOD, 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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Postive (Negative)
	Original	Final		
Revenues:				
Municipal income taxes	\$ 6,265,915	\$ 5,791,552	\$ 6,079,080	\$ 287,528
Property and other taxes	870,328	804,439	844,376	39,937
Charges for services	204,579	189,091	198,479	9,388
Licenses and permits.	56,508	52,230	54,823	2,593
Intergovernmental	1,006,396	930,207	976,388	46,181
Special assessments	20,218	18,687	19,615	928
Investment income	736,551	680,791	714,589	33,798
Other	6,350	5,870	6,161	291
Total revenues.	<u>9,166,845</u>	<u>8,472,867</u>	<u>8,893,511</u>	<u>420,644</u>
Expenditures:				
Current:				
General government	2,164,250	2,106,777	2,039,323	67,454
Public health and welfare.	8,690	8,459	8,188	271
Community environment	458,290	446,120	431,836	14,284
Leisure time activity	154,657	150,550	145,730	4,820
Total expenditures	<u>2,785,887</u>	<u>2,711,906</u>	<u>2,625,077</u>	<u>86,829</u>
Excess of revenues over expenditures	<u>6,380,958</u>	<u>5,760,961</u>	<u>6,268,434</u>	<u>507,473</u>
Other financing sources (uses):				
Sale of capital assets	3,015	2,787	2,925	138
Transfers out	<u>(5,724,542)</u>	<u>(5,572,523)</u>	<u>(5,394,105)</u>	<u>178,418</u>
Total other financing sources (uses)	<u>(5,721,527)</u>	<u>(5,569,736)</u>	<u>(5,391,180)</u>	<u>178,556</u>
Net change in fund balance	659,431	191,225	877,254	686,029
Fund balance at beginning of year	2,402,477	2,402,477	2,402,477	-
Prior year encumbrances appropriated	<u>93,659</u>	<u>93,659</u>	<u>93,659</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 3,155,567</u>	<u>\$ 2,687,361</u>	<u>\$ 3,373,390</u>	<u>\$ 686,029</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ENGLEWOOD, 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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 492,262	\$ 433,823	\$ 466,918	\$ 33,095
Charges for services	745,492	656,992	707,112	50,120
Intergovernmental	112,794	99,404	106,987	7,583
Other	3,715	3,274	3,524	250
Total revenues.	<u>1,354,263</u>	<u>1,193,493</u>	<u>1,284,541</u>	<u>91,048</u>
Expenditures:				
Current:				
Security of persons and property.	<u>1,776,499</u>	<u>1,701,499</u>	<u>1,681,842</u>	<u>19,657</u>
Total expenditures	<u>1,776,499</u>	<u>1,701,499</u>	<u>1,681,842</u>	<u>19,657</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(422,236)</u>	<u>(508,006)</u>	<u>(397,301)</u>	<u>110,705</u>
Other financing sources:				
Sale of capital assets	47	42	45	3
Transfers in	<u>330,411</u>	<u>291,186</u>	<u>313,400</u>	<u>22,214</u>
Total other financing sources.	<u>330,458</u>	<u>291,228</u>	<u>313,445</u>	<u>22,217</u>
Net change in fund balance	(91,778)	(216,778)	(83,856)	132,922
Fund balance at beginning of year	411,260	411,260	411,260	-
Prior year encumbrances appropriated	<u>21,485</u>	<u>21,485</u>	<u>21,485</u>	<u>-</u>
Fund balance at end of year.	<u><u>\$ 340,967</u></u>	<u><u>\$ 215,967</u></u>	<u><u>\$ 348,889</u></u>	<u><u>\$ 132,922</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ENGLEWOOD, 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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 213,622	\$ 213,622	\$ 217,866	\$ 4,244
Charges for services	7,723	7,723	7,876	153
Fines and forfeitures	33,417	33,417	34,081	664
Intergovernmental	82,318	82,318	83,953	1,635
Other	10,960	10,960	11,178	218
Total revenues.	<u>348,040</u>	<u>348,040</u>	<u>354,954</u>	<u>6,914</u>
Expenditures:				
Current:				
Security of persons and property	2,498,056	2,570,556	2,493,784	76,772
Total expenditures	<u>2,498,056</u>	<u>2,570,556</u>	<u>2,493,784</u>	<u>76,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,150,016)</u>	<u>(2,222,516)</u>	<u>(2,138,830)</u>	<u>83,686</u>
Other financing sources:				
Sale of capital assets	13,171	13,171	13,433	262
Transfers in.	1,961,043	1,961,043	2,000,000	38,957
Total other financing sources.	<u>1,974,214</u>	<u>1,974,214</u>	<u>2,013,433</u>	<u>39,219</u>
Net change in fund balance	(175,802)	(248,302)	(125,397)	122,905
Fund balance at beginning of year	365,687	365,687	365,687	-
Prior year encumbrances appropriated	<u>33,351</u>	<u>33,351</u>	<u>33,351</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 223,236</u>	<u>\$ 150,736</u>	<u>\$ 273,641</u>	<u>\$ 122,905</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ENGLEWOOD, 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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 459,865	\$ 474,223	\$ 528,337	\$ 54,114
Investment income	21,998	22,685	25,274	2,589
Other	28,590	29,483	32,847	3,364
Total revenues.	<u>510,453</u>	<u>526,391</u>	<u>586,458</u>	<u>60,067</u>
Expenditures:				
Current:				
Transportation	<u>1,884,932</u>	<u>2,218,932</u>	<u>2,122,419</u>	<u>96,513</u>
Total expenditures	<u>1,884,932</u>	<u>2,218,932</u>	<u>2,122,419</u>	<u>96,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,374,479)</u>	<u>(1,692,541)</u>	<u>(1,535,961)</u>	<u>156,580</u>
Other financing sources:				
Sale of capital assets	48,587	50,104	55,822	5,718
Transfers in	<u>1,218,560</u>	<u>1,256,605</u>	<u>1,400,000</u>	<u>143,395</u>
Total other financing sources	<u>1,267,147</u>	<u>1,306,709</u>	<u>1,455,822</u>	<u>149,113</u>
Net change in fund balance	(107,332)	(385,832)	(80,139)	305,693
Fund balance at beginning of year	326,203	326,203	326,203	-
Prior year encumbrances appropriated	<u>92,791</u>	<u>92,791</u>	<u>92,791</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 311,662</u>	<u>\$ 33,162</u>	<u>\$ 338,855</u>	<u>\$ 305,693</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ENGLEWOOD, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2008

	<u>Business-type Activities -Enterprise Funds</u>				Governmental
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	Activities - Internal Service Funds
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 2,267,932	\$ 1,660,380	\$ 534,629	\$ 4,462,941	\$ 535,946
Receivables (net of allowance for uncollectibles):					
Accounts	189,285	202,006	-	391,291	-
Special assessments	6,722	7,561	14,917	29,200	-
Due from other governments	-	-	-	-	2,162
Prepayments.	6,276	-	-	6,276	52,337
Materials and supplies inventory	173,378	57,057	-	230,435	29,668
Total current assets	<u>2,643,593</u>	<u>1,927,004</u>	<u>549,546</u>	<u>5,120,143</u>	<u>620,113</u>
Noncurrent assets:					
Capital assets:					
Land and construction in progress	192,569	19,782	-	212,351	130,849
Depreciable capital assets, net	9,695,137	9,335,520	111,885	19,142,542	1,369,050
Total capital assets	<u>9,887,706</u>	<u>9,355,302</u>	<u>111,885</u>	<u>19,354,893</u>	<u>1,499,899</u>
Total assets	<u>12,531,299</u>	<u>11,282,306</u>	<u>661,431</u>	<u>24,475,036</u>	<u>2,120,012</u>
Liabilities:					
Current liabilities:					
Accounts payable.	2,174	3,669	-	5,843	24,611
Accrued wages and benefits	12,372	15,181	-	27,553	8,812
Compensated absences	17,006	21,018	-	38,024	55,316
Due to other governments	12,423	15,323	-	27,746	8,674
Current portion of OPWC loans.	-	105,333	-	105,333	-
Total current liabilities	<u>43,975</u>	<u>160,524</u>	<u>-</u>	<u>204,499</u>	<u>97,413</u>
Long-term liabilities:					
OPWC loans.	-	93,167	-	93,167	-
Compensated absences	53,699	47,397	-	101,096	-
Total long-term liabilities	<u>53,699</u>	<u>140,564</u>	<u>-</u>	<u>194,263</u>	<u>-</u>
Total liabilities	<u>97,674</u>	<u>301,088</u>	<u>-</u>	<u>398,762</u>	<u>97,413</u>
Net assets:					
Invested in capital assets, net of related debt.	9,887,706	9,156,802	111,885	19,156,393	1,499,899
Unrestricted	2,545,919	1,824,416	549,546	4,919,881	522,700
Total net assets	<u>\$ 12,433,625</u>	<u>\$ 10,981,218</u>	<u>\$ 661,431</u>	<u>24,076,274</u>	<u>\$ 2,022,599</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				(15,027)	
Net assets of business-type activities				<u>\$ 24,061,247</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ENGLEWOOD, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	Activities - Internal Service Funds
Operating revenues:					
Charges for services	\$ 1,188,508	\$ 1,243,713	\$ 790,190	\$ 3,222,411	\$ 1,317,434
Tap-in fees.	23,900	19,700	-	43,600	-
Other.	19,551	8,712	-	28,263	52,238
Total operating revenues	<u>1,231,959</u>	<u>1,272,125</u>	<u>790,190</u>	<u>3,294,274</u>	<u>1,369,672</u>
Operating expenses:					
Personal services	344,894	415,354	-	760,248	818,912
Contract services	220,406	275,190	717,292	1,212,888	263,659
Materials and supplies	-	256,220	17	256,237	307,671
Depreciation	389,257	393,390	4,792	787,439	76,768
Total operating expenses.	<u>954,557</u>	<u>1,340,154</u>	<u>722,101</u>	<u>3,016,812</u>	<u>1,467,010</u>
Operating income (loss)	<u>277,402</u>	<u>(68,029)</u>	<u>68,089</u>	<u>277,462</u>	<u>(97,338)</u>
Nonoperating revenues (expenses):					
Interest revenue.	58,929	51,289	-	110,218	-
Intergovernmental.	-	139,750	-	139,750	-
Loss on disposal of capital assets	(35,298)	(3,131)	-	(38,429)	-
Total nonoperating revenues (expenses)	<u>23,631</u>	<u>187,908</u>	<u>-</u>	<u>211,539</u>	<u>-</u>
Income (loss) before contributions and transfers.	301,033	119,879	68,089	489,001	(97,338)
Capital contributions	45,106	52,584	-	97,690	-
Transfers in.	-	-	-	-	50,000
Changes in net assets	346,139	172,463	68,089	586,691	(47,338)
Net assets at beginning of year.	<u>12,087,486</u>	<u>10,808,755</u>	<u>593,342</u>		<u>2,069,937</u>
Net assets at end of year.	<u>\$ 12,433,625</u>	<u>\$ 10,981,218</u>	<u>\$ 661,431</u>		<u>\$ 2,022,599</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				(11,283)	
Changes in net assets of business-type activities				<u>\$ 575,408</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ENGLEWOOD, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Activities - Internal Service Funds</u>
Cash flows from operating activities:					
Cash received from customers	\$ 1,176,336	\$ 1,222,346	\$ 775,273	\$ 3,173,955	\$ 1,321,267
Cash received from tap-in fees	23,900	19,700	-	43,600	-
Cash received from other operations	19,551	8,712	-	28,263	52,238
Cash payments for personal services	(343,618)	(417,740)	-	(761,358)	(806,739)
Cash payments for contract services	(219,304)	(278,878)	(717,292)	(1,215,474)	(251,429)
Cash payments for materials and supplies	-	(246,974)	(17)	(246,991)	(324,625)
Net cash provided by (used in) operating activities	<u>656,865</u>	<u>307,166</u>	<u>57,964</u>	<u>1,021,995</u>	<u>(9,288)</u>
Cash flows from noncapital financing activities:					
Cash received from transfers in	-	-	-	-	50,000
Cash received from grants and subsidies	-	139,750	-	139,750	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>139,750</u>	<u>-</u>	<u>139,750</u>	<u>50,000</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(443,909)	(556,621)	(111,000)	(1,111,530)	(39,450)
Principal retirement on loans	-	(84,601)	-	(84,601)	-
Proceeds from loans	-	139,750	-	139,750	-
Net cash used in capital and related financing activities	<u>(443,909)</u>	<u>(501,472)</u>	<u>(111,000)</u>	<u>(1,056,381)</u>	<u>(39,450)</u>
Cash flows from investing activities:					
Interest received	<u>58,929</u>	<u>51,289</u>	<u>-</u>	<u>110,218</u>	<u>-</u>
Net cash provided by investing activities	<u>58,929</u>	<u>51,289</u>	<u>-</u>	<u>110,218</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	271,885	(3,267)	(53,036)	215,582	1,262
Cash and cash equivalents at beginning of year	<u>1,996,047</u>	<u>1,663,647</u>	<u>587,665</u>	<u>4,247,359</u>	<u>534,684</u>
Cash and cash equivalents at end of year	<u>\$ 2,267,932</u>	<u>\$ 1,660,380</u>	<u>\$ 534,629</u>	<u>\$ 4,462,941</u>	<u>\$ 535,946</u>

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CITY OF ENGLEWOOD, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 277,402	\$ (68,029)	\$ 68,089	\$ 277,462	\$ (97,338)
Adjustments:					
Depreciation	389,257	393,390	4,792	787,439	76,768
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable.	(6,101)	(14,457)	-	(20,558)	3,388
(Increase) decrease in materials and supplies inventory	8,096	9,239	-	17,335	(5,368)
(Increase) in special assessments.	(6,071)	(6,910)	(14,917)	(27,898)	-
(Increase) in prepayments	(6,276)	-	-	(6,276)	(3,789)
Decrease in due from other governments.	-	-	-	-	445
(Decrease) in accounts payable.	(844)	(3,681)	-	(4,525)	(1,095)
Increase in accrued wages and benefits.	833	2,582	-	3,415	1,833
Increase in due to other governments	4,527	5,842	-	10,369	3,428
Increase (decrease) in compensated absences payable.	(3,958)	(10,810)	-	(14,768)	12,440
Net cash provided by (used in) operating activities.	<u>\$ 656,865</u>	<u>\$ 307,166</u>	<u>\$ 57,964</u>	<u>\$ 1,021,995</u>	<u>\$ (9,288)</u>

Non-cash capital transactions:

The water and sewer funds received \$45,106 and \$52,584, respectively, in capital contributions.

During 2007, the water funds purchased capital assets on account of \$38,690.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ENGLEWOOD, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2008

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 23,877
Total assets.	\$ 23,877
 Liabilities:	
Accounts payable	\$ 5
Undistributed monies	23,872
Total liabilities	\$ 23,877

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, 2008

NOTE 1 - DESCRIPTION OF THE CITY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

Insurance Purchasing Pool

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

B. Basis of Presentation - Fund Accounting

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

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

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

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

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.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

General - The general fund accounts for all financial resources except those required to be accounted for in another fund.

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) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; and (b) for grants and other resources whose use is restricted to a particular purpose.

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

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

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

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

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

Internal service funds - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds report on the operations of the government center, service center and health insurance.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Basis of Accounting

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2008, are recorded as deferred revenue.

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

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

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, 2008

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 transfers, advances and total of all other expenditures for all funds. 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 2008.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2008.

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 and the transfers, advances and total of all other expenditures for all funds. 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, 2008**

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 five 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 2008, investments were limited to certificates of deposit, federal agency securities, corporate notes and STAR Ohio.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on December 31, 2008.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2008 amounted to \$521,351, which included \$387,152 assigned from other funds of the City.

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

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

H. Inventories of Materials and Supplies

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

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

I. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2008, 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, 2008

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

J. Capital Assets

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

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

All reported capital assets are depreciated except for land and construction in progress. 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:		
Bridges	40 years	40 years
Thoroughfares/Curbs/Gutters/Sidewalks/Street Lights	30 years	30 years
Storm Sewers	25 years	25 years
Traffic Signals	15 years	15 years
Street Signs	10 years	10 years

K. Compensated Absences

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the fund financial statements. These amounts are eliminated in governmental and business-type activities columns of the statement of net assets. There were no due from other funds/due to other funds at December 31, 2008.

N. Interfund Activity

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

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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 Reserves

Reserved fund balances indicate the portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The City reports a reservation of fund balance for amounts representing encumbrances outstanding, matured bond and interest, prepayments, and materials and supplies inventory in the governmental fund financial statements.

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. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements.

R. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes consist primarily of permissive motor vehicle license tax, Englewood Communication Center and the Earl Heck Community Center.

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

S. 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 2008.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Fund Reclassifications

Management of the City has determined that certain fund reclassifications are required to properly report the intended use of certain City funds. A fund reclassification has been recorded to combine all capital project funds (both major and nonmajor governmental funds) into the Capital Improvement fund (a major governmental fund) for reporting purposes. The fund reclassifications had the following effect on the City's governmental fund balances as previously reported:

	Fund balance previously recorded at 12/31/07	Effect of fund reclassifications	Restated fund balance at 01/01/08
General	\$ 3,047,079	\$ -	\$ 3,047,079
Fire and Rescue	403,234	-	403,234
Police	218,447	-	218,447
Street	463,947	-	463,947
Capital improvement	1,921,349	2,724,191	4,645,540
Nonmajor governmental funds	<u>3,743,732</u>	<u>(2,724,191)</u>	<u>1,019,541</u>
Total	<u>\$ 9,797,788</u>	<u>\$ -</u>	<u>\$ 9,797,788</u>

The fund reclassifications had no effect on the net assets of the governmental activities as previously reported at December 31, 2007.

B. Change in Accounting Principles

For 2008, the City has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the City; however, certain disclosures related to postemployment benefits (see Note 15) have been modified to conform to the new reporting requirements.

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the City.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 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, 2008

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:

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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

A. Cash on hand

At year-end, the City had \$800 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, 2008, the carrying amount of all City deposits was \$5,323,465. As of December 31, 2008, \$4,177,557 of the City's bank balance of \$5,649,557 was exposed to custodial risk as discussed below, while \$1,472,000 was covered by the Federal Deposit Insurance Corporation.

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of December 31, 2008, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>					<u>Total</u>
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>	
STAR Ohio	\$ 1,000,282	\$ 1,000,282	\$ -	\$ -	\$ -	\$ -	\$ 1,000,282
FFCB	4,119,685	-	-	-	-	4,119,685	4,119,685
FHLB	4,091,298	-	-	-	-	4,091,298	4,091,298
FHLMC	2,638	-	-	-	-	2,638	2,638
Corporate notes	946,310	-	-	-	-	946,310	946,310
Total	<u>\$ 10,160,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,159,931</u>	<u>\$ 10,160,213</u>

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

Credit Risk: The City's investments, except for the corporate notes and STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The corporate notes were rated AA+/Stable/A-1+ and Aa2 by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The City limits its investments to those authorized by State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

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

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, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,000,282	9.84
FFCB	4,119,685	40.55
FHLB	4,091,298	40.27
FHLMC	2,638	0.03
Corporate notes	946,310	9.31
Total	<u>\$ 10,160,213</u>	<u>100.00</u>

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,323,465
Investments	10,160,213
Cash on hand	<u>800</u>
Total	<u>\$ 15,484,478</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 10,997,660
Business type activities	4,462,941
Agency funds	<u>23,877</u>
Total	<u>\$ 15,484,478</u>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2008, consisted of the following, as reported in the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>
	<u>General</u>
Street	\$ 1,400,000
Fire and Rescue	313,400
Police	2,000,000
Capital Improvement	1,155,705
Nonmajor special revenue	475,000
Internal service	<u>50,000</u>
Total	<u>\$ 5,394,105</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. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 6.25% for 2008. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2008-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer 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 and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2008 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2008 was \$10.59 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real property tax	\$ 268,317,250
Public utility tangible personal property	3,546,070
Tangible personal property	<u>772,030</u>
Total assessed valuation	<u>\$ 272,635,350</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. At least twenty-eight and one-half percent of income tax collected must be used for capital improvements. The remaining use of all other income tax proceeds is determined by City Council. Income tax revenue for 2008 was \$5,736,899 as reported in the fund financial statements.

NOTE 8 - TAX INCREMENT FINANCING DISTRICT (TIF)

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

PILOT revenue was \$368,541 in 2008. The TIF has a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT's cease and property taxes then apply to the increased property values.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 9 - RECEIVABLES

Receivables at December 31, 2008, 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, 2008.

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

Governmental activities:

Income taxes	\$ 1,139,831
Real and other taxes	1,484,358
Accounts	385,964
Accrued interest	113,064
Special assessments	126,730
Due from other governments	641,802

Business-type activities:

Accounts	391,291
Special assessments	29,200

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, 2008

NOTE 10 - CAPITAL ASSETS

A. Capital asset activity for the governmental activities for the year ended December 31, 2008, was as follows:

	<u>Balance</u> <u>12/31/07</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/08</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 4,705,749	\$ 319,171	\$ (157,599)	\$ 4,867,321
Construction in progress	<u>219,663</u>	<u>1,008,201</u>	<u>(943,801)</u>	<u>284,063</u>
Total capital assets, not being depreciated	<u>4,925,412</u>	<u>1,327,372</u>	<u>(1,101,400)</u>	<u>5,151,384</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,938,519	82,350	-	3,020,869
Buildings and improvements	9,496,752	49,000	(7,800)	9,537,952
Furniture and equipment	3,542,082	365,397	(164,155)	3,743,324
Vehicles	2,860,140	179,041	(155,069)	2,884,112
Infrastructure	<u>30,797,851</u>	<u>1,637,072</u>	<u>-</u>	<u>32,434,923</u>
Total capital assets, being depreciated	<u>49,635,344</u>	<u>2,312,860</u>	<u>(327,024)</u>	<u>51,621,180</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,322,749)	(130,190)	-	(1,452,939)
Buildings	(2,149,152)	(212,338)	7,800	(2,353,690)
Furniture and equipment	(1,334,202)	(281,196)	105,596	(1,509,802)
Vehicles	(1,953,869)	(189,835)	141,078	(2,002,626)
Infrastructure	<u>(8,982,615)</u>	<u>(1,121,184)</u>	<u>-</u>	<u>(10,103,799)</u>
Total accumulated depreciation	<u>(15,742,587)</u>	<u>(1,934,743)</u>	<u>254,474</u>	<u>(17,422,856)</u>
Total capital assets, being depreciated	<u>33,892,757</u>	<u>378,117</u>	<u>(72,550)</u>	<u>34,198,324</u>
Governmental activities capital assets, net	<u>\$ 38,818,169</u>	<u>\$ 1,705,489</u>	<u>\$ (1,173,950)</u>	<u>\$ 39,349,708</u>

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

<u>Governmental activities:</u>	
General government	\$ 167,300
Security of persons and property	254,058
Public health and welfare	10,967
Transportation	1,283,296
Community environment	7,423
Leisure time activity	134,931
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>76,768</u>
Total depreciation expense - governmental activities	<u>\$1,934,743</u>

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - CAPITAL ASSETS - (Continued)

B. Capital asset activity for the business-type activities for the year ended December 31, 2008 was as follows:

	Balance			Balance
<u>Business-type activities:</u>	<u>12/31/07</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/08</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 33,510	\$ -	\$ -	\$ 33,510
Construction in progress	52,232	696,785	(570,176)	178,841
Total capital assets, not being depreciated	<u>85,742</u>	<u>696,785</u>	<u>(570,176)</u>	<u>212,351</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	427,678	-	-	427,678
Buildings and improvements	7,314,810	-	-	7,314,810
Equipment	2,847,613	687,667	(14,103)	3,521,177
Vehicles	66,385	30,391	(12,899)	83,877
Infrastructure	22,119,759	325,863	(58,418)	22,387,204
Total capital assets, being depreciated	<u>32,776,245</u>	<u>1,043,921</u>	<u>(85,420)</u>	<u>33,734,746</u>
<i>Less: accumulated depreciation:</i>				
Improvements other than buildings	(16,038)	(21,384)	-	(37,422)
Buildings and improvements	(3,245,159)	(142,901)	-	(3,388,060)
Equipment	(1,053,420)	(138,814)	10,972	(1,181,262)
Vehicles	(65,282)	(383)	12,899	(52,766)
Infrastructure	(9,471,857)	(483,957)	23,120	(9,932,694)
Total accumulated depreciation	<u>(13,851,756)</u>	<u>(787,439)</u>	<u>46,991</u>	<u>(14,592,204)</u>
Total capital assets, being depreciated, net	<u>18,924,489</u>	<u>256,482</u>	<u>(38,429)</u>	<u>19,142,542</u>
Business-type activities capital assets, net	<u>\$ 19,010,231</u>	<u>\$ 953,267</u>	<u>\$ (608,605)</u>	<u>\$ 19,354,893</u>

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

<u>Business-type activities:</u>	
Water	\$ 389,257
Sewer	393,390
Solid waste management	<u>4,792</u>
Total depreciation expense - business-type activities	<u>\$ 787,439</u>

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 11 - OTHER EMPLOYEE BENEFITS

Deferred Compensation Plans

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

Compensated Absences

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the City as a whole amounted to \$266,817 at December 31, 2008. 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 \$248,804 at December 31, 2008. 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 \$5,962 at December 31, 2008. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

NOTE 12 - LONG-TERM OBLIGATIONS

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

	Balance			Balance	Amounts
	<u>12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/08</u>	<u>Due in</u>
<u>Governmental activities:</u>					<u>One Year</u>
<u>Other long-term obligations:</u>					
Compensated absences	\$ 372,614	\$ 275,268	\$ (265,419)	\$ 382,463	\$ 243,930
Total governmental activities					
long-term obligations	<u>\$ 372,614</u>	<u>\$ 275,268</u>	<u>\$ (265,419)</u>	<u>\$ 382,463</u>	<u>\$ 243,930</u>

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 12 - 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, street, the Englewood Communication Center (a nonmajor governmental fund) and Earl Heck community center fund (a nonmajor governmental fund).

	Balance			Balance	Amounts
<u>Business-type Activities:</u>	<u>12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/08</u>	<u>Due in</u>
					<u>One Year</u>
<u>Other long-term obligations</u>					
Compensated absences	\$ 153,888	\$ 32,507	\$ (47,275)	\$ 139,120	\$ 38,024
Total other long-term obligations	<u>153,888</u>	<u>32,507</u>	<u>(47,275)</u>	<u>139,120</u>	<u>38,024</u>
<u>OPWC Loans</u>					
0% - Sanitary sewer rehab (Phase I)	25,851	-	(25,851)	-	-
0% - Sanitary sewer rehab (Phase II)	-	139,750	-	139,750	46,583
0% - Waste water treatment	<u>117,500</u>	<u>-</u>	<u>(58,750)</u>	<u>58,750</u>	<u>58,750</u>
Total OPWC Loans	<u>143,351</u>	<u>139,750</u>	<u>(84,601)</u>	<u>198,500</u>	<u>105,333</u>
Total business-type activities long-term obligations	<u>\$ 297,239</u>	<u>\$ 172,257</u>	<u>\$ (131,876)</u>	<u>\$ 337,620</u>	<u>\$ 143,357</u>

During 2007 and 2008, the City received two loans from the Ohio Public Works Commission. The proceeds of the loans were used for the sanitary sewer repair and replacements. Repayment of the loans are due semi-annually at an interest rate of 0%.

As of December 31, 2008, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$28,551,718 and the unvoted debt margin was \$14,952,483. Principal and interest requirements to retire the City's loans outstanding at December 31, 2008 were:

Year Ending	OPWC Loans		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31,			
2009	\$ 105,333	\$ -	\$ 105,333
2010	46,583	-	46,583
2011	<u>46,584</u>	<u>-</u>	<u>46,584</u>
Total	<u>\$ 198,500</u>	<u>\$ -</u>	<u>\$ 198,500</u>

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 13 - RISK MANAGEMENT

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

Type of Coverage

General Liability	\$10,000,000/occurrence
Automobile Liability	\$10,000,000/occurrence
MVRMA coverage: self-insured retention \$1 million/occurrence with \$9 million excess \$1 million reinsured by Government Entities Mutual Inc. (GEM). GEM then retroceded \$8 million to Munich Re America.	
Police Professional Liability	\$10,000,000/occurrence
MVRMA coverage: self-insured retention \$1 million/occurrence with \$9 million excess \$1 million reinsured by GEM. GEM then retroceded \$8 million to Munich Re America.	
Employment Practices Liability and Public Officials Liability, including Employee Benefit Liability	
MVRMA coverage: \$1 million/occurrence and annual aggregate per member with \$9 million excess \$1 million reinsured by GEM. GEM then retroceded \$8 million to Munich Re America.	
Annual aggregate \$10 million per member.	
Property (effective 7/1/08 - 7/1/09):	
	\$1,000,000,000/occurrence
	MVRMA SIR: \$200,000/occurrence
Coverage excess SIR provided by PEPPIP USA as follows:	
Lexington Insurance Company (Primary \$25 million)	
List of carriers for Layers excess of \$25 million provided upon request	
Flood:	\$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	
Earthquake:	\$25 million/occurrence and annual aggregate
MVRMA SIR: \$100,000/occurrence	
Boiler & Machinery:	\$100,000/occurrence
MVRMA SIR: \$5,000/occurrence	
Coverage excess SIR provided by PEPPIP USA as follows:	
Lexington Insurance Company - (Primary \$25 million)	
List of carriers for Layer excess of \$25 million provided upon request	

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - RISK MANAGEMENT - (Continued)

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.

The City pays the State Workers' Compensation system a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

The City has elected to offer employee medical insurance benefits through a plan provided by Anthem Blue Cross and Blue Shield. Employees are required to share in the costs of their medical plan along with the City. Each month the City contributes \$334.89 for single coverage and \$1,033.82 for family coverage for each employee. The City is responsible for 90% of the premium while the employee is responsible for the remaining 10%. Dental insurance is provided through Superior Dental with a deductible of \$50 for single coverage and up to \$150 for family coverage. The City pays for the majority of the monthly premium at \$25.50 for single coverage and \$80.05 for family coverage.

The City provides a minimum of \$25,000 life insurance at no cost to the employees. The monthly premium paid to the Standard Insurance Company is \$348 on a total insured volume of \$1.74 million.

NOTE 14 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2008 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 14 - PENSION PLANS - (Continued)

The City's contribution rate for 2008 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.40% of covered payroll. For 2008, a portion equal to 7.00% of covered payroll was allocated to fund the post-employment health care plan.

The City's contribution rate for pension benefits for 2008 was 7.00%, except for those plan members in law enforcement and public safety. For those classifications, the City's pension contributions were 10.40% of covered payroll. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2008, 2007, and 2006 were \$175,742, \$199,575 and \$225,659, respectively; 92.33% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2008, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$157,700 and \$75,432 for the year ended December 31, 2008, \$147,956 and \$70,779 for the year ended December 31, 2007 and \$155,585 and \$49,268, for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 71.53% has been contributed for police and firefighters for 2008.

NOTE 15 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code 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 2008, local government employers contributed 14.00% of covered payroll (17.40% for public safety and law enforcement). 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 amount of the employer contributions which was allocated to fund post-employment healthcare for 2008 was 7.00% of covered payroll.

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, 2008, 2007, and 2006 were \$175,741, \$133,612 and \$110,377, respectively; 92.33% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

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

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

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

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Funding Policy - The OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code Section 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$83,488 and \$29,517 for the year ended December 31, 2008, \$78,277 and \$27,662 for the year ended December 31, 2007 and \$102,433 and \$23,506, for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 71.53% has been contributed for police and firefighters for 2008.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While the City is 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, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) is presented for the general fund, the fire and rescue fund, the police fund and the street fund and is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
2. Expenditures/expenses and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP);
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP); and,
4. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

	Net Change in Fund Balance			
	<u>General</u>	<u>Fire and Rescue</u>	<u>Police</u>	<u>Street</u>
Budget basis	\$ 877,254	\$ (83,856)	\$ (125,397)	\$ (80,139)
Net adjustment for revenue accruals	(563,172)	2,166	(1,854)	(1,028)
Net adjustment for expenditure accruals	462,294	(39,893)	(10,325)	2,911
Net adjustment for other sources/uses	-	-	-	-
Adjustment for encumbrances	<u>47,044</u>	<u>115,617</u>	<u>8,843</u>	<u>152,649</u>
GAAP basis	<u>\$ 823,420</u>	<u>\$ (5,966)</u>	<u>\$ (128,733)</u>	<u>\$ 74,393</u>

NOTE 17 - 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, 2008.

B. Litigation

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

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 18 - CONTRACTUAL COMMITMENTS

As of December 31, 2008, the City had the following contractual commitments outstanding related to various City projects:

<u>Vendor</u>	<u>Amount of Contract</u>	<u>Amount Paid as of 12/31/2008</u>	<u>Remaining Commitment 12/31/2008</u>
Bright Street	\$ 325,000	\$ 88,727	\$ 236,273
P&R Communication	47,677	23,517	24,160
Dayton Power & Light	73,028	-	73,028
Verizon	116,521	-	116,521
Taylor Team Dealership	36,846	-	36,846
Warren Fire Equipment	89,574	-	89,574
Time Warner Cable	13,173	-	13,173
Total	<u>\$ 701,819</u>	<u>\$ 112,244</u>	<u>\$ 589,575</u>

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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Englewood, Montgomery County, Ohio, as of and for the year ended December 31, 2008, which collectively comprise the City of Englewood's basic financial statements and have issued our report thereon dated May 22, 2009. As described in Note 3, the City has restated its Capital Improvement Fund and Nonmajor governmental funds at January 1, 2008 due to fund reclassifications. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Englewood's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Englewood's financial statements that is more than inconsequential will not be prevented or detected by the City of Englewood's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Englewood's internal control.

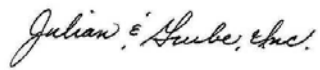
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

Members of Council and Mayor
City of Englewood

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Englewood's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and City Council of Englewood and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
May 22, 2009



Mary Taylor, CPA
Auditor of State

CITY OF ENGLEWOOD

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 25, 2009**